The Chinese media system has undergone an unprecedented transformation in the reform era that began in the late 1970s. While the Party state continues to exercise tight control, and is gradually modernizing its controlling mechanisms, market forces have permeated and transformed every aspect of the media system. Through a series of overlapping processes of accommodation, appropriation, state-engineered market consolidation, and selective incorporation of private and foreign media capital, Party state power is increasingly converging with the power of capital in the Chinese media. This fusion of Party state and market power has created a media system that serves the interests of the country’s political and economic elite, while suppressing and marginalizing opposing and alternative voices. This chapter provides an overview of the evolving structure of media ownership and control and its implications for popular expression in China.

Moderniaation and the changing parameters of media control

Despite a quarter century of economic and social liberalization, and the apparent erosion of centralized control by market forces, the Party state still plays a formidable role in the Chinese media system. Evidently, the Party state’s propaganda content changed as the objective shifted from a utopian one of raising people’s consciousness to a more pragmatic one of promoting its own legitimacy (He, 2000a; Zhao, 1998). The Party’s traditional regime of proactive and retroactive control, exercised primarily under the directives of the Party’s powerful Propaganda Department, remains. This regime of control encompasses the imprisonment of journalists, the closure and forced reorganization of media outlets, editorial censorship, the imposition of an official line, or “the size of the mouth” (kuoqing) in media reporting of major events, regular media monitoring by a specialized team of Party elders, the appointment of key management
personnel in major media outlets, and the maintenance of ad hoc rules regarding media operations, or “propaganda disciplines” (xuanchuan jilu). For example, a crucial 1953 rule that forbids Party organs from criticizing the Party committee to which they are affiliated still applies, and remains a key instrument that keeps the media under the control of Party committees at various levels. Simultaneously, as part of the modernization and refurbishment of the Chinese state, media control and news management is being subjected to “processes of secularisation, formalization, and regularization” (Lee, 2000). Such processes involve the creation of new institutions, regulatory regimes, and deployment of modern media management practices that include:

- The establishment of state media and publicity management institutions. The State Administration for Press and Publications (SPPA), established in 1987, is responsible for licensing, overall planning, regulation, and market discipline of the Chinese print media. The State Council Information Office (SCIO), modelled after the press offices of Western governments, is the de facto external arm of the Party Propaganda Department and manages media messages concerning China on the international stage. To coordinate control and strengthen state direction over the content of the Internet, a new unit, the Internet Information Management Bureau, was added to the SCIO in early 2000. The rhetoric of separating Party and state functions has little impact on the actual operations of these two critical state organs, as their operations are subordinate to the Party’s Propaganda Department, which, as part of the Party’s effort to update its own image, has been renamed the Party’s Publicity Department in its English translation.

- The promulgation of media rules and regulations as a way to institutionalize and regularize media control. In abstract, the Chinese constitution affirms the right of Chinese citizens to freedom of speech. However, a whole series of laws, regulations, and often, rules and circulars from relevant Party and state agencies, serve to limit this right. The Party’s Propaganda Department, for example, collected as many as 69 such media and cultural industry related rules and regulations issued by various government departments between 1996 and 1997 alone (Policy and Regulation Research Office, 1998). Topics ranged from the establishment of media outlets to censorship details, from the implementation of annual reviews for media outlets to the regulation of press credentials for journalists, and from the amount of financial penalties to be applied to publishers for various violations,
to the minimum circulation figures of a newspaper. The regime of Internet regulation is both expansive and draconian, with laws and policies aiming at controlling every aspect of Internet operations. The year 2000 alone, for example, witnessed the promulgation of six major regulations aiming at Internet content control, ranging from legislation enacted by the National People’s Congress, regulations issued by the State Council and the Ministry of Information Industry (Ang, 2003; Cheung, 2003). These highly arbitrary and piecemeal responses to rising problems of media control are not always enforced; nevertheless, they represent the Party state’s effort to make media control more acceptable by virtue of its predictability.

- The incorporation of modern Western media management techniques. The Tiananmen Square debacle in 1989, in which the Party state was completely upstaged by protesting students and the international media in the battle over media images and public legitimacy, undermined the last bit of the Party’s confidence in the self-evident nature of its truth and its traditional approach to media control. The art of public relations, first adopted by Chinese businesses, is being adapted to serve the state’s propaganda objectives. “Leadership image design” has become a new topic for applied media research. Public opinion polls, once condemned as a “bourgeoisie” practice, have been strategically incorporated into media management and media reporting (Zhang, Yong, 2000; Zhao, 2003). Similarly, proactive news reporting in cases of negative events is aimed at turning the Party state into a primary definer in a media world in which simple suppression no longer works: when an explosion occurred in Tiananmen Square on 15 February, 2000, the state media and the state controlled website http://www.china.org.cn quickly reported the incident and described the perpetrator as a “mentally ill” individual to deflect foreign media reports about the politically motivated nature of the suicide explosion (Wang and Zhang, 2000: 27–28).

- In an era of media explosion, “passive censorship”, which aims at limiting the impact of oppositional ideas on a small elite circle by neglect, is adopted as a more practical form of ideological control. In the past, due in part to the Party’s self-righteous impulse of maintaining ideological purity, and its self-proclaimed status as the monopoly holder of truth, the Party would typically organize a public critique of ideas deemed “incorrect”. As part of the “no debate” decree imposed by Deng Xiaoping (that is, the Party does not engage in ideological debates regarding the political nature of the reform) and the Party leadership’s
own increasing cynicism over the effectiveness of its propaganda efforts, the Party realized that public criticism of oppositional and deviant ideas often has the reverse impact of rendering publicity to these ideas. These days, when a problematic book slips through the censorship system and appears in the market, authorities quickly and quietly try to stop the distribution of the work, but do not use the mass media to give adverse publicity to the book. Consequently, as Geremie Barmé (1998) observed, although controversial books have been published over the past few years, their reception is often limited to a small urban intellectual elite.

Of course, control is never total. In the 1980s, an unruly media system, staffed by liberal-minded journalists, played a crucial role in the 1989 student movement. As the leadership was engaging in a divisive power struggle during the height of the student movement, the Party’s chain of command over the media system temporarily broke down. Journalists seized this opportunity to provide sympathetic coverage of the demonstrations, and mobilized support for the student movement. In the 1990s, the wide spread of the Falun Gong belief system, which had been condemned by the Party as anti-modern, anti-science heresy, was a slap in the face of the Party’s attempt to maintain ideological and cultural control, and its topdown drive to build a “socialist spiritual civilization”. The proliferation of commercial printing facilities and the availability of cheap video and audio reproduction technologies led to the flourishing of underground media production and distribution channels. Even state-sponsored publishing houses, driven by the commercial imperative, participated in the publication of Falun Gong material. The Internet, of course, has been instrumental both in spreading Falun Gong messages and in sustaining the group’s transnational networking activities and media activism in the face of massive state repression (Zhao, in press).

Moreover, censorship is no longer a simple black and white issue in contemporary China. While the political elite may agree on the censorship of certain information and ideas vis-à-vis the general public, there may be divisive views within its own ranks. Censorship is always deeply implicated in elite power struggles. Indeed, the publication of certain news and views can serve as an effective bargaining chip in intra-Party policy and power struggles. Initial censorship and subsequent openness in media reporting of the spread of Severe Acute Respiratory Syndrome (SARS) in Spring 2003, for example, is implicated in power struggles inside the Party state, more specifically in the intricate politics and protracted process of power transition between the so-called “Third Generation” and “Fourth Generation” leaderships centred around Jiang Zemin and Hu Jintao.
respectively. In cases relating to the elite political debates, censorship is increasingly “more a matter of negotiation than negation” (Barmé, 1998: 258).

Finally, the introduction of Western-style media formats, such as live phone-in talk shows, not to mention the satellite and Internet technologies, have also created new problems for media control and put constant pressures on the Party to keep up (Lynch, 1999; Zhao, 1998). For example, although state broadcasting guidelines require the use of time delay devices in live talk show programs, only 50% of 695 provincial radio talk shows and 30% of 43 television talk shows were equipped with such devices in 1999 (Tian, 2000: 3). Even China Central Television (CCTV), the most tightly controlled television outlet in the country, has been lax in turning on its imported time delay device. On 16 October 1999, a “subversive” individual was able to seize the opportunity as a phone-in participant in a non-political weekend talk show programme and shout a “reactionary slogan” to a national audience (Tian, 2000: 4). The event shocked the Politburo, exposed the broadcasting system’s weakness in management, and led to a series of efforts at strengthening control over broadcasting.

Nevertheless, the consequences of overt political control are profound. In addition to the major post-1989 political purge that saw the closure of liberal media outlets and the removal of outspoken journalists from their jobs, smaller-scale “surgical” operations have continued. The late 1990s, for example, witnessed the closure and major reorganization of a number of elite liberal journals, including the Orient, the Way, and the Streets, and the removal of chief editors at the country’s two most outspoken popular newspapers, the Beijing Youth News and the Nanfang Weekend, for various violations of the Party’s “propaganda disciplines”. Although it is possible that Hu Jintao’s new leadership may eventually support a more open media system, such a change is by no means certain, even if Hu is able to consolidate his leadership soon. Jiang Zemin’s refusal to transfer the command of military power to the new generation of leaders underscores the unfinished nature of this power transition at this point. The ramifications for the media system have been immediate. While there have been some signs of change in the media, including a reduction in broadcasting minutes devoted to the ritualistic display of political power by national leaders at CCTV prime time news, and openness in media reporting of the SARS outbreak after the initial cover-up, blunt political crackdown remains the order of the day. The Nanfang Daily Press Group became the first victim of political censorship under Hu Jintao’s new leadership when one of its subsidiaries, 21 Shiji Shijie Baodao, was shut down in March 2003 after it published an interview with a senior Party intellectual who called for greater political openness. By June 2003, another
newspaper, the *Beijing Xinhao*, had also been shut down, after it printed an essay criticizing the National People’s Congress, China’s parliament, for its rubber stamp status (“Beijing Paper”, 2003).

Liberal media outlets, however, are no longer the only casualties of Party censorship in China. As the Party increasingly colludes with domestic and international capital, and “is moving to reposition itself as a de facto right-wing dictatorship” (Gilley, 2001: 18), leftist ideas and publications have also become the overt targets of Party censorship. A quarter century of economic reforms have profoundly changed the Party’s political orientations. While Deng Xiaoping sanctioned capitalist-style economic reforms by adopting pragmatism and prohibiting ideological debates on the exact political nature of the reforms, his successor Jiang Zemin supervised a series of major political and ideological changes after Deng’s death in 1997. These ranged from recognizing private business as an important component of the socialist economy in China’s state constitution, to repositioning capitalists and the newly enriched managerial and professional strata as the de facto advanced productive and cultural forces that the Party represents, and to bringing capitalists to the Party itself. Consequently, as Bruce Gilley has observed, the Party now “looks more and more like the right-wing authoritarianism of a Suharto of Indonesia or a Franco of Spain than anything Marx might have dreamt up” (2001: 19). Indeed, the leadership was so afraid of critiques of “capitalist restoration”, and charges about its betrayal of its avowed core constituency of Chinese farmers and workers, that it forced the closure of the Marxist theoretical journal, *Zhenli de Zhuiqu* (The Search for Truth), after it spoke out against the rightward drift of the Party in Summer 2001. For the same reason, Chinese critics of globalization – covering a wide ideological spectrum ranging from unreconstructed Maoists to anti-American nationalists, old-fashioned bureaucrats and protectionists, to neo-Marxist academics, and admirers of globalization protesters in the West – have been marginalized (Zhao, 2003). As the *Guardian* observed, these critics “get little coverage in the official media, and are not asked to express their views in the columns of newspapers that hail the ‘courage’ and ‘foresight’ of a ‘great nation’ that has decided to ‘join the powerful torrent of world economic evolution’” (Bobin, 2002).

In short, although officially sanctioned anti-corruption stories have become popular media fare since the mid-1990s and created a sense of openness in the media (Zhao, 2000a), the media still observe strict guidelines in their coverage of major domestic and international events – from China’s WTO entry (Zhao, 2003), and the NATO bombing of the Chinese embassy in Belgrade in 1999, to the reporting of the SARS outbreak in early 2003. Of course, it is almost unimaginable for the
domestic news media to report on the numerous incidents of protests by overtaxed farmers and laid off state enterprise workers and uncompensated pensioners. Such protests, some violent and with thousands in attendance, took place throughout the country regularly throughout the 1990s. Ordinary Chinese who provided details of these protests to the Chinese National People’s Congress, and the international media have received jail sentences as long as ten years (Zhang, 1999). This is arguably one of the biggest censored political stories in China in the past decade. Since political stability has been the overriding concern of the central leadership, and the possibility of leftist criticisms reaching the disenfranchised farmers and workers to form a formidable political opposition remains a potential, this is no small accomplishment.

**Winners and losers in media commercialization**

Concurrent with the fortification and modernization of media control and right wing drift in media censorship is the rapid commercialization of Party-controlled state media. Media commercialization is part and parcel of a broad state-directed transformation of the Chinese political economy from state socialism to “socialism with Chinese characteristics”, or more appropriately, capitalism with Chinese characteristics. On the one hand, an expanding market economy fuelled a media boom and created the material conditions for the establishment of market-oriented media outlets. On the other hand, the overburdened state, with a declining share of the national gross domestic product (GDP), actively pushed existing media organizations to the market with the severance of direct subsidies and the provision for financial incentives, including tax breaks, performance-based salary supplements, and operational freedoms. Although commercialism has taken many extreme forms in the local media in the 1990s, it is important to note that the process started in 1978, at the very top of the media system, with the introduction of a for-profit accounting system by the *People’s Daily* and several other national newspapers. Since then, especially with the suppression of the media democratization movement in 1989, and Deng’s call for accelerated capitalistic developments in 1992, a commercial revolution has swept every corner of the Chinese media industry. The economic basis of the Chinese media has been effectively transformed from a system based on state subsidies to one based on advertisement subsidies (Zhao, 2000b).

In the 1980s and early 1990s, there were initial hesitations and lingering leftist concerns about the capitalistic nature of a market-supported media system. The energy for media commercialization came as much from state planners from above as from economic self-interest of media organizations.
and journalists from below. By the mid-1990s, however, media commercialization had become a more explicit state policy, promoted from above as a “law of motion” in newspaper publishing, and enforced through “thought liberation” sessions and media restructuring campaigns organized from above (Zhao, 2000b: 13–14). The State Press and Publications Administration (SPPA), in its “Plans for the Development of the Press and Publication Industries in Year 2000 and Year 2010”. for example, stipulated that “newspapers must raise the percentage of advertisement revenue in its total revenue from an average of 60% in 1996 to 70% by 2000, and 80% by 2010” (PRC, 2000: 57). This is both a market-driven and state-planned media economy.

The replacement of state subsidies with advertisement revenues, of course, is not simply a business matter. Advertisement is itself a form of propaganda. It not only influences media content, but shapes media structure as a “de facto” licensing authority (Curran, 1981). The dual compulsions of state control and market imperative have significantly transformed the content and structure of the Chinese media. Commercial propaganda rivals, if not replaces, political propaganda as the dominant form of mobilization speech. The appropriation of Maoist political slogans by the advertisement industry, demonstrated vividly by Barmé (1999), is thus not surprising. Though Maoist political propaganda and current commercial propaganda differ in content, there are similarities in the structure and ideological consequences of both discourses. Maoist political propaganda promotes the cult of political personality; commercial speech cultivates commodity fetishism. Maoism instructs the politicized subject of a socialist state to dedicate his or her transient life to the transcendental cause of “serving the people”, while commercial speech directs the all-consuming subject to devote his or her limited life to the unlimited world of wealth accumulation and personal consumption. In an era of state-mandated consumerism, to consume is to be politically correct. Communist symbols and icons such as “East Is Red” and “Red Flag” have all become brand names for consumer products, and the Cultural Revolution has become just another popular decorating motif in dining and entertainment establishments. Even Mao’s famous slogan “To Carry the Revolution to the End” has been appropriated by consumer magazines to promote new lines of jeans or cosmetics: “To Carry the Jeans to the End” declared the cover of the inaugural issue of the China City Fashion, launched in November 2000 as yet another trendy magazine catering to the urban white collar female market. The oft-noted tendency of “demobilized liberalization” (Lee, 2000: 560), which describes the transformation of the Chinese media from being an instrument of political mobilization and socialist indoctrination during the Maoist era to economic
modernization and image management in the reform era, must be complemented with an understanding of the new role of advertisement in the intensified mobilization of consumerist desires and impulses. If Mao aimed to perpetuate the regime through “continuous revolution” and ongoing political mobilization through the media, the current regime survives upon political demobilization, particularly the containment of grassroots protests and the prevention of communicative linkages and formation of new social movements among disenfranchised social groups.

In addition to advertisements, commercial propaganda, the promotion of businesses, entrepreneurs, products and services, has become regular media fare, and another means by which media institutions and individual journalists accelerate the initial capital accumulation process. Those who can afford to hire public relations agents and image consultants to shape media messages, and to provide journalists with cash bribes, have the power to gain media access. Furthermore, given the official nature of the Chinese media, commercial propaganda becomes conflated with political propaganda and assumes the discursive power of the latter. A story about a successful business is simultaneously a story about the success of the Party’s economic reform programme and its ideology of openness. A story about a star entrepreneur, in the Party’s traditional journalistic discourse of “role model” reporting, confers enormous political and social capital to that individual, who in turn translates this power into economic power (Zhao, 1998). The following description, by Lui Yong, a reporter at the Yangcheng Evening News, captured the rising symbolic power of the economic elite in the media:

Like other sectors, mass media organizations entered a rapid process of commercialisation in the 1990s. The hottest topics are no longer the sentiments of young poets and would be young poets, nor layoffs, unemployment, rural migrants, and other mundane stories. The protagonists of the stories have shifted to big shots and bosses, getting rich and gold rush. With commercialisation and the shift toward business, literature and the masses have become rapidly marginalized (2000: 302).

At the structural level, the shift to business subsidy through advertisement to media firms has been mainly responsible for the relative decline of the traditional monolithic national and provincial Party organs, and the rise of urban mass appeal newspapers (the “evening papers” in the 1980s and early 1990s and the “metro papers” in the mid and late 1990s) and broadcast channels. The same process has also been largely responsible for the proliferation of specialized business and consumer media outlets, and the marginalization of media outlets catering to social
groups who are in the majority in numbers, but marginal in their political and economic power: workers, farmers, and poor women. Behind this process of “uneven liberalization” of the media that has created “new winners and losers” (Chen and Lee, 1997; Wu, 2000), therefore, is the (re)allocation of discursive power in an increasingly stratified Chinese society. The proliferation of newspapers specialized in stock analysis, elite business magazines and the availability of Chinese versions of Western consumer magazines such as *Elle* and *Esquire* (selling for 20 yuan per issue in the late 1990s, the equivalent of one day’s salary for an unskilled labourer), is as much the unfolding of some abstract principle of media liberalization as a concrete manifestation of the class orientation of the media system.

It is often said that the Party maintains tight political control, but is loose in non-political business and lifestyle areas. For this reason, the Chinese media system is often seen as bifurcated and schizophrenic (He, 2000b; Lee, 2000). However, it can be argued that the persistence of control in the political domain, and liberalization in the economic and lifestyle spheres, are two sides of the same coin that serve the interests of the political and economic elite. The suppression of news about farmer and worker protests goes hand in hand with liberalization in business reporting, and the proliferation of glossy consumer and lifestyle publications. Although a capitalist economy may serve as a necessary precondition for liberal democracy, in the case of China, the suppression and containment of the voices of workers, farmers, and other groups that are disenfranchised from the very process of capitalist development have gone hand in hand with the consolidation of a capitalistic economy, rapid social polarization, and the creation of a privileged urban consumer class.

This, of course, does not mean that workers, farmers, and other disenfranchised social and cultural groups had a voice in the media system during the Maoist era. China was never a classless egalitarian society – as Maoist ideology seemed to have implied. Under Mao, the ruling elite and the urban minority enjoyed the relative economic security of state socialism while the rural population lived in a state of virtual apartheid. It was mainly the grain-growing peasants, not the urban population, who starved to death during the policy-induced famine following the Great Leap Forward of 1958. Although the publication of “scar literature” about the sufferings of the urban-based bureaucratic and cultural elite, and the critique of the so-called “egalitarianism” under Mao was part of the media’s ideological mobilization that paved the way for economic reforms in the late 1970s, there has been no official recognition of the massive famine that took nearly 30 million lives, and few of China’s established media gatekeepers and symbol producers have shown outrage.
Post-Mao reforms started with some promise for genuine democratization in Chinese society and in the media system. It is worthwhile to note in this context that although the Worker's Daily, the organ of the official trade union, the All China Federation of Workers, was established in 1949, the Farmer's Daily and the China Women’s News, two national newspapers established in the name of the two largest social groups, but were generally seen in elite media circles by the late 1990s as marginal papers because of their weak political and financial clout, were not created during the Maoist period. Rather, they were established, and flourished, during the relatively politically open period of the 1980s. They were founded not on the orders of the Party’s Propaganda Department for the purpose of ideological indoctrination, but by individuals with a social commitment to these groups and are the fruits of the general process of societal democratization during that period. Although these papers have never had the autonomy to speak freely, they have tried to speak out for their respective constituents, and as Guoguang Wu noted, they can be more courageous than strict Party and government organs in voicing different opinions (2000: 54). Their relative decline in the 1990s, both in circulation and in relative institutional power, was a result of not only overt political intervention, but also economic marginalization as these papers were not desirable advertisement vehicles. This is a clear sign of the class and gender bias of a market-based media system.

State mandated recentralization and the consolidation of party media capital

The unique aspect of Chinese media transformation is that, rather than creating a new institutional structure, market relations have been adopted and contained by the existing Party-controlled media structure. Thus, the market-oriented transformation of the Chinese news media occurred within the orbit of the Party state (Zhao, 2000b). In the newspaper sector, the licensing system, enforced by the SPPA, has ensured the Party’s control over the press structure during the process of commercialization. No newspaper can be set up as an independent business. All prospective newspaper enterprises must be registered under a recognized institutional publisher or sponsor that includes Party committees, government bureaucracies, mass organizations, and other institutions of above county-level official standing. Among these authorized publishers, only Party committees, presumably capable of standing above different social groups and representing the “general interest” of the population, can publish general interest papers. All other publishers must confine their papers either to a special social group (women, youth, workers, and so forth) or to an area of specialization (business, sports, culture, health, and so forth).
Consequently, although there seem to be clear “winners and losers” in the media market with the rise of mass appeal papers and the decline of national and provincial Party organs, as far as the Party state is concerned, this development is not a zero-sum power game. Since the established Party organs and national, provincial and municipal Party committees have exclusive rights to enter the mass appeal media market, mass appeal papers are typically owned and controlled by core Party organs, which are in turn controlled by Party committees at various levels. The “evening papers”, or the general interest social and entertainment oriented afternoon daily tabloids, were mostly published/revived in the 1980s and early 1990s by major provincial and municipal Party committees as second papers intended for the urban family, or by provincial and municipal Party organs as their urban subsidiaries. For example, the Guangdong provincial Party committee published the official organ, the Nanfang Daily, and the mass appeal afternoon paper, the Yangcheng Evening News. The “metro papers”, which flourished by the mid-1990s and found a niche market between the official Party organs and the evening papers, are all subsidiaries of provincial Party organs. An example is the Nanfang Daily’s Nanfang Metro News, a mass appeal urban daily aimed at readers in the Guangzhou metropolitan area. While the market imperative makes mass appeal papers less overtly propagandist and more outspoken on social issues, they have limited institutional and editorial autonomy. Their rise underscores the market-based symbolic power of the urban middle class within the Party’s hegemonic framework.

Still, by the mid-1990s, the decentralization, fragmentation, and socialization of the media market had become a concern for the central Party authorities. In the newspaper sector, although the Party-controlled mass appeal sector has been a political and market success, many bureaucratic and trade papers within the governmental and societal sectors are limited in circulation, and rely heavily on office subscriptions and direct financial subsidies from their institutional sponsors. Functioning as propaganda outlets for their sponsoring government bodies, and a means by which government bureaucracies extract subscription fees from subordinate units, these papers are the products of “bureaucratic capitalism”, a particular form of state capitalism that involves the use of political power and official influence for pecuniary gain by bureaucratic units through capitalist or quasi-capitalist economic activities (Meisner, 1996: 301). They undermined the circulation and advertising base of central and provincial Party organs, inflicting heavy financial burdens on grassroots Party state units with forced subscriptions, and created “political troubles” by breaking the Party’s political and moral codes, going beyond state-prescribed areas of specialization, or illegally contracting out editorial
spaces and selling press cards to unauthorized groups and individuals operating outside the orbit of the Party state.

Similar structural problems in the broadcasting sector had also become apparent by the mid-1990s. At the eve of the economic reforms in the late 1970s, broadcasting provision was centralized at the national and provincial levels, while municipal and county governments relayed central and provincial programmes. The central state, incapable of providing the huge financial investments necessary for increased national television coverage, decentralized broadcasting provisions and allowed municipal and county governments to mobilize their own resources to build full-scale radio and television stations in a crucial 1983 policy (Guo, 1991: 186–94). This led to a proliferation of local radio and television stations. Simultaneously, provincial stations began to set up market-oriented subsidiary channels in the late 1980s to capitalize on an expanding urban advertisement market and an increasing television audience. The spread of cable technology in the late 1980s and early 1990s created yet another wave of television station multiplication at the provincial and municipal levels. By the mid-1990s, China had boasted of a total of 3,125 television stations (Liu, 2000: 269). Although all these stations were owned by the government at various levels, they operated as financially independent units, were highly profit-oriented, and often in direct competition with each other for programming and advertisements. In another important development, most provinces had sent their main television channel through the satellite-cable technological configuration to a national audience by the mid-1990s. The availability of more than 20 provincial satellite channels and a whole range of local channels in ordinary cable households completely changed the Chinese television scene, and challenged the monopoly of China Central Television in the national television market.

Within the general framework of public ownership, governments at various levels exercised de facto proprietary rights over their affiliated media operations, with direct financial stakes in these operations. Moreover, the personal incomes of employees were closely linked to their profitability. The profit motive is a driving force, and competition between media outlets affiliated with various Party state units is intense. For many broadcasting stations, especially those at the municipal and county levels with little in-house production capacity, the most profitable means is to broadcast imported shows beyond the state-set quotas, or even pirated foreign, Hong Kong and Taiwanese entertainment shows. Similarly, the live talk show became a favoured format because it is both low budget and popular among the audiences. Local stations rush to offer these types of programmes despite the fact that many are without necessary state-set
programming production capacities, including the required time-delay equipment and a well-trained and politically reliable host who can maintain “correct guidance to public opinion”.

In short, by the mid-1990s, market fragmentation and intense competition between media outlets owned by various levels of the Party state bureaucracy had undermined central Party organs and the central state’s propaganda objectives. The process also created an industry structure where local bureaucratic and financial interests overrode the market rationality of the central Party state as the ultimate owner and manager of state media capital. There is a lack of scale economy, and, in the words of one central broadcast official, “too much duplication of efforts at the local level. When a tree falls on the bank of the West Lake, six television crews would show up and shoot the same scene. What a waste of resources!” (personal interview, 12 December 2000, Beijing)

Consequently, the conglomerate as a business organization form became the state’s favoured vehicle for achieving the optimal integration of political control and market efficiency in the media industries. This, of course, does not mean that the Party state deliberately pursued such a strategy at the very beginning of the reform process, which after all has been an uncharted course. In fact, press conglomerates grew out of strict economic concerns in the late 1980s. In order to help major newspapers achieve financial independence, the Party allowed them to publish market-oriented subsidiaries and turn their non-editorial supporting departments into profit-making businesses. By the mid-1990s, however, media mergers and conglomeration were pursued as a state policy, with both political and market considerations. In the press sector, the Guangzhou Daily, the Guangzhou Municipal Party Committee organ that has managed to successfully expand into the urban middle class market, and operate extensive subsidiary publications and businesses in other areas, was selected as a pilot press conglomerate in January 1996. Since being conferred the official status of a “social press conglomerate”, the Guangzhou Daily Group streamlined its organizational structure, strengthened the editorial control (for example, instead of having one daily editorial meeting, the group now has two meetings), upgraded newsroom facilities, and built an extensive distribution system both inside and outside the Guangzhou area. It quickly expanded its number of subsidiary publications, boosted the circulation of the flagship paper, and increased its overall profitability and financial strength. By 1998, with revenue at 1.72 billion yuan ($207 million) and profit at 349 million yuan ($42 million), the group had become one of Guangzhou’s top 10 state enterprises and a major economic powerhouse in the region (Zhao, 2000b: 16). Officially under the control of the Guangzhou Municipal Party
Committee, the enterprise is now vigorously competing with two other local press conglomerates, the Nanfang Daily Group and the Yangcheng Evening News Group, both under the control of the Guangdong provincial Party committee. Together, these three press conglomerates dominate the Guangzhou newspaper market with five general-interest daily newspapers catering to different markets, and a whole range of specialized niche publications.

The Guangzhou Daily experience was analysed by the central authorities and promoted in other parts of the country. The principal purpose of press conglomeration, agreed upon by the SPPA and the China Newspaper Association, was to “enable Party organs to consolidate a powerful economic base through the market mechanism and ensure the better fulfilment of the Party’s propaganda objectives” (Tan, 1997: 254). In Shanghai, the municipal government single-handedly arranged the merger of two long established news organizations, the lucrative mass-oriented afternoon tabloid Xinmin Evening News and the more upscale and less profitable Wenhui News, to form the Wenhui-Xinmin Group in 1998. This created a highly rationalized duopoly press structure in China’s biggest metropolis: while political and business related newspapers were consolidated under the Liberation Daily Group, which is the official municipal Party organ, culture and lifestyle publications were grouped under the Wenhui-Xinmin folder. In most provinces, a press conglomerate is typically established on the basis of a traditional Party organ. At the central level, the Xinhua News Agency already operates as a vertically integrated, multimedia and multi-business conglomerate, with its wire service, audio-visual news service, daily newspapers, magazines, publishing house, advertisement, public relations, and other businesses. In addition to the People’s Daily, which, like the Xinhua News Agency, has long been run as a conglomerate (although without the official sanction of such a status), two other centrally-controlled newspapers, the Guangming Daily and the Economic Daily, focusing on culture and the economy respectively, were also officially given the status of a “socialist press group”.

The Party’s most shrewd media conglomerate managers are positioning themselves as captains of state capital. The Guangzhou Daily’s now disgraced Director and Chief Editor Li Yuanjiang, for example, pointed out that conglomeration is a necessary strategy for better management of state assets, and for more effective use of press profits. Li also saw conglomeration as a means of press control and shared the Party’s objective in merging smaller non-Party papers and minimizing their influence—“China’s current press structure is not yet rationalized. ... If these small publications rather lacking in social and economic benefits were merged with powerful press groups under leading Party organs, [this] would help
to administer the publication markets” (“Tansuo,” 1996: 16). It is perhaps indicative of the unaccountable nature of Chinese media power that Li, a rising star of the commercialized Party press system, ended up using the Guangzhou Daily group to amass personal fortunes and pursue a lavish lifestyle, and was eventually exposed by Party authorities as a corrupted press baron.

As part of the strategy to consolidate Chinese media capital under major Party organs, the state announced a policy aimed at transforming, merging, and eliminating the more than 800 newspapers within the state bureaucratic sector in 1999. These papers were forced to either achieve complete financial autonomy or merge with central and provincial Party organs. They faced closure if their circulation was below 30,000 and if authorized central and provincial Party organs were unwilling to take them over. As a result of this policy, central and provincial Party organs were provided with an unprecedented opportunity to absorb press assets from the bureaucratic sector, and to expand their market reach. If Party-controlled press expansion allowed major Party organs to expand into the mass appeal market, the 1999 state-mandated “enclosure movement” allowed major Party organs to turn obscure industry and trade papers into lifestyle papers for every possibly profitable market niche. After 20 years of Party controlled commercialization and market rationalization, the press system remains dominated by central and provincial Party organs in structure. The crucial difference, however, is that these are no longer simple state-subsidized and single-minded propaganda sheets, but rather market-oriented press conglomerates with elite, mass appeal, niche market publications, and other business operations.

By the late 1990s, the broadcasting sector had also adopted corporatization and conglomeration as the focus of reform. The target was to consolidate radio, television, educational television, and cable operations under one corporate structure at the central and provincial levels, and to strengthen the vertical power of these corporations over municipal and county-level broadcasting operations. This inevitably undermined local bureaucratic interests, but central authorities were determined to push forward the process. The merger mania in the Western media market and the pressure of globalization, together with increasing domestic competition posed by an aggressive telecommunication industry, which has been increasingly encroaching into the cable broadcasting territory in the name of technological convergence, provided further rationales for the consolidation of the broadcasting industry. “Using administrative measures to integrate, using market measures to operate”, was how a high-level official summarized the state’s broadcasting reform strategy (personal interview, December 12, 2000, Beijing). Although the
local-level broadcasting operations, which have their own political and financial imperatives to remain relatively autonomous, have resisted recentralization and some strong municipal broadcasters have managed to maintain their relatively autonomous status, many have no choice but to turn themselves into branch operations of broadcasting conglomerates at the higher administrative level.

The first pilot broadcast conglomerate was officially established on the basis of the Wuxi Broadcasting Bureau in June 1999. Under the new corporate structure, previously separate broadcasting operations – four radio channels and six over the air and cable television channels, were brought under one corporate structure. Programme production was completely centralized, allowing a single news centre to handle the production of news for all six over the air and cable television channels. At the same time, the government’s broadcasting management functions were totally absorbed into the corporate structure. In December 2000, the first provincial-level broadcasting conglomerate was officially launched in Hunan Province. In January 2001, Zhejiang Province announced the merger of three previously separated provincial-level television stations, the Zhejiang Television, the Zhejiang Cable Television, and the Zhejiang Educational Television. The congregated provincial network runs one comprehensive channel, and five other channels specializing in urban life, business, science and education, arts and entertainment, and health and sports. This was described as the first step towards the establishment of a provincial broadcasting conglomerate (Zhang, Le, 2000: 5). Other provinces soon followed suit, making 2001 the year of state-engineered market consolidation in the history of Chinese broadcasting. In April 2001, Shanghai announced the formation of the Shanghai Culture and Broadcasting Group, a massive state conglomerate that monopolizes all aspects of Shanghai’s broadcasting, film, and major cultural operations. The year of broadcasting corporatization and conglomeratization reached its climax when, on 6 December 2001, just a week before China officially signed onto the WTO, the state announced the establishment of the China Radio, Film, & Television Group, a mega state media conglomerate that combined the resources of China Central Television, the China National Radio, the China Radio International, and China Film Group Corporation, which is the country’s largest film producer and monopoly importer of films and related Internet and broadcasting production and distribution operations. With more than 20,000 employees and total fixed assets of 21.4 billion yuan (US$2.4 billion), the combined company has been widely saluted by state officials and the media alike as the Chinese broadcasting industry’s “No 1 Aircraft Carrier”, an industry champion ready to face the challenges of transnational media corporations in the post-WTO
international competition. By mid-January 2002, China boasted 47 consolidated media groups, including 26 newspaper groups, eight broadcasting groups, six publishing companies, four distribution companies and three movie groups (Li, 2002).

China’s newly established media conglomerates are part and parcel of “socialism with Chinese characteristics”. Their status and future fortune are inextricably linked with the evolving structure of the Chinese political system, particularly the fate of China’s one party system. Currently, these conglomerates are defined in nature and law as “cause-oriented enterprises” (shiyi) that focus on the production of public goods and services, rather than purely profit-oriented businesses (qiye). They are not officially incorporated as independent businesses, but are managed as profit-oriented business and expected to rationalize production and take advantage of economies of scale. Instead of registering with the state’s industrial and commercial administrations as independent businesses, they are directly affiliated with Party authorities at various levels. Senior editorial and management personnel are appointed by, and accountable to, their affiliated provincial and municipal Party committees.

The most crucial issue, however, is the exact ownership status of these media conglomerates. Do they belong to the Chinese state or do they belong to the Communist Party? Although the Communist Party effectively dominates the Chinese state, these are two separate legal entities in the context of a modern state. The Communist Party is not only fully aware of this distinction but also taking pro-active steps to secure its own interests in the event that it loses state power or is forced to share state power with other parties. In a secret document jointly issued by the Central Party Propaganda Department, the State Administration for Radio, Film, and Television (SARFT), and the SPPA in August 2002 (known as Document No. 17 in Chinese media policy circles), the Party claimed proprietary rights over these media conglomerates (Hu, forthcoming). According to this document, China’s media conglomerates are owned by the Propaganda Departments of the Communist Party at various levels, while state agencies such as the SARFT, the SPPA, and their counterparts at local levels are Party delegated administrators of these media conglomerates. This explicit ownership claim by the Party is explosive in China (thus the secret nature of the document). Although the Party has always controlled the media, there has been a common assumption among Chinese media administrators, media practitioners, as well as media analysts that it is the Chinese state, rather than the Communist Party, that has ownership rights over the media. With its secret ownership claim, the Party has not only asserted its ownership rights over major Chinese media
outlets, but also effectively separated media ownership rights from media management responsibilities. Within this framework, the Party has proprietary rights over the media, while agencies of the Chinese state are the Party’s appointed media managers. By secretly “privatizing” key Chinese media assets, the Party is strategically positioning itself as the entrenched dominant owner of the Chinese media system. This secret claim has no practical consequences for media policy and media practice at the present. In the long run, whether this claim will be materialized or not in legal terms ultimately hinges upon the future fortune of the Communist Party in Chinese politics. As one Chinese media insider puts it in a confidential interview (October, 2002), the Communist Party’s aggressive move can be seen as a sign of its strategic retreat. That is, it is possible that the Party is preparing for the eventual liberalization of media ownership and the ending of its monopolistic operation of the media. It is envisioning a media system in which Party owned media co-exist with media outlets owned by Chinese state capital, private capital, and transnational capital.

For now, the Party is determined to overcome existing bureaucratic barriers that have served to limit the further expansion of its media conglomerates across geographical boundaries, administrative hierarchies, and media sectors. According to Xu Guangchun, Deputy Chief of the Party Propaganda Department and Director of the SARFT, China’s media conglomerates have to model themselves after Western multimedia conglomerates that know no regional boundaries and bureaucratic hierarchies (Xu, 2000, October: 10). Xu’s words have been cautiously turned into policy. In November 2001, Party state authorities announced that newspaper organizations currently operating within the confines of one province were allowed to expand into other provinces and broadcasting organizations would be allowed to expand into the print media, although newspaper conglomerates were not allowed to expand into broadcasting (Chan, 2001). Although the actual implementation of such a policy requires the overcoming of deep entrenched bureaucratic interests and administrative barriers, the announcement of such a policy intention itself is significant. At the same time, the Party state is posited to step up its campaign to curb the bureaucratic press sector by forcing existing bureaucratic newspapers and journals, with the exception of core Party organs, to end their official affiliations and transfer their management rights to corporate entities (“China News Reform,” 2003). Such a move, of course, is consistent with the Party state’s overall economic strategy of “grabbing the big and letting go (i.e., privatizing) the small” in reforming state-owned enterprises. Nevertheless, the task of nurturing large-scale
Party media industrial champions remains formidable. The China Radio, Film and Television Group, the so-called broadcasting industry “aircraft carrier”, for example, is simply not in the same league with major transnational media conglomerates in size and market power.

Negotiated liberalization: Private and foreign capital in the media

If the Party is turning itself into the biggest media capitalist by building media conglomerates and secretly claiming proprietary rights over them, Wang Changtian, the thirty-something owner of a Beijing-based private television production studio, aims to grow his operations into China’s Time-Warner, while AOL-Time Warner, together with other multimedia transnational media conglomerates, had pushed hard to enter the Chinese media market. Although private and foreign forms of ownership are still prohibited in the Chinese media industry as a matter of general policy, they have gradually taken hold at the margins of the Chinese media system. Several cases had tested the boundaries in new forms of media ownership.

One controversial case involving the status of private sector involvement in media production centre on Wang Changtian, a former producer with Beijing Television, and his Beijing Light Television Production Company. With a beginning in selling programme consultation reports and low-budget documentary programmes to state television outlets, Wang’s company has grown overnight with the launch of a Chinese version of Entertainment Tonight called the China Entertainment Report, in July 1999. By mid-2000, the company had become a multi-million business, with a weekly output of 10 hours of original programming in five programme packages. These programmes were syndicated to hundreds of local television stations, including the influential Beijing Television Station, and reached an audience of more than 350 million (Wang, 2000: 21). Although Wang’s company managed to secure a business licence from the Beijing government’s business bureau, its political status is still precarious: officially, no private business is permitted to engage in television news and feature programme production. Wang is politically very careful, and consciously limits his programmes to the entertainment field. Under the company’s current status, to be explicitly political, not to mention politically incorrect, is to commit business suicide. The company does not have an official link to the Party state’s information control chain of command, although Beijing Television, Wang’s former employer, serves as a de facto link. Even so, Wang has run into trouble with the authorities. The problem is not so much with the content of his programmes, but
with names such as *China Entertainment Report*, *World Entertainment Report*, and *China Network Report*. How dare a private television studio claim the name “China”? Only the state-owned media outlets, especially CCTV, have the discursive power to speak on behalf of China. How dare a private television production studio use the term “report” in a country where news reports are the exclusive right of state-authorized media operations? Wang was ordered by the authorities to change the names before 5 December 2000. He had no choice but to follow the order. Being a private owner of media production facilities is no protection from state interference in media production.

Wang, of course, is not alone. As many as 317 private television production studios participated in the 2000 Beijing International Television Week, and 88 of these were from Beijing alone (Duan and Kuan, 2000). These companies have grown out of an increasing demand for popular programming by local stations and the growing popularity of a reformist argument for the separation of broadcast, or program exhibition, from production in state television. Wang’s dream is eventually to turn his production studio into a multi-media conglomerate. Although the Party tolerates the existence of private television product studios, it is not willing to accept a policy of separating program exhibition and production. As Xu Guangchun puts it, while it is acceptable to socialize production in some areas, the right to propaganda, which includes the right to produce, to broadcast, and to secure audience reach, must be kept firmly in the hands of the Party. Broadcast stations should never give up their production right, or “there will be big time problems at crucial moments” (11 September 2000).

The second area of contest involves property rights in the printing press. Although the Party state continues to prohibit state-owned businesses and private capital from entering the core media business, there are many de facto cases of collaboration between the Party and state entities that have monopoly access to publication licences, and businesses and private individuals with funds to invest in newspapers and periodicals (Huang, 2000; Liu 2000; Zhou, 2002). These publications are more explicit than the state-owned and advertisement-supported media in their orientation towards the urban middle class. *The China Business* (*Zhongguo Jingyingbao*), a Beijing-based weekly, has been such an operation. Although the Industrial Economy Research Institute of the Chinese Academy of Social Sciences has been its official publisher, the paper’s initial investment came from its founding editors. Over the years, the paper, with its pro-middle class stand and in-depth business analysis, has become a popular item at the Beijing newsstands. Its consumer and lifestyle subsidiary, the *Fine Good Shopping Guide*, a biweekly paper that unabashedly celebrates consumerism,
achieved even more spectacular market success. The small initial investments by private individuals have quickly grown into a multi-million business. Who has property rights over these newspapers? The state-authorized institutional publisher that did not invest a single penny or the editors who provided the initial capital? In a decision property rights over these two papers, the Ministry of Finance, the SPPA, and the State Council Administrative Affairs Bureau summarily affirmed the property rights of the state over the editors. According to the decision, all capital accumulated by the Chinese press, including publications with initial financial inputs by businesses and individuals, belongs to the state. The logic behind this argument is that state regulations do not acknowledge any entity other than the authorized publisher, which is always a state agency, as the legitimate investor. Instead of having the status of investors, businesses and individuals providing the initial funds for the establishment of a newspaper should be treated either as donors or loaners. According to Wang Guoqing, an official of the SPPA’s newspaper bureau, this decision is applicable to similar situations in the entire press (“Muqian,” 2000: 8).

While private capital is financing media through the backdoor, Party state-media is broadening its capital base through the stock market. Once Party state-media outlets are operated as for-profit businesses and media managers are charged with the responsibility of accumulating state capital through the media, it becomes a logical step to subject the state-media to the logic of the stock market. This is precisely the practice of the Hunan Broadcasting Bureau, an upstart in the Chinese television industry. Since the late 1990s, Hunan-originated, Hong Kong or Taiwan inspired entertainment television – from variety shows to dating games to television series about the Qing emperors and empresses, with names such as The Grand Happiness Camp, The Earnest Entertainment Vanguard, Dating Roses, and Lucky 99, – has swept the whole country, rivalled CCTV in advertising revenue, and led to the proliferation of imitation shows by other television stations. The popularity of Hunan television reveals a simple truth to a Chinese television industry that has not fully discarded its traditional Party propaganda mentality: uplifting light entertainment is the safest and fastest means to accumulate capital. At a time of massive social and cultural dislocation, manifested by the rise of the Falun Gong movement and worker and farmer protests, entertainment television serves as an important mass diversion. Like advertising, it is another new form of “mobilization speech”. It is not a coincidence that Hunan TV’s flagship show, The Grand Happiness Camp is modelled after a Hong Kong television show entitled Total Mobilization for Joyfulness. With its commercial success, the Hunan Broadcasting Bureau listed parts of its businesses on the Shenzhen Stock Market in 1999. This is an unprecedented move in the Chinese media
industry. As one of China’s last monopoly businesses, a broadcasting share is a sure bet at the stock market. Within one year, the Hunan Broadcasting Bureau had raised 400 million yuan through the stock market, which it used to invest in even more entertainment, business, sports and leisure programming (Liu, 2000: 265).

Although the central authorities subsequently issued a circular banning stock listing by other media outlets in September 1999, the SARFT endorsed Hunan Broadcasting as a pioneer in broadcasting reform by holding a special on-location conference to discuss the topic of broadcasting corporatization and conglomeration (Ya, 2000: 6). Shanghai and Beijing broadcasting authorities have both established their own stock market listed companies with the approval of high-level state authorities, while other media operations have attracted outside capital indirectly through creative company structures. With increasing pressures to further capitalize state media operations, by early 2002 the state had reversed its September 1999 decree by allowing non-media state companies and other Chinese institutional investors to invest in Chinese media groups after these groups had been transformed into shareholding companies (“Chinese media,” 2002). Although these investors would still be prohibited from holding controlling stakes and from making management and operational decisions and it is unlikely that the state will allow a rush of media companies selling shares in the stock market, the capitalization of Party state media through the stock market has become an indisputable state-sanctioned development. In short, the capitalization of the Chinese media has evolved from advertising financing to stock market financing. Chinese media capital is now participating in the general circulation of capital through the stock market. The entrance of non-media capital in the media sector will inevitably tighten the grip of the logic of capital on the operations of the Chinese media in general.

Compared with domestic Chinese non-media capital and private capital, transnational media capital has been in a relatively stronger position to negotiate with the Chinese Party state for market entry. As “the largest jewel in the Asian media crown” (Herman and McChesney, 1997: 68), China holds a perpetual allure for international media capital. Despite state regulations that prohibit foreign ownership in the Chinese media, there are significant exceptions with central authorities much in control over the terms and areas of foreign entry. In the print media, areas of operation for foreign capital have included publications in technical information for China’s rising information elite and consumer and lifestyle magazines for the affluent urban middle class (Zhao, forthcoming). The most significant foreign investor in the Chinese press has been the Boston-based information technology publisher, the International Data Group
(IDG). As the *South China Morning Post* put it, the joint venture between IDG and the Chinese government is “arguably one of the quietest foreign investor success stories in the mainland” (Mitchell, 2000). Despite the Chinese state’s long standing ban on foreign capital in the Chinese media sector, the *China Computerworld*, the Chinese version of the IDG’s worldwide weekly publication, launched in 1980, was in fact the first Sino-US joint venture business. Today, *China Computerworld* is the most voluminous computer newspaper in the world. It sells 10,000 pages of advertisement a year and is among China’s highest advertisement revenue earning newspapers, rivalling mass circulation papers in Beijing, Guangzhou and Shanghai. With the *China Computerworld* as the flagship, the IDG’s publishing empire in China encompassed twenty-two titles in 2000. Among these are highly influential and popular titles such as the *Network World*, the *PC World China*, the *CEO & CIO World*, and the *Home PC World*. More recently, many other foreign publishers have managed to publish Chinese editions of their lifestyle and consumer magazines through advertising management and copyright collaboration agreements: *Cosmopolitan, Esquire, Popular Mechanics, Motor China, Electronics Products China, Elle, Madame Figaro*, the list goes on.

In the broadcasting sector, Phoenix TV, a Hong Kong based satellite television joint venture between Rupert Murdoch’s Star TV, Liu Changle, an overseas Chinese entrepreneur well connected to the Chinese state, and the Bank of China, claimed to reach 44.98 million households in China, or 15.9% of total Chinese television households in the late 1990s (China Mainland Market Research Co, 1998). Similar to readers of foreign-brand Chinese publications, the Phoenix audience in China is no ordinary audience. Although state regulations prohibit the reception of foreign satellite television by private households, the Chinese elite has not been constrained by such regulations. According to state regulations, Chinese hotels that rank three stars and above, and luxurious apartment complexes catering to foreigners and affluent domestic customers are allowed to install satellite dishes to receive foreign satellite transmissions. In addition, major government departments, media, academic, and financial institutions are allowed to install their own satellite receiving dishes. Since most of these institutions have internal cable television systems that wire their offices and living quarters, residents in these exclusive neighbourhoods conveniently end up receiving Phoenix TV. Compared with the average Chinese television audience, Phoenix viewers are characterized by “three highs and one low” – high official rank, high income, high education level, and low age (Zhao, forthcoming). Indeed, in the words of the *Wall Street Journal*, “Phoenix’s stylish shows are a must-see for a growing middle class fed on, and fed up with, a diet of state-run television” (Chang, 1999).
With their continuing demonstration of willingness to please the Chinese leadership, from dropping the BBC World Service from Star TV’s China service to the termination of a contract to publish former British Governor Chris Patten’s critical book on China, and the public statement by James Murdoch that *Falun Gong* is indeed a dangerous cult, a position that happens to be in line with that of the Chinese authorities, the Murdochs have made themselves acceptable business partners for the Chinese state. This sets a model for other transnational media conglomerates, all of which have much to gain in the Chinese media market. Time-Warner enhanced the international status of the Chinese Party state by sponsoring the Fortune Forum in Shanghai in late September 1999, on the eve of the Party’s celebration of its 50th year in power in China. Disney learnt a hard lesson in the Chinese market in the late 1990s when its release of *Kundun*, a movie about Tibet’s Dalai Lama, led the Chinese state to impose a two-year ban on the release of all its films in China. Instead of trying to crack the Chinese media market in a high-profile way and focusing on content provision, Bertelsmann, the Germany-based transnational media conglomerate, has been quietly expanding its distribution system in China since 1994 through the establishment of its book club in Shanghai, which sold books, tapes, and compact discs. By 2001, Bertelsmann had achieved a total sale of 100 million yuan (US$12.1 million) in the Chinese market and planned to launch two magazines in China (Meng, 2001). In short, although the scope of transnational media operations in China remains limited, and profitability is by no means guaranteed, as McChesney (1999) has noted, the marriage between transnational media capital and the Chinese state has been less difficult than many people had assumed.

The collective will and the political power of transnational media capital were brought to bear through major Western states in China’s WTO concession agreements. The US-based transnational media capital, in particular, mounted a major lobby effort in the US-China WTO negotiations. Although China did not open up direct foreign investment in its core media operations, transnational media secured significant market entry gains, including increased film import quotas, reduced tariffs on Chinese audio-visual imports, the opening up of China’s consumer markets for audio-visual products to foreign distributors, and permission for foreign ownership in movie theatres and Internet operations (Zhao and Schiller, 2001). In late 2001, AOL-Time Warner and News Corporation achieved major breakthroughs in their long pursuit of the Chinese broadcasting market by securing cable-landing rights for their respective satellite television operations. The Chinese state, however, limited the access of these two companies to the Guangdong market alone, a province
which due to its proximity to Hong Kong has already had considerable exposure to outside broadcasting. It also managed to get Time Warner and News Corporation to carry China Central Television’s overseas English broadcasting channel in selected US cable markets.

The Chinese Party state, in short, is carefully negotiating terms for the entry and operation of non-media state capital, private capital, and foreign capital in the media market. While it is determined to maintain control over the core areas of news production, it is gradually accommodating domestic and international capital in other areas of media operation, including the production of entertainment, business, consumer, and technical information, and the financing and distributing ends of the Chinese media system – from advertising management to print media distribution, audio-visual product retailing, cinema exhibition, and book readership clubs. The same strategy has also been applied to the newest communications medium, the Internet. As Shanthi Kalathil (2000) has observed, in addition to a whole series of overt control mechanisms – firewalls, chat-room monitoring, jailing of website operator shutting down of Internet cafes, the establishment of draconian content regulations and cyber police squads – the Chinese state has taken the carrot-and-stick approach in its dealings with domestic and foreign Internet capital, and it has achieved some success in information control on the Internet (see also Hachigian, 2001; Qiu, 1999).

Such a development, of course, is not unique in China. Private capital and authoritarian states have long sustained clientelist relationships in many media systems in Southern Europe and Latin America (Hallin and Papathanassopoulos, 2000), as well as in many Asian countries. Similarly, the market-entry stories of IDG and News Corporation suggested that the Chinese state and foreign capital seemed to have been able to strike “win-win” deals during the process. Zaharom Nain’s observation on the relationship between transnational media corporations and the Malaysian state provides another illustrative example: “Rather than engaging in battle with the state, these multinationals so far appear to have been given the red carpet treatment and have become firm allies of the state; a regime which is in a position to bargain favourably (for its own interest, that is), hence maintaining its hegemony, while at the same time, helping the multinationals to maintain theirs internationally” (Nain, 1996: 62). If the dominant power in Malaysia, a market much smaller than the Chinese market, and presumably one that has less bargaining power with international capital, seems able to bargain favourably with international capital for its own interests, there is good reason to believe that the Chinese state can do no worse.
Conclusion

China’s once state-subsidized and Party-controlled propaganda organs are rapidly transforming themselves into advertisement-based and market-driven capitalistic media enterprises under Party ownership. The Party is modernizing its media control regime, incorporating the market mechanism in its media operations, and consolidating media capital through top-down administrative orders. It is also carefully accommodating private and foreign media capital, while limiting their areas of operation and trying to politically contain them through the carrot-and-stick strategy. As a result of this transformation, the Chinese media system is increasingly becoming a platform for profit-making, while speaking in the voice of the ruling Party elite and the rising business and urban middle classes, who are the domestic and international capital’s most wanted audiences. A reconstituted power bloc, consisting of bureaucratic capitalists of a transformed Party state, a business elite, and a growing urban middle class that has more in common with their counterparts in other countries than with disenfranchised workers and farmers inside China, and transnational capitalists and their operatives, effectively call the shots in the Party-controlled and market-oriented Chinese media.

Although much has been said about the democratizing impulses of China’s raising middle class, the marginalization of issues of concern to the lower classes, in particular, the suppression of news about worker and farmer protests, may be as much in the interest of the Party state elite as in the interest of the business and the urban middle classes. As Robison and Goodman (1996) have argued, while there are many conflicts between the state and Asia’s rising business and middle classes, any simple juxtaposition of the new rich and the state as inherently hostile is an inadequate basis for analysis. As the skills and purchasing power of the middle class become more essential to informational capitalism, “the state and capital are increasingly driven to accommodate this social force, whether it be within a conservatism that offers stability and protection, or a liberalism that offers more direct participation in the process of government” (Robison and Goodman, 1996: 11). In light of a global economic slowdown, mounting social pressures, growing class divisions, and the haunting ghost of the Cultural Revolution’s radical politics, the Chinese power bloc is opting for political conservatism, while institutionalizing new forms of collusion and mutual cooptation. The Party’s latest incorporation of private business owners, high-tech innovators, and managers in foreign businesses into its ranks is a clear sign of this trend. “We’re the vested interest now…. We don’t like change, we don’t like chaos” (Chu, 2001), this statement, made by Xu Lei, a 29-year-old employee at a foreign consulting firm in Beijing, may be read as
the political manifesto of the middle class in reformed China. Just as the Party is unlikely to relinquish control, China’s middle class, including media managers and journalists, have much to gain from a stable political environment, China’s further integration with the global economy, and effective containment of protesting workers, farmers, and other disenfranchised groups such as the Falun Gong. Although it is possible that they may use the media to mobilize support for political reform, their newly gained market power and their increased economic and social isolation from the low classes and their increased materialism are likely to make them a “silent partner” (Kemenade, 1998: 401) of the Party in sustaining the current market-oriented, Party-dominated media system. They may dislike the Party, abhor official corruption, and harbour more liberal views; but they are also likely to ally themselves with the pro-market faction of the Party in marginalizing the voices of both the left and the radical right, while mediating the voices of other social groups in the name of building a strong and powerful China (Zhao, 2000b: 22).

Thus, on the one hand, the media continue to serve as sites of elite political struggles. With the decline of overt ideology-driven media campaigns, selective exposure of official corruption may become an increasingly common means of media involvement in elite power struggles. The press’s exposure of former Premier and current National People’s Congress Chairman Li Peng’s nepotism in late 2001, involving problematic business operations by Li’s wife and his sons, for example, is believed to be implicated in top level power struggles leading to the 16th Party Congress in late 2002 (Manthorpe, 2002; Shi, 2002). Widely seen as the man responsible for giving the formal order to send troops to suppress the Tiananmen Square demonstrators in 1989 and as a communist old guard who has grave misgivings about economic reforms, Li is the most hated Party leader in the eyes of the country’s business and media elite. The exposure of a financial scandal involving one of Li’s sons during an intense succession struggle, with or without the instructions of his political rivals, plays into elite power politics. The punishments of the author and the editor responsible for the exposure and Li’s wife’s public defence of her family in the media underscored the point that the ruling elite has a very high stake in media politics. On the other hand, the media continue to act as a means of popular containment by marginalizing the voices of the disenfranchised groups and ignoring their rally cries. While political censorship matters, it is by no means clear that, even if let alone, journalists would not stay away from news about social unrests out of concern for social stability. The issue of media openness and control in China must be understood within the context of elite and popular politics and reconstituted class and power relations.
Moreover, with the deepening of market relations and the increasing penetration of the capital logic in the Chinese media system, Party control and the inherent social biases of the market may be mutually reinforced. Far from being inherently antithetical to Party propaganda, China’s commercialized media system may have helped to moderate opposition by marginalizing radical perspectives and issues of concern to groups that do not constitute media advertisers “most needed consumers”, namely the small political and economic elite and the mostly urban middle class (Zhao and Schiller, 2001). Just like the commercial media in the West, market-oriented Chinese media outlets tend to stay away from politics and are disinclined to report domestic social conflicts. Mass entertainment, the mobilization of consumption, and stock analysis are politically safe and financially more rewarding. The current wave of state engineered market consolidation and the further penetration of capital logic into the Chinese media system will probably amplify the inherent social biases of a market-driven media system.

Similarly, given their market priorities and their increased stakes in the Chinese market, the democratizing effects of transnational media capital in China cannot be simply assumed. The sympathetic coverage of student demonstrations by foreign media outlets in 1989 was crucial for the spread of the movement. But the situation is very different now. On the Chinese side, regime protesters and English-speaking students and intellectuals in Beijing and other major urban centres are no longer media savvy. Instead, current social contestations often involve disenfranchised farmers and workers engaged in localized and dispersed struggles in the provinces, to which foreign journalists do not have easy access. Moreover, instead of invoking abstract liberal principles of freedom and democracy, which resonate well with the ideological scripts of Western journalists, today’s regime protesters’ more specific and mundane claims do not sound as heroic as the 1989 students, and are not necessarily compatible with the ideological framework of Western journalists. For their part, today’s CBS, ABC, NBC, and CNN are different from yesteryear’s CBS, ABC, NBC, and CNN. When Dan Rather reported from Tiananmen Square in 1989, he was not working for the media conglomerate Viacom. Nor was ABC part of Disney and CNN part of AOL-Time Warner. Now all the major US television networks have become subsidies of media conglomerates with business interests in China. After a decade of foreign investment in the 1990s, and with China’s WTO membership and the right to stage the 2008 Olympics spectacle, foreign capital now has a vested interest in the stability of the Chinese state and its effort to contain social threats from below. The political economic relationships between the Chinese state, transnational media capital, and the different social classes
in China have been significantly reconfigured. Rather than providing a political voice to voiceless social groups in China, the dual compulsion of political control by the Chinese state and market imperative ensure that transnational media capital will concentrate on delivering entertainment and consumer information to China’s affluent consumers.

Thus far the cumulative effects of political control and the inherent bias of the market, as well as the relentless use of a repressive state apparatus, have contained domestic dissent even as the Chinese state continues to deepen market reforms and accelerate China’s integration with global capitalism (Zhao and Schiller, 2001: 151). This, of course, does not mean that the current integration between the Party state and market forces in the Chinese media is total and stable. The ruling elite is divided and prone to self-paralysing power struggles. Meanwhile, it collectively faces many challenges in media control. To remain in power, the Party must constantly update its strategies and renegotiate the parameters of control. These challenges are multi-faceted and of a different political order: some must be brutally suppressed, while others can be contained and neutralized with less repressive measures. They range from the unfiltered dissenting voice waiting to exploit a technical loophole in a live phone-in programme to the angry laid-off state enterprise workers attempting to seize a local television station to broadcast a call for a general strike, from Falun Gong believers demanding favourable coverage in the state media to radical intellectuals of liberal, nationalist, and leftist persuasions, an enterprising journalist aiming to uncover a good investigative story, and domestic and foreign capitalists wanting their share of the lucrative Chinese media market. The WTO membership, which inevitably leads to further layoffs of state enterprise workers and accelerated displacement of farmers from China’s agricultural heartlands, will further intensify these tensions. As the Party is consolidating its own media capital and negotiating within its own ranks over political openness, and with private and foreign capital over market shares, the majority of the Chinese population remains largely voiceless in a commercialized, conglomerated, and increasingly globalized media system.

References


