Public Symposium

Stanford Kyoto Trans-Asian Dialogue 2013

Digital Media as a Catalyst for Political, Cultural and Economic Change in the Asia-Pacific Region

13 September, 2013
5:00-6:30pm

Kyoto International Community House Event Hall
Kyoto, Japan

〈〈Moderator〉〉

Dr. Masahiko Aoki

Senior Fellow, FSI and SIEPR; Henri and Tomoye Takahashi Professor Emeritus of Japanese Studies, Department of Economics, Stanford University

〈〈Panelists〉〉

Mr. Premesh Chandran

CEO, Malaysiakini, Malaysia

Mr. Martin Fackler

Tokyo Bureau Chief, New York Times, USA

Ms. Hu Shuli

Editor-in-Chief, Caixin Media Company, Ltd., China

Dr. Ichiya Nakamura

Professor, Keio University, Japan

The Symposium started with a greeting by Dr. Gi-Wook Shin, Director, Shorenstein APARC, FSI, Stanford University.

Gi-Wook Shin: Good evening, welcome. Thank you for joining us at this symposium, this evening. My name is Gi-Wook Shin, and I'm the Director of the Shorenstein Asia-Pacific Research Center at Stanford University. We have held this event every September for the last 5 years in conjunction with the Stanford Kyoto Trans-Asian Dialogue. Each year, the dialogue has brought together scholars, government officials, journalists, business people, and other experts for conversation about global issues important to the lives of people in Asia and the United States. This year's dialogue has focused on the digital media and its role in political, cultural and social changes in the Asia-Pacific region.

I'm very honored to present to you tonight some of the highlights from our 2 days of discussion here in Kyoto. As you know, today we live in the era of information. Information is the very essence of many aspects of our lives. It shapes economic activities, influences politics, and transforms societies throughout the world. The world is more connected than ever thanks to digital media. Every day we see evidence of this influence. In light of this, our participants, today and yesterday engaged in lively discussions of the impact of digital media on traditional media, political and social change, economic transformation, and international relations.

This evening, we'll hear from four of our experts about their views on the implication of digital media. As in the past, Professor Masa Aoki here, economist from Stanford University, will moderate this symposium and he will introduce our panelists to you shortly. I hope that all of you find this symposium and panel discussion very informative and thought provoking.

Today marks the close of 5 years of productive dialogue in Kyoto. I very much regret to say that this dialogue will not be continued the way it has been for the last 5 years, but I do believe that the knowledge and insight shared in this room will live with us. I'm sure that we'll have another chance to meet and discuss them again in the future.

In closing, I'd like to take this moment to express my sincere and special thanks to the city of Kyoto, Yumi and Yasunori Kaneko and Freeman Spogli Institute for International Studies at Stanford University. Their support throughout the years has made this dialogue possible and productive. I also very much appreciate all of you for having been great supporters of this event for last 5 years.

Thank all of you again for coming to join us this evening. I look forward to seeing you again at the reception following the symposium at the Kyoto International Committee House. Once again, thank you very much. *Arigato gozaimashita.*

Aoki Masahiko: As being introduced by Professor Gi-Wook Shin, I am Aoki Masahiko. I'm Takahashi Professor in Japanese studies and professor of Economics Emeritus at Stanford University and also senior fellow of Freemans Spogli Institute.

Without much ado, I'd like to introduce four panelists from my side; Martin Fackler, Bureau Chief of The New York Times; then Premesh Chandran, Founder of Malaysiakini from Malaysia; Professor Ichiya Nakamura from Keio University Japan; and Ms. Shuli Hu, Editor-in-Chief, Caixin Media of China.

There are many interesting topics on this digital media as a catalyst for political, cultural, and economic change in Asian Pacific regions, and we, in the last day and half, about 22 study experts, scholars, and journalists gathered from all over the Asia as well as from Stanford. We requested these four people especially to talk about what has been discussed and what they have in their mind on these very important topics.

I'd like to start out with Martin Fackler, and he is going to talk about the transition from traditional media to new digital media. As you know, he is very active as the Bureau Chief of The New York Times. I have read The New York Times in the States and his report on Fukushima nuclear disaster was very informative to myself too. I'm very

much looking forward to hearing his comments, about what he has in his mind, about the role of media today. Please.

Martin Fackler: Thank you Dr. Aoki. I will speak about traditional media versus digital media and the transition. I'm not an academic, I'm a journalist, so I will give you the view from really the frontlines, what I see in my everyday work. I will speak first about how the shift to digital media has impacted my own work, and then I'll talk a bit about what I see in Japan. I think I have 10 minutes, so not a lot of time, so I think a lot of it maybe in the Q&A, we can do more, I hope.

But in my own work, this revolution into digital media has completely transformed what I do. In fact, I would say that The New York Times really is no longer even a traditional media, in the sense of being a newspaper, solely a newspaper, it really has become a digital medium and you can see that in the numbers first of all. We crossed an important milestone a few months ago when the number of paid subscribers for our online, for our website, also for Kindle and the various digital applications surpassed the number of paid subscribers for our paper, our print edition. It depends on who you look to for the numbers but the most recent numbers I've seen show that we now have 1.1 million paid subscribers online with applications, Kindle, etcetera, versus 770,000 paid subscribers for the print edition. My boss, the editor-in-chief of The New York Times, Jill Abramson, recently told the newsroom that we're no longer a newspaper with a website; we're now a website with the newspaper. Really, the website and the demands of the digital platforms have taken over what we do.

Now, in the US, as many of you probably know, this transition has had a very disruptive effect on news media. If you look at my industry, the newspaper industry, you've seen hundreds of papers that have closed or have gone bankrupt or have been downsized drastically. One of the impacts that I've seen is a polarization, *"nikyokuka"* of the industry where you have a small number of large newspapers like The New York Times, the Wall Street Journal, The Washington Post, who survived kind of this

international kind of macro and then you have a lot of very small local papers doing very local news.

In the old days, we had a very rich kind of middle range of newspapers in the United States like the San Jose Mercury News, the Philadelphia Inquirer, Baltimore Sun etcetera, and these papers have really disappeared or shrunk, and so that middle has really disappeared. We've had – because the transition of, for example, my paper which really in Japanese term, is more like the Kyoto Shimbun, or the Tokyo Shimbun, it really is not a national paper, at least not originally. It's a New York city paper, a regional paper, has now shifted to being not only a national paper, but really a global paper. If you look at our online readers, for example, you'll see that the largest number are Americans accounting for about two-thirds, but the second largest number of our readers are from India. Then, number 3 is Canada, number 4 is the UK, number 5 is Germany. We really have changed a lot, our readership has changed and kind of what people were trying to address has changed.

Another thing we've seen is that there is a lot of talk about how the internet would kill off newspapers, how places like The New York Times, The Washington Post, the Wall Street Journal would disappear, that we were no longer necessary, that blogs, or citizen journalism and this sort of thing would take over. But in fact what we've seen in terms of interest or demand in our coverage, we've seen the opposite. In our hey-day as a print publication, we had about 1.4 or 1.5 million circulations on weekdays. Now, if you look at our website, not at the paid subscription, but just everything, all the clicks, every discreet user that passes through our website, we have somewhere like 35 to 45 million discreet users every month. In 2008, which was 5 years ago, we had 150 million discreet users per year. If you look at those sorts of numbers, you see that the demand or readership for our stories has actually gone up, in a sense has gone up by 20, 30, 40 or 100 fold. It's not that people don't want what we do. The trick has been rather how to turn that into something that makes money.

There have been problems with the business model. People assume that internet information is free. It's not just newspapers; it's novels, music, movies, basically anybody that – in the business world, they call it content, right, but what it really is, is culture; what it really is, is what we are. This has all been completely hit by the internet. It allows us to spread things around, but it also has killed the business models, and so people don't get paid for what they produce. It's a very difficult time, but we're trying to figure out a way where we can reestablish where musicians or journalists or authors get paid for what they produce.

If you look at my own job, it's also changed quite dramatically. It used to be that I could file – we have an Asian edition, a European edition, and an American edition, and I could file in the evening for the Asian edition and then in the morning for the American edition, so I had two deadlines for my own stories that I was filing. With the shift into digital, we're now on a 24/7 news cycle. What I do now is really more like a wire-service reporter than it is like a newspaper reporter in the old days.

Just to give you an example of what my day looks like now, I might file half a dozen versions of a big story. For example, in the Upper House elections in Japan in July, that was on a Sunday, as you all recall, my day started out, I wrote one version of the story before the polls closed, saying that Japanese voters went to the polls. When the polls closed, which I can't remember if that was 7 or 8 o'clock now, but they closed at night, then I had to do a quick, second version of the story, about 350 to 400 words about what happened, who won. Then, I had to quickly do a longer version for our Asian editions, then I had to do another version for our European editions, and then at midnight, I had to throw all that away into a whole new analytical version for the New York paper. I was up until, I think, 8 or 9 a.m. in the morning, that day. It really became a very compressed news cycle, a very busy news cycle. The things that we used to do over the span of say 2 days, we now have to do in 1 day.

Anyway, just briefly, since I'm running out of time, I want to talk about what I've seen in Japan. My basic impression is that the Japanese newspaper industry is facing the same sort of change. It's just about 10 years behind or delayed. You're seeing the same issues, the readership going down, younger readership going down, ads going down, but at the same time, you don't see the same sort of push into websites. I don't think that major Japanese papers have done very much with their websites; they seem very primitive and simple. For example, you don't see stories posted online until they appear in the print edition of the paper. So in many ways, I think, Japanese newspapers remain traditional media, not digital media. They remain newspapers with websites, not websites with newspapers.

Quickly the reason is for that, one is language. In English, we have a much larger market but also a lot more competition. The Guardian is a competitor for us and people all over the world, The Economist, these are British publications, so they compete with us. Japanese kind of makes Japan into almost like Galapagos sort of fortress, right? The other thing, I think, Japan has a strong home distribution system, thousands of people out there selling the papers and knocking on doors and giving you little towels and cans of beer, right? But that's a very powerful system and there's actually, I heard yesterday that newspapers might have 5 or 10 times more employees selling the paper than they have journalists. Japanese companies are much more concerned about stakeholders and preserving jobs and so they don't want to cut these people. This has given them a lot of resilience so they have these strong sales forces that keep people buying the papers, but it has also been a burden or at least a hindrance in the sense that they can't make a switch into digital platforms if they've had this protector paper platforms to protect these jobs. Is that 10 minutes?

Aoki Masahiko: I think, Yeah.

Martin Fackler: Okay, I think I'll stop there, but there's a lot more to say, so I look forward to a lively Q&A. Thank you.

Aoki Masahiko: I forgot to mention this, but I asked each panelist to speak only 10 minutes or so, so that we can have plenty of time for interaction with you. By listening to this initial statement by each panelist, please be prepared to challenge them or question them, or have discussions with them.

Our next speaker is Premesh Chandran. He is the co-founder of Malaysiakini.com. As Martin Fackler mentioned that, well, India is now second largest reader of The New York Times, and in sessions we also heard that quite a bit of the social change is contributed by the use of iPhone and so forth in villages of India. Also, Mr. Chandran has been very active, I understand, from a university there as working for democracy and criticizing authoritarian nature of Malaysian government at that time, and he then evolved as a social entrepreneur and also business entrepreneur to establish this very popular internet media. I'd like to invite you to talk about your experience, please.

Premesh Chandran: Good afternoon and thank you very much. I'm really happy to be here in Kyoto. Thank you very much for the invitation to be here and speak to you today. I was here for the first time as a student activist 20 years ago, in 1993, at which time it was just after the Earth Summit Conference and we were working with Japanese student groups to talk about environmental and developmental issues, so it's really nice to be back here again.

I think some of you may have heard a little bit about Malaysia. I think many people have seen a commercial about Malaysia saying, 'Malaysia is truly Asia'. Have you heard, 'Malaysia, truly Asia'? There's a nice jingle about it and nice scenes of our lovely beaches, and our nice cities, and nightlife, and we have fantastic food. For those who have not been to Malaysia, please do visit. But Malaysia is a young country, we're just over 50 years old and as we grapple with modernity, we are still grappling with creating a genuine democracy in the country. Malaysia has been ruled by the same political party, political coalition. Since our independence in 1957, we've not had a

change in government. And part of that rule has been via the control over the traditional media, which has been pretty much aligned or owned by the government. There have been some amounts of human rights violation, and civil violations, so the country is still grappling in that. But in the mid-90s that changed. What happened was the government wanted to attract more investment in the IT sector. They could see what was happening in the Silicon Valley and our Prime Minister then, Dr. Mahathir passed a new law saying that we will attract IT, and one of those things that he would do, he would not censor the internet.

It actually created a situation where you had pretty much controlled traditional print and broadcast media and a pretty much free internet media. In 1998, as we know, the Asian economic crisis swept through South East Asia and Malaysia was one of those dominos which fell and that created a lot of economic instability and then that resulted in the sacking and jailing of our former Deputy Prime Minister Mr. Anwar Ibrahim. And that created, what they called the Reformasi or reform movement in Malaysia, with a lot of street protests and demonstrations seeking justice for Mr. Anwar, but also seeking wider political change. It was on that back that myself and my partner, Steven Gun, we decided to test the limits of the government, a pledge to not censor the internet, and we set up a site called the Malaysiakini.com. Malaysiakini means Malaysia Now, or Malaysia Today, and we started off with 6 staffs. So the idea was to use the internet to see whether we could actually give Malaysians independent news which they were not getting in traditional media, and how would that change the political system in the country.

The first few years, as you would assume, were very difficult. The government was quite harsh with us, they raided our offices, they jailed some of our columnists, and it was really a struggle for survival. But the political movement in the country also moved in tandem putting pressure on the establishment resulting with Dr. Mahathir stepping down in 2002. I think many of you would be familiar with Dr. Mahathir who

had a very good relationship with Japan and came here quite often. He stepped down in 2003 after being in power for 22 years.

At that junction, our new Prime Minister, his successor, Mr. Badawi chose to depart a little bit from Dr. Mahathir's legacy, first of all, releasing Anwar Ibrahim from jail. He was serving a 6-year sentence, and then also allowing a little bit more freedom for the internet. Malaysiakini was allowed to grow, and we grew a little bit more. But Mr. Badawi failed to actually bring a serious reform to the country in terms of addressing issues such as corruption, cutting down on cronyism, really opening up political space. But in that space, Malaysiakini thrived and we grew very rapidly so did other types of online media. In 2008, Mr. Badawi went for elections, won, but suffered greatly. He won by a very small margin. He was being interviewed after elections and when asked, "Why did he do so badly," he actually said that, underestimating the power of the internet was his biggest mistake. There was widespread acknowledgement in the establishment that this duality between the internet media and print media was actually creating a lot of difficulties for the established regime, especially a regime which has not changed, has not adopted the new changes over the last 50 years.

After 2008, Prime Minister Badawi stepped down for a new Prime Minister, Najib Razak, but on the back of that opening Malaysiakini has subsequently grown. One key thing that Malaysiakini did in order to grow was that we introduced subscription system, paying for the news in the year 2002. We thought that advertising would do well but really under such political constraints we could not grow the advertising base.

We actually wanted to rely on our readers who actually wanted to seek change, seek more independent news, to see whether they would subscribe. Although, in the beginning, when we launched the subscription service, it was very difficult; over the years it actually grew and became a very substantial revenue base for Malaysiakini. With a large readership, mainly because Malaysiakini publishes in 4 languages, we publish in English, in Malay, in Chinese, and in Tamil, the four languages of Malaysia

and with a subscription getting sufficient money, Malaysiakini grew very fast. Subsequent to the 2008 election, in 2009, Malaysiakini became the most popular news portal in the country. Today, we reach about 2.5 million readers a month, about 450,000 readers a day which is a very significant reach given that Malaysia's population is about 30 million and Malaysia's online population is about 15 million.

Subsequently, from 2009, Malaysiakini has become a very much leading force in online media, and backed up with the growth of social media in Facebook and Twitter in the last 4 to 5 years, Malaysiakini has continued to evolve. In the recent 2013 general elections in May, the opposition won 51% of the popular vote but did not win enough seats to actually take government. But you can see that over the years, how the country has changed especially in the last 10 years where you're now seeing a very competitive political environment and mainly because of this change in media policy and this opening up of internet. So, definitely, I think that the internet has contributed greatly in combining with the political movement, with civil society in generating political change in Malaysia.

But nevertheless, the question remains that in a country which relies on semi-authoritarian rule, can they really afford to have an open and liberal internet media? We will see this in the next 4 to 5 years whether the country can continue to tolerate an open media or will they clamp down and introduce more restrictive policies. I think we've seen such restrictions introduced in Singapore, in June. In Vietnam, there have been new policies restricting what you can publish in your social media and more recently in China, you see a big crack down on people who are active in social media, in Weibo and in other platforms.

I think that the dichotomy between the free internet which we see in some countries and a very close authoritarian system is being challenged and questioned. With the support of both local residents, local Malaysians and international support that sites like Malaysiakini and other sites, which choose to report more independently, choose to

take up issues on human rights, on corruption, and challenge the government of the day, these two forces are working together that we will see whether the country can move towards a democracy. I think it's really an interesting situation. I think that definitely we see, you know, in Malaysia there's a very high penetration of internet devices, nearly 70% of population have hand phones or access to internet through various means, so although it's a real urban phenomenon, you can see the information actually going very much back to the rural areas and also creating changes in rural areas. I think that there are lots of lessons that we can see what's happened in Malaysia which also applies to the larger parts of Asia, particularly that internet is increasingly used as a social movement to demand change in authoritarian countries and in Malaysia that's very much the case.

I look forward to more questions but the next time you visit Malaysia, enjoy the beaches and food, do think about the situation of democracy and freedom in Malaysia. Thank you.

Aoki Masahiko: I think this is a very impressive and interesting story about power of internet on policy and the society. Next, I'd like to invite Professor Ichiya Nakamura. I think many of you are already familiar with him. He started out with the government official in Ministry of Posts and Telecommunications. But although, he is still making important contributions to public policy making through the council and so forth, but he left the government and became more active in academia and also social entrepreneur, say, in international perspective. So, please.

Ichiya Nakamura: Thank you very much Aoki sensei. But just 30 years from now, in 1983 while I was a college student in Kyoto city, a Kyoto company, Nintendo launched family computer. After that machine, new media other than TV and telephone were developed, PC, cell phone, internet and so on. How those new media are working? Two years ago, on March 11th, a big disaster attacked the northern part of Japan and 16

years before that accident in 1995, Japan had another big earthquake around here, you remember.

I remember that the telephone system totally stopped by that earthquake. Cell phone was okay, because cell phone users were not so many in 1995; internet users were much fewer. This time, 2 years ago, cell phone didn't work, not at all. Network was already full by all the people in the country. Instead the internet played an active role. However, is the internet okay in the future when such a big disaster comes again? No, I don't think so. TCP/IP internet protocol was developed imagining nuclear war so that connection could never be cut whatever would happen. Unfortunately, this time 2 years ago, the earthquake proved it worked. It's okay, but communication was character-based between person to person.

If all the people start using internet and start delivering motion pictures, and if all the things around us get connected and start communicating with each other, internet may blow up. Visual communication and machine-to-machine communication needs new network architecture. Internet was developed assuming nuclear war, the enemy of human beings. This time we should plan the next generation network assuming the enemy named earthquake, tsunami, and nuclear power stations.

On September 11, 2001, I was involved in the accident in New York City. And just after that, from the United States, I made telephone calls to friends in Kyoto city and most of them were watching the real thing, the second airplane hit the building. I believe most of you watched that scene on TV news on that day. However, people in the United States didn't watch it. For example, in East Coast, many people were commuting to schools and offices like me, and in West Coast people were sleeping because of 3 hours' time gap. The real timeness of the accident was much higher in Asia. The disaster was much more shocking visually to Asian people.

About 30 years ago, while I was working in the government, we dreamt of the advanced information society where all the people are connected and can watch everything visually in the world. Then, if all the people can understand each other, the world peace will come true, that was our dream and we used to believe it. But information society had already come. You watch what's going on in New York city. We could watch everything on TV at real time via satellite and optic fibers. But the dream was not true. We had got to know each other, that made our differences clearer and that caused new resentment and new friction.

Two years after the Iraq war started, after the September 11, internet community tried to stop the war, anti-war movement spread over across the world; however, they couldn't stop it. And after starting the war, digital technology was fully used in the war; GPS-enabled pinpoint bomb, and soldiers wore wearable computers, they could communicate with each other so that they could kill enemies effectively and efficiently. This technology tried to stop the war and at the same time accelerated the war. The direction of the digital technology is determined by users. Digital came to that stage in the beginning of this century.

But let's use digital media, but digital education, digital medical care, e-government, what should be done for expanding these public activities? How should these kinds of intellectual property be treated? Let me introduce two projects very briefly related to using IT for changing the society that I am involved in; one is digital signage out of home media, connected with cloud network. Today, you can see many, many digital screens in public places, in stations, trains, department stores, schools, and I am developing Japan style POP digital signage, for example, vending machine digital signage. There are seven million vending machines in Japan, I think it's too many but we would like to reform all of them to digital media. How can you get urgent information against disaster? With multiscreen, with cloud network. We are also trying to set up big screens in many cities so that you can get important information

easily, especially after the big earthquake, this is a hot issue by local governments in Japan, their policy issues.

Every country has its own digital style, technology, and digital signage style and in order to connect them all in the world, standardization for interoperability is inevitable. So we are working with the international organizations and consortiums in the world.

My second project is digital education. This is to give chance to children to learn with digital technology. I am working for digital learning in schools. For example, all the children in Uruguay already have the internet PC. The PC is so called $100 PC developed by MIT Media. Now, 1.3 million children in the world are using that machine. The first plan was made by my group. I gave a presentation 12 years ago at MIT and then big project started there. However, I failed in introducing the project in Japan. In Japan now, each one PC in schools is shared by seven children. In Korea and Singapore, every child will have a laptop within next year, it's said. Japan is too slow. Then, I started a new project for accelerating digitalization of education 3 years ago, working with 100 global companies.

But I believe Japanese young generation has an advantage. According to technology research, 7 years ago, among all the blogs in the world, the most used language was Japanese. Japanese language surpassed English, 37% of total words on the internet were Japanese. English was 36%. This must have been caused by teenagers, mobile phone users in Japan. Last February, Cisco Systems published a research report that showed the average mobile user traffic per month; Japan was the top of the world in the amount of traffic. Japanese users generate 5 times bigger information than the world average. It's amazing because Japanese people are said to be very quiet in the real world. They are very, very noisy in the virtual world. All the children in the schools in the world will be connected in the near future. Interoperability that allows every child to access learning materials is an important issue. Security and privacy of children are also important.

Through these projects, I face a lot of policy issues that requires international cooperation, such as piracy, copyright, juvenile protection and so forth. Like this, there are emerging a lot of global issues. I don't have an answer but what is asked to us now is what the adequate governance is, in the new IT environment. That is it, thank you.

Aoki Masahiko: Thank you. Lastly, I'm very pleased to introduce my old friend, Hu Shuli. She is the Editor-in-Chief of Caixin Media and Dean of School of Communication Design at Sun Yat-sen University. Caixin Media is independent media company which published the weekly journal of new century. I consider this is the best, most professional based on real professionalism of journalism. She is leading this young media. She has quite a bit of influence in the domestic policy and internationally she was recognized as the most important woman in the world by Financial Times, and Wall Street Journal, Time Magazine and so forth. Stanford is very proud that we awarded also Shorenstein Journalism Award to her. I think she is going to talk about particularly the role of media in international politics, particularly now Japan and China facing a very critical time, so her insight into this problem is pretty much welcome I think, please.

Shuli Hu: Thank you very much professor Aoki. Actually, professor Aoki is a member of our trustee board, so we meet every year, discuss a lot of issues, including the implication of the media and digital time in China. Here, I just listened three of my fellow panelists talked about different pictures, digital timing with their own background, I think they're really different than mine. I am going to offer is the picture in China, the media picture in China with the major player as internet. Let me start with numbers. By end of June, China has 590 million web users. Each one of them spending an average 22 hours online, every week and 78% of them, or 460 million Chinese, 1/3rd of them, read news primarily online.

Among web users, half of them use Weibo, that's a kind of a Chinese Twitter, and more than 70% of Weibo users get news from the social media, and more than 60% retweet news to share with other followers. In comparison, the circulation of daily newspapers in China are only 100 million in total. This is less than a quarter of online news readers. The conclusion is undisputable. Digital media is where most of the Chinese get their news from and where public debates take place. But what's digital media and who is providing news? Well, in the developed countries, such like the United States or Japan, the digital media are mainly composed of traditional media's online platform either like The New York Times, which is already caused to transform as a website with newspaper or like Japan which is still under its hard transition. However, in China, situation is very different, because in China, the most popular online news providers are companies born in the internet age. Five largest portals and two most popular Weibo provide news staples of hundreds of millions Chinese. They belong to four NASDAQ listed companies and Vantive Group, they are internet companies.

There are pros and cons for having internet companies as the main news providers. On the upside, these are all private companies, born in the market with modern corporate governance structure and all eyes on identifying and meeting user's needs. They are nimble, faster, good at mobilizing civic journalism on the social media, and their expansion seriously challenge news regulations and the controls. The sheer quality of information exploded and speed of making some information public vastly assimilated and the effect of media control now just diminished.

In comparison, many state-owned media groups are large in company size but pale in real influence and company growth prospects. But there are downsides. These internet media companies are not from professional journalism organizations, lacking professional training especially on journalism ethics and mission. The news portals started mainly as platform runners, not news organizations, not news media. Nowadays, except a small part of the brief news and the market news, they set up newsroom for comprehensive news at aggregation. They all also reached agreement with major news

arteries, buying the right of use other contents on their webs with no need to quote the sources in the readings page, and have the liberty to change the original pieces to catch reader's eyes. At the same time, they can use most small, less influential local media arteries for free, since the later one are afraid of being totally ignored. Clearly, the portals are not able to exercise editorial judgment for readers; neither they intend to develop into serious media. Instead of telling people what they should do as a basic principle of journalism, they definitely tell them mainly what the readers want to read, want to know. The news pieces on portals and social media tend to be simplified, sensational, and moving to extreme. To put in a nutshell, their news quality is not very high, and between the lines, one cannot hear editorial voice, or a set of values that a media artery usually uphold.

This is both a blessing and a curse from the market media sector, especially in the context in China, the independent professional journalism hasn't grown up completely. Internet gives internet media companies new business structures but without a journalism spine, it makes them extremely vulnerable to commercial influence. I've talked about two groups; I've talked internet media and state media, but there is a third group, market-oriented professional media, independent media. Caixin Media is one example of this media. This third group grew with market, leverage of the internet for amplify their voices, learn from internet companies on business models and are clear about their journalistic missions and principles.

Like for my Caixin as a media artery, I don't know how to describe it because we are mainly a website with magazines. Today, I learned from Martin and I know I can say that because The New York Times even says that. Usually, our Caixin wasn't recommended as news weekly, because news weekly, a magazine could be more respected or more serious, but actually we are real time news website with weekly magazine which is in-depth news and with also a monthly which is a kind of opinion-debate place.

Caixin is very unique and we are among the third group. We are very clear about our missions, together with these groups pushing the envelope with internet media arteries, but on the other hand, it provides quality report, only possible from hands of paid professionals.

Here, I gave you a very mixed picture with various players in media sector in China. We are blessed that internet has helped us largely to expand out breathing space and influence. But what dangerous is, before the journalism profession matures in China, it has to face such a fundamental challenge which has already crippled the western media industry with even 100 years of experience. I don't need to elaborate the problems traditional media is facing on the digital age, since you all might understand it well.

It is a double whammy this year, while China struggles with a slowing economy, advertising budget was cut significantly expect news across the board, but in fact, it is a higher blow to the traditional media. While internet media opened up the news section to embrace commercial interest, some of the traditional media in China are pushing to the verge of survival. It might move to a new balance, one that's not necessarily good for the sector of journalism.

The internet media needs to adopt the responsibility and the mission comes with the word journalism, and they serve the public service that embedded in the profession from the day before, from the day first. The market-oriented traditional media need to exactly explore the internet and transfer. Looking forward, I think the media landscape will be determined by three battles in China; regulators and those they regulate, professionals and those who are not, commercial arteries and those who refrain from it.

This is picture of Chinese media in the digital age. From the magazine Caixin, I was the founding editor to Caixin media. I can clearly feel the opportunities and the challenges internet brought to us, to take in the maximum the first and overcome the

next are not easy tasks, but our big hope is still there. The strong demand for quality journalism in China supports us to go ahead. Thank you very much.

Aoki Masahiko: Thank you. I once visited the office of Caixin and on one floor, there are about 100 people or more than that?

Shuli Hu: No, 380.

Aoki Masahiko: Well, reporters and staffs, almost all of them in their 20s and 30s, and I was really amazed by that. Well, in any case, now I would like to open the discussion to the floor, so anybody who wants to question or wants to have more clarifications, or would like to debate or challenge the opinions or statements made by the panelists, anything is welcome. So please raise your hands if you want speak and then the staff is going to give you microphone for translation. Shuli and – if you want to hear the questions, if the question is made by a Japanese, please use…

Female Questioner: Thank you very much, very interesting speech. Mr. Martin and all the three people mentioned that how young people are reading newspaper through internet. Actually, I teach at the university, and every year I ask my students, do you read news? And most of them nowadays don't read newspaper. Then, I ask them, how do you get information, world news? They mostly answer either TV or internet. But I'm very, very skeptical if they really read news, I mean if they really get the information they should get. Like, they can pick up something they are interested or maybe they can open the laptop in the train and just read something they happen to read which is very different from the information you get through newspaper. So I have a question to Mr. Martin, in the United States, do students in your country or young people do they really get proper information through internet?   As Ms. Hu, she mentioned quality is at risk. If we combine this, well, but on the whole, the young people are getting through internet. So I would like to have your comments.

Aoki Masahiko: This is a very interesting question which we have also been discussing in session and I remember that a couple of years ago, there was a Caixin Trustee meeting, and there was a debate between you and a professor from Peking University about journalism, about these issues, so this is quite an important topic so, Martin, would you like to start out?

Martin Fackler: It's a hard question. I think if you're asking about American young people, my guess is they probably score pretty low on any sort of international comparison. Do they read news on the internet? I don't know, I mean in my impression, I haven't taught so many American youth, but when I do teach some, they tend to get their news from portals like MSN and Yahoo and places like that. What's interesting though is if you look at where that news comes from, even though it might come via a blog or something, it usually comes from a traditional, or what used to be a traditional news source. Even the blogs, if you look at the news they offer, tends to be – unless it's a very micro level like what something somebody saw in front of him, it tends to be what the AP or Reuters or us or somebody else wrote and then they kind of basically put their spin on to it, so it's really more about opinion I think than just news.

I don't know how much they really do get the news. I don't know. I don't have a lot of faith in young Americans with what they know. I'm sorry, I did teach some, where not only do they not seem very informed about where things are in the world, but it seems the internet in some way has dumb down their analytical skills. Where I will see young people say like, hey, can you write a paper on such and such and they will use Wikipedia as their source and overtime on the internet it must be true. It's like when I was young, if it was on TV it must be true, it's like the same mindset. There's no thought about, are you thinking critically about the sourcing where something comes from, do you trust Wikipedia, how is it created, who creates it.

I don't know, but then again, is there a reason for alarm? Not necessarily because I think that's probably the same with every generation. I'm not really sure that my

generation, when I was in college, in the 1980s and the early 90s that we were any better. In fact, the internet does give the possibility of sort of accidental contact with news, right? You might be looking for entertainment or sports or a game, and you may, through your portal actually accidently come in contact with something serious and find out that there is a crisis in Syria or something like this, because those headlines are all in the same portal as the Paris Hilton and whatever else. In my time, I don't think we would have had that sort of accidental contact with news. So, I don't know, is it better or is it worse, I don't know. I've read something recently written by somebody in the Meiji period in Japan, and he was saying exact same thing, young people will run to us, they are so unserious, and this was like a 150 years ago, whatever. So, in a way, there is something kind of timeless about this too. But if you are a teacher, I would certainly encourage them to think very seriously about where they get their information and to bear in mind that not all information sources are created equal, especially on the internet where so much of the information out there frankly is trash. So, I think that sort of critical faculty probably is the best thing that you can teach them, and then they can use that going forward, however, they like. I think that's the best you can do, teach them how to fish and then let them fish on their own.

Aoki Masahiko: Shuli?

Shuli Hu: Yeah, I always tell my young reporters who join the company, and at the beginning them to write or digest very, very short news in the website, in our Weibo account, it takes only 140 words. But to short, summarize what has happened in the world is a kind of like a task for our new journalists, young journalists. These are so many different news; I didn't know which one I should pick up. I always tell them, just follow what New York Times says, it's important. I told them because there is a concept of editorial judgment, so who can help you to judge which one is most important. Just follow The New York Times when it comes to international news. What I want to say is, I think if as far as there are leading newspapers, leading media, like the New York Times, and its peers there, it's not bad for young generation to have

alternative in internet. It may probably take time for them to know how to read quality, how to understand what quality means, but alternative is fine. The problem in China is we need our own real journalism growth, that is a real challenge and we feel lot of pressure and really worried about.

Aoki Masahiko: Professor Nakamura, how are your experiences with your students.

Ichiya Nakamura: Yes, I'm not sure if young generation in Japan gets adequate information via internet, but I can say that the approach to media is dramatically changing. My students don't read newspaper itself, and they don't watch TV, they don't have TV sets in their rooms, but of course, they watch TV programs, and TV news and newspaper content material via internet on their PCs. They also share their ideas with social network sites. I think the generation is changing in terms of how to approach to information.

In my case, I have also changed. Ten years ago, in the morning, after I wake up, the first thing I did was to read the newspaper, and then I switched on TV to check TV news. Then, I opened up PC and checked internet news website. It was the order of my reliance to media and information. But my life changed after emerging of social network subs. For example, this morning, after I got up, first what I did was to check Facebook, what my friends are talking about. Second was Twitter, what the people I trust are talking about, and then third was checking online website news, and then I switched on TV and after that, I opened up newspaper, that is totally opposite order. This is the order of the real time speed of news, and it must be opposite order of my trust and reliance.

Aoki Masahiko: Okay, anybody wants to, yes?

Male Questioner: Thank you very much for thought provoking talk. It's been 20 years. What is the essence of media? We have to think about what is the true essence of

digital media. Looking at past two decades in the Arab Spring, the Facebook was shared by younger people, and then there was a spread and conquering Gaddafi and now we have coup d'état in Egypt and so on based upon the internet activities. Is it underground, black or main ground, mainstream, the surface or the underground? What is the true thing on the surface? Is it the printed newspaper? We have to use deduction and also the induction. I think we have to clarify the true essence of the media. There are many people who are addicted to the digital media and also they are addicted to mobile phones, so those younger people cannot talk with others, communication is deficient between younger people after 5 years and 6 years. So our brains are being degenerated, so we are not making any progress. For instance, we do have a lot of capability, the brainstem, but those deep thinking has been lost, because of the addiction to the very superficial media. We need to understand that. Of course, there are innovative parts of media but however the digital media is brain washing and also provoking thoughts among young people. What do you think?

Aoki Masahiko: Brainwashing, a lot of…

Martin Fackler: I certainly agree that there is a lot of sort of hype about – sort of romanticization of the internet, sort of bottom up media, I mean, it doesn't always work that way, right? I think Prem, his publication is a good example of when it does work, right? They've actually been able to achieve political change in Malaysia. One case where it didn't seem to work happened here in Japan. As you may recall, last summer there was this crescendo of anti-nuclear protests, and in front of the Prime Minister's office, at one point in July of 2012, I think it was, they had as many as 50,000 or 100,000 people who gathered in front of the Prime Minister's office, and a lot of this was done by social media, Twitter, and what not. It seemed like people were talking about kind of an Arab Spring revolution, kind of an Arab Spring moment in Japan, and it didn't work, it just kind of fizzled after that. It didn't really seem to go anywhere and so that to me was a sign that it takes more than just a new medium, more than just smart phones and Twitter to actually make a revolution that you have to have people who

want to make a change. I think, at the end of the day, it's still the people who drive it, it's not the medium, right?

Brainwashing medium, it's certainly –what I would agree with you is these new media, because they're always with us, you're always catching your keitais, you are always looking at your cell phone, people are always doing stuff, it does seem to suck up all of your extra time. The time that you may have had to think about things like little gaps in your day when you could've maybe discovered something new. Maybe, you could have been looking around and see something, those things tend to get eliminated like, for example, I don't know, a really simple example is the decline of book stores. In Japan this hasn't happened yet, but in the US, book stores are disappearing, because everyone buys books on Amazon. If you think about it, if you go to Amazon to buy books, you're going to find what you went for, it's great. You can type in Aoki sensei's newest book and up it pops, right? You go to a book store, you look at all those stacks, you're going to have all sorts of unexpected discoveries, and that sort of unexpected discoveries, that kind of going off on a tangent and things it seems that for all we're sort of stuck in these little devices, we sort of lose a lot of that in our life. Does it brainwash us? I don't know. I mean TV brainwashed us, didn't it? I mean, I do think, we need to teach, kind of getting back sort to the first question a bit more, we need to teach our young people to think a bit more and be critical and not to kind of get sucked into these things and accept them as sort of somehow in a very sort of uncritical way. I think we need to teach them to be critical or sophisticated media users, not naïve media users. But I think that was the same was true of television and of newspapers. If I look at – and in fact kind of the opposite of what you're saying, if I look at the Japanese information on the Fukushima nuclear accident, I would say that the media probably had wider range and better information than you would find in the newspapers and NHK, which frankly didn't tell you very much. So you can kind of go both ways. It has a potential to do a lot, but also it can really sort of, I think, dumb you down; it's a two edged sword.

Aoki Masahiko: Premesh, would you like to make some comment about – you must be having more confidences in…

Premesh Chandran: I tend to see the internet through my own eyes but also the eyes of my children. I have children who are teenagers and a bit younger. My oldest child was still in the television stage, and like us, when we were kids, our parents were saying stop seeing TV and go out and do something else. But my younger children, they all grew up in the age of internet, and we used to have television but now nobody owns the television at home. Everybody is online and they watch on iPad and things like that. But I find that I use the medium a lot to also to connect to my children and my children to connect to me, so I can share something on politics, or social affairs, and when I go home, they ask me, dad, why did you share that, or what about that? I can connect to them and they share stuff. Recently, there was this thing about Miley Cyrus, did you guys see the Miley Cyrus performance, Miley Cyrus is a bit of a hero to younger generation and we had a nice discussion about Miley Cyrus and how she is growing up and things like that. So I find that children today are very much more informed about political issues, about current affairs, about environment, about things going on in the world today than I was when I was young. I read the newspapers, but the newspapers didn't really tell me very much when I was young. I find my kids know much more about what's going on and are able to connect.

So, although, they're spending more time online, I think that the world is shaping their opinions in different ways and they are exposed to many, many things which are going on, and they use internet like a library to learn a lot. So, I think it is the role of our parents to work with our children and use the medium as an advantage as opposed to saying that this is all bad and all negative.

Aoki Masahiko: Shuli, would you like to make some comments about political impacts of internet communication in China?

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Shuli Hu: I think no matter how we can maximum the concept of media, I insist on the theory that internet company with media function are different from news media company which use the internet. I think these two are very different, and their value is different, and their priorities are different, and the missions are different. I think because internet company with media function house eventually holds shareholders value maximum like they think shareholders' value is most important while media company believes that public interest is more important. I think it's very, very different. I think it is easier to differ the situation if we understand and don't put them together to see. I think news media company should have its own internal institutional arrangement to differ the commercial interest. That's a way to eventually have valuable, serious content suppliers to insist on what they want and can survive eventually.

Aoki Masahiko: Nakamura san, would you like to add a few words?

Ichiya Nakamura: The question was whether digital technology is for underground or main ground? My answer is for both. Digital is technology, and technology is technology. It can be used by peace or used for war. It is like a knife, you can use it for cooking, and you can kill someone by a knife. So that technology should be used by peaceful nations and terrorists as well. Digital society should be driven by both.
For example, Gutenberg invented printing technology in 1445, and it changed the world, it changed the way of thinking, it changed technology, and it changed industry. Three centuries after the invention, industrial revolution and civil revolution occurred. I don't think Gutenberg imagined that his invention would change the world in three centuries after. But now, we need that kind of imagination. But I don't think three centuries is not necessary for us, we should rush up. Twenty years have passed since internet came to the world but only twenty years. I think, what direction we are going to the future with the new big technology needs one generation 30 years, so please give 10 years more to reach to my answer.

Aoki Masahiko: Well, any other, yes? I'd like to collect questions, so you and over there, two questions, and I think we have limited time.

Male questioner: I have two questions to Mr. Premesh. I'm from the Kyoto University. I'm researching on the Southeast Asian politics. My question is, in my understanding, in case of Malaysia, so one of the reasons of success of Malaysiakini is using the gap between the traditional media and the internet. So the traditional media is actually very boring and controlled so that's why the middle class in Malaysia supported the Malaysiakini. The question 1 is if the opposition wins and then media controls disappear, can Malaysiakini still succeed and then succeed the current business model? Then, the next question is the subscription model of the Malaysiakini, can the subscription model export into the other Asian countries? Because in case of Japan, the professional, political online site actually failed, in many other countries also. Is this only the Malaysian case or not? That's all.

Aoki Masahiko: Thank you. I'd like to collect a question from there? From there, there is a question? Could you please be short?

Male Questioner: Through digital devided society, I wonder why from the subject with a nearing approach of lower birth rate, rapidly aging society, some advanced countries including Japan try to adopt common numbering systems, or common numbering ID. I'm afraid, in that potential danger is what terrorist groups might utilize these systems, how do you think about that?

Aoki Masahiko

Okay. Premesh would you like to respond to the first question?

Premesh Chandran

Yes. I think that you are very accurate to say that Malaysiakini's success is also because the traditional media is very boring and not very interesting and very controlled.

Many countries which have more open media where the traditional media is very good, it's been very difficult for online media to succeed, so I think that's very, very true. If there is a change in government, then we expect a more open and liberal media environment, so Malaysiakini will also have to adapt and change and try to compete in a much more open media.

Malaysiakini is a good brand, it is very well trusted, and we will have to use that as an advantage to go into broadcast media or radio and other areas. In a sense that we're not dogmatic, we're not saying that online media is only good, only online media is good, we are a media company, we are a news company, and we can use any opportunity provided to us to actually publish news. In fact, we actually applied for a license to print a newspaper but the government has denied us the license for the last 10 years. We recently went to court, we won in the high court, but the government has appealed and gone to the higher court to reverse the decision of the judge to grant us a license.

The question of subscription model would work in an open environment. I think that we always try to persuade our readers is that you get what you pay for. If you don't pay for the news, then essentially advertisers are actually paying for your news, or some rich person, some rich tycoon is actually subsidizing your news, so why give the freedom of the media to the advertiser and to the tycoon? If you want a democracy, then you have to invest in press freedom and that means paying for some content. I think in the New York Times' case, they have seen, a very large number of people willing to pay for content. So, I think, in time that will be the case. We earn half our money from subscription and half our money from advertising and we're very comfortable with that. Because advertisers also know that we have subscription revenues. So, hopefully, even under a more open and liberal regime, Malaysiakini will be able to offer quality news and information and where it'd be very independent to a point that people are saying, yes, I will pay my little bit of money to guarantee this independence of the press, independent media.

Aoki Masahiko: Thank you. Nakamura-san, would you like to respond to the second question.

Ichiya Nakamura: Yes, I think the question is about "My Number" that will be introduced in 2016 in Japan. I'm not sure to what extent Japan people would like to use that system. There are various models in the world and what model Japan will adopt is not yet clear now. For example, in the United States, social security number is shared by many companies, and of course local governments, and in North Europe, for example, individual income is open using that kind of system. But in Germany, that kind of personal data and information is strictly controlled and closed. I think Japan will start to take a closer model to German system, but it may change in the long run, and I think the most important thing is what direction Japan would take should be determined by the users.

Aoki Masahiko: Thank you. I wish we could continue these interactions but because of limit of time, I'm afraid that we have to close this session now. But as announced, there is going to be a reception in the next building from, let's say, in 15 minutes or so, so I would like to invite all of you there and if you would like to discuss and communicate with panelists or other participants of this conference, please do so at the site of this party. Thank you very much for your participations and please join me in praising and thanking these panelists by applauding.

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