

## **SESSION 5: REGULATION/DEREGULATION**

### **Regulation/Deregulation for the Convergence between Telecommunications and Broadcasting for a Theoretical Viewpoint**

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Due to the development of digital broadband networks, the traditional telecommunications and broadcasting markets are converging at a rapid pace. Particularly, the Internet is reshaping both the supply and demand side of the converging industries. On the supply side, the market boundary is blurring since the Internet makes it possible for people to access more and more innovative services. On the demand side, the Internet is providing a natural platform that is encouraging direct and more informal interactions between people. More significantly, it is giving them the option to have control such as in social networking or blogging. As shown in the growing online businesses such as Google and Yahoo, the Internet allows people to implement new ideas, creating new business models.

No economic and social policy is perfect in all its dimensions, because the technological environment surrounding our society is always changing. In a world characterized by innovation market competition is the best way we know to achieve efficiency, since it is difficult to project what benefits we will derive from digital innovations when the telecommunications and broadcasting industries are converging.

Risk is denoted in Japanese Kanji as a combination of risk and opportunity. Today's risk may represent tomorrow's opportunity. There is a great need to use the market mechanism, particularly competitive force to let new comers try out new things.

It should be stressed, however, that pro-competition policy sometimes promotes the fragmentation of rights, resulting in creating "a tragedy of the anticommons." As Buchanan and Yoon (2000: Journal of Law & Economics) suggests, "the tragedies of the commons and the anticommons" are symmetrical. Regulators must take care to avoid creating anticommons and at the same time not to discourage the entrepreneurial activities in the broadband age.