

연구논문

An Analysis on the Change of Communication Welfare Policy: Focused on the Application Mobile Communication Device Subsidy Policy of Kingdon's Policy Stream Framework

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〈 요약 〉

This research is an effort to analyze the change in the mobile communications device subsidy policy of Korea, especially with a focus on regulation of asymmetrical competition and consumer welfare, by applying Kingdon's Policy Stream Framework (PSF). Though a legislative bill to revise the law on electric communications businesses banning the offering of subsidies for devices was passed by the National Assembly on November 12th, 2002, this was a temporary law that was only effective until March 26th, 2006. Thus it acted as a trigger, or political stream that was expected to give rise to debates about whether to maintain or relieve such regulations come 2006. Such a trigger opened a window for policy change and in this window interactions such as policy learning of the non-political area and legislate strategies of the political area. This became the connection that allowed the National Assembly to pass the '2+1.5' bill, the context of which was ban for 2 years and grant subsidies to users of 16 months or longer, on March 2nd, 2006, as it was a way to promote consumer welfare, such as the people's rights to usage. This law was put into effect on March 27th. As a result, the device subsidy policy has changed from banning subsidies to allowing them, and this process took 5 years.

[Key Words: communication welfare policy, policy change, Kingdon's PSF]

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I. Introduction

Through the process of policy deciding and enforcement, policies tend to change according to many variables including the trend of the times. The device subsidy policy is a policy that regulates the money that mobile communications companies pay to their agencies as part of the cost of mobile phones on behalf of the subscriber. In Korea, the endorsing of subsidies was used as an effective way for the mobile communications market to grow ever since the beginning of mobile communications services in 96-97. However, in an effort to prevent degeneration of the profit system of businesses and the corruption of the market following excessive competition, the government ordered a clause forbidding the payment of subsidies be entered in the user contract of communications providers and officially banned the payment of subsidies. (Korea Information Strategy Development Institute<<http://www.kisdi.re.kr>>). Then, around 2006, the device subsidy policy experiences a change from banning subsidies to allowing them following the relative maturation of the communications market and other factors such as the usage rights of the consumers. Such changes were materialized on March 2nd, 2006, when a bill amending in part the laws on electric communications businesses, the law which contained regulations related to subsidies, was passed at the general meeting of the National Assembly(See <Table 1>).

〈Table 1〉 Progress of Device Subsidy Policy

Time	Major Contents
Jun. 01, 2000	Provision of device subsidy was completely banned by the decision of MIC (Ministry of Information and Communication).
Nov. 12, 2002	A legislative bill with a partial revision of the banning of the provision of device subsidy in the Electric Communication Business Law was passed in the plenary session of the National Assembly (for temporary application).
Oct. 25, 2005	MIC proposed that the prohibition of subsidy be extended for 3 more years but only for subscribers of over 3 years of membership and new services (in a public hearing to prepare the direction of device subsidy policy).
Dec. 05, 2005	In a meeting of the ministers of concerned departments, FTC (Fair Trade Commission) and MIC accepted the arbitration of MOFE - Ministry of Finance and Economy. (regulated period: from 3 to 2 years, requirement to be a long-term subscriber: from 3 to 2 years)
Dec. 23, 2005	'The proposal for the regulation of device subsidy((2+2 proposal)' of MIC was passed in the Regulatory Reform Committee.
Jan. 19, 2006	The proposed of the permission of subsidy ((2+2 proposal) was approved in a party-government meeting to be laid before the in the extraordinary session of the National Assembly.
Jan. 24, 2006	The bill was passed in a State Council meeting.
Jan. 31, 2006	The government presented the (2+2) bill to the National Assembly.
Feb. 02~03, 2006	Congressmen Ryu Geun-Chan, Kim Young-Sun and Lee Jong-Geol submitted a separate legislation bill.
Feb. 13, 2006	STINFO (Science, Technology, Information & Telecommunication Committee) of the National Assembly brought up the bill for discussion.
Feb. 14, 2006	The sub-committee of STINFO for the examination of bills came up with a revised proposal which had the same period of regulation (2 years) but relieved the requirement to be long-term subscribers from 2 years of subscription period to 1.5 years.
Feb. 15, 2006	The revised proposal of STINFO (the 2+1.5 proposal) was approved.
Mar. 02, 2006	A bill for the partial revision of the Electric Communication Business Law was passed in the plenary session of the National Assembly.
Mar. 27, 2006	The Electric Communication Business Law permitting subsidy became effective.

[Source] Constructed with various existing data.

As such, this research intends to shed light on the policy changes of the device subsidy policy by applying Kingdon's Policy Stream Framework (PSF). Kingdon's(1984) Policy Stream Framework (PSF) is appropriate for this research since it can analyze policy changes of less than 5 years in great depth using factors such as the interactions of policy participants. That is to say that this research is meaningful as it will be able to determine the process of policy change in detail and provide basic data that will improve efficiency when the government promotes similar regulative policies.

II . Theoretical Consideration

1. The Concept of Policy Change

The definition of the concept of policy change is differently made according to the different approach of scholars.

Hogwood & Peters(1983:1-2) uses a term of policy dynamics for policy change, and it is defined as a state of changing policy in a dynamic environment for policy. It means a status of the policy change after the evaluation of the process of the formation and implementation of the policy or the completion of the policy. The policy change is regarded as an intrinsic element for the survival and development of an organization in a rapidly changing environment, since the policy is an essential element of the organization of which failure immediately threatens the maintenance of the organization. In this sense, it is a necessary task for all organizations to review the policy change in the process after the evaluation of the policy.

While analyzing the economic policy of the Great Britain for the period from 1970 to 1989, Hall(1993:275-296) studied the policy change accompanied a drastic change in the goal and tools of policy with a viewpoint of the change of paradigm. He thought that the formation of policy encompasses the 3 variables of the 'goal of

policy' that leads the policy of a certain field, the 'tool of policy' or 'technique' that are used for the achievement of the goal, and the 'environment for these tools', and that policy planners were working within the frame of the policy paradigm. According to his definition, policy change is to be divided into the 1st change (ordinary decision-making with a tendency of gradual increase), the 2nd change (with which policy tools are changed to achieve the policy goal while the policy goal is not changed (a stage of the development of new policy tools)), and the 3rd change (in which environment for policy, policy goal and policy tools are changed drastically (change of policy paradigm)).

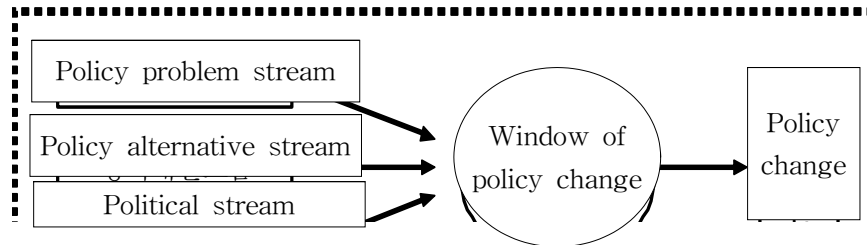
In the meantime, Jeong Jeong-Gil(2000:786) includes not only the changes in the content of policy-that is, the policy goal, policy tool and the object of the policy-but also the changes in the methods of the policy implementation-that is, the change of SOP including the change in the system of the provision of service. Therefore, policy change is defined to include the correction and completion of the policy occurring in the stage of policy implementation as well as at time of the decision-making.

On the basis of the afore-mentioned definition of concepts, policy change is defined as follows in this study. Policy change means that an output significantly different from previous ones appears in the decision-making through the interaction among participators in policy with different triggering bases in the process of policy implementation that adapt to the decision-making.

2. Kingdon's Policy Stream Framework(PSF)

In order to explain policy change Kingdon(1984) presented the Policy Stream Framework (PSF) in 1984.

〈Picture 1〉 Structure Framework of the Policy Stream Framework(PSF)



[Source] Reconstructed Based on Kingdon(1984).

The Policy Stream Framework(PSF) consists of 3 policy stream processes-policy problem stream, policy alternative stream, and political stream- a window of policy change, and policy change.(Refer to <picture 1>).

1) 3 Stream Processes

The 3 kinds of the stream of process are the policy problem stream, policy alternative stream, and the political stream. The window of policy change is opened when these 3 streams are united into one, and they generally work and progress with mutual independence.

The policy alternative stream is developed without a relation to the response of the policy problem stream, and the political stream changes abruptly regardless of the pending problems. Nevertheless, these streams are not absolutely independent. The criteria of the selection of ideas in the policy alternative stream is influenced by enabling the prediction of experts on the restrictive conditions of politics or budget. The results of elections in the political stream will have an influence on people's cognition on pending problems by connecting the political stream and the policy problem stream to a certain extent. Despite these characteristics, the PSF shows that these streams are generally independent, controlled by different power and have different patterns. Once the division of the flow of these 3 streams is understood, the agenda change and policy change exist in the combination action of these streams. (Kingdon, 1984).

But realistically the window of policy change is often opened by the political stream. That is, when the policy proponents recognize problems and prepare alternatives, a decisive political stream appears and opens the window. Especially, the regime change is the most noticeable and extensive change of the political stream.

In the meantime, according to Kingdon(1984), the policy problem stream is caused by the change of indexes, crises, disasters or a return current, and the policy alternative stream occurs with the degree of the specialization of the political system, activities of policy planners and the intervention of interest groups. And the political stream appears with the transition of political power, change in the number of seats in the National Assembly, emotion of people, pressure of interest groups, etc.

2) Window of Policy Change

Saying that a window of policy change has opened means that promoters of a certain policy have met a chance for policy change by enforcing a solution that they favor or force people to show interest in their problems specific to them. However, it is very rare for this window to remain open for a long time. (Oh Seok-Hong-Kim Young-Pyeong Compilation, 2000:415-418). Since the time that a window of policy is open is thus short, a strong connection is made between policy problems and policy alternatives. If participants are willing to invest sufficient resources some problems will be solved and some drafted. The policy problems and alternatives that are not solved or drafted end up drifting because sufficient resources were not deployed(Kingdon, 1984:95-172). In the meantime, the window of policy change comes to be closed due to several reasons. Firstly, it is closed when the participators feel that the matters of their interests have been sufficiently treated by certain decision-making or legislation. Even if the matters are not sufficiently dealt with, the window of the policy problem will be closed with any type of government actions. Secondly, in a similar manner, the window will be closed if the participators were not able to induce any government actions. Once it fails, they become hesitant to invest their time, energy, political asset and other kinds of their resources until the

next opportunity comes. Thirdly, the incidents that let the window of political change often disappear from the stage of policy. The longevity of some crisis or explosion accident are intrinsically short. The period of ordinary people's excitement sharp watch of the progress and results of terrible airline or train accidents is just limited. The status of the environment of the periphery that had the window opened is maintained for a very short period. For example, if a new government is established, there is a honeymoon period between the government and the congress, but it ends in just several months. Fourthly, some personnel change may be the reason for closing the window. If a high-ranking official of the government in charge of a certain policy issue needs some time to persuade the members of the standing committee in the congress with policy alternatives to that issue, the window will naturally shut with the switch of the high-ranking official or the change in the membership of the members of the standing committee. Fifthly, in some cases, the window of the policy change may be changed due to the lack of alternatives for the problems. Usually, if the window can not be opened abruptly, the policy proponents participate in the policy process without definition of problems or discussion and analysis of alternatives, and the window of policy change will be closed if the policy proposal for the cohesion of all elements in a short time fails.(Oh Seok-Hong-Kim Yeong-Pyeong Compilation, 2000:415-418).

In this study, strategies such as the non-institutional interaction including policy learning and the institutional interaction like the drafting of enactment follow in the window of policy change.

3) Policy Change

If a window for policy change is opened due to the policy problem stream, policy alternative stream, and political stream, policy participants respond and apply their strategies according to their interests within this window. It is through such interactions in the policy formation process, policy changes different from previous ones take place.

III. Analysis of the Changes in the Device Subsidy Policy

1. Policy Flow Analysis - Trigger

The political flow that acted as the trigger in this research was the situation where the bill to partially amend the laws on electric communications businesses so as to ban the payment of subsidies was passed at the general meeting of the National Assembly on November 12th, 2002. The domestic mobile communications industry, which consisted of 5 companies with the beginning of PCS services in October, 1997, went into a state of expressive competition of paying subsidies in order to acquire subscribers. Responding to this situation, the Ministry of Information and Communication started to impose regulations such as stating that the payment of subsidies was forbidden in contracts and imposing fines to the companies that paid subsidies as a penalty for violating the contract beginning in June, 2000. However, simply regulating the matter by contract had its weaknesses. There was no way to regulate companies that got into the business late from revising the contract and declaring to the MIC (Ministry of Information and Communications) that they were going to provide subsidies.

The fundamental reason for controlling this matter by law though was not the factor mentioned above but the tendencies of the people at the time. According to a phone call with an MIC personnel; first, the MIC declared that device subsidy payments would be regulated by law in 2001. At the time the country had not yet totally overcome the IMF situation and was thus experiencing great economic difficulties, and the public opinion was that frequent purchases of mobile devices, aided by the payment of subsidies, brought increases in the imports of parts and was harmful for trade. Second, at the time, juveniles becoming subscribers to mobile phone services without much consideration-again, due to the payment of subsidies making subscription very cheap- and committing various crimes in order to pay the large phone bills they could not afford to pay had become a social problem. Third,

the payment of subsidies deteriorated the financial structures of service providers and this acted as an excuse for not lowering charges. Finally, worries that the mobile communication service providers that got into the business earlier, and thus had relatively more financial capabilities, would increase its subscribers drastically by paying great amounts of subsidies and thus distort the system of competition.

The law on electric communications businesses, which was passed amidst such conditions, can be regarded as a political stream that Kingdon(1984) mentions as it was drafted under such social consensus. Also, this law acted as a trigger for debate on whether to maintain or relieve these regulations come 2006 as it stated that subsidies would be banned until March 26th, 2006.

2. Window of Policy Change Analysis - Interaction

As March 26th, 2006, the time limit for subsidy prohibition, came closer the MIC presented an alternative for subsidy payment, opening a window of policy change. The MIC presented the 3+3 bill which extended the prohibition term of subsidies to 3 years but allowed the payment of subsidies to subscribers of 3 years or longer and new services. Then, in the meeting of ministers of the related ministries, MIC accepted the bill presented the Ministry of Finance which made the prohibition term 2 years and allowed subsidies to subscribers of 2 years or longer, making the 2+2 bill the official alternative of the government. (<phone interview with MIC personnel(2006)>).

Various forms of policy learning took place in response to this bill of the MIC including public hearings and debates, and through this process the related mobile communications companies (SKT, KTF, LGT etc.), the government, and citizen groups put forth various opinions. (See <Table 2>).

〈Table 2〉 Interaction of the Device Subsidy Policies of the non-political area

Type of Learning of Policy	Date	Location	Subject	Sponsor
Public Hearing	Oct. 25, 2005	Press center	Public hearing for the direction of mobile device subsidy policy	Researcher of Information communication policy
Informal Discussion	Jan. 18, 2006	Parliament	Policy discussion on the bill of mobile device subsidy policy	Seo, Hae-seok National assembly office
Forum	Jan. 23, 2006	Parliament	Discussions on 2 years extended of the prohibition of mobile device subsidy	Kim, Young-seon · Run, Geun-chan National assembly office

[Source] Based from the existing data

The MIC intended to enforce the official bill of the government, the 2+2 bill, whereas the leader of mobile communications, SKT, and citizen groups were strictly against this bill. On the other hand, KTF took a neutral stance and LGT was clearly in favor of this bill. We can see that there was a sharp conflict of interest on this matter. (inews 24<<http://news.inews24.com>>).

In this situation, the government's bill, which was based on the 2+2 bill, was submitted to the National Assembly on February 1st, 2006, and the bills of assemblyman Kim Young-Sun, Ryu Geun-Chan, and Lee Jong-Gul, all of which reflected the opinions of citizen groups were submitted directly after. The bills of the assemblymen were basically in conflict with the government's 2+2 bill. They wanted to remove the 2 year extension of subsidy prohibition and provide subsidies to subscribers of less than 2 years through obligatory agreements. (See <Table 3>).

〈Table 3〉 Interaction of the Device Subsidy Policies of the political area

Bills	Government Bill (MIC)	Bill of Assemblyman Kim Young-Sun (The Grand National Party-Hannara)	Bill of Assemblyman Ryu Geun-Chan (The People first party)	Bill of Assemblyman Lee Jong-Gul (The ruling Uri Party)
Time of Submission	Feb. 1, 2006	Feb. 2, 2006	Feb. 2, 2006	Feb. 3, 2006
Main Context	Extend prohibition for 2 years, allow subsidy to subscribers of 2 years or longer, ie 2+2 bill	Introduce obligatory agreement, allow payment of subsidies to subscribers of 2 years or less as well	Introduce obligatory agreement and remainder agreement, allow payment of subsidies to subscribers of 2 years or less as well	Introduce obligatory agreement, allow payment of subsidies to subscribers of 2 years or less as well

[Source] Based data from the MIC and National Assembly.

The government bill and the 3 assemblymen bills were presented to the Science, Technology, Information, and Telecommunications Committee (hereafter referred to as the STINFO committee) and the compromises are made by the subcommittee for reviewing bills. That is to say that the 2+1.5 bill, which left the prohibition period as 2 years but allowed subsidies to subscribers of 1.5 years or longer as opposed to 2 years, was selected. However, at the general meeting of the STINFO committee held on February 15th, the government's revised 2+1.5 bill gave rise to quite a bit of conflict between the nongovernment party-some members of the ruling party and the government-most members of the ruling party. No consensus was reached on the bill to partial amend the laws on electric communications businesses and it was put to vote. Of the 14 members present, 8 were in favor of the bill and 6 were opposed, allowing the bill to pass through the permanent committee. (inews 24 <<http://news.inews24.com>>).

This bill passed through the Legislation and Judiciary Committee and was passed at the general meeting of the National Assembly on March 2nd, 2006, closing the window of policy change for the device subsidy policy.

3. Policy Change Analysis - Policy Product

The partial amendment of the laws on electric communications businesses being passed at the general meeting of the National Assembly on March 2nd, 2006, marks the allowing of the payment of subsidies for the first time in 5 years since its prohibition on June 1st, 2000. The main context of the new law is that the prohibition term be extended for 2 years and that an exceptional subsidy payment to subscribers of 18 months or longer be allowed once until March 26th, 2008. In accordance with such, SKT, KTF, and LGT can now provide up to 250,000 Korean won in subsidies to their customers. (See <Table 4>).

〈Table 4〉 Comparison of the Provision of Device Subsidies by Mobile Communication Companies

As of Apr. 13, 2006. unit: 1,000 won

usage fee \ usage period		less than 30	30~40	40~50	50~60	60~70	70~80	80~90	90~100	more than 100
18 months ~ 3 years	SKT	7	9	11	13	13	15	15	17	17
	KTF	6	7	9	11	11	16	16	20	20
	LGT	5	7	7	10	10	16	16	22	22
3 ~ 5 years	SKT	8	10	12	14	14	16	16	18	18
	KTF	7	8	10	12	12	18	18	21	21
	LGT	6	8	8	12	12	17	17	23	23
5 ~ 8 years	SKT	9	11	13	15	15	17	17	19	19
	KTF	8	9	11	13	13	20	20	22	22
	LGT	7	9	9	12	12	18	18	24	24
8 years ~	SKT	9	11	13	15	15	17	17	19	19
	KTF	8	9	11	13	13	20	20	22	22
	LGT	8	10	10	13	13	19	19	25	25

[Source] Restructured based on the reports of e-daily <<http://www.edaily.co.kr>>.

IV. Conclusion

The partial amendment of the laws on electric communications businesses being passed at the general meeting of the National Assembly on March 2nd, 2006, provided an opportunity for the prohibition policy to be changed to a permissive policy. This research analyzes such a process of policy change using Kingdon's PSF.

Though a partial amendment was made to the laws on electric communications businesses banning the payment of subsidies in accordance with the opinions of the people on November 12th, 2002, this was a temporary law valid only until March 26th, 2006, thus acting as a political stream, or trigger expecting debate on whether to relieve or maintain such regulations come 2006.

This trigger opened a window for policy change, and interactions such as those

between the policy learning of the non-political area and the legislative strategies of the political area follow. Such interactions extended the prohibition term to 2 years, but in order to promote the usage rights of the people compromises to fully allow the payment of subsidies to subscribers of 18 months or longer are made. Finally, the new laws on electric communications businesses, which contains such provisions are passed at the National Assembly on March 2nd, 2006, and put into force on the 27th, changing the policy of device subsidies from a prohibition policy to a permissive policy for the first time in 5 years.

This research possesses the following political significance. First, it shows that analysis using Kingdon's PSF can be applied not only to cases of foreign countries, but to the device subsidy policy of our country. This is evidence proving the flexibility and usefulness of these through our regulation policies. Second, the changes in subsidy policy were concluded through sharp conflict between policy participants. That is to say, that policy change through political conflict reflects the principle that self-generated order comes from disorder. Third, this research suggests that policies are not sustained consistently, but can be changed according to the situation of the times and organizational-environmental factors.

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