

Why Does Media Marketization Reinforce Media Control in Post-Tiananmen China?

– A Political Economic Theory of Media Control

By

Nanchu He

B. E. China Petroleum University, 1986
M.E. Petroleum University, Beijing, 1989
B.A., York University, 2006
M.A., University Of Victoria, 2009

A Dissertation Submitted in Partial Fulfillment of the
Requirements for the Degree of

DOCTOR OF PHILOSOPHY

in the Department of Political Science

© Nanchu He, 2015
University of Victoria

All rights reserved. This dissertation may not be reproduced in whole or in part, by photocopying or other means,
without the permission of the author

Why Does Media Marketization Reinforce Media Control in Post-Tiananmen China?

– A Political Economic Theory of Media Control

By

Nanchu He

B. E. China Petroleum University, 1986

M.E. Petroleum University, Beijing, 1989

B.A., York University, 2006

M.A., University Of Victoria, 2009

Supervisory Committee

Dr. Amy Verdun (Department of Political Science)

Co-Supervisor

Dr. Feng Xu (Department of Political Science)

Co-Supervisor

Dr. Min Zhou (Department of Sociology)

Outside Member of the Committee

Supervisory Committee

Dr. Amy Verdun (Department of Political Science)

Co-Supervisor

Dr. Feng Xu (Department of Political Science)

Co-Supervisor

Dr. Min Zhou (Department of Sociology)

Outside Member of the Committee

Abstract

The current Chinese media political literature ascribes China's effective media control to Communist Party censorship. Up until now, scholars and authors have overlooked how the enormous social and economic changes that China has undergone since economic reform has affected media control. This dissertation explores how such changes influence media control in China. It first examines the Chinese political economy and then focuses on studying China's media, which has gone through considerable change since economic reform. Previously, Party ideological indoctrination and violent suppression were rampant. Today's situation, however, could be characterized as indoctrination mingled with entertainment or "indoctrainment" (Sun 2002), and repression with an absence of full freedom of the media.

I argue that "repressive state capitalism" has propelled economic development in China, particularly since 1989. In the reform era, repression coexists with economic development and is actually productive to Chinese economic growth because repression has both ensured state intervention in the economy and safeguarded a stable environment that is pivotal to the flourishing of economic activities. Using this political economic approach, I propose a political economic theory of "marketizing media control" to account for effective media control after media marketization, beginning with an empirical investigation of the traditional media and ending with an investigation of the new media in China. In short, repressive state capitalism is my contribution to political economic theory and marketizing media control is my contribution to Chinese media politics.

Table of Contents

Supervisory Committee.....	ii
Abstract.....	iii
Table of Contents.....	iv
List of Abbreviations.....	vi
Acknowledgement.....	vii
Dedication.....	xi
Chapter One: Introduction.....	1
The Puzzle.....	1
The Particular Puzzle.....	14
Methods.....	23
The Structure.....	32
Chapter Two: Repressive State Capitalism.....	34
Literature Review of Chinese Political Economy.....	34
Repressive State Capitalism.....	51
Chapter Three: Theoretical Framework.....	71
Literature Review of Chinese Media Politics.....	71
Chinese Political Economy.....	94
–Why Has Repressive State Capitalism Ensured Economic Growth in China?.....	97
Media Marketization.....	140
A Theory of Media Control: Marketizing Media Control.....	143
Chapter Four: China’s Media Development Since 1949.....	156
–A Historical Institutional Approach.....	
Brief History of China’s Media Development since 1949.....	156
I. Media Development during 1949-1955.....	159
II. The Short 1956 Media Expansion into People’s Daily Life.....	163
III. Media Exaggerations in the Great Leap Forward.....	164
IV. Dark Journalism in the Cultural Revolution.....	167
V. Media Reorientation and Rejuvenation in the Reforming Era.....	171
VI. The Brief Media Freedom during the Period of 1989 Student Movement..	178
VII. Media Commercialization and Expansion since 1992.....	181
Media Marketization.....	190
I. Media Commercialization.....	192

II. Marketization of the Media.....	194
III. Media Grouping.....	198
The Characteristics of the China's Media Market.....	201
Chapter Five: Marketizing Media Control in China's Traditional Media.....	208
Job Responsibility Initiates Marketizing Media Control.....	209
Material Compensation and Mentality Change.....	217
1. Material Lure to Media Professionals Is Introduced by the Media Itself.....	222
2. Material Compensation to Media Professionals.....	226
i). Material Compensation to Media Managers.....	227
ii). Material Compensation to Journalists.....	232
3. The Journalist Evaluation further Pushes Journalists to Pursue Material Gain..	240
4. Benefit Prospect to Media Professionals.....	243
Collective Interest Strengthens Marketizing Media Control.....	253
Three Case Studies of Marketizing Media Control.....	264
A. The Dong Zhou Shooting.....	268
B. The Tonghua Steel Riot.....	277
C. Chen Yongzhou's Arrest.....	287
Punishment as a Way to Redraw the Boundaries of the Media.....	301
Chapter Six: Marketizing Media Control of China's New Media.....	311
Governmental Monitoring and Control on the Internet.....	314
Marketizing Media Control in Internet Companies.....	324
Punishment on Internet Companies.....	331
Chapter Seven: Conclusion	
– Repressive State Capitalism and Marketizing Media Control in a Historical Context	339
References.....	359

List of Abbreviations

ACFTU: All China Federation of Trade Union
AOL: American On Line, an American Internet service corporation
BBC: British Broadcasting Corporation
BBS: Bulletin Board Service
CCP: Chinese Communist Party
CCTV: China Central Television
CEO: Chief Executive Officer
CNBC: Consumer News and Business Channel
CNNIC: China National Network Information Center
CNN: Cable News Network, an American real-time news corporation
CSYB: China Statistics Yearbook
DPBs: Domestic Private Businesses
ESPN: Entertainment and Sports Programs Network
FDI: Foreign Direct Investment
GAPP: General Administration of Press and Publication
GARFT: General Administration of Radio, Film and Television
GDP: Gross Domestic Product
GNI: Gross National Income
HBO: Home Box Office, an American television channel
ICPs: Internet Content Providers
ISPs: Internet Service Providers
ID: Identification
IDC: Internet Data Center
NATO: North Atlantic Treaty Organization
PCs: Propaganda Circulars
PD: Propaganda Department
PRER: Pearl River Economic Radio
SARS: Severe Acute Respiratory Syndrome
SEZs: Special Economic Zones
SOEs: State-owned Enterprises
TVEs: Township and Village Enterprises
WTO: World Trade Organization
US: The United States of America

Acknowledgements

I was born in a village in Hunan Province, China in 1965. My primary school from grade one to six was taught only by a peasant teacher of our village, but I passed the university entrance examination with excellent grades and was admitted by the East-China Petroleum University in Shandong Province (the name was eventually changed to Petroleum University) in 1982. Later, I entered the Masters program of Geophysics at Petroleum University in Beijing in 1986 and was conferred a Master of Engineering days after the 1989 Tiananmen Massacre.

I was not interested in politics until the 1989 Tiananmen Student Movement began on April 15, 1989, when we (students) listened to the news of Hu Yaobang's death (then General Secretary of the Communist Party). At the time, I was woken up by what I saw and what I heard. When I had participated in sit-ins in the Tiananmen Square at night during this period of time, a fellow student told me that "the Chinese political system raises a pig (a corrupt official in his eyes) and then kills it, and then it raises and kills another pig." His metaphor opened up my mind. I began to wonder why it is the case in China, and I have been interested in Chinese politics since then. After the 1989 Tiananmen Massacre happened, this violent event and my own experience in the student movement forced me to consider what would end the vicious cycle of Chinese politics from massive and nationwide wars to totalitarianism or despotism and then back to wars again when the regime collapses. My answer is democracy as many other democracy advocates would agree.

However, I realized that I needed to live in a democracy to see how democracies ensure smooth transitions of government, curb rampant corruption, and safeguard the people's freedom of speech, freedom of assembly, and freedom of association. I then decided to go abroad to study political

science to find the answers. However, the road to my study was a complicated one. I applied to several universities in the United States, but my applications to the PhD programs of Political Science were all denied because they said I did not have any credentials in political science. At this point, I left the university where I had taught geophysics for three years and worked several jobs in South China during the period of 1993-2001 when I finally had the opportunity to immigrate to Canada in 2001. I began my undergraduate study in Political Science at York University from spring 2004 to spring 2006, followed by two years of PhD study at the University at Albany (SUNY Albany) in Political Science between 2006 and 2008. However, I was abandoned by my former supervisor and transferred to the Department of Political Science at the University of Victoria, BC, Canada in fall 2008.

The initial research I planned to do was on democracy, but Professor Guoguang Wu asked how I could prove my thesis when China has not entered into democracy, yet. That is, Chinese democracy is not empirically researchable. I then chose freedom of speech in China and the focus turned out to be media control.

The research would not have been possible without the teaching and help from the following people. I would like to thank both of my co-supervisors, Amy Verdun and Feng Xu, for their continued support as I completed my dissertation under sometimes challenging circumstances. I am indebted to Professor Feng Xu (Department of Political Science, University of Victoria) for her encouragement in my construction of a sound theoretical framework, which enabled me to discuss repressive state capitalism. Her guidance and thoughtful critical commentary, including her suggestions throughout the writing process regarding clarity and accessibility, enriched both my

research and this dissertation. Both she and my other co-supervisor, Professor Verdun, suggested that including empirical evidence of marketizing media control would make this analysis more convincing.

I am grateful to Professor Amy Verdun (Department of Political Science, University of Victoria) for her time and advice, especially regarding my providing an overview of Chinese politics for readers who are not familiar with the subject, and regarding her detailed instructions for revisions. I would also like to thank her for her initial invitation to study in the department, an invitation that brought me to the University of Victoria in 2008 to begin my research. Last, like Professor Xu, Professor Verdun took many more responsibilities than she originally shouldered, playing an equally important role in helping me complete this dissertation.

I am also grateful to Professor Min Zhou (Department of Sociology, University of Victoria) for joining my dissertation committee. His insights have improved the quality of my dissertation. He spent a lot of time to read my dissertation, the topic of which is far removed from his research interest. His patience impressed me and his criticisms reminded me of the limitations of this research.

I am particularly happy to have Professor Yuezhi Zhao (School of Communication, Simon Fraser University) as the external examiner of my dissertation. She is the academic authority on Chinese media politics, which I have researched. I have benefitted greatly from her acknowledged authority and insights into the Chinese press. My theory of marketizing media control is built based on her two prominent books (for details, refer to the reference section). Moreover, I benefited from her harsh criticism, particularly those specific criticisms that made my dissertation better than before.

Last but equally important, I truly thank her for her recommending that my dissertation draft be defended, which gives me an opportunity to potentially enter into my academic career.

I would like to extend my thanks to Professor Guoguang Wu, my former supervisor. It was he who first encouraged me to think beyond the current literature of Chinese media politics and to deepen my inquiry. When I faltered, he guided me in the right direction.

Finally, yet importantly, I thank my wife, Hui Li, for her continued support and sacrifice throughout my studies.

Dedication

For those who fight for freedom and democracy in China

Why Does Media Marketization

Reinforce Media Control in Post-Tiananmen China?

– A Political Economic Theory of Media Control

Chapter One: Introduction

The Puzzle

Since 1978, China has undertaken modernization in four areas of its economy: agriculture, industry, science and technology, and national defence. Although the economic reforms that began in the late 1970s have brought prosperity to China, the unparalleled economic developments have not led to democracy. Rather, they have given rise to political repression, particularly after the 1989 Tiananmen Massacre, even when China's gross domestic product (GDP) per capita reached US\$6,800 or its gross national income (GNI) per capita reached US\$6,560 in 2013.¹ This figure would seem to contradict modernization theory, which argues that a country will enter into democracy when its economic development reaches a certain GDP per capita "threshold" (set by Lipset in 1959 at approximately US\$1,000, or about US\$8,100 in today's value²). Although China is not yet at Lipset's value, it is approaching it. It raises the question to China scholars whether economic development as such is a precursor to democracy, as I will discuss below in more detail.

This dissertation begins exploring this contradiction to modernization theory in China. I reformulate the contradiction to the puzzle: why has economic development (marketization) not led to

¹ World Bank Data, China homepage, <http://data.worldbank.org/country/china>, accessed 2014-09-12

² <http://data.bls.gov/cgi-bin/cpicalc.pl?cost1=1%2C000.00&year1=1959&year2=2014>, accessed 2014-12-15

democracy in China? In particular, why has media marketization not led to free media, but instead to media control? This puzzle can be broken down into two parts. The first part, or the general puzzle, focuses on the contradiction to modernization theory in China. The second part, or the particular puzzle, focuses on the particular manifestation of this contradiction in the media sector. Solving both parts of the puzzle is the central task of this dissertation. I first examine the contradiction to modernization theory in China to solve the general puzzle and then focus my research on media politics, particularly media control, to solve the particular puzzle.

This introductory chapter first examines the contradiction to modernization theory in China and presents my theory of Chinese political economy as a means of unpacking such a contradiction. Then I focus my research on China's media and, after a brief review of the literature of Chinese media politics, offer a new political economic theory of media control. Specifically, I explore the contradiction to modernization theory in China through a comprehensive analysis of dialogue among modernization theorists, relevant late-developer theorists, and political economists whose focus is the Chinese political economy. I propose a political economic theory of "repressive state capitalism" to illustrate the major characteristics of the Chinese political economy. I then focus my research on the Chinese media sector and, following a brief literature survey of Chinese media politics, engage in solving the puzzle of why media marketization has led to media control rather than media freedom. Here I propose a political economic theory of media control – "marketizing media control" – to account for the effective media control in China. Finally, this introductory chapter provides the methodology for this dissertation research, including a discussion of both qualitative methods and quantitative statistics. I discuss institutional analysis as a way to build up theory and the utility of case studies in this dissertation research. I end the chapter with a brief

description of the chapters to come: Repressive State Capitalism, Theoretical Framework, China's Media Development since 1949, Marketizing Media Control in China's Traditional Media, Marketizing Media Control in China's New Media, and the Conclusion.

Modernization theorists claim that there is a causal relationship between economic development and political liberalization or democracy. Lipset (1959) argues that when economic growth reaches a certain level of per capita income, US\$1,000 in 1959, or US\$8,129 in 2014,³ a country will begin its social, economic, and political liberalization, and eventually enter into democracy. He reasons that when societies develop economically, their citizens no longer tolerate political repression; the increase of GDP per capita to a certain level will trigger a transition to democracy.

Huntington (1968:5) contends, however, that modernization increases political instability and the disorder of traditional regimes because the development of political institutions in transitional societies lags behind the rapid social and economic changes brought about by the process of fast modernization. That is, economic development destabilizes traditional regimes, but it does not necessarily lead to democracy (Huntington 1968:36).

Although Cutright (1963), Moore (1966), and Dahl (1971) relate democracy to income level in order to affirm the modernization thesis (Epstein *et al.* 2006:552), democratization theorist Przeworski (1991) casts doubt on the correlation between economic development and democracy. He argues that the transition to a market economy is an inherently unstable process for a nascent democracy; instead, democracy occurs randomly, regardless of a country's wealth or political regime. That is, modernization

³ <http://data.bls.gov/cgi-bin/cpicalc.pl?cost1=1%2C000.00&year1=1959&year2=2014>, accessed 2014-12-15

may or may not lead to democracy and there is no certain threshold of GDP per capita that would result in a shift toward democratization.

Later, Rueschemeyer, Stephens, and Stephens (1992), Burkart and Lewis-Beck (1994), and Londregan and Poole (1996) reassert the modernization thesis (Epstein *et al.* 2006:552), but Przeworski *et al.* (2000) challenge it once more, insisting that democracies occur randomly rather than at the higher level of GDP per capita presumed by modernization theory. In response to the challenge, Epstein *et al.* (2006) retest the modernization thesis and reaffirm it once more. For Epstein and his co-authors, Przeworski and his colleagues treat partial democracies wrongfully as autocratic regimes (Epstein *et al.* 2006:551). Epstein and his colleagues (2006:552) instead consider them to be democracies, insisting that “democracy is a process, not an end state.” Moreover, they argue, Przeworski and his colleagues make errors in their analysis. Epstein *et al.* correct these errors and replace Przeworski and his colleagues’ dichotomous categorization of democracies and autocracies with an alternative trichotomous categorization of democracies, partial democracies, and autocracies, finding that “higher incomes per capita significantly increased the likelihood of democratic regimes, both by enhancing the consolidation of existing democracies and by promoting transitions from authoritarian to democratic systems” (Epstein *et al.* 2006:566).

Inglehart and Welzel (2007:2) revise the modernization thesis, arguing that democracy occurs as a result of socio-economic modernization and cultural change, particularly the changing political values that promote gender equality, democratic freedom, and good governance. Once again, they endorse the modernization thesis but extend it to include political cultural value.

Yet the recent emergence of poor democracies, such as the Philippines, Indonesia, and Cambodia in

the 1990s; Pakistan, Bangladesh, and Burma in recent years; and Tunisia, Algeria, Libya, and Egypt in the still smoking Jasmine Revolution, casts doubt on the presumption of correlation between a higher-level GDP per capita and democracy, as it is articulated in modernization theory. Poor countries with a lower-level GDP per capita and a slow pace of modernization have become democracies; at the same time, countries with a higher-level GDP per capita, such as Iran, Russia, Singapore, and China, have retained their autocratic or authoritarian regimes. Yet while these socio-political realities challenge the hypothesis that there is a correlation between economic level and democracy, they do not necessarily serve to disprove modernization theory. While it is certain that the correlation is not always valid, it is not always invalid. Therefore, in order to disentangle China's contradiction to modernization theory, it is necessary to examine carefully the impact of modernization on Chinese politics.

Late-developer theories attempt to offer their explanations to modernization and democracy. Outstanding is the model of the East Asian developmental state. Woo-Cumings (1999:1) argues that all Northeast Asian states, including Japan, Korea, and Taiwan, justify their state policies in order to boost their national economic competitiveness by appealing to nationalism. The rationale behind such an appeal is that these countries are all late developers; thus, their economies face greater pressures of international competition from developed economies (*ibid.*). For this reason, these states appealed to state capitalism to manage their economy for national survival, especially in the wake of the Second World War, which depleted much of their national wealth and destroyed much of their population. State intervention in the economy was imperative for rejuvenating national strength at the time. Cumings (1999:70) adds that the East Asian developmental states have all been authoritarian and have used the coercion of labourers, students, and intellectuals in order to achieve fast economic growth (1999:70). In short, not only is state

intervention in the economy a major element of the East Asian model but repression is as well.

Among these three Northeast Asian countries, Korea's experience is the closest to that of China; the two have a similar history of Japanese occupation and authoritarian past. Kohli (1999:95) argues Japanese colonial legacy left an imprint on the South Korean path to development. According to him, Japan took its South Korean colony as an expanded part of Japan and reformed the Korean political economy with the Meiji Restoration model, a deliberate and state-led political economic transformation from an agrarian society to a modern industrial society that served Japanese needs with a highly modern, centralized, and repressive colonial police state (Kohli 1999:100). As a result, colonial Korea's average annual economic growth rate reached 10 percent during the period of 1910-40 and its industrial growth rate reached 35 percent by 1940 (Kohli 1999:115), with a trained and disciplined working class; a state-dominated state-business alliance for production and profit; a significant strata of entrepreneurs among Koreans; and a heavily export-oriented industrial structure (Kohli 1999:116). Such a colonial state structure did not change during the period of 1945-60, following the Japanese withdrawal, either for fear of a possible revolution or by the choice of the sovereign South Korea (Kohli 1999:129).

Essentially, the competent state, its effective industrial policies, the state/property-owning class alliance, and labour repression ensured Korean development. For Kohli, this model illustrates the high economic growth rate of the Korean political economy before Korean democratization in the 1980s. Thanks to the leadership of the general and president, Park Chung-hee's 18 years of authoritarian rule, South Korean economic growth reached higher levels in the 1980s and the country became democratized in 1987.⁴ Korean democracy has been consolidated since that time. Similarly, Japan was democratized by

⁴ Korean democratization in the history section from the South Korean government website, <http://www.korea.net/AboutKorea/Korea-at-a-Glance/History>, accessed 2014-12-15

the United States in the late 1940s; Taiwan lifted Martial Law and became democratized in the 1987 after it achieved an annual GNP growth rate of 9 percent from 1953 onwards and after the Kuomintang government under Chiang Ching-kuo undertook “major steps to liberalize the society and to implement democratic reform” (Hung and Chyuan 1992:59). These developments fit the modernization thesis and thus make the contradiction to modernization theory in China that much more puzzling, as China’s political and economic history has many elements in common with that of Korea, Taiwan and Japan. The question to ask is: What makes China’s development unique?

On the one hand, China’s experience since 1978 resembles that of South Korea before democratization in terms of its centralized and authoritarian state system, the state’s intervention in the economy (especially in the areas of financial control and export-oriented subsidies), and state–business alliances, including their vested interests and their labour repression. On the other hand, China differs from South Korea in many ways. Communist China did not inherit a colonial legacy, and historically it has not had the support of the United States. Nor did it face a Cold War confrontation during the reform era. Could the absence of these factors explain why modernization theory does not seem to fit the Chinese case? Not sufficiently. China’s vast population, its large geographical territory, its one-party state, its ideological claims, and, since 1978, its shifting international economic settings, among other things, have prompted many scholars and experts to single out China as a unique case. Some scholars, such as Peerenboom (2013), even claim that there is a China model of political economy. Moreover, China’s economy is not just developmental; it is also predatory (Pei 2006:107) in that the state and state officials seek rent from economic development. All of these differences contribute to China’s unique case.

Scholars of Chinese political economy attempt to explain the contradiction to modernization theory

in China. Both pro-China and con-China camps strive to flesh out the quintessence of the Chinese political economy. Oi, Yang and Wright represent the pro-camp. As early as in 1992, Jean Oi states that local government involvement into township and village enterprises (TVEs) propels economic development, and that China's form of state corporatism could be an alternative to privatization in other former socialist countries. However, the privatization of TVEs in the late 1990s made the number of TVEs largely decrease and the scale of TVEs as a whole shrink as well. Thus, Oi's state corporatism might have difficulty to explain the later development of Chinese economy. Dali Yang (2004) asserts that the Chinese state has transformed its bureaucracy to adapt to economic development; as a result, the state has more economic resources to sustain its rule and is more powerful than before. However, Yang's adaptive state does not relate to the major developmental drive of the Chinese economy, which is the state-led development since 1992 as argued by Yasheng Huang (2008). Teresa Wright (2010) insists that the Chinese people in general and business people in particular have accepted China's authoritarianism. Her theory can be labelled as authoritarian state capitalism, but her focus is not about the major developmental drive of the Chinese economy.

Pei, Huang and Schweinberger represent the con-camp. Minxin Pei (2006) argues that economic reform without corresponding political reform has trapped China in its transition to a market economy. He identifies the financial control, agricultural procurement system and the control of telecommunication sector as the three major stabilizing measures of the state (Pei 2006:77-98), and labels China as predatory state (Pei 2006:107). Pei's theory can be labelled as predatory state. However, he does not identify the major developmental drive, too. Yasheng Huang (2008) identifies China's developmental drive as state-led development since 1992. He defines the Chinese economy as "Capitalism with Chinese

Characteristics,” a “crony capitalism built on systemic corruption and raw political power” (Huang 2008b:236). For him, three components comprise the major part of China’s economic growth: Chinese private businesses develop and benefit from China’s open door policies that allow them to exit out of China; foreign direct investment (FDI) directly benefits from China’s liberal FDI policies; and state-led development has dominated the nationwide and decades-long infrastructure construction and urban rebuilding since 1989. But Huang does not include the role of repression as expressed in the East Asia Developmental model. Schweinberger (2014) argues that the politicization of economic decision-making is a major characteristic of China’s state capitalism. For him, there are three major developmental drives. First, China’s industrial policies, such as the massive privatization of small stated-owned enterprises (SOEs) in the 1990s and the making of large and globally competitive corporations, have contributed to the country’s decades-long rapid growth (Schweinberger 2014:173-74). Second, China’s public official-private business networks have built up regular, personal and long-term trust, which lowers transaction costs more than those of the American liberal market (Schweinberger 2014:176). Last, the autonomy of managers ensures that they avoid phenomenal crises due to their short-term profit considerations (ibid.), as in the case of the 2008 economic meltdown. However, Schweinberger also overlooks the important role of repression and the contribution of FDI growth to the country’s economic development. Thus, he does not sufficiently address the contradiction to modernization theory in China either.

I argue that repressive state capitalism accounts for the developmental drive of China’s economic growth, highlights the role of repression of people’s social, political and economic rights in general and the role of labour repression in particular, and includes the FDI contribution to the Chinese economic growth.

Before elaborating rationalities behind this argument, I must first define repression due to the central role that the conception of repression plays in this dissertation. According to Davenport (2007:2), “[b]y most accounts, repression involves the actual or threatened use of physical sanctions against an individual or organization, with the territorial jurisdiction of the state, for the purpose of imposing a cost on the target as well as deterring specific activities and/or beliefs perceived to be challenging to government personnel, practices or institutions.” In a shorter form, “repressive behavior relies on threats and intimidation to compel targets...” (ibid.). The repressions I refer to in this dissertation are all state repressions, including political, social, and economic repressions. When I discuss political, social, or economic repressions for the first time, I note whether the repression is of a group of people or the category of institutions, which is administered or caused by formal, state and local state institutions. At the same time, I use political repression, economic repression, and social repression discriminately according to their specific situations. In these ways, I clarify the meaning of specific repression.

Repression was totalitarian and indiscriminately including both social and political repressions before 1978 when China was a command economy. People either worked in state units for state salary, or tilled land in a commune for “work points” for survival. They were under totalitarian control for everything from food, clothing, and shelter, to mobility, work, and social, economic and political rights. After 1978, when China opened its door to the West, fast economic growth led to liberal development in the Chinese society, but this development led to the tragic end with the 1989 Tiananmen Massacre. Since then, repression of social and political rights was reinstalled, but economic liberalization restarted since 1992. China has invested in infrastructure construction to accommodate FDI demands and has attracted massive FDI inflows to its coastal regions. In the 1990s, China privatized almost all TVEs and SOEs when

collective and state-owned enterprises could not survive in its nascent capitalism. Fast FDI inflows demanded huge labour, and thus, the state allowed redundant rural labourers to move to China's coastal FDI sweatshops. As a result, China has maintained an economic growth rate of approximately 10% before the 2008 economic meltdown. The vast amount of newcomers to urban centers pushed up huge demand for new housing. Then, a real-estate boom began in the late 1990s, and by the early 2000s, it became the locomotive of China's economic growth. Now, SOEs, FDIs, and the private sector, mainly real-estate development and technology development, comprise the major part of Chinese economy.

However, China has been rife with crises and contradictions since it has modernized its economy. Internationally, the collapse of the former Soviet Union and its East European satellites in the late 1980s shocked Chinese leaders. Moreover, since that time, Communist ideology has lost its currency; thus, China must find a new ideology from which to forge its social fabric. Domestically, the 1989 Tiananmen Massacre badly hurt both the regime and its legitimacy for shooting innocent Beijing citizens and students. The massacre also destabilized Chinese society and made many people distrust the government. The privatization of TVEs and SOEs in the late 1990s resulted in massive layoffs, and those people have staged tens of thousands of protests every year.⁵ During the same time, social resistance against state repression has been rising when prompted either by beliefs or by social injustices, and falling when suppressed by the state. The challenge from Falun Gong, which quietly surrounded the Headquarter of the CCP and the state in 1999, stands out (Brady 2008:53). In addition, opposition Parties inside and outside of China, democracy advocates, rights activists, Tiananmen mothers, lawyers, environmentalists, peasants and migrant workers have all protested state repressions on their specific courses. Thus, for the state, muzzling

⁵ "A Decade of Change: the Workers' Movement in China 2000-2010", *China Labour Bulletin* research reports, www.clb.org.hk, accessed 2013-12-10

dissident voices and crushing opposition are necessary for survival in order to prevent a lethal movement, like the 1989 student movement, from occurring. Maintaining stability has therefore become the state's first priority. Consequently, repression was reimposed. Through media control, financial control, and riot control, the state has, so far, successfully contained millions of massive incidents in the past two and a half decades. No one incident developed into a nationwide one that could hurt the regime and destabilize the Chinese society. Thus, repression is necessary for the state when it wants to retain its rule.

I define repressive state capitalism as a state-dominated capitalism guaranteed by state repression. The economy is mainly dominated by the state in strategic sectors such as military, finance, energy, railway, and media, controlled by local states in other sectors such as transportation, aviation, subway, utilities, education, and health care, and complemented by FDIs and DPBs through systematic repression and sometimes with suppression. In China's case, I argue that repression is productive to Chinese economic growth, and repressive state capitalism has sustained Chinese economic development since 1989. First, political repression in China after the 1989 Tiananmen Massacre has ensured the stable social and economic environment that is pivotal for economic activities to flourish. Second, state investment has become the major driver of Chinese economic development since 1992. Third, FDI liberalization has attracted ever-more foreign investment to China after the state ensured tight control of the labour force, particularly migrants. Fourth, state-led development has encouraged local states to engage in economic activities, particularly infrastructure construction and real-estate development that have contributed an ever greater share to China's economic growth and, in the meantime, allowed more rampant corruption among some state officials and business people. Fifth, state spending on repressive state apparatus, such as military, state security and police for maintaining stability, has taken a much greater part of the overall

state spending than much-needed health care and education spending, and has not only sustained economic growth, but also reinforced repression on the people in general and on Chinese dissidents, rights activists, and Falun Gong practitioners in particular. Sixth, state repression on certain sectors, such as the financial and media sectors, and state monopoly on other sectors, such as telecommunication, aviation, mining, railway, petroleum, power generation, and car manufacturing, have sustained rather than slowed down their development. Seventh, the state favours some categories of businesses and disfavors others on the one hand, and privileges state officials and their colluded business people and disprivileges working classes, particularly peasants and migrants on the other hand. Consequently, income discrepancy has been enlarged and social stratification has been intensified; therefore, the economic hierarchy has been rapidly forged within decades, which in turn urges those people on lower rungs to strive to climb the hierarchy and stimulates them to work hard. Last, economic development under such repressive state-led development has encountered widespread social resistance and prompted serious social and economic problems that the regime is unable or unwilling to resolve.

The following table illustrates my contribution to theories of political economy:

The Role of	State	Business	Labour	FDI	Repression
East Asia developmental state	State-led	Cooperative	Yes	No	Protective
State corporatism	State-led	Cooperative	No	No	No
Adaptive state	Service	Cooperative	No	Positive	No
Authoritarian state	State-led	Supportive	Supportive	No	No
Predatory state	State-led	Collusive	Docile	No	Counterproductive
Crony state capitalism	State-led	Collusive	No	No	Policy reversal

Politicized state capitalism	State-dominated	Collusive	No	No	No
Repressive state capitalism	State-dominated	Collusive	Docile	Positive	Productive

Note: For details, refer to the elaboration of these theories in Chapter Two: Repressive State Capitalism

Repressive state capitalism, on the one hand, encompasses the pivotal role of repression, state-led development and its state-business connection, and the contribution of FDI and DPB to China’s economic growth, and on the other hand, fleshes out the formation of its economic hierarchical system and its detrimental effects on the environment and the majority of the people. Thus, I believe I sufficiently solve the contradiction to modernization theory in China. In Chapter 2, I elaborate on repressive state capitalism, and in Chapter 3, I substantiate this theory with historical institutional analysis on my empirical research of Chinese political economy.

In the next section, I introduce my theory of marketizing media control to solve the particular puzzle of why media marketization has led not to a free media, but to media control in China.

The Particular Puzzle – Why Has Media Marketization Led to Media Control in China?

For the Party-state, the media sector is crucial to its functioning; it would not cede this sector to private capital or social forces, as ideological indoctrination has been its tool for brainwashing the general population. The media sector in China is, first and foremost, a political sector used to control people’s thinking, even though communist ideology lost much of appeal in China after 1989, when the former Soviet Union and its East European satellites collapsed. In fact, the media still play an important role for maintaining regime stability, propagating government ideological indoctrination and serving as the

mouthpiece of the Party-state. Second, the media sector is one of the “commanding heights” of the Chinese “socialist market economy” (Zhao 2008). Therefore, it is both a political and economic sector that has been controlled by the Party-state through the Party’s propaganda departments and state media agencies at national, provincial, municipal and county levels.

The media, however, are a crucial venue for public intellectuals, Chinese dissidents, rights activists, Falun Gong practitioners, lawyers, and journalists to argue for freedom, democracy, equality, human rights, justice and government transparency because there is no other mechanisms, such as opposition parties, an independent judiciary, and legal association, assembly, petition and protest, to do so. In addition, the media are forums for people to vent their grievances, express their dissatisfaction, organize petitions and protests, and promote their goals, projects and agendas through publications, broadcasts, and online interactive means. They offer, in short, a communication platform between the state and the society, the ruler and the ruled, the Party-state and the people. Prominent Chinese media scholar Yuezhi Zhao (2008:239) summarizes that the communications system has become a centre of social, political, and economic struggle in China in general and that the power to discourse within the communications system defines the winners and losers in the media in particular, and in social, economic, and political realms in general. Therefore, doing research in the media sector, particularly research in media control, is significant both for our further understanding of repressive state capitalism and for the substantiation of repressive state capitalism.

In fact, the media was dominated by Party journalism or the mouthpiece of the Party before the 1980s. However, media marketization has changed the Chinese media substantially. According to Yuezhi Zhao (1998), the media experienced commercialization, marketization and restructuring (grouping small

media outlets into a big group) in the 1990s. During this process, the media were transformed from a holistic ideological indoctrination instrument, or the Party's mouthpiece, to a highly commercialized and entertaining machinery that used innovative indoctrination, or indoctrainment (Sun 2002) that incorporating indoctrination into entertainment to transmit its message. According to modernization theory, media marketization, or media economic development, should lead to media liberalization or a free media. However, in China the media has remained firmly in the control of the Party-state (Zhao 1998; Esarey 2006; He 2008). I find this conundrum intriguing. It is a particular puzzle for me.

With regard to repression of the media, by using Davenport's (2007:2) definition of repression, "repression involves the actual or threatened use of physical sanctions against individual or organization..." China's media control is, in essence, a systematic repression of the media because the Party-state has threatened and actually suppressed media organizations and media professionals (repression data in Chapter 3 will demonstrate that political repression of the media is systematic, perennial, state coercive or suppressive actions against media organizations and media professionals). Thus, media control is a political repression of press freedom of the media in particular. According to the definition of repression by US Legal & Law, "stripping of citizen's rights" such as freedom of speech is part of political repression;⁶ media control is then a political repression of freedom of speech, freedom of expression, and freedom of publication of the people in general because the Party-state has deprived Chinese citizens of their political rights. In addition to political repression, media control is also an economic repression of the media sector because it forestalls competition from private capital by retaining state ownership, maintains a media monopoly within their administrative boundaries, and prohibits any

⁶ <http://definitions.uslegal.com/p/political-repression/>, accessed 2015/8/19

format and content that is deemed detrimental to the Party-state. The restriction on competition is an economic repression of the private sector. The preemptive restraints on the “detrimental” format and content are also an economic repression of the media in that these restraints reduce the profit prospects of all media outlets in China. In truth, media control has always been evident in the history of the Chinese Communist Party (CCP). For example, Yuezhi Zhao (2008:61) suggests that Hu Jintao has launched “a campaign of media repression unprecedented for nearly 20 years.”

However, in the literature of Chinese media politics, some authors take media control as something between state regulation and repression. That is, they do not regard systematic media control by Party-state agencies and perennial punishments on media professionals as repression. I believe they separate Party-state media control with its punishment (repression). I argue these two are inseparable because repression or punishment is part of Party-censorship. More importantly, by political definition of state repression in Davenport’s words, media control in China “involves actual or threatened use of physical sanctions” and thus the Party-state media control is a systematic repression of the media sector. If state control does not involve state suppression, it can be regarded as control rather than repression. For example, China’s grain procurement on agricultural inputs and outputs imprisons no state employees in this sector, nor peasants who do not sell grain products to the state. That system of control is a control of resources for stabilizing prices of agricultural inputs and outputs (for details, refer to Pei 2006:77-98). In other words, just as with control in grain procurement, media control differs qualitatively in terms of repression.

Many scholars and experts have written about Chinese media politics, particularly media control. Guoguang Wu (1994) argues that “command communication” is the way to control editorial processes in

Party organs,⁷ particularly in the *People's Daily*. Command communication, according to Wu, means that “information from the top must be taken as a ‘command’” and the data flow from top Chinese leaders or officials in the Central Party Propaganda Department to the newspaper is the process of “command communication” (1994:195-96). However, media control changed its way from command communication after media commercialization (Zhao 1998).

Zhao (1998) demonstrates that the interlocking Party control and market logic in the process of media marketization has created an internalized self-censorship. According to Zhao, media control can be tracked back to the 1920s (Zhao 1998:14), and has been carried out in the New China⁸ until now under the “party principle and mouthpiece” theory (Zhao 1998:19). In general, the Party’s Propaganda Department and Party chief in particular are responsible for news work, especially media control (Zhao 1998:20). This officially systematic control of the media illustrates the importance of media control for the CCP.

However, media marketization has changed the model of media politics. For Zhao, although Party control has been strict, the Party-state has allowed and managed media commercialization, marketization, and grouping (restructuring) to encourage media market growth in order to cut state subsidies to media outlets and to encourage innovative ideological indoctrination after the communist ideology lost its currency. After the state cut of subsidies, most media outlets have to survive in the fledgling media market. Thus, market logic plays its role in media politics while the Party has firmly held its grip on the media. Such interlocked Party control and market pressure have created an internalized self-censorship, as exemplified by the case of the CCTV (China Central Television) News Commentary Department (Zhao 1998:120-22).

⁷ Here, “organs” refers to the Party newspaper of communist parties or leftist parties

⁸ New China refers to the Peoples’ Republic of China since the Chinese Communists seized power in 1949

Hassid (2008) suggests that self-censorship results from the uncertainty of punishment rather than the Party control exerted by the Party propaganda apparatus and state agencies. For him, the Chinese state controls its media through uncertain punishment. Or, rather, it is the uncertainty of the Propaganda Department's whim to impose punishment on journalists that deters any more provocative coverage. For him, "uncertainty is so effective in amplifying the effects of coercion that the state is able to control newspapers even with the jailing of fewer than one in five thousand reporters" (Hassid 2008:425). Such an argument might indeed point to a partial truth of self-censorship in China, but Hassid largely ignores the evident Party censorship identified by other scholars and experts (Esarey 2006; He 2008).

Zhao (2008) considers media control to be a higher level of political as well as social control. For her, communication "has always been an integral part of political organization and social mobilization" (Zhao 2008:36); thus, media control has become a part of wider political and social control, a shift that can be dated to the watershed events of 1989. For example, the state's violent 1989 suppression, the subsequent house arrest of former Party General Secretary Zhao Ziyang and his elimination from public discourse indicate that such controls are both political and social (Zhao 2008:20). In the communications sector, the state has severely controlled public communication (ibid.). But the Party's media control aims at "effective domination rather than total control of media messages"; that is, it aims to provide a dominant interpretation of social reality (Zhao 2008:35). For Zhao political control in the media is empirically evident and social control is the use of discourse power to manipulate people's perception of the regime and the society.

I propose that "marketizing media control" accounts for the effective media control since media marketization. This is particularly the case since the separation of the state and enterprise in the 1980s that

was enacted so as to accommodate economic reform but also the post-publication Party censorship in the 1990s (He 2008:27). Zhao (1998) is right to point out the interlocking processes of Party control and market logic because both components have been there, even when media commercialization, marketization and grouping have changed Chinese media significantly, transforming the media into an indoctrination as well as an entertainment machine, or an “indoctrainment” machine. Since media marketization, Party censorship changed from the one of command communication in a daily base, as Wu argues, and a daily preview before publication or broadcasting, to a post-publication and post-broadcast censorship as identified by (He 2008:27).

Indeed, both the Party censorship of the media production and the market control over the survival of media organizations and individual journalists have always shaped the process of news topic initiation, information gathering and collection, interviewing, editing, and production, as well as the post-publication or post-broadcast censorship both within and outside media organizations. In this process, Party censorship and the market logic of control have been incorporated, but Party censorship has taken a backseat to news production after the Party institutionalized a post-publication censorship. Media marketization has incorporated both market control and Party censorship into media operations. I call such a fusion “marketizing media control.”

Marketizing media control is the market mechanism of media control that integrates Party censorship with the market force of control over the survival of media organizations and the livelihood of media professionals. By marketizing media control, Party censorship has been incorporated into the mechanism of media market control, and thereby, the Party’s media control has been internalized in the market mechanism of control over media professionals and organizations. That is, there has been a shift from

controlling the format and content of the media to controlling the media professionals and their organizations. Self-censorship in this mechanism is only part of marketing media control, both for the survival of media organizations and protection of journalists from punishment by the Party-state, and for achieving profit goals and private gains for journalists, media organizations and even media regulators. Such a marketizing media control, I believe, sufficiently addresses the particular puzzle of why media marketization has not led to a free media but to media control. It has internalized the Party authoritarian control and brought more wealth to media managers and some journalists in the process of media marketization. Thus, media liberalization is not only unnecessary; it is not possible for media professionals.

In Chapter 3, I first support this theory with a more comprehensive literature review of Chinese media politics, and then elaborate how marketizing media control works as well as what initiated it. Further, I substantiate the theory of marketizing media control with institutional analysis and case studies in the traditional Chinese media in Chapter 5. The rise of new media since the late 1990s has posed challenges to the traditional state media and Party control due to the new media's interactive nature. For example, the Internet has the potential to liberalize China through its script, audio, and visual communication means and by the instant and interactive nature of its communication platform. Indeed, new media partially contributed to the end of some repressive institutions in China. The repeal of the custody and repatriation system in 2003 due to the widely spread story of Sun Zhigang's death by police beating is a good example of how new media's power to effect change (Zhao 2008: 255-264). But the Party-state has fought back. For instance, Google China was forced to leave China in 2010, and Yahoo China mail ceased to work in 2012. Doing research in the new media is necessary and useful for further

substantiating the theory of marketizing media control.

My study of new media suggests, however, that there is no great difference between new media and the traditional Chinese media in terms of marketizing media control, though Party control of the new social media is not as strict as Party control of the traditional state media (King *et al.* 2014). New media are proscribed from reporting their own news and all have to sign a self-restriction agreement with Party-state agencies. More importantly, the profit drive for social media is much stronger and the authoritarian logic within private social media more effective for binding their employees, including their journalists. That is, for social media, profit goals override any other goals. Consequently, marketizing media control works even more evidently in new media than in traditional media.

Admittedly, this dissertation has some limitations. First, it does not have in-depth personal interviews with Chinese media professionals, which would have added vividness and interest because Chinese media professionals might know more about their embedded reasons for pursuing material gain and complying Party ideology. However, I did not have access to media organizations. Moreover, the research is of a more political than a media nature; thus, I look at the big picture of media as a whole rather than specific staff in one or two media organizations.

The second limitation is a lack of a research on the newly rising micromessaging platform *Weixin*, the Twitter like Internet communication platform which has been used for the past two to three years in China. But current media politics have very little literature regarding its effect on freedom of speech, nor its role of media control. Up until now, no author claims *Weixin* as a revolutionary means to challenge the Party-state, nor has the Party-state punished any *Weixin* platform in China, to my knowledge. This is reasonable because when microblogging (*Weibo*) submitted to the Party-state, micromessaging due to its

similar role of expression and communication, would not surprise people in terms of freedom of expression, especially since the Party-state has successfully subjugated the Internet including major portals, BBS, and microblogs.

The last limitation is that the dissertation takes into lesser account the literature of social influence on repressive state capitalism. In other words, social resistance against Party-state domination should have been extended more. In fact, I mention workers protests in chapter 3 and demonstrate media resistance to the Party-state domination in the media sector through case studies of the Tonghua Steel Riot and Chen Yongzhou's arrest in Chapter 4. However, there are many people, such as democracy advocates, rights activists, confrontational lawyers, Falun Gong practitioners, Tiananmen Mothers, environmental groups, peasant rioters, and netizens who have expressed their indignation against specific state officials, policies, local governments, and even the central government every year since the 1989 Tiananmen Massacre. Due to limited space and resources, I admire them and pay my respects to them but can only mention their brave actions and show my sympathy to their injustices and sufferings. Their resistance against state domination is certainly worth examining, but such a study might result in book-length writing.

Methods

The methods applied in this dissertation consist primarily of qualitative institutional analysis and case studies, but I also complement my analysis by quantitative statistics. I collect data for this study through three major sources. The primary sources – media archives – include newspaper, television, and radio programs in China and abroad. The secondary sources include scholarly books and articles on

Chinese media. The third source is reports from some prestigious nongovernmental organizations, such as the World Bank, Freedom House, Human Rights in China, and the China Labour Bulletin.

The initial analysis focuses on comparing Chinese media's performance over two decades, namely the 1980s and the 1990s, and its effects on the Chinese people. These two decades are compared and contrasted in order to identify patterns and changes. I employ institutional approach to do analysis in this dissertation. The analysis then focuses on both formal institutions and informal rules, norms and procedures within these institutions of the media sector and other social institutions that influence media performance in China after 1989.

Institutional analysis focuses on intermediate-level institutions for middle-range theory and aims to explain social or political outcomes in research of real politics rather than to describe administrative, legal, and political structures in the past before the behaviourist revolution of the 1960s (Thelen and Steinmo 1992:4-11). Institutional analysis generally consists of historical institutionalist analysis, rational choice institutionalist analysis, and sociological institutionalist analysis. The major institutional analysis in this study is historical institutionalist analysis. According to Peters and his colleagues, “[h]istorical institutionalism has substantial appeal as a central organizing approach for explaining politics and policy” because its central argument is in accordance with numerous observations, and the theory built through historical institutionalism is parsimonious as well as falsifiable (unlike non-falsifiable theories that are built through rational choice institutional analysis) (2005:1282). I employ historical institutional analysis to analyze the state, the Chinese political economy, and the media regulatory apparatus, tackling the period since 1989 on. However, for the study of the influence of Chinese society on individuals, sociological institutionalism is the right one that I apply to this research. On the media organizational

level, rational choice institutionalism is more relevant. Rational choice institutional analysts identify the choices that people make within particular institutional contexts in order to maximize their power or interest (Thelen 1999:376). In short, this study employs all three institutional analyses to analyze different institutions.

Let me first clarify the meaning of “institution”. Among various definitions of “institution” in new institutionalisms, I prefer the concise definition used by Thelen and Steinmo in 1992. They define “institutions” as “both formal organizations and informal rules and procedures that structure conduct” (Thelen and Steinmo 1992:2). Formal institutions in this study include the Chinese political economy, the party propaganda department and its affiliated state media agencies, and media organizations. Informal institutions include dominant social customs and norms. The other informal rules and procedures include those unstated rules and procedures within media organizations or among media professionals. Hence, institutional analysis in this study deals with the analyses on the state level (the Chinese political economy), the state agency level (the propaganda department and its affiliated state agencies, such as the General Administration of Radio, Film and Television – GARFT and the General Administration of Press and Publication – GAPP), the media organization level and the individual level (media professionals).

Of all three institutionalisms, the major institutional analysis for this study is historical institutionalism. According to Thelen (1999:290), all historical institutional studies share a perspective that “examines political and economic development in historical context and in terms of process unfolding over time and in relation to each other, within a broader context in which developments in one realm impinge on and shape developments in others.” I engage institutional analysis in the way identified by Thelen. Examining broader political and economic development in Chinese historical

context, particularly since 1989, is the major theme of this study. Focusing on media marketization is the secondary theme of this broader study. The final purpose of invoking such a study of political economic framework is to build a political economic theory of media control. Therefore, historical institutional analysis is the right method for this research. Some scholars might contend that historical institutionalism focuses on the telling of a story, and only rational choice institutionalism emphasizes generalizability. Thelen (1999:372-75), however, maintains that historical institutionalism can do both if the researcher begins with empirical puzzles and then tests hypotheses. I follow Thelen's suggestion in this study.

All new institutional theorists agree that historical institutionalism is associated with path dependence as well as institutional change at crucial junctures. According to Capoccia and Kelemen (2007:342), "[p]ath dependence is a crucial causal mechanism for historical institutionalists, and critical junctures constitute the starting points for many path-dependent processes." Critical junctures, following Capoccia and Kelemen's (2007:348) definition, are "*relatively* short periods of time during which there is a *substantially* heightened probability that agents' choices will affect the outcome of interest". That is, agents' choices have "a significant impact on subsequent outcomes" (ibid.), and "during the critical juncture trigger a path-dependent process that constrains future choices" (ibid.). In other words, tackling the role of agency is important for explaining institutional change (Peters *et al.* 2005:1293). In particular, "[f]ocusing on decision and the roles played by actors within institutions is crucial for giving the historical institutionalist logic more explanatory power" (Peters *et al.* 2005:1285). However, institutional change is not the focus of this study. I will touch on it but then focus on the effect of institutional change or the path- dependent continuity.

In terms of path-dependent continuity, in China the Party-state had firmly controlled the people during the period of 1949 to 1976, and one-party politics has remained virtually unchanged since 1978. However, this research is interested mainly on institutional change after 1989, and the relevant institutional change is the shift from China's planned economy to its repressive state capitalism, particularly after 1989. The critical juncture is the period of the 1989 Tiananmen Student Movement, from April 15 to June 4, when Chinese conservative old revolutionaries, such as Deng Xiaoping and Li Peng, had a serious conflict with liberals, such as Zhao Ziyang, and then conservatives executed the inhumane 1989 Tiananmen Massacre. The massacre set the path for Chinese political development, though it did not change the path of Chinese economic reform. The combination of political repression and economic liberalization has nourished the repressive state capitalism through accelerated FDI liberalization began in 1992, SOE privatization in the middle 1990s, and increasing state investment in infrastructure and urban development since 1992; the state, however, has enhanced political control on intellectuals, students, Chinese dissidents and working classes from the 1989 Tiananmen Massacre on. Gradually, repressive state capitalism took on its current shape in the late 1990s. Accordingly, media marketization had also gradually taken shape from 1992 on and was also consolidated in the late 1990s.

Such a gradual developmental path is theorized by Thelen's (1999) call to pay attention to the institutional reproduction mechanism and feedback in institutional analysis. For Thelen, once institutional change is completed, the institutional reproduction mechanism will reproduce such a change, both within the institution and among the same type of institutions; over time, there will be feedback in institutional accommodation to the change to influence its full shape (Thelen 1999:400). These observations of the gradual change of path-dependent continuity in the Chinese political economy and

media marketization are also echoed by Mahoney and Thelen, who suggest that “[i]n the literature of institutional change, most scholars point to exogenous shocks that bring about radical institutional reconfigurations, overlooking shifts based on endogenous developments that often unfold incrementally” (Mahoney and Thelen 2010:2). They argue that “institutional change often occurs precisely when problems of rule interpretation and enforcement open up space for actors to implement existing rules in new ways” (Mahoney and Thelen 2010:4). In China, media marketization within the one-party state has come about by incremental changes, changes that occurred in the wake of economic liberalization in 1992 and consolidated in the 1990s, from which media organizations have had to survive by their own means. Such incremental changes have brought about a change of the Party-state’s media control, from a pre-publication censorship to a post-publication one (Zhao 2008:30-31), which has brought about a change of the mechanism of media control, the central theme of this study.

On the organizational level, according to Morgan *et al.* (2010:5), institutional analysis is concerned with “how institutions shape” various types of organizations and their performances. This is relevant to the study of media organization in that marketizing media control imposes control over media organizations in China. On the individual level, institutional analysis is interested in the ways that institutions structure those behaviours of individuals that influence outcomes (Thelen and Steinmo 1992:3). In essence, institutional analysis locates “human behavior in institutional context” (Campbell and Pedersen 2001:13). Thus, institutional analysis could analyze the influence of Chinese political economy/state on media organizations and, in a similar vein, the constraint of media organizations on journalists.

As a whole, institutions can be associated both with their continuity and with incremental change. This dissertation acknowledges such continuity in China’s media but aims to demonstrate the

incrementally changing relationship and dynamic interactions among different institutions within the context of the Chinese political economy in order to build an explanatory theory that takes into account the complexity of Chinese society, which has experienced rapid social and economic changes since 1989. As mentioned before, China went from being a planned economy before the 1970s to becoming marketized one from the 1980s on. Likewise, in China's media, there was an institutional change from rigid propaganda machine to directionally marketized media in the late 1980s and the early 1990s. The new forms of media institutions ensure market-oriented behaviours in the sector, as the state sanctioned such a transition from purely propagandist media before the 1980s to an indoctrination and commercialized media since 1992. China's media institutions face both the Party's and the state's media regulators. The media is highly constrained by the political system, but lives in the legitimate "market economy," though this market economy is deformed by various interventions and punishments. The profit space of the media is somewhat protected by the state demarcation of administrative boundaries for various types of media. Though the profit goals and the need for political constraints are often at odds with one another, the media as a whole struggle to expand the scale of media institutions and the diversity of media behaviours through format and content innovations toward increasing entertainmentization and softening indoctrination.

In this study, media control is the major focus of analysis; media organizations and media professionals are the primary subjects. The formal institutions analyzed here are the Chinese political economy, the Chinese state, and all media institutions in the sector, including media organizations, and the propaganda department and state media agencies. However, my interest is in not just the formal institutions but also the informal ones. In this study, unwritten rules, norms, and procedures formed under media marketization are also analyzed in terms of how they govern and discipline the behaviour of media

organizations and professionals.

Except for institutional performance, institutional analysis is also concerned with how institutions affect the behaviour of individuals. I argue that the Chinese political economy is repressive state capitalism and that in such a political economy the Chinese media are under the repression of the political apparatus specifically related to the media, that is, the Party propaganda department and its affiliated state agencies. Media organizations and their behaviours are constrained by this institutional structure. However, media marketization has altered this one-dimensional control and media market forces also influence the behaviour of media organizations. Likewise, both the state media apparatus and market forces have exerted their influence on individual journalists; journalists' behaviour is affected by these two factors as well. Moreover, China's reform and the suppression of the 1989 Student Movement have also changed the social ethos of the people. These changes affect journalists' behaviour as well. In short, journalists' behaviour is affected by state structural factors, organizational constraints and the cultural environment.

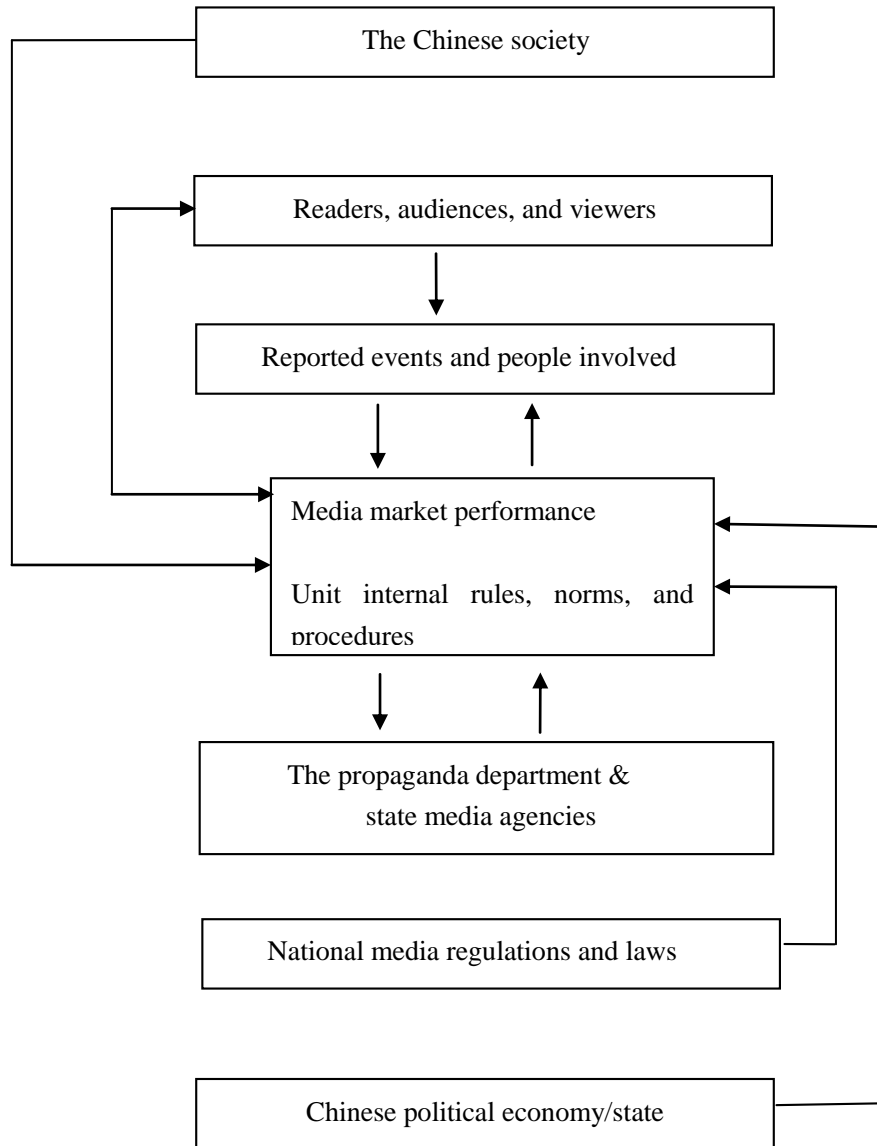
To illustrate the structure of institutional analysis in this dissertation, media organization is taken as the unit of analysis. However, the analysis is not just about media organization *per se*, but about media control in the whole media system under media marketization. The analysis is a multilevel one, involving state, society, system (the media sector), and unit (media organization). More specifically, I analyze:

- * The Chinese political economy (especially the impact of repression of society and economy)
- * The impact of social ethos on media organizations and professionals
- * The relationship between the state and the media sector
- * The interaction between the propaganda department and media organizations

* The performance of media organization

The following diagram illustrates the multilevel analysis of institutions and their influences on each other.

Diagram 1



In addition to institutional analysis, case studies are also important to this study. Case studies demonstrate how marketizing media control works in actual media reporting through a comparative

examination of media reporting (or media products) inside and outside of China. In the section of case studies, I compare three case studies to determine how those media self-consciously censor themselves in order to achieve maximum profits by moving from the Party line in the 2006 Dongzhou shooting case, when the state banned media reporting on the state massacre, to the bottom line in the 2009 Tonghua steel riots, when there was no state ban. In 2013, there was a sharp shift from the bottom line back to the Party line, when media regulators changed their attitudes toward Journalist Chen Yongzhou's reports. As a whole, these case studies concretize the incorporated marketizing media control and its effect on profit pursuit as media organizations abandon their journalist principles in these cases.

The Structure

This dissertation first examines the nature of the Chinese political economy. Using this theoretical framework, I discuss a new market mechanism of media control that fits within the environment of media marketization in China. The study on the media covers not only the traditional state-owned media, but also the privately owned new media in China proper.

The remainder of the dissertation is divided into six chapters. Chapter Two elaborates repressive state capitalism after the literature review of Chinese political economy. Scholars of Chinese political economy provide various explanations to Chinese economic development. However, none of them highlights the role of repression in Chinese economic growth. I argue that repression is productive to Chinese economic development and from this starting point, I unfold the mechanisms of repressive state capitalism.

Chapter Three develops the theoretical framework, fleshing out how repressive state capitalism works and how marketizing media control works. First, it reviews the literature on Chinese media politics,

especially those publications that pertain to the concerning issue of media control in China. The literature review examines texts that discuss the repressive nature of Chinese media, how the state has controlled the media, and through what means or mechanisms it does so. Second, the chapter illustrates how repressive state capitalism works in the process of Chinese economic development. Last, using such a framework, this chapter builds up a political economic theory of “marketizing media control”.

Chapter Four addresses my empirical investigation of traditional Chinese media development since 1949 in a historical institutional approach. I examine newspapers, magazines, radios, and television in order to compare and contrast how the state has managed and controlled the traditional media before and after the 1989 Tiananmen Movement. This investigation generates a picture of traditional media development in China and shows how the state has managed the media as its propaganda tool as it adapts to a China that has changed profoundly since adopting its open-door policy.

Chapter Five examines, through historical institutional and rational choice analyses, whether the market mechanism of media control works in China’s traditional media or state media because almost all China’s traditional media belong the state. Chapter Six examines whether marketizing media control works in China’s dynamic and interactive new media, or social media that are mainly privately owned by technique saviours. I found that although most new media are private in nature and the Internet media is interactive, the mechanism of media control developed in traditional media can also be applied to the new Chinese media.

By way of conclusion, Chapter Seven summarizes the major findings of the dissertation research, answers the main research question, and suggests some implications of this study for future research.

Chapter Two: Repressive State Capitalism

To unpack the general puzzle of the contradiction to modernization theory in China, I first review the literature of Chinese political economy and then elaborate my model of repressive state capitalism.

Literature Review of Chinese Political Economy

Many scholars and experts are interested in the Chinese political economy. There are at least two camps of supporters and critics of China's development. The supporters laud China's incredible poverty reduction, amazing economic achievements, and even the new China model (authoritarian capitalism) *vis-à-vis* the American liberal democratic model of development (Peerenboom 2013). Critics denounce China's poor human rights record, its environmental degradation, its self-inflated nationalism, and its rampant corruption, political repression, and autocratic rule. In short, the Chinese political economy literature would require a book-length review, but this dissertation does not have that space. Here, I review the dialogue among political economists that centres on the relationship between economic growth and democracy.

Supportive scholars and China experts generally claim that China has created its own model of development, and that democratization is not necessary, nor desirable. Jean Oi (1992) argues that local government involvement into township and village enterprises (TVEs) propels economic development, and that China's form of state corporatism could be an alternative to privatization in other former socialist countries. According to Huang (1996), however, this is a misunderstanding of the private nature of TVEs. For Huang, TVEs are not collectively owned as they were supposed to be by the definition of law, but

substantially private between the mid-1980s and mid-1990s (Huang 1996: xiv). Indeed, TVEs thrived in the 1980s, but the wholesale privatization of TVEs in the late 1990s made the number of TVEs largely decrease and the scale of TVEs as a whole shrink as well. Therefore, Oi has difficulty to explain this change.

Bruce Dickson (2003) maintains that Chinese Communist Party (CCP) policies for recruiting private entrepreneurs have successfully encouraged many of them to make connections with state officials. For Dickson, such policies help to reconcile the conflict of interest between private businesses and the state, which co-opts them into the process of building “the Chinese Socialist market economy,” as has been claimed by the Party-state. Such co-optation makes democratization unnecessary. However, the state’s intervention in the economy, FDI contribution to China’s continued growth, and the role of China’s huge labour force in the process of economic development are not mentioned in Dickson’s work. Thus, his theory is not sufficient to explain the contradiction to modernization theory in China.

Dali Yang (2004) notes that, “[t]he making of markets must go hand in hand with the making of the state” (Yang 2004:9-10). For him, a market economy is not possible in China without the remaking of the state. For this task, Yang asserts that the Chinese state has transformed its bureaucracy to adapt to economic development; as a result, the state has more economic resources to sustain its rule and is more powerful than before. Just as Dickson, Yang emphasizes the role of the state, but he does not highlight the major developmental drive underlining the state’s intervention in the economy. Nor does he elaborate on the role of FDI or the Chinese labour force in the process of economic development. Thus, his theory also could not account for the contradiction.

Elizabeth Perry (2007:10) argues that, on the one hand, the CCP has been adept at making coalition

with key social forces; on the other hand, it has also made use of “divide and rule” (Perry 2007:13) to maintain regime stability. With these two major strategies, the Party-state has run its economy well and remained strong in its rule, though Perry does not necessarily praise the CCP for its other deeds. Indeed, Perry suggests that the major agent of Chinese economic growth is the state–social forces coalition and implies that repression has played a role in guaranteeing the smooth economic development. However, she also overlooks the FDI contribution to growth and the role of the labour force in economic development. Thus, her theory could not solve the contradiction.

Teresa Wright (2010) insists that the Chinese people have accepted China’s authoritarianism. She argues that “state-led economic development policies, ” “market forces related to late industrialization, ” and “socialist legacies” have positively shaped “popular political attitudes and behavior,” which influence “public perceptions of socioeconomic mobility, material dependence on the Party-state, socioeconomic status relative to other groups, and political options” (Wright 2010:2). Consequently, the Chinese people “tolerate or even support continued CCP rule” (ibid), and “lack enthusiasm for systemic political transformation” (ibid). The first part of her conclusion is accurate with regards to people’s contentment about their socioeconomic status, but the second part of her conclusion is debatable: the political demands of the people have been repressed by the state, as demonstrated by the 1989 Tiananmen Massacre. Clearly, Wright’s theory does not aim to explain the contradiction.

Some critics of the Chinese political economic system insist that China’s democratization is inevitable; but others disagree. Mary Gallagher (2002) tackles the question of democratization in China directly. She argues that it is FDI liberalization that has delayed China’s democratization, particularly when the precedence of FDI liberalization over the privatization of state-owned enterprises (SOEs) and

the growth of indigenous private business reduce the pressure of the political demand for change. While indigenous private business development usually demands political change, FDI does not, and thus China's favouring of FDI in China have actually delayed the demand for democratization and, thereby, Chinese democracy (Gallagher 2002:354). Gallagher emphasizes FDI contribution to China's growth, but does not discuss the state-led development as the major force of that growth. She also has difficulty to explain the contradiction sufficiently.

Minxin Pei (2006) argues that economic reform without corresponding political reform has resulted in serious problems and, thus, that China has been trapped in its transition to a market economy. For him, first, "[d]espite more than two decades of rapid socioeconomic changes, the core features of a Leninist Party-state remain essentially unchanged" (Pei 2006:4). Thus, China's political development has largely lagged behind the country's social and economic changes in that people's political rights and ability to influence government decisions have barely improved from the pre-reform era (Pei 2006:4). The lack of political development has trapped China in its transition to democracy because "the combination of market reforms and preservation of a one-Party state creates contradictions and paradoxes" that the state chooses to ignore, or is unable to resolve (Pei 2006:7). For example, the CCP could not build a market economy and at the same time rule China according to the law as it claims because these two goals run counter to the CCP's professed political supremacy (Pei 2006:8); in effect, both the making of a market economy and the rule of law must yield to the CCP's political priorities. In the same vein, the CCP could not allow a civil society to grow as such a society might undermine the CCP's political monopoly. These and other unresolved contradictions "are the source of rising tensions in the Chinese polity, economy and society" (Pei 2006:8). As a result, China's "partially reformed economic and political institutions support

a hybrid neauthoritarian order that caters mostly to the needs of a small elite” (Pei 2006:9) “while ordinary people, such as workers and peasants, have benefited the least” (ibid.).

Pei then lists the symptoms of a trapped transition to support his argument. For him, overall, economic reform ended in 2002; in particular, the reform of state banks has made little progress and SOE reform has not broken SOE monopoly, nor led to genuine privatization (Pei 2006:10). The slowdown of the rural sector, inefficiency in SOEs, and the weakness in the financial system are critical to China’s economic growth (ibid.). Such problems derive from the state control of the financial sector, telecommunications, and grain procurement, including both agricultural input and output. Moreover, there is also rampant official corruption. Pei estimates that the total costs of corruption range from 4 to 17 percent of China’s GDP (2006:12), which leads him to dub the Chinese state a predatory state. As a result of repressive state policies and official corruption, there are growing imbalances in society and polity, such as an increasing economic inequality; growing tension between the ruling elites and the masses; the erosion of values; and the increasing marginalization of workers, peasants, and migrant labourers (Pei 2006:14). For all of these reasons, Pei predicts that “[a] democratic transition under the rule of the CCP thus seems a distant, or even unrealistic, prospect” (2006:7). In other words, China’s economic development cannot possibly lead China to democracy.

Certainly, I concur with Pei’s pessimistic prediction of China’s future democracy, but not with the role of repression of intellectuals, students, and labourers. For him, repression is counter-productive rather than productive in the East Asian developmental states. I argue that repression works effectively for the Chinese Party-state and the private interests of Chinese elites, which I will elaborate in the next section. Moreover, Pei also does not identify the major developmental drive behind the severe problems he points

out.

Yasheng Huang (2008) strikes the core of China's developmental drive as an economist. For him, China employed directional liberalism⁹ in its economic development in the 1980s, but has become state-led since 1989. According to him, China's development fits no existing models, not even that of the East Asian developmental state. He defines the Chinese economy as "Capitalism with Chinese Characteristics," a "crony capitalism built on systemic corruption and raw political power" (Huang 2008b:236). For Huang, three components comprise the major part of China's economic growth. In the introduction, Huang argues that successful Chinese private businesses have benefited from China's open door policies, not inside, but outside China for their exit; FDI directly benefits from China's liberal FDI policies; State-led development has dominated the nationwide and decades-long infrastructure construction and urban rebuilding since 1989.

In the opening of his book, Huang (2008b:1) demonstrates that the success of Chinese businesses, such as Lenovo, is due precisely to the fact that they were "able to operate outside the Chinese business environment" and that China's "economic growth follows from an adept tailoring of economic policies and institutions to their local contexts" (Huang 2008b:2). In other words, Chinese business success was "critically contingent on the presence and operations of conventionally efficient financial and legal institutions – in Hong Kong" and elsewhere outside of China (Huang 2008b:32). Even when those successful Chinese businesses had subsidiaries in China, they registered as FDIs rather than domestic private businesses (DPBs) because "[i]n the 1990s, China pursued a highly biased liberalization strategy

⁹ Directional liberalism, according to Yasheng Huang, is the "incentive effects-that the would-be private entrepreneurs felt increasingly assured of the safety of their assets-came from this dynamic development"(Huang 2008b:35), particularly the incentive of the security of the proprietor for not getting instantaneous arrest in the early 1980s (Huang 2008b:36) because Deng's China institutionalized some political rules in the 1980s rather than Mao's despotism before 1978 (Huang 2008b:37) and because Deng himself was purged three times by Mao (Huang 2008b:38).

that conferred substantial tax and policy incentives on FDI while restricting the growth potentials of the indigenous private sector” (Huang 2008b:4). In this way, they “fall under the relatively more liberal purview of China’s foreign investment laws and regulations” even when China’s domestic business environment is full of massive distortions (Huang 2008b:5). Thus, “the true contribution of China’s open-door policy is not just about allowing foreign entry but also about allowing Chinese exit” because “[i]t enabled some of China’s own indigenous entrepreneurs to find an escape valve from a very bad system”(Huang 2008b:6). In short, FDIs have found ways to grow inside China and Chinese private businesses have found ways to grow outside of China even when China has distorted institutions.

Huang then points out that the biggest problem in the Chinese economy is the reversal from directionally liberal policies in rural areas in the 1980s to directionally illiberal, state-led urban development in the 1990s, marked by the Shanghai Model (Huang 2008b:177). For Huang, this reversal results from the state’s policy reversal and financial repression from its favouring of rural financing in the 1980s to its favouring of urban rebuilding in the 1990s (Huang 2008b:41). The investment growth of the state and collective sectors accelerated sharply after the 1989 Tiananmen Massacre (Huang 2008b:23). In contrast, the share of the indigenous private sector declined sharply from 21.4 percent during 1981-89 to only 14.7 percent during 2001-2005 (Huang 2008b:23), as counted by Huang’s input-based calculation. That is, the private sector shrank in the 1990s. Such a reversal was fuelled by a central mechanism of the growth model of the 1990s, which “was to finance state-led, urban China by heavily taxing entrepreneurial rural China” (Huang 2008b:42).

The outcome of such a reversal was detrimental. For Huang, “[u]nlike [in] many countries, the most dynamic, risk-taking, and talented entrepreneurs in China reside in the countryside. These rural

entrepreneurs created China's true miracle growth in the 1980s, first by dramatically improving agricultural yields and then by starting many small-scale businesses in food processing and construction materials"(Huang 2008b: 7). The state policy reversal stifled rural entrepreneurship, however. As a result, "the welfare implications of the fast GDP growth turned adverse" in the 1990s, while "the rapid GDP growth was accompanied by fast personal income growth, an improving income distribution, and a steep decline in poverty" in the 1980s (Huang 2008b:9). In particular, in the 1990s, "rural income – the best measure of the welfare of the majority of the Chinese population – sharply declined in terms of its growth rates compared with the 1980s" (Huang 2008b:27). The beneficiary is the state. While "financial policies became adverse in the rural areas and fiscal and economic affairs in the rural areas were centralized. The power and the reach of the state expanded even when the ownership role of the state declined in the 1990s" (Huang 2008b:41-42). Consequently, "household income as a ratio to GDP (all on a per capita basis) declined substantially in the 1990s compared with the 1980s" (ibid.). In other words, "[i]n the 1990s, China was producing output at an impressive rate but this output production began to benefit its citizens less and less" (ibid.).

Not only did rural household income slow down but the state also "increased charges for providing basic services, such as education and health" (Huang 2008b:43). As a result, "China experienced a sharp rise in adult illiteracy between 2000 and 2005 [an increase of 30 million illiterates], all of which took place in rural areas" (ibid.).

In short, the China success is in no way an exception to conventional wisdom: "China succeeded where and when bottom-up, private entrepreneurship flourished and it stagnated where and when entrepreneurship was suppressed" (Huang 2008b: 7). Specifically, "[p]rivate ownership, financial

liberalization, property rights security, and even some degree of constraints on the political rulers are essential to China's economic success as they are to economic successes elsewhere"(Huang 2008b:9).

However, as Huang argues, the lack of genuine institutional reforms or political reforms has resulted in many serious problems in China. These problems, including a small indigenous private sector, severe financing constraints, increasingly investment-driven growth, and massive governance problems, reversed the fortunes of vast rural entrepreneurs to a small elite class (Huang 2008b:39). But these problems cannot be resolved by the current political system: only institutional convergence with democracy, clean government, and quality governance can move China's economy to the next stage (ibid.).

Huang's analysis of China's economic growth is almost impeccable. He elaborates on the contribution of both DPB and FDI, and the underlying liberal policies outside and inside China respectively for them to grow. More importantly, he fleshes out the essence of Chinese capitalism: a state-led development centred on state investment after 1989. Last but not least, he illustrates policy reversal through his careful and professional calculation of economic indicators. However, he overlooks the fact that when late developers exhaust their advantages of cheap labour and the free use of foreign technologies, they need to upgrade national infrastructure and technology innovation in order to continue with further industrialization (Peerenboom 2007). Rural entrepreneurship could do neither of these things; for late developers, state-led development for organizing infrastructure construction and for encouraging technology innovation is the only way to advance. The successful experience of the East Asian developmental states can be traced back to this state-led development model. Moreover, Huang overlooks the important role of state-business relations in China's state-led development. This oversight can be

illuminated by later theories of Chinese political economy.

When the 2008 economic meltdown devastated the world economy, many states intervened in their economies. Bremmer (2009:40) formally defines state capitalism as “a system in which the state functions as the leading economic actor and uses markets primarily for political gain.” State-owned enterprises help governments to bolster their domestic political positions (Bremmer 2009:45). For Bremmer, the essential feature of state capitalism is the close tie between government officials and those who run the SOEs or state-favoured firms (Bremmer 2009:47). Thus, economic decision making is often left to political bureaucrats, usually making markets less competitive and productive, but “because these enterprises have powerful political patrons and competitive advantages that come with state subsidies, they pose a great and growing threat to their private-sector rivals” (Bremmer 2009:49). For Bremmer, such state capitalism “has introduced massive inefficiencies into global markets and injected populist politics into economic decision-making” (2009:42).

While Bremmer may not intend to theorize state capitalism for interpreting Chinese state capitalism, Osburg (2013), Schweinberger (2014), and Du (2014) have each done their own research on Chinese state capitalism. Osburg (2013) argues that Chinese state capitalism is a state–business connection for achieving state goals and for obtaining private interests. In the inner circle, elite entrepreneurs and state officials (in both legitimate and illegitimate types) “have been increasingly dependent upon each other both to achieve state goals and to enrich themselves” (Osburg 2013:818). For example, “the ‘privatization’ of state-controlled enterprises, assets, and land has rarely proceeded according to an idealized market logic. Rather, the transfer of state assets into private hands during the reform period has in large part followed the dictates of moral [collusive] economics based on kinship (both real and fictive), bureaucratic hierarchies,

and ideals of interpersonal morality such as brotherhood and mutual aid” (ibid.). Even elites “have strategically employed *guanxi* [connection] techniques of relationship building in their political and economic projects, transforming the cultural idioms of *guanxi* in the process” (ibid.). In the outer circle, for general private entrepreneurs, political connection is the key to their business success in China, to the extent that “only those who can successfully ‘court’ an official into offering his or her patronage or cooperation have a distinct advantage” (Osburg 2013:816). In other words, for Osburg, “economics of *guanxi* networks, rooted in kinship, bureaucratic hierarchies, and gendered alliances based on mutual aid, are at the very heart of ‘capitalist’ development in China” (2013:819). In this way, well-connected business people and state officials “create a limited network of exchange that disadvantages competitors and grants special privileges to insiders” (Osburg 2013:819).

To support his thesis, Osburg uses his case study of real estate development to illustrate one picture of Chinese state capitalism. For him, “[p]roperty development is where we see all aspects of China’s state capitalism at work: growth- and project-hungry local governments; the state-controlled banking system; entrepreneurs employing luxury gifts, bribes, and entertaining to win deals; and angry ordinary Chinese who are often forcibly removed from their homes and excluded from any piece of the investment pie” (Osburg 2013:825). During the acquisition of land, “[l]ocal officials frequently collude with private developers to acquire land from residents at well-below market prices, often relying on violence and intimidation to force reluctant residents to move” (ibid.). After the land is cleared, development projects can be smoothly implemented. As a result, the “state-directed investment generates considerable wealth for officials and well-connected entrepreneurs and is the prime enabler of corruption” because “[o]btaining contracts to undertake these massive projects is incredibly lucrative and requires a mix of

bribes, entertaining, and connections” (Osburg 2013:824).

Moreover, China’s “SOEs have emerged as vested interests controlled by elite families, ... [and] increasingly behave much like any private corporation in retaining the bulk of their earnings” (Osburg 2013:815). For Osburg, the state also produces policies to support export-oriented domestic industries that help sustain high-speed development (Osburg 2013:823). Furthermore, the state’s strict capital control and the *yuan*’s fixed exchange rate (ibid.) are also part of Chinese state capitalism because the control of “capital flows helps maintain stability in the financial system and facilitates state control of the banks” (ibid.). In addition, capital control also partially accounts for the inflated real estate market as there is no better investment alternative: Chinese domestic stock markets have offered virtually no long-term gains and, when inflation is taken into account, Chinese banks provide a negative return on deposits (ibid.).

In short, the state control of economy is embodied in the control of SOEs and major economic resources, in making policies that favour export-oriented industries, and in strict capital control and the control of the *yuan*’s fixed exchange rate (Osburg 2013:823). But, for Osburg, China’s state capitalism has generated massive crises and contradictions that could not be contained by the regime and therefore, is not a viable alternative to US-style liberal capitalism (Osburg 2013:827). Yet Osburg’s explanation of China’s economic growth largely ignores the contribution of FDI, the role of the vast pool of labour, and how labour repression affects economic growth. Thus, he has difficulty to explaining the contradiction to modernization theory in China.

Schweinberger (2014) argues that the politicization of economic decision-making is a major characteristic of China’s state capitalism in terms of economic growth. He defines Chinese state capitalism as “a political, social, and economic system which combines state power with some policy tools and

institutions of liberal capitalism to promote a sustained and rapid growth of Chinese GDP and economic development” (Schweinberger 2014:172). Two major sources of state power—SOEs and private—public sector networks associated with a highly developed patronage system—dominate China’s economic development, which lends legitimacy to the ruling state, which in turn reinforces state power (ibid.). But for Schweinberger, in this model of economic development, rent plays an important role as a source to access patronage resources in China because China extracts rents from commerce (ibid.).

For Schweinberger, the major developmental drives are, first of all, China’s industrial policies, such as the massive privatization of small SOEs in the 1990s and the making of large and globally competitive corporations that have contributed to the country’s decades-long rapid growth (Schweinberger 2014:173-74). Second, China’s public official—private business networks have built up regular, personal and long-term trust, which lowers transaction costs than those of the American liberal market (Schweinberger 2014:176). Last, the autonomy of managers ensures them to avoid phenomenal crises due to their short-term profit considerations (ibid.), as in the case of the 2008 economic meltdown. As for China’s economic prospects, Schweinberger predicts that the vast Chinese hinterland will be a great resource for China’s future growth (Schweinberger 2014:177). For him, sustainable development in China is possible and the current growth model works. Hence, democratization is not necessary and China’s modernization will not lead to democracy, at least in the mid-term. However, like other state capitalist theorists, he overlooks the important role of labour repression and the contribution of FDI growth to the country’s economic development, which I will elaborate in the next section. Thus, his theory does not sufficiently address the contradiction to modernization theory in China either.

Du (2014:410) insists that the ultimate motive of state capitalism is not economic but political for

state's power and its survival. First of all, China's SOEs are the instrument to facilitate Chinese state capitalism in that "the state-owned and state controlled portions of the economy continue to control the commanding heights of the Chinese economy even though market reforms have led to a rapid expansion of the private sector" (Du 2014:410-11). For example, in 2014, "SOEs constitute 80 per cent of the value of the Chinese stock market and the Chinese government is the biggest shareholder in China's 150 largest companies. In 2013, 95 Chinese firms appeared on the list of Fortune Global 500, compared with 79 in 2012, 69 in 2011, 54 in 2010 and 13 in 2003, and 77 of 95 firms on the list were SOEs" (Du 2014:411). These SOEs are backed by the Chinese state. For instance, central SOE executives are appointed by the State Council and they hold ministerial rank; among them many are members or alternatives of the powerful Central Committee of the CCP (Du 2014:418).

Second, China's SOEs have state goals aside from their profit goals. For example, researchers found that China's 2008 fiscal stimulus money was lent primarily to SOEs (Du 2014:420), and these SOEs cover strategic sectors, basic and pillar industries, and other industries. For instance, the state maintains absolute control in seven strategic sectors: defence, electric power and grid, petroleum and petrochemical, telecommunications, coal, civil aviation and shipping (Du 2014:420-21). Such policy implementation through state-control sectors aims to maintain economic stability and thereby political stability.

Third, China's SOEs receive government backing ranging from financial advantages, such as tax reductions and exemptions, direct subsidization, and low-cost capital from state-controlled banks; regulator advantages, such as monopolies, captive equity, and favourable dividend policy; and preferential access to raw materials and other inputs, and to government procurement (Du 2014:421-25).

Last, Chinese state capitalism has extended into the world of international trade because SOEs, such

as state-controlled banks, are “tools used by the government to develop China’s economy, to carry out macroeconomic stimulus, and increasingly to secure economic security and advance economic interests abroad” (Du 2014:446).

In short, Du identifies SOEs and the state power as the core of Chinese state capitalism, but ignores the state–business connection that Osburg and Schweinberger argue for. Nor does Du mention the contribution of the working classes and the role of repression in China’s economic growth. In the end, he also has difficulty to disentangle the contradiction to modernization theory in China.

To summarize, all the above scholars and experts of the Chinese political economy identify China’s state capitalism or state-led development, particularly the state-business coalition, has been the major developmental drive of economic growth. However, they neglect the role of repression and the important contribution of the working classes, particularly migrant workers who have evidently built Chinese infrastructure (including roads, highways, railways, high-speed railways, airports, harbours and subways, and the nationwide communication backbone), skyscrapers, apartments, houses, and villas. Although the state or local states and SOEs or red capitalists have organized and financed major projects, migrant workers actually accomplished those projects. They paid a high price, including sweat and blood and even their lives – the entire scheme sustained by systematic political, economic and social repression. Politically, migrants are repressed in terms of freedoms of speech and publication, which prevents from venting their grievances, though the state-run All China Federation of Trade Unions (ACFTU) has attempted to mitigate workers’ protest (Friedman 2014). Migrants are also repressed in terms of freedom of association, which prohibits their independent unionization, and they are denied the freedom of assembly, which prevents them from taking part in peaceful petition and protests, though the court and

labour department in local governments have participated in resolving labour disputes in many cases (Lee 2007).

Economically, most migrants are excluded from urban unemployment, health insurance, retirement pension, and low-rent housing, though some of migrants have recently received health-care insurance; their children are excluded from education opportunities as state household registration proscribes these economic rights due to their lack of urban household registration.¹⁰ In other words, migrant workers have neither benefited from urban health care insurance, nor education and pension, let alone low-rent housing because they are not qualified due to the lack of urban household registration (Friedman 2014:11). Various government surveys in the past decade show that very few migrant workers have basic injury insurance, basic medical insurance and basic pension, and their primary dissatisfactions are wages, living conditions, social insurance and health care (Friedman 2014:11-12). Moreover, they are also exploited frequently and blatantly by their employers, and this exploitation is supported by the state's regulations and courts. For example, the state's illegalization of unionization deprives workers of collective bargaining power, and thereby allowing employers to set the working conditions and salaries at will, though the state sets minimum wages to retain a subsistent living for workers.

As a result of these conditions, most migrant workers live in dormitories without any privacy (Pun 2005). The state policy reversal in the 1990s largely reduced their job opportunities in rural settings, forcing them to leave villages and accept low wages and hazardous working conditions in the cities. Hu

¹⁰ Friedman (2014:14) defines household registration system or *hukou* as "the provision of social services to a specific locality". "People with nonlocal *hukou* do not have guaranteed access to public services such as health care, education, pensions, and subsidized housing and suffer various forms of political and social discrimination" (ibid.). Migrant workers are rural residents and they do not have urban *hukou*. They are associated with the rural *hukou* system with poor education, inadequate health care, no unemployment insurance and pathetic pension. When migrants move to a city, they are not entitled to any urban public services at all due to the lack of local urban *hukou*. In China, about 70% of the people, approximately 900 million, hold rural household registrations, and about 250 million migrants work in cities (ibid.).

and his colleagues argue that the increasing number of “floating” (roaming) migrant workers has been driven by a still tightly controlled *hukou* (household registration) system and the expanding market economy (Hu *et al.* 2007:549). According to Yuezhi Zhao (2008:247), when migrants work in cities, the household registration system puts “[them] in an extremely vulnerable position vis-à-vis domestic and international capital and serves as one of the key mechanisms helping to keep Chinese labour some of the cheapest in the world.” The system thus helps to maintain labour discipline and serve as a means of social control in the urban center. Such control has serious outcomes. For example, 13 workers attempted or committed suicide as a protest against exploitation and repression in Foxconn (a sweatshop factory) in 2010 (Pun and Chan 2012). Even the minister of agriculture Han Changfu has called for a repeal of the household registration system in order to allow migrants to merge into urban life because the urban-rural imbalance is the biggest structural contradiction in China (*Legal Nightly*, November 4, 2013).¹¹ Consequently, migrant workers have been put into “an extremely brutal regime of social control and economic exploitation” (Zhao 2008:248). Indeed, they are condemned as “second-class citizens” in urban cities (Zhao 2008:264). In short, labour repression definitely plays a role in China’s economic development, just like the role labour repression played in Korean economic growth in the East Asian developmental state model. As explained by Woo-Cumings and Kohli before, labour repression played a positive role in Korean economic growth at least before Korea’s democratization. Thus, it is necessary to take into account the role of labour repression in China’s economic development if we were to find the truth of this development.

In the case of the East Asian developmental state, state intervention has played a crucial role in

¹¹ Tencent News 2013-11-4, <http://news.qq.com/a/20131104/013621.htm>, accessed 2013-11-4

economic growth. In China, the state has never relinquished control of its economy. Thus, it is not state intervention; but, rather, state control of crucial sectors such as finance (including banks, stock markets and investment institutions) and the media, and state management of strategic sectors (such as civil aviation, railways, telecommunication, mining, power generation, petroleum and oil refining, iron and steel, car-making and coal mining) that stabilize the Chinese economy and secure the commanding heights in the hands of the state. The one Party-state controls major resources and extends privileges to its officials and to those who court the CCP, which fosters the state–business connections between the inner circle elites, as argued by Osburg (2013:818). Consequently, the Party-state political monopoly has turned to protecting the vested interest of elites, though political struggle for power among different factions occasionally results in the conviction of corrupt officials. Moreover, state power and the individual power of members of the elite ensure the ongoing repression of the working classes, particularly migrant workers. This is the nature of Chinese state capitalism, which incorporates political monopoly, or the suppression of political competitors, and state domination and management of the economy in its developmental drive both for state goals and for private profits. Such a process has been reinforced by the state’s political and economic power through systematic repression of the majority of the working class and occasional suppression of petitioners, protestors, and rioters.

Repressive State Capitalism

To explain these developments I propose a model that I label “repressive state capitalism” to capture the major characteristic of the Chinese political economy, in terms of both its political and economic

character, but more importantly in reference to its incorporation of political and economic spheres and the essential role of repression in economic development. In China, repression is not only a repression of labour as discussed above, but also systematic repression in the whole political economic system of the working classes and lower status businesses. I acknowledge the insights of many political economists in the Chinese political economy, particularly Yasheng Huang's state policy reversal and state-led development, Dickson's red capitalists, Osburg's state-business connection, Schweinberger's politicization of economic decision-making, Du's politicization of SOEs' roles, and Pei's insightful criticism of the predatory state. However, they overlook FDI contribution to, and the role of repression in, China's economic development, particularly the role of labour repression because FDI expansion is precisely due to labour repression of migrant workers and repressions on the media reports about environment degradation and related corruption. More importantly, I argue that it is the state's systematic repression that enables China's state-led development, facilitates and protects the state-business connection, ensures the politicization of economic decision-making, and bestows SOEs with the political as well as economic position to accomplish state goals, thus leaving opportunities for state officials and red capitalists to siphon off state assets and appropriate partial economic achievements. I employ the model of repressive state capitalism to encompass the pivotal role of repression, state-led development and its state-business connection, and the contribution of FDI and DPB to China's economic growth on the one hand, and to flesh out the formation of the economic hierarchical system and detrimental effects on the environment and the majority of the people on the other hand. I first articulate the theory of repressive state capitalism in this chapter and then provide empirical analysis in the next chapter.

Although I personally do not support such a model of economic development in China because of its

inability to incorporate democracy and a fairer distribution of wealth, it is empirically demonstrable that this model of development has sustained China's economic growth, particularly since 1989. China's economic development is so complex that this study cannot encompass all aspects of its development, or present even a significant overview of the important events and political, economic, social, and foreign policies that have contributed to economic growth and setback, let alone the interactive and intertwined processes of China's economic development since 1978. I argue that repressive state capitalism has become the major characteristic or the core of China's economic developmental drive in terms of the role it plays in both the state-business circle and the experience of the working classes, especially migrant workers, who work the hardest and get compensated the least. Both political and economic repressions ensure both the formation of a state-business circle and forces working classes to contribute more when the major economic growth has been led by the state.

Conversely, this model of repressive state capitalism could not be sustained if there were no systematic repression, reinforced by intermittent suppressions, such as the 1989 Tiananmen Massacre, the watershed tragic event of Chinese politics. In fact, the Chinese people have suffered from political, social, and economic repressions since the CCP assumed power in 1949; the CCP was notorious for its totalitarian rule from 1949 to 1978, and has been noted for its authoritarian rule since 1978. However, it is also indisputable that the Chinese economy has undergone great development as well. China's GDP per capita increased from US\$151 in 1978 (Pei 2006:2) to US\$6,800 in 2013.¹² In other words, repression has coexisted with economic growth in China since 1978.

I argue that the following mechanisms have sustained repressive state capitalism in the process of

¹² World Bank Data, China homepage, <http://data.worldbank.org/country/china>, accessed 2014-09-12

Chinese economic development. First, political repression in China after the 1989 Tiananmen Massacre has ensured the stable social and economic environment that is pivotal for economic activities to flourish. Second, when regime stability is guaranteed, the state can wield its power at will. Thus, state investment carried out by SOEs has become the major driver of Chinese economic development since 1992. Third, FDI liberalization has attracted ever-more foreign investment to China since 1992 after the state ensured tight control of the labour force, particularly migrants. Fourth, state-led development has encouraged local states to engage in economic activities, particularly infrastructure construction and real-estate development that have contributed an ever greater share to China's economic growth since 1992 and, in the meantime, allowed more rampant corruption among some state officials and business people. Fifth, state spending on repressive state apparatus, such as military, state security and police for maintaining stability, has taken a much greater part of the overall state spending than much-needed health care and education spending, and has not only sustained economic growth, but also reinforced repression on the people in general, particularly Chinese dissidents, rights activists, Falun Gong practitioners and other disaffected groups. Sixth, state repression on certain sectors, such as the financial and media sectors, and state monopoly on other sectors, such as telecommunication, aviation, mining, railway, petroleum, power generation, and car manufacturing, have sustained rather than slowed down economic development in these sectors. Seventh, the state favours some categories of businesses and disfavors others on the one hand, and privileges state officials and their colluded business people and disprivileges working classes, particularly peasants and migrants on the other hand. Consequently, income discrepancy has been enlarged and social stratification has been intensified; therefore, the economic hierarchy has been rapidly forged within decades, which in turn urges those people on lower rungs to strive to climb the hierarchy and

stimulates them to work hard. Last, economic development under such repressive state-led development has encountered widespread social resistance and prompted serious social and economic problems that the regime is unable or unwilling to resolve.

The first aspect to sustain repressive state capitalism argues that political repression has been the stabilizing force of China's economic development. Political repression in China after the 1989 Tiananmen Massacre ensures the stable social and economic environment that is pivotal for economic activities to flourish. Four underlining grounds support this point. Ground one, political repression has avoided phenomenal crises for the Party-state since the 1989 Tiananmen Massacre. Therefore, the Party-state has remained safe in its political monopoly and authoritarian rule, which has ensured social and economic stability that is essential for economic activity to flourish in China. The 1989 Tiananmen Massacre represents a brutal suppression of students and dissidents. After the massacre, millions of liberal state officials were removed from office, intellectuals were dismissed from their posts, journalists were jailed, and students were "labour-reeducated" (*Lao gai*). Thousands were forced into exile. Since then, the state has imprisoned Nobel Peace Prize Winner Liu Xiaobo and thousands of Chinese dissidents, democracy advocates, rights activists, and critical journalists, even though China signed the International Covenant for Civil and Political Rights on October 5, 1998.¹³ Moreover, the state suppressed the China Democracy Party, the only opposition party that attempted to register, and put some of its members in jail in 1998.¹⁴ Furthermore, the state has continuously persecuted thousands of Falun Gong practitioners since 1999 after about ten thousand Falun Gong practitioners staged a peaceful protest around Zhong Nan Hai,

¹³ China signed the Covenant, but suppressed opposition party members, www.hrw.org/reports/2000/china/china009-02.htm, accessed 2014-09-26

¹⁴ Short history of the only opposition party attempted in Chinese Communist Party (CCP) history, from Human Rights Watch, retrieved from www.hrw.org/reports/2000/china/china009-02.htm, accessed 2014-09-26

the headquarters of CCP and Chinese authorities.¹⁵ By 1999, Falun Gong had a membership of tens of millions and many are Party members and officials. However, “it was the organizational power, financial success, and ideological challenge of the group that was of particular concern to the Chinese authorities” (Brady 2008:53). Jiang Zemin regarded it as a threat to the regime and ordered to arrest at least five thousands Falun Gong practitioners (ibid.). In addition to political resistance, worker protests have been rising; peasant riots against excessive taxes in the late 1990s and early 2000s were widespread as well (will elaborate in Chapter three). However, social and political resistances have been weak compared with the state systematic repression, and thus the state has stabilized its rule since 1989.

With political repression systematically installed and sustained, it safeguards the stable social environment for economic development, thus enhancing economic efficiency of the society as a whole. In fact, political repression ensures that the government’s audacious and often, illegitimate policies are carried out without social resistance. When China implemented liberal policies and lifted political repression in the 1980s, large-scale protests during the period of 1986-89 called for political reform, more freedom, and higher salaries, particularly the 1989 Student Movement, which lasted for nearly two months from April 15 to June 4 in most large urban centers. Such movements disrupted transportation, public service, and economic activities, thus slowing down economic development. In particular, the 1989 Tiananmen Massacre badly hurt the Party-state and its legitimacy. After the Massacre, when the state reestablished repression of the society, the regime did not encounter any significant resistance to social, political, or economic crises. The state remained safe after the 1993 high inflation crisis, did not suffer from any serious challenge in the 1997 Asian Financial Crisis, and experienced no resistance to China’s

¹⁵ <http://www.cctv.com/specials/falungong/990802/fl10.html>, accessed 2014-09-27

2002 WTO (World Trade Organization) concessions, the 2003 SARS (Severe Acute Respiratory Syndrome) epidemic,¹⁶ and the 2008 economic meltdown. In short, political repression after 1989 ended the liberal development of the 1980s, but has fended off political turmoil and provided stable social conditions for economic activities to flourish. Aside from phenomenal crises, the state's political and economic repression of the media, economic repression of the financial sector, and social repression through riot and media control have successfully curbed small- and medium-scale protests and have prevented nationwide protests for the past two and a half decades. With the specter of the 1989 Tiananmen Massacre, people have become timid; very few dare to challenge the government. Most protests are economic and local in nature. No one, except for dissidents who have been either imprisoned or exiled, has any interest in challenging the regime. Repression has definitely been effective and in economic terms, it has provided a stable social condition that is pivotal to the flourishing of economic activity.

Ground two, political repression forces working classes to work hard for provisions to the state and state officials, and guarantees state officials' unchecked power, stimulating them to work hard for rent-seeking and career advancement in the process of economic development. Thus, political repression enhances productivity of the society as a whole. Political and economic repression ensures economic development both by pressing the working classes and by stimulating state officials to work harder. In general, political repression guarantees economic repression by maintaining the CCP's political monopoly and stability, protecting the state's, local states', and state officials' abuse of power and state-business vested interests, and allowing the state, local states, and individual officials to use repressive state apparatuses to suppress all political as well as economic petitions, demonstrations, protests, and riots that

¹⁶ SARS: Severe Acute Respiratory Syndrome, a severe respiratory disease that led to thousand of mortality worldwide, originated in Guangzhou, China in November 2002 and spread fast through air within months in China and worldwide.

reinforce both political and economic repressions. Thus, both political and economic repressions force working classes to work hard. For most of them, political repression works as a threat where as economic repression works as a pressure on DPBs (except for red capitalists) and the working classes. According to the 2012 survey by British office-solution provider Regus, 75 per cent of Chinese working classes identified high-pressure rate in their work, the highest among working classes in 80 countries. This rate is much higher than the world average of 48 per cent. Furthermore, 80 per cent of Chinese working people often work overtime and more than 40 per cent of them identified as having a sub-health status. Worse, China has surpassed Japan's death roll of overwork (Karoshi) and recorded 600,000 such deaths (the Peoples' Net October 17, 2012).¹⁷

Under political and economic repressions, working classes must surrender a large portion of their achievement to the government and to relevant officials. Data show that corruption and excessive high tax have extracted vast wealth from some people and some businesses to individual corrupt officials and the state. Before 2001, Pei (2006:12) estimates that about 4-17% of GDP was put into private "pockets" of officials. During 2003-2012, hundreds of high-ranking officials and millions of lower level officials were convicted for corruption.¹⁸ Since 2012, China has convicted more than 50 high-ranking officials, such as Bo Xilai, Zhou Yongkang and Xu Caihou, and has retracked 428 runaway corrupt officials in more than 60 countries. These people diverted billions of dollars.¹⁹ The state has also extracted enormous wealth from people and businesses as a whole because the state tax rate is much higher than the GDP growth rate. For example, growth in the rate of tax was 20% in 2005, double the GDP growth rate 9.8% in the same year.²⁰

¹⁷ Netease News 2012-10-17, http://news.163.com/12/1017/08/8E0N7A9I00014JB6_2.html, accessed 2012/10/17

¹⁸ Netease News 2012-11-04, http://news.163.com/12/1104/17/8FG061LG00014JB5_all.html#p1, accessed 2012/11/30

¹⁹ Sina News 2015-01-04, news.sina.com.cn/c/2015-01-04/113831357539.shtml, accessed 2015/01/06

²⁰ The People's Net news, <http://www.people.com.cn/GB/paper1631/16746/1473351.html>, accessed 2013-04-28

As a result, working classes and lower-status businesses under such economic pressure have to work even harder to make provisions to the state and officials. Economic growth is thus ensured under the harsh environment of survival and the fierce competition over scarce resources controlled by the Party-state. Consequently, repression partially ensures economic development.

As for state officials, both political repression and economic repression under the guise of regulation ensure their power is productive both for their personal material gain and for their career advancement. In terms of material gain, systematic political, social, and economic repression of the people, compounded by the unbridled power of the state officials (which itself is safeguarded by state political repression) ensures the power-money exchange that has prevailed in China. When power can be exchanged into money, some officials boldly engage in business by promoting development projects, particularly infrastructure construction and real-estate development. By engaging in these economic activities, both individual officials and local governments achieve material gain by appropriating state assets and siphoning off government transfers. This state model of development or state-led capitalist development has prevailed since 1992 as argued by Huang (2008b). Under Deng's banner of "Development Is the Unyielding Principle" (*Fazhan Cai Shi Ying Daoli*), many powerful officials have led or organized economic activities, in which power can be exchanged for money. In terms of career advancement, infrastructure construction and real estate development can become political achievements for individual officials and local governments; relevant officials can be promoted to higher positions, encouraging other officials and local governments to engage in economic activities, especially mega-projects. Thus, officials are willing to work hard and enjoy engaging in economic activities both for material gain and for career progress, which in turn provides them with more power and personal gain as

they sell political positions and arrange work assignments.

Ground three, political repression ensures that state-led development dominates economic growth. Political repression has allowed the Party-state to reverse the state financial policies from favouring rural development in the 1980s to favouring urban development in the 1990s (Huang 2008b: 41). When state repression ensures regime stability, the state is able to appropriate more resources for infrastructure construction and real-estate development through transferring rural surplus to urban finance by the grain procurement system as argued by Pei (2006). In the meantime, China's high saving rate has enabled the state to invest in urban development. Insufficient educational and health care facilities make people feel uneasy in their daily life; this in turn leads to their increase in both educational and health care expenditures. Together with the cut of social security, these factors ensure China's relatively high saving rate and a huge amount of savings (for example, China had US\$ 500 billion household saving in 2009²¹). This huge amount of savings, together with a huge foreign currency reserve (for instance, US\$2 trillion in 2009²²) and tens of billions of dollars in annual net inflows of FDI (ensured by China's vast pool of labour and state labour repression), allow the state to invest at will through the state-controlled banking system and SOEs.

The last ground, economic growth has provided more resources for the state, and in turn, the state uses these resources to build up a more sophisticated repression system. It has used its financial strength to install a panoptic surveillance system across the entire country and on the Internet (Walton 2001). The state has further appropriated more revenue to build an updated, armed police force to suppress riots and protests against any authorities or individual officials (Pei 2006). The enhanced repressive force ensures

²¹ Kurlantzick, Joshua (2009), Enter the Dragon, *Mother Jones*, May/June 2009, Vol.34. Issue 3

²² Ibid

wider surveillance and faster response to social unrest, and therefore prevents social or political uprisings from disrupting economic activities, which ensures a stable social environment for economic development.

The second aspect to sustain repressive state capitalism is state investment carried out by SOEs. When regime stability is guaranteed, the state can wield its power at its will. Thus, state investment has become the major drive of Chinese economic development since 1992. Indeed, the Chinese economy stagnated between June 1989 and January 1992 after the 1989 Tiananmen Massacre when China was boycotted by the international community for its brutal shooting of students and Beijing citizens. The regime headed by Jiang Zemin reimposed harsh revolutionary discourse on the media and state institutions, and relentless political repression on the society during the period. However, Deng Xiaoping, China's former paramount leader, did not agree with Jiang's economic policies, and he urged the Party-state to liberalize the Chinese economy. As a result, state investment in infrastructure construction, such as harbours, airports, and industrial zones, has resumed since 1992, and data show that state investment has consecutively dominated China's overall investment since then. For example, China's national investment was only 559 billion *yuan* in 1991, but rapidly increased to 808 billion in 1992, 1.3 trillion in 1993 and 2 trillion in 1995 (China Statistics Yearbook-CSYB 2001:158). State investment (SOEs' investment) took a share of 68% in 1992, 61% in 1993, and 55% in 1995 (*ibid*). Later, it gradually decreased due to the overall growth of the Chinese economy. SOEs' investment took a share of 54% in 1998, 53% in 1999, 50% in 2000 (CSYB 2001:158), 51% in 2001, 44% in 2002 (CSYB 2003:186), 39% in 2003 (CSYB 2004:187), and 36% in 2004 (CSYB 2005:185). These data demonstrate the state's economic power in directing the Chinese economy. As a result, China's GDP grew fast in the years following 1992 and has remained at a

nearly 8 per cent growth rate since 1995.

The third aspect to sustain repressive state capitalism is the ever growing inflow of foreign investment to China. Net inflow of FDI has fuelled Chinese economic growth. FDI liberalization has attracted increased foreign investment to China since 1992 after the state ensured its tight control of the labour force, particularly migrants through temporary resident control, labour repression, and the household registration system as discussed above. The state investment to some extent (for example, infrastructure construction) has targeted foreign direct investment, and indeed it has successfully attracted large sums of FDI investment, first coming from Chinese diasporas in Hong Kong, Taiwan, South East Asian states, then from Japan, Korea, and finally from North America and Western Europe. For example, due to the vast pool of cheap labour and land supply in China, little or no environmental regulation as well as no independent labour unionization as a result of the state's social and economic repression, FDI inflow to China increased rapidly from only US\$ 4.4 billion in 1991 to US\$11.2 billion in 1992, US\$27.5 billion in 1993, US\$33.8 billion in 1994, US\$35.8 billion in 1995, and US\$40.2 billion in 1996.²³ To 1995, FDI contributed to 19.5% China's gross industrial output (Gallagher 2002:347). However, FDI liberalization has delayed democracy in China because it preceded to the privatization of SOEs and the growth of infant DPBs, which fended off social and political demand for change (Gallagher 2002). Indeed, China began to privatize SOEs in the middle 1990s, particularly after 1997. Urban DPBs have grown only in the late 1990s, but rural TVEs have shrunken at the same time (will elaborate in Chapter 3).

The fourth aspect to sustain repressive state capitalism is the rapid rise of real-estate development led by local states. State-led development has encouraged local states to engage in economic activities,

²³ The World Bank Indicator, <http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?page=4>, accessed 2013-04-25

particularly infrastructure construction and real-estate development. Since 1992, real estate development has contributed ever greater share to China's growth and in the meantime has allowed more rampant corruption among state-business circles as labelled by Osburg (2013). For example, in 1998, real estate investment was only 358 billion *yuan*, but this number rocketed to 1.94 trillion *yuan* in 2006, a two-digit yearly growth rate in this period (Tang 2008:128). Accordingly, land sales took only 0.08% of the national revenue in 1998 in China, but soared to 47% in 2004 (ibid). During this period, local governments become the biggest real-estate developers (Tang 2008:128). For example, during 2003-2005, the rate of real-estate investment to all fixed investments surpassed 53% consecutively in Beijing. As a result, real-estate development has become important in China's economy. For instance, real estate directly contributed to 18% GDP in 2004 in China as a whole (Tang 2008:130). This industry thus has become the biggest single contributor to GDP in the last decade (ibid.).

In the meantime, real-estate development illustrates the power relations and corruption in this sector. Through his case study, Osburg argues that local governments, the state-controlled banking system and development entrepreneurs employ "luxury gifts, bribes, and entertaining to win deals; [while] angry ordinary Chinese [...] are often forcibly removed from their homes and excluded from any piece of the investment pie" (Osburg 2013:825). Moreover, he reveals that during the acquisition of land, "[l]ocal officials frequently collude with private developers to acquire land from residents at well-below market prices, often relying on violence and intimidation to force reluctant residents to move" (ibid.). Osburg's case study demonstrates the economic repression on ordinary Chinese, particularly the reluctant residents, and the collusion among corrupt local officials, bank officers and developers.

The fifth aspect to sustain repressive state capitalism is that state spending on repressive state

apparatus, such as military, state security and police for maintaining stability (*Wei Wen*), has taken a much greater part of the overall state spending than much-needed health care and education spending, and has not only sustained economic growth, but also reinforced repression on the people as a whole, particularly Chinese dissidents, democracy advocates, rights activists, Falun Gong practitioners and other opposing groups. China's military spending is much higher than other countries. For instance, according to the World Bank, China's military expenditure compared to the central government expenditure (18.1%) is much higher than the world average (10.6%) during 2005-2009. Only Singapore (30.5%), Georgia (28.56%), Pakistan (25.9%), Chile (19.9%) and the US (18.7%) spend more than China.²⁴ Moreover, state spending on maintaining stability is even higher than military spending. For example, state spending on maintaining stability in 2010 cost 549 billion *yuan*, more than its military spending, 534 billion *yuan*,²⁵ and the 2012 state budget on maintaining stability was as high as 700 billion *yuan*, again more than its military spending, 670 billion *yuan*.²⁶ These expenditures are much higher than those of education and health care. The Chinese state does not acknowledge World Bank data of military spending, but even its own military spending is much higher than its education and health care spending. For example, according to Phoenix news, China's military spending was 11.1% of the annual budget, twice that of educational spending 4.6%, and triple its health care spending 3% in 2009;²⁷ and roughly the same is true in 2010.²⁸ These data demonstrate that the state favours repressive apparatus and disfavours the much-needed livelihood facilities, particularly health care and education.

²⁴ World Bank data-indicators, <http://data.worldbank.org/indicator/MS.MIL.XPND.ZS>, accessed 2011-01-08

²⁵ Free Wikipedia, <https://zh.wikipedia.org/wiki/%E7%BB%B4%E7%A8%B3>, accessed 2013-04-28

²⁶ Tencent news 2012-03-07, <http://news.qq.com/a/20120307/000290.htm>, accessed 2013-04-28

²⁷ Phoenix News 2010-03-08, http://news.ifeng.com/mainland/special/2010lianghui/zuixin/201003/0308_9417_1567239.shtml, accessed 2010-12-24

²⁸ Phoenix News 2010-03-08, http://news.ifeng.com/mainland/special/2010lianghui/zuixin/201003/0308_9417_1567239_2.shtml, accessed 2010/12/24

The sixth aspect to sustain repressive state capitalism is that political repression ensures economic development in some sectors. State repression on certain sectors, such as the financial and media sectors, and state monopoly on other sectors, such as telecommunication, aviation, mining, railway, petroleum, power generation, and car manufacturing, have sustained rather than slowed down economic development in these sectors. The state political repression on the media sector, or media control, has not made this sector shrink but instead expanded the scale of media market (Zhao 1998, Zhao 2008). Likewise, state control on the financial sector has also not decreased the banking system; rather, it has increased it to a much larger scale than before the reform era, though nonperforming loans have troubled the state bank system (Pei 2006, chapter 4). In the same vein, state monopoly on the telecommunication sector also has also facilitated rather than decreased the market scale of this sector. Both landline and cell phone users have sky-rocketed in the two and half decades since 1992. For example, landline phone users amounted to 1.25 billion and cell phone users amounted to 960 million by October 2011.²⁹ Such monopolies, neither relevant to national security nor natural monopolies (such as utility facilities), impair the people's interest (*The Peoples' Daily* April 01, 2010).³⁰ However, the state has never relinquished its strict control over the financial and the media sector, nor the state monopoly of telecommunication. Such control is both political and economic repression for these three sectors, but growth is still secured through economic liberalization due to the enormous demand of the vast population.

The seventh aspect to sustain repressive state capitalism is the rapid development and the formation of the economic hierarchy in China. On the one hand, the state favours some categories of businesses and disfavours others; on the other hand, it privileges state officials and their colluded business people and

²⁹ Chinese Government, http://www.gov.cn/gzdt/2011-11/22/content_2000263.htm, accessed 2012-03-29

³⁰ China News Net 2010-04-01, <http://www.chinanews.com.cn/gn/news/2010/04-01/2202183.shtml>, accessed 2010/03/31

disprivileges working classes, particularly peasants and migrants. Consequently, income discrepancy has been enlarged and social stratification has been intensified. Therefore, an economic hierarchy has been rapidly forged within decades, which in turn urges those people on lower social rungs to climb the hierarchy and stimulates them to work hard.

The state favours certain categories of businesses and certain classes of people and discriminates against others. Among SOEs, FDIIs, and DPBs (except for those businesses run by red capitalists), the state appropriates the most financial resources (Pei 2006) and sets the best policies for SOEs (Huang 2008b). The state and local governments also organize promotional conferences, domestically as well as overseas, to attract FDI, offering favourable conditions to those foreign businesses, particularly large transnational corporations, though FDI has to finance by themselves. Most DPBs (except for red capitalist businesses), however, are generally ruled out of the public finance as well as out of the favourable policies and conditions that the other two enjoy.

The state also privileges state officials and their colluded businesses people, but disprivileges working classes, particularly migrants and peasants. Among officials (cadres), intellectuals, professionals, workers, and peasants, the peasants (including migrant workers) are the most repressed – by the household registration system (as discussed above) and its associated poor education, harsh working conditions, unsafe living conditions, low incomes, and a lack of adequate health care and social security, let alone other national, systematic repressive institutions. Workers are the second most repressed in terms of sheer exploitation, poor working conditions, lean income, and slim social security. Third, most intellectuals and professionals live relatively comfortable lives once they have given in to their timidity or have been bought off by the state. But media control compounded with riot control and unconstitutional laws and

regulations serve to repress both liberal and leftist intellectuals and students, as well as the vast numbers of workers, migrant workers, and peasants who organize petitions and protests. At the top, cadres or officials, particularly those who have power in their hands, enjoy the highest quality of life in the country and employ their repressive powers to repress others and collect rent for themselves. Not only does their power remain unchecked but they also have enormous resources and extra-legal protection. All of these elements can be converted into money in the power–money exchange system embedded in the authoritarian economic development process. Usually, such individuals hold political power and turn it into economic power through their family members; thus, power and money are married in the same family or nuclear family (a tree family), particularly in the families of princelings (*taizi dang*), the offspring of revolutionary veterans. Eight Chinese princelings’ families that accumulated billions of dollars with their political power are such typical examples (*Bloomberg*, Dec. 26, 2012).³¹ After retirement, some officials become members of the board of directors in the SOEs that they formerly administrated.³² They become “masters” of China with the help of intellectuals, employing docile workers and peasants to do jobs for low pay and under harsh conditions, sometimes without rights or dignity in sweatshops, sexual businesses, mafia gangs and dangerous construction sites. In other words, on the one hand, the repressive state capitalism privileges state officials and red capitalists; on the other hand, it represses the majority of the people, especially migrant workers and peasants. Thus, economy grows when more people want to climb the hierarchy and work hard.

Last, repressive state capitalism has encountered social resistance, which has prompted the state to devise selective and sophisticated repression on specific categories of people, such as strike organizers and

³¹ Bloomberg News 2012-12-26, <http://go.bloomberg.com/multimedia/mapping-china-red-nobility/>, accessed 2015-01-12

³² Netease News July 06, 2011, <http://news.163.com/11/0706/11/789AK3HQ0001124J.html>, accessed 2011-07-06

Falun Gong practitioners. Economic development under such repressive state-led development has encountered widespread social resistance and prompted serious social and economic problems that are difficult to solve for the repressive regime. According to the China Labour Bulletin, there were about 30,000 worker strikes and protests each year during 2000-2010,³³ of which the vast majority took place in the manufacturing sector (“A Decade of Change”, *China Labour Bulletin* 2012:11). However, the state’s has responded with media control and riots control to containing these problems rather than freedom of press and democracy to solving them.

To conclude, I suggest that “repressive state capitalism” is the developmental drive behind China’s economic growth. Repression is a productive force for China’s economic growth rather than a counter-productive one, as Pei insists. More importantly, I argue that repression is the major force that guarantees a stable political and social environment for economic activities. Repression compels professionals, workers, migrant workers, and peasants to work hard for their survival and for a better life. China’s state capitalism enables elites to make state–business connections in order to achieve both state goals and private gains, while allowing elites to co-opt most intellectuals and a small group of the middle class, and to compel the vast majority of professionals, workers, migrant workers, and peasants to fulfill their state goals and private interests. This model of state capitalism is not the East Asian model of the developmental state, nor Osburg’s state capitalism of state–business connections, nor Schweinberger’s politicization of economic decision–making. Instead, it is a two-levelled and integrated version of repressive state capitalism in terms of state repression of lower classes of people and of lower categories of business to the relationship of China’s capitalist economic development. At its core, this model of state

³³ “A Decade of Change: the Workers’ Movement in China 2000-2010”, *China Labour Bulletin* research reports, www.clb.org.hk, accessed 2013-12-10

capitalism demonstrates that repression is productive to China's economic growth, like the Foucaultian power-knowledge regime.³⁴ China's repression not only guarantees regime stability and compels the lower classes of people to work hard but also provides the state with more resources and thus more power, which reinforces state repression, particularly after the 1989 Tiananmen Massacre. Consequently, China's economic development has not led to and will not lead to democracy if the regime is able to sustain its repression. I believe repressive state capitalism sufficiently explains the contradiction to modernization theory in China.

How has repressive state capitalism actually worked for China's economic growth in the last two and half decades? In Chapter 3, I trace the development trajectory of China's economic development and build a theoretical framework for discussion. To substantiate my theory of the Chinese political economy, I first recapitulate the thesis of repressive state capitalism within the theoretical framework, focusing on both the economy and the people, as well as their interaction where the state has exerted control or influence on the majority of the people and some parts of the economy. Then I elicit how China's state investment economy, FDIs, and DPBs have developed under the state repression; this empirical support adds value to my analysis. In the middle section of the chapter, I argue that the power economy is the core of Chinese repressive state capitalism, both because repression ensures that the power economy will work and because only in the mid-1990s, the role of the power economy in directing China's development and the behaviour of the elite became apparent. Moreover, I illustrate the model of Chinese repressive state capitalism with an example that shows the repression of the telecommunications sector has made it grow rapidly rather than shrink. After that, I argue that the state's control of the media projects an amplified

³⁴ For power-knowledge regime, please refer to Michel Foucault's *History of Sexuality*.

image of the “China miracle”. Last, I discuss the problems generated by such a repressive state capitalism.

Chapter Three: Theoretical Framework

To solve the particular puzzle – why media marketization has not led to a free media but to media control in China – it is necessary to review the literature of Chinese media politics. I first examine whether the existing theories of media control can provide an adequate understanding of this puzzle. Then, I build the theoretical framework of this dissertation first by elaborating on how repressive state capitalism has ensured economic growth in China since 1989. Following this general political economic theory, I offer my theory of media control – marketizing media control – to account for how media control has been maintained in China’s increasingly marketized media sector and China’s growing state capitalism.

Literature Review of Chinese Media Politics

Many scholars and writers in Chinese media politics attribute the effectiveness of China’s successful media control to the Party censorship system. This literature review first examines the strong state media control theory and then moves to the weaker Party censorship theory, before it finally explores the Party’s willingness to retreat from its censorship role. All authors reviewed here believe that the Party censorship system determines whether or not Chinese media control is effective, though each identifies different degrees of effectiveness.

Guoguang Wu (1994), the Chief Editor in the Commentary Department of the *People's Daily* from 1985 to 1988, argues that command communication is the way to control editorial processes in Party organs,³⁵ particularly the *People's Daily*. Command communication, according to Wu, means that

³⁵ “Party organ” refers to the Party newspaper of communist parties or leftist parties.

“information from the top must be taken as a ‘command,’ and the data flow from the top to the newspaper is the process of ‘command communication’” (1994:195-96). This process determines how topics are selected, how they are to be drafted, and what should be censored (Wu 1994:195). In this case, the “top” refers to high-ranking officials in the Central Propaganda (Publicity) Department, the leadership of the Chinese state, and the Politburo. By the 1980s, information and data from the top formed the guiding principles of the *People’s Daily’s* editorial policy, and determined the material that was published. The *Daily* commentary represented the opinion of the state, as well as the highest authority, to all other party organs at both the provincial and the municipal levels. Thus, the paper became a “vehicle of command” (Wu 1994:195) and command communication had to be strictly followed by all Party organs, though Wu acknowledges, Party organs had more autonomy to write their own commentaries to some extent in the 1990s than in the 1980s. The command communication model represents the prototype of the Chinese traditional state’s direct media control.

After 1989, however, media marketization changed the command model of media control. Yuezhi Zhao, the most influential scholar in Chinese media politics, in *Media, Market and Democracy in China* (1998), documents the process of media marketization in China as media commercialization, marketization, and grouping (restructuring) in the 1990s. She presents her theory of media control in the media marketization era.

First, Zhao labels Chinese journalism before media marketization as Party journalism whereby all newspapers, magazines, and radio and television stations must accept the Party ideology; propagate the Party’s programs, policies, and directives; and accept the Party’s leadership (Zhao 1998:19). Simply put, within a framework of Party journalism, all media outlets serve as the mouthpiece of the Party (ibid.).

Party journalism manifested in news reporting is “about [propagating] Party and government policies, creative experiences and local adaptation of policies, and achievements of individual and institutional role models” (Zhao 1998:27).

According to Party principles, news media must guide the people and indoctrinate them into the Party ideology (Zhao 1998:26). This means that news “is often selected on the basis of its relevance to the central task of the Party and the government and reported from the Party’s perspective ... News is usually not about breaking events but about trends, tendencies, and achievements over time” (Zhao 1998:27). In short, a “typical news story is thus highly positive, didactic, and openly value-oriented” (ibid.) and “the construction of a news story is a process ... of developing an example to fit the propaganda needs of the Party” (Zhao 1998:28).

Such Party journalism, Zhao criticizes, is not responsible to the people but to the Party. The news media do not play a watchdog role with regard to the government: Journalism under Party leadership is undemocratic and paternalistic because it denies the people’s right to participation and the people’s right to know, let alone to verbalize, the media’s accountability to the people (Zhao 1998:30). In this case, the media cannot possibly speak for the people (Zhao 1998:31).

Zhao then further develops her narrative of media commercialization, marketization, and restructuring (grouping). The year 1992 became the year of media commercialization: advertising, commercial sponsorship, stock market reports, television shopping, pay-TV, and corruption in journalism (Zhao 1998:1). Despite rapid commercialization, however, the media still serve as the Party’s mouthpiece, and the CCP continues to exercise overt media censorship (Zhao 1998:2). In other words, there has been little change in the way Chinese journalism operates under media commercialization (ibid.); economic

reform has not changed the nature of Chinese journalism. Economic reform in general and media reform in particular have “produced the current mix of Party logic and market logic” (Zhao 1998:2); the media have engaged in economic liberalization, without political democratization (Zhao 1998:3). For Zhao, although China’s media was dominated by the mass propaganda and persuasion model before media commercialization, the new “ideology of national and personal development through market has replaced them” (Zhao 1998:6). The current political propaganda has been sandwiched into commercialized media and entertainment. At most, there has been “a change in the *content* of news media rather than in the *nature* of the news media” (Zhao 1998:7). However, China’s news media do not speak a liberal model of “plurality of voices” (ibid.). By the end of the 1990s, the Chinese media had become a multifaceted creature that comprises of Party journalism, systemic corruption, and cutting-edge journalist innovation and evidence of increased autonomy that coexist with commercialization (Zhao 1998:10).

The process of media marketization is a long and winding one. In 1987, press reform was even drafted into the Thirteenth National Party Congress by former Party General Secretary Zhao Ziyang, though later the draft was dropped due to fierce debate within the Party leadership (Zhao 1998:35). Freedom of the press in China, according to Zhao (1998:36-37), is freedom from Party domination, and freedom of all the people, not just media workers, to reassert the watchdog role of the media, providing a safe environment in which people can voice their dissatisfaction. The violent crackdown on the 1989 student movement ended and even reversed, the practice of press freedom and the theoretical discussions that had taken place in the 1980s. Party principle was then re-imposed and news reports in the major media remained “typical of Party journalism” in the mid-1990s (Zhao 1998:49).

With economic reopening, media commercialization has begun, particularly since 1992 Deng

Xiaoping's 1992 call for more economic openness in his South Tours when "the market had finally triumphed" (Zhao 1998:48). Media commercialization was not only allowed but encouraged, and even pushed, by the state due to the lack of funding to many media outlets in 1992 (Zhao 1998:50). Then, nationwide media marketization began.

The rationale of media commercialization for Zhao is that media outlets were affected on the one hand by commercial demand and on the other hand by state funding cuts. In general, economic reform "has created a growing demand by foreign and domestic enterprises for effective advertising channels. Media commercialization, therefore, is also part and parcel of the development of the market economy" – which the Party-state has repeatedly claimed to have built up (Zhao 1998:52). Moreover, the state lacked the revenue to subsidize all media operations and gradually cut media subsidies (Zhao 1998:53). In this market environment, commercialization has become a necessity.

Zhao illustrates the process of media marketization with four case studies. The trailblazer of media commercialization is Pearl River Economic Radio (PRER): in 1986, the station won back its Guangzhou audiences by modeling the commercial programming of Hong Kong radio stations (Zhao 1998:96). PRER was commercially successful almost immediately, by designing programs to meet audience needs. As a result, the station has become a popular depoliticized model in media (vs. an official propagandist model) (ibid.). The model did not become popular until 1992, when Deng's Southern Tours accelerated economic openness after the 1989 Tiananmen suppression disrupted Chinese economic development. Since then, this model has been copied by many radio and television stations (Zhao 1998:124). In 1992, Shanghai East Radio built on PRER's commercial, entertainment, and music model to provide news in a similar way, which Shanghai East could do because of its independent status, financing and personnel recruitment

(Zhao 1998:100-02). This radio station allowed more audience input, and offered more timely news and diversified programs to attract audiences (Zhao 1998:105-06). In 1993, CCTV's News Commentary Department introduced two critical news programs, "Focus" (*Jiandian fangtan*) and "East Time and Space" (*Dongfang shikong*), both of which reviewed power abuses and corruption in lower-level local government. These programs resembled their Western counterparts by using television reporting techniques, such as "on-the-spot reporting, visual documentation, and in-studio interview" (Zhao 1998:111). The department relies solely on financial support from commercials, enjoys some editing autonomy, and employs journalists on a contractual base (Zhao 1998:113-14). Finally, *Beijing Youth News* (Beijing Qiannian Bao) exemplifies media commercialization in the newspaper sub-sector. This paper, founded in Beijing in 1993, has since developed into a major, influential news media organization based on self-determination, self-financing and self-restraint on political issues (Zhao 1998:141). The paper does not its own hiring, focuses on the commodity nature of news reports, maintains self-financing and stresses financial efficiency, and insists social responsibility (Zhao 1998:142). The most popular element of the paper is its entertainment-oriented weekend edition. Its success also derives from its publication of non-official news, breaking news, and exclusive reports, which are informed by readers or tip providers (Zhao 1998:143). The paper has become the primary source for breaking news in Beijing in its bid to "make the most out of news values within the confines of policies and disciplines" (*ibid.*). Moreover, the paper repacks official ideology and sells it at a profit due to its innovative presentation of Party ideology (Zhao 1998:147-49). Together, Zhao's four case studies delineate a progressive roadmap of media commercialization and marketization in the reformation era. The Party has by no means given up its control of the media, however. In Zhao's words, "rapid commercialization has occurred during a period

when the Party's political control has been the tightest" (Zhao 1998:151). As a result, the media have become propaganda tools for sale, both to the Party and to businesses (Zhao 1998:152).

For Zhao, media marketization has had both positive and negative effects. Positively, media commercialization has transformed what was the official model of Party journalism into a popular depoliticized model, a propagandist/commercial model with new and soft indoctrination (Zhao 1998:158-59). Negatively, the new propagandist/commercial model is based on a Party principle and a consumer principle rather than a people or citizenship principle (Zhao 1998:154-55). Such a combination does not result in a liberal model of press freedom. Media commercialization in China has also led to new forms of corruption, such as red envelope³⁶, paid journalism, and journalist extortion. Overall, media marketization has affected an increasing number of media outlets. At the same time, Zhao argues that media commercialization and marketization have been permitted and managed by the Party-state, and commercialized media outlets have become even more skilled at indoctrinating their audiences in Party ideology. The market performances of some commercialized media, such as Shanghai East Radio Station and CCTV's News Commentary Department, were evaluated as making ideological work more effective than propagandist media by the Party Propaganda Department (Zhao 1998:159).

As a result, Party and government organs have become both the mouthpiece of the Party and business conglomerates (Zhao 1998:66). The media in general have become more commercially oriented and focused on audience needs for information and entertainment, while at the same time introducing innovative forms of indoctrination (Zhao 1998:67-71).

According to Zhao, media control was concomitant with the birth of the CCP in the 1920s because

³⁶ Red envelope to kids in Chinese New Year is a custom to give kids some small money for buying snacks, but it become a practice for business briefing to offer some incentive for journalists to come to their news conference in China in the reform era.

early news media were created by Party leaders themselves (Zhao 1998:14). It was then institutionalized in the Chinese Soviet Republic in Ruijin, Jiangxi in 1931 (ibid.) and reinforced in Yan'an, Shaanxi, in the 1940s, after Xinhua News Agency was formally established in 1936 (Zhao 1998:15). Media control has continued in the New China to the present day under the Party principle and mouthpiece theory (Zhao 1998:19). For example, in the 1940s, Mao Zedong issued many directives designed to ensure the complete state control of the press (ibid.). Even after Mao's death, the principle of Party control remains. "Journalists must speak strictly on [the Party]'s behalf" (Zhao 1998:20). The Party committee, particularly the Party chief, takes charge of news work at various administrative levels, and the Party chief or the designated leader for news work must "personally preview important editorials, commentaries, and news reports" (ibid.).

The Party has also developed a number of mechanisms to control the media. Rules and regulations are issued by the Party's Propaganda Department. Some rules from the Maoist era, such as the 1953 resolution prohibiting a Party organ from criticizing its affiliated Party committee, have remained the same in the post-Mao era (Zhao 1998:20). Moreover, the Party sets specific guidelines for news reporting and directs the media to launch news campaigns on certain topics, such as eliminating pornography (ibid.). In this way, the media have become an extension of the Party apparatus administered by the Propaganda Department. On crucial issues, the Party chief at each level supervises media work personally; many Chinese leaders, such as Mao Zedong, wrote editorials themselves (Zhao 1998:21).

In practice, the Party propaganda departments at national, provincial, and municipal levels still closely monitor media content, especially that of influential media outlets. Even in the era of media marketization, a team of veteran Party ideology staff, or censors, is responsible for previewing, monitoring,

and reading media content on a daily basis to ensure it is in line with Party ideology (Zhao 1998:21). Media outlets are punished with fines or closure if the censors find fault with any media content. In some cases, responsible journalists might be imprisoned. Zhao demonstrates that the combination of Party control and market logic has resulted in a conscious self-censorship among commercialized media, illustrated by the internal self-censorship mechanisms and guidelines addressed in a conference by former CCTV president Yang Weiguang (Zhao 1998:120-22). Zhao suggests that such self-censorship enables media organizations to maintain a balance of political safety and commercially appeal.

De Burgh (2003), in his comparison of Chinese journalism and British journalism, discusses the characteristics of systematic and repressive media control and confirms the effectiveness of Chinese media control. De Burgh, a renowned authority of British journalism, has maintained his Chinese news media contacts for several decades. He offers a comparative perspective in *The Chinese Journalist: Mediating Information in the World's Most Populous Country*, using the Western journalistic principle of reporting according to facts as his starting point. Then, using the British news media as a comparison, he focuses mainly on how Chinese culture influences journalistic performance in news media, how Chinese journalists see themselves as propagandists on behalf of the Party (de Burgh 2003:136), and how news is produced in China (de Burgh 2003:165-74).

De Burgh distinguishes Chinese “investigative journalism” from the Anglophone style of journalistic inquiry, as exemplified by the Watergate investigation (2003:36,142,145-47). According to de Burgh, Chinese investigative journalism is at most a “supervision” of the government (*yulun jiandu*), the term for the traditional Chinese heroic officials who denounce official misdeeds (de Burgh 2003:186). This kind of journalism is not really investigative at all (the exception being, the investigations done by the

Southern Weekend before 2003 (de Burgh 2003:184). Though de Burgh acknowledges that some investigations are undertaken by China's media, he argues that Chinese journalism is not independent from its role as purveyor of Party ideology (de Burgh 2003:141). Through comparative case studies, de Burgh concludes that China's local news media do not produce much news other than involving local, daily concerns, such as utility problems, transportation jams, and minor environmental complaints (de Burgh 165-69). The news "is simply a function of a political system and the way the Propaganda Department operates, considering news simply as the provision of information decided as appropriate to the audience" (de Burgh 2003:170). Overall, China's news media are still tightly controlled by the Party-state, especially when compared with British news media and the relative journalistic freedoms in the west.

In "the State, the Market, and Media Control in China" (2004), Zhao discusses the systematic control of the Chinese media by the Party censorship system, including the Party's issuing directives, imprisoning journalists, closing media outlets, practicing editorial censorship, and imposing an official view on the reporting of major events (Zhao 2004:179). In addition, she proposes a "modernizing" media control in China. She argues that "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" (ibid.). Part of the modernizing movement is the creation of new state institutions and regulatory regimes, and the deployment of Western media management techniques to fend off opposition in the emerging new media and undesirable voices in the ever-commercializing traditional media. Not only has censorship of liberal journalists and outspoken media continued, but an increasing number of leftist voices, as well as those of the workers and the farmers, have also been muted through closing their

respective media outlets. Furthermore, for Zhao, liberalization in the economic and lifestyle spheres is the other side of control in the political domain, serving also to further the interests of the political and economic elites (Zhao 2004:188). Finally, Zhao argues that censorship also serves as a bargaining chip in the process of political struggle among elites. In the end, it seems a commercialized media system in China may have helped to consolidate the elite interests and the consumers' interests or the interests of the urban middle class (Zhao 2004:207). In short, media control serves both the Party-state's interests and the interests of urban upper classes.

Winfield and Peng (2005) ask directly whether Party censorship or market forces account for the state's effective control of China's media. They argue that the Chinese media have moved away from pre-1980s totalitarianism to market authoritarianism after 1992 (Winfield and Peng 2005:256). Market forces have "posed a major challenge to the Party's political and ideological controls" since 1992, and the newly established popular financial, youth, and evening papers serve as an alternative voice to that of the Party organs (Winfield and Peng 2005:259). The media have become not just a propagandist tool but also product to sell (Winfield and Peng 2005:262).

Although media control is still the domain of Party censorship, more often media control is accomplished through self-censorship and blocking of websites and satellite communication by the Party-state (Winfield and Peng 2005:264). Based on this analysis, Winfield and Peng propose a market-authoritarian model to account for media marketization in the Chinese media system, arguing that the Chinese commercialized media system is shaped by market forces with political control by the Party alone (Winfield and Peng 2005:267).

Ashley Esarey, a China media specialist commissioned by the Freedom House to write a report on

Chinese media censorship, views China's media using a structural approach. Esarey (2006:3) systematically yet succinctly characterizes a strict and multilevel censorship system in China's media. She describes the Party appointment and monitoring of media personnel (Esarey 2006:3), the censorship mechanism of the propaganda department (Esarey 2006:4-5), and the punishment of defiant journalists (Esarey 2006:5-7). She condemns the legal threat to Chinese press freedom and to Chinese journalists posed by the state's use of "state secrets laws" and other regulations (Esarey 2006:7-8). In the end, she asserts that the journalist performance principle provides incentive for journalists to self-censor (Esarey 2006:9). In short, she argues that the state has firmly suppressed China's media freedom through systematic censorship, and media commercialization reinforces media control through self-censorship. Her argument represents the general line of thought in the academic literature on Party-censorship literature since the process of media marketization in China began.

Qinglian He (2008), a former journalist for the *Shenzhen Legal Daily*, provides an insider's view of Chinese media control. She was forced to resign from her post for her critical book, *The Pitfall of Modernization*, which denounces the authoritarian Chinese state as a "mafia state". She later became a renowned spokesperson for press freedom as a member of a non-government organization Human Rights in China.³⁷ For Qinglian He, the Party-state is by nature brutal, its brutality manifests not only in the mass persecution and murder of intellectuals and Party officials in the notorious Anti-rightist Campaign in 1957, the Cultural Revolution during 1966-76, and the 1989 Tiananmen Massacre, but also in the frequent killing of journalists (He 2008:6-7). Thus, keeping the people ignorant through systematic media control has been an important function of the Party-state, from Mao to Hu (He 2008:1-2). As a media insider, He

³⁷ Human Rights in China is an independent organization based in Washington. For details, please refer to <http://www.hrichina.org/public/>, accessed on February 08, 2009

reveals many internal, secret procedures used by the Party-state to control China's media; she also witnessed the systematic media control of traditional Chinese media (He 2008:6-15). According to He, the Party-state has devised a two-track system for managing the media to ensure error-free control of the media: the Propaganda Department belongs to the Party; GAPP and other media regulatory agencies belong to the state (He 2008:23). With an insider's perspective, He demonstrates how the state exerts its control over media professionals and their organizations (He 2008:110-24). Finally, she argues that the secret of effective media control is in telling half-truths: Telling a partial truth is more effectively deceptive than telling a complete lie (He 2008:93-109). As a whole, He provides an insightful and subtle account of Party censorship.

Ortolani (2008), a foreigner who worked for *China Daily* and CCTV, states that China's media are known to all as the "tongue and throat" of the Party, and media control has been an overt business since the communist seizure of power in 1949 (Ortolani 2008:271). According to Ortolani, the media were used to cover up the loss of millions of lives in the Great Famine of 1959-61 and were also used to stir up chaos in the Cultural Revolution from 1966 to 1976 (Ortolani 2008:271-72).

Though the media have undergone reform, Ortolani insists that official media control is still prevalent in the reform era (Ortolani 2008:272-73). He outlines the nature of China's media control with five main points. First, Chinese news is "almost news," meaning that it is used for the purposes of propaganda and therefore cannot be relied upon to a complete set of news facts (Ortolani 2008:273). Second, someone is always watching over journalists. Ortolani himself has witnessed such censorship (Ortolani 2008:274-75). Third, the state uses a "carrot and stick" strategy to buy off journalists, ensuring that they comply with the Party ideology, directives, and circulars, and to punish those who dare to defy the state (Ortolani

2008:276-78). Fourth, any criticism against officials is deemed to be criticism against the Party, and thereby against all of the Party membership (Ortolani 2008:278). Finally, the Party-state has firmly maintained media control, and thus the media have provided a helping hand to the Party-state.

Hassid (2008) argues that the Chinese state controls its media through uncertain punishment. Or, rather, it is the Propaganda Department's unpredictable imposition of punishment that deters journalists from conducting daring or risky coverage. Hassid argues that "uncertainty is so effective in amplifying the effects of coercion that the state is able to control newspapers even with the jailing of fewer than one in five thousand reporters" (2008:425). According to Hassid, the system of appointment currently in place ensures that the appointees of media units are accountable to the propaganda departments that make the appointment decisions. For this reason, "being critical on small issues and being supportive on major issues" (Hassid 2008:419) has become editorial policy for Chinese newspapers. In sum, Hassid argues that self-censorship, resulting from the uncertainty of punishment, rather than Party censorship exerted by the Party propaganda apparatus and state agencies, is the major force behind China's media control.

Yuezhi Zhao's (2008) book is critical of neoliberal political economic approach, with postmodernist analysis, particularly in its view of social relations. This book lifts Zhao's scholarship to a higher level and cements her role as a leading scholar in the area of Chinese media politics, while providing the reader with the same empirical richness offered by her earlier (1998) work. Zhao elaborates on her major arguments and findings, using the integrative framework of critical communication theory, which "is capable of 'relating the various levels of the mass communication processes, both to each other and to the central dimensions of social structure and social processes'³⁸"(Zhao 2008:7). She finds that since 1992, while

³⁸ Peter Golding and Graham Murdoch, "Theories of Communication and Theories of Society", *Communication Research* 5, no.3 (July1978):353

power and resources have been concentrated among a small group of media elites, the media still serve to lend legitimacy to the state on the one hand. On the other hand, lower level media workers flounder in the process of communication development. Class polarization has accelerated the process of social stratification and cultural displacement in China, against a backdrop of heated class conflicts, intensifying social rioting, a rising tide of injustice, and widespread social dissatisfaction, along with the Party's relentless control (Zhao 2008:9). More importantly, Zhao concludes that "controlling and accessing the means of social communication have never been so high and 'the power to discourse' (*huayu quan*) has never been so central to the unfolding process of social struggle" (Zhao 2008:15). In sum, the communication system has become a centre of social, political and economic struggle in China; the power to engage in discourse within the communication system determines the winners and the losers in the media sector in particular, and in social, economic, and political realms in general. However, the expanded, marketized media and popular culture provide "a much-needed buffer zone for the Party-state to redefine and reestablish hegemony over a deeply fractured and rapidly globalizing Chinese society" (Zhao 2008:339).

In the beginning of the [2008] book, Zhao paints a picture of a female newspaper vendor marginalized by neoliberal political economic development in China. This woman, together with other workers dismissed from their jobs, represents disadvantaged media workers in particular and the subaltern class (Zhao's term)³⁹ more generally. The expansion of the media market has created a new elite class in the media, one that controls the communication resources and has become both rich and powerful (Zhao 2008:3). These media elites represent the new Chinese economic and political upper classes. Media

³⁹ The subaltern class refers to lower classes shadowed in the postmodern societies. Zhao uses this term several times in her book. For more details, please refer to Battachaya, Guha and Spivak, or Bhaba.

commercialization in China lends itself to the evolution of such sharp social and political divisions as the rapid marketization, globalization, and information technology expansion continue to fuel China's economic transformation (Zhao 2008:342).

With increasing media marketization and the Party's relentless control, China's communication "has always been an integral part of political organization and social mobilization" (Zhao 2008:36). Media control thus has become part of political and social control, which can be dated back to the watershed event of 1989. For Zhao, the state's violent suppression of students in 1989 and the subsequent house arrest of the former Party General Secretary Zhao Ziyang since then (including the elimination of Zhao from public discourse and his death in 2005) "underscored the fact that China's post-1989 market reforms were sustained by political and symbolic violence of the highest order" (Zhao 2008:20). In the communication sector, the state has been "one of the most oppressive regimes in using coercive state powers to control public communication" (ibid.). The Party-state's media control has been "legalized" by such crimes as "disclosing state secrets," "subverting state power," and "endangering national security" (ibid.). In the new media, the state employs as many as 30,000 cyber-police to patrol the Internet, "deleting politically incorrect content in real time, blocking websites, monitoring networking activities of citizens, and tracking down and arresting offending individuals" (ibid.). Internet censorship "hunts down anything to do with human rights, democracy and freedom of belief" and "nips free expression in the bud" (Zhao 2008:21).

Structurally, the Party's Propaganda Department (PD) is "an omni-present body, exerting its formidable power in sustaining the party's dominance in the area of ideology and culture" in various ways, from anonymous calls, directives, word of mouth, propaganda circulations, urgent announcements,

conference minutes, and meeting briefs, to the articulation of official lines and the stipulation of exact phrasing (Zhao 2008:24). In addition, the state doubled its media regulatory agencies in publication, broadcasting, and Internet sectors in the 1990s and early 2000s (Zhao 2008:22-23). All agencies issue specific regulations on their respective sub-sectors, implement censorship, approve or disapprove of topics, and issue or revoke licenses (Zhao 2008:27). For example, a new unit was added to the State Council to monitor Internet news and Bulletin Board Services (BBS) and to direct the Party-state propaganda on the Internet (Zhao 2008:23). Hu Jintao's leadership has further strengthened the Party's control of the media (Zhao 2008:25).

Specifically, some topics are either completely forbidden or reported only under strict controls or news blackouts. These include events of an explosive nature, such as workers' and farmers' protests, and ethnic conflicts (Zhao 2008:25). Other topics, such as democracy and independent unionization, are taboos in China. Taboo topics belong to the parameter of the Party's bottom line that might shift in different situations according to the priorities of the Party at particular time (ibid.). Such media control also applies to new media, including the Internet, satellite television, and telecommunications.

For the state media, personnel control, together with state ownership of major media organizations, has been a key part of the Party-state's power over the state media (Zhao 2008:28). For the state, journalist certification is another way to control journalists. All journalists are required to take a training program in official ideology, media policies and regulations, and journalism ethics (Zhao 2008:29). Then, they are required to take a national exam to obtain a journalism license (Zhao 2008:30).

Zhao clarifies that censorship systems differ among the various sub-sectors of the media. Film and television drama production have formal censorship systems, but there is no formal pre-publication

censorship system for news media. The PD issues propaganda circulars (PCs) to news media, warning them that some topics are prohibited and some events must not be reported. Post-publication monitoring and censorship in both the Party and state media apparatus is implemented to discipline defiant media organizations and journalists and to punish those who challenge the Party-state (Zhao 2008:30-31). Internet censorship is undertaken both automatically and manually by firewalls and filtering software, which, as of 2005, had reduced the survival time of “offensive content” to a few minutes in 2005 (Zhao 2008:32). Moreover, telecommunications carriers and Internet service providers are responsible for controlling content. Their responsibility is enforced through a business contract between the media service provider and the state-owned mobile phone operators China Telecom, China Mobile and China Unicom (Zhao 2008:33).

In addition, censorship has been institutionalized through a localized and dispersed responsibility system, from the central to provincial and municipal levels, and down to the media organization level, including both state media and private-online media organizations (Zhao 2008:33). As the Party decentralizes its control to maximize its effectiveness, it has tried to minimize the political effect of the censorship-system error, particularly in the publication sub-sector (Zhao 2008:35). Furthermore, the influential national and leading regional media outlets are the targets of control, while the small and non-influential media outlets, and websites, are not as tightly controlled (Zhao 2008:36). In all, the Party’s media control aims at “effective domination rather than total control of media messages”, that is, providing a dominant interpretation of social reality (Zhao 2008:35).

Aside from Party control, media control can also be extended on the premise of moral obligation, such as Internet campaigns to supervise online content and delete what is labeled “unhealthy” information

(pornography and online games) and any other content deemed to have potential to harm social stability (Zhao 2008:44). Such control masks the state's underlying political motives, rationalizes the state's control of the Internet, and wins the approval of society (Zhao 2008:45). As a result, "the heightening of state censorship and control of communication since the early 1990s is as much a cause for as a response to deepening social tensions and intensifying political, ideological, social, and cultural struggles resulting from accelerated market reforms and global reintegration" (Zhao 2008:49). For example, many outspoken publications were either closed or reorganized, and many chief editors were removed from their positions in Hu Jintao's presidency. Hu has launched "a campaign of media repression unprecedented for nearly 20 years" (Zhao 2008:61).

However, censorship was sometimes occasionally challenged by some state media and intellectuals, such as *China Youth News*, though on a small scale and over a short period of time (Zhao 2008:58). Journalists and even media managers sometimes develop techniques to evade and resist propaganda orders. They sometimes won their battles against repressive orders and made their news stories in the media; sometimes they even altered the Party's media policy, such as in the broadcast of the SARS outbreak after April 2003 (Zhao 2008:63). In the end, Zhao concludes that although the Party's control of the media has met with some resistance, its domination of the media has been firmly sustained in the battle of state subjugation of the media and media professionals' resistance.

Brady (2008:200) proposes the model of popular authoritarianism, which uses Western mass persuasion and social control methodology to maintain the Party-state domination on the society. She comprehensively analyses the Party-state media control system and chronicles big events and important measures that the system has taken, including the indoctrination of nationalism since 1994 (Brady

2008:50-52). For Brady, the censorship role for Party propaganda departments is only a small part of their work from the initial phone call, to censure or sacking key staff of a media organization, to its closure (2008:94). The major parts of their work are employing propaganda guidelines as a form of control such as focusing on the positive propaganda, banning bad news during sensitive dates, proscribing reports on problems that cannot be easily solved such as the income gap, and promoting official terminology in the media (Brady 2008:95-100).

Moreover, after the 1980s, regulations have been used as a means of control. For example, “the media must consult with the provincial level propaganda department when major disasters occur or when reporting on ‘politically sensitive matters such as China’s drug problem’” (Brady 2008:104). In principle, “any major disasters should be covered by Xinhua News Agency and all news outlets should use their stories” (Brady 2008:105). In this way, the Party-state dominates the media discourse through Xinhua.

Third, the market also works as a means and a justification of control by the Party-state media authorities through the allocating or taking away of “lucrative contracts to suitably obedient state and commercial organizations” (Brady 2008:110). Party propaganda departments “both enrich their favored clients and keep them loyal in the hope of gaining more favors. They also enrich their own personnel through kickbacks” (ibid.). In addition, administrative power works also as a market means of control. For example, the permission to display news content is vital to popular portals because “news sites attract more viewers and hence more advertisers than most other sites” (Brady 2008:136). In 1999, “250 websites applied, only 136 were accepted” (ibid.). However, Brady’s market as a means of control is still part of Party censorship administered by Party propaganda departments (Brady 2008:110-105).

Last, appointing their approved personnel to media organizations for Party propaganda departments

is also a means of control because they act as gatekeepers for the department (Brady 2008:115). As a whole, Brady's institutional analysis focuses on Party-state agencies, particularly Party propaganda departments, but barely mentions media organizations. She argues that Party-state media authorities have utilized Western methodology for media control as well as social control, which has fostered popular authoritarianism and helped stabilize the Chinese society since 1989.

In contrast to the arguments of the authors above, who are certain about the effectiveness of China's media control, Lynch (1999:1) maintains that the state has gradually lost its grip on China's media in that China's media control is undermined by "technology advance combined with administrative fragmentation and property-rights reform"(2). He attributes the loss of media control to the proliferation of media organizations and media commercialization after 1992, and the development of the Internet, telecommunication and foreign satellite television in the 1990s (Lynch 1999:9-10). In his book, *After the Propaganda State*, Lynch considers how China has developed its communication infrastructure, including television relay stations, radio stations, telecommunications, and the Internet, and depicts how the Chinese state has attempted to structure these projects into a unified communication network. Against such a background, he argues, the state has actually built a huge and free modern media that is difficult to control (Lynch 1999:224). The state has relinquished control over many areas of the media, particularly foreign satellite television (Lynch 1999:118-23,184-90) and the Internet (Lynch 1999:107-10). Although the state still maintains certain control over traditional media, Lynch insists that media commercialization has set the stage for media liberalization and democratization. In his view, a transition from authoritarian rule has begun and a freer media in China is in the process of formation (Lynch 1999:224-38).

In a similar vein, Shirk (2007) argues more assertively that the Chinese government has abandoned

its monopoly over China's media. Shirk views the media from the perspective of the Sino-Japanese relationship. According to her, anti-Japanese sentiment has flowed from Chinese society to print media and the Internet, almost without state control. Reports and comments about demonstrations and petitions against the Japanese are present everywhere in the media, represented by the *People's Daily* and the official Xinhua News Agency (Shirk 2007:44-45). For Shirk, "the Party and government no longer have complete control over the information reaching the public" (Shirk 2007:45) because commercialized media and the Internet cater to the Chinese public (ibid).

These views on China's media control in relation to Party censorship provide a useful starting point from which to explore the various factors that control the media in China. Overall, the previous Party censorship literature⁴⁰ attributes the effectiveness of Chinese media control to the Party censorship system. However, this claim directly contradicts the observation of some authors and scholars (Zhao 1998, Zhao 2008, Lynch 1999, and Shirk 2007) that the state has actually loosened its hold over the media. These arguments focus on the structural or political factors of media control, but neglect the fact that the constraining forces are only pressures exerted by the Party censorship system. How media professionals comply on a daily basis with these pressures is determined by another important factor.

The Propaganda Department issues circulars and warnings and organizes group studies and seminars about what the media should and should not report. The most visible and effective form of Party censorship, however, is its punishment of defiant media professionals and audacious media organizations. That is, daily compliance with the Party's media control requires more careful research into the behaviour of media professionals rather than the political structures of media control.

⁴⁰ The literature on Party censorship argues that successful Chinese media control is caused by the systematic Party censorship system.

According to He (2008) and the Freedom House China Report (2003-2012),⁴¹ from the beginning of media commercialization in 1992 to 2012, 435 journalists were imprisoned⁴² and about the same number of journalists were disciplined, either were dismissed, forced to resign, or reeducated. The ratio of dissenting journalists (about 870) to an estimated total of 2.357 million state media workers in the same period⁴³ (on the basis of a one-year labour force of 1.23 million state media workers in 2003) (Zhao 2008:83) is only about 0.04%. Simply put, only a tiny portion of media professionals, roughly four people in 10,000, dared to defy the Party. The overwhelming majority of journalists (99.96 percent) was (and is) docile or at least are not brave enough to confront Party ideology (in 2007, by Hassid's [2008:420-21] estimate, 0.019% of journalists were jailed).

The explanation for this overwhelming conformity should not be fully credited to the effectiveness of the Party-state's censorship. This argument to account for the overwhelming obedience of the Chinese media fails to recognize the market force in China's media control.

In sum, except for Lynch and Shirk, authors ascribe the effectiveness of media control to Party censorship, to varying degrees. Lynch's assertion is based on early observation, when new media and new communication were emerging; later media control was assured by the Golden Shield (Walton 2001) and the Internet police. Shirk misunderstood the "free" nationalism exposure in the media. In fact, anti-Japanese protests were orchestrated by the state. Similar, anti-West protests were also organized by the state. For instance, while young radicals stoned the US embassy in Beijing, Chinese police stood by but did nothing to stop students. However, "students were bused back to campus by the university

⁴¹ Retrieved from <http://www.freedomhouse.org/template.cfm?page=251&year=2003>, access on March 9 2009

⁴² For details, please refer to Chapter 4, p.303

⁴³ In 2003, the number of media workers was 1.23 million with 10% annual incoming workers: the total number between 2003 and 2012 was 2.9 million. Following on a figure of 3% annual retired workers from 1992 to 2002, the number of retired media workers during the period of 2003-2012 is 0.542878 million. The total number of all workers (in media) during the period of 1992-2012 is 2.357 million. Media professionals can be counted as 1.838 million, or 78 percent of the total.

authorities and the dinner and hot water hours were specially extended for them” (Brady 2008:54). However, Brady (2008:52) argues, “popular nationalism would only be permitted to direct itself against government-sanctioned targets”. Despite their differences, all the authors discussed here assume that the effectiveness of media control is predicated on Party censorship. For most of them, media control is primarily a political move in communist countries, where ideology indoctrination is the major tool for brainwashing. Economic influence and the interplay between the economy and politics have largely been ignored in this research.

If economic influence is not taken into consideration, a complete understanding of China’s media control is simply not possible. How has economic change happened in China? What are the major characteristics of this change? What is its impact on Chinese media and media control? These are important questions relevant to the study of media control. This dissertation aims to fill the gap by examining the Chinese political economy so as to unpack the mechanism of media control.

Indeed, Yuezhi Zhao has taken a political economic approach in her books and articles; her approach is of critical to neoliberalism. My political economic approach is different from hers. I emphasize the role of repression both in the Chinese political economy and in the media because media control in essence is a political repression of both press freedom of the media, and the freedoms of speech and publication of the people. In the following pages, I first present my theory of Chinese political economy. Then, I propose a market perspective of media control, and lay out the direction the inquiry will take.

Chinese Political Economy

China has been an authoritarian state since 1949, when the Communists defeated the Nationalists. The Party has controlled the army and the state at the national, provincial, municipal, county, township, and even the village level. The Party and the army exercised totalitarian control over the state for some years in the 1950s and the 1960s, and the army carried out suppressions at the order of the Party, as in the case of the 1989 Tiananmen Massacre and innumerable riot suppressions in the past two and half decades. In the Maoist era, Mao launched numerous ferocious nationwide campaigns, including the Land Reform, the Anti-rightist Campaign in 1956, the Great Leap Forward in 1958 (causing the Great Famine of 1959-61), and the Cultural Revolution of 1966-76, which claimed tens of millions of lives (The Guardian, Jan 01, 2013)⁴⁴ and about one hundred million times of beatings and humiliations were imposed on victims in the Cultural Revolution⁴⁵ under a quasi-military government that wielded totalitarian control.

In 1978, Deng Xiaoping, then the paramount leader of China, took a capitalist road. After the failure of the planned economy, Deng and his reformers looked to the West for direction, seeking to save the crumbling Chinese economy at the time. They recognized past mistakes and reviewed the scholarship of those such as Hayek (1944), who argued that the socialist ideal or planned economy leads to serfdom, fascism, totalitarianism, the end of truth, and personal worship. To avoid a tragedy like World War II, Hayek advocated fighting for freedom and the reestablishment of nineteenth-century liberalism: “a policy of freedom for the individual is the only truly progressive policy” (Hayek 1944:178). But Hayek did not propose a new liberalism to replace the nineteenth-century liberalism. Then, Milton Friedman does just

⁴⁴ “China’s Great Famine: The True Story”, *The Guardian* 2013-01-01, <http://www.theguardian.com/world/2013/jan/01/china-great-famine-book-tombstone>, accessed 2015/8/19

⁴⁵ “Decade in the Great Cultural Revolution,” a China’s official documentary in 2005, published by Jiangxi Cultural Video Publishing House (*Jiangxi Wenhua Yinxiang Chubanshe*), <http://www.amazon.cn/%E6%96%87%E9%9D%A9%E5%8D%81%E5%B9%B4%E4%B8%8B/dp/B00118LNK6>, also in, <http://detail.bookuu.com/0854773.html>, I watched this video in August 2008 in China

that.⁴⁶ An admired public intellectual and Nobel Prize winner, Friedman argued against Keynesianism and advocated free market economy, deregulation, laissez-faire policy, and market solutions to economic and social problems. When Chinese leaders consulted him in 1980, he urged China to follow the ideal free market model used by Hong Kong.⁴⁷ Even former Party General Secretary Zhao Ziyang consulted with Friedman on economic policy in 1988 (Wu and Lansdowne 2008:168). China has taken Friedman's advice to liberalize its economy, exemplified by the "Separation of Administration and Enterprise," which invigorated the Chinese economy and invited foreign investment. Following this, China introduced partial wage calculation by pieces in state-owned enterprises (SOEs), established four special economic zones in coastal areas, legalized household responsibility for family-based agricultural production, and financed then relatively freer township and village enterprises (TVEs) (Ma 2009).

The reform reached its fastest pace during the period of 1984-88. Chinese leaders realized that shock therapy, "a set of radical economic reforms aimed at rapid economic stabilization, liberalization, privatization and the opening of the economy to international trade,"⁴⁸ might result in the collapse of the communist regime as it did in Eastern Europe and the former Soviet Union. They re-imposed repression, beginning with the suppression of the 1989 Student Movement.

Since then, China has undertaken state-led development, marked by the Shanghai Model as argued by Huang (2008b). This model sees urban development with a huge construction and real estate boom, particularly in China's mega-cities, such as Beijing, Shanghai, Chongqing, and Guangzhou. It is

⁴⁶ Krugman, Paul (2007), "Who Was Milton Friedman", *The New York Review of Books*, Feb., 15, 2007, <http://www.nybooks.com/articles/archives/2007/feb/15/who-was-milton-friedman/?pagination=false>, accessed 2012/11/21, ideas being reviewed from Friedman's books *Roofs or Ceilings: The Current Housing Problem* (1946), *A Theory of the Consumption Function* (1957), *Capitalism and Freedom* (1962), and *Free to Choose: A Personal Statement* (1980), accessed 2012/11/22

⁴⁷ Horwitz, Bertrand (2007), "Milton Friedman in China", *The New York Review of Books*, April 12, 2007, <http://www.nybooks.com/articles/archives/2007/apr/12/milton-friedman-in-china/>, accessed 2012/11/22

⁴⁸ Retrieved from PBS.org, http://www.pbs.org/wgbh/commandingheights/shared/minitext/ufd_shocktherapy.html, accessed 2014/6/3

characterized by “an urban bias, heavy-handed interventionism by the state, an investment-intensive growth strategy, and a biased liberalization that privileges FDI [foreign direct investment] over indigenous—especially small-scale-private entrepreneurship” (Huang 2008b: 42). For Huang, such state-led authoritarian urban development is a great regressive reversal from the directionally liberal rural development of the 1980s.

– Why Has Repressive State Capitalism Ensured Economic Growth in China?

In order to answer the question of why repressive state capitalism has ensured economic growth in China, I research the Chinese political economy, focusing on locating the developmental drivers of economic growth and asking what the underlining assumption is of these drivers. Empirically, I trace the historical development of the Chinese political economy and ask why repression has ensured a stable social and political environment for economic activities to flourish. Then, I investigate whether such an environment has been conducive to economic growth or not, and if so, what are the major developmental drivers are. In this research, I find that state investment, FDI inflows, and real-estate boom have been three major growth engines in the Chinese economy since 1992.

Next, I examine what the connections are between these three major driving engines and what is in common for these three drivers to last for two decades and more. I find that state investment and FDI inflows have reinforced each other. As a result, the state has accumulated more resources and FDI demanded more and better offices and new housing. The real-state boom thus began, starting with the building of new government as well as business office buildings, and spreading to the building of new housing. During these processes, both the state and FDI have benefited from development, but migrant

workers in FDI sweatshops have suffered from low wages, poor living conditions, hazard work conditions, and injury, maiming, and even death. In the real-estate boom, state officials, bank officers, and developers collude with each other, and they appropriate private profit from this development. Meanwhile, migrant constructions workers suffer even more severely than those who work in FDI sweatshops. Many migrant construction workers work in dangerous conditions, live in crowded and filthy conditions, suffer from wage default financially, physical injury and even loss of life. I find all these three drivers have been sustained by systemic repression and the actual driving forces are the combination of state goals as well as private profit goals, centred on what I call the “power economy”.

As discussed in Chapter 2, Huang (2008b) argues that China’s policy reversal from financial preference on rural development to urban development is the result of policy preference change. Pei (2006) argues that the state has appropriated rural surplus to urban development through agricultural input and output procurement system and the state’s financial control. I further argue that state investment, FDI inflows, and the real-estate boom are made possible due to the state’s systematic repression, including political repression on dissidents and oppositions that ensures state power and the unbridled power of individual official, financial repression that enables state investment to last for decades, media repression that muzzles almost all dissident and opposition voices, and riot controls that prevent protests and riots from spreading nationwide. The following historical institutional analyses substantiate this argument.

Furthermore, I examine the effect of state spending on repressive state apparatuses to economic growth. This spending, such as on the military, state security, and the police for maintaining stability, has accounted for a much greater portion of the overall state spending than health care and education spending. I find that while this spending has sustained economic growth, it has also reinforced repression of the

people in general, particularly Chinese dissidents, rights activists, Falun Gong practitioners and other opposing groups.

Last, I explore how the economic hierarchy has formed within decades and what the effect of this hierarchy has been to China's economic growth. I find that the state favours some categories of businesses and disfavours others; it also privileges state officials and their colluded business people and disadvantages working classes, particularly peasants and migrants. Consequently, income discrepancy has increased and social stratification has intensified; the economic hierarchy has been forged rapidly over a matter of decades, which in turn urges those people on the lower rungs of the economic ladder to work harder and climb higher. However, economic development under such repressive state-led development has encountered widespread social resistance and has resulted in serious social and economic problems that the regime is unable or unwilling to resolve.

This section demonstrates how repressive state capitalism has ensured economic growth in development processes in China. To do this, I trace the historical process of China's economic development back to the birth of the "New China." I then investigate how political and economic repression has functioned in this process of capitalist development and how the Chinese economy has grown under the intertwined processes of repression, state investment, FDI liberalization, real-estate development, power economy and corruption, the social stratification of different classes, and social protests.

The Chinese socialist economy was a command economy in the 1950s, and the political system was an ultra-totalitarian one that dominated almost all aspects of people's life. The state leaders, officials, and intellectuals were and are called cadres; together with workers they lived in cities or towns with a state

warranty of the “Iron Rice Bowl,” a rationing system for daily living supply that stipulated who had access to how much food, clothing and housing. Peasants lived in the countryside in communes and counted “work points” to collect food and money. This two-tier system created a huge urban-rural discrepancy in living conditions. In 1956, when millions of rural labourers flooded into the cities, the state institutionalized the Household Registration System, which specified in which city, town, or village one could live. Together with its embedded rationing system, the Household Registration System banned rural labourers from collecting food or clothing and establishing housing in towns or cities. Thus, the flow of rural labour into cities was stemmed, but together with the Great Leap Forward in 1958, this system resulted in tens of millions of deaths in the Great Famine of 1959-61. It also forced rural peasants to work hard primarily on land, and to build irrigation systems all over China from the 1950s through the 1970s at an immeasurable cost of life. Lives lost also included intellectuals who had been placed in labour camps for the purpose of “re-education”.

The irrigation systems provided conditions for China’s economic take-off in the late 1970s and the early 1980s, when the state institutionalized the Household Responsibility System for agricultural production based on the family unit. To the mid-1980s, agricultural production increased very quickly. For example, the agricultural growth rate was 8.5% from 1980 to 1985 and 3.9% from 1985 to 1992.⁴⁹ Moreover, TVEs proliferated in rural China in this period (Huang 2008b). These two developments established an initial capital for the country, and the state later transferred rural tax for use in its crumbling state industry and urban rebuilding in the 1990s. Pei (2006:97) estimates that “[b]etween 1990 and 1996, the total extraction of rural income through an implicit tax on grain collected through the procurement

⁴⁹ Hasan, Rummy, 2008, Reflections on the Impact upon China's Polity from the Retreat of State Capitalism, *Critical Sociology*, 2008:34, p.579.

system totaled 259.2 billion *yuan*, averaging 37 billion *yuan* a year (roughly 18 percent of rural GDP)". More broadly, Huang (1996:xv) concurs that "Chinese policy makers favored the cities in terms of investment and credit allocations and taxed the rural sector heavily in order to finance the state-led urban boom".

However, the rural economic growth and open-door policy made urbanites restless in the late 1980s when inflation was high. At the same time, China turned away from totalitarianism and gradually allowed the emergence of some social and political freedoms. People enjoyed some freedoms in the 1980s, but intellectuals, students, and workers were not satisfied with their compensation or the state's political reforms, and they demanded a freer political system and better economic rewards. Demonstrations occurred often in the late 1980s, which shocked political leaders, particularly Deng and the Party elders, who feared another "Cultural Revolution". On June 4, 1989, they launched an attack on students and Beijing citizens in Beijing, which was witnessed first-hand by many foreign journalists who happened to be there. Political cleansing occurred in governmental departments, media units, universities, and research institutions in the central, provincial and municipal levels. Some were imprisoned and many of them were dismissed. In the following years, traditional communist indoctrination was reintroduced into the media. This suppression and the cleansing that followed scared most discontented Chinese people.

In the long run, this suppression paved the road for lasting repression, and China's cultural mentality. It forced people not to pursue social justice, good government, or democracy, and left people with little to focus on but material gain; the reopening of China to world capitalism in 1992 enabled such a possibility to obtain material gain. In other words, the Tiananmen Massacre and the systematic repression that followed encouraged people to employ the logic of "survival of the fittest" (coined by Spencer 1894) in

their daily lives. Wang *et al.* (1999) argue that fierce competition leads people to adapt to the logic of the survival of the fittest in China. For these authors, when economic reform compounded with the impact of globalization resulted in millions of layoffs, a huge number of unemployed, and a sharp income discrepancy, survival thus became very hard, and the logic of the survival of the fittest was established (Wang *et al.* 1999:82-91). Particularly, when Chinese people do not have the right or vote to change the state-led economic reform, survival of the fittest becomes deterministic (Wang *et al.* 1999:90-91). Prioritizing material gain is thereof a logical consequence of adaptation to this logic (Wang *et al.* 1999:163-92). A social value change from serving the country to achieving material gain was completed during the late 1990s, and as a result, corruption, fake goods, falsified certifications, and fabricated data became rampant at the time (Wang *et al.* 1999:193-213). Most people abandoned their dream for democracy as well as any attempt at communist utopianism. Thus, the majority of the Chinese population strove to achieve material gain.

Deng's Southern Tour in 1992 urged renewed economic development. His assertion of "Development Is the Unyielding Principle" encouraged omni-directional capitalization and an embrace of capitalism. China began to rebuild its roads, airports, harbours, and cities. Since then, state-led urban development has become the locomotive of the Chinese economy, mainly driven by investment, particularly infrastructure construction.⁵⁰

In short, while the repressive Household Registration System historically stopped excessive labour flow to the cities in the 1950s and contributed to the high death toll in the Great Famine, it also forced peasants to build a nationwide irrigation system that provided the agricultural infrastructure for later

⁵⁰ "Inflation in China Poses Big Threat to Global Trade," *NYtimes*, April 17, 2011

advances in agricultural production and rural development the late 1970s and the 1980s. These advances provided the capital for the state to undertake large-scale urban development in the 1990s. During this process, the repressive state procurement system played an important role in the transfer of rural surplus to urban development. Political suppression, such as the 1989 Tiananmen Massacre, forced people to focus on self-preservation. Deng's Southern Tour in 1992 reestablished economic development, enabling people's pursuit of material gain.

Since then, China's transition to capitalism has been led by the state. In general, "[i]n all spheres of economic reforms, the state is not only the ultimate policymaker and the manipulator of institutions but is also the controller which approves major project applications and oversees their implementation" (Zhang 2008:459). In particular, state-led capitalism has been characterized by state-led urban development, marked by the Shanghai Model in the words of Yasheng Huang (2008b), an urban development that favours mega-projects, and a biased liberalization that privileges FDI over indigenous, especially small private entrepreneurship (Huang 2008b: 42). The state-led authoritarian urban development is a great regressive reversal from directionally liberal rural development in the 1980s. Huang (2008b) observes that "[w]hen and where rural China has the upper hand, Chinese capitalism is entrepreneurial, politically independent, and vibrantly competitive in its conduct and virtuous in its effects. When and where urban China has the upper hand, Chinese capitalism tends toward political dependency on the state and is corrupt" (Huang 2008b: xvii). Consequently, such state-led development is conducive to state repression of the economy and the people in the economic development process.

At the core of the Shanghai Model, state power and the power of individual officials have propelled fast urban development. For the state, on the one hand, maintaining stability is its first priority, and the

source of instability mainly comes from urban areas. Thus, it is a rational choice for the state to shift resources to urban development, given that the 1989 Tiananmen Massacre badly hurt the regime, and urban riots and protests increased through the 1990s. On the other hand, the repressive state is also able to appropriate massive funding for mega-projects. The dismantling of social security in the 1990s ensures huge saving for China (for example, China had US\$ 500 billion in household savings in 2009⁵¹) because most people dare not to spend their saving for retirement due to lack of pension, and for fear of future health costs due to no or poor health insurance plan. This high level of household savings allows the state to invest at will through the state-controlled banking system. Pei (2006:209) estimates that China's high savings rate at 40% can secure a high domestic investment rate. Together with tens of billions annual net inflows of FDI, China's state investment and FDI inflows can propel economic growth in the short term, even though the economic system is relatively inefficient (ibid.). Moreover, China has a huge foreign currency reserve (US\$2 trillion in 2009⁵²). The state can appropriate these funds for use in development projects because both investment resources and assets are owned by the state (Huang 1996:174).

Furthermore, the investment economy can be sustained in the repressive political system of China. According to Huang (1996), investment and investment control, or economic retrenchment, have become a cycle of Chinese macroeconomic management. Even when an investment fails, it is either assisted or bailed out by governmental agencies or bureaucracies, or the state diffuses its costs. No one must shoulder personal responsibility. Hence, official investors take on little or no risk. Investment inevitably grows, but it invariably incurs inflation in the Chinese context due to a lack of self-enforcing constraints (Huang 1996:255). Therefore, investment control is necessary in order to tame inflation and stabilize prices (ibid.).

⁵¹ Kurlantzick, Joshua (2009), Enter the Dragon, *Mother Jones*, May/June 2009, Vol.34, Issue 3.

⁵² Ibid.

In sum, the state's need for stability and economic growth accelerated urban development. State power and the state repressive economic policies secured the cycle of investment and retrenchment while diffusing the cost of inflation to the people. Little or no risk for individual investors (officials) encourages further engagement in economic activities.

For individual officials (investors), there are two important drives to initiate urban development. In China, the state takes economic growth (measured by GDP) and a glamorous image of the city as indicative of its legitimate rule; successful urban development projects thus become the most important work achievement that enables officials to climb up their official rank. Moreover, engaging in urban development is the major avenue for rent-seeking for individual officials, best illustrated by the triangular relationship in real estate development among local government officials, bank officers (all banks are state-owned in China), and the developer; local officials are the major initiators and directors of the business and thus benefited economically. Infrastructure construction is also a good avenue for rent-seeking; officials directly or indirectly seek rent through their powers of work assignment and financial resources allocation.

Under the Shanghai Model of urban development, China's development is marked by the exchange of power and business, or "power-money exchange," by both media and official anti-corruption discourses. The power-money exchange is presented in almost all sectors and all economic activity from import and export to banking, manufacturing, and construction, and to the issuance of official licenses and permits.

I call this phenomenon the "power economy." The power economy is mainly concerned with the allocation of power and resources, including financial ones, and the assignment of works in state projects in the process of economic development. For instance, Liu Zhijun, the former Minister of Railway,

collected more than 63 million *yuan* in corrupt moneys through his allocation of railway construction projects between 2003 and 2010.⁵³ It is not a secret in China that people do business through their connections to powerful officials or officers in SOEs or corporations. They use existing connections to build their business or they invest in making connections to officials or other powerful individuals in their business relationships. Power is the key in the allocation of business projects in authoritarian China, and a connection to power has become a decisive element in the success of a business. Osburg argues that well-connected businesses and the political elite collude to exclude outsiders and consolidate economic power, creating “a limited network of exchange that disadvantages competitors and grants special privileges to insiders” (Osburg 2013:819). Thus, the power economy has become central to the Chinese political economy, and essential to its growth. Officials are motivated to initiate development projects for personal gain and business people benefit by developing relationships with powerful individuals in relevant bureaucracies, because the authoritarian state controls almost all major business sectors directly or indirectly. Without access to power, the success of a business is uncertain. That is why most successful business people responded positively to Jiang Zemin’s call to join the CCP in 1999; the Party has a monopoly of state power as well as major economic resources.

In addition to using power to exchange money, it is also possible to use money to buy power or buy official positions (*Mai Guan*). Xu Caihou, the former Deputy Chairman of the Military Committee, sold many official positions and collected enormous sums of money⁵⁴: 1.6 billion *yuan*.⁵⁵ Many officials obtain their posts through such deals, but there is a tacit prerequisite in China: one must be a member of the Party first. Those people who wish to become officials join the Party in their young age and devote large

⁵³ The 1st *Finance Daily* news 2014-12-29, <http://finance.eastmoney.com/news/1350,20141229462405476.html>, accessed 2015/01/12

⁵⁴ Sina Military News 2014-12-11, <http://mil.news.sina.com.cn/2014-12-11/1031814804.html>, accessed 2015/01/12

⁵⁵ Huaxun Finance News 2014-10-30, <http://stock.591hx.com/article/2014-10-30/0000843170s.shtml>, accessed 2015/01/12

sums of money and much energy to buying official posts as they ascend the power ladder. Business people who wish to secure their business in the long-term interest or to fend off harassment from governmental agents choose the protective strategy of joining the Party or buying official posts for themselves or their family members. In this way, they get to know other Party members and key officials in their business sectors. Being a Party member and buying an official post can ensure their connection to power, particularly to daily managerial power related to their business operations. Xiaonong Cheng (2008) labels this phenomenon “the commercialization of power”:

Transactions indeed become bilateral, but not simple between producers or sellers; instead, the power holders are involved in transactions. Sometimes they charge for their permits for transactions, and sometimes they charge for offering opportunities to get access to scarce resources in their hands. Through the commercialization of power, the political and administrative elites replace the state in taking the share from producers, possibly a larger share than that the state took before the reform (Cheng 2008:145-46).

In short, repressive state capitalism, particularly in the Shanghai Model, wields its power over the economy both collectively and individually. Cheng argues that the state uses its massive administrative system to control and interfere in the economy without explicit principles and rules (2008:145). This unprincipled interference ensures that, “government officials become the biggest supporters of the ‘reform’ process for the simple reason that they are major benefactors” (ibid.). This development made former General Secretary of the Party “Zhao (Ziyang) [conclude] that ‘socialism with Chinese characteristics’ has produced ‘power-elite capitalism,’ which is ‘capitalism of the worst kind’” (Link 2008:99).

The actual process of state-led development dates back to the 1989 Tiananmen Massacre. When this event was tele-broadcast around the world, most Western countries implemented boycotts against China. As a direct result, China entered into an economic recession. Economic reform thus came to a halt: the

state feared collapse similar to that of East Europe and the Soviet Union. At the same time, the state “reinstite[ed] the party secretary system in each SOE and government organ, ending the short-lived separation of party and enterprise (*dangqi fenjia*) and separation of party and government (*dangzheng fenjia*) introduced by Zhao Ziyang” in 1987 (Hsiung 2009:36). Although Deng was the mastermind of the 1989 Tiananmen suppression, he did not feel satisfied with the economic leftism that Jiang Zemin and Li Peng had steered. He claimed that “development is the unyielding principle” of the Chinese economy and asserted that there be allowed no debate on the nature of the Chinese economy (that is, whether it is capitalist or socialist). Then he used his 1992 Southern Tour to reestablish and accelerate economic reform, and international corporations re-entered China. FDI has contributed roughly 30% of China’s GDP since then. From then on, state-led development has undergone three important stages: the acceleration of the Chinese economy from 1992 to 1996; the restructuring of the Chinese economy, mainly the dismantling of most SOEs and collectively owned enterprises, including TVEs, during the period of 1997-99; and the remarkable state stimulation plan in 2008, when international economic meltdown hit China’s export industries.

The first acceleration stage was initiated by Deng’s Southern Tour and the open door policies of 1992. Before 1992, China designated four special economic zones in south China: Shenzhen, Zhuhai, Xiamen and Shantou, as “open windows” for experimenting with world capitalism or specifically FDI production. After 1992, China announced another ten coastal cities as “open areas”, including, among others, Shanghai, Tianjin, Dalian, and Guangzhou. These are important Chinese industrial cities and trade centres; this decision was pivotal to speeding up the Chinese economy. Local governments in these cities coordinated with each other to promote infrastructure projects and organized business conferences for

attracting FDI domestically and overseas. Both local governments and individual officials directly engaged in business activities (Ma 2000b:588, 591). Particularly, “the entrepreneurial governance of urban development and greater spending on infrastructure” are good examples of such engagement (Zhang 2008:459).

Due to the vast pool of cheap labour and land, little or no environment regulation, and no independent labour unionization, FDI inflow to China increased rapidly – from US\$ 4.4 billion in 1991 to US\$11.2 billion in 1992, US\$27.5 billion in 1993, US\$33.8 billion in 1994, US\$35.8 billion in 1995, and US\$40.2 billion in 1996.⁵⁶ Up until 1995, FDI contributed 19.5% of China’s gross industrial output (Gallagher 2002:347). These data show that FDI inflow was very important to China’s economic acceleration but FDI inflow to China actually delayed democratization in China, as argued by Gallagher (2002).

Accordingly, after 1992, the state invested a large sum in infrastructure projects in the cities noted above to welcome FDI. For example, while national fixed investment increased only 18.6% over the previous year and GDP growth rate rose only 7% in 1991,⁵⁷ they rapidly increased to 37.6% and 12.8% respectively in 1992,⁵⁸ and were as high as 50.6% and 13.4% respectively in 1993.⁵⁹ Local governments were granted much greater autonomy over economic decisions, particularly in infrastructure construction, when “local governments set up development zones in a mad dash to court foreign investors, announced breaks in taxes and land-use fees, and offered foreign investors access to low-cost labour” (Gallagher 2002:350). Development zones suddenly increased from only 111 in 1991 to 1,593 in September 1992, to

⁵⁶ The World Bank Indicator, <http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?page=4>, accessed 2013-04-25

⁵⁷ National Bureau of Statistics of China, http://www.stats.gov.cn/tjgb/ndtjgb/qgndtjgb/t20020331_15386.htm, accessed 2013-04-25

⁵⁸ National Bureau of Statistics of China, http://www.stats.gov.cn/tjgb/ndtjgb/qgndtjgb/t20020331_15387.htm, accessed 2013-04-25

⁵⁹ National Bureau of Statistics of China, http://www.stats.gov.cn/tjgb/ndtjgb/qgndtjgb/t20020331_15388.htm, accessed 2013-04-25

8,700 in 1993 (Yang 1997:56). China's export industry also grew rapidly, and its contribution to the GDP rose to about 24 % in 1994.⁶⁰ Consequently, the coastal areas noted above later formed three major Chinese economic mega-regions and became China's major economic centres: the Yangtze Delta region, the Pearl River Delta region, and the Bohai Rim region. Zhang (2008) estimates that in 2004, these three regions "accounted for 54% of the national GDP, 79% of the country's foreign trade, and 85% of China's total inward FDI" (456). Overall, China's national investment was only 559 billion *yuan* in 1991, but this rapidly increased to 808 billion in 1992, 1.3 trillion in 1993, and 2 trillion in 1995 (China Statistics Yearbook-CSYB 2001:158). SOEs' investment was 68% in 1992, 61% in 1993, and 55% in 1995 (ibid.). These data demonstrate the emergence of a state-led development economy in China.

However, inflation also reached its highest rate in this period, and the consumer price index (CPI) increased to 14.7% in 1993 and 24.1% in 1994.⁶¹ TVEs gradually lost developmental drive when the state shifted bank loans to urban development, as argued by Huang (2008b), and DPBs had a slow start (Gallagher 2002).

But SOEs did not make any progress in this economic acceleration period. On the contrary, triangle debt confounded most SOEs from the late 1980s to early 1992. Only when the state (managed economically by then premier Zhu Rongji) appropriated 51 billion *yuan* at the end of 1992 was triangle-debt eliminated.⁶² Even when the high inflation rates of 1993-1994 swept China, SOEs could not regenerate. Most became bankrupt; their existence sustained only by government bailouts. De Burgh states that "the State-Operated Enterprises (SOEs), long recognized as failing to respond to market needs

⁶⁰ Calculated by yearly export US\$ 1210, multiplied by US\$ to REM rate 8.6, and then divide by the 1994 national GDP 4.38 trillion yuan, http://www.stats.gov.cn/tjgb/ndtjgb/qgndtjgb/t20020331_15389.htm, accessed 2013-04-25

⁶¹ China Finance special report 2011-04-02, http://www.cnfinance.cn/magzi/2011-04/02-12196_1.html, accessed 2013-04-25

⁶² Economic Information 2010-08-30, *Preventing the impact on banking from the risk of triangle-debt of enterprises (Quanli Fangfan Qiye Sanjiaozhai zhongji Yinhangye)*, http://www.jjckb.cn/opinion/2012-08/30/content_398035.htm, accessed 2013-04-26

in quantity, quality or type of product, were not resuscitated and, by 1996, subsidies to them outweighed their contributions to the state budget” (2003:73). Even worse, when the 1997 Asian Financial Crisis hit China, most SOEs faced the possibility of annihilation.

Then, the Chinese economy underwent a neoliberal restructuring, mainly in SOEs and collectively owned enterprises, including TVEs – the second stage of state-led development for national economic restructuring. Under the state policy of “Grasping the Big and Letting Go the Small” (*Zhuada Fangxiao*), most SOEs were privatized and only the economically stronger ones were left in the hands of the state. Through this process, a nationwide plundering of state assets was underway in the name of privatization. As of 2002, SOEs accounted for only 41% of the Chinese economy (Pei 2006:3).

At the time, former premier Zhu Rongji employed primarily four major economic vehicles to restructure China’s economy. First, most SOEs and almost all collectively owned enterprises were closed, merged, or privatized, resulting in layoffs of tens of millions of employees. Yang writes that “[b]y the end of June 2000, 76 percent of the small state enterprises nationwide had undergone some form of corporate reforms (*gaizhi*), including reorganization, sale, joint venture, and leasing” (2004:33). Second, the state allowed a rapid increase to national debt, provincial debt, and construction debt for specific projects.⁶³ Third, the state allowed SOEs to be listed on the stock markets, both domestically in the Shenzhen and Shanghai stock markets and internationally in the Hong Kong Stock Market and on the NASDAQ. Groenewold *et al.* (2004:2) argue that “[a]n important platform to restructuring the Chinese SOEs is the local stock market [...] In other words, corporate governance can be enhanced through privatization because the main sources of inefficiency in Chinese SOEs are poor management, lack of

⁶³ “Chinese Leader Tells Parliament the Outlook for Economy is ‘Grim’/Zhu Rongji Predicted Stagnation Unless the Government Led the Way by Spending More,” *The Philadelphia Inquirer*, March 6, 1999, Saturday edition, p.2

accountability and transparency, and corruption". Lastly, Zhu paid out numerous non-performing bank loans (NPLs) using US\$60 billion of national treasure (Thornton 2008:12) and foreign investment,⁶⁴ but left more NPLs behind due to funding mega-projects.⁶⁵ Following these measures, he launched large-scale campaigns against smuggling and urged the acceleration of real-estate development, which began in coastal cities around 1994. The sale of SOEs and TVEs and the clearance of bank NPLs relieved most corrupt officers in SOEs and banks, and their government counterparts, but brought little income in to the state coffers. Nor did workers receive an adequate income or share in the proceeds. While such maneuvers streamlined economic relations and eased the fears of most state officials and SOE officers involved, it did so at the high cost of state assets and tens of millions of layoffs.

Fortunately for the Chinese economy, FDI flowed continuously into the country, and remained at about US\$45 billion between 1997 and 2003.⁶⁶ In 2004, FDI inflow to China rose to US\$55 billion, and it soared to US\$104 billion in 2005, US\$124 billion in 2006, and US\$156 billion in 2007.⁶⁷ Such FDI inflows infused China's economy with energy.

Meanwhile, real estate development gradually took off when China legitimized property rights in cities and towns.⁶⁸ In 1998, real estate investment was at only 358 billion *yuan*, but this number rocketed to 1.94 trillion *yuan* in 2006, with a two-digit yearly growth rate during this period (Tang 2008:128). The state also encouraged this strategic growth. Land sales and bank loans are the two most important factors in the support of such development. In China, land sale accounted for only 0.08% of the national revenue in 1998, but this figure had increased to 47% by 2004 (*ibid.*). In 2006, bank loans for real-estate

⁶⁴ Foreign Entry to bad-loan market backed by Zhu, *South China Morning Post*, July 7, 2001, Business Section, p.1

⁶⁵ Reforming Leader Inspired Love and Loathing, *The Irish Times*, March 14, 2003

⁶⁶ The World Bank Indicator, <http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?page=2>, accessed 2013-04-25

⁶⁷ The World Bank Indicator, <http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?page=1>, accessed 2013-04-25

⁶⁸ Unlike western property rights of whole ownership and without time limit, China's property rights is limited to 50 years use right for commercial purpose and 70 years usage right for private housing.

development projects amounted to 3.68 trillion *yuan*, a 73% increase from 2003 (Tang 2008:131). More importantly, local governments had become the biggest real-estate developer (Tang 2008:128). For example, during the period of 2003-2005, the yearly ratio of real-estate investment to all fixed investment surpassed 53% consecutively in Beijing. In Shenzhen, Shanghai, and Guangzhou, this yearly ratio was greater than 33%. In many provincial city centres, such as Hangzhou, Nanjing, Wuhan, and Shenyang, it was greater than 30% (Tang 2008:128). Real-estate development has become an important aspect of China's economy. For instance, real estate contributed directly to 18% of the GDP in 2004; this figure would be greater than 20% if the demand from related industries (such as iron and steel, finance, construction materials, and home appliances) were taken into account. Real estate has become the single biggest contributor to GDP in the past decade strong (Tang 2008:130). Real-estate investment has accounted for roughly 20% of the national fixed investment since that time, and its contribution to GDP has slowed to 15-16% in 2014. For example, real-estate investment was about US\$1.5 trillion (¥8.8 trillion) in 2013, or 20% of China's national investment.⁶⁹ In 2014, real-estate investment reached about US\$1.6 trillion (¥9.5 trillion),⁷⁰ or 19% of national fixed investment of US\$8.3 trillion (¥50 trillion), and 15% of China's GDP of US\$10.6 trillion (¥64 trillion) in 2015.⁷¹

In China as a whole, national investment climbed to 2.8 trillion *yuan* in 1998, 3.0 trillion in 1999, and 3.3 trillion in 2000 (CSYB 2001:158), and rose steadily to 3.7 trillion in 2001, 4.35 trillion in 2002 (CSYB 2003:186), 5.56 trillion in 2003 (CSYB 2004:187), and 7.05 trillion in 2004 (CSYB 2005:185). In 2007, it soared to 13.7 trillion in 2007 (CSYB 2008:169). SOEs' investment accounted for 54% in 1998, 53% in 1999, 50% in 2000 (CSYB 2001:158), 51% in 2001, 44% in 2002 (CSYB 2003:186), 39% in 2003 (CSYB

⁶⁹ The Peoples' Net News 2014-01-20, house.people.com.cn/n/2014/0120/c194441-24170688.html, accessed 2015/01/20

⁷⁰ Sohu News 2015-01-20, business.sohu.com/20150120/n407924280.shtml, accessed 2015/01/20

⁷¹ Sohu Financial News 2015-01-20, business.sohu.com/20150120/n407923997.shtml, accessed 2015/01/20

2004:187), and 36% in 2004 (CSYB 2005:185). These data demonstrate the pace of state-led development, though SOE investment gradually accounted for less and less of the total national investment.

The state's heavy reliance on FDI and the investment economy was challenged by the 2008 global economic meltdown. Chinese export plummeted in late 2008, especially in Dongguan, Guangdong.⁷² The state feared high levels of unemployment and in the year announced an economic stimulation plan of 4 trillion *yuan*: about 1.8 trillion *yuan* (or 45%) for railway, highway, airport, and power line construction; 1 trillion *yuan* (or 25%) for rebuilding disaster areas; and 0.37 trillion *yuan* (or 9.25%) for rural infrastructure.⁷³ This is the third and final stage of state-led development or economic stimulation, which exemplifies how the state will cope with economic crises in the future. China's national investment increased to 28 trillion *yuan* in 2010 and 31 trillion *yuan* in 2011 (CSYB 2012:157). The 2012 economic stimulation plan by local governments is a follow-up to the 2008 stimulation plan. Local governments plan to invest as much as 7 trillion *yuan* over the next several years.⁷⁴

This stage is one of state financial macromanagement, in which the state or local states appropriate national treasure or the people's money for SOEs, and allow these SOEs to carry out state-led development, causing rapid increases in their total net profit to 1.99 trillion *yuan* in 2010 and 2.26 trillion *yuan* in 2011.⁷⁵ At the same time, the private sector was starved for public financing, which has been monopolized by the state.

Fortunately, FDI inflows to China continued to remain as high as US\$ 171 billion in 2008. Though they decreased in 2009 to US\$131 billion, they skyrocketed to US\$ 243.7 billion in 2010 and US\$ 220

⁷² Daniel Chan, Factory closures, layoffs stir unrest in China, *USA Today*, Dec 03 2008

⁷³ Sohu Financial News 2009-03-12, <http://news.sohu.com/s2009/5466/s262385658/>, accessed 2013/04/27

⁷⁴ China Stock Net News 2012-08-23, <http://news.cnstock.com/rdzt/df4wy/df4wytt/201208/2222234.htm>, accessed 2013/04/27

⁷⁵ Xinhuanet News 2013-04-10, http://news.xinhuanet.com/fortune/2013-04/10/c_124561627.htm, accessed 2013-04-27

billion in 2011.⁷⁶ Such inflows have encouraged China's economic growth.

In all three stages, the state has established a high tax rate to sustain state-led development; China's tax growth rate is much faster than its economic growth rate. For example, in 2005, China's tax growth rate was 20%, twice the GDP growth rate of 9.8% the same year⁷⁷; in the first six months of 2006, China's tax growth rate was 22.7%,⁷⁸ again twice its GDP growth rate (about 9%). Moreover, local governments have levied many fees to fund state-led development, especially in the areas of real-estate development and automobile manufacturing. In contrast, the state has all but ignored rural development. For instance, agriculture contributed 28.2% to the GDP in 1983,⁷⁹ but only 24.2% in 1992,⁸⁰ and only 15% in 2005.⁸¹ Yet agriculture roughly employed more than half of the 800 million rural adult labourers in China in the past decade (this number was 400 million in 2012⁸²). In other words, in 2005, 61% of the national population in rural areas produced only 15% of the GDP, while 39% of the national population in urban areas produced 85% of the GDP. The rural GDP per capita is only 11.3% of the urban GDP per capita, which leads to an appalling rural-urban income discrepancy. Hsiung (2009) presents this chilly picture of China's income polarization:

One report showed that by 2004 the richest households had earnings 359 times the income of the poorest households. Five million individuals held personal assets of over 10 million *yuan* in Chinese renminbi (or \$1.25 million), whereas 100 million individuals, mostly in rural areas, had an annual personal income of no more than 637 *yuan* (\$80). The report cited a World Bank estimate that 200 million people in urban centers were impoverished, 95 percent of whom were unemployed or laid off by SOEs that had to resort to layoffs to stay competitive following China's WTO entry. And the situation only got worse: by 2006, according to another report, 1.5 million households (or less than 0.5 percent of population) held combined assets of \$1.3 trillion, or 70 percent of the nation's total wealth [*World Journal*, New York, October 18, 2006, C1] (Hsiung 2009:37)

⁷⁶ The World Bank Indicator, <http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD>, accessed 2013-04-25

⁷⁷ The People's Net News, <http://www.people.com.cn/GB/paper1631/16746/1473351.html>, accessed 2013-04-28

⁷⁸ Xinhua Net News 2006-08-27, http://news.xinhuanet.com/politics/2006-08/27/content_5011146.htm, accessed 2013-04-28

⁷⁹ National Bureau of Statistics of China, http://www.stats.gov.cn/tjgb/ndtjgb/qgndtjgb/t20020331_15377.htm, accessed 2013-04-28

⁸⁰ National Bureau of Statistics of China, http://www.stats.gov.cn/tjgb/ndtjgb/qgndtjgb/t20020331_15387.htm, accessed 2013-04-25

⁸¹ In 2005, "non-agricultural sectors have contributed about 85% of total GDP" (Zhang 2008:454)

⁸² National Bureau of Statistics of China, http://www.stats.gov.cn/tjgb/ndtjgb/qgndtjgb/t20130221_402874525.htm, accessed 2013-04-28

This disparity has helped China to consolidate state-led development and to centralize economic power in the hands of local governments and individual officials. At the same time, the state has diffused developmental costs among unemployed workers, peasants who have lost their land, migrant labourers, and rural peasants.

China's economy has indeed grown quickly under social and political repression, increasing eight times in size from 1978 to 2002. Income per capita rose more than 40 times from \$151 in 1978 (Pei 2006:2) to US\$6,800 in 2013.⁸³ FDI net inflows rose from US\$11.15 billion in 1978 to US\$185.08 billion in 2010.⁸⁴ China's GDP was equal to US\$ 5.9 trillion and ranked second only to that of the US in 2010.⁸⁵ China's foreign currency reserve increased from US\$0.84 billion in 1979⁸⁶ to US\$ 3.44 trillion in April 2013,⁸⁷ and has ranked first since 2006. The share of the private economy, including FDIs and DPBs, rose from 0.2% in 1978 to 50.2% in 2010,⁸⁸ but the share of SOEs fell from nearly 78% in 1978 to 41% in 2002 (Pei 2006:2-3). In 1978, the state employed nearly 80% of the urban workers; in 2002, the state employed only 29% (Pei 2006:3). SOEs account for only a small portion of China's economy and employ only a small part of the population, but receive the major financing from the stock markets (Du 2014) and almost all of China's bank loans (Pei 2006). While the private sector receives almost no bank loans and little financing from stock markets, it contributes the major part of China's economy and employs the vast majority of the Chinese working people. These data illustrate state's repression of the private sector and the vast majority of the Chinese people, except for red capitalists and the small upper-class elite.

⁸³ World Bank Data, China homepage, <http://data.worldbank.org/country/china>, accessed 2014-09-12

⁸⁴ World Bank data sheet –China FDI Chart, <http://search.worldbank.org/data?qterm=data+of+fdi%2C+china&language=EN&format=html>, accessed 2012-03-26

⁸⁵ World Bank GDP ranking, <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf>, accessed 2011-01-02

⁸⁶ Wikipedia Chinese, <http://zh.wikipedia.org/wiki/中华人民共和国外汇储备>, accessed 2013-06-18

⁸⁷ The People's Net financial news 2013-04-12, <http://finance.people.com.cn/n/2013/0412/c1004-21106728.html>, accessed 2013-06-18

⁸⁸ World Bank Country Data, <http://data.worldbank.org/country/china>, accessed 2012-03-31

Telecommunications development illustrates such economic repression more clearly in that the repression of private competitors (including foreign competitors) actually protects tri-poly in this sector. For example, in the 1990s, the paging business in China took off. Hundreds of paging firms competed for customers in the big cities and then moved into smaller ones. Big paging firms, such as China Motion, headquartered in Shenzhen, became leading telecommunications players.⁸⁹ The cell phone soon triumphed over the pager, but Chinese state had established a monopoly in the cell phone business, limiting cell phone operation to only three SOEs: China Telecom, China Mobile, and China Unicom. Thus, all private paging firms went bankrupt.

As part of the infrastructure, the rise of telecommunications and the Internet is a typical example of state-led economic growth under political repression. The number of Internet users has increased 2525 times from barely 160,000 in 1997 (Pei 2006:2) to 404 million in 2010.⁹⁰ Landline phone users numbered 1.25 billion and cell phone users increased in number to 960 million in October 2011.⁹¹ However, given that telecommunications and the Internet provide a means for people to communicate with each other and discuss social and political problems, development in this area poses a potential threat to the government. The state limits telecommunications to three SOEs noted above. The state also employs Internet police. Yet these two sectors have become the two most vibrant sectors in China, even though they are controlled by the state with the help of Internet and telecommunications giants such as Cisco System, Sun Microsystems, Motorola, Nortel (He 2008:175), Google, Microsoft, and Yahoo.⁹²

The parallel coexistence of repression and economic growth is due partially to the state's favouring of

⁸⁹ Runxun Communications Company, www.114chn.com/p/440301/00010003/4403011012230001/inex.html, accessed 2015/5/7

⁹⁰ China News, <http://www.chinanews.com/it-itxw/news/2010/05-21/2298211.shtml>, accessed 2011-01-02

⁹¹ Chinese Government, http://www.gov.cn/gzdt/2011-11/22/content_2000263.htm, accessed 2012-03-29

⁹² Google and Yahoo Face Their Congressional Critics, *Times Online*, Feb 15, 2006

FDI. Pei suggests that China's preference for foreign investors over domestic entrepreneurs is due to FDI's non-threatening nature with regards to governmental political power (2006:32). Huang supports Pei with the statement that "[i]n the 1990s, China pursued a highly biased liberalization strategy that conferred substantial tax and policy incentives on FDI while restricting the growth potentials of the indigenous private sector" (2008:4). In fact, almost all big, successful Chinese firms, such as Lenovo, Sina.com, UTStarcom, Galanz, and Wahaha, are registered as either foreign firms or joint ventures in China because they are then subject to the relatively more liberal foreign investment laws and regulations rather than the state-imposed straitjacket that encumbers the domestic private sector (Huang 2008b:5). More precisely, Gallagher (2002:354) argues that China's favouring of FDI has delayed Chinese democracy because FDI do not challenge the state and FDI development has actually delayed the demand for political change. Pei adds that economic prosperity can help legitimize state rule and vindicate the state's economic as well as political policies, thus reducing the demand for political reform. Economic growth has thus reinforced political repression in China.

China's economic success is also ascribed to the state's strategy of repression. Indeed, there have been numerous demonstrations and protests against local states and specific officials in the past two and half decades. Pei argues that unlike the brutal suppression it used before 1989, the state has now coped with these challenges by engaging in selective repression, improved technical control of social unrest, and co-optation of potential opposition elites (2006:81). Selective repression is used mainly on those who are determined to challenge the Party rule, although the state may deem it appropriate to use in other circumstances as well. Such repression is productive rather than destructive as in the Maoist era, when repression was totalitarian and indiscriminate, and caused mass terror. There are two reasons for this

difference. First, selective repression “alienates fewer people and may even help isolate and weaken the regime’s opponents” (Pei 2006:82). This strategy leaves the vast majority of the population physically and financially unhurt; consequently, few people will ally with those being repressed, though they might be sympathetic to their political position. Second, “[s]elective repression is also less frightening to foreign and domestic investors than mass terror” (ibid.) because totalitarianism cannot guarantee investors’ personal security and the security of their property. A strategy of selective repression thus allows businesses to thrive in China, particularly FDI.

In addition to repression, the state also uses material resources to co-opt potential opposition groups, particularly intellectuals, in order to shore up the CCP’s base of support. Such actions were highly successful in the 1990s (Pei 2006:20). Many intellectuals have been co-opted by the state, which offered CCP membership, important positions, and material incentives to potential opposition leaders (Pei 2006:89). Such co-optation sets an example for the Chinese intelligentsia as a whole: the majority of intellectuals restrain themselves from criticizing the government. Their behaviour further justifies the survival of the fittest logic employed in society at large: intellectuals are influential members of society. The state also attempts to co-opt private entrepreneurs. For example, “[f]rom 1997 to 2002, more than 9,000 private businessmen were selected to be delegates to local people’s congress at and above the county level. More than 32,000 were appointed to CPPCCs [Chinese People’s Political Consultative Conference] above the county level. A survey of 3,635 private entrepreneurs in 2002 showed that 35 percent were members of the CPPCC at various levels” (Pei 2006:93).

The Chinese hierarchical economic system, sustained by systematic political and economic repression, is another factor in the long economic boom. In China before 1978, “divisions and hierarchies

were created by a state that confiscated private property and turned it into ‘state property’, and then arranged, distributed, and sanctioned different sectors of people according to the logic of its planned economy” (Pun 2005:72). The reform has brought about enormous social and economic change, but not political change. China is still definitely an authoritarian country, if not a totalitarian one. Power is concentrated in the hands of officials, and money is collected by red capitalists or family members of officials. Thus, power and money are amassed in a few families. At the top of the hierarchy in 2012, there were about one million wealthy individuals whose assets surpassed 10 million *yuan*.⁹³ In 2013, there were 64,500 rich individuals whose wealth each surpassed 100 million *yuan*.⁹⁴ This newly rich elite is only a tiny portion of China’s populace, less than 0.1%. A relatively small number of middle-class Chinese have spent decades settling in cities and living comfortable lives with a house, a car and stable income. In 2012, according to Forbes China, 10.26 million Chinese⁹⁵ (or about 30 million according to MBALib) could be categorized as middle-class.⁹⁶ Under this middle class, there were about 500 million workers with their household registration in cities or towns.⁹⁷ These individuals can access to municipal services, such as education, healthcare, limited unemployment insurance, and some retirement remuneration. Most of them cannot afford a house and car, and they have been fiercely exploited by repressive state capitalism, particularly after 1997, when the state dismissed tens of millions of workers and dismantled the social security network, replacing it with a thinner system. At the bottom of this hierarchy, there are about 800 million peasants, some of whom have moved into towns and cities for a modern urban lifestyle. Most peasants cultivate their land in a slash-and-burn manner, their healthcare provided by “barefoot doctors”

⁹³ Xinhua News Net, 2012-01-27, http://news.xinhuanet.com/world/2012-01/27/c_122620567_2.htm, accessed April 9, 2012

⁹⁴ Netease News 2013/4/17, <http://news.163.com/13/0417/19/8SMF770F0001124J.html>, accessed 2013/04/17

⁹⁵ Forbes China 2013-03-27, http://www.forbeschina.com/review/201303/0024579_all.shtml, 2013-04-30

⁹⁶ MBA Lib, <http://wiki.mbalib.com/wiki/%E4%B8%AD%E4%BA%A7%E9%98%B6%E7%BA%A7>, accessed 2013-04-30

⁹⁷ In 2005, the number of Chinese urbanites was “562 million, amounting to 43% of the total population” (Zhang 2008:454)

who themselves are peasants with little or no medical training. Among these 800 million peasants, more than 250 million work in cities as migrant workers (*Nongmin Gong*),⁹⁸ the cheapest labour, in sweatshops or in construction sites with hazardous, dirty, or crowded work conditions. The relatively primitive and dull life in the countryside and the scarcity of income encourage these peasants to pursue the modern urban life, particularly luxurious life of the glamorous city presented in the media. Such mass migration has secured sufficient labour flow to urban centres.

At the top of this hierarchical system, officials and red capitalists with power in their hands, or who are assisted by powerful persons become billionaires within years. Some private owners of domestic companies move up from a home office to offices in multiple urban centres in different regions of the country, though most DPBs have gone bankrupted. At the second rung, most government functionaries without power in their hands live a comfortable life, and some intellectuals and professionals move from subsistence life to a life of comfort. These are the middle-class. At the third rung, some urban workers gradually own their homes, whether big or small, though most workers struggle to make ends meet. At the bottom rung, most rural migrants do not settle in a town or city, though a few rural entrepreneurs might finally have houses both in their villages and in their urban business sites. Most peasants still live a miserable life in primitive rural areas without running water, stable income, or basic health care. Income discrepancy between urban and rural dwellers has become polarized. For example, Wang Shaoguang (2000) estimates, “real urban incomes are as much as four times real rural incomes” (as cited in Pun 2005:73). In short, income discrepancy has been widened in this hierarchy.

Generally, those on in the bottom three rungs of the ladder strive to move up; theoretically, it is

⁹⁸ Sina Financial News 2012-04-27, <http://finance.sina.com.cn/nongye/nygd/20120427/164211945526.shtml>, accessed 2013-08-13

possible for anyone to become wealthy in this big country with economies of scale. For instance, singers and actors originally from the peasant class have moved from the bottom to the top rung within a matter of years. Xiao Shengyang, a peasant singer and actor in Benshan Media, became popular in 2009 and earns a yearly salary of 5 million *yuan*.⁹⁹ Zhu Ziwen, a peasant singer who is now a millionaire, has been charging an appearance fee of 200,000 *yuan* since 2011.¹⁰⁰ Peasant actor Wang Baoqiang owned 8.6 million *yuan* and he was ranked 38 in the 2008 Forbes China Celebrity 100.¹⁰¹ Overall, the vast population of urban workers, migrants, and peasants ensure a better life for red capitalists, officials, business people, and some pro-government intellectuals. But social movement is ongoing, and the drive to improve one's social standing is strong. While the chances of such drastic upward mobility are slim, the prospect of a flexible social hierarchy encourages people of all classes to work hard in hopes of a better life.

Yet China's economic growth goes hand in hand with an increasing in human suffering at the cost of human life, education, health, and the environment. First, loss of life on a daily basis is significant in China. Work place accidents, traffic accidents, poison, and suicide result in millions of death. Numerous deaths in work place-related deaths are reported each year. For instance, "official figures record 13,960 industrial and mining accidents in 2002 that resulted in 14,924 fatalities" (Pei 2006:170). China has among the highest number of fatal workplace accidents per year in the developing world, with more than 6,000 fatalities each year in small-scale mines alone in the 1990s. China's fatality rate of 9.1 deaths per million tons of coal is 90 times higher than the industrial country average of 0.1.¹⁰² Workplace safety is so poor that 10% of all workers report that they have been injured at work, according to a survey conducted by the

⁹⁹ The People's Net news 2013-03-18, <http://ent.people.com.cn/n/2013/0318/c1012-20822352.html>, accessed 2013/04/30

¹⁰⁰ Xinhua Net News 2012-02-13, http://news.xinhuanet.com/video/2012-02/13/c_122688140.htm, accessed 2013/04/30

¹⁰¹ Sina Entertainment News, <http://ent.sina.com.cn/c/forbes2008.html>, accessed 2013/04/30

¹⁰² International Labour Organization report, May 7 1999, "Small-scale mining on the increase in developing countries", http://www.ilo.org/global/about-the-ilo/press-and-media-centre/press-releases/WCMS_007929/lang--en/index.htm, accessed 2011-01-08

official All-China Federation of Labour Unions in 1997 (Pei 2006:170). In 1985, the number of China's road fatalities was much higher than that of its neighbours; this figure nearly doubled between 1985 and 2000 (Pei 2006:169-70). Each year, approximately 100,000 people are made ill or killed by rat poison.¹⁰³ Environmental pollution has resulted in more than 247 "cancer villages".¹⁰⁴

Second, China's economic growth is also achieved at the cost of education due to inadequate funding for education by the state. In the 1990s, China's education spending, amounting to only about 2 percent of the GDP, was significantly below the average of 3.4 percent of the GDP in other low-income countries. China spent much less on education than India, Mexico, Brazil, and the Philippines (Pei 2006:170-71). During the period of 2005-2008, China's education spending averaged 1.8%; India averaged 3.2%, Brazil 4.7%, Mexico 5.0%. Even Nepal averaged 2.4%. China was lower than that of Nepal, only slightly more than those countries at the very bottom of the education spending, such as Cambodia (1.7%) and Myanmar (0.8%).¹⁰⁵ In general in China, "government funding contributed to only 31 percent of expenditures in middle-school education, 24 percent in primary-school education, and 40 percent in kindergarten education" (Pei 2006:172). As a result, the number of illiterate Chinese adults increased by 30 million between 2000 and 2005 (Huang 2008b: xvii).

Third, China has spent much less on health care than other developing countries. The *World Health Report 2000* ranked China's overall health system performance at 144th of 191 World Health Organization (WHO) member states, behind India (112th) and Bangladesh (88th) (200-203).¹⁰⁶ According to the World Bank, China has ranked close to the bottom in world health care spending for the past decade. For example,

¹⁰³ *Ban yue tan (neibuban)*, (Semi-Monthly Forum, internal edition), 10 (2002): 58

¹⁰⁴ Xinhua News 2013-08-12, http://news.xinhuanet.com/energy/2013-08/12/c_125150926.htm, accessed 2014-01-16

¹⁰⁵ Educational Spending of World Bank Data, <http://data.worldbank.org/indicator/NY.ADJ.AEDU.GN.ZS>, accessed 2011-01-08

¹⁰⁶ WHO Report 2000, http://www.who.int/whr/2000/en/whr00_en.pdf, accessed 2011-01-08

China's average rate of public health expenditure, as a percentage of the GDP, was 1.87% during the period of 2005-2007, much lower than that of Burundi (4.77%) and Mexico (2.7%), only a slightly higher than that of several countries at the bottom, such as the Philippines (1.3%), and Guinea (0.7%).¹⁰⁷ In China, the general population bears the brunt of health care costs. For instance, from 1997 to 2001, the Chinese state contributed less than 39% to overall medical expenditures; the Chinese public bore more than 61% of this expense.¹⁰⁸ The state's percentage contribution to the costs of public health (42.9% from 2005 to 2007) is much lower than the world average for the same period (59.3%).¹⁰⁹ In particular, rural peasants are discriminated against within the state health care system. For example, in the 2002 state health budget, only 15 percent of health care spending went to rural areas although rural residents account for about 70 percent of the population. Nearly half of rural "doctors" have no license and have little or no training at all (Pei 2006:173). The SARS outbreak in China in November 2002 illustrates the state repression particularly well: the government suppressed media reports of the epidemic in its early stages (Tai and Sun 2007:996). Such repression took tens of thousands of lives worldwide. In short, inadequate governmental funding of health care together with media repression resulted in the rapid spread of epidemics and, often, a huge loss of lives.

However, the state appropriates excessive finances to fund its repressive state apparatus. While China's income discrepancy has increased since reform, the state could build up a strong social security system in order to offset the widening income gap and reduce social discontent and unrest. However, the authoritarian state has instead funneled money into repressive institutions in order to maintain stability and suppress demonstrations, protests, and complaints. These institutions include the army, state security, the

¹⁰⁷ World Bank data – indicators, <http://data.worldbank.org/indicator/SH.XPD.PUBL.ZS>, accessed 2011-01-08

¹⁰⁸ World Health Report 2003, p.170, http://www.who.int/whr/2003/en/whr03_en.pdf, accessed 2011-01-08

¹⁰⁹ World Bank data indicators, <http://data.worldbank.org/indicator/SH.XPD.PUBL>, accessed 2011-01-08

armed-police, the riot-police, the police force, and the helping police (*Cheng Guan*), as well as the banks (as a tool for financing repression). China's military spending is much higher than that of other countries, twice – even triple – its education or healthcare spending. According to the World Bank, China's military expenditure compared to its central government expenditure (18.1%) was much higher than the world average (10.6%) during the period of 2005-2009. Only Singapore (30.5%), Georgia (28.56%), Pakistan (25.9%), Chile (19.9%) and the US (18.7%) had a higher ratio than China.¹¹⁰ The Chinese state does not admit to this high spending rate. However, even its own annual budget provides a high figure for its military spending. According to Phoenix News, China's military spending was 11.1% of the country annual budget, twice that of educational spending (4.6%), and triple that of health care (3%) in 2009.¹¹¹ This figure was roughly the same in 2010.¹¹²

The state has also appropriated a large amount of funding for state security, various policing forces (including Internet police), and relevant local government departments in order to maintain stability (*Wei Wen*), particularly after 2003, when Hu Jintao assumed his presidency. For example, government spending on the maintenance of stability in 2010 was 549 billion *yuan*, more than its military spending (534 billion *yuan*).¹¹³ The 2012 state budget for maintaining stability was as high as 700 billion *yuan*, again more than its military spending (670 billion *yuan* the same year).¹¹⁴

Lastly, banking is also an important tool for state control. The state monopolizes the banking industry and appropriates public funds to banks. In China, all financial institutions, including banks, are owned by

¹¹⁰ World Bank data-indicators, <http://data.worldbank.org/indicator/MS.MIL.XPND.ZS>, accessed 2011-01-08

¹¹¹ Phoenix News 2010-03-08, http://news.ifeng.com/mainland/special/2010lianghui/zuixin/201003/0308_9417_1567239.shtml, accessed 2010-12-24

¹¹² Phoenix News 2010-03-08, http://news.ifeng.com/mainland/special/2010lianghui/zuixin/201003/0308_9417_1567239_2.shtml, accessed 2010/12/24

¹¹³ Free Wikipedia, <https://zh.wikipedia.org/wiki/%E7%BB%B4%E7%A8%B3>, accessed 2013-04-28

¹¹⁴ Tencent News 2012-03-07, <http://news.qq.com/a/20120307/000290.htm>, accessed 2013-04-28

the state. The average ratio of China's non-performance loans to total gross loans was 5.77 % during the period of 2005-2008, much higher than the world average (3.3%).¹¹⁵ The state uses public funds to secure its banking operation, as the discussion above illustrates. At the same time, the banking sector sees much higher profits than other sectors. For example, thirteen national banks earned net profits of 665.9 billion *yuan* in 2010, 45% of the total net profits of 1.4773 trillion *yuan* for all the listed 1410 companies in the China A-Stock Market.¹¹⁶ In 2011, the banking sector (all state-owned banks) earned net profit of 1.0412 trillion *yuan*; the banking profitability is 12 times the average of that of industrial enterprises. However, the bank non-performance loans (NPLs) were as high as 427.9 billion *yuan* at the end of 2011, even when the banking sector made huge profits.¹¹⁷ In the first three seasons of 2012, the four major Chinese banks – China Industrial & Commercial Bank, China Construction Bank, Bank of China, and China Agricultural Bank – still earned net profits of 575.7 billion *yuan*, an increase over the 2011 net profits for the same period, even though China's economy has largely slowed down since October 2011.¹¹⁸

Although China's economy is growing, the growth rate is not as high as the state claims. First, China's economic growth is manmade. According to Premier Li Keqiang in 2007, China's local economic data are unreliable, and he does not trust them. For him, only rail cargo volume, electricity consumption and bank loans are reliable indicators of economic performance. By looking at these data, he argues, he can judge the economic growth rate with relative accuracy.¹¹⁹ Second, the state claims a higher growth rate than scholars' estimates. For example, while the state claimed its annual growth rate was about 7% in both 1998 and 1999, "Rawski (2001) challenged the Chinese government's statistics and estimated the

¹¹⁵ World Bank data-indicators, <http://data.worldbank.org/indicator/FB.AST.NPER.ZS>, accessed 2011-01-08

¹¹⁶ Tencent News, 2011-04-13, <http://news.qq.com/a/20110413/000128.htm>, accessed at October 31th, 2012

¹¹⁷ Tencent News, 2012-02-20, <http://news.qq.com/a/20120220/000108.htm>, accessed at October 31, 2012

¹¹⁸ Tencent News 2012-10-31, <http://news.qq.com/a/20121031/000063.htm>, accessed at October 31th, 2012

¹¹⁹ Reuters News 2010-12-06, <http://www.reuters.com/article/idUSTRE6B527D20101206>, accessed 2010-12-24

actual rate to be between -2% and 2% for 1998 and -2.5% and 2% for 1999. Rawski supported his estimate with several facts, such as the import-export-slowdown during the 1997 Asian financial crisis, the losses during the 1998 floods, and the slow growth of some key factors for the overall economic growth, including energy consumption and air transportation (Rawski 2002)” (Tang 2005:58). Moreover, Rawski challenges China’s claim of an average growth rate of 7.7% during the period of 1998-2001, and he demonstrates that the actual average growth rate in this period was only about 0.125%.¹²⁰ Third, although China has claimed a growth rate of 8 - 10 in the past two and half decades, its inflation is actually higher than its growth rate during some years. For instance, “[b]etween 1988 and 1993, the high inflation period for China, the inflation rate was about 13 percent” (Huang 1996:312-13). During this period, the economy should have been in decline once the inflation deduction was taken into account. In a word, China’s growth rate is not as high as the state claims it to be.

The impression given of China’s fast economic growth has been manufactured and fostered by the media and the state, including state statistics and local government, which misleads most people into believing in the image of a strong China. China’s economic data are not reliable, as Premier Li Keqiang has said, neither are media reports. The media place Party politics above all. In the cities, the daily urban news is derived from a daily municipal report to the province and its relevant leaders; the media municipal report includes leaders’ meetings and economic achievements. Likewise, the provincial news is a daily provincial report to the central government. And the national CCTV news is an indoctrination of Party ideology and a public announcement of national achievements, aiming at vindicating China’s image of good government and effective governance. Such news disguises the real facts and confuses most people,

¹²⁰ Rawski, Thomas (2001), “*What’s Happening to China’s GDP Statistics?*”, University of Pittsburgh, memoir, <http://www.pitt.edu/~tgrawski/papers2001/gdp912f.pdf>, accessed 2011-01-09

particularly the poor and those being victimized, leading them to blame their own bad luck for their lot in life rather than state corruption.

While repressive state capitalism privileges SOEs and officials, it victimizes many people including most rural migrants. Statistically, according to Huang (2008b), household income growth was much faster in the 1980s than in the 1990s. Income disparities widened substantially, while land grabs, corruption, and environmental degradation intensified in the 1990s (Huang 2008b: xvii). Chinese official data show that in the end of 2009, income polarization was so extreme that 0.4% of the population (officials and red capitalists) owned 70% of China's wealth.¹²¹ Corruption was so widespread that Pei (2006:12) estimates that about 4-17% of the GDP lined the private "pockets" of officials before 2001. Numerous riots and protests have occurred every year since the mid-1990s.¹²² The number of illiterate Chinese adults increased (Huang 2008b: xvii). Thus, Huang (2008b:177) denounces the Shanghai Model of "huge construction and real estate booms" as having done "little to benefit the average Shanghai households". In other words, the state-led economic boom has not brought wealth to the majority of its population, only to officials and the business people who collude with them to engage in urban development in the style of the "Shanghai model."

Peasants are the most repressed group and the hardest-working labourers as well. When the state transferred rural surplus to urban development, many TVEs shrank in size or went bankrupt in the 1990s for lack of credit and resources. The excessive rural labour force flocked to urban centers, becoming what was known as migrant workers (*Mang Liu* in the 1990s or *Nong Min Gong* in the 2000s). Under systematic repression by institutions such as the Household Registration System and because of their lack of property

¹²¹ Retrieved from, *Renmin Zhengxie Bao* (People's Political Consultant Paper), www.rmzxb.com.cn, http://epaper.rmzxb.com.cn/2009/20090619/t20090619_258656.htm, accessed on October 29, 2009

¹²² New York Times, http://query.nytimes.com/search/sitesearch?query=china+riots&more=date_all, accessed on October 29, 2009

rights, rural peasants could make only a meager income from tilling land. In the late 1990s and early 2000s, due to nationwide unprofitable in agricultural production because of excessive taxes and fees, peasants had seen their income stagnate, even decrease (Pei 2006:191-93). Most villagers resort to “barefoot doctors” for health care, and they have slim pension and little education. A large number still work according to the “slash and burn mode of cultivation” rather than using agricultural machinery. On average, they have a very small piece of land, about one *mu* (1/15 of hectare) per person. Some of them have no electricity and most of them have no running water.

The poor rural life and the harsh methods of cultivation in the open field have led many rural peasants to commit suicide. According to Lee and Kleinman (2000:221), “about 90 percent of suicides in China are rural”; and “China has been by far the world’s largest number of reported suicides; more than 300,000 each year, comprising 42 percent of all suicides world-wide and 56 percent of all suicides in women.”

Under such miserable conditions, rural labourers have aspired to leave the countryside and earn a stable income in the growing urban centres. But the rural labour force is huge, and the number of migrant workers in the late 1990s was estimated to be about 100 million (Lee 2000:44); in 2012, this number had increased to more than 250 million.¹²³ With such a huge labour force flooding the cities, competition over urban jobs has become fierce. Rural labourers are generally willing to take any job, regardless of how harsh the working and living conditions are. Pun (2007:240) indicates that “the state does not permit the migrant working class to stay in the city, unless the workers have employment to support their temporary residence”. Due to this other factors, most migrant workers live in dormitories; thus, “[t]hrough the employer’s integration of working and living spaces and the state’s regulation of migration, wage

¹²³ Sina Financial News 2012-04-27, <http://finance.sina.com.cn/nongye/nygd/20120427/164211945526.shtml>, accessed 2013-08-13

increases are suppressed and the workday is lengthened” (Pun 2007:240). Usually migrant women work in textile or electronics factories, and service sectors (Pun 2007); migrant men work on construction sites and in coal and mineral mines. Most of them live in crowded quarters with eight to twelve other people, and with communal washing and toilet facilities. The dormitory is a means of labour control and discipline (Pun 2007:246). In short, “[t]he *huhou* [household registration] system and its labor controls construct the ambiguous identity of rural migrant labor while simultaneously deepening and obscuring the economy’s exploitation of this huge population” (Pun 2007:243).

In general, “[l]ow wages, exhaustingly long working hours, unsafe work conditions, wages in arrears, and arbitrary layoffs seem commonplace” in FDI in South China (Chan 1998:6). According to Anita Chan, many FDIs, especially those that are East Asian-owned, “withhold wages and delay wage payments, which makes their workers’ livelihood even more precarious” (Chan 1998:3). The majority of these FDI are owned by ethnic Chinese from Hong Kong, Macau, Taiwan, Japan, and the United States, and these owners “are largely the ones who mistreat mainland Chinese workers” (Chan 1998:4). Some Chinese ethnic managers and Korean managers even abuse Chinese workers physically. There are several reported cases of serious offenses to workers’ dignity in FDI sweatshops, including a case in which a Taiwanese manager locked a labourer in a dog cage with a huge dog in it, and the instance in which a Korean manager demanded an entire shop-floor of workers to kneel down (Chan 1998:6). Perhaps the worst aspect of these reports is that such exploitative practices are protected by local governments, which benefit from the FDI. In accordance with the state’s institutional constraints on migrants, migrant workers typically are cut off from the world outside by high walls, and cannot come and go as they please even after work because approval from a supervisor is required even to pass their factory or dormitory gates (Fu 1998:13).

Sometimes, such repression leads to many accidents that endanger workers' lives or impair their health (Chan 1998:6-7). For example, the Shenzhen Zhili Toy Factory disregarded safety regulations and three Shenzhen safety inspectors extorted 30,000 *yuan* to issue 30 safety permits to various factories (Zhili being one of them) (Fu 1998:25). A fire in the Zili Toy Factory subsequently took the lives of 48 people and seriously wounded 54 (Fu 1998:8). When reporters came to the site, however, Shenzhen officials "refused to answer any inquires and banned any government employee or reporter from speaking to the survivors. The township propaganda office refused to grant reporters any interviews... The scene of the disaster was then closed off to all reporters" (Fu 1998:25). This is only the tip of the iceberg when it comes to the local protection of FDI oppression and exploitation in China's vast East-coastal regions. As a result, migrant workers make only slim income to the extent that about a half of migrant families leave at least one of their children in their home villages, or 61 million children of migrant workers have been left in villages, living separately with their parents who work in cities.¹²⁴

In short, Gries and Rosen (2004:1) argue, "[r]ural migrants work as virtual slaves in urban factory compounds with no job security and none of the welfare benefits that were formerly the pride of the state sector". What is worse, the huge loss of life in terrible workplace accidents seems inevitable within this model of repressive state capitalism. For example, "[i]n the first six months of 2002, over 53,000 Chinese workers were killed in workplace accidents" (ibid). Most of the victims died in coal mines and on construction sites; most were rural migrant labourers.

Urban workers are the second most disgruntled group in cities because their income is the lowest among permanent urban dwellers, and the majority of the unemployed are urban workers, even though

¹²⁴ Xinhua News 2015-06-19, "Liu shou er tong chao liu qian wan, ru he bao zhang er tong quan yi," http://news.xinhuanet.com/edu/2015-03/13/c_127575782.htm, accessed 2015/06/19

they generally live a better life than rural migrants do. An official poll in 2001 showed 75 percent of workers expressing discontent; a large portion of this percentage thought their job loss was due to a lack of social justice and social connections (Pei 2006:198). During the period of 1996-2000, SOEs dismissed 31.59 million workers; collectively owned enterprises dismissed 16.48 million workers.¹²⁵ These workers must now live by their own means. Surveys in Tianjin and Changchun in 2000 showed that only 2.3 percent of workers in Tianjin and 5 percent in Changchun said they would count on the government to solve their economic difficulties (Pei 2006:200). Thus, the “the survival of the fittest” is prevalent, especially among those less fortunate. Those who are employed have also been ruthlessly exploited. For example, China’s GDP growth rate reached 10% annually during the period of 1987-1997, the real average wage for urban workers increased only by 4.4 percent during 1979-1996 (Lee 2000: 44). Moreover, the old enterprise welfare system has been dismantled, and a thinner insurance system has been installed (ibid.). Perry and Selden (2000:5) lament that “Deng Xiaoping’s famous adage that ‘to get rich first is glorious’, has left many of less fortunate distraught, angry, and wondering if their time will ever come”. In a nutshell, Lee (2000) concludes that “[a]lmost every step along the path of market reform amounts to a setback for state workers’ status and livelihood” (44). In her view, the ascendance of managers’ dictatorial power over workers and unions, as well as mandatory labour contracts for all employees, bestows management a legal mandate to dismiss workers (Lee 2000: 44).

This has led numerous worker protests in China. According to the *China Labour Bulletin*, there were about 30,000 worker strikes and protests each year from 2000 to 2010,¹²⁶ of which the vast majority took

¹²⁵ Wang Shaoguang, Hu Angang, and Ding Yuanzhu (2002), “Jingji fanrong beihou de shehui buwending” (The Social Instability Behind Economic Prosperity), p.27, *Zhanlue yu guanli (strategy and management)* 3 (2002):26-33

¹²⁶ “A Decade of Change: The Workers’ Movement in China 2000-2010”, *China Labour Bulletin* research reports, www.clb.org.hk, accessed 2013-12-10

place in the manufacturing sector (“A Decade of Change,” *China Labour Bulletin* 2012:11). The major reason for protests is SOE restructuring. For instance, “[f]rom 1994 to the end of 2004, a total of 3,484 SOEs underwent enforced closure and bankruptcy, affecting altogether 6.67million workers” (“No Way Out”, *China Labour Bulletin* 2008:5). During protests, some worker leaders were detained or sentenced to prison, such as in the 2002 Liaoyang worker protest.¹²⁷ Imprisonment did not stop the protests, however: “Workers have become more determined both to redress grievances with their employer and push for better pay and working conditions” (“A Decade of Change,” *China Labour Bulletin* 2012:1-2).

In addition to worker protests in SOEs, there have also been numerous rural migrant worker strikes and protests in east coastal sweatshops and urban construction sites. Although most rural migrant workers are marginalized and segregated and live in poor conditions without privacy in the oppressive industrial world, they have not formed any independent trade union to fight for their collective interest; whenever such initiative emerges, it is vigorously suppressed by the state (Pun 2005:6). However, “if opportunities emerged the migrant workers did not hesitate to initiate short-lived, spontaneous strikes and collective actions that were generally unrecorded” (ibid.). Though their protests lacked media exposure, in many cases protesting workers were detained by police. For instance, more than 10 workers were detained after the Rowdy Protest against unfair overtime work by several hundred Guangdong shoe factory employees.¹²⁸

As a final statement, some workers commit suicide. Indeed, under systematic repression, “the tremendous personal risk [of protest] implicit in any confrontation with authority is a serious deterrent.

¹²⁷ The Liaoyang Workers’ Struggle: Portrait of a Movement, *China Labour Bulletin*, http://www.clb.org.hk/en/files/share/File/research_reports/Liaoyang_report.pdf, accessed 2014-01-02

¹²⁸ China Labour Bulletin, www.clb.org.hk/en/mode/3562, accessed 2014-01-02

Perhaps no action demonstrates this dilemma more poignantly than the ultimate recourse: suicide. Sing Lee and Arthur Kleinman report that the number of suicides in reform-era China is extremely high” (Perry and Selden 2000:13). For example, 13 workers attempted or committed suicide as a protest against exploitation and repression in Foxconn in 2010 (Pun and Chan 2012). Such a phenomenon illustrates the severe consequences of repression. However, “[i]n the decade since 1989, despite a plethora of strikes, protests, and everyday resistance, no largescale political movements have challenged the Party rule” (Perry and Selden 2000:6-7). Also, in the first decade of the century, the “vast majority (95 percent) of all mass incidents were relatively non-violent sit-ins, petitions, and strikes, etc” (“A Decade of Change,” *China Labour Bulletin* 2012:19). No protest attempted to challenge the state rule at all after 1989.

The environment is also horribly polluted in China: “With 80 percent of wastewater discharged untreated, three quarters of the lakes and about half of the rivers (measured in lengths) have been polluted” (Pei 2006:175). Similarly, foreign reporters Mastrty *et al.* (2006) report that 70% of China’s waters are polluted in some degree. The environment pollution in China cost 7.7% of the GDP in 1995, estimated by World Bank in 1997.¹²⁹ Such pollution has had a huge impact on human health and life, causing 2.5 million deaths in cancer alone (among 3.5 million cancer patients) every year since 2007.¹³⁰ Among them, China’s lung cancer patients make up 36% of the world’s total number of lung cancer patients; China’s liver cancer and esophagus cancer patients make up 50% of the world’s total, respectively. These are much higher ratios than the ratio of 20% - China’s population to the world’s total.¹³¹

At the same time, evidence shows that in 2002, people’s political rights had barely improved over the

¹²⁹ World Bank publication, *China 2020: Challenges in new century*, p.77, http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/1997/09/01/000009265_3980625172933/Rendered/PDF/multi0page.pdf, accessed 2011-01-09

¹³⁰ Phoenix News 2013-04-07, http://news.ifeng.com/shendu/zgxwzk/detail_2013_04/07/23935298_0.shtml, accessed 2014-06-08

¹³¹ 39 Health Net, <http://care.39.net/a/140218/4339351.html>, accessed 2014-06-08

pre-reform era (Pei 2006:4). Li Rui, a former secretary of Mao, said in a group meeting of the Party conference in 2002 that China has engaged in an extremely slow pace of political reform and development of democracy and rule of law (ibid.). The Freedom House has rated China as almost completely unfree in the past decade.¹³² Governance in China is ranked close to the poorest in the world according to special reports of the World Bank in 1998 and in 2002 (Pei 2006:5). Although China has done well in economic performance, it was judged to be less capable of controlling corruption than India, Brazil, and Mexico (Pei 2006:5-6). Corruption is so rampant that about 4-17% of the GDP lined officials' private pockets before 2001 (Pei 2006:12). According to Xinhua News Agency, from November 2007 to June 2012, the state has investigated 643,000 cases of corruption, disciplined 668,000 officials, and handed in 24,584 suspects for prosecution.¹³³ Since Xi Jinping was inaugurated in 2012, China has convicted 68 minister-level officials, such as Zhou Yongkang,¹³⁴ and more than 89,585 lower-level officials.¹³⁵ This led the former CCP General Secretary Zhao Ziyang to comment that China has the worst form of capitalism because the state controls all resources of the country and officials turn their power into private wealth when property rights become legal (Pei 2006:8).

To conclude, repressive state capitalism has achieved fast economic growth through a combination of repression and the hierarchical capitalist economy that privileges SOEs and accommodates FDIs but victimizes DPBs, workers, migrants, and peasants. Using repression, the state is able to coerce people into doing things they would not otherwise do. The Household Registration System barred rural peasants from entering the cities before 1978, but it forced them to build a nationwide irrigation system that provided the

¹³² Freedom House, country report-China, <http://www.freedomhouse.org/template.cfm?page=22&year=2010&country=7801>, accessed 2011-01-02

¹³³ Netease News 2012-11-04, http://news.163.com/12/1104/17/8FG061LG00014JB5_all.html#p1, accessed 2012/11/30

¹³⁴ China News 2015-01-13, news.china.com.cn/politics/2015-01/13/content_34544591.htm, accessed 2015/01/13

¹³⁵ Sohu News 2014-12-16, news.sohu.com/20141216/n407004488.shtml, accessed 2015/01/13

conditions for later agricultural development in the late 1970s, which in turn led to the accumulation of enough capital in the 1980s for the state to transfer rural surplus to urban development in the 1990s. Suppressions such as the 1989 Tiananmen Massacre channeled people into economic activities and encouraged them to in material pursuits. The Shanghai Model of urban development allows the state and its officials to appropriate state funds or dividends from economic development. With a growing economy, the state has collected more taxes to build up an even bigger and stronger state; in particular it has modernized its army, armed-police, state security, police force, and Internet police; it wields control over financial institutions and the media, which in turn reinforces state repression. Currently, the trend is towards the deprivatization or even nationalization of industries, from telecommunications to mining, transportation, construction, and medical care; state power and preferential policy (including operational and financial policy) have essentially driven out private enterprises. At the same time, the state has dismantled social security, tightens education and health care budgets, and allows more and more environment pollution and corruption. Although hundreds of thousands of riots and protests occur every year, they have almost all been economic in nature (except for ethnic riots) since 1989, and not a single one of them has attempted to challenge the Party rule. Yet China has maintained an economic growth rate of 8-10% since 1992 (Ma 2009). In short, the repressive state has reinstated repression since 1989 and has forced people to work hard. Thus, the economy grows.

The drive towards development is not just inherent in China's economic system, but in the individual's mind as well. For officials, the power economy is the core of repressive state capitalism; the power-money exchange has driven them to work hard for their private interests. For individual officials, rent-seeking or appropriation of state assets in the process of economic development serves as an incentive

to work hard, so that they can appropriate construction funds or dividends of economic achievement. In this process, achieving the state's goal of economic development is to achieve their private material goals; ultimately it is these private goals spur them on, both for material gain and career aspirations. For others, when the survival pressure is intense under a hierarchical, repressive economy, working hard is a matter of survival and of provision to the state and its individual officials. Then, the economy grows, which in turn provides them with good prospects. Thus people strive to climb the ladder of economic hierarchy by all means, including engaging in corruption and bribery, sacrificing their human dignity, offering sexual favours, risking their life, and destroying the environment.

To summarize, repression safeguards a stable social and political environment that is pivotal to maintaining economic development, which has ensured continuing state-led development since 1992, where political power dominates major economic decisions. This in turn allows corrupt officials and red capitalists to siphon off state assets and appropriate dividends of economic growth. This repressive state-led development benefits powerful political and economic elites and consolidates their determination and capacity to maintain social and political stability, or the communist monopoly of power. The economy grows at the expense of the health and welfare of a vast population of workers, migrant workers, and peasants, and at the cost of the environment. Repression also forces people on the lower rungs of the social ladder to surrender their achievements to the state and its individual officials, thus having to work even harder for such a provision and for their own survival in face of a refined state repression, including police action and state-led demolitions of old houses to clear the way for economic development. Meanwhile, the prospect of moving up socio-economic ladder pushes many to work harder for their future and the future of their children. Thus, economy grows even under socio-political repression.

Although the repressive state gives the appearance of fighting against corruption, power abuse and environment pollution, it is actually primarily concerned with the maintenance of its own power and the suppression of dissident voices and defiant action. This form of rule results in huge loss of life, great human suffering, and the deprivation of peoples' freedoms and rights, as well as appalling environmental destruction. Continued suppression saps people's will to fight for political and social change and environmental protection; human resources are used instead to maximize social productivity. This also helps to explain why repression leads to economic growth in China.

In the particular processes of Chinese economic development, it is repression, sometimes with suppressions, that has allowed the state to reverse the directionally liberal development of the 1980s toward the authoritarian state-led development of the 1990s. In general, repression further secures and sustains lasting urban development, especially the Shanghai Model for the state, and the power-money exchange formula for individual officials. Repression is also pivotal in the exploitation of workers, acting like a built-in security mechanism for the capitalists. Systematic repression of rural people forces them to work in sweatshops, factories and fields, in dirty and hazardous conditions that may threaten their health, even their life. In short, repression ensures the authoritarian Party-state rule and the interests of state officials and red capitalists, at the expense of the vast majority of students and dissidents, workers, migrants and peasants. Thus, selective repression of students and dissidents, workers, migrants, and peasants also ensures economic growth.

In particular, repressive state capitalism has guaranteed state-led capitalist development in actual economic operations, especially since 1992. This mode of development is marked by a high investment rate and high inflation, which invariably leads to fast economic growth when and how the state wishes

becomes the state has been able to make major investment decisions. High growth rate and high inflation result in fast social stratification and a wider income gap among socio-economic classes, which can cause social unrest that disrupts the social order, interrupts people's daily lives, and slows economic development. However, economic growth also results in more resources for the state to enhance its repressive of the people, which in turn stabilizes society and ensures economic development. Such a continuous cycle makes the rich richer and the poor poorer, leading to greater social stratification and income polarization. The upper classes enjoy a rich material life as well as good service through state power or knowledge. The poor live a poorer life than the upper classes, though their life has improved over time. While this sort of stratification would likely be a dangerous social problem in a democratic society, in China, the glamorous lifestyle of the newly rich is alluring to the lower classes, and entices others to strive to move up the social ladder by employing the logic of "survival of the fittest." Poorer people are willing to work hard to access a modern, urban life, a new house, a new car. With the state having dismantled the social security network for workers and neglecting the vast majority of peasants, a crude, capitalist logic prevails, imposing on most people an extreme pressure to survive. As the state extracts higher taxes and appropriates more resources for its own investment and repression purposes, people must work even harder to make ends meet. Arguably, the economy will invariably grow as long as the state is able to maintain stability through repression.

However, such a model of growth works only for the long-suffering, diligent, and timid Chinese people. For them, survival of the fittest is the *a priori* survival mentality: in all of Chinese history, there has never been a government that has looked after their social welfare. More pitifully, the bloodshed and suffering caused by perennial war and conflict between the Chinese, and between the Chinese and the

Japanese in the past hundred years have further encouraged this approach to life. Deng Xiaoping himself was a victim of such conflict, escaping from Mao's persecution more than three times during the Cultural Revolution by confessing his "wrongdoings." Before 1978, totalitarian rule took tens of millions of lives and caused mass starvation for three decades. The Chinese people's desire for a better life is so strong that they are willing to take risks and to tolerate repression.

Media Marketization

Like the Chinese economy in general, the media market is also repressed by the state. The media have been systematically controlled by the Party propaganda department and state media agencies from the central to the provincial and municipal levels; some media organizations have even been punished by the Party propaganda department and state agencies. Generally, six characteristics of Party censorship are identified. First, in 1999, the General Administration of Press and Publication (GAPP) institutionalized a license system for controlling journalists (Pan and Lu 2003:225).

Second, the state has implemented unconstitutional laws to discipline the media and to intimidate journalists. Laws restricting press freedom stipulate which news items may not be broadcast or published. For example, "on July 5, 2006, China's National People's Congress passed a draft law imposing fines of 50,000 – 100,000 *yuan* for unauthorized news reports of outbreaks of disease, national disasters, social disturbances and other 'public emergencies'" (He 2008: xiii). Such laws are brazen violations of China's constitutional article of press freedom.

Third, in-house censorship carries out a daily check on publication or broadcast. For example, the

programming department, which is staffed by in-house monitors who often have close ties with the Propaganda Department, “serves as the distributor of PCs [propaganda circulars] within the media group, interpreting their meaning for station managers and determining whether politically sensitive material can be broadcast” (Esarey 2006:5).

Fourth, there are two levels of censorship systems outside media organizations for safeguarding the effectiveness of Party censorship. He (2008) observes that “[c]onsiderable overlap in media monitoring allows the government press and publication bureaus and the Party propaganda departments to monitor each other as well” (26). The dual system ensures that careful and faultfinding censorship is to be executed both by the Party and by the government agencies.

Fifth, the secret police have lent a helping hand in media control both by monitoring dissidents and intellectual critics and by censoring the Internet (He 2008:212). The use of police to prevent journalists from gathering information and to detain and arrest journalists has become increasingly common and visible (Lin 2004a, He 2008).

Lastly, the Propaganda Department is always ready to punish media organizations and media professionals if they dare to challenge Party ideology or to defy any of the above institutional arrangements. Chapter 5 provides numerous instances of such punishment.

Yet the media have developed quickly in this repressive environment. Richard Ji at Morgan Stanley on the June 8, 2006, announced that China’s newspaper circulation volume had reached at 40 billion annually, and that China owned 2,000 newspapers, 3,000 television channels, and 9,000 magazines, and counted 70-80 million Internet surfers under the age of 30.¹³⁶ China’s media production had reached 333.4

¹³⁶ Xinhua Net News 2006-06-09, http://news.xinhuanet.com/newmedia/2006-06/09/content_4670940.htm, accessed 2012/11/28

billion *yuan* in 2006 and had almost doubled by 2011 to 633.8 billion.¹³⁷

Like China's economic acceleration in 1992, media marketization was also pushed by the state. However, unlike the general marketization of the economy in trade of goods and services, the media market depends on advertisement (AD), subscription, and sponsorship, which are predicated on readership or viewership rating. Attracting readers and viewers is the major survival task of media organizations. Indeed, media market competition has resulted in the diversification of media products. Media content has expanded from purely Party ideological indoctrination, nationalist instigation, and economic achievement to include "indocritainment" (the combination of Party indoctrination and entertainment), entertainment, information, sports, commercial, social criticism, and criticism of local governments.

Media market development in China has undergone three stages. The first was a spontaneous media commercialization in the 1980s, trail-blazed by the Pearl River Economic Radio Station (PRER) in 1986, bringing Guangzhou audiences back by emulating Hong Kong radio stations at the time (Zhao 1998:96). PRER was an instant economic success, but this model did not become popular until Deng's Southern Tour in 1992. The second stage was media marketization, a nearly mandatory governmental push when the state cut funding and subsidies to most media organizations in the early 1990s (Zhao 1998). At the time, most media made profits than they anticipated, although some media organizations vanished. The third stage is the ongoing media grouping (restructuring) that began in the late 1990s. The method of macromanagement of the media market both enhances Party ideology and boosts prosperity. Now, dozens of media groups have been created (Zhao 2004).

Like China's economic development, the first stage of media marketization in the 1980s was a liberal

¹³⁷ *Blue Book of Chin's Media 2012*, People's Net News, 2012/5/14, <http://media.people.com.cn/GB/40606/17884490.html>, accessed 2012/11/28

one to some degree. The second and third stages are state-led developments. The media sector is monopolized by the state, and media organizations *per se* are SOEs. The relationship between the Propaganda Department and media organizations is the same as the general patron-client relationship between government agencies and SOEs (Yang 2004). Particularly, media organizations depend on the Propaganda Department for appropriating subsidies, issuing licenses, appointing crucial personnel, approving pay rolls, expanding newspaper pages, adding subsidiary papers and broadcasting stations, and providing performance evaluations to higher authorities (He 2008). Conversely, given that media managers are appointed to media organizations by the department and that they have cultivated long-term relationships with officials in the department, media organizations would purposefully “repay” the department and relevant officials so that they can continue to nurture beneficial relationships and forward the interests of their organizations.

Furthermore, this sector is not only economic; it is also political. The state means for the media to be a helping hand rather than an opponent. It is viewed as a political instrument for the state, and the state has kept a vigilant eye on the media for this reason.

A Theory of Media Control — Marketizing Media Control in China

China’s media market has developed within the Chinese political economy. Just as economic reform or marketization has reinforced state rule and helped to maintain repressive state capitalist control in China, media marketization has reinforced media control as well, although it has also actualized economic liberalization in the media. Indeed, the Party Propaganda Department and state agencies explicitly and systematically monitor and control the media sector. In a reforming China, the increasing economic

resources have also enabled the state to buy off intellectuals and professionals (Pei 2006:81). Within this social atmosphere, media marketization also provides a market mechanism of control over media professionals and organizations. The particularity of this media market control is the combination of the media market mechanism of control and the Party's punishment on them. Repressive state capitalism demonstrates the state's control over the Chinese economy and people in general. In the following pages, the theory of media control will illustrate how the media market mechanism of control wields power over media professionals and organizations.

Although repressed by the state, the media market is still a market. It is still regulated and operated by media market forces, as long as media market players (media organizations and professionals) do not challenge the state. While the Party's punishment is sporadic, selective, and rare, a small number of media professionals and organizations have been punished, as illustrated by the disciplining data of 0.04% (see p.93). On a daily basis, the media market has used its own market mechanism of control over market players. The operation of media organizations and the work mentality of media professionals could not be directly controlled by the Party Propaganda Department. If they were, media professionals would go back to their old work mentality, before reform, and the media market would cease to work. Actually, the media have been diversified both in terms of format and content, quite different from the traditional Party propaganda. However, it is important to note that media marketization does not go so far as to cross the line that the Party can tolerate. What, then, accounts for the obedience of the media as a whole? The answer lies in the fusion of the market mechanism of control and Party censorship.

For media professionals and organizations, compliance with Party ideology is an external pressure. The market mechanism of control is an internal one. The media market, in its formation, gains its own

life. Although the Party's heavy-handed intervention and its post-publication or post-broadcast disciplinary action (He 2008:27) pose a perennial threat to the market, the market players have to survive by their own means. They recognize the Party's power and take the Party line as their guide, but try to maximize their profit by innovation in terms of media format and content in order to attract readers or viewers. This leads to the fusion of these two mechanisms of control into a single mechanism, driven by market forces. As a result, the combination of media market control and Party censorship has created a self-perpetuating marketizing media control.

“Marketizing media control” refers to the market mechanism of media control that incorporates Party censorship into the market force of control over the survival of media organizations and the livelihood of media professionals. By marketizing media control, Party censorship is incorporated into the mechanism of media market control; the Party's media control is thus internalized into the market mechanism of control over media professionals and organizations.

In other words, Party censorship and media market control have become inseparable since media marketization. In the Party censorship literature, authors assume that Party censorship alone accounts for the effectiveness of media control. However, they fail to recognize the great difference between media operations before¹³⁸ and after media marketization, as well as the market force. Before media commercialization, China's media had virtually no autonomy to report anything other than Party orthodoxy and leadership's command communications (Wu 1994). At the time, China's economy was mainly a command economy. People were forced to rely either on a state salary or on working points in a collectivist commune. They had no other means to survive. Professionals had to perform as instructed or

¹³⁸ Before media commercialization in the 1990s, the media complacently sang the Party tone in the 1950s, 60s, and 70s, and took command of communications in the 1980s, as Wu (1994) argues

they would lose their subsistence; obedience was ensured both by media propaganda and by a system of social coercion under the Red Terror. Since media commercialization, SOEs have contributed less than 41% to the national GDP and employ less than 30% of the labour force as of 2002 (Pei 2006:2-3). The majority of the population does not rely on government payments to survive. Media professionals could opt to work in other professions, such as education, freelance writing, non-press professions, or joint ventures and private businesses. In other words, they could survive by means other than working in the media. But the majority of media professionals choose to stay in the media and work under Party censorship. That is likely because the market benefit offsets or outweighs the burden of Party censorship, or media professionals internalize self-censorship for material compensation.

When the media market comes into being, media marketization immediately ensures that market forces control the livelihood of media professionals and the survival of media organizations where media professionals work. For media professionals, Party censorship is a more distant reality than the immediacy of internal market control.

The mechanism of marketizing media control can be delineated as a movement of media organization's and media professional's work mentality and thus the orientation of their media products between the Party line and the bottom line (as phrased by Yuezhi Zhao in 1998). When the state cut subsidies to media organizations, they have to survive in the market. As struggling in the media market, media organizations have become increasingly bold in their pursuit of profits, and media professionals are encouraged to liberate their minds for writing or broadcasting items that are attractive to their readers or audiences. They move farther and farther away from the Party line, and they tend to transgress the Party's taboos or its bottom line. At the same time, media organizations and media professionals

invariably recognize the Party's political priority in the media market, and they are aware of the bottom line and the potential for punishment. This awareness functions as a check on their work mentality and media products. Media professionals consistently and self-consciously self-censor their work in order to avoid personal punishment and to ensure the long-term survival of their organization. That is, they invoke market mechanism of media control over their media products and their own work mentality. In the end, they retain their sensational headline but soften their critical tone, or even laud to the state. Such marketized media thus serve both to the purpose of profit and the state's mandate of indoctrination. This is the market mechanism of media control that incorporates both market forces and Party ideology into its control over media organizations and professionals. I call it "marketizing media control."

In this process, media professionals are compensated well, which helps facilitate their mentality change from serving to the country and fighting for freedom and democracy in the 1980s to achieving personal material interest in the 1990s. According to China Net, Chinese people have undergone social value change in the 1990s collectively; surveys show that people do not identify Communist ideology but unequivocally identify money as important.¹³⁹ Over time, media professionals willingly take the same side as the Party because they see their interest (particularly their long-term interest) as coinciding with the state's interests, and few of them wish to leave this market. As a result, marketizing media control not only exerts control over the work mentality of media professionals; it also succeeds in retaining their services within the media.

In theory, both repressive state capitalism in general and Party censorship in particular help marketizing media control to work. Without these two, marketizing media control might not exist at all.

¹³⁹ China Net, www.china.org.cn/english/2002/sep/44656.htm, accessed 2015-06-18

Without them, the media would be free to lambaste social evils and denounce the state. The media would not be as cautious in its orientation and in its selection of news and current affairs. Without the risk of punishment, the media market may not play a role in media control as market players try to maximize their profit. Rather, media organizations would employ extremes in order to attract attention audiences to ensure their profits. However, if punishment were omnipresent, there would be no need for the media market to play a role in media control, as media professionals would feel too intimidated to defy the state. Instead of either extreme, the state maintains a balance through its selective use of repression and punishment, as argued by Pei (2006). This allows media organizations to chase profits, while at the same time ensuring that the state can define the boundaries for what is tolerable through its use of punishment whenever it sees punishment as necessary.

What enables marketizing media control to work is that the media market provides the opportunity for media organizations to make huge profits if they play within the parameters set by the Party. That is why, even when many media players face severe survival pressure, the profit potential is still very attractive. Although the Party has set parameters for media market space and media content, the bottom line is not so difficult to observe. Many media organizations have managed to keep themselves within acceptable Party limits and still profit when they carefully apply marketizing media control over their media products, or practice self-censorship in sensitive topics for profit, particularly for long-term profit. Indeed, these media organizations comprise the majority of influential media in China and include such organizations as China Radio, Film & Television Group, Nanfang Daily Group, and Shanghai Wenhui-Xinmin Group. Among them, only *Southern Weekend* has been acknowledged as a bold media organization before 2003. Other media have occasionally stepped over Party boundaries due to their

erroneous judgment of the political climate.

Marketizing media control is directly triggered by the job responsibility system concomitant with the Party appointment of media personnel (Esarey 2006:3). With media marketization, the market logic imposes a constant survival pressure¹⁴⁰ on both media managers and journalists. At the same time, the contract - responsibility exerts compliance pressure,¹⁴¹ derived from the Party ideology. Media professionals must work under survival pressure and compliance pressure – striving to overcome survival pressure through innovation, but stopping short before giving in to compliance pressure. It is this parallel that ensures media control over them. Without either one of these factors, marketizing media control would not work. This parallel derives from China's media market space defined by the Party line and the bottom line, coined by Zhao (1998). The Party line poses a compliance pressure and the bottom line presents the prospect of profit. The same mechanism controls media professionals, checks media organizations, and strengthens media control within a media unit. Simply put, in order to survive and pursue profits in the long term, media organizations have no choice but to comply with Party ideology and stay away from the Party's bottom line. In the same vein, in order to stay in the media sector and make material gains, media professionals must comply with Party ideology. Furthermore, media organizations exert an organizational binding on media professionals, which further strengthens media control over media professionals. Last but not least, punishment serves to redraw the bottom line of the media market (primarily concerning media content). Consequently, survival pressure and compliance pressure force media professionals and organizations to be self-disciplined. That is how marketizing media control works

¹⁴⁰ Survival pressure refers to the pressure on media professionals whose contracts are to be annually evaluated and renewed. In case of dissatisfaction, their contracts would be terminated and their careers would end because the media are quasi-government organizations and because journalism is a highly competitive profession.

¹⁴¹ Compliance refers to media professionals' self-consciousness in aligning with the party ideology, or at least not touching the Party's taboos, listed in the internal circulars, directives, instructions, and secret phone calls.

within media organizations.

Actually, for a media unit or organization, marketizing media control both tempts with the promise of material gain and bestows vital responsibilities on media managers, including the editor-in-chief and the deputy editors-in-chief (in print), or the president and the vice presidents (in broadcast), and the directors of departments. On the one hand, the state attaches job responsibilities to the media managers when the Party propaganda department appoints them. On the other hand, media marketization allows media managers, particularly the editor-in-chief or the president, to manage vast financial and human resources and in general to benefit themselves. Marketizing media control empowers media managers to use market mechanisms to illuminate discontent within their individual media unit and to ensure the obedience of their subordinates to fulfill their job responsibility. In addition, there are opportunities for some media managers to be promoted to local and central government leadership positions. For the state, the loyalty of media managers is a primary concern; therefore, job responsibility implicitly requires them to pledge their loyalty to the Party.

Media managers employ both their managerial power and contractual-responsibility to pass along compliance pressure from the Party and survival pressure (resulting from media commercialization after 1992) to their subordinate journalists. Simultaneously, media commercialization offers journalists privileged access to material gains, including free or welfare housing, nearly free car use, high salaries, promotion, and opportunities to become rich and famous. In other words, marketizing media control functions to control media professionals by providing them with rich material gains and exciting benefits that have been generated from media marketization.

In short, marketizing media control works in four ways. First, job responsibility initiates marketizing

media control. Second, both the survival pressure and the temptation of material gain urge media professionals to pursue personal wealth, which serves as the compensation for their submission to the Party's compliance pressure, and helps them undergo mentality change. Third, within a media unit, marketizing media control ensures journalists' collective self-censorship for long-term survival and profit. Finally, punishment threatens media professionals to retreat from defiant action, which reinforces marketizing media control over their media products.

The first way shows how job responsibility has initiated marketizing media control. When media managers are appointed to important positions within media organizations, they are assigned job responsibilities. Job responsibility in the era of media marketization contains two essential elements. One is the responsibility to make profit for the media organization, or at least to make ends meet, because the Party's policy is to foster a self-sufficient Chinese media, as the state has difficulty funding all media organizations. This is the financial responsibility. The other responsibility is to ensure the media's compliance with Party ideology. If the media organization poses any challenge to Party ideology, the appointed media managers (officials) would be held accountable. This is the compliance responsibility. These two responsibilities are imposed by the Party on media appointees. However, media managers cannot fulfill these two responsibilities alone because they cannot guarantee that all of their subordinates will not only make money for them but also not tax the Party's tolerance. These two responsibilities thereby are transformed into two different pressures. The financial responsibility becomes a survival pressure, and the compliance responsibility becomes a compliance pressure.

To disperse the financial burden of a media organization and to ensure its compliance with the Party's political priority, media managers pass along their survival pressure and compliance pressure to their

subordinates (journalists) through contractual responsibility. Media managers are empowered to hire, fire, and evaluate journalists (Zhao 1998, de Burgh 2003, He 2008). Therefore, every media professional has to work with survival pressure and compliance pressure, though in different degrees. When media professionals try to overcome survival pressure, they tend to cater to readers and audiences, which encourages them to challenge the Party's bottom line. This places stress on the compliance responsibility forcing media professionals to retreat from the bottom line. In this way, marketizing media control is activated, automatically imposing a check on media professionals by exerting both the survival pressure and the compliance pressure.

The second way suggests that marketizing media control offers a material compensation to media professionals and helps them complete their mentality change. The market mechanism of media control has shifted from the old mentality of controlling the media's format and content to the mentality of controlling media professionals' livelihoods by both luring and forcing them to "voluntarily" modify their mindset in their work. Media marketization has generated huge profits for media organizations. The state allows media organizations to keep their profits (de Burgh 2003:30), which imbues media managers with enormous financial power and managerial power over their journalists. Within a media unit, this policy empowers the president (in broadcast) or the editor-in-chief (in print) to wield the economic power to buy off journalists to conform. At the same time, media managers and journalists are bound by the contract responsibility system, which imposes a survival pressure on them. Both the economic stimulation (as a means to buy journalists off) for a better life, and the survival pressure, shift their desire and energy to make money, or force them to do so. Indeed, material gain and seductive benefits have silenced most media professionals over the course of the 1990s and the early 2000s, as demonstrated by the 99.96%

journalist compliance with Party ideology (see p.93).

The third way of marketizing media control explicates a media unit's internal marketizing media control for long-term collective interest consideration. Contractual-responsibility binds individual interests together within a media unit. Journalists, editors, department directors, vice presidents and the president, or the deputy editors-in-chief and the editor-in-chief, all work in the same media unit and follow the same internal working procedures in the production of news, commentaries, and current affairs reports, and face the same internal censorship. If one makes a fatal mistake, many colleagues would be involved and all of their interests would be affected. Thus, colleagues' interests are intertwined. In the worst cases, the survival of the whole media unit could be jeopardized. This collective interest consideration urges media managers to tighten their control over journalists. The collective interest of a media unit is of the highest importance when media managers consider whether a controversial article or a program can be published or broadcast. In this way, self-censorship is internalized within a media unit. Consequently, collective interest consideration leads to collective self-censorship for long-term interest, an evident rational choice for rational choice institutionalists (Hall and Taylor 1996:945).

The fourth way characterizes punishment as a way to redraw the bottom line of the media market, which reinforces marketizing media control. Punishment is selective and rare, as shown in the disciplinary data (see p.93). Punishment mainly functions as a threat to other media professionals and organizations, to force them to recognize Party authority, and in the end to ensure that they abide by Party ideology. Simply put, punishment indicates what is tolerable and what is intolerable. Therefore, punishment redraws the bottom line of the media. As many insiders and those being punished have witnessed, such as Huang (2008a), punishment is uncertain. One day, a topic might be permissible, but it might become not

publishable on another day. Sometimes, even after a topic has gone through Party censorship, a particular event or the intervention of a specific person would make it unsuitable for publication or broadcast. For this reason, punishment constantly moves the bottom line.

However, the Party does not use punishment very often as it closely watches the media market space. If punishment is too severe, the market space would shrink, and then media organizations would have difficulty surviving, which poses a serious problem for the state to fund the media. After all, the state needs to use the media to present Party policy and reports on economic progress in a way that validates its ruling legitimacy. The Party needs a viable media market and a docile media to achieve that end. In other words, punishment does not aim to ruin the media market, but to reinforce Party authority and to remind media organizations and professionals of the compliance pressure in their daily work and in the processes of news production, publication, and broadcast. As a result, punishment suggests the supremacy of political compliance, which urges media professionals and organizations to work between their survival pressure and compliance pressure. Marketizing media control works to ensure that the media do not slip under the Party's bottom line.

To summarize, marketizing media control is a market mechanism of media control over the livelihood of media professionals and the survival of media organizations through the positive material incentive offered by media marketization, and the negative threat of punishment by state authorities. Media marketization provides a basis for marketizing media control to work. The Party's macro-management through grouping and regrouping has shaped the media market to the advantage of the Party organs and their flagship broadcasts. After institutionalizing the contractual-responsibility system, the classical market mechanism of control and the Party's media control fuse and form a new marketizing

media control, in an era which the 1989 Tiananmen Massacre projects a long threat to the society, and the social ethos has shifted in the pursuit of material gain rather than to pursue freedom, democracy, and social justice. Likewise, media professionals have also experienced such transformation. Rich material compensation offsets compliance pressure, which helps them to accomplish a mentality change from a contentious one in the 1980s to a docile one in the 1990s. Moreover, media organizational binding strengthens marketizing media control when collective interest overrides professionalism and social justice; self-censorship for profit within the media organization prevails. Last but not least, punishing the defiant media or media professionals serves to redefine the bottom line and to restructure media organizations, making them fit into the grand scheme of media indoctrination framework.

Next, I briefly introduce the history of media development in the Communist China, and then investigate how marketizing media control works in the traditional media market as well as in the new media in China.

Chapter Four: China's Media Development Since 1949

– a Historical Institutional Approach

Using a historical institutional approach, this chapter outlines the history of media development since 1949 and discusses the function of the media and their role in great events in Communist history, including the Anti-Rightist Campaign, the Great Leap Forward, the Great Famine, the Cultural Revolution, and the reform. Then, the chapter focuses on the recent historical development of the media: media commercialization, marketization, and grouping since 1992. Lastly, it highlights five primary traits of the traditional media. As a whole, the description and analysis present a historical trajectory and a comparison of media performance and function before and after 1989, providing a background of media marketization in order to enable further examination of marketizing media control that follows in the next chapter. Centered on this analysis are the historical institutional changes of the media in the Great Leap Forward in 1958, the Cultural Revolution during the period of 1966-1976, the 1989 Tiananmen Massacre, and the media reform since 1992.

A Brief History of China's Media Development Since 1949

Media development in Communist China has been influenced by the country's political economy in different historical periods. When the political climate is tolerant and the economy grows, media develop. When political climate is intolerant and the economy slows down, media development ceases or even regresses. In the Maoist era, the media provided Maoists with support in their political programs. Invariably, the media have served both as a propaganda tool and as a policy presentation platform, and

sometimes, the media were used as an overt political weapon in various political campaigns. After 1978, China's media entered a phase of liberal development, both in terms of redressing past mistakes in various political campaigns and fostering economic development in China. At one point, some officials and media professionals even strived to legalize press freedom, though this effort was shelved for political reasons. The 1989 Tiananmen Massacre brought an end to such attempts and reinforced ideological indoctrination in the media. Since 1992, media marketization has broadened the horizons of the media, though indoctrination now is mingled with entertainment or information in publications or broadcasts. The media have become not only a well-tuned propaganda instrument but also a money-maker for the state and a well-oiled indoctrination machine that entertains the Chinese people and fosters an image of a strong China, while ensuring the continuation of Party ideology indoctrination.

From 1949 to 1955, early media development was a process of media nationalization, or media confiscation by the state from the point that the Communists assumed power. At the time, China was learning from the Soviets, and media propaganda became dogmatic both in format and in content. In 1956, Liu Shaoqi, former Vice-Chairman of China, encouraged journalists to be close to the people and their daily lives (Ding *et al.* 1998, Bai 2004, Xu 2006, Huang 2009). The media expanded their reports on Communist ideology and state policy to include stories about peoples' daily lives in this year. Mao Zedong, then Chairman of China, launched the Anti-Rightist Campaign in 1957; many intellectuals and journalists were labeled as "rightists," and the media were used as tools for the campaign. Worse, in the years of the Great Leap Forward in 1958, the media became an instrument for creating national enthusiasm about agricultural and industrial production by exaggerating the quantity of production under Mao's auspices, indirectly leading to the Great Famine of 1959-61, which resulted in tens of millions of deaths. In the early

1960s, Liu dominated economic restoration and urged the media to investigate the causes of the Great Famine in rural China. Mao did not want to give up power, however, and conspired with Lin Biao, then Vice-Chairman of the Central Military Committee, to launch the notorious Cultural Revolution in 1966. In this political campaign, the media became a political instrument of power struggle and of class struggle across the entire country.

After Mao's death in 1976, Chinese politics became more tolerant, and the economy began to recover under Deng's leadership. The media gradually abandoned Maoism and engaged in the great "Truth Debate" (*Zhenli Da Bianlun*) for the next several years. In the meantime, China abandoned the Soviet commune system in the countryside. The media then advocated for freer methods of agricultural production and argued for economic reform. Liberalism and a literature romanticism prevailed in the media in China's relatively "directionally liberal" heyday (Huang 2008b:177) in the 1980s. However, the 1989 Tiananmen Massacre reversed the direction of the liberal development and re-imposed political repression; between June 1989 and January 1992, the media once more produced propaganda similar to cultural revolutionary discourse.

Deng was unhappy with the stagnation of economic development due to the international boycott following the 1989 Tiananmen Massacre. He urged state leadership to liberate economic development in his 1992 Southern Tours. The media were used to vindicate this call, and the economy has indeed developed significantly since then. Likewise, the media sector was also urged by the state to be self-sufficient, even though it was still under state control. Media commercialization without liberalization drives the media to produce a combination of Party indoctrination and entertainment, or indoctrainment. However, although media marketization led to a flourishing media sector, many media organizations were

not able to survive the change of direction. The state has also had difficulty controlling the scale of the media, which became bigger and bigger. For this reason, the state devised media grouping as a way of macro-managing the industry in the late 1990s. Grouping is still an ongoing process in the media market.

I. Media Development between 1949 and 1955

Early media development in China was a process of media nationalization and increased circulation volume (*Fa xing liang*). First, private media were nationalized in the first three years (that is, from 1949 to 1952). In February 1950, there were 55 private newspapers and 34 private radio stations, including *Da Gong Daily (Ta Kung Po)*, *Wenhui Daily (Wen Wei Pao)*, and *Xinming Daily* (Wu 2008:394). Private newspapers had gradually decreased in number to 43 in June 1950, 39 in November, 34 in December, 31 in April 1951, and 21 in August of that year. By the end of 1952, all papers and radio stations had been nationalized (Wu 2008:396); by the end of 1953, all private media had been confiscated or bought by the state (Wu 2008:393). Second, state media had expanded in terms of both the number of media and circulation volume. In 1950, there were 281 papers; by 1955, this number had increased to 286. Moreover, 333 new magazines were established in the year of 1955 (Bai 2004:428-29). In 1950, the total number of copies of 281 newspapers was only 800 million (*China Journalism Yearbook-CJYB* 1983:16), but by 1952 this volume had increased to 1.6 billion for 296 papers (CJYB 2000:566), twice the total circulation volume of the year 1950. By 1956, the number of newspapers had increased to 1,236 and the total yearly circulation volume increased had increased to 5.6 billion, with an average daily volume of 15.38 million (Xu 2006:19). At the same time, the number of radio stations had increased from 49 in 1949 to 58 in 1956;

the county and lower level radio broadcasts¹⁴² had increased in number from 11 in 1949 to 1,458 in 1956 (Xu 2006:19).

Newspapers were printed in six regions in 1949: the *People's Daily* in North China, the *Northeast Daily* in Northeast China, the *Quncong Daily* in Northwest China, the *Liberation Daily* in East China, the *Yangtze Daily* in the Midsouth, and *Xinhua News* in the Southwest (Wu 2008:397). Other provincial Party organs numbered 151, accounting for 59% of the nation's newspaper. Non-Party organ newspapers that belonged to union, peasant, youth, military, and minority authorities were also under the control of local Party committees (ibid).

China's major newspapers were established at this time. The *People's Daily* was originally the Party organ of North China; the Party decided to make it the central Party organ in August 1949 (Bai 2004:429). *Xinhua News* became a major paper in the country after 1949 (Wu 2008:399) and has been the major news source of the state since then. The *Guangming Daily* was first published in June 16, 1949, as the party organ of the Chinese Democratic Alliance (*Zhongguo Minzhu Tongmeng*), but the ruling Communist Party in 1953 made it a united paper for all subsidiary parties, the All China Business Association, and the Political Consultation Association (Bai 2004:431). The *China Youth Daily* was created in April 27, 1951, as the organ of the China Youth League (ibid.).

During the same period, the state created the radio system that covered almost all the territory that was under the rein of the Communist Party to the end of 1954, except for Taiwan, Hong Kong, and Macao (Wu 2008:399). It assigned to the media the task of promulgating and interpreting the state's news, regulations, and laws (ibid.). The People's Radio was established December 5, 1949, Radio Beijing in

¹⁴² Local cable radio broadcasts, received only within a factory or a local government office or residence.

April 1950. The former was to serve domestically, the latter internationally (Bai 2004:439-40). By 1952, China had increased the number of radio stations to 70. In addition, China promoted 101 county radio broadcasts, 705 township radio broadcasts and 49,800 high-volume loudspeakers. By 1956, the country had 1,458 radio broadcasts and 500,000 high-volume loudspeakers (Bai 2004:441). Moreover, the state built its first film factory to produce news documentaries in April 1949 (Bai 2004:442).

In all, the new Chinese “socialist journalism” was built on the foundation of the *People’s Daily*, the *Xinhua News Agency*, and the People’s Radio for publishing or broadcasting the state’s political guidelines and policies to the people (Bai 2004:462). Even for reports on the economy, the guidelines stipulated that the media not simply report on economic achievements but address what the Party supported and what it opposed (ibid.).

During this period, in Bai’s (2004) opinion, the best achievement of the media was the rally against the US for helping North Korea during the period of 1950-54. All newspapers, radio stations, films, local radio broadcasts and high-volume loudspeakers were engaged in mobilizing the people, rallying Chinese nationalism against imperialism, and collecting material support from all over the country (Bai 2004:464-66).

In general, however, media coverage rates were very low across the country. The daily circulation volume of newspaper copies was only a few millions,¹⁴³ which, for a total national population of 400 million, meant approximately one paper for every 100 people. Only unit leaders and office cadres (and higher-level position-holders) had access to newspapers and magazines. Few people owned radios at the time. For the ordinary person, the major source of China was high-volume loudspeakers installed on high

¹⁴³ The daily average circulation volume was 2.3 million in 1950 and 15.38 million in 1956 (Xu 2006:19)

posts of factories, schools, hospitals, city plazas, and villages. Films were formally and firmly a tool of Communist ideological indoctrination, mainly disseminating communism, government orders, regulations, laws, and Mao's "Directives", shoring up nationalism, instigating anti-Guomindang and anti-imperialist animosity, and praising the Communist Party.

Media control was concomitant with media nationalization. In Shanbei of North Shaanxi in the 1930s and in Xibeipo of Hebei in the 1940s, Zhou Enlai, later the premier of China, not only listened to broadcast of *Shanbei Radio* but also examined and revised important articles of *Xinhua News* and *Shanbei Radio* (Ha 2005:101). This might be the earliest example of media censorship by the Party. From 1940 to 1949, the Communist Party as an opposition party had used radio broadcasts in Yan'an and other Northeast Liberation areas to instigate anti-Guomindang sentiment and to disseminate Communist leaders' speeches and news of Communist victories in battle (Ha 2005:137-39). Many poor peasants, students, and Kuomintang soldiers rushed to help the Communists because of such indoctrination; in this way, the Communists had received millions of recruits by the time they seized power in 1949, a significant increase from the thousands numbered in Yan'an in 1936 after the Long March (*Chang zheng*). This speaks directly to the amazing mobilizing power of the media at the time, especially radio broadcasts (Ha 2005:139). The Party regarded radio and newspapers as highly important propaganda tools; it is no wonder that, after taking over control of China, the Party imposed strict measures of media control.

Some China media scholars believe that the media made many mistakes at this time. For example, Wu (2008) argues that the media played an infamous role when Mao launched his campaign of "thought and cultural criticism" three times, in May 1950, October 1952, and May 1955 (406-410). For Wu, the media became dogmatic, when learning from the Soviet Journalism for publishing too many editorials and

reporting only good news for socialist countries and only bad news for capitalist countries (Wu 2008:411).

II. The 1956 Media Expansion into People's Daily Lives

The media were briefly liberalized from Soviet dogmatism¹⁴⁴ and broadened its reporting scope for a few months in 1956. Huang (2009) argues that this brief media liberalization was China's first journalistic "reform," initiated by the then Vice Chairman of China, Liu Shaoqi. On May 28, 1956, Liu urged Xinhua News Agency to become an international news agency, and encouraged it to serve the people rather than the state (Huang 2009:292). In his discusses with leading journalists at the agency, Liu emphasized that the most important thing was that the media be objective, fair, and open: the media must not report only good news; it had to report problems as well (Huang 2009:293). Moreover, Liu publicly stated radio broadcasts must be reporting about the people, focusing on their life and the countryside (Huang 2009:294). These instructions broadened journalists' horizons, and media content was diversified that year to better meet the needs of the people. Thus, this "reform" broke the Soviet Dogmatism in China's media (Huang 2009:395-96). By the end of 1956, the number of newspapers in China had increased to 347, with a total circulation volume of 2.6 billion copies (CJYB 2000:566).

In particular, in 1956, the *People's Daily* changed its layout to add by first adding news of economic development, and then encouraged "free" discussion in the newspaper, allowing various writing styles (Wu 2008:415). This re-packaging animated this paper, which also increased its circulation by adding an adjunct literature magazine, which appealed to intellectuals, and invited them to write articles (Wu 2008:416). Soon after these changed were made to the *People's Daily*, other newspapers followed suit,

¹⁴⁴ The Soviet dogmatic journalism saw "editorial" as instruction and decree (see Xu 2006:20-26).

enriching both their format and their content to better satisfy readers' needs (Wu 2008:417). At the same time, Xinhua News Agency was encouraged to send more journalists to its overseas outlets, not only to socialist countries, but also to non-socialist countries (Wu 2008:417-18). The agency's overseas subsidiaries increased in number from 9 to 19 in 1956 (Wu 2008:419). Radio stations were also required to broadcast not only to mainland China but also to overseas Chinese communities and foreigners in ten languages (ibid.). In addition, China established many radio broadcast systems in rural areas (ibid.).

This development came to a halt in 1957, however, when Mao launched the Anti-Rightist Campaign (Wu 2008:429). Mao denounced editor-in-chief Deng Tuo and the other major editors of the *People's Daily* on April 10, 1957. Then Mao called Liu Shaoqi, Zhou Enlai, Deng Xiaoping, and other major state leaders to meet with in his bedroom, urging to start up a class struggle in the news media (Wu 2008:431). As a result of this meeting, Deng Tuo was dismissed from his position, and the news media became much the way it was pre-1956. The news media as a whole were then used to orchestrate the Anti-Rightist Campaign of the 1957; most experienced journalists were labeled as "rightists" and placed in labour camps (Wu 2008:434-38).

III. Media Exaggerations in the Great Leap Forward

The Great Leap Forward in 1958 was another humane disaster that followed the 1957 Anti-Rightist Campaign, also initiated by the willful Mao. At Mao's instruction, the media fabricated stories of "miracles" in agricultural and industrial productions. Local governments stoked the fires by showing fake photos and documentaries in the media. A nationwide "Leap Forward" began. Fuelled by the media and fascinated by a nationwide free public cafeteria system that was implemented by the state, people were

invigorated by the belief that Communism had finally arrived.

During the period of 1958-60, editorials in the *People's Daily* claimed that China would catch up to Great Britain in wealth within 15 years and surpass the United States within 20 to 30 years. The paper had repeatedly argued that the promises of the Great Leap Forward could be fulfilled, especially in terms of grain production and iron and steel production. To prove its argument, the newspaper – and most other papers and radio stations in China – continuously exaggerated agricultural and industrial production (Bai 2008:294-97). For example, on June 18, 1958, the *People's Daily* “reported” a grain production of 1910.5 kilograms *per mu* in a commune of Henan. On July 21, the *Liberation Daily* doubled this number. On August 15, the *People's Daily* inflated rice production in a commune of Hubei to a record 18,478 kilograms *per mu* (Wu 2008:440). During this period, the news media forfeited completely its journalistic professionalism and morality (Wu 2008:439). The media had become the mouthpiece of Mao and his followers.

Particularly after the Lushan Conference on August 16, 1959, when Peng Dehuai was condemned by Mao, the media became Mao's helping hand to remove as a threat anyone who might challenge his leadership (Wu 2008:447-48). At this point, all the major media outlets were controlled by Maoists, such as Wu Lingxi, Chen Boda and Hu Qiaomu (Wu 2008:448). The primary focus of the media was to wave three red flags “the General Lines, Great Leap Forward and People's Commune” (ibid.).

There was a sharp drop in grain production in 1959, however. Due to the frenzied refinement of iron and steel, peasants had not been allowed to till the land; this, compounded by a nationwide, three-year drought, led to the Great Famine of 1959-61, perhaps the most devastating food shortage ever recorded. People starved to death in many provinces, especially Henan, Sichuan, and Anhui. Estimates of victims

range from eighteen million to forty million (Meisner 1999, Yang 2004), earning the Great Famine a notorious place in the history of humanitarian crises. Media exaggeration of grain production served to further victimize those who starved. And throughout, the greatest perpetrator, Mao, was still in power – and would remain in power for another ten years, worshiped by the media as a demi-god his later years, dubbed the “the cult of personality” after Mao’s death.

Having seeing the Great Famine unfold before his eyes, Mao praised the field investigation of rural grain production in Hubei in January 1961 (Bai 2008:308). On January 29, 196, the *People’s Daily* urged the country to encourage field investigation; Xinhua News Agency followed suit. Even Liu Sahoqi himself travelled to the Hunan countryside to investigate grain production (Bai 2008:308-10). Liu criticized the editor-in-chief of the *People’s Daily* in May 1961, questioning the authenticity of the paper’s reports during the Great Leap Forward (Wu 2008:449). False and exaggerated reports in the media ceased, and agricultural production was gradually restored after 1961.

Following these events, the early 1960s saw the media produce cultural, entertaining, knowledgeable and interesting reports and programs. By 1965, however, class struggle was once more the focus of the media, a shift encouraged by Mao, Jiang Qing (Mao’s wife), and their followers (Huang 2009:313-16). The Cultural Revolution’s ten years of turmoil also brought disaster on China’s media in a way of class struggle in the society at large and power struggle within the circle of leadership (Huang 2009:316-20).

Admittedly, there had been positive developments in the media. In 1957, China had 61 radio stations and 1,698 radio broadcasts. The state needed to disseminate propaganda during the Great Leap Forward, which resulted in the increase of media. By 1961, the country had 135 radio stations and 2,078 radio broadcasts (Bai 2004:479). The number of newspapers also increased. In 1957, there were 364

newspapers with daily circulation volume of 2.44 billion copies; by 1965, China had 343 newspapers with a daily circulation volume of 4.74 billion copies (Bai 2004:480). Television stations were set up in Beijing and Shanghai in 1958, and more philosophical and intellectual magazines, such as the *Red Flag (Hong Qi)*, were established (Wu 2008:441). The only English news magazine, *Beijing Weekly*, was also founded in March 1958 (Bai 2004:481).

IV. Dark Journalism in the Cultural Revolution

The media became an instrument of class struggle during Cultural Revolution from 1966 to 1976. Mao incited adolescent Red Guards and Maoists equipped these youngsters with both the courage and the weaponry to physically take over bureaucracies. Most media organizations were shut down or taken over by Mao's wife, Jiang Qing, and her associates. The media became stooges of the Maoists and the Party. Mao was deified as a "demi-god" and the "spiritual leader" of the country. Although there had been fighting in the cities and skirmishes in the countryside for more than ten years, and China had fallen into chaos and a deep recession, the media had always trumpeted the great achievements of China, portraying the country as the great "Red Land" where people lived a "rich and joyful" life. False and misleading stories and role models were reported by almost all media, and the truth would be revealed only after Mao's death. Wu (2008:24) labels this period the "dark journalism" of the Cultural Revolution.

A nationwide and lasting class struggle became the general line of the Cultural Revolution, a line that began with the criticism of the play *Hai Rui's Resignation (Hai Rui Ba Guan)* (Wu 2008:459). Mao penned his critique of the play on November 10, 1965, in the *Wenhui Daily*. Later, the *People's Daily* and the *Beijing Daily* were forced to reprint the article on November 29 and 30, respectively (Wu 2008:450).

Soon after this, on April 2, 1966, both the *People's Daily* and *Guangming Daily* published Mao's critical views on Liu Shaoqi and Peng Zhen (Wu 2008:466). The *Liberation Daily* openly published an editorial on class struggle on May 4, 1966 (ibid.). Liu was then detained by the Maoists (Wu 2008:459).

Jiang Qing's red article of May 8, 1966, in the *Liberation Daily* provoked further unrest. "Fire to the Anti-Party and Anti-revolutionary Black Line" (*Xiang Fandang Fangeming de Heixian Kaihuo*), Jiang criticizes Deng Tuo, then editor-in-chief of the *People's Daily*, and labels him as a "black liner" (anti-revolutionary) (Bai 2008:314). Following Jiang, other Maoists launched a lengthy, nationwide, large-scale campaign against many Party leaders and state officials in the *Liberation Daily*, the *Wenhui Daily*, the *Guangming Daily*, and the *People's Daily*. Deng Tuo and other honest journalists were persecuted and killed; many others were imprisoned (Bai 2008:315).

In particular, the media acted as Maoist agent by publishing combat orders from the Maoists, including Mao himself, Jiang Qing, Chen Boda, Yao Wenyuan, and others (Wu 2008:467). The media encouraged the harassment and humiliation of many Party and state leaders and officials, called on Red Guard Expedition to gather at Tiananmen Square from all over the country, and urged these youngsters to burn, smash, and destroy cultural artifacts in the name of criticizing the bourgeois (Wu 2008:467). Like the Party and the state, the media were dominated by the Maoists, and many newspapers and radio stations were forced to shut down during this period (Wu 2008:488). Other media organizations were taken over by the Red Guards, and Big Posters (*Da Zi Bao*), posters of personal denunciation of any state officials, intellectuals, and class enemies, were pasted on every corner of China under Mao's auspices (Wu 2008:489-96).

Moreover, media organizations justified the Maoist takeover as well as the criticism and detainment

of Party leaders and state officials (Bai 2008:315). Most who were criticized lost their positions under Mao's leadership and the support of Lin Biao's army. During the Cultural Revolution, the Proletarian Revolutionary Committee (*Wuchan Jieji Geming Weiyuanhui*) seized power from most Party committees and state bureaucracies aside from the army. The media lauded these acts of violence and humiliation on the Five Blacks in Maoist terms (*Hei Wulei*), including "anti-revolutionaries," "rightists," "bad guys," "former rich peasants", and "former landlords". During the ten years of Cultural Revolution, those people often were forced to bend their knees before red guards or a mass in public criticism meetings. Maoists and red guards would tie up the selected Five Blacks and make them wear pointed, paper hats (*Dai Gao Mao*), and posters on which the names and "crimes" would be written (*Gua Heipai*). Then, the five would be forced to knee down (*Gui Di*) and ordered to curse themselves (*Ma Ziji*), sometimes slap themselves (*Da Ziji Erguang*). This kind of intimidation, beating, and humiliation continued for more than ten years in almost every corner of China. Throughout this period, China's media openly and shamelessly published photographs of these insults to human dignity.

The primary tool of dark journalism of the time was the social and political criticism, a nationwide and years-long criticism of many Party leaders and state officials, intellectuals, former business owners, former landlords, and former rich peasants. This was not simply a benign criticism of words, but a weapon of provocation that led to investigations, arrests, beatings, and public humiliation. Hundreds of millions of people were affected, and millions lost their lives due to such horrible "criticism". People were not the only victims; Chinese history and culture also suffered. During this period, many invaluable books were burned and most cultural artifacts were destroyed; China lost many symbols of what had once been a harmonious and respectful cultural legacy.

During this Cultural Revolution, the media reported relentlessly on class struggle, casting deep fear upon those being targeted, partly because the media themselves had reported on the bloody nature of the class struggle and the physical threat that the state apparatus posed to the public, including threats of gun violence, coercion, and intimidation. At the same time, people had to rely for their living on either a state salary or working points from a collectivist commune. There were no other means to survive in a command economy. If they did not perform as instructed, they risked losing their livelihood. Obedience was maintained both by the established system of totalitarian coercion and by media propaganda.

Media production also decreased significantly. In 1965, before the Cultural Revolution, there were 343 newspapers with total circulation volume of 4.7 billion copies. By 1966, there were only 49 papers with a total circulation volume of 3.7 billion copies (CJYB 2000:566). Similarly, according to Bai (2004:528), the number of newspapers decreased from about 343 to about 40 from 1966 to 1976. Thirteen television stations had shut down in 1967 except for the Shanghai and Shaanxi stations (Bai 2004:530). However, television stations had increased in number to 31 by 1971, though only a small percentage of the Chinese population enjoyed the luxury of a television at the time. Radio stations increased in number from 78 in 1966 to 90 in 1976, and radio broadcasts increased from 2,181 in 1966 to 2,503 in 1976. High-volume loudspeakers increased in number from 11.419 million in 1966 to 113.246 million in 1976 (Bai 2004:530).

In sum, from 1949 to 1976, the state had utilized the media to control the origination, dissemination, broadcast, and consumption of news and information. In doing so, it oversaw the publication of all state policies, government decrees, laws and regulations, bureaucratic procedures, personnel promotions and discipline; and domestic and international news; and even science and technology information. Everything

was channeled into television and radio stations and publishing houses that were under state control or surveillance. During this process, the media became known for twisting, distorting, and tampering social and political facts and theories; even so, many people internalized the propaganda. The violent nature of the Land Reform of 1952-55, the Anti-Rightist Campaign in 1957, the Great Leap Forward in 1958, the Great Famine of 1959-61, and the Cultural Revolution of 1966-76 illustrates the brutality of the state and the effectiveness of media indoctrination. Years later, the state concluded that China's media organizations suffered severe damage from the anti-revolutionary groups of Jiang Qing and Lin Biao, and that the Fascist beliefs and fallacies had prevailed in the media (CJYB 1983:11).

The media had helped to cover up 800,000 deaths in the 1950s for various political campaigns (Yang 2004). The media also did not report the mass starvation taking place in rural areas, the bodies lying on the village hills and roadsides in Henan, Sichuan, Anhui and other provinces,¹⁴⁵ and the death toll of more than 30 million during 1959-61 Great Famine (Meisner 1999). Nor did the media report on the millions who were beaten, humiliated, and persecuted during the years between 1949 and 1976. While China struggled with class warfare and great chaos when one group of people beat, insulted and shot the other group one day, and the victims revenged back against the offenders the other day. Most people were forced to work under the command economy and a large part of them starved for decades. However, the media lauded a "great China" and worshiped a "god-like" Mao.

VI. Media Reorientation and Rejuvenation in the Reform Era

¹⁴⁵ From the television series of *China, a Century of Revolution*, produced by PBS, retrieved from Youtube, accessed 2014/06/04

After Deng took power after Mao's death in 1976, China entered into an era of reform. This is the greatest historical institutional change for China and Chinese economy, and is also for the media. The reform was first undertaken by Deng to reverse some decisions made by Maoists and the ultra-leftists, and then to reinstate those revolutionaries who had been removed from their posts by Maoists during the Cultural Revolution. In 1978, the state formally claimed an end to class struggle and declared a new focus on economic recovery. The media were reoriented to serve to the state by producing economic reports and publishing reform policies. As the media had lost credibility over previous decades, emphasis was now placed on the factuality of news reports (*Zhenshi Xing*) (Luo *et al.* 2008:129). First, media staff personnel were reorganized. From 1978 to 1982, the Party dismissed Maoist journalists from their positions and moved away from positioning the media as a tool of class struggle (Luo *et al.* 2008:125). Then, the media initiated what was called the "Truth Debate," an editorial movement that would last for years, though its major purpose was to justify the arrest of the Maoists and to cleanse Maoist supporters. From this point, the media report focused on economic reform with a liberal orientation, particularly in interpretation of agricultural policies, open door policies in coastal regions, and in reporting Hong Kong's economic achievements.

The Truth Debate is best symbolized by *Guangming Daily's* "Practice Is the Only Criterion to Test Truth" (*Shijian Shi Jiyan Zhenli de Weiyi Biaozhun*), published on May 11, 1978 (Bai 2004:533). The article denounced Mao's article "Two Whatever's"¹⁴⁶ (*Liang Ge Fanshi*) and advocated for truth debate in the media, Party committees, state bureaucracies, universities, and factories (*ibid.*). The article was then reprinted by 30 newspapers including the *People's Daily*, and Xinhua News Agency also broadcast the

¹⁴⁶ "We will resolutely uphold whatever policy decisions Chairman Mao made, and unswervingly follow whatever instructions Chairman Mao gave" (*Fanshi Mao zhuxi zuochu de jueche, women dou bixu yonghu; fanshi Mao zhuxi de zhishi, women dou yao shizhongbuyu di zhunshou*), (A1, February 7th 1977, the *People's Daily*)

content of this article at the same day (Ding *et al.* 1998:495).¹⁴⁷ A list of correction of past mistakes by the media during the Maoist era was followed. The *People's Daily*, for example, published criticisms of the “Gang of Four”¹⁴⁸ several times in 1978 (Bai 2004:534). Over the same time period, the media reported on and disseminated policies of the Third Plenum of the 11th Central Party Committee (held in December 1978) (Bai 2004:535). In this meeting, the state decided to focus on economic development. The *People's Daily* published the editorial “Seek Truth from Facts and Liberate the Mind” (*Shishi Qiushi, Jiefang Sixiang*) on December 19, 1978. Other media also reprinted or broadcast the summary of the meeting on December 24 (Li 2014:30).

Economic reports, particularly reports on the agricultural Household Responsibility policy, became the major focus after August 8, 1979, when *Wenhui Daily* reported on contracted agricultural production in Fengyang county, Anhui province (Bai 2008:336). Unlike during the Great Leap Forward, media organizations reported rationally on the Household Responsibility policy by going to rural locations to investigate the policy effect on local populations (*ibid.*). When the Party announced reforms to the nation's economic system in October 1984, journalists from Xinhua News Agency took the opportunity to publish discussions on the subject and then reported their investigations into economic reform in the years that followed (Li 2014:268-69). Many media even reported their socialist/capitalist debate, including the *Economic Daily* in June and July of 1987 and *Zhejiang Daily* later in the same year (Bai 2008:336-37). Gradually, some media organizations began to focus on the factual reporting of news events, such as the Accident of Bohai No.2 on November 25, 1979, an accident that led to the dismissal of several

¹⁴⁷ Later, the great truth debate had lasted for years in the media. Deng Xiaoping himself made speeches and published several articles to promote truth debate and to urge the people to seek truth from facts (*shishi qiushi*) (Ding *et al.* 1998:496), i.e., to undo Maoism and rehabilitate those being deposed in the Cultural Revolution.

¹⁴⁸ The “Gang of Four” refers to the four leaders of Maoists in the Cultural Revolution: Jiang Qing (Mao's wife), Zhang Chunqiao, Wang Hongwen, and Yao Wenyuan

high-ranking officials (Li 2014:86-87). In short, economic development and reform became the media buzzwords of the 1980s.

More broadly, the media also began to cover daily news and concerns. Radio and television stations offered programs in several foreign languages in their bid to attract foreign listeners and viewers (CJYB 1983:29-34). Many close-to-life films and radio stories were broadcast (CJYB 1983:32). Reports and articles about science and technology were published or broadcast in the media under the banner of Deng's four modernizations (CJYB 1983:40-41). Moreover, 425 enterprise papers that were published in enterprises were in 1982 (CJYB 1983:46). There were various views about what the media should report and broadcast. In 1982, Zhang Guozhen argued for social news reporting in the media, in addition to propaganda (CJYB 1983:59-64). Mu Qing advocated for more diversified styles in news reporting (CJYB 1983:73). Zhao Chaogou urged the media to impart knowledge and to provide entertainment to the public (CJYB 1983:75-81). Yang Zhaolin argued for timely radio and television broadcasts (CJYB 1983:116-125). At the same time, media audiences were surveyed by the Journalist Association, the *People's Daily*, and the *Workers' Daily* in Beijing (CJYB 1983:250-306).

In the mid-1980s, the media officially promoted economic reforms across the country, calling on China to break "Iron Rice Bowl" (*Tie Fanwan*) in socialist industrial production in order to increase productivity (Ding *et al.* 1998:502-03). In particular, the media praised China's new economic frontier in the coastal regions for experimenting with special economic zones (Ding *et al.* 1998:504). At the same time, the media warned about inflation in economic development (Ding *et al.* 1998:505). Numerous reports on corruption were published and broadcast; criticisms focused on selling the strategic raw material (*Guan Dao*) due to the price difference between official state pricing and black market prices

(Ding *et al.* 1998:509). The media also began to report many good news from the West and criticized Chinese culture. One television series, *Heshang*, suggests that China's underdevelopment was a direct result of the embedded Chinese agricultural culture, though the media did not move to support discusses on freedom and democracy (Ding *et al.* 1998:510-13).

At the time, the Chinese media continued to expand in scope. In 1977, there were 180 newspapers with a total circulation volume of 12.4 billion copies (CJYB 2000:567). After media reorientation in 1978, many Maoist newspapers were closed. In 1979, there were 69 newspapers with a total circulation volume of 13.1 billion copies. By 1980, however, there were 188 papers with a total circulation volume of 14 billion copies. By 1981, this number had risen again to with a total circulation volume of 14.4 billion copies. This number skyrocketed to 1014 in 1984, with a total circulation volume of 22 billion copies (CJYB 2000:567).

Radio stations increased in number to 125 and television stations to 54 in 1982. By 1982, there were 2,375 radio broadcasts and 90 million high-volume loudspeakers around the country (CJYB 1983:33-34). In 1982, Xinhua News Agency expanded its Hong Kong and international news market and won 30 commercial subscribers in 1982 (CJYB 1983:28). By 1988, it had 7,000 employees, 30 domestic subsidiaries, and 103 international subsidiaries (Bai 2004:543).

The media continued increased development through the late 1980s. By June 1991, China had 1,534 newspapers, rising from 69 in 1979 (Bai 2004:541). By the end of 1990, China had 555 radio stations and 489 television stations; high-volume loudspeakers had decreased to 82 million. Radio and television coverage was 73.2% and 78%, respectively (Bai 2004:544). Journalists increased in number from 200,000 in 1983 to 420,000 in 1990 (Bai 2004:550).

In short, there was a relative freer media in China in the 1980s than there had been earlier. From 1982 to 1989, as the information technology revolution reached China, the media repositioned itself as information distributor (Luo *et al.* 2008:129). Yet while the idea of press freedom loomed large, the reality was slow in coming. “As the memoirs of reporter Liu Binyan demonstrate, leaders might call for more interesting, even critical, journalism one day, but destroy those who dared to oblige, the next (Liu 1990a: 16)” (de Burgh 2003:50).

However, China scholar Luo *et al.* write that because many journalists appealed to the idea of “absolute press freedom” during the 1989 Tiananmen Incident, after the incident was put down the media repositioned itself to uphold the Party principle above all else; those journalists who had argued for bourgeois liberalization were dismissed from their positions (Luo *et al.* 2008:134). The possibility of media liberalization was eliminated by the state, and the media once more fell into Cultural Revolutionary discourse, from June 1989 to early 1992.

Lin Hui (2004b) argues that Chinese media reform has experienced three transformations, all brought about by social and economic changes in the post-Mao era. From 1978 to 1982, the first transformation was the move on the part of the media towards professional journalism and the end of empty slogans as the media reporting were written in the Cultural Revolution. According to Lin Hui, when China began its transition from planned economy to market economy, it devolved state power to lower authorities and shifted some resources to work units (educational units, factories, and enterprises) and the public society. Likewise, the media moved from being purely a propaganda tool and a means for perpetuating class struggle to economic reporting only after 1978 (Lin 2004b:1).

The second transformation was the repositioning of the function of the media over the period of

1983-91, a process of media informationization. Before 1983, the media basically served only the Party and the state. After 1983, as a result of the modernization process, the media began to serve both the state and the public; more precisely, the media served the people and their daily needs because the modernization process is also a process of secularization (Lin 2004b:2). The media created hundreds of nightly papers and tabloids, which focused on entertainment and services information (Lin 2004b:3).

The third transformation is the media market segmentation that has occurred, along with the growing diversification of the economy and the pluralification of China's social structure, from 1992 to the present day (Lin 2004b:4). For Lin, the pluralification of China's social structure provides the basis for media market segmentation. In the past three decades, parvenus and red capitalists have amassed millions, or even billions of *yuan*. The new, rising middle-class also invests in new houses and fancy cars and has significant disposable income. However, the vast majority of the Chinese population is still struggling to meet their basic living expenses, however, including rent, food, and clothing. Class stratification has led to differential consumption, which further encourages the media to address consumer needs. Thus, advertising has been divided into various consumer categories: viewers, listening audiences, and readers; likewise, media programming also has been tailored to suit particular categories of people (Lin 2004b:4-5). The increased specialization of newspapers, radio, and television to provide material that focuses on news, economics, sports, music, science & technology, entertainment, and children programming, is a testament to the media's adaptation to social stratification (Lin 2004b:6). Moreover, argues Lin Hui, the state has confirmed the legitimacy of the market economy, laying a firm foundation for media marketization. And the Party and state media administrations have approved media commercialization and socialization. Such policies safeguard media diversification and market segmentation, enabling media organizations to pursue

profit in particular niche markets (Lin 2004b:7). Indeed, this trend has intensified since 2003.

V. The Brief Period of Media Freedom during the 1989 Student Movement

Western media freedom of debates on social, political and economic issues was never the case in China, but the brief period of media freedom is worth to record because it symbolizes a professional and objective reporting of Chinese media during the critical juncture of 1989 Tiananmen Massacre. When CCTV broadcast the death of Hu Yaobang, former General Secretary of the CCP, on April 15, 1989, Beijing students rallied at the People's Hero Monument at Tiananmen Square in the days that followed. Many people believed that Hu was forced to resign and that he had deserved better evaluation by the state. Some media began to report student sit-ins and demonstrations in Tiananmen Square, using a tone that was sympathetic towards the students. Deng penned a suppressive editorial in the *People's Daily* on April 26, however, labeling the student movement as riots and as anti-revolutionary. The article enraged students and hundreds of thousands marched on Tiananmen Square the next day (DZ¹⁴⁹ 2010:156). Zhao Ziyang, then General Secretary of the CCP, commented positively on the student demonstration and encouraged the media to cover student demonstrations on April 27 (DZ 2010:158). This instruction liberalized the media between April 27 and June 4 of 1989, though conservatives were still critical about student demonstrations. The difference of opinions played out in the media, with most media organizations contributing a liberal voice, and this brief window would mark the only period of press freedom in the Communist era.

After the April 27 student demonstration, the media generally published positive reports about the

¹⁴⁹ DZ is the initial of Dingxing Zhao

student movement (DZ 2010:311). Before the student movement, there had been journalist discussions of drafting laws for ensuring press freedom and for protecting journalists in China (Zhao 1998). In March 1989, “Chinese journalists started to question the CCP’s monopoly of the media and to push for press freedom” (DZ 2010:299). For instance, the *People’s Daily* had already published negative social stories that month (DZ 2010:301). Specifically, the suppression of the *World Economic Herald* had triggered journalist indignation against the Party’s media repression. On April 23, the *World Economic Herald* published a lengthy report on a forum of China’s democracy by leading officials, intellectuals, and outstanding journalists. The paper was then shut down and the editor-in-chief Qin Benli was dismissed by then Shanghai Major Jiang Zemin (DZ 2010:309-10). Many journalists from the *China Daily*, the *China Youth Daily*, the *People’s Daily*, the *Guangming Daily*, and other media, showed their support for Qin (DZ 2010:311-12). Large-scale demonstrations occurred day after day, and media reports covered the student movement in more and more detail. For example, on May 5, the *People’s Daily* published “a lengthy and objective account of the May 4 student demonstration” on its front page (DZ 2010:312).

The student hunger strike began May 13 in Tiananmen Square, escalating the student movement and attracting national sympathy for students. From that day on, hundreds of thousands of people showed their support for the starving students. Doctors and nurses from several hospitals delivered medicine to treat weakened students. Tens of thousands of students sat in the square night by night, singing a song *The Internationale* and hoping a great Chinese leader would grant China freedom and democracy in one day. Such scenes also won support from journalists. In May 1989, many journalists including those from Xinhua News Agency and the *People’s Daily*, joined the students in calling for press freedom (Wu and Lansdowne 2008:172). Approximately one thousand journalists in Beijing marched for press freedom that

month (Lee and Chan 1990:179). Liberal media published and broadcast these scenes in Beijing. The student movement won wider support from the Chinese people and internationally through televised live reports.

In particular, the *Guangming Daily* and journalist Dai Qing played an important role in the negotiations between the government and students. Dai, a journalist formerly from the *Guangming Daily*, asked permission from Hu Qili (then media chief and vice-premier) and then organized a dialogue meeting on May 12 between intellectuals and students in order to persuade students to stop the hunger strike. Many journalists from other news agencies also attended the meeting (DZ 2010:167). On May 14, on behalf of the *Guangming Daily*, Dai again organized a meeting between the state official Yan Mingfu and student leaders Wang Chaohua, Wan Dan and Wuer Kaixi for the same purpose (DZ 2010:166-67).

Such reports were made known to the people concerned about the student hunger strike. On May 17 and May 18, the number of demonstrators in Beijing alone, including officials of the State Council, the police, and the army, surpassed one million (DZ 2010:171). There were similar demonstrations in support of students in many big Chinese cities, including Shanghai, Wuhan, Guangzhou and Chengdu. However, conservatives conspired to execute martial law in Beijing. This move was announced by Li Peng (then premier) and Yang Shangkun (then president of China) on CCTV on May 19 (DZ 2010:183).

Many media still published positive reports after the student movement ended. During the hunger strike, both the *People's Daily* and the *Guangming Daily* published feature articles on the strike, focusing on freedom and democracy (DZ 2010:313-14). Chinese journalists also fought for press freedom during this period (DZ 2010:314-15). Many journalists joined student demonstrations (DZ 2010:316), and even after the promulgation of martial law on May 20, many newspapers and televisions, including the *People's*

Daily, still published positive reports on the student movement (DZ 2010:316-17). The *People's Daily* particularly still published articles and news on June 4 expressing indignation at the suppression (DZ 2010:308).

However, bullets and tanks ended the short interlude of media freedom at the daybreak on June 4, 1989. After that, many major media were controlled by military force.

VI. Media Commercialization and Expansion since 1992

The actual media reform began in 1992, not for liberalizing the media, but for encouraging media self-sufficiency. This is the starting point of Chinese media marketization and is also the greatest historical institutional change in the media most relevant to the research. Before 1992, almost all media were funded by the state or local governments, directly or indirectly. Since 1992, the media have become commercialized, following Deng's Southern Tour to encourage economic liberalization. Since then, most media have had to survive on their own while the state cut subsidies. Advertisement (AD) revenue has become lifeline, with the help of some subscription and sponsorship monies paid by enterprises and corporations. The media have not only come up with new and attractive ways to present Party ideology but have also developed various novel forms of entertainment. In short, the media have undergone significant development in the past two and a half decades, both in terms of market scale and indoctrination quality.

After the 1989 June 4th Tiananmen Massacre, however, media criticism of corruption decreased sharply. Most news media have reported only on positive news. The media turned their brief liberalism, arguing for press freedom and urging to initiate a press law, to Party priority for reinforcing Party orthodox. The reporting of corruption, abuses of power, and governmental non-performance was shelved at least for

more than one year (Li 2014:291-320).

In early 1992, Deng warned the leftists about economic stagnation and urged further economic development through economic liberalization and open to the Western world. Once more, the media orchestrated nationwide reports through newspaper, radio, television, and magazines, encouraging the economic development movement that has continued to the present day. For example, the media broadcast “The Rising Road of Shenzhen” (*Shenzhen Jueqi Zhi Lu*), “Hotrock Zhuhai” (*Qianjin Zhong de Zhuhai*), and “Shanghai Pudong in the 90s” (*Jiushi Niandai de Shanghai Pudong*) (Ding *et al.* 1998:523). Deng’s Southern Tour acted as a catalyst for media specialization, beginning with the development of specific economic programs (Ding *et al.* 1998:525-28). In the 1990s, featured news programs and in-depth reporting on reform issues, hot spots, sporting events, and various accidents became popular fodder in the media. The high audience rating of this type of programming brought in AD revenues (Ding *et al.* 1998:530). Most media began to separate out their specialized material, publishing special papers, producing special radio or television programs, establishing special stations. For example, radio stations set up separate news, traffic information, music, sports, and children’s radio stations (*ibid.*).

More liberal media policies facilitated media commercialization. Before 1989, media personnel were chosen and appointed by state authorities, and their salaries were determined according to the planned economy at the time. In December 1990, GAPP announced a regulation that enabled media organization to set up their own subsidiaries, hire their own journalists, and decide journalists’ salaries and bonuses (Ding *et al.* 1998:532). This policy encouraged a strong work ethic among journalists, and pursuit of material wealth became a major incentive for journalists and media organizations. This policy was implemented on a large scale after 1992 because leftists had rolled back political and economic reforms after June 1989;

and economic reforms continued only after Deng's Southern Tour. Since then, media scale and media product quality, both in terms of indoctrination and entertainment, have evolved significantly.

In terms of scale, in 1992 there were 1,657 newspapers, with a total circulation volume of 25.8 billion copies (CJYB 2000:567). By 1994, this number had risen to 2,019, eleven times that of 1978 (Ding *et al.* 1998:533). By 2001, this number had increased to 2,111, with a total circulation volume of 35 billion copies. The same year saw 8,889 magazines, with a total circulation volume of 2.9 billion (CJYB 2002:51). In the 1990s, more than 200 newspapers added a weekend as well as a metropolitan editions for their profits, while their daily edition continued to publish Party ideology and other mainstream material (Bai 2008:352).

Media commercialization was rapid during this period. By the end of 1992, radio stations had increased in number to 812, nine times that of 1978; television stations had increased in number to 586, eighteen times that of 1978. By 1996, radio stations numbered 1,320, and local radio broadcasts at the county and township level numbered 2,790 (Lin 2004b:22). Television stations numbered 2,827 in 1996 (Bai 2008:352).

Media management also made great economic progress during this time. Although newspapers had begun to accept AD and earned AD revenue of 70 million *yuan* in 1983, by 1992, this figure had grown to 1.6 billion *yuan*, 22 times that of 1983 (Ding *et al.* 1998:518). In 2000, AD revenue soared to 71.3 billion *yuan* and the number of AD journalists increased to 641,000 (CJYB 2002:58).

In the past decade, the media have developed in another important way. In August 2001, the Propaganda Department, the General Bureau of Radio, Film and Television (GBRFT), and the GAPP announced that they would encourage mergers among media organizations and would allow them to do

business in geographical areas outside their localities (Li 2014:735). This provided media organizations with new development opportunities. *New Beijing Daily* won the license to print its paper nationally on November 11, 2003. *Oriental Morning* began publishing in the Great Yangtze region; many other media organizations became inter-regional as well (Bai 2008:353). When China concluded WTO treaties, it opened the Chinese media market to foreign media organizations as well including Consumer News and Business Channel (CNBC), which landed in Shanghai in 2003 and Murdoch's News Corporation in Pearl River Delta region of Guangdong (Li 2014:708-712). Moreover, China also allowed non-media corporate investment in the media (Li 2014:708).

Under the stimulation of more liberal media economic policies, the scale of the Chinese media market increased again. Newspapers now specialize in daily, nightly, and weekly, as well as education, sports, finance, the economy, computers, law, police enforcement, the military, science and technology, union matters, and other areas (Bai 2004:557). In 2005, 1,931 papers had a total circulation volume of 41.2 billion copies (CJYB 2006:612); in the same year, 9,468 magazines had a total circulation volume of 2.76 billion (CJYB 2006:620). The country had 273 radio stations and 352 television stations in 2005. Radio and television coverage was 94.5% and 95.8%, respectively (Wu 2008:20). The traditional media GDP increased to 320.5 billion *yuan* in 2005 (Wu 2008:21). In 2007, 1,926 papers had a total circulation volume of 36 billion copies and a daily circulation volume of 98.7 million, the highest production rate in the world (Luo *et al.* 2008:121). By 2010, China had 1,939 papers with a total circulation volume of 45.2 billion copies and an average daily volume of 214 million; 9,884 magazines had a total circulation volume of 3.2 billion. The same year, there were 227 radio stations and 247 television stations; there were 2120 radio broadcasts. Radio and television coverage rates were 96.78% and 97.62%, respectively (CJYB 2011:59).

Lin Hui (2004b) argues that the increasing number of newspapers has led to over-competition. According to him, the number of newspapers in China in 1981 was 476, with the average daily volume per paper at 120,000 copies, close to the levels of 1956. However, when the number of papers skyrocketed to 2,322 in 1988, the average daily circulation volume decreased to 70,000 copies. The year 1989 witnessed a sharp decline in number of papers, but this number had increased to 2,163 by 1996, with an average daily volume of 80,000 copies, much lower than circulation volumes of 1981. In other words, he argues, the increase in the number of newspapers led to a decrease in the daily average circulation volume per paper, resulting in over-competition (Lin 2004b:22-23). Lin suggests that the major reason for such a decrease is that many readers do not read Party papers anymore (Lin 2004b:24). He cites AD revenue to reflect such a change. For example, the *People's Daily* was ranked at the top of the first in terms of AD revenue in 1988, but fell to the bottom in 1993, and disappeared in the list in 2003 (Lin 2004b:98-99).

Then, in 1994, the state decided to macro-manage media competition through grouping media organizations. Media grouping is a process of media incorporation that merges different categories of media into one group according to locality or Party requirements. Media grouping began when Guangzhou Daily Group was set up in 1994 (Li 2014:561-64). The market mechanism of macro-management was first attempted by *Yangcheng Evening News* in 1998. This paper was headed by the President and, under his leadership, the general manager was responsible for business operation and the editor-in-chief was responsible for journalism (Lin 2004b:15). By 2004, 26 media groups had been established (CJYB 2005:58-83).

At the beginning of the twenty-first century, the most popular newspapers were the *Guangzhou Daily*, the *Yangcheng Daily*, the *Nanfang Daily*, the *People's Daily*, the *Guangming Daily*, the *Economic*

Daily, the *Beijing Nightly*, the *Beijing Youth Daily*, the *Xinmin Nightly*, the *Huaxi Metropolitan Daily*, and the *Chengdu Business Daily* (Ouyang 2003:29-32). The most marketed types of newspaper are the nightly ones, such as the *Xinmin Nightly*, the *Yangcheng Nightly*, and the *Beijing Nightly*, whose daily volume has surpassed one million, four times that of their local dailies and local Party organs (Ouyang 2003:34). Thus, the nightly and metropolitan papers became the major cash earners (Lin 2004a:124-55).

In the television subsector, CCTV dominates the market in terms of television AD revenue. It takes in approximately 40% of the total revenue every year; in 2002 its AD revenue was 3.3 billion *yuan* (Ouyang 2003:6). Television competition has also been intense. Before 2003, aside from the top-tier CCTV, Beijing TV, Shanghai TV, Zhejiang TV, Guangdong TV, Shandong TV and Fujian TV represent the second tier of television stations. Hunan TV and others represent the third. And last tier includes Guizhou TV and others (Ouyang 2003:6). However, this ranking has changed in the past several years: CCTV is still at the top, but the next most competitive television stations are Hunan TV, Jiangsu TV, and Zhejiang TV (Zheng 2011:84). Entertainment (indoctrainment) has become the primary menu of television programming. According to a 2011 television-program analysis, entertainment made up 51.5% of all television programs in 2010. This figure includes television series (31.8%), arts (10.1%), film (4.5%), sports (4%), music (0.6%), and drama (0.5%) (*China Radio & Television Yearbook- CRTYB* 2011:286).

The most influential media group is China Radio & Television Group, which includes CCTV, the *People's Radio*, *China Radio International*, China Film Group, and two Internet companies. This group owns 21.4 billion *yuan* in fixed assets, and earns a yearly income of 11 billion *yuan*, and employs twenty thousand people (Ouyang 2003:67). According to a 2003 survey by the China News Research Center of China Academy of Social Science (CASS), the most influential and credible newspapers in Chinese cities

are local nightly papers and local business papers (Lin 2004b:70-75). The most influential newspaper in China is *Southern Weekend*, and the most credible newspaper is the *Global Times* (Lin 2004b:74).

Within the traditional media, almost all media organizations had become self-sufficient by the early twenty-first century. For example, in 2003, 91% of media investment came from media earnings, 7% was derived from state appropriation, and only 2% was raised by the public (Zhao *et al.* 2004:1).

China's Internet also has seen significant development since the late 1990s. In 1997, when China's Internet was first established, it had only 160,000 users (Pei 2006:2); by 2008, however, this number had skyrocketed to 298 million, making China the highest-ranking country in the world in terms of user number (CJYB 2009:609). According to China National Network Information Center (CNNIC), by 2011 this number had risen to 513 million (*China Internet Development Report 2012-CIDR 2012:3*). Internet GDP in 2011 reached 71.6 billion *yuan* (CIDR 2012:5). According to CNNIC's January 2011 report, net music and net video were ranked second and seventh in terms of their popularity, with use rates of 79.2% and 62.1%, respectively (CRTYB 2011:243). In 2010, China's Internet video AD revenues alone were 21.7 billion *yuan*, representing a 157.1% yearly growth rate and a great portion of Internet GDP (CRTYB 2011:243). By 2011, Internet investment had increased to US\$3.892 billion, 43.5% of the total US\$8.947 billion invested in China's media industry (CIDR 2012:86). The state has kept a watchful eye on the Internet. In 2011, the state investigated 420 audio and video websites and closed 288 (CRTYB 2011:32).

According to official surveys (Lin 2004b:75), the most influential news portal is *Sina.com*, and the most credible news website is *the People's Net* (the Internet version of the *People's Daily*). The net turnover of *Sina.com* in the fourth quarter of 2002 was US\$12.9 million, and its net earnings in that season were US\$1.5 million. *Sohu.com* earned a net profit of US\$1.9 million during the same time period

(Ouyang 2003:43). *Sina.com*, *Sohu.com* and *Netease.com* were the first three portals in China (Ouyang 2003:44). In 2007, fourteen Chinese Internet companies were successfully listed on the US and Hong Kong stock markets, and were valued at more than US\$4.2 billion (Luo *et al.* 2008:29).

At about the same time, foreign media organizations also entered China. News Corporation, Time Warner, and twenty-eight other foreign media organizations were granted limited access to high-end hotels and certain designated areas (Lin 2004b:37).

In sum, popular media with economic power found opportunities to expand their market share and influence. At the same time, however, many medium-sized and smaller local media organizations had difficulty surviving the swiftly changing media climate (Ouyang 2003:4). Argues Ouyang, China's media is in the midst of a transition to commercialism and will eventually follow the path of the Western media development. This transition process is one of media marketization.

Similarly, Lin Hui maintains that media reform in China is an unfinished business because reform is determined not only by economics but also by politics. In China, the media fulfill three roles that are often in conflict with each other: as propaganda tool for the state, as a state enterprise to serve the state and the people, and as a commercial enterprise intended to make profit. In this environment, if political reform is not complete, media reform will inevitably be ongoing as well (Lin 2004b:21).

In the end, Lin Hui hopes to further journalist reform, for two reasons. First, there are still structural contradictions and systematic problems that inhibit the development of a purely media market, such as the continued Party and state interference in media operations. Second, China's media do not yet have the capacity to compete with global media corporations (Lin 2004b:34-5). For example, in 2002, the AD revenues of all-China's 300 television stations combined were less than that of any one of the top 25 world

media corporations (Lin 2004b:37). To ensure further media reform, Lin Hui argues that news reporting must introduce the concept of citizenship, a product of democratic politics based on personal rights, democratic principle, and a modern constitution. In practice, the media must make defending citizen rights its responsibility and a key operational purpose (Lin 2004b:45), particularly in order to supervise the government and businesses and to offer a platform for defending the citizens' right to be informed about government operations and any actions that might affect the public, and their right to speak freely, to the extent that what they say would not endanger the public (Lin 2004b:46-52). Internationally, discourse power of information dissemination (*Xinxi Chuanbo Zhudao Quan*) is the core of soft power (Lin 2004b:55). In this regard, China does not have too much discourse power in the world and the Chinese media have not achieved credibility yet (Lin 2004b:59).

Whether media reform will move in the direction that Lin urges is not clear. China scholar Wu Tingjun (2008:11) argues that, unlike Western media development, which is primarily fueled by the economy, China's media development has been fueled by political needs, from the dynastic era to the present day. He implies a cultural determinism of the Chinese media. For him, Party publication is in essence part of the whole proletarian revolutionary cause (Wu 2008:15). When the Party assumed power in 1949, its Propaganda Department in 1953 ruled that no criticism against the Party committee is allowed in China's newspapers (Wu 2008:23-24); this principle has not changed. Thus, he is right at least up until now. China scholar Xu Beiting concurs: Deng claimed that stability was above all issues in China and for this purpose, the media must propagate concepts of socialist superiority, the rightness of the Party leadership, economic reform (as determined by the state), and China's (economic and political) achievements (2006:100-101). According to Xu Beiting, Deng's ideas have become the guiding principles

of China's media market in the post-Mao era.

Luo *et al.* (2008:161) also insist that the media must undertake unconditionally their role as the state's "tongue and throat" (also in p.83) of the Party. But, as the authors point out, the state intervenes in the media market through its administrative power and, thus, inevitably interrupts this market (Luo *et al.* 2008:161). That is, if the political system does not change, the media market will continue to be controlled by the state and will not be able to emulate a purely Westernized media market.

In conclusion, although historically, China's media served only the interest of the Party, media marketization changed the function of the media to serve both the Party and the business and the people. Before 1992, "[t]he mass media in China..., [served] dual functions as an instrument of ideological control over the masses and a site of struggle among power elites" (Lee 1994:8). After 1992, when commercialization had engulfed China, the process of media marketization saw media organizations incorporating entertainment into their standard fare of political indoctrination. Currently, the combination of indoctrination and entertainment in media programming meets the Party's need for ideological indoctrination and control over the people, and meets the business demand for advertisement and the people's need for entertainment and information service (although not their need for redressing social and political injustices). The following sections delve more deeply into current media marketization process in order to flesh out media marketization mechanics and highlight major characteristics of the traditional media.

Media Marketization

Media marketization marks the greatest historical institutional change in the Chinese media, and

enables a new market mechanism of media control to emerge, which is substantiated in the next two chapters. As part of the Chinese political economy, the media sector always faces state repression. How, then, does the state both repress the media market and allow its development? This section illustrates how this process works. First, I summarize the three stages of media market development in China. Then, I elaborate on how the state meticulously and successfully manages and controls the media market over the course of development in these three stages. Last, I highlight the major traits of the Chinese media.

Media marketization has gone through three stages. The first stage was the spontaneous media commercialization of the 1980s, trail-blazed in 1986 by the Pearl River Economic Radio Station (PRER), which brought back Guangzhou audiences by emulating contemporary Hong Kong radio stations (Zhao 1998:96). PRER had instant success, but this model was not re-implemented until after Deng's Southern Tour in 1992. The second stage is media marketization, a development that was precipitated by state cuts to most media funding after 1992. Most media organizations made much more in profits than they had originally expected; some media organizations, however, were closed either due to lack of profits or by forced state closure. The third ongoing stage is media grouping, a type of macromanagement that began in the late 1990s and which enhances Party ideology and boosts a prosperous media market. Now, tens of media groups have been created.

Like China's economic development, the first stage of media marketization was a liberal one to some degree in the 1980s. The second and third stages are state-led development processes in the 1990s. The media sector is monopolized by the state: all media are owned by the state, and the sector is both political and economic. The state aims to make the media a helping hand rather than an opponent, and keeps a watchful eye on the media for this purpose. Hence, media marketization is particularly complicated under

state macro-management.

I. Media Commercialization

The decline of the journalist spirit to fight for social justice was one of the most significant factors in China's media commercialization. In addition, the financial pressure to survive forced media organizations to pursue profits. Together, these two factors meant that media organizations sought commercial interests when the government did not intervene in this process and when the Chinese public began to pursue material interests.

The decline of the journalistic spirit can be dated back to the 1989 Tiananmen Massacre in Beijing, a watershed event for curbing public freedom, particularly press freedom in China. Following this event, “with the purge of liberal leaders such as Zhao Ziyang and Hu Qili at the top of the CCP hierarchy, the incarceration of many student leaders and activists, and the exile of leaders of the Tiananmen movement, the intelligentsia had lost their strongest advocates, allies, and leaders” (Pei 2006:89). The next aim of the state was to cleanse what had been a briefly free media (a freedom that had lasted only from April 27 until the massacre on June 4). In the end, “some of [journalists] died [in the massacre], many of them lost their livelihoods and their future and the bulk of [them] would conform” (de Burgh 2003:68). Thus, China took a U-turn in the summer of 1989, away from the liberal reforms begun in 1978; after the massacre triggered an international boycott, the Chinese economy plummeted into a deep recession. Traditional Chinese Communist revolutionary discourse, which had seldom appeared in the media during the 1980s, now became common once more. As a former Xinhua News Agency journalist remarked, “[T]he suppression of [the] pro-democracy movement marked the end of the heyday of journalism at Xinhua” (Swan 1996:34).

It also marked the beginning of a dampening of journalistic spirit across China.

Although Deng was the major decision-maker behind massacre on June 4, he was not happy with Jiang Zemin and Li Peng's conservative management of the economy in the years that followed. He went to several southern provinces to urge the liberal provincial leaders to develop their economies. Ironically, even the publication and the broadcast of his speeches involved a convoluted process due to intra-Party political struggle (de Burgh 2003:22-23). At last, Deng's Southern Tour speeches were published in Shanghai's *Liberation Daily* under a pseudonym, Huang Piping (ibid.); this acted as a catalyst and accelerated the process of media commercialization (Zhao 1998:47). Following that, the earlier PRER model proliferated, again without overt sanctions by the government. By 1994, more than one hundred economic radio and television stations have been established; they enjoy relative editorial autonomy (Zhao 1998:124).

Negative financial pressures and positive economic incentives helped to fuel commercialization as well. Government budget constraint forced it to allow media to raise funds by themselves. This media revenue generation enabled media commercialization, which would lead to media self-sufficiency. At the same time, business demand for advertising actualized this commercial development. In the beginning of the media commercialization in the late 1980s, China was "still a very controlled society in which no endeavour [could] start without the correct procedures having been gone through, often entailing paying for the 'chop' of various different functionaries" (de Burgh 2003:30). After a while, shrewd observers advised the media to open up the door to making profits: "Would-be entrepreneurs would go to [media units] and suggest ways in which the licences might be exploited for profit by turning print or broadcast publications into advertising or sponsorship vehicles" (de Burgh 2003:30). Soon, media organizations

found that advertising was a source of easy money; they began to make the most of their formerly underused assets and human resources in order to broaden their revenues (ibid.).

If they wish to make profits, media managers and journalists have to cater to their audiences. With the expansion of the reading and viewing audience, more and more corporations and local companies seek advertising in the media, which benefits both media organizations and their regulators (including bureaucracies such as the Propaganda Department) (Lynch 1999:42-43). After 1992, as China became material oriented, the notion of what made a good journalist also changed. Former journalist Qinglian He writes, “[t]here is a popular saying that goes, ‘[a] first-rate reporter plays the stock market, a second-rate reporter solicits advertisements, a third-rate reporter gets kickbacks, and a fourth-rate reporter writes news reports’” (He 2008:130). Zhao (1998:154) writes, “The consumerist conception of the audience is apparent in the ‘service’ mentality first articulated by PRER; the audience is to be served by informational and entertainment programming”. The more audiences or readers the media can attract, the more revenue it can generate: businesses are willing to pay high advertising fees to reach large audiences, all of whom represent potential customers and consumers.

In a nutshell, by 1992, “commercialization had become the order of the day” (Zhao 1998:1). While many media organizations took risks in their move to commercialize, they also took advantage of the opportunities offered by commercialization; most have made much more profit than they imagined at the beginning of their entrepreneurial enterprise.

II. Marketization of the Media

Media marketization began with a government push. Under financial pressure, media organizations

faced the threat of their own demise. Those who were not able to fight against the odds of a media market were either closed by the government or were grouped into other media organizations under Party organs or television flagships. Media marketization facilitated the division of labour, organizing various media producers into news and other specialized categories, resulting in a new form of media macro-management by the Party, which focused specifically on news organizations.

The process of media marketization was initiated by the central government. Liang Heng, an official at the State Press and Publication Administration, formulated the imperative that pushed newspapers into the market in 1992 (Zhao 1998:50). In an official conference, Liang proposed that “[p]arty organs, . . . , and army newspapers would be subsidized initially; evening papers, news digests, papers specializing in culture and lifestyles, as well as trade newspapers would be ‘pushed to the market’ first, when their subsidies were cut” (ibid.). Later, “in November 1992, Liang declared, ‘conditions are ripe for newspapers to be marketized’” (ibid.). Actually, Liang’s announcement was too conservative. Before 1992, many newspapers had already lost subsidies, and “of the 1,750 newspapers in 1992, one-third had already achieved financial independence” (ibid.). Thus, the government subsidy cuts forced media organizations into the market.

The financial arrangement between media organizations and the government was established by a precedent in order to ensure media organizations survival. In 1984, the government had attempted to make a self-sufficient financial contract with CCTV, providing a fixed budget for CCTV and allowing it to keep all its earnings, on the understanding that the station would provide locally produced news and educational programs with high quality (De Burgh 2003:30). This had an unexpected impact on the rapid commercialization of the media after 1992. Permission to publish, for example, became “[licence] to

print money', in Lord Thomson's famous phrase" (de Burgh 2003:30). The media could be turned into a profit-making machine through publication or broadcasting of advertising or by sponsoring similar activities (ibid.). This idea was soon adopted by financially struggling media organizations. Not only were media organizations able to make ends meet; many even made their fortunes. The vanguards of this move towards profit making were the Party's organs. For instance, "the nation's number one news wholesale, New China News Agency [Xinhua News Agency], and the foremost national newspaper, *The People's Daily*, both run over twenty businesses and their efforts are emulated by many if not most other newspapers" (ibid.). In reality, most media organizations maximize their use of advertisement and sponsorship. CCTV has been the nation's largest advertising revenue generator in the media. The *Southern Daily* in Guangzhou and the *Shenzhen Special Zone Daily* in Shenzhen, both in cities with booming economies, also generate high advertising revenues.

Media marketization resulted in media specialization, which in turn expanded the media market. Zhao writes, "In some provinces and municipalities, the diffusion of the PRER model has led to the breakup of traditional people's radio stations into specialized stations" (Zhao 1998:124). Now, almost all provincial radio and television stations have become specialized. In general, each province has at least one satellite station, one economic station, one entertainment station, one TV series station, one informational station, one film station and one children's television station. For radio stations, most provinces have at least one People's station (governmental), one to the economy, one to music, and one to traffic. These specialized stations have risen in popularity and have generated large sums of revenue, although some of this revenue is redistributed to support news stations (Zhao 1998:125).

The separation of news from economic, music, entertainment, film, and sports stations allows the

central, provincial, and municipal propaganda departments and government agencies to focus their supervision on news stations. This organizational structure saves much time and energy for propaganda departments and government media regulators, and enhances the efficiency of their supervision, allowing them to better macro-manage the media market. Specialized stations tend to avoid sensitive news and controversial current affairs. The same is true in print media. Thus, the propaganda departments and state agencies generally need focus their supervision energies only on news media, saving themselves resources both in terms of money and manpower. Indeed, this structure is enabled by media marketization; further media marketization automatically leads to further macro-management, as minimal resources are being used to control as few media as is necessary.

Media marketization has intensified competition among media organizations, however. After their subsidy cuts and their forced entry into the market, media organizations tried to pursue profit by any means. This was particularly the case for those small and specialized newspapers and broadcasts established in the reform years (Zhao 1998:86). At the same time, contracting-out imposes another pressure on media organizations. In general, newspapers contract out their publications, except for party organs (Zhao 1998:128). De Burgh (2003:38) estimates that about one-third of broadcast programs have been contracted out to about 1,000 production companies, which are all theoretically illegal because the state does not allow private ownership of media organizations.

Some media organizations take on risks when competition is intense, and some journalists even dare to defy the state. *Southern Weekend (Nanfang Zhoumo)*, for example, had attempted to report on social evils and published sharp criticism against local governments. As a result, in 2001, the editor-in-chief Jiang Yiping was put in jail and several other journalists were dismissed for publishing two articles, one

titled “The Growth of a Violent Gang” (published on April 19), and the other titled “Reexamining the Zhang Jun Case” (published on April 26). Both articles attempted to determine the root cause of violence (He 2008:137-38). As will be discussed in Chapter 5, Freedom House estimated that 435 journalists were jailed in China between the years of 1992 and 2012.

Media marketization represents the Party’s unreserved embrace of the market economy and its intentional and constant calls for profit making, labelled by the state as the “Socialist Market Economy”. The Party’s grip on the media is evident because the purpose of media reform has been to make ideological indoctrination more effective (Zhao 1998:159). Although media competition has intensified, all media have to work within the media market space, bounded on one side by the Party line and on the other by the bottom line of the Party’s tolerance in Zhao(1998)’s phrase of “between the Party line and the bottom line”. Also, the monopoly of individual media organizations is secured to some extent with the state’s media market boundaries in their administrative regions. Print media (mainly newspapers) and broadcasting (television and radio) cannot invest in each other (de Burgh 2003:30-31). Nor can a lower-level print media organization invest in any administrative regions other than its own, or in any administrative region of a higher level (Chan 2003:162). This rule curbs competition to some extent. To date, marketization has engulfed almost all of China’s media, and almost all must be self-sufficient (He 2003:202).

III. Media Grouping

The rapid development of media organizations has created administrative problems for the Party. Although the number of media organizations had multiplied, the Party wanted to maintain the same tight control over the media as it had done before. But it became difficult to locate and pin down

nonconformities. Moreover, the government's push towards the market had also resulted in the demise of many struggling media organizations. This combination of factors spurred the state to find a new method of media macro-management. For the state, the answer was to group media together under the close scrutiny of the central, provincial, and/or municipal Party organs.

Media grouping enhances media macro-management at the central, provincial and municipal levels. According to Zhao, "Liu Bo, director of the GAPP's newspaper bureau, expressed explicitly the political control objective of building party organs into press conglomerates. He said that one of the original purposes of conglomeration was to encourage a strong paper to merge with smaller ones" (Zhao 2008:97).

The objective was not easy to achieve, however, because no large media organizations wanted to take on the burden of smaller ones. The move to group media organizations had to be accompanied by "liberaliz[ing] operational conditions, including more autonomy in middle-level management and editorial personnel appointments, flexibility in wage policies, freedom to add more pages, and easy access to permits for publishing subsidiary newspapers and magazines" (Zhao 2008:97). For Liu, the ultimate goal was that "with their financial, personnel, technological, and distributing strengths, party-controlled press groups would increase their market share and eventually drive marginal papers to bankruptcy" (ibid.). China's scholars have made the same observation. Chen Huailin has pointed out that "the formation of press conglomeration in China is strictly engineered by the state, revolving around a group of 'core' party organs, which serve as umbrella organizations to incorporate a multitude of auxiliary newspapers and magazines designed for various specialized areas of interest" (as cited in de Burgh 2003:31). In short, competition and macro-management favour the stronger organizations, which continue to grow and expand. *The People's Daily* is a good example of this. Currently it runs as many as ten newspapers and six

magazines.¹⁵⁰

Not only do major media organizations own subsidiaries (Xinhua News Agency owned 39 dailies, weeklies, and monthlies in 1996; and CCTV ran 8 channels the same year [Zhao 1998:66]), but they also have expanded their businesses into other sectors, such as tourism, transportation, real estate, manufacturing and trade (Zhao 1998:67). In the early 1990s, “many newspaper organizations have achieved complete financial independence and contributed profits and taxes to the state treasury” (ibid.). The first round of media grouping was a success for the Party. Later, the Party conducted other rounds of media grouping. By 2006, there were 39 newspaper groups, the China Radio, Film & Television group, and more than 30 provincial radio and television groups.¹⁵¹ All were intended to enhance their financial efficiency as well as the Party’s macro-management.

As a result of media grouping, government subsidies soon accounted for only a small portion of the broadcasting’s operational costs. For instance, “[o]f the Ministry of Radio, Film, and Television’s 1.1 billion *yuan* expenditure for the 1993 fiscal year, for example, government subsidies accounted for only 36 million” (Zhao 1998:67). The subsidies accounted for only about 3.3 percent of expenditures for the year, indicative of the success of the move towards media grouping. On the whole in China, most traditional media organizations are self-sufficient. For example, 91% of media investment came from media earning, 7% from state appropriation, and only 2% raised by the society in 2003 (Zhao *et al.* 2004:1).

At the same time, media grouping has reduced the number of media organizations in China. By 2008, “a total of 709 newspapers were closed, and 305 papers were relicensed to press or publishing groups” (Zhao 2008:130, note 87). There were similar reductions in television and radio broadcasts and other types

¹⁵⁰ Retrieved from the People’s Daily’s web page, <http://english.peopledaily.com.cn/90827/90828/index.html>, accessed on 2013/05/08

¹⁵¹ Chinese governmental site, http://english.gov.cn/2006-02/08/content_182637.htm, accessed 2013/05/08

of publications. On the whole, this development, too, serves to illustrate how media grouping has helped the Party meet its goals. For example, “conglomeration has consolidated Party control over the ownership of the Shenzhen press and the managerial elements of an ‘Inc.’, making it a more controllable, sophisticated and profitable publicity/business establishment” (Lee *et al.* 2006:592). Today, media grouping is an ongoing process, pushed and managed by the Party-state.

In short, throughout the processes of media commercialization, marketization, and grouping, the state has shaped media market management. Repressive action is still a common state tool: the state regularly dismisses defiant journalists from their posts, or even jails them, and shuts down recalcitrant media organizations. But overall, media marketization has resulted in an increasingly prosperous Chinese media market. As noted above, permission to grant “publications can be ‘[a licence] to print money’” (de Burgh 2003:30). Statistically, “in 1999, China’s advertising industry totaled US\$7.4 billion according to (conservative) official figures from the State Administration of Industry and Commerce (SAIC), which regulates the industry. This was up from US\$6.4 billion in 1998 and just US\$300 million in 1990, a 15 per cent increase for the last recorded year and a 2,300 per cent increase over the last decade” (Redle and Simons 2002:22). In 2007, China’s AD revenue increased to 157.3 billion *yuan* (Luo *et al.* 2008:123). No doubt, to the Party’s eye, media marketization has been a successful venture.

The Characteristics of China’s Media Market

The particularity of the media market is what makes the media market mechanism of control such an important subject of study. The media sector, like no other industry, provides vital information to the people and the government. It is the mass communication channel between the state and the society. It

plays such a critical role in a society that it is called the “fourth estate” of the government in liberal democracies: the media functions as a supervisor of the other three branches of the government, namely, the executive, the legislative, and the judiciary. Hence, it is important that the media market be free. Freedom of the press is a fundamental hallmark of a free and just society, enshrined in the UN’s Universal Declaration of Human Rights.¹⁵²

The state’s manipulation of and intervention in the media market are violations of people’s freedom and political rights. A media market should be a place for expressing “marketplace ideas,” as termed by John Stuart Mill (Gordon 1997:235). However, to the authoritarian state, the media market is also very crucial. Like no other market in China, the media functions as the state’s piper, its helping hand, its mouthpiece. The media have been playing such a role throughout the history of the Communist China, and the Party will not allow the media to change its role. Facing a constrained budget in the 1980s, the Party had to restructure the media market. After media marketization in the 1990s, media marketization has experienced commercialization, marketization and grouping with the state macromanagement.

Currently, the Chinese media market bears five distinctive characteristics. First, the state does not allow any domestic or foreign private ownership of the Chinese media. Second, there is neither free choice nor free exchange of goods (media products or topics) in the media market. Third, the Party has nourished the media market and at the same time closely monitors the media and punishes some market players. Fourth, the Party defines and shapes the media market space. Finally, there is corruption in the media. These five traits are discussed further below.

First, there is no legal private ownership of the traditional Chinese media. Media organizations are all

¹⁵² UN’s Declaration of Human Rights, <http://www.un.org/Overview/rights.html>, accessed April 16, 2012

owned by the Party or state agencies, which are the sponsors (*ZhubanDanwei*) of media organizations. These sponsors can be Party branches, government agencies, SOEs, or quasi-governmental social organizations. For example, “CCTV ‘belongs’ to the GBRFT, the Xinhua News Agency ‘belongs’ to the State Council, China Telecom ‘belongs’ to the MII [Ministry of Industry and Information], and *Nanfang Ribao* (Southern Daily) ‘belongs’ to the Guangdong Provincial Communist Party Committee” (Lynch 1999:41). With ownership in the hands of the state agencies, the Propaganda Department can legally do anything it wishes. It can appoint management personnel to all media units, give or cut subsidies to any media unit, expand publications or broadcasts, group or regroup several publications or broadcasts together, even close down a publication or broadcast. It can also allow media organizations to keep their profits or order them to submit revenues, redistribute revenue from rich and lucrative media organizations in order to subsidize media in poorer regions or money-losing Party organs, institutionalize the job responsibility system, and impose licensures. With such a system in place, the media market is not a free, self-regulating market. The media market is continuously restructured by the state, using the means listed above or any other means as perceives to be useful. Although some foreign media have been allowed to operate in China in recent years, this does not change the picture of state ownership of traditional media.

The second distinctive trait of the Chinese media market is that there is no free choice and no free exchange of goods occurs in a free market economy. The goods in China’s media market are the format and content of the media. For example, the Party organs have to follow the Party line in terms of what is published or broadcast, though other media have a bit more freedom than the Party organs. However, honest debates on pros and cons of social and political events and policies, for example, have never taken place in a Chinese broadcast or in a Chinese newspaper. There only exists one genre of state

explanatory or instructive discourse. Rigid rules, instructions, internal circulars, speeches of Party leaders, and punishments shape and regulate the content of news, current affairs, entertainment, and the nature of general information distribute to the public. There are numerous Party taboos, on which the media are forbidden to punish or broadcast. In many issues or topics, the media organizations and media professionals do not have the freedom to choose the content that is published; rather these decisions are made by the state, mainly the Propaganda Department and the Party leaders. The state further controls the information flowing to and from the media. It sometimes emphasizes certain themes in media content, such as nationalism, and downplays or dismisses other themes, such as liberalism. In extreme cases, the state completely blocks certain content input, such as democracy and human rights. The state manages China's media as an instrument in its orchestration of the indoctrination project. As a result, media content has been mainly limited to consumerism, entertainment, nationalism, and sensationalism.

The third trait of the media market is that it is nourished by the Propaganda Department, which, at the same time, closely monitors and punishes media market players. Media units¹⁵³ or media organizations themselves are state owned enterprises. The Propaganda Department appoints personnel to management positions within media units that are directly under its administration. The relationship between the Propaganda Departments and media organizations is like the patron-client relationship that exists between government agencies and state enterprises, as argued by Yang (2004). Organizationally, media units depend on the Propaganda Departments for crucial matters, such as appropriating subsidies, issuing licenses, appointing crucial personnel, approving pay rolls, providing credits and loans, expanding newspaper pages, adding subsidiary papers or broadcasting stations, and providing

¹⁵³ A media unit is a media organization or work place for media professionals to work. It includes a newspaper, a television station, a radio station, a magazine publishing house, and a book publishing house.

performance evaluations to the higher authorities. In particular, media units are managed by media managers who have cultivated long-term relationships with officials in the Propaganda Department (which explains why they were appointed to their positions in the first place). Media units purposefully pay back to the Propaganda Department so they can continue to nurture their personal relationship and serve the collective interests of their units.

The administrative Propaganda Department and its subordinate media units have developed a patron-client relationship in which the patron supports its client and, in return, the client provides a benefit to the patron. Media units submit a portion of their revenue to the Propaganda Department (specifically, the Propaganda Department that is their immediate government administrative agency). Moreover, because media managers are appointed by government officials in the Propaganda Department, these government officials have a vested interest in seeing their appointees succeed. Hence, the Propaganda Department is normally reluctant to do anything against its own clients. Rather, it tries its best to help the media units to make profits, which in turn benefits the Propaganda Department. In other words, the Propaganda Department seeks to protect its sponsored and administrated media units rather than punish them. As a result, Party censorship of a media unit by the unit's direct administrative Propaganda Department does not play a central role in media control on a daily basis. Rather, daily media control is achieved internally within the media units themselves, as media managers ensure media control on behalf of their patron, the Propaganda Department.

The fourth trait of the Chinese media market is that it has its special market space within a boundary defined by the Party line and the bottom line. This boundary is delimited by the Party's ideology and by media taboos, which are indicated by the state and identified by many Chinese media

writers and former journalists who have worked in China. Taboo topics include the 1989 Tiananmen Massacre, Party leaders' private lives, ethnic issues, Taiwan Independence, democracy, independent unionization, human rights, Falun Gang, and criticism of the state's past actions and current policy failures (Zhao 2008:19-21).

The state determines which topics are taboo and adjusts its criteria as it sees fit. The bottom line is not fixed. Sometimes the state's threshold for what constitutes a taboo topic is high (and thus more relaxed), and at other times it is very low, or strict. For instance, on the June 4 Anniversary, during the sessions of the National People's Congress, or the Chinese People's Consultative Conference, media must firmly abide by Party ideology and specific circulars (He 2008:125). The state constantly redraws the media market boundaries, particularly the bottom line of media content, by imposing punishment on media organizations and media professionals. Such punishment might include the dismissal of certain media professionals from their posts, or the suspension or shutting down of some publications and broadcasts. Punishment serves as a way to restructure the media, which happened to, in the case of *Nanfang Weekend*, the *Nanfang Metropolitan Daily*, the *Frozen Point of China Youth Daily*, and many other media publications. Instead of shutting down these profit-making media organizations, the state restructured these publications by dismissing journalists, reappointing media managers, and by reorienting the publishing program.

Finally, the media market, like the Chinese political economy in general, experiences corruption and power abuses. Media organizations are quasi-governmental institutions. They have privileges to access crucial government information and enjoy certain power social institutions, the public, and businesses. Some media professionals engage in corrupt activities. Some media organizations and media

professionals even abuse their power in order to extort businesses.

Zhao (1998) identifies various forms of journalistic corruption, from taking “red envelopes” (with cash inside as an invitation to the journalist), to writing fake news stories for payment, and even to extortion (73-82). The Propaganda Department has made an open appeal to eradicate corruption, but corruption is still pervasive (Lynch 1999:217). Corruption is not only a problem in media organizations, however; it is also common in governmental media administrative departments. Zhao (1998:82) contends that “when administrative bodies are corrupt, it is hard to enforce administrative orders [against corruption] effectively. If a bribe to officials at the State Press and Publication Administration can lead to issuing a newspaper publication license to a unit that does not have the necessary funds and personnel, how can one expect such a body to assure the legality and morality of media practice?” Media corruption is of the same nature as corruption in the Chinese economy; in both cases, it is rooted in repressive state capitalism.

Chapter Five: Marketizing Media Control in China's Traditional Media

In Chapter 2, the theory of “repressive state capitalism” captures the essence of the state-economy relationship in general in China and in Chapter 3, the theory of marketizing media control highlights the state-media relationship in particular. Chapter 4 briefly introduces the history of China's media development since 1949, and summarizes how the state has macro-managed media marketization since 1992. This Chapter examines how the media market mechanism works to control media professionals and media organizations. First, I consider how the market mechanism of media control affects traditional media, beginning with a unit analysis of media organizations and then focusing on organizational binding on media professional, before reviewing state punishments of both media organizations and media professionals. In the same vein, I then analyze marketizing media control of the new media, and end this section with a discussion on whether or not the theory of marketizing media control can be applied to the new media.

Here I begin to investigate how the market mechanism actually works as a control of media organization. Early on, media marketization provided the precondition for the emergence of marketizing media control. State intervention in the media market, especially the institutionalization of job responsibility, gave life to marketizing media control. Over time, marketizing media control encouraged the market forces that would serve the purpose of media control when the Party-state shifted towards post-publication and post-broadcast censorship (He 2008:27). This market control mechanism also shifted the earlier mentality that controlled the format and content of the media to move to control the survival of media organizations and the livelihood of media professionals by encouraging and forcing

them to “voluntarily” modify their work mentality. When control of media organizations and professionals is successful, contentious media content does not appear very often. This means that maintaining control over content is not as crucial as before.

The four sections that follow explore four themes: job responsibility, material compensation and mentality change, collective interest, and punishment. The discussion of each theme takes into consideration the sequence of marketizing media control.

Job Responsibility Initiates “Marketizing Media Control”

This section begins with a top-down examination of China’s job responsibility system and then considers the embedded job responsibility associated with the appointment of media managers or media officials. Finally, it looks at the internal contract responsibility that media managers pass onto their journalists. The purpose of job responsibility for the Propaganda Department is to ensure that media managers work wholeheartedly to make a profit for the state and that the media work as an instrument of the state. Only when media managers fail to abide by these responsibilities does the Party demote or dismiss them.

The concept of job responsibility in China ties certain responsibilities to individual officials. This is the case for the position of premier as much as it is so for the position of head of a working unit. Job responsibility affects the head of the State Council, provincial and municipal officials, and quasi-government organizations (work units). Job responsibility explicitly specifies one’s obligation and responsibilities in relation to one’s job. The Internet homepage of the State Council indicates that the State Council implements a premier job responsibility system; all ministries must abide by the ministry

responsibility system;¹⁵⁴ and all commissions must abide by the director responsibility system. Article 34 of the State Council Working Rules specifies that the State Council and all its departments must implement the responsibility system, define and clarify the boundaries of responsibility, strengthen responsibility investigation, and enhance government administrative capability and credibility.¹⁵⁵ Together these outline clearly the responsibilities of the premier, the individual ministers, and the directors of commissions. The job responsibility system fosters a sense that the individual is to be held personally accountable for his or her areas of responsibility. For instance, according to *Xingdao Global Net*, in January 2003 during the SARS crisis, both Beijing mayor Meng Xuenong and health minister Zhang Wenkang were dismissed for their underestimation of the danger that the SARS outbreak posed in China.¹⁵⁶ Ironically, because Meng belongs to Hu Jintao's faction, in 2004 he was promoted by Hu to the position of Shanxi governor. Meng was again forced to resign in September 2008 following the collapse of a dam in the province he governed.¹⁵⁷ Because the concept of job responsibility carries such weight in China, all state officials are very wary and alert to what is happening in their areas of governance.

In the media sector, the head of a media unit is bound by the same sort of job responsibility expectations. Currently, a press group is subject to the President (*Dong shi zhang*) Responsibility System, and a newspaper is subject to the Editor-in-chief (*Zong bian*) Responsibility System.¹⁵⁸ Television is subject to the President (*Tai zhang*) Responsibility System. When media managers are appointed to their positions, they are assigned job responsibilities (Esarey 2005:66). Job responsibility is tied to the internal

¹⁵⁴ The State Council homepage of Chinese government web site, http://www.gov.cn/test/2005-07/29/content_18203.htm, accessed on November 19, 2008.

¹⁵⁵ State Council Working Rules, http://www.gov.cn/zwggk/2008-03/25/content_928129.htm, accessed on Nov 19, 2008.

¹⁵⁶ *Xingdao Global Net*, http://www.stnn.cc/china/200809/t20080915_863975.html, accessed on Nov 19, 2008.

¹⁵⁷ Nanfang Metropolitan Weekly (*Nandou Zhougan*) 2013-03-26, <http://www.nbweekly.com/news/china/201303/32631.aspx>, accessed 2013-05-10

¹⁵⁸ One former journalist from a Shandong municipal level paper said that their newspaper is run at "President responsibility system" for financial responsibility and "Editor-in-chief" responsibility for political responsibility, whenever big event happens, president will summon an internal convention. If someone made a political mistake, the editor-in-chief was also partially punished.

ideological control within a media unit and to the unit's need to be fiscally viable entity, as media units must be self-sufficient and must produce material that satisfies both Party requirements and market need.

Huang Liangtian, former editor-in-chief of *Baixing* magazine in Beijing testifies to such job responsibility:

When I took over *Baixing*, the editors had not been paid for months, the telephone had been cut off, and the magazine did not have a single sponsor. I suppose that is one of the reasons I was given the job – to turn around the magazine's finances. Nor did my bosses forget the government's instructions to "increase the value of state-owned assets," ruling that every year I would need to transfer increasing funds to my superiors. (Huang 2008a: 56)

Lee *et al.* (2006) also observe such job responsibility in their Shenzhen Press Group research,

The seven-member Party committee of the press group cares about the bottom line as much as about the Party line. Wu Songying, who heads both the Party committee and the press group, is said to spend the bulk of his time and energy thinking about profits. It goes without saying that he has thoroughly internalized the political line. (Lee *et al.* 2006:591)

Media managers are themselves Party officials (He 2008:24), and they are expected to produce both politically correct and popular programs for profit. The Party maintains its grip on the media mainly by exercising power of personnel appointment and state ownership of the media (Zhao 2008:29). Politically, media managers are held accountable for internal media control within their unit:

Media managers appointed by the party are entirely responsible for the news content of the media organizations they oversee. They are expected to censor content deemed unfavourable or divisive to political unity or seen as a threat to social order. Media managers who fail are replaced; the party can transfer them to another post or remove them without recourse to legal procedures (Esarey 2006:3).

In fact, the Propaganda Department, state agencies, and media managers take job responsibility seriously. It is this serious attitude that has actually initiated marketizing media control. The concept of media job responsibility contains two essential elements. One is the expectation that the individual or organization be invested in making profit, or at least to make ends meet, because the Party's policy is to

foster a self-sufficient media market, as the state is unable to fund all media organizations. This is called financial responsibility. At the same time, of course, the state cannot do away completely with the media because it needs the media to orchestrate a prosperous China in order to bolster the argument for its legitimate rule. For this purpose, the state assigns the second element of job responsibility to media managers. This element is to ensure compliance with the Party ideology. If a media organization poses any challenge to the Party, the appointed media managers or officials are held accountable. This is called compliance responsibility. These twin responsibilities are imposed by the Party on media appointees (managers). However, media managers themselves cannot achieve these tasks alone because they cannot guarantee that all their subordinates will successfully make money for them without challenging the Party's tolerance. These two responsibilities thereby become two different pressures. The financial responsibility becomes a survival pressure, and the compliance responsibility becomes a compliance pressure. These two pressures affect how media managers fulfill their roles. To ensure their subordinates (journalists) comply with the Party's political priorities, and to distribute the financial burden to them, media managers pass these pressures on to journalists with the result that these pressures become controls of the actions of all media professionals. When media professionals strive to make a living (i.e., overcome the survival pressure) by writing or broadcasting stories of interest to the public, they risk crossing the Party's bottom line. If such a transgression occurs, media professionals face pressure to comply; otherwise they put their collective survival at risk and may incur severe punishment, for both their media organization and themselves. In extreme cases, media organizations are shut down and media professionals are dismissed from their positions or even imprisoned. This is how marketizing media control works as a control over the survival of media organizations and the livelihood of media

professionals.

The report on the Wanzhou Riot in Wanzhou district of Chongqing city on October 18, 2004, in *Dahe Daily* illustrates such marketizing media control as the media professionals dance between the Party line and the bottom line. At the time, a quarrel between two officials and a porter (*biandan*, a rural migrant labourer in Chongqing who shoulders heavy weights for urbanites) resulted in injury to the porter and caused anger among a group of bystanders. Events evolved into a large-scale riot between the public and the local district government and police (Tong 2009:596-97). In the *Dahe Daily* article, “the journalist [first] reveals the social conflicts and clarifies that the negative mood of people toward government results from social inequalities and failures in governance. Second, the journalist critically constructs a negative image of local government. Third, a clear opposition between the lower class and officials is established” (Tong 2009:598). In short, writes Tong, the journalist argues that “the invisible crisis in society was the main reason for this riot” (Tong 2009:599). However, the newsroom later deleted the critical paragraph that analyzed the social reasons for the riot (Tong 2009:600). Moreover, the newspaper also re-tooled the negative image of the government by removing references to police violence and to local government failures (*ibid.*). Last, the newsroom “constructed the ‘correct’ political position by finding excuses for the authorities” (Tong 2009:601). However, “tens of thousands of ordinary people stormed the city square and set fire to the city hall” in this riot as a direct response to police violence on the day and to local governmental abuses of power before that” (Zhao 2008:10). The newsroom editing decisions and its creation of new narratives so as not to anger local government and propaganda departments demonstrate an explicit self-censorship for profit, or marketizing media control, and a willingness to sacrifice truth to power. In the end, the paper still manages to attract an audience with its (distorted) narrative detail but

modifies its explanation of the nature of the riot.

While the original news report reflects journalist professionalism to reveal the root causes of the riot and to present an accurate portrayal of violent conflict between the public and the police and local government, the published revision conceals the root causes of the riot, softens the nature of the conflict, and even defends government suppression of the riot. The original story was aimed to readers sympathetic to the *biandan*; the later revision accedes to the newspaper's fear of the state punishment. That is, the former represents the survival pressure and the latter marks the compliance pressure. Hence, these two pressures initiate "marketizing media control"— a daily and internal control over media professionals and organizations. In other words, job responsibility initiates marketizing media control.

Theoretically, marketizing media control allows the state to buy off media managers at the lowest price. The mechanism greatly reduces the number of individuals over whom the Party must wield direct control as it need only focus on a few figures, such as, for example, the head of a media organization. This makes the state's control of a media organization much more efficient, saving scarce resources for the Propaganda Department. However, media managers would not be likely voluntarily and actively shoulder the burden of job responsibility if it came with no perquisites. Because the responsibility system also vests in media managers a certain amount of power, control over key media managers is achieved not just by coercion but by market mechanism as well. The mechanism offers the high-ranking individuals in a media unit the prospect of direct promotion to government leadership positions. It also grants them dictatorial power over the journalists in their media organizations, a comfortable income, and other compensation that results from media marketization. Moreover, all the resources of the media organizations are at their disposal. With these benefits, media managers have strong incentive to fulfill their job responsibilities.

Indeed, various media managers have abused their power and amassed great personal wealth with context of media marketization. For example, in 1991, Li Yuanjiang, the former editor-in-chief of *Guangzhou Daily*, developed what had once been a small (and money-losing) city paper into the Guangzhou Daily Group over the course of a few years (Zhao 2008:114). But he ran the paper in a dictatorial style. According to Zhao (2008), Li employed his managerial power to coerce more than half a dozen women in his “empire” to have a sexual relationship with him, frequently enjoyed the presidential suite in his group’s hotel, and deposited more than 80 million Hong Kong dollars of the news group’s money into his private bank account in Hong Kong. Li was later sentenced to twelve years in prison for corruption (Zhao 2008:114). When the state cut subsidies to the media, the majority of media organizations rallied growing bigger and stronger than before. The expansion of media outlets and circulations (discussed in chapter 4) substantiates this argument. The state allows media organizations to retain their profits and has, moreover, institutionalized a bonus system as further incentive; the increased financial resources have been essentially at the disposal of media managers.

Marketizing media control begins to work through the market mechanism. When media managers accept their appointment, they take on the job responsibilities that come with the position. Simultaneously, when media managers accept their appointment, they are also vested with managerial powers. Media managers use these powers to pass their financial responsibility and compliance responsibility on to their journalists.

To distribute their financial responsibility across their journalists, media managers devise an internal contract responsibility system that institutionally imposes a survival pressure on journalists. Zhou He notes:

Starting with the state media in Shanghai in the 1980s, a contract system in the recruitment and retention of journalists, especially those in the rank-and-file levels, has been adopted by the Chinese media as a norm. Journalists are hired on contracts and evaluated accordingly alongside permanent employees. Lifelong employment is no longer secured for many news recruits of the media. This system is particularly common with some major-league and profitable organizations, such as China Central Television and the *Shenzhen Special Zone Daily* (He 2003:208).

Esarey (2005:57) uses another example. In a top Shanghai newspaper, all journalists and other employees, except for management, are on yearly contracts, and they are under constant pressure to increase readership and profit. More specifically, Lee *et al.* (2006) find that media management imposes a survival pressure on journalists:

To maintain revenues, journalists within the [Shenzhen] press group have been armtwisted to solicit circulation and advertising on top of their journalistic duties. Each employee has a “responsibility quota” and is rewarded for meeting it. (Lee *et al.* 2006:595)

In other words, the contract responsibility system is a way to bind journalists for profit. The market mechanism of media control has been diffused through the contract-responsibility system. In order to ensure survival responsibility, the state specifies a basic state, low-level salary; at the same time, it allows media managers to decide on other job incentives, such as bonuses and commissions, which then form a major part of the journalists’ actual income. By this means, media managers exert great power over their subordinates. Media managers also have the power to allocate housing, car use, opportunities for fame, opportunities for domestic and international travel, and trade equipment such as laptops and cameras.

In order to implement internal media control, media managers pass their compliance responsibilities on to journalists in their own media organization through a mechanism of reward control, which helps to ensure the compliance to the Party. Zhou He elaborates:

For all employees, contractual and permanent, a job-responsibility system has been institutionalized in most media organizations to control and reward performance. Called the “Job Responsibility System,” or other variations, it monitors, evaluates, rewards or punishes journalists. And the rewards and penalties

are almost always in remunerative terms—salary, bonus, benefits, and even entertainment fee (He 2003:208-09).

By employing their managerial power, media managers institutionalize financial responsibility, intertwined with compliance responsibility. The contractual pressure and the managerial power over journalists together ensure journalist obedience at work and compliance with Party ideology.

The pressure to comply is outweighed by the advantages of financial reward. Media marketization has resulted in huge financial gains for media organizations, which means material gain and benefit for most media professionals.

Material Compensation and Mentality Change

Marketizing media control functions as a control over journalists' livelihood and work mentality by providing them with a satisfactory material compensation and by helping them to complete their mentality change, a change that follows on the logic of survival of the fittest. This section focuses on two major issues: first, how the majority of media professionals have accomplished their mentality change; and second, how the material compensation is attractive for media managers and journalists, respectively. Material compensation affirms their mentality change, which further encourages their pursuit of material gain. Thus, these two processes actually reinforce each other. The discussion considers four relevant aspects of these two processes: material lure, material compensation, journalist evaluation, and the prospect of benefits to show how mentality change takes place.

Journalistic mentality change dates back to the 1980s. At that time, China was headed in a liberal direction, opening up to the West. Social and political discussions thrived; personal freedom was

growing. After Deng visited the US in 1979, he appealed to the public to take up the study of Western science, technology, and management; he reinstated the university entrance exam for the purposes of training scientists and engineers. At the time, intellectuals were often the guests of the state leaders for policy consultation, and there was a warm two-way dialogue among intellectuals, professionals, and the state. The works of Plato, Aristotle, Adam Smith, John Locke, Jean-Jacques Rousseau, Friedrich Hegel, and Immanuel Kant were introduced during the same period, and even US economist Friedman was invited to the country by Chinese leaders. In 1984, on the thirty-fifth anniversary of Communist China, Peking University students and professors rallied, carrying banners and shouted “How are you, Xiaoping” (*Xiaoping, Ni Hao*).¹⁵⁹ With the 1989 Tiananmen Massacre, however, and the socio-political cleansing of liberal intellectuals and professionals that followed, the honeymoon was over. After that, few pursued democracy, or to defend social injustices. Those few brave souls who did were imprisoned or exiled. Pursuing any political reform in China had become both dangerous and pointless.

Deng’s Southern Tour in 1992 enabled people to pursue material interests. As marketization has swept over China, consumerism has prevailed; people are encouraged to make more money and/or to pursue greater profit margins. The dominant consumerist mentality penetrates all the professions, including those in the media. Because the Chinese economy has largely become an economy based on power under a system of repressive state capitalism, corruption has also prevailed. The media are not immune to corruption, either. Paid journalism and other forms of corruption have infiltrated the media market (Zhao 1998:73-82).

In such a social ethos, marketizing media control directly influences the psychology of those who

¹⁵⁹ Netease news 2008-07-21, <http://news.163.com/08/0721/08/4HC6CIS200011247.html>, accessed 2013/05/10

work in media organizations. On the one hand, some media professionals have become “super stars” (*Da Wan*); others have been promoted to the leadership positions; still others have amassed large personal fortunes. The prospects of material gain and upward mobility have encouraged journalists to begin their mentality change in order to achieve their desires. On the other hand, of those who refused to compromise their journalist integrity, some have lost their lives, others have been imprisoned, and still others have been dismissed from their positions and/or been forced into exile (see discussions in Chapter 3 and below). The contrast between the former “successful” category and the latter “losers” category of media professionals sets examples for journalists. Most media professionals choose to pursue success, suggesting that marketizing media control is an effective control indeed. Journalists who conform benefit financially, and it would seem that at least some number achieve job satisfaction. Arguably, these journalists enjoy their privileged social position and way of life.

The newer material-based and mobility-based means of media control makes media professionals feel much more comfortable than the previous two major means of Party media control (the Party communist orthodox persuasion,¹⁶⁰ as it was manifest before the 1980s, and violent suppression, as manifest in the 1989 Tiananmen Massacre). Financially, material compensation is not directly offered by the state but, rather, “earned” by media professionals through their “ingenious” innovation of indoctrination. This has made media professionals feel proud, and it has made them feel entitled to such material compensation. As a result, most media professionals reflect a mentality change from a contentious work mentality in the spring of 1989 to a docile one in the 1990s. Over time, some of them even take side with the state (Lee *et al.* 2006). Media discourse, even in when it is extremely

¹⁶⁰ The Communist Orthodox Persuasion in China urged people to follow the Chinese Communist revolutionary orthodox and to do what the leadership urged people to do before 1980s.

commercialized and sensational, does not step out of the Party's bottom line very often. Self-censorship is the norm in the media. Both media managers and journalists care more about their own survival and their interests under the market mechanism of media control. Job responsibility for media managers and contract-responsibility for journalists are a limiting factor for the noncompliant, but these make up a small minority of the profession. For most media professionals, the job responsibility system has resulted in personal gain, and many have become members of the newly rich.

The majority of media professionals have participated in the partition of state property, just as state officials have done in their positions, especially as media organizations are prestigious institutions that have certain power and access to important and lucrative information. After they have engaged in corrupt activities, most journalists lose their sense of journalistic principle. At the same time, evidence of their corruption is now in the hands of their media managers. There is no way back: they know that they are now monitored both by Party censors and by their media managers, who have control over their livelihood and career. Thus, pursuit of wealth and mobility now dominates their work principles. Neither criticism of Party ideology nor investigative journalism is more important than personal material gain and status.

Few people are willing to stay poor in today's China. True, maintaining personal integrity while sacrificing one's living quality was a "lofty" idea in China in the past. Now, only those who are psychologically strong can do so in the context of social ethos of materialism and the rapidly rising cost of living. But even if an individual is willing to do so, his or her family might prevent one from doing so. Usually when one is poor, one does not have the opportunity to improve one's quality of life. Factors such as inflation, changes in popular of lifestyle, and the rising costs of living have forced many journalists to give up their journalistic principles in their quest for a better life for themselves and their families. In this

environment it is difficult to remain free of market pressure because everyone “is held in bondage by family and social ties, which are [so] powerful that only the very strong can break them” (Spradling 1923:25).

In short, marketizing media control ensures self-censorship for profit, particularly long-term profit or personal interest. Few journalists can escape the market mechanism of control. Market logic influences the journalistic mindset, personal needs and desires, journalistic renown, family needs and expectations, social status, and personal pride. One either accedes to the market mechanism of control, or fights against it. If one accedes, one must conform to Party ideology. If one fights against it, one faces severe consequences.

Conversely, material compensation helps encourage the process of journalist mentality change. When media managers are appointed, they are assigned job responsibilities, including financial responsibility. The state allows media organizations to retain their profits. The precedent for this practice is the financial arrangement between the central Propaganda Department and CCTV in 1984 (de Burgh 2003:30). Later, this practice became the norm in all media units, granting media organizations the financial means to buy off media professionals when media marketization has generated huge revenue for many media. Of course, only financially viable media organizations can benefit from this policy. Having the financial means to buy off journalists is predicated on the financial success or failure of a media organization. Once a media organization is financially successful, the allocation of power is vested in managers of a media unit through the contract responsibility system. In the case of successful media management, material compensation serves to encourage the mentality change among media professionals.

I argue that the lure of material wealth has actually been introduced and constructed by the media themselves. The media have depicted a prosperous and vibrant China, which nourishes a desire for material goods among the general population, including media professionals. Media professionals themselves have some access to government information during their news gathering, editing, and publishing processes. They know much more about the “predatory state” than ordinary citizens. Witnessing how government officials quickly accumulate wealth naturally arouses in some media professionals the desire to become rich. With prevailing logic in Chinese society being that of survival of the fittest, the drive to increase personal wealth becomes stronger. Moreover, the prospect of intangible benefits, such as fame and wealth, as manifested by the successful stories of famous media stars, is highly appealing to many. Most media professionals consciously or unconsciously adjust their mindset, taking the first step in their own mentality change from a contentious to a cooperative one with the state. Some begin to see the Party’s priorities as in line with their own, and most choose to toe the Party line in order to live a comfortable life. Arguably, they achieve their material goals through their own endeavours, meeting both market and Party demands.

1. Material lure to media professionals is introduced by the media itself

In the spring of 1989, aside from a desire for greater freedom of the press, intellectuals and media professionals appealed to the state for increased social justice in part because of their dissatisfaction with their material compensation. At that time, there was a popular saying in China: “A nuclear scientist makes less money than an egg peddler” (*Gao Hedan de Kexuejia Buru Mai Jidan de Xiaofan Zheng de Duo*). Up until the 1990s, illegal economic activities became rampant in China; some people made their fortune

within a few years.

The media's attention to the lifestyles of well-known public figures has stimulated people's desire for wealth and success. The media have popularized various glamorous social role models, such as Zhang Yimou, a talented film director who has won multiple international film awards,¹⁶¹ and has an important state-appointed position.¹⁶² The media have further promoted successful business models, such as Zhang Chaoyang, a billionaire and president and CEO (chief executive officer) of the self-professed most popular Chinese portal Sohu.com.¹⁶³ Such role models have a great impact on the people because they are many peoples' successful heroes. Hence, employing such social role models as propaganda tools is a more subtle and effective strategy than more orthodox communist ideology indoctrination.

The state use of these role models is intentional. Pei (2006:89) argues, "the CCP launched a systematic campaign of co-optation to recruit loyalists from among the intellectuals and professionals". Specifically on campuses, the Party has employed a variety of strategies to foster loyalty among intellectuals, including "salary increase, recruitment, cultivation, promotion, and special rewards" (ibid.). These strategies are successful, and many intellectuals and professionals have lent their support to the government. In 1998, then President Jiang Zemin declared that business people could also be recruited into the Communist Party. As a result, many members of the upper classes, including officials, red capitalists, intellectuals, and professionals have cooperated with the regime not for the purpose of good government but for their own self-interests.

Furthermore, the media have been manipulated to filter out anything that is not in line with official ideology. Over time, most people take the side of the governing party. But the dark side of Chinese society

¹⁶¹ Sina.com entertainment data 2012-04-24, <http://data.ent.sina.com.cn/star/264.html>, accessed 2013-05-13

¹⁶² CCTV video 2009-02-03, <http://space.tv.cctv.com/podcast/zhangyim2008>, accessed 2013-05-13

¹⁶³ CNTV video 2011-04-04, <http://ent.cntv.cn/enttv/beihoudegushi/classpage/video/20110404/100267.shtml>, accessed 2013-05-13

is hardly discussed in the media. The media depict China as a harmonious and prosperous society. The Chinese public, inundated with images of successful social models, has developed a positive feeling about a rising China, in keeping with Party ideology. They have been mesmerized by the media and the regime. Consequently, people's opinions about social issues and problems are very close to the official Party line; many even buy in to the official logic.

Moreover, "expert" opinion further sways people to the government's side:

With the rise of urban professional elite and the state's increasing reliance on their expertise to carry out its modernization through global integration projects, the expert has assumed a prominent discursive position in the Chinese press. Although a large strata of this elite have developed into "interest groups tied to the ruling politico-economic elite" (He 2000b: 76), they speak a universalizing and rationalizing language, which lends legitimacy to the state and its policies. (Zhao 2008:42)

This strategy is effective in channeling people's thinking to the official side. A docile and supportive population has been nurtured in part by words of experts. For example, most of the media's discourse about China's WTO accession presented an imaginary consumer paradise, supported by famous Chinese economists and championed by many newspapers (Zhao 2003:40). Many people assume that experts have certain moral authority among Chinese audiences, and they are assumed to have much more broad and in-depth knowledge than the average Chinese national do. As such, the majority of urbanites "believed" that they would have much cheaper imported precious commodities to enjoy in the years after entering into WTO (Zhao 2003).

For the state, using scholars to win over the people has a market value, teaching people how to think and how to understand state policy in the way that has been planned by scholars and state officials and then presented by the media. According to Zhao (2003), Xue Rongju, a professor of the Foreign Economics and Trade University, wrote an article in the *China Business Times* on December 2, 1999, claiming that the

debate on the advantages and disadvantages of the WTO agreement should be stopped because the WTO agreement was made by the state and followed the Party and state leaders' careful consideration of the Chinese macroeconomy (Zhao 2003:43). He then warns the populace that "[a]ny discussion of positive and negative impacts on specific economic sectors is not only unnecessary, but also 'causes unwanted internal controversy and dissent'" (ibid.). However, "[a]lthough the Chinese press has imported the Western press's practice of relying on expert opinion, the journalistic convention of 'balance'— that is, citing experts who hold opposing views on an issue, is rarely practiced" (Zhao 2003:42). The falsified picture presented to the public appears to be that all experts endorse government ideology. Using experts to present a one-sided government opinion is a deceptive but successful strategy for the state.

In short, the prospect of material gain is attractive to many journalists. Yet while some have made a fortune, others remain in poverty. Some have been absorbed into other media units; others are in exile or in prison; still others lost their lives in the 1989 Tiananmen Massacre or were killed for their "controversial reporting" on other topics. The range of real-life consequences is due in part to diverse mindsets. Those who become rich are those who are compliant; those who suffer are generally principled journalists who dare to challenge the Party. Yet most journalists are psychologically inclined to behave according to the logic of survival.

In sum, the Chinese state has nourished a repressive state capitalism with winners of the upper classes and losers of the vast majority. The state abandoned its socialist social security network and laid off tens of millions of workers in the late 1990s. In China, "[m]arket liberalization means that the state has retreated from its socialist responsibility to provide a safety net for jobs, education, and medical care to the needy, the poor, and the weak. The 'invisible hand' only recognizes the faces of the fittest survivors" (Lee 2003:8).

Moreover, the prevailing logic of the survival of the fittest is partially the result of media popularization of role models and positive news (paints the government in a positive light). Now this survival logic has taken root in the ever-commercializing China. Zhao (2003:50) summarized, “a social Darwinist neo-liberalism, dressed in a pseudo-Marxist guise, ‘is the closest thing to an official ideology there is in China today’ and many Chinese people, ‘especially the successful urbanites who have learnt to ‘fly’ in the new globalized economy, truly believe it””. Media professionals also internalize such logic, particularly when they see the extreme income polarization, know how the newly rich amass their wealth, and understand how the “China Miracle” (the continued, high economic growth rate in China is called China Miracle) was manufactured by the media. Most cherish their high status positions and benefit from their jobs. The next section that follows considers more closely the details of material compensation.

2. Material Compensation to Media Professionals

Since the process of media marketization began, material compensation has replaced the traditional Communist orthodoxy persuasion and violent suppression as a means to control journalists. Such a market means of media control has alleviated the psychological burden that Party politics imposes on media professionals. Through their own labour, journalists have made material gains; in this process, they have developed a sense of dignity and pride in their profession and its compensation, and thereby, they inevitably have undergone a mentality change from sticking to journalistic principle in the spring of 1989 to complying with Party ideology after the 1989 Tiananmen Massacre for receiving their comfortable material gain. Furthermore, the quasi-governmental status of their media organizations can be used to produce both profit for their organizations and private material gains for themselves, legally or illegally.

Thus, their compliance with Party ideology is generally ensured when their status and their material compensation make them comfortable in according with their desire for a better life.

In this section, I argue that once the mentality change of media professionals is completed, it is material compensation that keeps them working in the media. Indeed, they do not passively pursue material gain; most of them do it actively. This point will be discussed in the following sections.

This section considers three major points. First, material compensation is the major force that drives media managers in their appointments. Second, material compensation satisfies journalists. Finally, the current method of evaluating journalists, which imposes on them a personalized survival pressure, pushes them to pursue material gain.

i. Material Compensation of Media Managers

Being appointed to a media management position is an accomplishment. The state has traditional criteria to pick up its own people and to ensure those being chosen working according to official ideology, the Party's will, and the Party's detailed instructions. For example, "the Propaganda Department appoints top-level media managers in consultation with the CCP Organization Department" (Esarey 2006:9). The same is true at the provincial, municipal, and county levels. Usually those chosen as media managers are proven to be loyal to the Party. Media marketization has slightly changed the appointment system. The state has practised both "assimilating journalists into the Party-press system and instilling in them the self-identity of Party propagandists" (Pan and Lu 2003:223), meaning that some journalists could be promoted to media management.

The political appointment itself comes with significant material compensation, which can increase

depending on how much profit the new manager can create. There are four elements in this material compensation package. First, the successful acquisition of a media management position secures a certain official level of rich material accommodation including money, service and living quarter. Second, the successful management of a media organization leads to additional income. Third, managerial power itself is an implicit source of wealth in China. Last, many media managers manipulate their power for personal gain.

First, media managers themselves are state officials, and part of the ruling class (de Burgh 2003:173). In Communist China, they are entitled to certain levels of accommodation and benefit packages in relation to their official ranks. In addition, they control valuable media assets and invaluable information channels, and wield dictatorial power to allocate the use of these assets. In terms of material gain, they gain directly and indirectly. Direct material gain derives from job-related compensation, including free housing, free car use, high salary, huge bonuses, vacations, entertainment, and free personal use of journalistic equipment. The indirect material gain derives from their power-related gains, including entry gifts from new recruits and “gray income” related to contracting out work to their relatives’ workshops or production studios.

Normally, for a media unit at and above the municipal level, free housing and free car use with a chauffeur are the benefits provided for media managers above the bureaucratic level (*Chu ji*). First, “[h]ousing is the most valuable and coveted of goods distributed directly by organizations [...] In China housing is a particularly accurate indicator of privilege, because housing space is extremely scarce in urban areas” (Walder 1995:322). Media managers can be accommodated with free housing, with room numbers and living space determined by their official ranks. In general, “[a]dministrators enjoy income

and housing advantages over professionals and all other occupational groups” (Walder 1995:323). Media managers enjoy the same level of housing as administrators. Second, free car use is a tacit advantage for Chinese officials. For instance, “the foreign car that the television station purchases with its profits ‘for’ the station is much more likely to be put at the disposal of the higher-ranking station personnel than at the disposal of the janitors – though the latter may have plenty of opportunities to drive the car on errands or as chauffeurs. The car thus becomes not truly public property but, in effect, private property” (Lynch 1999:71). This is particularly salient when the majority of Chinese still cannot afford a car. In reform China, a house and a car are commodities that an ordinary family might take a lifetime to obtain. Media managers get these two things automatically with their appointments. In addition, media organizations provide them with cameras, computers, laptops, cell phones, and other related consumer goods for free.

Second, the more profit media managers can make for their media unit, the higher income they can earn. Aside from their official rank-related basic salaries, managers are paid very high salaries (Esarey 2006:9). In most cases, their successful management brings them an enviable legal income including add-on salary and bonuses, which are usually several times higher than their basic salaries. For instance, “[t]he Publisher (*shezhang*) at a top Shanghai newspaper, for example, makes roughly \$35,000 per year, a huge sum even in China’s rich east coastal cities, where the average per capita income is estimated as \$3,000 per year. The editor-in-chief makes slightly less, around \$30,000, and the deputy editor-in-chief earns \$28,000” (Esarey 2005:57). That is, media managers earn roughly an annual income roughly ten times the Shanghai average. Moreover, they have numerous opportunities to travel around China for business and education, and to travel abroad in the name of learning from foreigners (*Haiwai Kaocha*).

Third, managerial power itself is an implicit source of wealth. The dictatorial powers of hiring, firing,

and annual contract review provide managers with considerable wealth accumulation opportunities. These powers can be converted into hard currency or precious gifts since the “power-money exchange” is an acknowledged form of corruption in China. Hiring is a particularly important source of power. Because journalism is a recognized and highly rewarded profession, many people compete for positions in media organizations. Moreover, the media profession is monopolized by the state. In principle, one locality has only one media unit for each genre: newspaper, radio, and television. Entry into media units is fiercely competitive. Most successful recruits give gifts or pay large sums of cash to the important figures of their respective media units for entry-level employment. This is a social norm in China (and will be discussed more fully later in this chapter). Firing power is merciless, and helps to ensure compliance with Party ideology and submission to the managerial power. Once a journalist is on the brink of being fired, the person must rely on the protection from his or her media unit. Offering a gift may not be enough, and most people would be willing to pay a large sum of money to key figures in exchange for protection from their media unit. Or some female journalists are forced to have sex with their managers, which is an unwritten rule (*Qian Guize*) in China, as in the case of employees at *Guangzhou Daily*, discussed above. The annual renewal of work contracts might not be a direct way of collecting income for media managers, but Zhao (1998:77-78) indicates that journalists are obliged to share their bonus or income from paid journalism with their supervisors, editors, directors and even the president because media managers have powers to allocate good opportunities to certain journalists and the power to review their annual performance.

Other powers include the power to allocate housing and car use for journalists, and to make promotion decisions. All of these powers can be employed to collect wealth when journalists compete for such benefits by giving either precious gifts or large sums of cash, or by offering sexual favours. This has

become a tacit social practice within media organizations.

Last, in addition to their official material compensation and gray income generated from their managerial power, many media managers use their power for personal interest or to take part in corrupt activities, either through contracting out equipment supplies, program production, and printing, or through setting up their own private businesses to do these works. Such corrupt activities have a long history in China. As an old Chinese saying goes, “Eating the Profession, When You Are in it” (*Kao Shan Chi Shan, Kao Shui Chi Shui*), meaning that one employs one’s power or resources in one’s work to make private gain. One disclosed corruption case illustrates this point. Zhao An, a former programming director in CCTV’s Literature and Art Department (*Wenyi Bu*) was involved in “illegal personal wealth accumulation in the most excessive form and at the highest echelon of the media system” (Zhao 2008:83). Zhao An ingeniously combined political propaganda with spectacular televised visuals for the Party’s seventieth anniversary and several CCTV’s Spring Festival galas, winning personal praise from former president Jiang Zemin (*ibid.*). But he took bribes and used his power for personal gain; he was eventually sentenced to ten years in prison (*ibid.*).

Media managers have enjoyed unchecked power over enormous wealth with the development of media marketization. When the state cut subsidies to media organizations, the majority of media organizations not only survived but grew stronger as a result of their monopolistic position and state policy that allowed them to keep their profits. The fast expansion in size and number of media outlets and their circulation substantiate this fact. Those financial resources are essentially at the disposal of media managers. Corruption and power abuses are inevitable.

Lynch points out:

Decentralization and reform have resulted not only in powerful pressures on – and opportunities for – media outlets and their members to make more money, but also in the disproportionate enjoyment of material benefits by the higher-ranking individuals within these media outlets. This is a crucial consideration because the higher-ranking individuals are precisely those most responsible for implementing the central state’s thought-work goals; they are, nominally, the “agents” for Beijing, the “principal.” (Lynch 1999:70-71)

In other words, the state actually grants the opportunity for media managers to accumulate private wealth in exchange for their loyalty and their fulfillment of their job responsibilities.

ii). Material Compensation of Journalists

The material compensation of journalists is allocated and controlled by media managers, especially the editor-in-chief or the president. The job responsibility system binds both media managers and journalists together; media managers pass their financial responsibility and their compliance responsibility onto journalists by contract, in particular by controlling journalists’ housing, car use, salaries, bonuses, promotions, opportunities to achieve renown and to be wealthy, opportunities to travel domestically and internationally, and immediate access to technical equipment, including cellular phones, recorders, laptops, and cameras. Typically, a journalist will merit this material compensation if he or she remains loyal to the media organization and does not challenge the Party. For instance, Lee *et al.* (2006) argues:

A beginning reporter within [Shenzhen] press group makes an after-tax salary of US \$500–1000 per month, a senior reporter or editor US \$1620–2000, a chief editor US \$3750–5000, and the top managers US \$6250–10,000. In addition, all journalists enjoy subsidies for car purchases of up to half of the sale price, free housing or housing allowances, and free medical and other fringe benefits. By China’s or Shenzhen’s standards, this income is extraordinarily attractive, and it is almost comparable to the income levels of Hong Kong journalists, whose cost of living is about four times higher. A mid-level manager told us, without exaggeration, that he makes more money than he can spend. (Lee *et al.* 2006:595)

Material compensation for journalists comprises three elements. First, housing, car use, and

equipment are all nearly free material gain. Second, salary and bonuses are a major source of steady income. Third, paid journalism or corruption adds what is called “gray income” to the journalist’s total compensation. Of the material gains that journalists can make, most are determined by their media bosses, and a significant portion come in the form of gray income from corrupt activities.

Many journalists benefit from nearly free housing, car use, and equipment. Free housing was abolished in the mid-1990s, but most government officials and media professionals receive work unit-based house that is built by self-raised funding (*Jizi Fang*) or welfare housing (*Fuli Fang*), which are much cheaper than commercial housing. Finding affordable housing in any sector in the 1990s, and even now, is a great challenge, and most people cannot afford to buy a commercial home. Today many members of the working classes still reside in shabby places, run-down accommodation beyond the shining skyscrapers of urban China. For this reason, nearly free housing or welfare housing is a great privilege for journalists, officials, and professionals in SOEs. In the reform era, housing has become more and more expensive, and more and more luxurious. Most workers cannot afford a new house. However, media organizations are quasi-governmental units; thus, media professionals are entitled to welfare housing or nearly free accommodation. In China, unlike in the West, welfare housing is not built for the urban poor, but, rather, for government and quasi-government employees. Welfare housing in general is about 30-40% percent of the cost of commercial housing.¹⁶⁴ Because housing in China usually accounts for a large proportion of family income for the middle class and an even higher proportion for the working classes, this material advantage provides media professionals and their families with an important social advantage.

¹⁶⁴ Sina financial news 2013-05-15, <http://finance.sina.com.cn/china/20130515/025915463564.shtml>, accessed 2013-05-24

In some cases, journalists are provided with completely free housing. For example:

People's Daily and Xinhua News Agency, which are Central Committee-level news organizations, have correspondents stationed in every province and directly administered municipality whose responsibility is to monitor the conduct of local officials. They are allowed to use the method of “internal consultation” to send dispatches to their editors, and they have the authority to act as public watchdogs over local governments throughout China. For this reason, local officials dare not cause offense to *People's Daily* and Xinhua correspondents and do their best to keep good relations with them. To encourage them to write more good reports and fewer bad reports about their government, local officials take pains to provide the correspondents with material benefits and creature comforts, such as free housing and red envelopes with gift money (bribes) at the Lunar New Year (He 2008:45).

The same is true for provincial media correspondents who receive free housing, New Year gifts, and red envelopes from municipal officials. Even foreign journalists who work within Chinese media organizations receive free housing. Judy Johnson, former chief foreign copy editor at *China Daily*, recalled her compensation at this paper: her rent was free; her monthly payment was \$500; and eating in the paper's canteen cost her almost nothing (Trop 2007:45).

Car use is another privilege for journalists. For example, “people familiar with the inner workings of the *People's Daily* report that in the early 1990s, when private cars were still rare in China, the newspaper's compound was full of private cars owned by its journalists” (He 2008:45). Now, many journalists in any media unit above the municipal level drive their own “interview car” (*Caifang Che*), which is supposed to belong to the media unit but which many drive for their personal use. This is generally the case in China. According to a research report by the State Development & Reform Committee of State Council, the unit car use for private purposes accounted for 67% of total unit car use in 2011.¹⁶⁵

Equipment such as cameras, laptops, and cell phones, are indispensable working instruments that are

¹⁶⁵ Sina News 2013-03-04, www.news.sina.com.cn/c/2013-03-04/071926417518.shtml, accessed 2015/04/23

provided to journalists at the expense of their work units. Most journalists have them at their disposal without paying a penny. But these consumer goods are still considered luxury items for many Chinese.

Second, salaries and bonuses can be very high if the journalist is ambitious. Usually journalists' basic salary is a small portion of their total income: for example, "journalists in the Shanghai Media Group receive a base salary that is 15 to 20 percent of their total salary. Monthly and yearly performance bonuses make up the rest of their salary" (Esarey 2006:10). The same is true in the Nanfang Daily Group: "At *Southern Weekend*, the monthly base salary for journalists in 2003 was \$340 (before taxes), or approximately the same amount as the average farmer's annual income. Performance bonuses at *Southern Weekend* increased a journalist's monthly salary to a ceiling of around \$2,430" (Esarey 2006:10). Journalists' salaries at both Shanghai Media Group and *Southern Weekend* were several times higher than the average salaries in other professions, such as education, in which the "median personal income of respondents was RMB 1001–1250" (\$130-160) in November 2003 (Neilson and Smyth 2008:1924).

Overall, a journalist's income is much higher than the local average income. In *China Journalist Investigation (Zhongguo Jizhe Diaocha)*, insider Lin Fei estimates that in Beijing in 2003, most journalists earned a base salary of 3000 to 5000 *yuan*, a red envelope fee of 200-500 *yuan* each time, and an author's remuneration of about 1000 *yuan*, for a total monthly average income of about 6000-7000 *yuan* (Lin 2004a:62-3), and a yearly income of 72,000-84,000 *yuan*, twice Beijing average yearly income of 29,614 *yuan* (CSYB 2005:157). CCTV journalists earned a much higher income than other Beijing journalists, with an average yearly salary of 120,000 *yuan* in 2003 (Lin 2004a:57), nearly four times the Beijing average. Some famous journalists and hosts earned much more. For example, TV host Li Xiang earned half a million *yuan* in 2002. Sports journalist Li Xiang earned a yearly salary of 1.5 million *yuan* in 2001,

and 1 million after 2001 (Lin 2004a:57). Now, many journalists buy luxurious cars (Lin 2004a:59). In 2003, editors-in-chief generally earned about six times what editors earned, with some earning as much as 300,000 *yuan* per annum (Lin 2004a:60).

Commissions are also alluring, ranging from 4 to 20 percent of the sales turnover. For example, in 1995 journalists would be awarded a 4 percent commission for AD sales above their quota at Beijing Radio (Lynch 1999:69). In an extreme case, at Kunming Radio in the same year, media workers were promised a bonus as high as 30 percent (Lynch 1999:70), a temptation truly hard to resist.

However, bonuses and commissions can be reduced if a journalist challenges authorities; in some cases, journalists may have to pay production costs themselves.

If a report is judged too sensational, the journalist likely will not receive payment and risks losing performance bonuses, which amount to more than half of their salary. Therefore, journalists who fall out of favor with their superiors, or whose work is frequently censored, find themselves quickly out of money. Some television stations require journalists to pay the production costs out of pocket for censored material. (Esarey 2006:10)

In short, bonuses and commissions are intended to buy off journalists, and the financial punishment is intended to prevent journalists from writing challenging reporting against the Party-state. Overall, their income is so high that “few people are willing to resign from their well-paid jobs or to take attractive early retirement packages” (Lee *et al.* 2006:596).

Indeed, journalists’ pursuit of material gain is an outcome of the Party’s media policy, which binds individual departments and journalists by quotas. Such quotas are both a burden for them if they want to focus on professional journalism and an incentive for them if they want to get rich. Zhao (1998) suggests:

To meet financial objectives, many news organizations set up internal financial responsibility systems and sign financial responsibility contracts with their subordinate units. Thus, different departments are required to generate a given amount of income. Here again, if a department earns more than projected, it can spend the surplus itself. In some organizations, not only advertising departments, but also editorial

departments and even individual journalists, are assigned revenue quotas. (Zhao 1998:54)

Some media units even list specific quotas in their contracts. For example, “[o]ne television station... signed a financial responsibility contract with its news department that required it to bring in one hundred thousand yuan a year. The news department thereupon offered staff members 30 percent of what they solicited for the station” (Zhao 1998:85). More ridiculously,

In some organizations, even individuals are assigned quotas. Li Jie, a writer with *Beijing People’s Radio*, for example, reported that a Beijing news organization stipulated that units would get bonuses if their income surpassed a contracted amount. If not, directors, reporters, and editors would be penalized financially. The quota for the ten reporters and editors responsible for business reporting was 3 million *yuan* a year. A message was soon posted: “Three million a year, 300,000 per person. Everybody must work hard, if not, get out of here!” (Zhao 1998:85)

To fill their quotas, “many journalists began to write positive stories about units before asking for ‘sponsorship.’ Journalists, in a way, are thus forced to practice paid journalism by their organizations’ inappropriate financing” (Zhao 1998:86). Thus, journalist corruption is somewhat the result of the Party’s media policy.

Last, corruption or “gray income” is another important way for journalists to accumulate wealth because journalism is a highly prestigious profession, and journalists have access to precious information. Zhao (1998) identifies five types of paid journalism, from taking red envelopes, to paid news and extortion (73-82); Lynch (1999:217) confirms that paid journalism is as common now as it was in the past. In an interview by journalist scholar Hugo de Burgh, Chinese journalist Kang Keming admits:

A friend of mine was having problems owing to the rezoning of land. He had paid the price suitable to the building of poor people’s housing for the local government and now he needed the land re-zoned so that he could build luxury apartments for sale. This meant an increase in the land value of about 1,000 per cent. He came to me and asked me to help him meet the local mayor. I was able to help him. I did this by arranging to do a profile of the mayor for my newspaper [*Liberation Daily*]. On the day I went to see the Mayor he was very welcoming so it was very easy for me to say “‘By the way, I have a friend who needs to ask your advice on a zoning matter.’”. The mayor said “‘of course I’d like to help any friend of yours, just tell him to

come and see me””. ““Oh he’s waiting outside in his car right now”” I said ““so it might be convenient if he came in right away””. ““No problem”” said the Mayor, so the developer comes up and we fix everything there and then. I got about two years’ salary out of that. (as cited in de Burgh 2003:117).

This phenomenon represents a major kind of corruption in journalism. Zhao (1998) reasons, “now submission to the power of money means that it is even less possible for journalists to fill the watchdog role. If they engage in false advertising, false news reporting, and paid journalism, How can they expose official corruption?” (1998:90). She continues: “with widespread paid journalism, many journalists have benefited from economic reform and official corruption and are thus even less likely to reflect the problems and concerns of ordinary people” (Zhao 1998:91). In short, many journalists are corrupt by paid journalism and they compromise their journalistic principles.

Foreign journalists in China have also experienced journalistic corruption. Gady A. Epstein, a journalist at *Forbes*, offers investigated a mine accident that killed two people during the weekend of May 31, 2008, in Jingle county of Shanxi province (Epstein 2008). He went to the field with Zhou Jiangguo, a journalist from *Shanxi Legal Daily*, and one of Zhou’s colleagues, but he was not allowed to attend the journalists’ meeting with local coal mine security official Li. When Epstein asked why the journalists refused his request to attend the meeting, Old Zhao, Epstein’s guide, answered that “[w]ith a foreigner present, ‘it would be impossible for Li to pay them’” (Epstein 2008). Following the meeting, the coalmine accident was made to disappear and was never heard of it (*ibid.*). This case is not an isolated one. Bandurski (2008:53) reports that “[i]n 2004, 11 journalists were exposed for having accepted bribes in exchange for keeping silent about a mining disaster in Shanxi Province – four were from China’s official Xinhua News Agency.” After long investigation, Epstein concludes:

In China’s world of black journalism countless smaller tragedies routinely get shoved under the rug. Reporters race to the scene of coal mine accidents not to investigate them but to collect hush money. The

more dead miners, the fatter the payoffs, especially for correspondents carrying the labels of leading national and provincial news outlets, media experts and Chinese reporters tell *Forbes*. (Epstein 2008)

Such statements are testified to by many insiders. Veteran investigative reporter Wang Keqin in Beijing asks, “If you look at the payroll, most of the journalists in Beijing make the same money as me, but why can they own luxury cars and live in villas?” (Epstein 2008). He then answers himself, “Because they use reports to make trades, trades with officials and businesspeople. They have a lot of gray and black income” (Epstein 2008). In short, “Chinese reporters are easily corrupted” (Brevetti 2003:35).

In China, there are deeply embedded root causes of journalistic corruption. Media professionals living under survival pressure seek market remedies, particularly when the social ethos encourages people to do so. Some of them sell paid news. Others manipulate personal or work-related connections and their information sources to make money or even to gouge. Still others do moonlight job by acting for public relations agencies, and still others write favourable or falsified reports or feature stories for money (Zhao 1998:73-82). In doing so, journalists follow the distorted market principles of China in order to further their private interests without violating Party journalism. Indeed, media market policies, such as bonuses and commissions, provide the legal means for journalists to become rich, and some do make a fortune. This is exactly why marketizing media control is such a powerful force: it creates opportunities to accumulate wealth, but forces journalists to work for it. When journalists do attain wealth, they are both tarnished by it (in the case of corruption) and enslaved by it. In both cases, they must protect their achievements by remaining obedient; only in this way will the state turn a blind eye to their corrupt activities. As a result, “journalists, media officials, editorial departments, and subsidiary businesses of the media often take advantage of their connections with news organizations to pursue their own financial

gains” (Zhao 1998:72).

Such material compensation serves to offset journalists’ uneasiness about their compliance with Party ideology. Journalists immerse themselves in the marketized media for profit. Compared with the former methods of communist orthodox persuasion and violent suppression, such material compensation consolidates their mentality change. Like other professionals and intellectuals in society at large, most media professionals act according to Party ideology, and many support the Party’s priorities as their own because they benefit from the Party’s media policies. In time, they do not feel so much compliance pressure; or perhaps: over time, the pressure to comply becomes normalized and routine.

3. The Journalist Evaluation Further Pushes Journalists To Pursue Material Gain

The annual evaluation imposes a survival pressure on individual journalists. Li Jie characterizes how a media organization evaluates journalists:

In news organizations, the standard that evaluates journalists has become multi-dimensional. A journalist should first be able to write and, second, be able to create income. Those who are unable to solicit money feel inadequate, especially when receiving bonuses derived from income created by others. Conversely, those who are poor in news reporting can still feel good about themselves if they are able to make money ... There are dual standards even in the evaluation of media officials ... A responsible person from a Beijing media outlet openly declared in a meeting: “A department head who is incapable of creating income is not a good one!” (as cited in Zhao 1998:86)

Zhao (1998) comments:

Under such circumstances, those journalists who concentrate on their investigative and writing skills find themselves out of fashion, out of place. Zhang Jianxing expresses [his] dismay: “After being a journalist for so many years and after winning so many journalism awards, I woke up one morning and found myself in the last class of journalists. Knowing that I am still writing, a friend praises me for being pure and innocent. Looking at the strange smile on his face, I have no tears in my eyes, but there is bitterness in my heart.” (Zhao 1998:86)

Generally, the current emphasis on financial achievement discourages journalists from pursuing professional excellence and investigative journalism, and drives them to pursue material benefits. Material benefit and survival pressure coexist, which enables media managers to dominate journalists both for material gain and for compliance pressure. Media marketization empowers media managers to command their subordinates, and enables them to employ market logic to force journalists to comply with Party principles. The fact that the power of hiring and firing is in the hands of the media managers is a constant and daily pressure for journalists. With tens of thousands of unemployed and new graduates from media universities lining up for jobs in the media industry, most journalists do not dare to confront their president or editor-in-chief on matters of ideology. Currently, there are few people willing to risk their livelihood or their career by insisting on following their journalistic principles. Even more discouraging, because their reporting is unlikely to be aired or published without the approval of their superiors and internal censors, most journalists have given up investigative journalism.

To summarize, many of the material gains to be made by media managers and journalists as determined by the head of their work unit. Much compensation falls within the area of gray income as state law does not explicitly protect it. First, free housing or welfare housing was legally abolished in the late 1990s, but most government officials and media professionals have continued to receive work-unit-based housing or welfare housing. For this reason, free or welfare housing is a great privilege, controlled by the media head and by media managers. If a journalist does not behave according to expectations, one might not get such housing. Second, salary and bonuses are determined by media managers, and the bonus differences among journalists can be very large. In many cases, bonuses are categorized into several levels with the highest level several times higher than the lowest one. Third, being equipped with cameras, cell

phones, laptops, and even a car also is dependent on the whim of media managers. This equipment is essentially treated as a form of private property by the journalist granted it, as long as he or she is not forced to leave the media. Fourth, illegal or gray income is an important source of wealth, both for media managers and for journalists. Fifth, promising opportunities are allocated by media managers. These include opportunities to travel in China, to engage in lucrative reporting (including paid journalism and commission), and to increase one's salary. Also significant are indirect opportunities – to be promoted, to receive national awards, and to achieve celebrity. Last, the current method of journalist evaluation imposes a survival pressure on media professionals and pushes them to pursue material gain.

In all, the material compensation of journalists depends on a delicate relationship between journalists and their media managers within their unit. Marketizing media control works not through direct coercion or violent suppression, but through the presentation of irresistible incentives (material gain, fame, and social status) for compliance with the status quo and severe disincentives (poverty, hardship, and imprisonment) for noncompliance and political dissent in the social Darwinist China.

A media professional can become successful simply by following both the market logic and Party logic. However, if one dares to defy Party logic, material compensation and other benefits would likely vanish; no media manager wants a troublemaker in the media unit. Complying with Party ideology is fundamental if a journalist wishes to get full material compensation for their work.

In the end, material compensation reinforces mentality change. Lee *et al.* (2006:595) summarize that, “[b]ecause of their own substantially improved material status, many have come round to identifying with the goal of developmentalism as promoted by the Communist leadership.” One mid-level editor’s comment on his job testifies this point:

I don't have any particular belief. I am struggling to climb the social ladder. I am a realist. I just want to make a secure living in Shenzhen, where I have no political connections. I don't care about justice or any such grand causes. No matter what happens, we benefit from staying with the system. Whether it is Jiang Zemin's theory of "Three Represents" or Hu Jintao's new "Three People's Principles," the most important thing is to maintain stability, promote development, and improve the standard of living (as cited in Lee *et al.* 2006:595).

Most journalists care much more about their daily life than social justice and investigative journalism. Few would sacrifice their own material gains for those abstract principles. A more powerful or lucrative media can provide journalists with better material gains, but the high stakes also result in heavier political pressure and more intense scrutiny. In other words, the pressure to conform to Party ideology is proportional to the profit of the media outlet and journalists' personal material interests. Usually, the central and provincial propaganda departments keep a firm eye on influential newspapers, CCTV and other major television stations, and some outstanding municipal newspapers, such as the *Southern Weekend*. As these are firmly monitored media outlets, they are also the most lucrative media. Their media professionals have received more material gains and benefits than other media professionals, including personal fame and social status, and also bear greater pressure to conform because they often attempt to write close to or outside the bottom line, which causes warnings from Party censors and media managers or punishment from the Propaganda Department.

4. Benefit Prospect for Media Professionals

In addition to immediate material compensation, benefit prospects, including opportunities for renown and promotion, are also tempting to media professionals. Although not as immediate as material compensation, benefit prospects signify the highest level of career success and personal wealth.

This discussion begins with the dream of being a journalist. Second, journalists' own views of their work contribute somewhat to their willingness to take advantage of particular opportunities. Third, journalists can become wealthy by utilizing their professional connections to make a profit. Fourth, they can be both rich when they become celebrities. Finally, some are able to move to media management positions, and a very small portion of them will move to the highest echelons of state leadership. In other words, some do make a fortune. Others climb up the social ladder to become members of the ruling class.

First, being able to make a living as a journalist in China is not easy. Most journalists would agree that they are lucky to be there. Young people aspire to be journalists for future work and travel opportunities (de Burgh 2003:122). But although many people dream of being a journalist, journalism is a very competitive profession in China (de Burgh 2003:134). According to the Chinese Journalist Net, journalism was one of the ten most popular professions in China in 2007.¹⁶⁶ While in school, however, journalism students are inculcated with Party ideology and the role of the media as the Party's mouthpiece. They were taught to follow Party ideology in university. Since the early 1990s, tuition fees for post-secondary education have been paid by the students themselves. Journalism is an expensive, four-year program. When they try to find jobs in journalism, however, except for the fortunate few, graduates must either use their family's social connections or pay for the services of a job matchmaker, usually a media manager with sufficient prestige and job-vacancy information. Cheung and Gui (2006:857) found that "[a]mong the five major ways of getting the offered job, referral by matchmaker or *guanxi* was the most common (23.4 percent)." Thus, before he or she enters the media market, the prospective journalist, or his or her family, must pay a high price, both for education and for entry into a media unit.

¹⁶⁶ Retrieved from <http://press.gapp.gov.cn/news/wen.php?val=news&aid=15986>, accessed on December 19, 2008.

According to de Burgh, Yang (1994) affirms that social networks in Chinese society play a much more important role than formal channels in job recruitment (de Burgh 2003:126).

In the Chinese Confucian, conformist culture, young people usually follow the orders of the seniors and superiors. Once a journalist enters into a media, family members urge the journalist to follow whatever the journalist's superiors tell him or her to do on the job in one's work, and not to confront, let alone defy, their commands. Although China is the most populous country in the world, people's opinions are not very diverse. Public perspective has been homogenized over thousands of years of conquest; in the past fifty years, the state has subjected its people to fierce and brutal campaigns, massive shooting, and tank rolling. Most of the population has become docile as a result. Those who finally obtain coveted positions in the media feel fortunate and cherish their career, in which they have invested both money and time. Even when a junior journalist feels obliged to challenge the Party line, he or she must also consider the debt to family as well. If a journalist gets married, his or her new family's need adds another reason to comply with Party ideology. Not complying with Party ideology puts family income, status, and safety in jeopardy. Young couples in China often struggle to pay family living expenses for the first several years of marriage, particularly to pay for housing. For financial reasons alone, many choose to comply with Party ideology.

The second element of benefit prospects suggests that journalists' own view of their work contributes to their mentality change, enabling them to take particular opportunities in their careers. Journalist Li Feishi reports that when he was young, he was fascinated at the thought of becoming a journalist who could meet people from all walks of life and who had the means to ferret out secret information. He loved his work from the first day he became a journalist (de Burgh 2003:122). Some journalists are proud of

themselves for their numerous interviews, their reports about significant events, their personal promotions, or their work achievements (de Burgh 2003:124).

When they are at work, journalists believe that they have power, or that journalism as a vocation ascribes to them power (de Burgh 2003:135). They work on behalf of the Party as its “tongue and throat,” (also in p.83 and p.190). To the audience, they represent government authorities; to the Party, they represent the people when they report on social problems. In both cases, they have a certain power to present the viewpoint of a particular group of the people (de Burgh 2003:135-36). In other words, journalists as a group are “a broker of information representing one side to the other” between the Party and the people (de Burgh 2003:141). At the same time, “journalism is a high status occupation,” says Jiang Weihua (as cited in de Burgh 2003:136). Wen Weiping emphasizes, “journalists in China have a very important part to play in the development of our country” (as cited in de Burgh 2003:137). Most journalists take their jobs seriously, and they believe that they have contributed much to the country’s development.

Moreover, journalists understand themselves to be preserving social morality when they report on minor and lower-level corruptions and family piety issues, or make other state-sanctioned disclosures (de Burgh 2003:157). Chinese journalists believe they are taking the side of the people when they expose corruption, solving citizens’ difficulties regarding, for example, gas supply, transportation jams, overcharges in telephone installation, and other complaints (de Burgh 2003:140-46). Some journalists derive satisfaction from their jobs, particularly in the reformed media:

Management and personnel reforms in Shanghai People’s Radio have led to the conclusion that increased journalistic autonomy, reduced levels of bureaucratic control in news production, and most importantly, a sense of job satisfaction derived from the relevance of their work to the daily life of their audiences are journalists’ princip[al] “motivation forces.” (Zhao 1998:184-85)

Generally, “those with relatively more autonomy in news reporting have a better sense of achievement and job satisfaction. They are more dedicated and derive more social meaning from their work” (Zhao 1998:185). Most journalists “derive job satisfaction from both tangible rewards (such as salary and fringe benefits) and professional rewards (such as job autonomy and serving the public interest)” (Chan *et al.* 2004:255). Indeed, journalist job satisfaction is fairly high: “A 1994 nationwide survey reports that 72% of PRC journalists were either ‘satisfied’ or ‘very satisfied’ with their job” (Chan *et al.* 2004:254). There is much satisfaction to be gained from reporting on uncontroversial and non-political issues in the partially relaxed media. Many journalists view their jobs as important and see themselves as having a high social status because of their jobs. This view justifies their decision to side with the regime and to take opportunities for personal gain. However, academics argue that the reality depicted by journalists is heavily conditioned by many factors beyond their control (de Burgh 2003:159), and that “what they produce is usually just what the Party wants” (de Burgh 2003:179).

The third element of benefit prospect suggests opportunities to become wealthy. Journalists can use their journalistic expertise and their professional connections to make a large sum of money. Wang Changtian, a wealthy businessman, is “an indisputable leader of China’s fledgling private media and entertainment industry” (Zhao 2008:219). According to Zhao (2008), Wang was educated in the Journalism Department of Fudan University and was recruited as a journalist in 1988. However, he found himself in political trouble and had to resign from Beijing Television in 1998 (Zhao 2008:220). Through his personal connections, Wang started a private media production company in 1998 (*ibid.*). Ten years later, on November 19, 2007, Wang’s Enlight Media merged with Hurray Holdings, listed in NASDAQ.

The new corporation was named Hurray Enlight Media Group Ltd.; Wang owns 42% of the shares (Zhao 2008:221). Wang became both the president and the CEO, and the largest single shareholder of Hurray Enlight (Zhao 2008:220-21). Wang's wealth is now vast, and the speed with which he accumulated it is very high, within a short time from 1998 to 2007. That is, journalists have opportunities to become rich.

The fourth element of benefit prospects addresses opportunities to achieve celebrity as a journalist. Some journalists boost their social status even further with the help of their media. Outstanding examples of journalists who have obtained both wealth and fame include CCTV's indoctrination hostess Ni Ping and host Zhao Zongxiang, CCTV's Talk Show host Cui Yongyuan of the program "Tell the Truth" (*Shihua Shishuo*), CCTV's Focus Interview host Bai Yansong, and former CCTV sports host Huang Jianxiang, and former CCTV *Zhengda Zongyi* hostess Yang Lan. The list goes on in provincial television stations, and those wealthy and famous journalists can be counted in the hundreds. All of them became celebrities who have reaped the rewards of both fame and wealth. Yang Lan's personal wealth was estimated to be 140 million HK dollars in 2008.¹⁶⁷ Locally, Hunan TV's entertainment host He Jiong, hostess Li Xiang, and host Wang Han are also prominent celebrities. Wang Han's wealth is estimated to be about US\$ 40 million (240 million *yuan*) to 2008.¹⁶⁸ Their income is hundreds or thousands of times that of the average Chinese professionals.

The fifth and last element of benefit prospects refers to the opportunities to be promoted to the position of media manager or state official. There has been a close relationship between media personnel and CCP leadership. Journalism is a recognized route to higher positions within the state (de Burgh 2003:24). Locally, "the Guangzhou municipal PD [Propaganda Department], for example, sends

¹⁶⁷ Translated from a Chinese web site "Zuoluo Wang" and retrieved from <http://www.zcom.com/article/1851/>, accessed 2008/12/14.

¹⁶⁸ *Sina.com* entertainment news, <http://ent.sina.com.cn/s/m/2006-10-23/10051295205.html>, accessed on December 2, 2008.

journalists and editors with potential to become media managers to work in the PD, that is, to role-play as propaganda officials” (Zhao 2008:35). Some of them are appointed as media managers in Guangzhou media. Overall in the country, “many reporters who are members of the party see their media work as a way to higher office” (Ortolani 2008:278). Indeed, “successful managers are promoted, occasionally to positions within the Propaganda Department, but also to posts within other party or government institutions” (Esarey 2006:3). At the national level, some media professionals are promoted to CCP leadership because “the regime treats journalism as a revolving door between the profession and the state bureaucracies, making the climb to the top of the political hierarchy a certificate of professional excellence” (Pan and Lu 2003:224). For example, “in the 1990s, the Chief Editor of the *Guangming Daily*, a nationally circulated official newspaper targeted at intellectuals, after a short stint, was promoted to the deputy director of the Party’s propaganda department and the director of the State Administration of Radio, Television, and Film (SARFT)” (Pan and Lu 2003:224). The editor of the *People’s Daily* and the director of the Xinhua News Agency, for example, are officials of ministerial rank. The President of CCTV is concurrently a government deputy minister (de Burgh 2003:24). As a result, many journalists see themselves as potential members of the ruling class (de Burgh 2003:173).

Some benefits to the journalist are intangible or at least not immediate material gain. Most journalists would not have the opportunity to achieve such benefits. However, for every journalist there is the *possibility* of achieving them. Because such benefits are so alluring, most journalists compete for them. To win them, journalists must follow the evaluation standards and conform to both Party principle and media management mentality, which leads to self-censorship. For those journalists who want to climb higher, “a lack of party membership may impair one’s effective functioning, especially in positions of authority,

because party membership gives one access to information and a political network of elites that monopolizes authority and resources” (Walder 1995:316). Thus, most journalists join the Party. Usually, media managers will screen journalists for years. If a journalist is both talented and politically reliable, he or she may be offered opportunities in the form of such benefits. In this way, self-censorship or voluntary self-discipline is not temporary but becomes perennial. When some journalists finally attain what they have dreamed of for years, they cherish their accomplishment, which requires further and continuous self-censorship. Thus, those who gain enormous benefits actually practise self-censorship permanently. Those who have not yet attained desired benefits will continuously strive to reach them, or they will give up. The former keeps practise self-censorship. The latter remains poorer than his or her colleagues do. A poorer and weaker status within the media organization further constrains the journalist from challenging Party journalism because of a fear of job loss. As a result, all three categories of journalists tend to practise self-censorship permanently when faced with the lure of benefits.

In sum, the road to becoming a journalist is not easy. But when they see themselves as part of the regime, for many opportunities for wealth, celebrity, and promotion prove to be irresistible. These individuals will sacrifice much to achieve these benefits, setting in motion a mentality change from a contentious to a conformist way of work.

Previously, the Party used Communist orthodox persuasion and violent suppression to control the media. In the 1990s, when Communist ideology lost its currency in the aftermath of the collapse of the former Soviet Union and its East European satellites, the Chinese state abandoned its more traditional Communist orthodox persuasion. Violent suppression, such as shooting and jailing effectively suppressed people as they were in the 1989 Tiananmen Massacre, but it was not economically productive as it was in

the aftermath of spring 1989, from June 1989 to January 1992. Since 1992, the state has found that various forms of financial persuasion have provided a more productive means of control. Now, only after the state has failed to buy off business elites, intellectuals, and professionals does it use selective repression (Pei 2006: 82-88). Suppression of the media has taken place only rarely since 1992 (0.04% of journalists was punished, see p.93). Since 1992, market material compensation has replaced the Party's previous method of journalist control, and control over media professionals has thus become less rigid. Such a market mechanism of media control is much less violent than the previous means, and is more productive than before 1989.

Successful, well-known social models touted by the media have contributed to the public's material and social aspiration. In particular, celebrity media figures have contributed to media professionals' material and social aspiration. But the job responsibility (of media managers) and the contract responsibility (of journalists) ensure that media professionals face constant survival pressure to produce collective profit for their media organizations and to pursue quotas, bonuses, and commissions. Because of the current Chinese economic boom (which creates an advertising imperative) and the monopolistic position of the media organizations in their respective regions, most media professionals succeed. Their market success brings media professionals bountiful material rewards and opportunities to be rich and famous. This provides media professionals with psychological compensation for their compliance with Party ideology.

Furthermore, this material compensation is not made by the state but earned by media professionals themselves. This gives journalists a sense of dignity in their mentality change. In the 1980s, the media encouraged people to think and to discuss truth. However, since media commercialization began in 1992,

and after the state cut subsidies to most media outlets, the media have helped to instill their audiences a cultural appetite for consumerism, entertainment, Communist Party history, nationalism, and sensationalism. At the same time, the media self-consciously silenced the more and meaningful discussions about political reform, corruption, power abuse, and environmental destruction. Currently, in accordance with the state's effort to meet the material needs of the populace, the media attempt to meet the people's psychological needs by providing consumerist cultural products. This consumerist mentality provides the media with plentiful revenues, which in turn satisfy the needs of media professionals, thus creating a psychological justification for their willing compliance with Party ideology, which might otherwise be loathsome to them.

As media professionals takes on a more docile mindset, contentious media content appears much less often. This is what has happened in China, as demonstrated by the disciplinary data. This change has enabled the development of a self-perpetuating media market as well as the development of marketizing media control. This change has done more than conventional media control or Party censorship, and it represents a change of strategy in the state's dissemination of Party ideology. In the end, the media have published and broadcast more indoctrination than direct orthodox propaganda, which suggests that marketizing media control functions much more efficiently than Party censorship alone.

After a journalist's mentality change has been achieved, rich material compensation, including free or welfare housing, free car use, high salaries, bonuses and commissions, and other grey or corrupt income, and other irresistible benefit prospects help to consolidate the transformation. Moreover, the constraint of media organization further strengthens marketizing media control.

Collective Interest Strengthens Marketizing Media Control

Media organizations are market players. As market players, they must take their own collective self-interest as one of their top priorities. Assuming that they seek to maximize their profits strategically, they cater to readers and audiences in order to obtain more subscriptions and more advertising revenue. However, while pursuit of profit ought to be their first priority, especially when they have to be self-sufficient, in China's media market political safety must always be the first consideration when a media organization chooses its material for publication or broadcast. Thus, the profit-maximizing goal is subordinate to a media organizational political consideration. The decision to protect collective interest is path-dependent (Powell 1991:193), and has been consolidated by perennial punishment of media organizations in China by the Party-state, with some conservative media outlets, such as Xinhua, making a fortune. When media organizations must avoid violating media laws and regulations and abide by circulars and instructions from the Propaganda Department and Party leadership, the market space is shaped by Party ideology. This is what Wu (1994:201) calls Chinese media "birdcage media".

During media commercialization, marketization, and grouping, unprofitable publication and broadcast organizations were merged or closed. Those that remain are stronger and more lucrative, and most of them are under Party organ groups or Party broadcast groups. These groups indeed have become, as some scholars have suggested, money-printing machines. Aside from Xinhua News Agency and CCTV, many other groups have become revenue generators, including the Nanfang Daily Group, Shenzhen Media Group, Beijing Qingnian Daily Group, and Hunan Television Group. The *Nanfang Metropolitan Daily* (*Nanfang Dushi Bao*), part of Nanfang Daily Group, made a profit only three years after its

inception, and its profit climbed from 3.76 million *yuan* in 1999 to 116 million in 2003 (Zhao 2008:253). As most Chinese media authors indicate, currently the survival of media organizations is predicated on their satisfying both business interests, particularly AD buyers, and Party leaders. Their financial success has urged them to protect their collective interests.

Not only have the aforementioned media organizations made a fortune, but in general the geographical media monopoly ensures profits for most of China's media organizations. As discussed previously, the market demarcation for publications in China ensures that "[a] paper of a given administrative status is not allowed to enter another market of equal or higher administrative status. In other words, a provincial Party organ will not be allowed to enter another provincial market or the national market. The same prohibition applies to newspapers at the city level and lower levels" (Chan 2003:162). This is the case even when the state has grouped some media outlets together: "Even the newspaper conglomerates that have been formed in recent years were not allowed to publish newspapers outside their state-defined geographical areas" (ibid.). The same rule also applies to television and radio organizations. Thus, media organizations' monopolistic position further guarantees their profits.

In this section, I consider three aspects of collective self-censorship as a means for protecting collective interest or ensuring long-term profit (i.e., marketizing media control). First, a media organization is a work unit, a constrained and unfree place, but it provides media professionals with not only irresistible material compensation and benefit prospects, but also personal protection. Second, working relations promote mutually supportive and protective interpersonal relationships in Chinese work units. Third, collective interest reflects job responsibility for media managers and contract responsibility for journalists, ensuring that the interests of both are bound together. More than any other factors, this

collective interest results in conformity with Party principles. These three aspects ensure journalists avoid bold or confrontational discourses. I illustrate this with lively examples from three case studies.

The first aspect of collective self-censorship for long-term profit reflects the restraining and protective nature of a work unit in China. A work unit is constrained and repressive. According to Hugo de Burgh (2003:16), “of the obstructive and inhumane institutions created by the CCP the worst was perhaps the *Danwei*, or Work Unit, in which every individual was imprisoned forever and which decided his or her domestic, social and economic life in its entirety.” In fact, the “work unit” has fragmented, partitioned, and compartmentalized the Chinese populace into small units, through which the Party controls every aspect of an individual’s life. Broyelle further captures the essence of the Chinese work unit:

The *Danwei* gathers together within the control of a single body all the threads of an individual’s life, it measures according to its own standards the states, habits, and behavior of every person, it is the unit and norm of work, of life, and of thought, it is the sole leadership of the Party in the context of daily life, it is the Party in flesh and blood (As cited in de Burgh 2003:16).

From these characterizations, one can imagine the grim reality of a Chinese work unit. Media professionals also belong to these work units. Though Chinese society is much changed since the 1990s, the nature of the work unit and the working relationship are relatively the same as is highlighted by de Burgh and Broyelle. The question is: If a media work unit is so detestable, why do media professionals choose to remain? Aside from the material and benefits discussed above, de Burgh (2003:114) argues, “the bigger the unit to which you can attach yourself, the better, as it can bargain for you, protect you and enhance your life in many ways.” In particular, when many media professionals have engaged in paid journalism or other corrupt activities, strong protection from their work unit is important, not only for securing their continued accumulation of wealth, but also for keeping them safe from imprisonment. For

the state, the justification for not investigating journalist corruption is simply conformity. If they do not conform, journalists are likely to be charged, perhaps imprisoned.

A media work unit is a repressive place. Journalists are controlled and monitored by the Party committee of their work unit. At the same time, however, journalists' interests are secured and protected by their work unit as well. Their interests are intertwined with those of their work unit and controlled by the Party committee and the management of their work unit.

The second aspect of collective self-censorship reflects the intense work relationships in a work unit. Work relationships are suffused with a Chinese-style interpersonal intensity, which offers mutual protection and support within a faction of a work unit. Chinese adult behaviour can be traced back to early socialization and the social culture: "Psychologists argue that products of the typical Chinese family form are particularly dependent and, when family or community lacks respected and established leadership, may feel deeply insecure. They 'feel a need for idealized authority yet can never find one that satisfies' [...] and often this leads them to try to create situations of total predictability and control" (de Burgh 2003:113). In China, "authority is expected to be paternal in style, mirroring family relationships, and obedience is due regardless of the behaviour of those in authority" (de Burgh 2003:112). In the Chinese hierarchical system, people behave in different ways according to whether the relationship is with a superior or subordinate, or to a member of a different faction within a work unit. For the young and junior professionals, obedience to an elder or a superior is expected. The same is true for journalists. In an interview by Hugo de Burgh, Kang Keming said that Mr. Chen, the managing editor of *Liberation Daily*, was angry with him when he left the paper because Kang had failed to meet Chen's expectations and to fulfill his role in the paper; Chen had treated Kang as a son, but Kang did not treat Chen as a father by

staying with Chen at the paper (de Burgh 2003:112). The assumption made by Chen was that Kang, as someone he had mentored for years would naturally obey him, remain loyal, and offer reciprocal support to him in return for his patronage.

Such interpersonal relationships have an impact on journalists' work. There is mutual trust and support among certain members of a unit. One belongs to one faction or another in a work unit. If one isolates oneself from all factions, one becomes either an important figure or an outcast. As an important figure, one eventually leans toward a faction. As an outcast, sooner or later one is dismissed from the work unit. Often people in the same faction have a tacit mutually supportive or protective strategy. Usually when one member fails in one's work, the other members of this faction are in jeopardy as well. For this reason, members usually help to prevent their fellow members from failing, or from making mistakes, such as writing an article or story that challenges Party ideology. As a result, the chance of noncompliance within a faction is far less than that of noncompliance within a single individual. The following story of Kang Wei illustrates this point. According to de Burgh, Kang Wei says that when he first entered Zhejiang Television, he followed his mentor. Later he developed a good relationship with his mentor (de Burgh 2003:113): "whenever he [his mentor] asks me to do something he knows I'll do it just as he does" (as cited in de Burgh 2003:113). Generally, newcomers will follow their superiors and their patrons. Conformity is an expected work mentality in a media unit.

If one wishes to succeed, one must adapt to this atmosphere. In general, "Chinese workers, to succeed in their careers or to have any influence over their own work, must follow their patron and the patron's faction: loyalty is the ultimate value, not truth or efficacy" (de Burgh 2003:114). Journalists are no exception. They are "tied of gratitude and tradition to their units and patrons within them, and this

tendency is being reinforced in the accelerating commercial climate” (ibid.). Hence, before a junior journalist dares to challenge the Party ideology, she or he must consider the interests of patrons and the faction. Such consideration discourages one from taking risks. In the rare cases where someone still feels obliged to act against Party principles, one’s superiors and patrons would not allow one to do so. For example, Ortolani, a former foreign journalist in CCTV and *China Daily*, testifies that, “[i]f, however, someone tried to get politically sensitive material through, there is a system in place to stop it, which I witnessed firsthand” (Ortolani 2008). He saw censors read only politically sensitive content. For example, one censor came to an editor’s office with a circle on an article that described a political summit where Hu Jintao ate shark fin soup. For such actions, Hu could be attacked by environmentalists (Ortolani 2008); and for this reason, the article was not suitable for publication. In other words, “the authoritarian logic of the private market, in which one must obey the boss, is being imported into the realm of media and party propaganda” (Zhao 2008:46). Though junior journalists might have some freedom, obeying their superiors or bosses is the norm.

The third aspect highlights collective interest as the ultimate reflection of job responsibility for media managers and contract responsibility for journalists, both of which bind together the interests and risks of journalists and media managers, particularly the head of a media unit. Because any publication or broadcast is ultimately approved by media managers, if a confrontational article or program is published or broadcasted by a media unit, the state first punishes the head of the media unit. Job responsibility has places a personalized responsibility on the head of the unit. For this reason, the head disperses his or her responsibility among media managers. Hence, the head in particular and media managers in general do not allow challenging material to endanger the unit’s collective interest or their personal interest. Thus, media

managers consider collective interest as their first priority when deciding whether an article or program should be made public. The drive to protect their unit's collective interest ensures collective self-censorship for the long-term survival and long-term profit of their media unit.

Media organizations are lucrative venues for all media: “[media] monopolies are China’s last windfall enterprises in which advertising revenues grew 200 percent in the 1990s (to US\$10 billion in 2001), averaging 35 percent annually. Morgan Stanley estimates that it takes only eight years to make a profit on media investment – a quicker return than in medicine, power plant, banking, or buildings” (Lee 2003:12). In such an atmosphere, all media managers and their media units have the potential to make a profit, especially when they operate under regional monopoly and benefit from the rapid commercialization of the Chinese economy. Media managers thus cherish their media unit and strive to protect their collective interest at all times. For instance, when Professor Yuezhi Zhao (from the School of Communication at Simon Fraser University) asked an editor to publish her article in China, the editor said that even if she were willing to risk her job to publish Zhao’s article, “she [could not] face her employees if the article [led] to the publication’s termination, thus endangering the livelihood of those employees” (Zhao 2008:46-47). Denial to publish a potentially controversial article prevails.

Zhao (1998) narrates a remarkable case of collective self-censorship in the CCTV News Commentary Department. The department was set up in 1993 as an autonomous unit under CCTV’s News Center (Zhao 1998:112). It selected “personnel from an in-depth reporting team” (Zhao 1998:113), and the majority of journalists in this department were hired on a yearly renewable contract, with considerable income differences between the highest– and the lowest–paid positions (*ibid.*). Moreover, “the department is financially independent, relying entirely on revenue from commercials inserted into the two programs

[*Focus Interview (Jiaodian Fangtan)* and *East Time and Space (Dongfang Shikong)*]” (ibid.). For this financial reason, this department considers its audience rating as its lifeline (Zhao 1998:121).

These two programs had been the most popular programs in China before 2003 not only because CCTV has more resources than any other television stations, but also because these two programs struck a cord with audiences in their coverage of social malaise and lower-level corruption when social indignation about corruption has been rising. For example, *Focus Interview* was ranked second of more than a thousand programs from more than 120 television stations in China in 2008 (with a 15.71% audience approval rating, compared to a 32.36% rating for the 7:00pm news).¹⁶⁹ These two programs were praised by Chinese leaders such as the premier Zhu Rongji (Brady 2008:82). They have been sanctioned by the state and praised because they have defused social tensions and helped maintain political stability (Zhao 1998:117). However, these programs incurred strong complaints from local officials. Thus, the central Party committee and central Propaganda Department have kept a vigilant eye on the news commentary department. Zhao (1998) vividly captures how collective self-censorship was internalized in this department and among CCTV media managers:

Just a few months after the first airing of “Focus,” the CCTV hierarchy, as well as a selected number of producers and reporters from the News Commentary Department, were summoned to Party headquarters to hear praise and advice. Most importantly, they received instructions from top officials of the Party Central Committee’s Leadership Group for Propaganda and Ideological Work, of the Party’s Propaganda Department, and of the Ministry of Radio, Film, and Television. Ding Guan’gen, the Party’s ideological chief, presided. One problem with the program, according to a broadcast official, was that there had been too many critical pieces; the department was reminded that “focus” should not necessarily mean exposure and negative reporting. (Zhao 1998:120)

After hearing instructions from the Party’s media bosses, CCTV President Yang Weiguang presided

¹⁶⁹ Translated from Chinese and retrieved from CCTV web site, <http://space.tv.cctv.com/podcast/jdft>, accessed January 3, 2008

over a seminar on the “*Focus*” program both as the transmitter of the Party’s instructions and as the top official of CCTV (Zhao 1998:120). Besides the “general requirements that the programs be consistent with the Party line and uphold the principle of ‘correct guidance to public opinion’” (ibid.), Yang gives the following specific instructions to warn media managers and journalists of the News Commentary Department:

No matter whether a topic is a positive or negative one...programs must give people encouragement, confidence, and strength to march forward, rather than a feeling of hopelessness.

...Problems that the government has paid attention to or is trying to solve may be dealt with... Don’t deal with problems that are essentially unsolvable. Don’t deal with problems for which there are definitely no immediate solutions.

Exercise caution about controversial issues and personalities...don’t report on controversial figures in “Son of the East”. The choice of interviewees and sources to quote is very crucial. It is of primary importance to seek the opinions of responsible authorities and to clearly state the position of the government. Such authoritative opinions are what guidance over public opinion means. They take a clear stand on right and wrong. It is not enough just to have the public talk.

Don’t induce interviewees to express dissatisfaction toward the Party and the government and to talk about the mistakes committed by the Party in the past. For example, a reporter asked the interviewee this question in one program: “Have you ever said something that was against your own will? Who forced him to speak against his own will? The Communist Party? Now you are all laughing, but the program has been broadcast.” (As cited in Zhao 1998:120)

Zhao (1998) points out, “the purpose, of course, as Yang said elsewhere in the speech, is to build consensus among ‘high level leaders, station leaders, leaders of the News Center, leaders of the News Commentary Department, producers, reporters, editors, hosts’ and to turn overt censorship into self-censorship” (121). To accomplish such a goal, Yang continues:

There is a station decision which requires that reporters present their interview topics to the News Center and a responsible station president for approval before they do the interviews. At the same time, it requires that the preview standard for “Focus on the Moment” and “Focus” be tightened up, i.e., be previewed by a responsible vice-president of the station. But I feel that this is a passive method.... The role of the station and News Center leaders is not to “gun down” a program in the final stage. The most positive measure is to

make every reporter and editor, every producer his [or her] own gatekeeper, i.e., to make the leaders and the reporters, editors and hosts share completely the same perspective, have the same standards of judgment. (As cited in Zhao 1998:121).

For Yang, the voluntary self-censorship beginning with topic selection in the mind of every journalist within CCTV is the best method to abide by Party policy. The implementation of CCTV President Yang's suggestions is consistent with his speech. Zhao (1998) did some research on in the News Commentary Department of CCTV between 1994 and 1995. When she asked Sun Yusheng, the director of the department, how to judge a good program, Sun answered:

During the process of previewing the programs, I keep thinking about the following questions: Will this produce negative effects? Will it cause damage to political stability? Will it intensify tensions and be detrimental to solving the problem? After all these possibilities are eliminated, I will say that an item is a good one and should be broadcast. (As cited in Zhao 1998:117)

Journalists in the department are indeed "very careful." While their director stressed politics, producers took great care in the selection of topics for economic reasons (Zhao 1998:121).

This collective self-censorship for survival and profit is not unique. In Shanghai Radio, marketizing media control is also employed. Before media commercialization, "the news was aired after previewing by a responsible station leader (usually the president or a designated vice president)," but "[n]ow the president or vice president usually stands behind the newscaster and keeps a watchful eye and ear during live broadcasts" (Zhao 1998:156). Hence, Zhao (1998:160) argues, "when a television station's censors are standing behind, how far can a newscaster or a talk show host go in expressing dissenting views? When everyone knows individuals have lost their jobs for not following the Party line, how many (from program hosts to producers to station presidents) are willing to endanger themselves?" As a result, job security and personal interest for media professionals and collective interest for media organizations are

more important than journalistic principles in daily reporting.

Not only do individual media outlets practice self-censorship for long-term profit and survival or marketizing media control; sometimes the Chinese media practise such self-censorship collectively. For example, when the Severe Acute Respiratory Syndrome (SARS) pandemic broke out in China in November 2002, China's media collectively remained silent about the outbreak until April 2003. Only a few media outlets, such as *Nanfang Weekend*, *Nanfang Dushi Daily*, and *Caijing* (Esarey 2005), attempted to report on the crisis. Tai and Sun (2007:996) say that “[w]hile all indications led to the epidemic in Guangzhou as the origin of SARS worldwide, Chinese government officials continued to stonewall and deny its existence” for about half a year. China's media outlets reported the SARS outbreak only after the Politburo headed by Hu Jintao decided to cover it (ibid.). As they do in any cover-up, however, Chinese government officials “were vehemently dismissing accusations from the international media that they had lied or covered up the SARS epidemic in China” (ibid.). Even when the government lifted the ban on SARS reporting, “the official media strictly followed the government line in assuring the public that the disease was under control” (Tai and Sun 2007:1000). This cover-up was partially responsible for the 8,000 SARS victims and 750 deaths worldwide according to the PubMed Health in the United States.¹⁷⁰

In short, marketizing media control is a market mechanism of self-protection in the name of collective interest for profit and survival. When a group of people has a common interest, it will try its best to prevent every threat to that collective interest, as demonstrated by the collective self-censorship within CCTV. Group interest is a priority above most others; group members understand that only after securing the group interest can their personal interests be assured. That is how marketizing media control works on

¹⁷⁰ Retrieved from, <http://www.ncbi.nlm.nih.gov/pubmedhealth/PMH0004460/>, accessed 2014/6/8

an organizational level – not just as a control over individuals but also as a control over media units, which in turn imposes a collective control over individuals. Journalists choose to work for profit when their mentality change is complete, when they have acquired plentiful material compensation, and when they have aligned themselves with Party principles. Both personal self-censorship and collective self-censorship for long-term profit and survival are the logical consequences of their pursuits, which can further be vindicated by three case studies below.

–Three Case Studies of Marketizing Media Control

Three cases that follow represent three typical socio-economic conflicts in China in the past two and a half decades: a farmland dispute, a workers' riot, and a case of corruption. First, I explain why these cases are chosen to reflect China's major social and economic problems. Second, I elaborate on the similarities and differences in the reporting of these three cases by the media, both inside and outside of China. A comparison of media reporting on each case crystallizes how China's media have made use of news market value when there is the opportunity to do so, and how marketizing media control has worked when the state cracks down on media reporting. As a whole, this section aims to show how China's media employ news market value for profit while at the same time practicing the market mechanism of media control to avoid punishment when they respond to significant news events.

The first case is the 2005 shooting of villagers in Dongzhou in order to clear the farming land for the construction of a power plant in Shanwei, Guangdong. Media reporting inside and outside of China demonstrates a sharp contrast in terms of the characterization of this event, the severity of the killing and

suppression, and the identity of the perpetrators. Due to government suppression of news reports on the massacre, China's media dared not make use of the news market value of the event, instead practicing marketizing media control by strictly following the Party line.

This case is typical of the regular demolition of old houses (*Jiufang Caiqian*) that has occurred in China every year since 1992. Statistics show that tens of thousands of conflicts occur every year during the demolition process. For example, about 54,000 violent "mass incidents" (in China's terms) occurred in China in 2004, involving 3.7 million people (British Broad Casting Corporation- *BBC Chinese*, December 11, 2005).¹⁷¹ The demolition of old houses was the focus of about 100,000 large-scale conflicts in 2012, according to the *2012 China Blue Book* by CASS.¹⁷² The uniqueness of the 2005 Dongzhou shooting is its excessively bloody nature and the villagers' dauntless confrontation with the local government. Media reports outside of China indicated a high level of international indignation due to the incidental similarity to the 1989 Tiananmen Massacre. Reports on this event inside of China were muted, however, with the state making efforts to downplay the violent nature of massacre so as not to damage its reputation.

The second case is the 2009 Tonghua Steel Workers' Riot against forced privatization. The riot led to the death of Chen Guojun, general manager of Tonghua Steel Company in Jilin province. As many as one hundred were wounded, and three police vehicles were destroyed (sources will be provided in the following pages). Media reporting on this event inside and outside of China indicate some differences, but China's media did make use of news market value in this case, as the government did not impose such

¹⁷¹ "China Confirmed Casualties in the Conflict of Police with Local Villagers in Shanwei, Guangdong", (*Zhongguo Zhengshi Guangdong Shanwei Jingmin Chongtu Zaocheng Shangwan*), *BBC Chinese News* 2005-12-11, http://news.bbc.co.uk/chinese/simp/hi/newsid_4510000/newsid_4517700/4517748.stm, accessed 2013-11-18

¹⁷² <http://www.ibtimes.com.cn/articles/18068/20121219/group-events.htm>, accessed 2013-12-18

severe suppression on reporting. Marketizing media control moves to the bottom line to unleash the market value of news reporting, but self-censorship is still evident in terms of the severity of these beatings, the numbers of wounded, and the destruction of property.

Workers' protests are another typical form of "mass incident." According to the *China Labour Bulletin*, there were about 30,000 workers' strikes and protests each year from the period of 2000 to 2010.¹⁷³ This type of incident has become the most challenging problem for the state to deal with due to the potential for further uprisings and the difficulty of balancing the interests of all parties.

The third case is journalist Chen Yongzhou's 2013 investigation of Zoomlion's (*Zhong Lian Zhongke*) corporate corruption, which led to Chen's arrest in Guangzhou, Guangdong. Media reporting inside and outside of China suggests some differences between domestic and international perspectives, but more interesting is the swift change in the tone in China's media. Much of China's media have made use of the market value of news, but in this case they soon invoked marketizing media control over themselves by reversing the tone of their reporting, from being supportive of Chen to denouncing him when the Party showed its hand.

At the time, corruption was rampant in China. More than 540,000 people were punished for corruption between November 2007 and February 2012.¹⁷⁴ A news investigation of corporate corruption is relatively less sensitive than an official one. Corporate corruption investigation presumably is morally and politically right for journalists; the state has repeatedly claimed to "sanction" such good deeds. Chen's case attracted the wide attention of the public, media professionals, and some of the highest-ranking leaders in China. The case came to an unexpectedly end with Chen's confession on China Central

¹⁷³ "A Decade of Change: the Workers' Movement in China 2000-2010", *China Labour Bulletin* research reports, www.clb.org.hk, accessed 2013-12-10

¹⁷⁴ Sina news 2010-10-11, <http://news.sina.com.cn/c/2012-10-11/174625339066.shtml>, accessed 2013-12-10

Television (CCTV), and Chen was detained without any trial till today.

None of these three cases falls within the bounds of the state's overtly-banned bottom lines of democracy, workers' independent unionization, ethnic separation, Taiwan independence, leaders' private lives, or the Party-state's past misdeeds, such as its conduct in the Great Famine (Zhao 2008:19-21). Thus, the events are theoretically reportable in China. However, due to the level of state violence and the Party's stated priority of maintaining stability, these cases become sensitive. Consequently, much of China's media have practised marketizing media control in their reporting, and most of China's media do not touch this "most valuable news" at all. This is corroborated by the media reporting outside of China on the same cases.

Media reporting outside of China comes mainly from mainstream media and Chinese dissident media organizations. For many Chinese people, the major Western mainstream media are radio stations that they have listened to for decades because these media could not be filtered or banned by the Chinese authorities. BBC Radio and the Voice of America (VOA) have won popularity since China's open door policy, and Radio Free Asia (RFA) won audiences with its coverage of the 1989 Tiananmen Massacre. These radio stations received numerous collect calls and have special personnel of Chinese origin to communicate directly with Mandarin-speaking callers. The second category of mainstream media includes the *New York Times*, the *Wall Street Journal*, the *Financial Times*, and the *Globe and Mail*. These are popular with Chinese business people and graduates who are versed in English and Internet technology. Most Chinese do not read English, however, nor can they penetrate China's Internet firewalls to view these publications online.

The Chinese dissident media comprise pro-democracy media, such as Boxun in the United States of

America, and anti-CCP media outside of China, such as the *Epoch Times* and the New Tang Dynasty Television (NTDTV) sponsored by Falun Gong.

Media reporting in China comes mainly from national media in general and local provincial or municipal media in particular in the area where the incident occurs. The national media mainly comprise Xinhua News Agency, the *Peoples' Daily* and their subsidiaries. The local media in these case studies comprise *Nanfang Daily*, the provincial organ of Guangdong; *Guangzhou Daily*, the municipal organ of Guangzhou; *Jilin Daily*, the provincial organ of Jilin; *Hunan Daily*, the provincial organ of Hunan; and other provincial or municipal media, all of which are state-owned media, belonging to different Party or government authorities. Popular portals are also employed as media, and they are all privately owned. However, these latter do not create their own reports but, rather, repost news created by state media, magnifying the effect of state reports.

A. The 2005 Dongzhou Shooting

The Dongzhou shooting is the most violent case of state suppression since the 1989 Tiananmen Massacre (*NY Times*, December 9, 2005).¹⁷⁵ Unlike the 1989 massacre of political nature, this typical economic conflict disputes over land earmarked for economic development. Media reporting outside of China denounced the shooting as an inhumane massacre by the local Shanwei state. On December 7, 2005, BBC Chinese reported that on December 6 about one hundred police had attempted to disperse one thousand village protesters by opening fire on them, resulting in at least two deaths and dozens of wounded. The conflict had begun when villagers had asked for appropriate compensation for their land,

¹⁷⁵ New York Times December 9, 2005, <http://www.nytimes.com/2005/12/09/international/asia/09cnd-china.html?pagewanted=all>, accessed 2014-02-19

which was being expropriated by the local government.¹⁷⁶ A deeper investigation by the BBC found on December 9, villagers had demanded of local government officials adequate compensation when their land was taken for the construction of a power plant. The village government ignored their demands, angry villagers came to blows with some functionaries, and the authority called the military police (the BBC, December 9, 2005).¹⁷⁷

On December 9, the *Guardian* published testimony of the shooting by several village witnesses. Witness Liu reported that when ten to twenty thousand villagers confronted about one thousand police, the police used rubber bullets to disperse the crowd. The villagers fought back, throwing petrol bombs and pipe bombs at police. Police then used automatic guns and killed three people.¹⁷⁸ Another witness, Huang, said she saw Lin Yudui shot by two bullets (the *Guardian*, December 9, 2005). The *Guardian* reporter then called the local authority, found that, “[b]ranches of the public security bureau were not answering phones, and the mainland media were ordered not to report the incident” (ibid.).

On the same day, the *New York Times* reported that village witnesses confirmed about twenty people were killed by paramilitary police on the night of December 6. After the shooting, police further “combed the village house by house,” searching and arresting village protest leaders.¹⁷⁹ But villagers were not intimidated: approximately one hundred villagers waved white banners appealing for justice for the dead on December 9 (*NY Times*, December 9, 2005). On December 11, the *Times* refuted China’s account of

¹⁷⁶ “Military Police Shoot on Village Protesters in a Land Expropriation Conflict in Guangdong”, (Guangdong Zhengdi Jiufeng Wujing Shesha Kangyi Cunmin), *BBC Chinese news*, 2005-12-05, http://news.bbc.co.uk/chinese/trad/hi/newsid_4500000/newsid_4507900/4507944.stm, accessed 2013-11-18

¹⁷⁷ “Guangdong Shanwei Broke Out Violent Conflict between Police and Villagers, Causing at least two deaths”(Guangdong Shanwei Baofa Jingmin Chongtu, zhishao Liangren Siwan), *BBC Chinese News* 2005-12-09, http://news.bbc.co.uk/chinese/trad/hi/newsid_4510000/newsid_4515100/4515102.stm, accessed 2013-11-18

¹⁷⁸ “Chinese militia open fire on demonstrators opposing coal plant”, the *Guardian* 2005-12-09, <http://www.theguardian.com/world/2005/dec/09/china.jonathanwatts>, accessed 2013-11-18

¹⁷⁹ “20 Reported Killed as Chinese Unrest Escalates”, *New York Times* December 9, 2005, <http://www.nytimes.com/2005/12/09/international/asia/09cnd-china.html?pagewanted=all>, accessed 2014-02-19

three deaths.¹⁸⁰ In phone interviews, villagers reported that at least seven additional bodies were seen at the roadside near the violent scene; some villagers saw thirteen more bodies floating out towards the sea (*NY Times*, December 11, 2005).

Suppression was used even in the days after the massacre. On December 13, the *Globe and Mail* reported that police had kept the village a week after the shooting.¹⁸¹ Some villagers said ten to thirty people were killed, but the *Globe* reporter said that the casualties were difficult to estimate because many villagers were still missing. Although “police [had] offered apologies and compensation payments to the families of some victims” and China had detained the commanding officer of the gunfire, police still arrested nine villagers and pursued more than 140 protesters (*Globe and Mail*, December 13, 2005). To provide more evidence of the event, on December 17 the paper reported the details of the gunfire and the police chasing of protesters on the night of December 6, and the shooting death of Lin Yudui, narrated by Lin’s brother-in-law Mr. Chen, who witnessed the event.¹⁸² According to the *Globe and Mail*, the shooting was serious enough that the United Nations demanded China provide details of this shooting.¹⁸³

On December 13, the *Financial Times* interviewed a human rights activist in Human Rights in Hong Kong who confirmed the massacre but said that the actual death toll was difficult to confirm because such information is known only to top Chinese leaders.¹⁸⁴ Moreover, suggested the paper, the commander who was dismissed by the state for his “mishandling of the event” might be the scapegoat of the suppression;

¹⁸⁰http://www.nytimes.com/2005/12/11/world/asia/11iht-china.html?pagewanted=1&%2360&%2362&%2359;!--Undefined%20dynamic%20function%20data_sanitationlib::sanitize_string:1%20called--&%2359;, accessed 2014-02-19

¹⁸¹ The *Globe and Mail*, December 13, 2005, <http://www.theglobeandmail.com/news/world/china-seals-off-town-after-police-shooting/article1132032/>, accessed 2014-2-18

¹⁸² The *Globe and Mail*, 2005-12-17, <http://www.theglobeandmail.com/news/world/a-burst-of-gunfire-exploding-in-darkness/article1132585/?page=all>, accessed 2012-02-19

¹⁸³ The *Globe and Mail*, 2005-12-21, <http://www.theglobeandmail.com/news/world/un-asks-china-for-details-on-shooting-of-protesters/article991714/>, accessed 2014-02-19

¹⁸⁴ McGregor, R. (2005, Dec 13). Chinese shootings evoke brutal memories but recent uprisings have been propelled by grassroots issues, writes Richard McGregor, *Financial Times*, retrieved from <http://search.proquest.com/docview/248289714?accountid=10371>

his dismissal was not a sign of his accountability or that of the political system, but a price exacted for his failure to adequately cover up the massacre.¹⁸⁵

The New Tang Dynasty Television (NTDTV) reported that instead of apologizing to victims' families, China had begun to pursue suspects after defining the incident as riot, due to "villagers' violent attack on police." Shanwei officials claimed they had arrested nine villagers, including the three primary suspects Huang Xijun, Huang Xirang, and Lin Hanru (NTDTV, December 15, 2005).¹⁸⁶

Radio Free Asia's (RFA) reporter Lin Di made a field trip to Dongzhou village on December 18, 2005, for further investigation (RFA, December 19, 2005).¹⁸⁷ She interviewed three villagers, including a widow whose husband was shot by military police. Another villager recalled that the police discharged tear gas first, and then began shooting, so that villagers were confused and did not at first run for their lives. As a result, many people were shot (ibid.). Lin Di said that police encircled the village even twelve days after the incident, and villagers felt tyrannized. But when the reporter left for Shanwei, many people she interviewed there did not know what had happened in Dongzhou, nor did she find any information about the incident at the local Internet café (ibid).

Six months later, on June 27, 2006, the *New York Times* reported that China still monitored villagers calls and had cordoned off exits in and out of the village after the official trial convicted seven villagers for "disturbing social order and using explosives to attack the police."¹⁸⁸ The court hearing was a little

¹⁸⁵ Mallet, V. (2005, Dec 20). In modern china, the buck must stop in the right place, *Financial Times*, retrieved from <http://search.proquest.com/docview/249693016?accountid=10371>, accessed 2014-02-19

¹⁸⁶ "Shanwei Authority Has Pursued More Villagers, and even People in Beijing Felt nervous", (Shanwei Dangju Kuoda Zuipu Cunmin, Beijing Fangmin Ye Jinzhang), New Tang Dynasty Television 2005-12-15, <http://www.ntdtv.com/xtr/gb/2005/12/15/a37459.html>.-%E6%B1%95%E5%B0%BE%E5%BD%93%E5%B1%80%E6%89%A9%E5%A4%A7%E8%BF%BD%E6%8D%95%E6%9D%91%E6%B0%91-%E5%8C%97%E4%BA%AC%E8%AE%BF%E6%B0%91%E4%B9%9F%E7%B4%A7%E5%BC%A0.html, accessed 2013-11-18

¹⁸⁷ "RFA Reporter Field Investigation after the Shooting Incident in Shanwei", (Shanwei Qiangsha Shijian Hou, Ben Tai Jizhe Shidi Tanfang), Radio Free Asia 2005-12-09, <http://www.rfa.org/mandarin/yataibaodao/Shanwei1-20051219.html>, accessed 2013-11-18

¹⁸⁸ The New York Times June 27, 2006, <http://www.nytimes.com/2006/06/27/world/27china.html?pagewanted=all>, accessed 2014-02-19

publicized trial of the villagers rather than a public investigation of the shootings. There was no mention of loss of life, nor were any witnesses called. There was no evidence presented. It was not a fair trial, the report concluded.

A month later, NTDTV broadcast a follow-up report on the massacre. It showed photo that Dongzhou villagers had displayed of the police bullets that had killed their family members on the road in Dongzhou village. NTDTV reported that seventeen villagers were sentenced to three to seven years in prison on May 25, 2006, for the crimes of “explosion” and “disturbing social order” (NTDTV, July 23, 2006).¹⁸⁹

In short, media reporting outside of China presents the just causes of the villager protest. The local village government ignored their demands, which infuriated more villagers to take part in the protest for better compensation. Then, the Shanwei city government sent police to disperse protesters, but villagers were not intimidated and fought back. Police opened fire on villagers and chased them even when they ran away. Thus, many dead were found on the roadside near the massacre scene and some bodies were found floating out to sea. Phone interviews, in-field trips and photographic evidence speak to the inhumanity of the event. Although the casualty numbers are difficult to confirm because of the government’s willful disposal of bodies and its systemic suppression, the nature of this event is the intentionally brutal slaughter by the local state and suppression of the details of the event by the Chinese government. Villagers no doubt were victimized by the state appropriation of their land and the threat to their fishing livelihood; they were victims of a bloody massacre and a long period of repression after the event in the form of police encirclement and monitoring. Some of them were even put into prison for their role in a just protest.

¹⁸⁹ New Tang Dynasty Television news 2006-07-23, <http://www.ntdtv.com/xtr/gb/2006/07/23/a47021.html>.-%E6%B1%95%E5%B0%BE%E8%A1%80%E6%A1%88-%E4%B8%AD%E5%85%B1%E5%B0%84%E6%9D%80%E6%9D%91%E6%B0%91%E5%AD%90%E5%BC%B9%E6%9B%9D%E5%85%89.html, accessed 2013-11-18

In contrast, media reporting in China asserted the Dongzhou shooting was a legitimate suppression of the peasant riot. According to the VOA on December 18, the severity of the massacre might have been harmful to the regime; China employed whatever means available to cover it up, blocking almost all news about the incident.¹⁹⁰ China's state spokesperson refused to provide any information about the shooting; press interviews were not allowed; and all sensitive words such as "Shanwei," "Dongzhou," "killing," and "shooting" were filtered out of China's online media and websites (VOA, December 18, 2005). The *New York Times* had earlier provided a detailed account of China's media suppression of this incident on December 13. The *Times* reported that China had banned the media from reporting on this incident.¹⁹¹ Although Xinhua News had published the first Chinese media account of the event in December 11, the *New York Times* said that the news was published only in Guangdong (December 13, 2005). Several editors in China's leading news media organizations, including *Caijing*, said when interviewed by the *Times* said that they had no information about the incident at all (*NY Times*, December 13, 2005). The *NY Times* reporter did further research online and to discover that China had filtered out key words (including Dongzhou shooting-*dongzhou qiang sha*) on major search engines such as Google, and that there was a complete blackout of the incident in major Chinese portals such as Sohu, Netease, and Sina (ibid.).

In general, the Chinese media remained silent until December 11,¹⁹² five days after the brutal shooting, by which time the state authority had defined the nature of the event and the tone of the news

¹⁹⁰ VOA 2005-12-18, <http://www.voachinese.com/content/a-21-w2005-12-19-voa45-58434207/1086178.html>, accessed 2013-12-05

¹⁹¹ French, Howard W., "China's tight lid on village shootings", the *New York Times* http://www.nytimes.com/2005/12/13/world/asia/13iht-china.html?_r=0, accessed 2014-02-19

¹⁹² Except for VOA report and Asia news, Chinese Laureate Nobel Peace Prize winner Liu Xiaobo checked all Chinese official media and popular portals and concluded no media report about Dongzhou Shooting was found in China before December 11, 2005 (The Shanwei Bloody Story, (*Shanwei Xue'an Shimo*), Liu Xiaobo, 2005-12-25, retrieved from Taiwanusnet, <http://www.taiwanus.us/MediaVideoAudio/open/20060101.htm> accessed 2013-11-18. The *Guardian* also confirmed such a claim (December 9, 2005). I have searched all Chinese websites and newspapers online by using Google, Baidu, and Sogou, Soso, and Youdao engines, and found nothing on this event before December 11, 2005. This is still the case until December 2013 except for Wikipidia Chinese (posted on August 15, 2012) and four short blog comments on Sina BBS, CO188 BBS, JSW BBS and Tianya BBS.

reports. Xinhua News Agency and *Nanfang Daily* (the Party organ of Guangdong province) jointly published the official version of the “Dongzhou Incident,” accusing villagers of being rioters and insisting that all deaths and injuries were accidental.¹⁹³ Reports characterized the Dongzhou Incident as a serious violation of law, and described the beating of police by protestors, who attacked authorities with long knives, long forks, petrol bombs and pipe bombs, and the destruction and burning of power plant property. To stop the so-called “violence”, the media reported, the police discharged tear gas, and when this did not work, they “mistakenly” shot at the crowd, resulting in three “accidental” deaths and eight injuries. Huang Xijun and “his cohort” were named the “instigators and perpetrators” of the violence. The provincial government investigated the event and reinstated peace and order in the region (*Xinhua*, December 11, 2005). *Guangzhou Daily* reprinted the same official story that *Nanfang* had published (December 11, 2005).¹⁹⁴

On the same day, major, popular Chinese portals, such as Tencent (qq.com),¹⁹⁵ and a small local Quanzhou net¹⁹⁶ (in Fujian province) reposted exactly the same “news” from *Nanfang*. On December 18, *Nanfang* interviewed Shanwei officials and published an official follow-up story, explaining the effective measures the Shanwei government had taken, how compensation to the villagers was made, how evil the village instigators were, and why the Dongzhou Incident was defined as “violent incident.”¹⁹⁷ In addition, Shanwei officials confirmed the arrest of the responsible field commander (*ibid.*). Arguably, the purpose of the article was to vindicate the handling of the event by the Shanwei authorities. The popular portal

¹⁹³ Xinhua News 2005-12-11, http://gd.xinhuanet.com/gdnews/2005-12/11/content_5789418.htm, Xinhua News 2005-12-11, accessed 2013-11-18

¹⁹⁴ Guangzhou Daily news 2005-12-11, http://news.dayoo.com/guangdong/gb/content/2005-12/11/content_2334736.htm, accessed 2013-11-22

¹⁹⁵ Tencent news 2005-12-11, <http://news.qq.com/a/20051211/000465.htm>, accessed 2013-11-21

¹⁹⁶ Quanzhou net news 2005-12-12, http://www.qzwb.com/gb/content/2005-12/12/content_1902692.htm, accessed 2013-12-21

¹⁹⁷ Nanfang Daily News 2005-12-18, retrieved from Xinhua News Net, http://www.xinhuanet.com/chinanews/2005-12/18/content_5843614.htm, accessed 2013-11-21

qq.com¹⁹⁸ and the Dong Guan official net reposted *Nanfang*'s article of the day.¹⁹⁹

Half a year later on May 25, 2006, Xinhua reported that the state had deposed several of the Shanwei officials involved, including Wu Sheng, the field commander who had been arrested, and the vice police chief of Shanwei. It also reported that the state had disciplined Liu Jinsheng, vice Party chief of Shanwei; Li Min, vice major and police chief of Shanwei; and other involved Shanwei and Dongzhou officials, accusing them of inappropriate handling of the incident (Xinhua, May 25, 2006).²⁰⁰ These decisions certainly seem to contradict former favourable news “reports” about the government’s handling of the event. Such news is to some extent welcomed by the public, and indeed, popular portals as well as some official media reposted or republished this news from Xinhua. China.com reposted the news by the same title;²⁰¹ so did *China Economy News*,²⁰² *Dongfang Net* (Eastday news),²⁰³ and the 21st Century net.²⁰⁴

The state still ordered the local court to punish villagers, however. The local *Chaoshan News* net posted this news, accusing Huang Xijun, Huang Xirang, and Lin Hanru of committing the crimes of “explosion,” “disturbing social order,” and “disturbing transportation order,” and sentenced them each to three to seven years in prison.²⁰⁵ The remote Xinjiang official Net reposted this report.²⁰⁶

In short, China’s media downplayed the brutal nature of the state massacre and instead “justified” the bloody shooting and suppression by accusing village protesters. China’s news media were able to do this

¹⁹⁸ Tencent News 2005-12-18, <http://news.qq.com/a/20051218/000486.htm>, accessed 2013-11-21

¹⁹⁹ Dongguan Sun news 2005-12-18, http://www.sun0769.com/news/china/area/t20051218_65052.htm, accessed 2013-11-21

²⁰⁰ Responsible persons were disciplined in the Incident of Serious Violation of Law at Red Bay Developmental Zone, Shanwei (*Shanwei Honghaiwan Kaifaqu Yazhong Weifa Shijian Youguan Zeren Ren Bei Chuli*), Xinhua News Net 2006-05-24, http://news.xinhuanet.com/newscenter/2006-05/24/content_4592592.htm, accessed 2013-12-21

²⁰¹ China.com news 2006-05-24, http://news.china.com/zh_cn/news100/11038989/20060524/13344125.html, accessed 2013-11-21

²⁰² Chinese Economy news 2006-05-24, http://www.ce.cn/xwzx/gnsz/gdxw/200605/24/t20060524_7073636.shtml, accessed 2013-11-21

²⁰³ Eastday news (Dongfang wang) 2006-05-24,

<http://news.eastday.com/eastday/node81741/node81762/node136665/userobject1ai2057959.html>, accessed 2013-12-21

²⁰⁴ 21 CN news 2006-05-24, <http://news.21cn.com/dushi/dspp/a/2006/0525/12/2830857.shtml>, accessed 2013-11-21

²⁰⁵ Chaoshan News 2013-09-14, <http://chaoshannews.com/a/shanxi/2013/0914/6329.html>, accessed 2013-12-21

²⁰⁶ Xinjiang Tianshan net news 2006-05-26, <http://www.ts.cn/GB/channel120/140/200605/26/268507.html>, accessed 2013-11-21

despite candid reports by media outside of China because the Chinese people were not granted access to international media reporting due to China's "Golden Shield" Internet filter. When the Dongzhou Shooting happened on December 6, 2005, no media in China dared to publish or broadcast a word until Xinhua News Agency commented on the event on December 11, five days after the slaughter after the state defined the nature of the incident and who should be blamed. Xinhua and *Nanfang* distorted the nature of the events and their causal relationship by accusing villagers of being rioters and assigning liability to villager protest leaders. China's news media not only spoke with the tone of Party, but they also did not change a word of the official accusation. In other words, all Chinese media stuck to the Party line. According to international reports and my own research, no media in China, including the popular portals, claimed to have visited the village, nor did they interview local villagers, let alone do any investigation into the truth of this massacre.

Later, however, when the Shanwei government wanted to shift responsibility for the incident, several media reprinted or reposted *Nanfang's* interview. After months of consideration, higher authorities removed the responsible field commander from office and disciplined other relevant Shanwei officials. This time, both the official media and popular portals thought this governmental announcement would be welcomed by the people; many of them published this "news." In the end, audience patronage is still the primary source of profit, but all media stopped short of the bottom line set by Xinhua on December 11. Marketizing media control still aims to profit when there is space in which to do so, however small that space may be. Nevertheless, no media have done any investigation on the event in order to seek justice for the victims and to discover and recount the truth of the story from the perspective of those involved. Yet a real investigation is no doubt necessary if social injustice is to be redressed and villagers' grievances are to

be aired. There is significant evidence of official corruption, the local authority's power abuses, and the inappropriate compensation for villagers' lost land as reported in the Western mainstream media and the overseas Chinese dissident media. Even, the state punishment of local officials indicates their and the local state's wrongdoings.

Overall, the event deserves a professional journalist investigation and has vast commercial news value as well for its potential to bring about a wider, global awareness of the level of corruption in local states and the plight of the general population in land dispute. But no Chinese media dare to do such an investigation. The market mechanism plays only a marginal role in publishing when it comes to the reporting of events that might seriously hurt the legitimacy and reputation of the government, at least the Guangdong government. Media control dominated the reporting of the Dongzhou shooting and self-censorship was practised collectively in China's media, even after the state punished Shanwei officials.

B. Tonghua Steel Workers' Riot

When the state did not impose a ban on the reporting of the death of Chen Guojun in the 2009 Tonghua Steel Riot (in Tonghua City, Jilin Province), media reports were very different in tone. Though there was even fiercer confrontation between workers and police in this incident than in the Dongzhou protest, the regime had learnt its lesson and the local authority was more prudent in its handling of the incident.

Media reporting outside of China questioned the controversial SOE restructuring and the state's

failure to control the situation that resulted in one fatality, one hundred wounded and the destruction of three police cars. VOA made a report on the day of the riot. Later, the BBC, the *Financial Times*, the *Wall Street Journal*, and the *New York Times* published reports that focused on different angles by focusing on different details.

According to VOA,²⁰⁷ the private steel company Jianlong previously had taken over a 40% share of Tonghua Steel in 2005, but had sold its share in March 2009, due to its debt load. However, when the international steel market became more active, and Tonghua Steel made a profit in June 2009, Jianlong acquired a 65% share of Tonghua Steel's stock, assuming full control over Tonghua Steel on July 24, 2009. Due to that when Jianlong formerly controlled Tonghua Steel, Jianlong laid off a large number workers and cut much of their welfare in the previous privatization process between 2005 and 2009, Tonghua Steel workers were enraged by Jianlong's takeover and feared more layoffs. Angry workers surrounded and questioned the new general manager Chen Guojun, but Chen ordered them back to work and threatened to dismiss them, which further fueled workers' anger; Chen was beaten by the workers. Although police attempted to rescue Chen, they were unsuccessful (VOA, July 24, 2009). At a critical moment, Jianlong had asked to exit from Tonghua Steel in order to save Chen's life; the Jilin State Asset Committee announced Jianlong's permanent exit from Tonghua Steel that night, reported VOA the next day. But by then it was too late: Chen was dead, and no one was arrested for his murder that day.²⁰⁸

On July 25, the BBC focused on the scale of the protest, the severity of beating death, the wounded, and the car burning. It reported that over 30,000 worker protesters clashed with 1,000 armed police and

²⁰⁷ "About Ten Thousand Tonghua Workers Protest the Restructuring of a State-owned Company", (Tonghua Jin Wan Ming Gongren Kangyi Guoqi Gaige Zhongzu), VOA news 2009-07-24, <http://www.voachinese.com/content/a-21-2009-07-25-voa41-60864007/1011570.html>, accessed 2013-11-19

²⁰⁸ "Ending Reformation, Tonghua Iron & Steel Company Backed to Production" (Zhongzhi Zhongzu, Tonghua Gangtie Qiye Fugong), VOA 2009-07-25, <http://www.voachinese.com/content/a-21-2009-07-26-voa37-60884502/1013888.html>, accessed 2013-11-19

security officers had been involved in the riot, resulting in Chen's death and about one hundred wounded, and destroying three police vehicles.²⁰⁹ Before the riot, Tonghua Steel had been one of the largest iron and steel groups in China. Its shares had been bought up by Jianlong "under the instruction of Jilin Province's leaders" in 2005 (BBC, July 25, 2009). In the deal, Tonghua Steel lost money, its employees and dependants going without central heating that winter of 2008. When Tonghua Steel then made a profit of 30 million *yuan* in June, Jianlong sought to regain control over the company, a move seen as both an insult to workers and a job threat, sparking fury among 100,000 Tonghua Steel workers and dependents. Workers were further angered to discover that Chen earned an annual salary of 3 million *yuan* while laid-off workers received a monthly payment of only three hundred *yuan*. When workers questioned Chen about Jianlong's reentry, Chen ordered workers to return to work, which further enraged workers and angry workers beat him to death (BBC, July 25, 2009).

On July 27, the *Financial Times* reported that Tonghua Steel workers were infuriated by Chen's "high-handed attitude" and by Chen's threat that "he would re-establish Tonghua 'under the name of Chen' and lay off nearly all the employees."²¹⁰ Workers beat Chen unconscious and then blocked the ambulance and riot police from reaching him. The *Financial Times* reported that Tonghua Steel retired workers received a monthly stipend of 300 *yuan* compared to Chen's annual salary of 3 million *yuan* (*Financial Times*, July 27, 2009).

The *Wall Street Journal* reported that workers complained that they had not been consulted before the announcement of the merger, and feared job loss and salary cuts, given Jianlong's previous similar

²⁰⁹ "Over 30,000 Chinese steelworkers clash with police, kill manager". (2009, Jul 25), *BBC Monitoring Newsfile*, retrieved from <http://search.proquest.com/docview/452362536?accountid=10371>

²¹⁰ McGregor, R. (2009, Jul 27). Killing of china steel plant boss halts sale, *Financial Times*, retrieved from <http://search.proquest.com/docview/250218126?accountid=10371>

actions.²¹¹ For this reason, workers took part in a protest and some beat Chen to death. According to the *Journal*, the size of the protest and the details of Chen's death could not be confirmed. Though the *Journal* reporter had contacted Tonghua Steel's office, Jianlong's Beijing headquarter, and Tonghua local government offices, no one had answered the reporter's questions about these details. Blog posts of this incident were also removed by censors (*Wall Street Journal*, July 27, 2009).

The *New York Times* reported that Tonghua Steel workers were infuriated specifically when Chen announced that 30,000 jobs would eventually be reduced in number to 5,000, and that 3,000 workers would be laid off within three days. Workers then beat him in the office and "rioters blocked the police, ambulances and government officials from reaching [him] before he died" (*NY Times*, July 27, 2009).²¹²

On July 31, *Wall Street Journal* reported that it was Jianlong's greed and rumours of job cut that had led workers to protest and shut down production lines.²¹³ The *Journal* then stated that between 2005 and March 2009, Jianlong had bought into Tonghua Steel at 36% of shares, and had sold his shares at a loss in the 2008 economic meltdown. When the demand for steel increased and Tonghua Steel made a profit in June 2009, Jianlong sought to purchase a majority share of the company. Such naked profit chasing angered workers, and rumours about layoffs and replacements of workers by outsiders were circulated, workers began to gather outside Chen's office. Some workers later found Chen and beat him. Other workers "blocked streets near the factory and hurled bricks, preventing police and paramedics from reaching [him]." Hours later, rescue crews found Chen dead in a dormitory (*Wall Street Journal*, July 31, 2009).

²¹¹ Canaves, S. (2009, Jul 27). Leading the news: China steel protest flares --- rights group reports big crowd of workers, death of an executive, *The Wall Street Journal Asia*, retrieved from <http://search.proquest.com/docview/315579788?accountid=10371>

²¹² Barboza, D. (2009, Jul 27). China steel executive killed in riot, *The New York Times*, retrieved from <http://search.proquest.com/docview/434122958?accountid=10371>

²¹³ Canaves, S., & Areddy, J. T. (2009, Jul 31). China killing bares anger over reform, *Wall Street Journal*, retrieved from <http://search.proquest.com/docview/399060172?accountid=10371>

In sum, media reporting outside of China indicates that the Tonghua Steel privatization was conducted under the instructions of Jilin provincial leaders. Tonghua Steel managers and workers protested such an authoritarian privatization by the local state and Jianlong, particularly because the first privatization attempt had resulted in a large number of layoffs and welfare cuts. Moreover, Jianlong's exit from Tonghua Steel in March 2009 when the market was unfavourable, and its reentry in June 2009 when the market is favourable, demonstrated Jianlong's predatory nature. The last straw was the high-salaried Chen's threat of layoffs. Chen was beaten, and workers blocked rescuers from reaching him. Protesters actually shut down production on the day, wounded one hundred more people and destroyed at least three police vehicles.

In contrast, media reporting in China on this incident downplayed the severity of the riot, supported the official decision on the Tonghua Steel (Tong Gang in China's terms) restructuring, and focused instead on the debate on workers' interest.

According to VOA, no media in China had any information on this event for the first two days following the riot.²¹⁴ According to my research, China's media reports came out only after July 27. However, unlike the Dongzhou shooting, for which there had very few media reports in China, the Tong Gang Incident (in Chinese terms) received approximately 200 reports from July 2009 to December 2013, including those from traditional state media and major popular portals such as Sina.com, Sohu.com, Netease.com, and Tencent (qq.com).²¹⁵ The earliest reports on the Tong Gang Incident were made public on July 27, 2009, three days after the incident. Xinhua News Agency, *Caijing (Finance)* magazine, *New*

²¹⁴ VOA news 2009-07-25, <http://www.voachinese.com/content/a-21-2009-07-26-voa37-60884502/1013888.html>, accessed 2013-11-19

²¹⁵ Google Search with keyword of "Tong Gang Shi Jian"(通钢事件), <http://www.google.com.hk/#newwindow=1&q=%E9%80%9A%E9%92%A2%E4%BA%8B%E4%BB%B6&safe=strict>, accessed 2013-12-12

Beijing Daily (Xinjing Bao), and the 21st Century Net all reported on the event.

Xinhua's report supported the stateheld two Tong Gang privatizations, even though Jianlong's reentry had resulted in the tragedy. The report indicated that some people had instigated the angry workers to beat Chen to death, and police began to investigate this case.²¹⁶ *Caijing* added that the fact that there had been no communication with workers about Jianlong's reentry into Tong Gang prior to the event had set the stage for the incident; the police failure to rescue Chen was a cause of Chen's death.²¹⁷

New Beijing Daily fleshed out the details of the incident by sending two reporters to Tonghua Steel (Tong Gangz) in order to interview workers and witnesses.²¹⁸ According to the report, on July 22, the Tong Gang management was called to a meeting with the Jilin State Asset Committee. Tong Gang president An Fengcheng and three other vice general managers were asked to sign the Tong Gang restructuring agreement, allowing Jianlong to take over a 65% share of Tong Gang. An and the other three managers refused to sign the agreement. However, the committee still announced Jianlong's reentry into Tong Gang to all levels of Tong Gang management on July 23 (*New Beijing Daily*, July 27, 2009). The authoritarian decision aroused fierce disputes. On the morning of July 24, thousands of workers gathered together with banners, protesting Jianlong's reentry into Tong Gang. Some of them surrounded the new management and others shut down production lines. Then, more and more workers joined in the protest, which at its peak numbered about ten thousand. According to the newspaper, some workers reported that Chen Guojun was very harsh to protesters on the second floor of an office building in a Tong Gang factory. Witnesses confirmed that Chen was beaten more than three times and then pushed downstairs from the second floor

²¹⁶ "Share Chang Leads to Beating to Death in Jilin Tong Gang", (Jilin Tong Gang Guquan Tiaozheng Yinfa Da Ren Zhi Si Shijian), Xinhua news 2009-07-27, http://news.xinhuanet.com/legal/2009-07/27/content_11782385_1.htm, accessed 2013-11-25

²¹⁷ *Caijing* news 2009-07-27, <http://www.caijing.com.cn/2009-07-27/110214831.html>, accessed 2013-11-25

²¹⁸ "Tong Gang Incident Series Report", (Tong Gang Shijian Xilie Baodao), <http://news.qq.com/a/20091224/002142.htm>, accessed 2013-11-25. The same report was later reposted on Tencent site (qq.com).

(ibid.). Though police requested that Chen be released, workers refused to do so. Chen was confirmed dead by police that night. After the Jilin State Asset Committee announced Jianlong's permanent exit from Tong Gang, the protest ended (ibid.). The report concluded that the primary cause of the incident was the lack of consultation to the "union" and workers' "representative congress", and that Chen was an unfortunate victim of the conflict between Jianlong's private enterprise culture and Tong Gang's SOE culture.

The 21st Century Net (*21st Century Economic Report*) argued that the primary causes of the incident were low pay, too much overtime, and the welfare cuts that Jianlong had made when it controlled Tong Gang management between December 2005 and March 2009. Ignoring workers' interests resulted in the beating death of Chen and the failure of the Tong Gang restructuring.²¹⁹

The *Jilin Daily* wrote that in the Province's Press Conference, officials said that the workers' petition against Tong Gang's restructuring was addressed through the efforts of the province's special work team, the Tonghua municipal government, the province's police, the Tonghua police, and the Tong Gang Group.²²⁰ The paper supported the decisions on the Tong Gang restructurings and alleged that individuals who were "ignorant of truth" (*Bu Ming Zhenxiang de Ren*) had gathered, sabotaged production lines, blocked raw material transportation lines, and forced production lines to stop working. Others had encouraged workers to blame Chen and to beat him. Still others blocked police and medical help from rescuing Chen by throwing bricks and tiles. To save lives and prevent further escalation, the province's special work team announced an end to the Tong Gang restructuring. At this point, the crowds dispersed

²¹⁹ "Chen Guojun's Death: the Investigation of Jian Long's Exit from Tong Gang", (Chen Guojun Zhi Si: Jian Long Tuichu Tong Gang Diaocha), http://www.21cbh.com/HTML/2009-7-28/HTML_XSJQKOTF8XNF_4.html, accessed 2013-11-25

²²⁰ "Tonghua Gangtie Gufen Gongsu Shengchan Shenghuo Zhixu Huifu Zhengchang" (Tonghua Steel Back to Norm), *Jilin Daily* 2009-07-28, http://jlrszb.chinajilin.com.cn/html/2009-07/28/content_539252.htm, accessed 2014-03-09

and production was restored (*Jilin Daily*, July 28, 2009).

Such a pro-state “report” on the incident was unacceptable even to Xinhua. Xinhua denounced *Jilin Daily*’s use of the phrase “ignorant of truth,”²²¹ stating that many Chinese media used such epithets to condemn the masses for their supposed lack of discretion and to misattribute blame to the masses for their role in violent incidents. Xinhua suggested that the event had been mishandled by the Jilin state, which then tried to place the blame on the workers. For Xinhua, the worker’s interests must be taken into account in any SOE restructuring. Such a denunciation from the media of the State Council was highly appealing to the public, and has been reprinted and reposted hundreds of times (Baidu Search for key words “*qunti shijian zhong shao yong ‘bu ming zhen xiang’*”).²²²

Xinhua’s criticism of *Jilin Daily* has a solid ground. Both the Tong Gang management and the Jilin provincial government and its committee are responsible for the riot and its consequences. On August 2, *New Beijing Daily* asserted the Tong Gang management may have organized the brutal incident, but Hu Pin, the vice general manager of Tong Gang, denied the “rumour”. What is undeniable, however, is that when the Jilin State Asset Committee announced Jianlong’s takeover of Tong Gang on July 22, An Fengcheng and three other officers in the Tong Gang management all opposed the committee’s decision and resigned immediately.²²³ According to the report, many flyers were posted the next day in the factory area and the residency area, urging workers to gather in the plaza at 8 a.m. on July 24 to protest the forced restructuring by the committee. After the riot, An was detained, though without official confirmation (*New*

²²¹ Xinhua news 2009-07-28, http://news.xinhuanet.com/politics/2009-07/28/content_11788078.htm, accessed 2013-12-10

²²² http://www.baidu.com/s?wd=%E7%BE%A4%E4%BD%93%E6%80%A7%E4%BA%8B%E4%BB%B6%E4%B8%AD%E5%B0%91%E7%94%A8%E2%80%9C%E4%B8%8D%E6%98%8E%E7%9C%9F%E7%9B%B8&pn=0&tn=56060048_4_pg&ie=utf-8, accessed 2014-03-10

²²³ “A Vice General Manager Denies Tong Gang Management as the behind organizer of July 24th Incident”, (Fuzong Jingli Fouren Gaoceng Zuzhi Cehua Tong Gang Da Si Ren Shijian), retrieved from, Tencent News 2009-08-02, <http://news.qq.com/a/20090802/000109.htm>, accessed 2013-11-19

Beijing Daily, August 2, 2009). All evidence suggests that the Tong Gang management headed by An, was the organizer of the protest, the paper added. Indeed twelve days later, *New Beijing Daily* reported that Jilin province had dismissed An from his position as the Tong Gang president, and had appointed Gong Aiping, vice mayor of Tonghua, in his stead.²²⁴ The report added that Jianlong's restructuring of the Jilin Mingcheng Steel Company had been very successful. The paper reported that Jianlong argued that the failure of Jianlong's former attempts to restructure Tong Gang had been due to Tong Gang's mismanagement, although Tong Gang denied Jianlong's accusation. This caused a serious dispute between the management of Jianlong and the management of Tong Gang, indicated by the resignation of all four Tong Gang managers in the meeting of Jianlong's reentry into the company and by the dismissal of An (*New Beijing Daiy*, August 14, 2009).

On September 17, the *Economy Reference Daily* (*Jingji Cankao Bao*) asserted that it was the Jilin State Asset Committee's mismanagement of the Tong Gang restructurings that had led to the tragic incident.²²⁵ The paper reported that both of the Tong Gang restructuring were designed single-handedly by the Jilin State Asset Committee and all events were managed by this committee, without the consent of the Tong Gang management or the Tong Gang workers (*Economy Reference Daily*, September 17, 2009). The paper then asked: Why did the Tong Gang management and the Tong Gang workers have no voting rights in the decision-making of these restructurings? Was there an under-the-table agreement between the committee and Jianlong? Why did neither the committee nor Tong Gang benefit from these restructurings? Neither the committee nor the Jilin government had any answer to these questions, which eventually broke

²²⁴ China News net news (Zhongguo Xinwen Wang) 2009-08-14, <http://www.chinanews.com/cj/news/2009/08-14/1817844.shtml>, accessed 2013-11-19

²²⁵ "The State Asset Committee's Myth behind the 'Tong Gang Incident'", ("Tong Gang Shijian" Beihou de Mi), http://jjckb.xinhuanet.com/gdpd/2009-09/17/content_181590.htm, accessed 2013-11-25

out when Jianlong took over Tong Gang on July 24 (*ibid.*). The committee not only holds the state asset but is also the supervising agent; thus it is under suspicion for embezzling the state asset itself, the report suggested. Tong Gang Incident highlights the problems inherent in this supervisory role of the state asset committee; the report called for the real owner of state asset, the People's Congress, to supervise the whole process of SOE restructuring (*ibid.*).

The Justice Net (*Fangyuan Rule of Law*) provided more evidence of the problematic Tong Gang restructurings.²²⁶ The paper reported that the 2005 Tong Gang restructuring had led to high monthly salaries for managers, from tens of thousands to hundreds of thousands of *yuan*, but to low monthly salaries for workers, from 200 to 1,000 *yuan*, and to numerous layoffs. Such discrepancy enraged workers leading to the severe conflict between the Jianlong management and the Tong Gang workers that ended in Chen's death and Jianlong's exit. The restructuring was monopolized by the Jilin State Asset Committee and the Jilin government, according to the report (Justice Net, August 18, 2009). The paper then questioned the legality of this restructuring. A Tong Gang member interviewed by the reporter said that the 2005 restructuring was an under-the-table deal that had led to the huge loss in state asset. Many Tong Gang staff members reported illegal transactions in the restructuring process to the Jilin government and the State Council, there was no response at all, let alone any investigation into these allegations. Guo Hua, a post-doctoral researcher of CASS said that the committee selectively enforced the law to the advantage of the committee and the buyer or Jianlong. The underestimate of the Tong Gang asset in its 2005 autocratic restructuring and the forced restructuring in 2009 both go against the Enterprise State Owned-Asset Law (*Qiyè Guoyou Zichān Fǎ*). According to the Justice Net, the Tong Gang restructurings may have been

²²⁶ "Tong Gang Gaizhi Shifou Weigui" (Is Tonghua Steel Restructuring Legal?), retrieved from Zhengyi Wang (Justice Net) 2009-08-18, http://news.jcrb.com/xwj/200908/t20090818_253091.html, accessed 2014-03-09

illegal (ibid.).

In short, as there was no explicit ban on the reporting of the Tong Gang riot, the media in China evidently questioned both Tonghua Steel management (about its mismanagement of the events) and the Jilin State Asset Committee (about its problematic restructurings). The *Jilin Daily*, the provincial Party organ that is supposedly the speaker of the province, appeased the public and attempted to shift blame for the events onto the workers. However, other Chinese media, including Xinhua, *New Beijing Daily*, *Economy Reference Daily*, and the Justice Net, refuted *Jilin Daily*'s argument and provided evidence to indicate the liability of the committee and the province for their problematic, perhaps even illegal, restructurings, and the liability of the An's Tong Gang management for organizing the riot. Still others argued in favour of preserving workers' rights to participate in the process of privatization and ensuring that workers' interests are protected in this process. However, no Chinese media reported on the wounded or the damage of police vehicles. As a whole, China's media downplayed the severity of this riot and practised somewhat self-conscious control in its covering up of certain details of the event. However, they employed the news value of the incident by publishing various reports that did not cross the Party's bottom line, such as workers' independent unionization and rights of peaceful protest.

C. Chen Yongzhou's Arrest

The last example in this discussion is *New Express*'s (*Xin Kuai Bao*) journalist Chen Yongzhou's arrest for exposing Zoomlion's corporate corruption. Media reporting on Chen's arrest began with the *New Express* appealing to the public to demand Chen's release in China, a daring challenge to Hunan

authorities and the central government. Such an appeal resulted in a great wave of support for press freedom from other media outlets in China. However, the Hunan authority and the central government jointly forced Chen to confess his “acceptance of bribery” for writing “faked news” on CCTV. At this point, almost all media reversed their support of Chen and the *New Express* and instead condemned them. Such a sea change suggests a willingness on the part of news media to take advantage of news value for profit if the state does not intervene, and a swift response of self-censorship and control when the state sets the tone of reporting.

The *New Express* backed Chen’s reports on Zoomlion’s corruption and made daring appeals for Chen’s release. The paper remained silent for four days in the hope of ensuring Chen’s release after his October 18 arrest in Guangzhou by Changsha police on (the *New Express*, October 23, 2013).²²⁷ Days passed, however, managers and journalists of the paper felt hopeless; the *New Express* made a front-page appeal to the public for Chen’s release on October 23 and 24, consecutively.²²⁸ The paper wrote that it had carefully verified Chen’s fifteen critical reports and found that the reporter had conducted serious investigation into Zoomlion’s corporate corruption; he had been wrongfully and illegally detained by Changsha police of Hunan province. The paper hoped that by keeping silent, Chen would be allowed home. But after four days, the paper was appealing to the police, to Zoomlion, and to the public: “please release our journalist Chen Yongzhou!” “We are poor, but we have bones,” concluded the paper, holding that it would not be forced to compromise its journalistic principles (*New Express*, October 23, 2013, A1).

The *Yangcheng Evening News*, the mother paper of the *New Express* supported its subsidiary paper

²²⁷ The New Express 2013-10-23, (Xin Kuai Bao), <http://epaper.xkb.com.cn/>, accessed 2013-11-27

²²⁸ The News Express 2013-10-24, <http://epaper.xkb.com.cn/>, accessed 2013-11-27

and Chen. *Yangcheng* argued for Chen's release and insisted that Chen's arrest violated the law.²²⁹ The paper pointed out that Chen's arrest was an abuse of power by Changsha police because Chen had only undertaken his professional job of investigating corporate corruption, which is the basic function of press supervision. If his was "legally guilty," his imprisonment would threaten press freedom in China, and *thus* all media should urge police to release Chen: defending a journalist's right to investigate is to uphold the rule of law (Jinyang Net, October 23, 2013).

The *Nanfang Daily*, the Guangdong provincial organ, also lent its support to Chen and the *New Express*. It explicitly asked Zoomlion to release Chen because it believed that Zoomlion had convinced Changsha police to arrest Chen.²³⁰ In its report, *Nanfang* first reprinted the *New Express* appeal in its entirety. Then the paper argued that it was Chen's investigative reports on Zoomlion's financial problems that had led to the reporter's arrest and that therefore the legality of Chen's arrest was suspect. It quoted expert legal and journalist opinions on this issue. Last, the paper warned that Chen's arrest was a typical example of local authorities exacting revenge for investigative reporting on corporate corruption in order to protect local businesses. The paper concluded the case reflected the state's attitude towards the Chinese media (*Nanfang Daily*, October 23, 2013).

China's media authority, Xinhua, also questioned the legality of Chen's arrest and reported that the China Journalist Association (CJA), the official (and the only) journalist association in China, had also intervened in the investigation of Chen's case.²³¹ Xinhua added that after the *New Express* rejected Zoomlion's request for negotiation, the assistant to Zoomlion's president Gao Hui libeled the journalist

²²⁹ Jinyang net 2013-10-23, http://sp.ycwb.com/2013-10/23/content_5251876.htm, accessed 2013-11-28

²³⁰ http://news.nfdaily.cn/caifu/content/2013-10/23/content_82422654.htm, accessed 2013-12-02

²³¹ "Tracing the Arrest of the New Express Journalist", (Zuizong <<Xin Kuai Bao>> Jizhe Bei Xingju Shijian), http://news.xinhuanet.com/legal/2013-10/23/c_117844467.htm, accessed 2013-11-28

Chen and uploaded Chen's identification and other personal information to the Internet. The *New Express* then sued Gao Hui in the Guangzhou courts for damaging the paper's reputation and violating the legal rights of journalists, Xinhua wrote.

Previously on October 22, however, *Hunan Daily*, the provincial organ of Hunan province, had already defended the actions of the Changsha police. The paper had published news of Chen's arrest by Changsha police through its official microblog before the *New Express* published its appeal for Chen's release. *Hunan Daily* wrote that Chen had been arrested according to law for reporting that had damaged Zoomlion's business reputation.²³² According to the paper, the case had been reported to Changsha police by Zoomlion itself.²³³

A dramatic, televised media event soon had many media changing their line of argument. On October 26, CCTV broadcasted Chen's televised "confession" while showing Chen, cuffed in a detention room, being interrogated by police while his head was being shaved and he was wearing on prisoner's clothes.²³⁴ The broadcast stated that Chen had admitted to taking bribes of more than half a million *yuan* from a third party for writing "falsified and paid news" in order to tarnish the reputation of Zoomlion and had done no investigation of his own (CCTV, October 26, 2013). On October 27, *Hunan Daily* printed a written transcript of Chen's CCTV "confession".²³⁵

Before this event, many Chinese media had rallied to support Chen when the *New Express* had made its appeal to the public for Chen's release. After the CCTV broadcast, however, many more media outlets accused Chen and the *New Express* for a breach of journalist ethics. Almost all major Chinese portals,

²³² Retrieved from Netease 2013-10-22, <http://news.163.com/13/1022/20/9BQMO41E00011229.html>, accessed 2014-03-17

²³³ Retrieved from Sina 2013-10-22, <http://news.sina.com.cn/c/2013-10-22/202128503244.shtml>, accessed 2014-03-17

²³⁴ Retrieved from Netease 2013-10-26, http://news.163.com/13/1026/06/9C3H1HVL0001124J_all.html, accessed 2014-03-17

²³⁵ Hunan Daily 2013-10-27, http://epaper.voc.com.cn/hnrb/html/2013-10/27/content_738097.htm?div=-1, accessed 2014-03-17

including Netease, Sohu, Sina, and Tencent, reposted official media news or comments. But their tone of the posts matched the tone of the highest media authority, manifested by CCTV. Then, on November 1, almost all major news media and popular portals reprinted or reposted the announcement by China's highest media regulator, the General Administration of Press and Publication (GAPP) under the State Council, warning journalists to abide by professional ethics and not to write paid news.²³⁶

On October 26, the CJA, which had formerly supported Chen, condemned Chen's "paid" news and "falsified" reports through the *Peoples' Daily*.²³⁷ It stated that the police had "confirmed" that Chen had been bribed to write "falsified" reports against Zoomlion. Such deeds seriously "undermined" Zoomlion's business reputation and rendered a great loss to Zoomlion's shareholders. According to the report, Chen's practices violated professional journalist ethics and seriously undermined the creditability of China's press. For these reasons, Chen was liable for what he did (*Peoples' Net*, October 26, 2013).

On October 27, the *New Express* itself also apologized for its two appeals, in the bottom left-hand corner of the sports news page.²³⁸ The paper wrote that Chen had been goaded by other people into accepting money for publishing "false" reports. The paper also admitted responsible for not strictly following editorial procedure in that it had not checked Chen's reports for accuracy and it had made inappropriate appeals to the public that undermined the credibility of press in general. The paper apologized to the public for these mistakes (*New Express*, October 27, 2013, A1).

Ironically, however, Chen's arrest was sanctioned by the relevant authority only on October 30, twelve days after Chen's arrest, approved by Changsha Yuelu District Procuratorate.²³⁹ But *Hunan Daily*

²³⁶ http://news.xinhuanet.com/legal/2013-11/01/c_117973745.htm, accessed 2013-11-28

²³⁷ The Peoples' Net 2013-10-26, <http://society.people.com.cn/n/2013/1026/c1008-23336058.html>, accessed 2013-11-30

²³⁸ New Express 2013-10-27, <http://epaper.xkb.com.cn/view/892484>, accessed 2014-03-17

²³⁹ Hunan Daily 2013-10-31, http://epaper.voc.com.cn/hnrh/html/2013-10/31/content_739832.htm?div=-1, accessed 2014-03-17

offered no justification for the approval of Chen's arrest. Changsha authority's approval of Chen's arrest illustrated the police violation of procedural law itself due to the lack of court warrant for Chen's arrest on the day.

In sum, in the beginning media reporting in China focused on the injustice of Chen's arrest by Changsha police. Many media outlets, including China's only news agency, Xinhua, made appeal to uphold press freedom and to not punish journalists for their reporting of corporate corruption. They charged that Changsha police had arrested Chen illegally due to their lack of evidence and their violation of procedural law. *Nanfang* explicitly argued that the Hunan authorities had done this in order to protect local business where Zoomlion was located. *Hunan Daily*, however, defended the decision to arrest Chen and argued that the police did a "proper investigation" and had sufficient evidence. Then, Chen confessed on CCTV under the interrogation by Changsha police. After Chen's confession, all the media that had formerly supported Chen and the *New Express* now accused Chen and the *New Express* for their breach of professional ethics. In the end, Li Yihang, president and editor-in-chief of the *New Express*, and Ma Dongjin, vice-president, were dismissed on November 1, 2013, for their support of Chen and their open appeals to the public.²⁴⁰

In contrast, media reporting outside of China disclosed many more details about this event and the maneuvers of the Chinese authorities. International media organizations praised the courage of the *New Express* and questioned the legality of Chen's arrest. More importantly, some media questioned the legality of Chen's broadcasted confession, and others argued that the confession might be coerced.

On October 23, VOA praised the daring appeal made by the *New Express*, an "impassioned

²⁴⁰ Sohu news 2013-11-1, <http://news.sohu.com/20131101/n389406044.shtml>, accessed 2013-11-1

front-page editorial with a bold headline” to urge Changsha police to release Chen Yongzhou.²⁴¹ VOA added that Chen’s detention was due to his disclosure of Zoomlion’s artificially inflated profits.

On October 24, the *New York Times* disclosed details about Chen’s arrest and suggested the cause of Chen’s arrest was his reporting on Zoomlion’s corporate corruption. The paper reported that Changsha police had come to Guangzhou and called Chen to a meeting on October 17, but had put Chen into a non-police car, a Mercedes Benz, and had driven to Hunan because they believed that Chen’s reports “falsely” accused Zoomlion, a SOE partly owned by the Hunan government, of “improperly [privatizing] state assets; [spending] 513 million *renminbi*, or \$84.3 million, on ‘abnormal marketing’; and [falsifying] sales and financial information.”²⁴² But according to the report, the *New Express* insisted that Chen had done nothing wrong but report Zoomlion’s financial problems. However, the wide media exposure of Chen’s arrest had caused Zoomlion’s share trading in Shenzhen and Hong Kong to be temporarily suspended, the report added.

The *Wall Street Journal* reported the public outrage and expert criticism of Changsha police’s arrest of Chen. According to the paper, there were more than 5,000 critical comments on the official statement issued by Changsha police through its official microblog, which accused Chen of “the crime of damaging a commercial reputation.”²⁴³ In addition to the public’s outrage to Changsha police, the *Journal* added that Yu Jianrong, an outspoken sociologist at CASS, had written on his microblog that police were supposed to uphold the rule of law rather than protect certain companies and people, and Chen’s arrest was a serious abuse of police power.

²⁴¹ Chinese newspaper calls for police to release reporter. (). Lanham: Federal Information & News Dispatch, Inc. Retrieved from <http://search.proquest.com/docview/1444149357?accountid=10371>

²⁴² Ramzy, A. (2013, Oct 24). Chinese newspaper urges police to free reporter, *The New York Times*, retrieved from <http://search.proquest.com/docview/1444451852?accountid=10371>

²⁴³ Page, J. (2013, Oct 24). World news: Asia: China paper makes rare appeal, *The Wall Street Journal Asia*, retrieved from <http://search.proquest.com/docview/1444556347?accountid=10371>

The BBC reported that even China's official journalist association (CJA) paid attention to Chen's arrest and the police's illegal detention of a journalist for exposing corporate corruption. According to the BBC, CJA urged Hunan local authorities to offer a "convincing and justice-based explanation" of Chen's detention, or release Chen.²⁴⁴ Such an intervention on the part of CJA generated a great wave of media and popular support in China.

On October 24, the *Financial Times* lauded the *New Express* and reported that even China's conservative mouthpieces supported Chen. The paper said that the *New Express* appeal was unique in China because it challenged Changsha police regarding Chen's detention, and such an appeal attracted attention in microblogs for criticizing the police.²⁴⁵ Moreover, Chen's audacious reports had won the support of the *Global Times*, a subsidiary of the *People's Daily* and a conservative Party mouthpiece, and of *Caijing* magazine, a bold and influential media outlet. On October 28, the *Financial Times* further reported that even Xinhua, the Communist Party mouthpiece, questioned the police's arrest of Chen and urged the police to "give more evidence or release [Chen]."²⁴⁶

On October 24, the *Daily Telegraph* argued that Zoomlion had convinced Hunan authorities to arrest Chen. Zoomlion was not only partially owned by the Hunan government but also operated by a person with connections to the Hunan authorities. The father of Zhan Chunxin, Zoomlion's executive, had once been the head of the supreme court of Hunan, and Zhan's father-in-law had once been the deputy Party secretary of Hunan.²⁴⁷ Many people in their microblogs had also suggested that the Hunan government

²⁴⁴ China journalist association urges authorities to explain reporter's detention. (2013, Oct 24), *BBC Monitoring Asia Pacific*, retrieved from <http://search.proquest.com/docview/1444555812?accountid=10371>

²⁴⁵ Sevastopulo, D., & Zhu, J. (2013, Oct 24). Chinese press takes on police after arrest of journalist, the *Financial Times*, retrieved from <http://search.proquest.com/docview/1461029997?accountid=10371>

²⁴⁶ Sevastopulo, D., & Zhu, J. (2013, Oct 28). Chinese paper in apology over reporter, the *Financial Times*, retrieved from <http://search.proquest.com/docview/1462076323?accountid=10371>

²⁴⁷ Moore, M. (2013, Oct 24). Newspaper pleads for reporter to be freed, the *Daily Telegraph*, retrieved from <http://search.proquest.com/docview/1444539650?accountid=10371>

was trying to protect Zoomlion (*Financial Times*, October 28, 2013).

However, Chen “admitted to accept[ing] bribes for publishing fabricated reports” on Zoomlion’s business activity on CCTV on October 26, according to the *Wall Street Journal*.²⁴⁸ But such a televised confession, with Chen in handcuffs before a court hearing, raises concerns about China’s commitment to due process (ibid.). In fact, Zoomlion filed the police report against Chen with the support of the Hunan government, which owns one-sixth of Zoomlion, and media professionals worry that “police are overstepping their legal jurisdiction in criminalizing civil disputes” (the *Financial Times*, October 26, 2013).²⁴⁹ A Shenzhen lawyer contested the arrest, saying that there was a serious issue with procedure, and “it’s up to the court to decide whether he’s truly guilty” or not, rather than determine his guilt by a televised confession (BBC, October 28, 2013).

On October 26, the BBC reported that the news of Chen’s arrest had caused Zoomlion’s stock to fall 11.6% on the Hong Kong Stock Exchange and 8.6% on the Shenzhen Stock Exchange in three days.²⁵⁰ Moreover, both China’s official CJA and China’s state media regulator GAPP intervened and expressed concerns about Chen’s detention, but the final decision will be made by the propaganda department, the BBC added. After Chen’s confession, according the BBC, the *New Express* apologized for its publication of false stories.²⁵¹ Then, on November 1, GAPP called all media outlets and reporters to take lesson from Chen’s unethical conduct. Guangdong GAPP revoked Chen’s press card and dismissed the president and

²⁴⁸ Page, J. (2013, Oct 26). China state TV shows reporter confessing to taking bribes; Chen yongzhou admits to publishing fabricated reports; televised confessions raising concerns over due process, the *Wall Street Journal* (Online), retrieved from <http://search.proquest.com/docview/1445220757?accountid=10371>

²⁴⁹ AP. (2013). China reporter chen yongzhou detained over zoomlion stories, the FT.Com, retrieved from <http://search.proquest.com/docview/1461491297?accountid=10371>

²⁵⁰ Lawyers talk to detained Chinese reporter - Hong Kong paper. (2013, Oct 26), the *BBC Monitoring Asia Pacific*, retrieved from <http://search.proquest.com/docview/1445035220?accountid=10371>

²⁵¹ Chinese newspaper apologizes for reporter's "untrue stories". (2013, Oct 27), the *BBC Monitoring Newsfile*, retrieved from <http://search.proquest.com/docview/1445254734?accountid=10371>

vice president of the *New Express* (the BBC, November 2, 2013).²⁵²

However, the truth of Chen's confession might not be what the CCTV televised. According to the *Wall Street Journal Asia* on October 30, Chinese political analysts suggested that Chen's televised confession might have been coerced.²⁵³ The paper further commented that it was problematic for Chinese authorities to broadcast an alleged confession before Chen was charged with a crime, and worse if the police criminalized what was a purely civil matter between Chen and Zoomlion. Chen's reports about Zoomlion's financial fraud had seemed plausible to many observers, both because it is common for many Chinese firms to cook their books when facing similar financial stresses and because Chen's arrest caused a dramatic fall of Zoomlion's stock prices when "investors thought it was part of a cover-up" (*Wall Street Journal*, October 30, 2013).

More convincingly, the *Epoch Times* showed evidence of Chen's forced confession: Chen's neck had two bloodstained lines that can be seen clearly in CCTV's confession video on October 26.²⁵⁴ The paper provided a screenshot of the video and the picture does show two bloodstained lines on Chen's neck. These two bloodstained lines might be an evidence of torture by Changsha police, which might force Chen to "confess" in order to preserve his life (*Epoch Times*, October 27, 2013).

Radio Free Asia (RFA) confirmed that Chen's confession was orchestrated by CCTV and Changsha police and backed by the Central Propaganda Department. On October 30, RFA interviewed a former Chinese journalist who said that the Central Propaganda Department had instructed that it was necessary

²⁵² China watchdog urges journalists to "take lessons" from arrested reporter. (2013, Nov 02), the *BBC Monitoring Asia Pacific*, retrieved from <http://search.proquest.com/docview/1447738634?accountid=10371>

²⁵³ The reporter and china's economy, (2013, Oct 30), the *Wall Street Journal Asia*, retrieved from <http://search.proquest.com/docview/1446674681?accountid=10371>

²⁵⁴ Epoch Times news 2013-10-27, <http://www.epochtimes.com/b5/13/10/27/n3996434.htm?photo=2>, accessed 2013-11-18

to disclose the journalist's "bribery."²⁵⁵ Changsha police had the made Chen confess, and CCTV had sent its reporters to Changsha to videotape Chen's confession in a detention room with his head shaved and his hands cuffed (*Financial Times*, October 26, 2013).²⁵⁶ Through this manoeuvre, the highest authority shifted the media's focus from blaming the state for suppressing journalist rights and press freedom to blaming Chen for his breach of professional ethics and his acceptance of bribes. Such a "confession" is rare since the end of the notorious Cultural Revolution when those suppressed people were forced to bend their knees and lower their heads in front of thousands of people to be scolded and beaten by red guards.

Not only might Chen's confession have been forced, but the *New Express* may also have been forced to apologize. On October 28, the BBC reported that the apology was a coerced one after one of its the reporters interviewed two journalists from the *New Express*.²⁵⁷ One interviewee said the *New Express* had received an order from above to apologize, and the other said the paper could not beat the government and had chosen to sacrifice Chen, the BBC noted.

As a whole, media reporting outside of China painted a picture of Chen's arrest that was very different from that presented by media inside China. First of all, there was no sharp turn in the tone of reports on Chen's case by media outside of China. All media praised the *New Express* appeal were sympathetic of Chen and decried the removal of the *New Express* president and vice president. Second, outside reporting questioned the legality of Chen's confession and investigated whether Chen was forced to confess. Third, outside reporting argued that the apology of the *New Express* was also forced by relevant authorities. China's media as a whole did not question the legitimacy of Chen's confession or the *New*

²⁵⁵ RFA news 2013-10-30, <http://www.rfa.org/mandarin/yataibaodao/meiti/yl-10302013162738.html>, accessed 2013-11-18

²⁵⁶ AP. (2013), China reporter Chen Yongzhou detained over Zoomlion stories, FT.Com, retrieved from <http://search.proquest.com/docview/1461491297?accountid=10371>

²⁵⁷ Hong Kong daily quotes unnamed sources at Chinese paper on "forced" apology. (2013, Oct 28), *BBC Monitoring Newsfile*, retrieved from <http://search.proquest.com/docview/1445436080?accountid=10371>

Express's apology and swiftly turned to condemn both the journalist and the paper. China's media forfeited their professional journalistic principles and practised media control by following the call of their media regulator GAPP, though some media had formerly supported Chen and the *New Express's* pursuit of press freedom.

To conclude, in all three cases, media reporting inside China was generally more conservative and less investigative than reporting outside of China. Media reporting on the Dongzhou shooting inside China, published only by Xinhua and relevant Guangdong media and their publications, are not reports on the brutal massacre, but, rather, government announcements and justifications for the shooting. These media outlets acted as mouthpieces of the state, as they are required to be and claim to be. Unconditional media control was practiced by these media organizations due to the state ban on reporting on the bloody massacre. None of China's media demanded justice for Dongzhou victims, nor did anyone publish any investigation into the massive shooting.

Media reporting inside China on the Tonghua Steel riot received generally wider coverage and was more questioning in tone. Although *Jilin Daily* denied the liability of the Jilin authorities and the Tong Gang management and attempted to shift this liability to the workers, many of China's media including Xinhua criticized such an "irresponsible report" and questioned the authoritarian Tong Gang restructuring that disregarded workers' interests and Tong Gang management's opinion. However, none of China's media reported on the one hundred wounded or the police vehicle destruction in the conflict. China's media generally appealed to the absolute principle of press freedom for broadening their "reports" but avoided revealing the full story of the bloodshed. Thus, the Chinese media again practised marketizing media control because they published various reports and comments on the event and made some use of

the news value of the event, but they avoided reporting on the large-scale bloodshed and destruction of police vehicle, nor did they touch on the sensitive topics of independent unionization and workers' rights to protest, even though the state did not set a ban on media reporting on the event.

Media reporting on Chen Yongzhou's arrest inside of China illustrates the turn in tone, from one supportive of Chen and the *New Express* to one that denounced them. Although *Hunan Daily* defended Changsha police and Zoomlion for arresting Chen, many Chinese media accused Changsha police of violating procedural law and lacking adequate evidence. However, after CCTV broadcast Chen's forced confession, no Chinese media dared to question its legitimacy. Moreover, none of the Chinese media investigated the legitimacy of the apology made by the *New Express*. Media reporting outside of China made investigations and provided another perspective. Therefore, China's media as a whole, except for the *New Express* (which was likely forced to apologize), practised marketizing media control because they made full use of the news value of Chen's arrest when the *New Express* appeals for Chen's release were not banned, and then followed the repressive tone set by the highest authority. None dared to question Chen's problematic confession or the *New Express*'s apology but instead turned to condemn Chen and the *New Express*.

To sum up, China's media have performed marketizing media control differently in these three cases. In the Dongzhou shooting, China's media collectively demonstrated absolute media control by being mouthpieces of the state rather than telling the truth, though they made some small use of the news value of the shooting for official news briefing purposes. In the Tonghua Steel Riot, many of China's media made use of the news value of this riot, but overall they practised marketizing media control for profit, downplaying the severity of the riot and not daring to mention issues of workers' independent unionization

or rights to protest. In the case of Chen's arrest, China's media made full use of the news value of Chen's arrest in the beginning but practised media control soon after the highest authorities defined the repressive tone of Chen's arrest. Over the course of the event as a whole, they practised marketizing media control for long-term survival and profit because they set aside their journalistic principles when they failed to investigate Chen's problematic televised confession and the *New Express* apology. Such evidence of media reporting in China demonstrates marketizing media control in these three particular cases (though to different extents) and illustrates general patterns of media behaviour in China.

It is worth noting that there is a marked difference between self-censorship and marketizing media control. The former is voluntary, and the latter is coerced. Anne S. Y. Cheung (2003:2) argues that "[s]elf-censorship generally refers to a mechanism of an anticipatory avoidance of official or social sanctions." In Hong Kong, there is no systematic media censorship by a designated government department, nor is there official punishment such as imprisonment. Avoiding sensitive political issues, especially those related to Beijing, is the major form of press self-censorship in Hong Kong. Thus, self-censorship is voluntary. In China, however, when the Party Propaganda Department and relevant state agencies control the ownership of traditional media and personnel appointments, and frequently imprison journalists and close down media organizations, marketizing media control is coerced. In the Dongzhou shooting, the Party-state issued an explicit ban on reporting on the event in all China's media. Precedent-setting punishment of the media in CCP history meant that the media practiced self-control, in order to avoid having their journalists imprisoned or their media organizations closed. In the Tonghua Steel riot, many media made use of the event's news value, but still did not discuss independent unionization or workers' rights to peaceful protest. In the case of Chen's arrest, many media at first openly

challenged Hunan authorities, but practised coerced media control soon after the highest authorities condemned Chen instead of investigating Zoomlion's corporate corruption. Again, Chinese media were forced into compliance in order to avoid imprisonment or closure.

Marketizing media control shows the movement between the Party line and the bottom line in the above three cases. The market logic of news reporting was forestalled by the state ban on the reporting on a state massacre in the first case, and media control was rigidly implemented by sticking to the Party line. However, when there was no overt state intervention, market logic played an important role in media reports on a workers' riot in the second case, while media control played only a marginal role. In this case, most media attempted to move to the bottom line but stopped short of reporting on taboo issues. In the last case, when the state did not intervene in media reporting in the beginning, appeals for justice and press freedom attracted popular attention and many media outlets reported on Chen's arrest. In other words, market logic prevailed in the early days of this event and news media were critical of Changsha police. In contrast, when CCTV stepped in and expressed the state's viewpoint, all media became critical of Chen. In other words, state intervention played a pivotal role in media control. In sum, marketing media control moves media content between the Party line and the bottom line of the Party's tolerance when state repression is evident. Arguably, if state repression were absent, China's media would report on all aspects of these events, as they did during the 1989 Student Movement.

Punishment as a Way to Redraw the Boundary of the Media

Punishment is a way to shape the media market space to contribute to the image of a competent state as well as a vibrant Chinese economy. The Party needs the media to present to the Chinese public the

image of a rising China and a competent Chinese government. This confirms the legitimacy of Party rule. For this reason, the Party shapes the media whenever and wherever it sees fit through punishment.

However, the state use of punishment is selective. It is not a daily practice, nor a large-scale one. It functions only as an instrument to redraw the boundaries of the media market because the Party needs smart media to be helping hands rather than stooges as they were in the 1950s and 1960s. Particularly, the Party needs the media to tell partial truths and to direct public away from government malpractice and corruption and from the structural problems. In the Party's words, the media are required to guide public opinion towards Party orientation. Punishment has accomplished this purpose. Media professionals have internalized the Party ideology into their work as a result of marketizing media control, which imposes a constant and daily control over them while at the same time offering attractive material compensation and benefit prospects. The media are not only docile in this regard but they are also good to tout the Party line. They have depicted a harmonious, prosperous, and fast-growing China to the world, to the extent that many North Americans believe China is a threat to their future.

For the media market, the threat of punishment serves to redraw the bottom line of the Party's tolerance. The bottom line may not be constant, indicated by many media professionals, particularly those being punished. For instance, Huang Liangtian, the former editor-in-chief of *Baixing* magazine, testifies that punishment "can be decided by a memo from a ministerial official, a telephone call, or even on an inexplicable whim" (Huang 2008a: 59). For a media organization, maximizing profit means attracting audiences. Journalists thus might risk crossing the bottom line, inviting punishment, because they are not certain where or when punishment will be applied, as argued by Hassid (2008). Punishment might be imposed on journalists or media organizations at the whim of a particular Party leader or, the Propaganda

Department or as a result of a specific political climate.

Punishment of defiant journalists is selective. This measure, together with the material compensation, constitutes a typical carrot and stick strategy wielded by the Party-state, though it is less frequently implemented than it used to be. This section first explains that the threat of punishment mainly is mainly that: a threat. Second, it presents data on overall repression of the media. Third, it categorizes the types of punishment. Finally, it fleshes out a significant case, illustrating the potential severity of punishment for journalists.

First, selective repression occasionally affects certain media organizations, suspending some programs and dismissing or imprisoning media professionals or forcing them into exile. He (2008) argues that punishment is used as a threat. She writes, “today [China’s media] are increasingly becoming Party mouthpieces under the twin policies of enforcing propaganda discipline and ‘punishing a few as a warning to many’” (He 2008:31). Before 2003, the Propaganda Department was mainly concerned with certain media organizations, such as *Southern Weekend (Nanfang Zhoumo)* and *Beijing Youth Daily*, and with some particular programs, such as CCTV’s *Focus Interview*, and *Oriental Time and Space*. Selective repression was imposed only on those determined to defy the regime. After the 1989 cleansing, however, few defiant reports have been published; arguably, selective repression has been effective. When imposing punishment, the state often fabricates crimes to persecute journalists:

The principle of “handling political questions by nonpolitical means” has been firmly established. People are no longer officially punished for political or ideological “crimes” or “crimes of conscience,” and only in the absence of evidence of corruption (genuine or fabricated) is a person charged with “endangering state security,” “leaking state secrets,” or “incitement to subvert state power” (He 2008:13).

The regime’s charges of corruption, endangering state security, leaking state secrets, and subverting

state power are intended to demonize journalists who dare to report on social malaise, power abuses, or corruption. The fabricated charges reflect the insidious and unprincipled nature of the state.

Second, statistics and overall data on state repression show that the state's punishment of journalists and media organizations is sporadic and selective. I count only punishments after 1989, and the overall picture of punishment can be illustrated by this data, though not perfectly. According to He (2008) and the Freedom House Annual Report on Press Freedom in China from 2003 to 2012, by the end of 2012, 435 journalists had been jailed, which is elaborated as following. Before 2003, "according to Human Rights in China, by October 2003 at least sixty-nine journalists and dissidents had been detained or imprisoned for publishing or distributing essays on the Internet" (He 2008:189). But Human Rights in China does not have the statistics for journalists who were detained or imprisoned for reports published in traditional media by 2003. Overseas sources show that in 1989, hundreds, perhaps thousands, of journalists were interrogated by the regime, but they do not indicate exact numbers for those imprisoned. Therefore, the data presented here may not accurately reflect the number of journalists jailed by the regime between 1992 and 2002. According to the Freedom House China Report 2003-2012, China jailed 366 journalists during these years. Thus, the total number of jailed journalists in China available from 1992 to 2012 is 435.

In 2003, "according to the Committee to Protect Journalists, as of December 2002 Chinese jails held 36 journalists, 14 of whom were serving time for publishing or distributing information online" (Freedom House Annual Report on Press Freedom of China²⁵⁸ [Freedom House China Report 2003]). The organization reported in 2004 that, "at the end of [2003], Chinese jails held 39 journalists, including one South Korean, according to the Committee to Protect Journalists. Other journalists have been harassed,

²⁵⁸ Freedom House Annual Report on Press Freedom of China in 2003, <http://www.freedomhouse.org/template.cfm?page=251&year=2003>, access on December 5 2008

detained, threatened, or dismissed from their jobs because of their reporting” (Freedom House China Report 2004²⁵⁹). Likewise, in 2005, China imprisoned 42 journalists, the highest number of country in the world (Freedom House China Report 2005²⁶⁰). In 2006, China jailed 32 journalists, more than any other country in the world (for the seventh year in a row) (Freedom House China Report 2006²⁶¹), 32 in 2007, 29 in 2008, 30 in 2009, 34 in 2010, 27 in 2011, and 67 in 2012 (Freedom House China Report 2007-2012).

Of the 69 journalists jailed before 2003, He (2008) explains that “most were convicted of ‘incitement to subvert the state,’ ‘endangering national security,’ or ‘leaking state secrets.’ These arrests and heavy sentences were intended to intimidate other cyber dissidents into silence” (He 2008:189-190). Moreover, “the arrest of Zhao Yan, Liu Shui, and more than eight other journalists in 2004 earned China a reputation as the world’s biggest prison for authors and journalists” (He 2008:190). During the period of 2000-2008, China jailed the highest number of journalists in the world, and put hundreds of cyber dissidents in jail (Freedom House Annual Report of Press Freedom in China 2000-2008). These statistics demonstrate the severity of the state’s punishment of defiant journalists.

Freedom House does not list how many journalists have been detained, harassed, and disciplined by the regime, however. Thus, it is difficult to calculate how many journalists suffer from such repression (though *Censorship Index* and Reporters without Borders occasionally publish some lists).

The threat of punishment also affects media organizations. Some media outlets have been closed, such as *Shenzhen Pictorial Journal* (de Burgh 2003: 119); others have been reshuffled or regrouped, such as *Bailing* magazine (Huang 2008a); and still others have been reoriented, such as the *Southern Weekend*

²⁵⁹ Freedom House Annual Report on Press Freedom of China in 2004, <http://www.freedomhouse.org/template.cfm?page=251&year=2004>, access on December 5 2008

²⁶⁰ Freedom House Annual Report on Press Freedom of China in 2005, <http://www.freedomhouse.org/template.cfm?page=251&year=2005>, access on December 5 2008

²⁶¹ Freedom House Annual Report on Press Freedom of China in 2006, <http://www.freedomhouse.org/template.cfm?page=251&year=2006>, access on November 29, 2008

after 2003(He 2008:138).

Third, punishment can be categorized into four different types. The first type is punishment for no apparent challenge to Party ideology. For instance, “Peking monthly *Fangfa* was suspended abruptly on 12 March 1999 for no obvious reason except that it had established a reputation as a frank media of discussion about political and economic reform” (de Burgh 2003: 119). Moreover, the same kind of “offense” may be punished differently. For example, “Canton’s *News Weekly* was given a four-month suspension for mentioning the 1989 Tiananmen massacre in December 1998, while *Shezhen Pictorial Journal* was banned indefinitely for similar sins in January 1999” (de Burgh 2003: 119). The second type of punishment is punishment of media organizations that violate the taboos of the Party. For example, “in June 1999, journalists associated with the banned China Democracy Party were imprisoned for producing an unauthorized magazine and distributing articles on the Internet; the following month three journalists who tried to publish an independent magazine for workers were also imprisoned” (as cited in Burgh 2003:25). Chinese democracy and independent media for workers are among the most sensitive topics for the state because they challenge the legitimacy and ruling authority of the regime. The third type of punishment targets individual media professionals, but does not aim to destroy the media organization if the media organization is lucrative. Such measures are to ensure that the media will continue to make a profit for the state. For example, “in March 2004, *Southern Metropolitan Post* General Manager Yu Huafeng and Vice President Li Minying were sentenced to 12 and 11 years respectively for alleged corruption concerning the distribution of bonuses by the editorial board” (Esarey 2006:6). Finally, the fourth type of punishment is used as a means of eliminating a media organization that is neither lucrative media nor a Party organ. For instance, “the *21st Century World Herald* was closed down in March 2003

for a series of controversial articles, including one interviewing Li Rui, a former secretary of Mao Zedong, who advocated democratization of the CCP leadership structure” (Esarey 2006:6). This measure fits with the Party’s macro-management strategy.

Finally, this section fleshes out a significant case to show what can happen to those who test the limits of Party tolerance. In recent Chinese media history, punishment of the *Southern Weekend* has been influential both in the media sector and in society at large. No doubt, this paper was one of the boldest media organizations in China: it had published investigative stories and called for political reform, and though it stopped short of democratic discussion, it had become a thorn in the side of the Party-state.

He (2008) argues that four factors account for the paper’s political survival before 2001. First, it had been protected by a Guangdong locality dominated by Ye’s family while Ye Jianying was the major figure of two marshals who helped bring down Maoists-Gang of four, and rehabilitated Deng Xiaoping into the center of Chinese politics in a political *coup* in 1976. But when Ye’s family lost its protective force in Guangdong, the chance for revenge came in 2001(He 2008:126). Second first editor-in-chief “Zuo Fang’s guiding principle in running his newspaper was an emphasis on ‘hitting edge balls’” (He 2008:126), meaning that his goal was not to run counter to Party ideology but to relate social problems to the state. Jiang Yiping, Zuo’s successor, managed the paper in the same manner as Zuo (He 2008:126). Thus, in general, the paper did not directly conflict with Party ideology. Third, the Party organ *Southern Daily*, the mother paper of *Southern Weekend*, had provided a protective umbrella for *Southern Weekend* (He 2008:131) and defended it from outside complaints for years. Finally, the paper exposed malpractice and corruption primarily outside its own domain, Guangdong, which made state revenge more difficult (He 2008:131).

Nevertheless, the blow fell following the publication on April 19, 2001, an article entitled “The Growth of a Violent Gang,” and a commentary article on April 26, “Reexamining the Zhang Jun Case” (He 2008:137). The article argues:

In a sense, when people from the lowest rungs of society, such as Zhang Jun, break the rules, they do so because those who make the rules are also breaking them. When people in high places, such as Cheng Kejie (the former vice chairman of the National People’s Congress) and Hu Changqing (the former deputy governor of Jiangxi Province), amass huge amounts of wealth by breaking laws overtly and covertly, their conduct is essentially no different from Zhan Jun’s. What is more, they set the worst possible example. The only difference is that, thanks to their positions of authority, Cheng Kejie and Hu Changqing were able to amass their wealth in a sophisticated but, nonetheless, illegal manner, while people like Zhang Jun, who lack power and authority, resort to the only means available to them: brute violence. According to an expert in the field, the poor and powerless are increasingly resorting to violence as a means of redistributing the wealth of the rich and powerful. This should give us pause for reflection (as cited in He 2008:137-138).

This article implies that there may be justification for a resort to violence in the minds of the poor and the victimized. This implication enraged the central Propaganda Department and struck a chord with the authoritarian regime, who feared national revolution. For this publication, “the Central Propaganda Department exerted pressure on the Guangdong Provincial Propaganda Department and, in May 2001, the Guangdong Propaganda Department removed the newspaper’s editor-in-chief Jiang Yiping, Chief Editor Qian Gang, News Director Zhang Ping, and an editor and a journalist who contributed to the articles” (Esarey 2006:6). In other words, “this time around, *Southern Weekend* was purged from top to bottom” (He 2008:138). Later, the Party continuously manipulated its power to appoint and remove personnel at the paper: “By 2003, the government’s strategy of putting new wine into an old bottle had sapped *Southern Weekend’s* former spirit of social criticism” (He 2008:138). From then on, the paper lost its taste for investigative journalism. No other paper has dared to emulate the former *Southern Weekend*. Conformism to Party ideology has dominated the media.

Such extreme punishment has been practiced only rarely, however, as demonstrated in the repression data. Roughly 0.04% of journalists, or fewer than 4 out of 10,000, have been punished since 1992 (see p.93). For the state, punishment of one individual or organization is intended to intimidate others. It aims to stop journalists from violating Party taboos. Second, punishment is a way to restructure the media market. The Party treats lucrative and non-lucrative media, and Party organs and non-Party organs, differently. It never destroys its cash cows (that is, its prosperous media outlets), such as *Southern Weekend*, *Nanfang Metropolitan Daily*, and *Freezing Point*, a weekly supplement of *China Youth Daily*. Instead, it reshuffles their media managers and punishes their journalists. It does, however, close down non-lucrative media, such as *21st Century World Herald*. Third and most importantly, punishment functions as a way to redraw the bottom line of Party tolerance. As insiders confirm, there is no fixed bottom line except for democracy, human rights, independent unionization, Taiwan Independence, ethnic split, and the private lives of Party leaders. The Party willfully demarcates what is tolerable and what is not and arbitrarily judges who is tolerable and who is not. After punishment, media professionals know the new bottom line, with the precedent of punishment serving as reference. In this manner, the Party draws and redraws the bottom line for the media market.

Punishment is not as severe as it used to be and rarely results in loss of life, as it did in the 1950s and 1960s. Now, media professionals can opt out of their work if they could not put up with Party compliance pressure. However, most media professionals enjoy their work under compliance pressure because media marketization has provided them with material gains. This is why marketizing media control works, controlling media professionals and organizations by punishing only a few.

To summarize, media marketization provides a precondition for marketizing media control to work.

The Party's macro-management through grouping and regrouping has shaped the media market to the advantage of the Party organs and their flagship broadcasts, the stronger in the Chinese authoritarian context. Job responsibility initiated marketizing media control. After institutionalizing the contract-responsibility system, the market mechanism of control and the Party's media control fused and consolidated the new marketizing media control. The 1989 Tiananmen Massacre forced media professionals to begin their mentality change from a contentious desire to pursue democracy and justice to a docile one to pursue material interests. Over time, rich material compensation completes their mentality change and they comply with Party ideology. In addition, media organizational binding strengthens collective marketizing media control as well. Finally, yet importantly, punishing defiant journalists serves to redefine the bottom line and restructure media organizations, making them fit within the Party's grand media indoctrination framework. As a result, the media have become an entertainment and indoctrination machinery.

Chapter Six: Marketizing Media Control of China's New Media

New media have risen rapidly in China since the 1990s with telecommunication, satellite television and the Internet comprising their majority. They have risen since the late 1990s and have attracted great attention and even hot debate about their subversive nature. This section examines each of the main new media forms – telecommunication, satellite television and the Internet to see whether they have brought about revolutionary change to China's media, particularly whether they have escaped the marketizing media control.

Although telecommunications held the promise of bringing revolutionary change to China's media, it turns out to be the least influential of the major forms. Lynch (1999) argues that China has gradually lost its grip on the media due to the rapid proliferation of telecommunication and satellite television. Especially, the fast expansion of telecommunication led Lynch to believe that the Chinese state lacked the technology to control communications among end users including landline, paging, cell phone, and faxing users. However, international technology giants, such as Cisco system, Google and Microsoft solved the problem for the Party-state by providing monitoring and filtering hardware and software to the state to control online websites and users (He 2008:175; *Times Online*, Feb. 15, 2006). Indeed, “[t]ext messaging via a mobile phone potentially offers more freedom...However, messages can still be monitored by means of tracking technology. This is controlled by mobile phone operators on behalf of the Party-state” (Brady 2008:143). For example, “[d]uring the 2002-2003 SARS crisis, at least twelve people were detained by the PSB [Public Security Bureau] for spreading rumors via text messaging” (ibid.). Moreover, according to Brady (2008:143), in November 2005, “police detected 107,000 illegal short messages and shut down

9,700 mobile accounts”. In China as a whole, by 2005 there were “2,800 surveillance centers to monitor SMS [short message service] traffic” (ibid.). These mobile phone operators are all SOEs: China Telecom, China Mobile, and China Unicom. These SOEs are firmly controlled by the Party and are under direct monitoring of the Ministry of Industry and Information (MII) (Lynch 1999:41). Thus, large-scale disturbances against the state have not broken out yet, though rumors circulate occasionally in the telecommunication. Nevertheless, due to its current one-to-one communicative nature and the tight control by loyal communists, China’s telecommunications fail to be a potential mass media that challenges the state.

Satellite television indeed has the potential to topple a repressive regime because it can directly transmit any world news and information to viewers. Theoretically, the state cannot stop all subversive media from all over the world to edify the Chinese people. In 1993, Rupert Murdoch, the president of News Corporation, claimed “that totalitarian regimes were imperiled by modern telecommunication technology” (McCormick and Liu 2003:149). China is among these regimes he referred to. Indeed, many Chinese people tuned into Murdoch’s Star TV in the early 1990s, and the state could not stop them from tuning into it, especially in rich coastal areas. However, the state used regulatory means to push Start TV and other satellite television services out of the market. For instance, “the Ministry of Radio, Film, and Television finally ordered three domestic satellite television broadcasters to switch from AsiaSat 1 to AsiaSat 2, from which StarTV can transmit only encrypted channels” (Zhao 1998:177). As a result, many people could not view Star TV anymore. Moreover, the former Premier Li Peng signed Decree No.129 of 1993 on October 5, 1993, banning the individual reception of satellite television with the maximum fine of 5,000 *yuan* and the illegal unit reception (organizational reception) with a maximum fine of 50,000 *yuan*

(Lynch 1999:185-86). Soon after promulgating the decree, a nationwide crackdown on satellite dishes began, but the effect was mixed. Though private purchases of dishes dropped dramatically, unit purchases of dishes had remained the same or even increased after six months of the crackdown (Lynch 1999:187-88).

However, the effect of the regulations and crackdown on Rupert Murdoch was notable. According to McCormick and Liu (2003:149), “[Murdoch] and his son spent the remainder of the decade adjusting policies to please Beijing. Murdoch dropped the BBC from his Asian satellites, forced an editor who often criticized China to leave his prestigious British paper, *The Times*, and scuttled plans to publish a book by Christ Patten, the last British governor of Hong Kong”. Murdoch’s efforts to catering China were rewarded. In 1996, Murdoch was allowed to operate a joint venture in China with other two mainland media companies: Asia Today and China Wise through his News Corporation. This joint venture is Phoenix Satellite Television, targeting the mainland Chinese media market with its headquarters in Hong Kong (Harrison 2002:175). Phoenix was welcomed in China, particularly by intellectuals. Chan (2003:167) writes that, “[a]s of September 1999, [Phoenix’s] Chinese channel could reach about 42 million households and about 147 million people or 13.1 per cent of the national audience... A report by A.C. Nielson in mid-1999 revealed that the audience of Phoenix Satellite TV generally shows a better profile than the average television audience.” Although Phoenix lost a lot of money in its start-up period, by the end of 2000, it became “highly profitable” (Harrison 2002:175-76).

According to Qinglian He, Murdoch’s approach was “to always steer clear of politics and to show no interest in democracy, freedom, or human rights in China. Even the issue of people’s living standards, which the Chinese media do cover, [was] outside his purview. Consequently, Murdoch has shown studied

indifference to liberating the Chinese media” (He 2008: xv). Furthermore, Murdoch worked together with the Party leaders. For instance, “[i]n October 2003, Rupert Murdoch became a guest lecturer at the Central Party School, with Vice President Zeng Qinghong and other high-level officials as his audience” (Zhao 2008:110). At the same time, “[w]ell aware of China’s sensitivity to news programs, Phoenix Satellite TV openly admits self-censoring and seeking the help of Shenzhen TV [a state television] in repackaging its information program for Chinese market” (Chan 2003:167). The reason for doing so is rooted in its operational ideology:

Most of Phoenix Satellite TV’s top managers originate from China and have extensive connections with Beijing authorities.... Their connections enable their reporters to gain good access to high-placed sources which were often denied to Hong Kong and foreign journalists. For instance, the station was readily granted interviews by Qian Qichen, the former Foreign Minister, Tang Jiaxuan, the current Foreign Minister, and Bo Xilai, the head of [Liaoning] province (Chan 2003:167-68).

As a result, Phoenix “remains patriotic, nationalistic, and pro-CCP, as evidenced by its joining the Chinese government’s chorus in condemning the United States for bombing its embassy and Falun Gong for causing suicides among its practitioners” (Chan 2003: 167). In this way, Phoenix catered both nationalistic Chinese audiences for condemning Chinese “enemies” and the Party-state for derogating state enemies. In short, as Shirk (2007:54) summarizes, “Phoenix Television is the television equivalent of *Global Times*, splashy and nationalistic, highly believable because it sounds nothing at all like old-style propaganda, and is protected by its ties with the Communist Party”. As such, the success of Phoenix set an example for all other foreign satellite television providers, though Rupert Murdoch completely withdrew from the Chinese market by early 2014.²⁶² If they wanted to be successful in China, they also needed to comply with Party ideology. By 2003, China allowed 31 overseas and Hong Kong-based specialty satellite

²⁶² Forbes News May-20-2015, <http://www.forbes.com/sites/dougyoung/2015/05/20/rupert-murdoch-tip-toes-back-to-china-with-theme-park-retail-plans/>, accessed 2015/8/17

televisions to selected audience markets, including BBC World Service, CNBC Asian Pacific, Bloomberg Asian Pacific, CNN (Cable News Network), Discovery, ESPN (Entertainment and Sports Programs Network), HBO (Home Box Office television channel), and MTV Mandarin, with the goal of creating a consumerist youth culture that combines Chineseness and Western modernity (Zhao 2008:161). As such, foreign satellite televisions subjected to the Party for their business interests. Like Phoenix, they all learned to comply with the Party-state, or they would be kicked out of China.

The Internet is the most influential new media in China, with the most potential for creating revolutionary change (the Chinese Internet refers only to online websites in the People Republic of China, or mainland China, not including the Internet in Hong Kong and Macao). The Chinese traditional media understand the importance of such a platform, and many of them are online. China's first Internet newspaper, *China Scholar (Shenzhou Xueren)*, posted on January 12, 1995. One year later, its subscribers amounted to three thousand and readers were counted up to 150,000, meeting the needs of overseas Chinese scholars (Bai 2008:369). The English version of *China Daily* was first posted on the Internet in December 1995 (ibid.). Between 1996 and 1998, many traditional news media set up their own websites. For instance, the *People's Daily* posted on the Internet in January 1, 1997 (Bai 2008:371). Due to the Internet's fast development, the state constructed the China Internet Network Information Center (CNNIC) to monitor online firms and to publish statistics of Internet use in China (Bai 2008:372). Despite its presence, the online version of traditional news media is still much less sophisticated compared with private comprehensive Chinese portals such as Netease.com, Sina.com, Sohu.com, QQ.com, China.com and Tom.com (Bai 2008:380). Compared to traditional media, Sina.com and Sohu.com respond much faster to incidents, such as NATO's (North Atlantic Treaty Organization) bombing on Chinese Embassy in

Belgrade in 1999 and the 9.11 Airplane Strike in New York in 2001. These portals dispatched news and comments to the events faster than the traditional news media could, even when those traditional news media posted their news and comments online because traditional state media are less efficient than their private, commercial counterparts (Bai 2008:381).

The scale of the Internet in China has expanded exponentially since 1997. In 1997, China had 1,500 websites and 29.9 million surfers, but by 2007, China had 1.5 million websites and 78 million surfers (Bai 2008:383). By 2013, China had 2.68 million websites and 562 million surfers.²⁶³ The Internet portals not only have the advantage of timely response to news event, but also have the advantage of interaction between the portal and its surfers, and among surfers themselves for news comment and other interactive activities. Thus, the Internet has played some role in changing the lives of Chinese people. Chinese people have voiced their opinions on issues that they care about online, occasionally, and the state has responded to online opinions sometimes. For example, opinions expressed on the Internet that question court decisions have indeed influenced the sentences of many cases. Two notable examples of this influence include the 2003 death of Sun Zhigang (who was beaten dead by Guangzhou police in a detention room) and Su's traffic accident (Su drove a luxurious car and intentionally hit victims, but was not sentenced) (Bai 2008:384-85). Public opinion was particularly influential in Sun Zhigang's case, which led the state to abolish the Custody and Repatriation Regulations (Zhao 2008:258).

In all, Internet media can better reflect social appeal to injustices, corruptions, and power abuses than traditional media do. Hence, many Chinese leaders, such as the former Premier Wen Jiabao, go online to hear social voices (Bai 2008:385). However, the state does not like such voices on the Internet, and as with

²⁶³ China Internet Information Center (CNNIC), http://www.cnnic.cn/hlwfzyj/hlwfzxx/qwfb/201304/t20130424_39336.htm, accessed 2013-05-21

telecommunications and satellite television, it promulgates laws and regulations to control Internet websites in China (Bai 2008:387).

In the following pages, I examine media control of mainland China's Internet only. I first explicate the state's systematic monitoring and control on the Internet through rules, laws, regulations, circulars, firewall, and the Internet police. Then, I analyze the marketizing media control, or self-censorship for profit and survival in these Internet portals. Finally, I investigate the punishment of individuals and Internet operations that resist the monitoring and control by the state.

Governmental Monitoring and Control on the Internet

In order to monitor and control the Internet for mainland Chinese users, the state has promulgated numerous rules, laws and regulations, and issued daily circulars to Internet operators including Internet service providers (ISPs) and Internet content providers (ICPs). It also recruits Internet police to execute control on the Internet. As a whole, the state monitors and collects any information it wants, and employs the collected information as evidence to interrogate and detain dissidents and those who advocate for anything that the state dislikes.

Five main mechanisms control the Internet in mainland China. First, the state proscribes that no private online media is allowed to report news. All websites can only repost news since 2000, which has been broadcast or printed in the state-owned media.²⁶⁴ In other words, "privately owned Internet portals are limited to reposting news reports already published in approved mainland sources" (McCormick and Liu 2003:144). For instance, Wang Zhidong, Sina's CEO, claimed Sina is a platform for news from

²⁶⁴ Neatease's Internet Information Broadcast Licence, <http://img2.cache.netease.com/www/stxk2013.png>, accessed 2013/05/28

traditional Chinese media (Hu 2002:195). Such a ban of news report on private online media largely undermines the communication function of the social media as a whole. Thus, news on online social media magnifies only the effect of state indoctrination.

Second, like the Party-state uses the Propaganda Department and GAPP to monitor, control and punish Chinese traditional media, the state has designated the Ministry of Public Security (MPS) and Ministry of State Security (MSS) to do the same things for new media. Lynch (1999:209) elaborates that, “the State Council gave the MPS and the MSS joint responsibility for ‘safeguarding computer information systems’, including value-added telecommunications, on March 1, 1994. The regulations make clear that ‘safeguarding’ means involving the MPS and MSS in inspecting the network’s content: ‘No organization or individual may use computer information systems to engage in activities that endanger national or collective interests, as well as the legitimate interests of citizens.’” Later, in October 2000, China published new Internet Regulations, threatened to shut down websites which provide subversive content (Kalathil 2001:74). Specifically, “China issued its first guidelines on Internet content in late 2000, requiring providers to monitor online chat rooms and bulletin boards and keep records of users’ viewing times, address, and telephone numbers” (Rosen 2003:105). Furthermore, “[b]y December 2001...service providers were ordered to screen private email for political content and were to be held responsible for subversive postings on their websites. Providers were responsible for erasing all prohibited content, including online chat rooms and bulletin boards, with any ‘sensitive material’ to be turned over to authorities” (ibid.). These regulations not only contain all public and private Internet information from news, to chat rooms and BBS, to email, but they also impose a policing obligation on all ICPs, including major Chinese portals.

Third, MPS and MSS have not only monitored the Internet, but also have enforced the above laws, regulations and circulars through Internet police. “Since 2000 China’s police force has established Internet departments in more than 700 cities and provinces. The net police monitor websites and email for ‘heretical teachings or feudal superstitions’ and information ‘harmful to the dignity or interests of the state’” (Xiao 2004). Some users were interrogated by Internet police and others were put into jail as indicated by Freedom House China Report 2003-2012. Police questioning and jailing pose a threat to Internet users in China. The section of state punishment of Internet users will further discuss the effect of Internet policing.

Fourth, China has constructed a great firewall, known as the Golden Shield (Walton 2001), to protect “the nine gateways connecting China to the global internet” (Xiao 2004). The firewall is comprised of “a gigantic online database with an all-encompassing surveillance network – incorporating speech and face recognition, closed-circuit television, smart cards, credit records and Internet surveillance technologies” (Klein 2008:7). The shield has filtered millions of websites from and to world wide websites, “thanks” to the help of Internet giants, such as Google, Yahoo, Cisco System, and Microsoft.

In February 2006, a congressional subcommittee held a hearing on “The Internet in China: A Tool for Freedom or Suppression?” Called on the carpet were Google (for building a special Chinese search engine that blocked sensitive material), Cisco (for supplying hardware for China’s Great Firewall), Microsoft (for taking down political blogs at the behest of Beijing) and Yahoo (for complying with requests to hand over e-mail-account information that led to the arrest and imprisonment of a high-profile Chinese journalist, as well as a dissident who had criticized corrupt officials in online discussion groups) (Klein 2008:3).

Although these US firms know that they violate US laws, they still do “with the sole purpose of helping the Communist Party spend billions of dollars building Police State 2.0” (Klein 2008:6) for irresistible profit. Similarly, Lucent, Motorola, Sun Microsystems, Siemens, Bell Northern Research, Nortel

Networks, America On Line (AOL), Netscape Communications, Sun Microsystems, Canadian Sparkice, and Israelian iCongnito also cooperated with the Chinese government (He 2008:174-75). Thus, the Internet in China is a tool of state repression. For instance,

The police also used the surveillance footage to extract mug shots of the demonstrators and rioters. Photos of the 21 “most wanted” Tibetans, many taken from that distinctive “streetlamp” view of the domed cameras, were immediately circulated to all of China’s major news portals, which obediently posted them to help out with the manhunt. The Internet became the most powerful police tool. Within days, several of the men on the posters were in custody, along with hundreds of others (Klein 2008:4).

With the help of these international information giants, “[i]n September 1996, government authorities imposed broad censorship by blocking as many as one hundred English and Chinese web sites, including those sponsored by US news media such as the *Los Angeles Times*, *Wall Street Journal*, *Washington Post*, and CNN, as well as those sponsored by the Taiwan government and overseas human rights and dissidents groups” (Zhao 1998:177). By 2002, “[the] Chinese government blocked up to fifty thousand Internet web sites and detained thirty-six journalists, including fourteen Internet journalists” according to 2003 US Department of State Country Report on Human Rights Practices (Tang 2005:82). In short, the state has built a panoptive and powerful firewall through the assistance of international information giants. Such a firewall has effectively prevented Chinese people from access to foreign online media, particularly those that criticize the Chinese state.

Finally, the state also nationalizes ISPs. “By 2004, the flow of Internet information was controlled by the state through its ownership of eight Internet networks” (Tang 2005:81), with which all Chinese websites have to register. Then, the state further installed network monitors and hub switchers in all network nodes to filter and monitor all incoming and ongoing information to and from China connection gateways (Walton 2001). Thus, the state has controlled all networks nodes and gateways in and out of

China, and collected information of all Chinese websites through its eight state-owned ISPs. Consequently, the Internet is monitored and controlled by the state, and the state has effectively curbed and minimized any political impact of the Internet to the Chinese public (Pei 2006:85).

Specially, the Bureau for Supervising the Security of Public Information Networks in MPS is responsible for Internet policing (Pei 2006:86). One way MPS polices the Internet through online monitoring, detection and deletion of anti-government contents in online social media. For example, in order to prevent a largescale outbreak of online political riots from developing into street protest, the Internet division of MPS practiced a nationwide exercise in 2002. This division finished the exercise with an excellent performance in an imaginative Internet emergence, i.e., the detection and deletion of a large-scale dissemination of anti-government information on Chinese Internet (Pei 2006:87). This shows that “the Chinese government has apparently developed an emergency plan and organizational capabilities to make sure that the Internet will not be used against the regime at times of national crisis” (ibid). The other way MPS polices the Internet is to monitor and control Internet cafés to enforce surveillance through installing MPS’s special surveillance software. For example, “[i]n 2003, in Liaoning province, the local Internet police developed and installed surveillance software on the computers in all six hundred Internet cafés in Jingzhou city” (Pei 2006:88). Such software verifies users’ personal information and then grants access to the Internet. If the user disseminates unwanted information to the Internet or visits banned web sites, the software would alert police monitors (Pei 2006:88). “In the city’s Internet police station, one computer monitors more than 20,000 terminals in the city’s Internet cafés. Liaoning’s provincial Internet police chief revealed that all 7,000 Internet cafés in the province had this surveillance software installed” (Pei 2006:88). In the nation as a whole, “[a]ccording to press reports, this system was to be installed in the

Internet cafés throughout China in 2004” (Pei 2006:88). As a whole, both online social media and Internet cafés are monitored and controlled by Internet police.

Not only is the Ministry of Public Security involved in Internet policing, but also is the State Security Bureau of MSS:

Because propaganda departments lacked personnel with the requisite technical expertise, state security agencies were charged with managing the system; they censor online speech and have introduced political terror and violence into cyberspace. In 1998 the Bureau of State Security and the provincial and municipal state security bureaus began retiring older personnel and staffing a new cyber police force with large numbers of university students, most of whom are computer science graduates. Their principal task is to inspect and control the Internet by continually searching websites and critical nodes within websites (particularly online discussion forums) and blocking or shutting them down when they discover prohibited content, such as potential “state secrets,” “anti-Party and anti-socialist speech,” and criticism of the country’s leadership” (He 2008:167-68).

When both the MPS and the MSS involve in policing the Internet, the state control of Internet is ensured, resembling state control of traditional media by the Party’s Propaganda Department and state agencies, such GAPP and GBRFT. When the Internet police send an instruction or circular for alerting state unwanted information, IT employees in Internet firms delete those contents mentioned by the instruction immediately after receiving the circular. For example, Li Datong, the former chief editor of Freezing Point weekly in *China Youth Daily* who was removed for a controversial book review, said, “[i]mmediately, more news came from another friend in the online media. The order they had received read: ‘No reports are to be made and nothing is to be discussed in the forums concerning the suspension and overhaul of *China Youth Daily*’s Freezing Point weekly. If you discover such information, it is to be deleted immediately. Please enforce this at once”” (Li 2008:63). Knowing that they are monitored by Internet police, China’s Internet operators dare not to defy because they are afraid of punishment, such as imprisonment of their technicians and closure of their websites.

Furthermore, the state uses overseas Chinese students to join in overseas anti-censorship software user groups to sabotage anti-surveillance software in Chinese cyberspace (Chase *et al.* 2006:92). These students are commonly called “Internet Commentators,” *Wu Mao Dang* who received fifty cents from Chinese government for a following-up comment against critical Internet articles or comments. Like the *Wu Mao Dang* in China, the *Wu Mao Dang* students actually act as Chinese governmental overseas agents. Through their efforts, anti-censorship software are open to the Chinese Internet police who collect users’ information or block these software from accessing the Chinese Internet. For example, when users approach Falun Gong web sites in China, the Internet police will post a warning such as “the MSS knows you are trying to read Falun [Gong] materials-don’t try it again!” (Chase *et al.* 2006:93). To further cow other users, the Internet police arrest some Internet users for deterring others who try to access on subversive material (ibid.). Min Jiang summarizes that “Overall, the state adopts a multi-layered censorship approach, from blunt suppression of dissidents, Internet policing, content removal, discipline of cyber cafes, to more subtle forms: regulation of ISPs, promotion of self-censorship among users, and employment of cyber commentators to shape public opinion” (Jiang 2014:27).

While it is true that, unlike the traditional media, the state has no power to appoint or remove managers from domestic Internet operations (including online firms) and international Internet giants, nor does it detain or imprison many people in these firms, the state control on the Internet is systematic and effective. This control, though slightly different from that in traditional state media, is driven by the naked pursuit of profit which forces domestic Internet firms and international Internet giants to comply. McCormick and Liu (2003:144) conclude that “Western firms are more committed to profits than civil liberties and have been willing to profit by providing technologies for limiting user’s access to information

and facilitating surveillance of Internet users”. For example, Yahoo admitted that it submitted the Chinese dissident, Shi Tao’s emails to the Chinese government and Shi was sentenced to 10 years imprisonment (Klein 2008:3). In the end, China’s Internet serves the state. As a Chinese think tank said, “People don’t know anything about the world that isn’t filtered through the Chinese media. Only international relations experts access Western news directly through websites. Everyone else either reads about it in the official or popular press or reads reports about it on Chinese websites. All the information comes through Chinese lenses” (as cited in Shirk 2007:65-66).

Marketizing Media Control in Internet Companies

The largest portion of China’s Internet is run by the private sector, and thus, “Chinese networked authoritarianism cannot work without the active cooperation of private companies” (MacKinnon 2011:37). These private Internet firms include news portals and commercial websites. They struggle in the “survival of the fittest” economic environment of repressive state capitalism and are victimized by state financial repression as well as discriminating business policies. Only successful Chinese portals, such as Sina.com, raise money from overseas financial markets, such as NASDAQ, and register as joint ventures (Hu 2002:194-95). Thus, they operate at capitalist logic, which prioritizes the survival of the business over social responsibility. Their operational principle is predicated on high stakes financial consequences, so CEOs of Chinese Internet portals and their backing financial groups do not support nor engage in confrontational business practices in China. Therefore, marketizing media control or self-censorship for profit and survival under the state system of monitoring, inspection, and circulars has become logical behaviour in these private portals and online forums.

China's law stipulates that Internet firms have to be self-disciplined, or being self-censored. "Since 2002, all internet service providers have had to sign a self-censorship pledge before they can operate" (Xiao 2004). Also, "[e]very year a group of Chinese Internet Executives is chosen to receive the government's 'China Internet Self-Discipline Award' for fostering 'harmonious and healthy Internet development'" (MacKinnon 2011:37). Such award might not be wholeheartedly accepted by relevant Internet firms, but it is a way for the state to set examples of who are state-favoured Internet businesses. Indeed, Harwit and Clark (2006:25) confirm that "[s]ome ICPs have admitted they actively check the content put on the web pages". Or, they might be demanded by Internet police to comply with Party ideology. If the Internet firm does not comply with police instructions and circulars, the firm might be punished.

Internet operations – including online firms, organizations and individuals in China – can be categorized by Min Zhang's four main deliberative cyberspaces. The first one is government-operated "central propaganda spaces." The second is "government-regulated commercial spaces" with elaborate requirements for content censorship and user surveillance, such as Chinese popular portals. The third one is "emergent civic spaces," run by nongovernment and non-commercial individuals subject to registration requirement, intimidation, shutdown or arrest. The last one is "international deliberative spaces" outside Chinese jurisdiction that can only be accessed via circumvention (MacKinnon 2011:36). Of these four categories, the first two have the greatest impact on Chinese public opinion (ibid.). The first, government operated online media, is simply the online version of traditional state-media; the second, government regulated commercial spaces, is the most influential social media such as popular Chinese portals; the third one is mainly comprised social and sensational news and daily concerns, such as Tianya Forum

(*Tianya Luntan*) and Maopu Community (*Mao Pu shequ*); the last one does not essentially exist in China at all because the vast majority of Chinese cannot circumvent the Great Firewall to get access to those spaces, nor can they read foreign languages. For the purpose of this dissertation research, only the second category of government-regulated spaces is the most relevant.

The influence of government-regulated commercial spaces on Chinese users can be illustrated by a CNNIC report. According to the 34th CNNIC Report of Surfers' Internet Application in China in July 2014, online news ranked third, blog/personal space ranked fifth, and forum/bbs ranked seventeenth.²⁶⁵ Their ratings are 503, 444 and 124 millions (ibid.). The combined ratings of all three are 1.07 billion, much higher than 564 million, the ratings of instant communication that ranked first (ibid.). Except for independent forums, such as Tianya, these three applications belong to Chinese portals.²⁶⁶ Therefore, Chinese portals receive the primary attention of Chinese surfers for social, political, financial, sports and entertainment news, blogs/personal spaces, BBS, and other information, such as weather.

Among the top four Chinese portals—Sina.com, Sohu.com, Netease.com, and QQ.com—Sina is the most famous for its focus on news (Hu 2002:194). However, it does not generate news report; rather, it only reposts news, or it is a platform for news from traditional Chinese media (Hu 2002:195). Hu (2002:195) summarizes that “Sina’s heavy reliance on on-line news makes it very cautious. To avoid sensitive political topics, Sina provides a lot of feature news related to crime, entertainment, sport, and social gossip. Celebrity news, dramatic events or breaking news events from overseas often become the focus of the lead story or the main photo. Domestic political news, however, is sourced from *The People’s Daily* or *Xinhua News Agency*”. Hu’s observation can be verified by Sina’s staff. Sina’s chief

²⁶⁵ The 34th CNNIC Report of Surfers' Internet Application in China, Netease news 2014-07-21, tech.163.com/14/0721/13/A1MARQ75000915BF.html, accessed 2015/02/13

²⁶⁶ Refer to the frontpage of qq.com for online news, blog/personal space, and bbs, www.qq.com, accessed 2015/02/13

manager, Jiang Fengnian, said that Sina focused only on entertainment and sports and avoided politically sensitive topics (ibid.). This portal not only practices self-censorship for profit, but also provides evidence of “online crimes” to the state for showing its compliance to the Party-state. For example, “[a]ccording to a manager of Sina.com ... the firm would ‘report illegal and unhealthy information to relevant authorities’” (Pei 2006:88). That is, compliance to the state for profit making is the first priority of the firm. CEOs and managers of Sina do not take journalist principle as their operational principle at all. Nor does social responsibility out-weight profit goals.

Chinese portals do not repost politically sensitive news. Sina.com again, for example, in 2003 posted Mu Zimei’s sex stories for months, but it did not post any information about the internationally sensational assassination of Taiwanese president Chen Shuibian, on March 19, 2003; none of the other influential Chinese portals did so either (Lagerkvist 2006:46). This reflects a double standard for social (sex stories violate social taboos) and political taboos: it is safer to break social taboos than political ones, which illustrates their fear “that violating the laws on news-making in China would incur, a heavy cost in this particular case [assassination]” (ibid.). Of course, there is a sound reason behind the caution of portals, like Sina. For example, Sina’s membership agreement with Beijing “warns members not to disseminate or download anti-government literature. The agreement further states: ‘If members disseminate or transfer any counter-revolutionary, pornographic or other illegal information the trace record in Sina’s system may be used as evidence in court’ (www.sina.com/corp/about/index.html)” (Hu 2002:195). Violation of this agreement might lead to financial punishment or a total shutdown of the portal.

Sina is not the only one who practises self-censorship for profit or the marketizing media control. Both Chinese Internet firms and foreign information giants in China admitted that they had self-censored

themselves prior to 2000, when regulations began (Kalathil 2001:74). For example, “Infohighway’s Zhang Shuxin stated in a 1996 interview that if the topics her audience addressed in the discussion groups turned out to be too political, ‘I cut them off’” (Harwit and Clark 2006:25). Gradually, “Government pressure... persuaded an increasing number of ISPs to sign ‘self discipline pledges’ (*Zilü Gongyue*) to combat ‘cyber crime’ and guard against ‘harmful information’ and ‘unhealthy competition.’ In March 2002, Xinhua, quoting an official from the Internet Society of China, reported that ISPs throughout China had begun signing the pledge” (He 2008:180). It was not just ISPs; Internet firms such as portals also began to self-censor themselves as discussed above. In China as a whole, “[i]n 2002, more than 130 web sites signed a code of conduct, pledging to work against the dissemination of ‘information harmful to the state security and social stability’” (Pei 2006:88). Specifically, ISPs censor their content for subversive political material, especially those that are “‘harmful to national security and social stability’ or illegal” (Xiao 2006:11). For instance, MacKinnon conducted a study on Chinese blog content censorship by fifteen service providers. She found that sensitive political materials were totally blocked, and the others were held for “moderation” by service providers, and they appear only for hours if they are published at all (MacKinnon 2011:38).

Employees in Chinese portals and international operations testify to their internal censorship mechanisms. For example, “[i]n April 2009, an employee of Baidu, ...leaked a set of detailed documents from Baidu’s internal monitoring and censorship department”(MacKinnon 2011:38). Not only does China’s major search engine Baidu self-censor itself, but also Chinese portals do so in a similar way. For example:

In June 2010... Chen Tong, the editor of Sina’s Twitter-like microblogging service, who described his company’s censorship system in some detail: round-the-clock policing; constant coordination

between the editorial department and the ‘monitoring department’; daily meetings to discuss the latest government orders listing news topics and sensitive keywords must be either monitored or deleted depending on the level of sensitivity; and finally, systems through which both editors and users report problematic content and bring it to attention of company censors (ibid).

In short, strict internal censorship prevents the release of sensitive contents, which would endanger the portal’s survival.

In addition to practicing self-censorship, China’s Internet operations also prevent surfers from posting sensitive information in their websites or portals. They do so by posting a “forbidden” comment. Such as “your post contains sensitive and indecent contents” when users attempt to post an unwanted message (Xiao 2004:12). These topics include politically sensitive topics, such as Falun Gong, human rights, democracy, and Taiwan independence, like those taboos in the traditional media. Moreover, Chinese Internet websites filter those topics and keywords in their news as well as online forum sections. According to Xiao Qiang, a Human Rights activist, “A list recently obtained by the China Internet Project in Berkeley found that over 1000 words, including ‘dictatorship’, ‘truth’, and ‘riot police’ are automatically banned in China’s online forums” (ibid.).

Internet operations are not the only ones to practise self-censorship; some surfers also practise it because users either have to show their identification (ID) at the Internet Cafe or sign a service contract with ISPs to provide personal identification and residence information. Shirk finds that:

Students [said that they]...never posted messages themselves because they were afraid of causing themselves political trouble and ruining their careers... as the government requires individuals to use their own names when participating in on-line discussions, making it even more risky (Shirk 2007:60).

In other words, wherever users are and whatever manners they get access to online information, their personal information will be identified. If they dare to post sensitive information, they might

be tracked by the state. Thus, many of them choose not to leave evidence to the hands of Internet police and post nothing critical to the government.

However, the exception to censorship is less intense when the content appears to favour the state. For example, when it comes to nationalism, “the censors tolerate a much shriller tone in media attacks. Website monitors allow scurrilous language to be used in Internet discussions about Japan, and what is in the newspapers is only slightly better (Shirk 2007:67). Even within this exception, there is some difference between such tolerances. “Surveys indicate that the mass public is more hostile toward Japan than toward the United States (Pew, 2006). Arousing nationalist hatred against the United States and Taiwan’s government might actually drive China into a war, while the risk of war with Japan is much lower, at least in the near term” (ibid.). In these ways, the state steers clear to a potential war and at the same time, guides the public opinions to its side. In the end though, despite this one exception, all political and social discussions, news, and current events are closely watched, and both Internet operations and surfers censor themselves to avoid political troubles.

However, small and non-influential websites are not controlled as tightly as the influential and leading ones (Zhao 2008:36). King *et al.* (2014) have done a research on the online performance of small websites. They find that Chinese online criticisms posted in small and non-influential websites against the state are not censored by the state, but any posts that have collective action potential, even those praising the government, are censored in China (King *et al.* 2014:13). King and his colleagues have done their experimentations in small websites and confirmed that automated review in many online social media affects a large component of speech in China (ibid.). Moreover, they find that the automated keyword matching alone is enough to implement the government’s online censorship goals and therefore, the

government is still able to censor any posts that have collective action potential inside China “by using very large number of human coders to produce post hoc corrections to automated review and to censorship in general” (King *et al.* 2014:4). That is, the Party-state employs post hoc corrections to censor small and non-influential websites because these websites are vast majority of Chinese online sites. Such a method is different from the one that the state deals with popular portals when the state designates special staff to instruct employees in those portals to delete and filter what the state wants, as discussed before.

Indeed, the Chinese state cannot contain all online social media without any loophole, but overall, the Internet has become less intrusive for the Party-state since the 2000s. In the 1990s, Lynch even claims that China had relinquished its grip on Internet because the Party-state had no capacity to censor huge number of websites (as discussed in Chapter 3). Later, international information giants assisted China to build a great firewall, a specific Google filtering search engine, and email scan software systems. Chinese websites and surfers were harassed under the rein of the Party-state, monitored and controlled by MPS and MSS. After MPS installed surveillance software on Internet cafés and ISPs required family users to sign a service contract, individual Internet users were under panoptic surveillance (Klein 2008). Finally, the Party-state mainly concerns the influential national and leading regional media outlets and major Chinese portals such as Sohu, Netease, Sina and Tencent. Those portals were forced to sign a service agreement that promised their compliance to the Party-state, or they might be punished. Most of them dared not trespass the Party’s bottom line or the circulars that MPS or MSS sends. Or they might invite punishment.

Punishment of Internet Companies

If the systematic state rules and regulations, monitoring, circulars and inspections could not press

Internet operations and surfers to comply, the authorities resorted to punishment. Usually, the state uses both “administrative punishments and the threat of economic penalties to encourage Internet providers to police their own websites, contributing to a climate of self-censorship” (Chase *et al.* 2006:89-90). For example, “A Chinese Web publisher was said to have been put on trial for allowing articles about pro-democracy activism, the Falungong (long a forbidden topic) and the liberation movement in East Turkestan (Reuters 20 August 2001)” (de Burgh 2003:26). Such punishment is the most serious one because the publisher challenged the Party’s taboos of democracy and ethnic separation. In the year of 2001 as a whole, “there were police raids on major Internet service providers, partial shutdowns, enforcement of filters and ‘stricter oversight of chat rooms and bulletin boards’. The effort of supervision may employ as many as 30,000 people (BBC 2002)” (de Burgh 2003:26). Similarly in 2002, “the Beijing Public Security Bureau in early June [, 2002] punished several Chinese Internet companies, including the popular portals *Tom.com* and *Sina.com*, for allowing ‘unsuitable content’ to appear on their websites” (Chase *et al.* 2006:90). These punishments were intentionally to warn others for publishing punishment news in the popular *Beijing Youth Daily* (*ibid.*).

Given the state surveillance on major portals and the punishment inflicted on them, they dare not to challenge the state for fear of losing high commercial stake; thus they actively practise marketizing media control, or self-censorship for long-term survival, and even submit sensitive information to the state. When the major portals subject to the state, surfers vent their angers elsewhere, like in Internet cafés. However, Internet police crash such activities. For instance, in 2001, Xinhua reported that between July and December, “more than 45,000 Internet cafés had been inspected, 12,000 temporarily closed, and more than 3,300 permanently closed” (He 2008:182). Similarly in 2002, “around 3,000 Internet cafés were

closed and 11,000 temporarily banned ... only 30 had reopened in late 2002 (BBC 2002)” (de Burgh 2003:27). Not only did Internet police punish Internet cafés, they also punished Internet users through tracing surfers’ IP address and locating the wanted by retrieving personal information from ISPs including Internet cafés. As a result, many people were punished. In 2007, among sixty people who were in jail for posting criticism of governments online in the world as a whole, China imprisoned fifty, “making [China] by far the world’s worst prison for cyber-dissidents” (as cited in Swaffield 2007:34).

Moreover, chat rooms are an interactive place among surfers, and because it might be a free place for exchanging ideas, the state has kept a vigil eye on it. Like other Internet subsectors that are regulated and forced to comply, “major commercial sites such as sohu.com and google.com [before 2010] in China employ their own online censors to monitor content and delete unsuitable material from discussion groups or blogs they host” (Brady 2008:134). Except for the organizational responsibility, there is a personalized responsibility for all editors and managers of Chinese Internet sites. Those people are “required by law to police content, ‘guide’ discussions in online forums, report back to propaganda officials at the relevant levels...Failure to do so will result in the closure of the Internet site they manage and may lead to the arrest of the web editor” (ibid.). As a result, very few Internet users employ the Internet for political activities (ibid.). The range of topics that can be debated in chat rooms becomes very constrained, particularly when portals display each surfer’s IP address at the top of any comments made that allows Internet police to locate challenging chatters instantly due to China’s real identification registration requirement in Internet. In addition, the state has designated a specific agency, the Internet Data Centre (IDC), to ensure that chatting complies with the Party’s will. In short, “All sorts of online intimidation, complaints, administrative punishments and legal actions are employed to guarantee that all content is under the

government's control" (Zhou 2008:91). For example, Zhou Shuguang, a citizen journalist and a blogger, experienced such deletions and blocks. He narrates:

In May 2007, during my one-month trip home from Chongqing, I gave lots of media interviews and was the subject of many reports. I was also contacted by a large number of rights activists, who invited me to visit their hometowns to help them come up with rights-protection plans. I began to write up news while I travelled. After I was interviewed by the US TV station NBC, my website IP was blocked by the GFW. I went through five IP address changes, but each new one was blocked within 24 hours, placing my website under an unprecedented lockdown (Zhou 2008:93).

In general, there is no popular web site that offers chatrooms for political discussions (Harwit and Clark 2006:33). In Sina.com's BBS, for example, Harwit and Clark (2006:33) found that from 2000 to 2001 "there was little discussion of politics and current events" because "[t]he political danger of random government checks of these chat groups may suffice to institute self-censorship among current Internet users" (Harwit and Clark 2006:35). I find that Netease.com sometimes allows follow-up comment on some social news, but it says that posters are responsible for such comments. I have browsed follow-up comments on Netease occasionally over the last ten years. They provide an outlet for people to vent their anger against malpractices exposed by the traditional media. However, I have also experienced first hand information filtering in this portal. In September 29, 2008, in a follow up comment, I submitted my experience of being beaten by Shenzhen policemen one summer night of 1993, but it did not show up on the Internet instantly, nor within days. This experiment confirms that despite allowing commentary and indicating that poster assumes risk, Netease.com still self-censor these comments it sees controversial.

Last, email is supposed to be a privacy arena for individuals. However, the Party-state has also developed software to read and redirect emails. Consequently, "E-mails which contain sensitive information are re-routed through the Internet police and deleted without the knowledge of the intended recipient" (Brady 2008:132). That is, in order to censor the Internet, the Party-state has violated the

people's right of privacy.

To conclude, despite that Chinese new media have enjoyed greater freedom compared with the traditional state media, the new, private Internet media have shown no fundamental difference from traditional media in terms of pursuing social justice and democracy. Hu (2002:198) argues that “the new international companies and young Dot Com millionaires who run them have little intention of becoming political revolutionaries. They simply do not want to destroy their relations with the government.” Or, they have to leave, like Google China did in 2010 when they could not tolerate self-censorship.²⁶⁷ This trend for most Chinese Internet operations is unlikely to change in the near future. As Hu (2002:199) observes, “[t]he future of on-line media companies will for some time depend on cultivating relationships with government bodies responsible for regulating the Internet industry. In this market, only those who are skilful both in business and politics will survive.”

To reduce their commercial risk, major Chinese portals avoid sensitive politics due to potential punishment that might fall on them. China's major search engine, Baidu, and China's major portals, including Sina, Sohu, Tencent (qq.com), and Netease, have been conducting their online businesses according to this principle. For instance, Lagerkvist (2006:47) confirms that Sina.com and Sohu.com have focused on sports and entertainment. Quoting a journalist in CCTV, Lagerkvist writes that the Chinese state has successfully regulated Chinese Internet and turned it into a propaganda tool because “a few years ago [the Chinese Internet] was all a mess online. Nowadays it's more orderly, and there's clarity about what may be published” (as cited in Lagerkvist 2006:51). According to the *Economist*, Baidu, Tencent, Renren (China's leading clone of Facebook), and Sina become “China's trusted domestic internet

²⁶⁷ Google China notice of leave, <http://www.google.com/press/new-approach-to-china/update.html>, accessed 2013-6-24

companies” (“Special Report: China’s Internet: A giant cage,” *The Economist*, April 6, 2013). Baidu, the most popular search engine in China, “cooperates with government policies by blocking access to an extremely wide range of sites, including many which are not necessarily associated with dissidents” (Brady 2008:132). That is, these companies are proven partners of the Party-state in self-censoring their websites. Baidu, a dominate Chinese search engine after Google left China in 2010, even conspired with the Chinese government “to suppress the political speech of the plaintiffs, eight writers and video producers based in New York City, by removing their work from the Internet search engine” (Haerens and Zott 2014:14). Sina not only removes and filters undesirable information in their general web pages, but also filters its special weibo, the Twitter clone. Jason Q. Ng searched about 700,000 terms and found 1,000 blocked keywords in Sina’s Weibo, of which the most frequently blocked were names of Party leaders relating to scandals or crimes, political terms such as 64 (June 4), and sexual terms (Ng 2013:xvii-xviii). Sometimes, Sina even overcensors and blocks many innocent keywords for fear of government punishment (Ng 2013 xvi).

In short, although the Internet is distinguished from traditional media in terms of ownership and personnel, the censorship and self-censorship mechanism is almost the same as that of traditional media. With the state monitoring, surveillance, and tracing software from Western high-tech corporations, the state has an easy and efficient tool to collect “evidence” for arresting dissidents. With “crimes” like “endangering state security”, anyone could be put into jail on the whim of the state security officials. Internet chatrooms and BBS are now filled with cynical words, which can hardly be read as useful information in most cases, nor meaningful political content. As a result of Internet regulation, self-censorship and punishment, “[t]he most interesting and important effects of the Internet on Chinese

society [Damm argues,] lie not in the creation of public spaces for political activism, but rather in the creation of public spaces for business, play, sexuality, and private life” (as cited in Fong 2007:255-256). That is, the Party-state’s regulation and punishment coerce Internet operations into practicing self-censorship for long-term profit and survival, ultimately marketizing media control on their own professionals and organizations.

Both international information giants and Chinese Internet operations are profit-driven. Men and women, no matter in China or in the west, prefer to pursue their group interests as well as private interest rather than integrity and journalist principles under the systematic and perennial repression. Nor does any Chinese portal declare their promise to pursue justice and democracy in China. After all, they are online businesses only. Leaving political issues alone, they still attract Chinese surfers by selecting or inventing various issues that appeal to the public. All major Chinese portals have grown bigger, particularly, Sohu.com, QQ.com, Sina.com, and Netease.com. For example, Sohu.com, founded in 1997 and listed in Nasdaq, reported earning US\$13 million²⁶⁸ revenue in 2001 but this number soared to US\$108 million in 2005²⁶⁹ and skyrocketed to US\$1.7 billion in 2014.²⁷⁰ Sohu’s success means that the stakes are much higher if they risk reporting sensitive political issues; therefore, it has avoided such issues to maintain its success. That is, self-censorship for profit or marketizing media control works for Sohu, and for other Chinese portals.

When CEOs and managers in these private companies publically acknowledge their compliance to the state as discussed above, how can their employees not comply with the Party-state in which authoritarian logic in private workplace does not allow them to defy or they will be dismissed. Essentially,

²⁶⁸ Sina news 2002-02-05, www.tech.sina.com.cn/i/c/2002-02-2005/102327.shtml, accessed 2015/02/13

²⁶⁹ Sohu news 2006-02-06, it.sohu.com/s2006/sohu-report-2005/, accessed 2015/02/12

²⁷⁰ Invest Tide news (*Tou zi chao*) 2015-02-11, www.investtide.cn/db/news/newDetail.do?investNewsId=115317, accessed 2015/02/12

marketizing media control works both on the organizational level and on individual level. For both Internet operations and their professionals, it works much better and more effectively than previous communist ideological persuasion and violent suppression because they earn enormous profit and fecund income without suffering from personal imprisonment and closure of their Internet operations.

In short, Brady (2008:136) summarizes that “the advantages in cooperating with the Party-state and its desire to maintain control over the Internet is far more profitable than cooperating with those who oppose the Party-state or offend its sensibilities, such as Falungong and democracy activists”. As a result of the submission of Chinese influential portals and international Internet giants, China has embraced the technology as an effective propaganda tool (ibid.), which can be demonstrated by the Party-state’s opinion. “In August 2000, People’s Daily commented that the Internet had made ‘political thought work’ more efficient and has become ‘an important thought and public opinion battlefield and a new realm for the struggle of International opinion’ (Brady 2008:137). In the end, the Internet has not liberated China, but become “an extremely effective means of social control for the Chinese authorities” (ibid.).

Chapter Seven: Conclusion

– Repressive State Capitalism and Marketizing Media Control in a Historical Context and their Future Implications

Using a historical institutional approach, this dissertation starts with the research question of why media marketization in China has not led to a free media but instead has reinforced media control. To unpack this puzzle, I ask why economic development or marketization has not led to democracy in China; why has it contradicted modernization theory? To solve this big puzzle, I first survey modernization theories, then delve into the analysis of relevant late-developer theories, and finally inquire into Chinese political economic theories. Theorists of Chinese political economy can be categorized into two camps. On the one hand, supporters laud China's incredible poverty reduction, amazing economic achievements, and even the new China model (authoritarian capitalism) *vis-à-vis* the American liberal democratic model of development (Peerenboom 2013). On the other hand, critics denounce China's poor human rights record, its environmental degradation, its self-inflated nationalism, its rampant corruption, its political repression, and its autocratic rule. However, I found that none of the existing theories of political economy in China offers a convincing explanation for the contradiction to modernization theory in China.

In the supportive camp, Jean Oi (1992) argues that local government involvement into TVEs propels economic development, and that China's form of state corporatism could be an alternative to privatization in other former socialist countries. However, the privatization of TVEs in the late 1990s not only largely decreased their number, but also shrunk the scale of TVEs as a whole. Therefore, Oi's theory is unable to account for this contraction. Bruce Dickson (2003) argues that CCP has successfully co-opted private entrepreneurs into the process of building "the Chinese Socialist market economy," which makes

democratization unnecessary. However, Dickson ignores FDI contribution to China's continued growth, and the role of China's labour force in the process of economic development. Thus, his theory is not sufficient to explain the contradiction to modernization theory in China. Dali Yang (2004) asserts that the Chinese state has transformed its bureaucracy to adapt to economic development; as a result, the state has more economic resources to sustain its rule. Yang fails to identify the developmental drive in the Chinese economy, nor does he elaborate on the role of FDI and the Chinese labour force in the process of economic development. Thus, he also fails to account for the contradiction. Similar to Dickson, Elizabeth Perry (2007) argues that the CCP has been adept at making coalitions with key social forces and has made use of "divide and rule" to maintain regime stability (Perry 2007:13). However, she also overlooks FDI contribution to economic growth and the role of the labour force in economic development. Thus, she also fails to solve the contradiction. Teresa Wright (2010) argues that "state-led economic development policies," "market forces related to late industrialization," and "socialist legacies" have made Chinese people accept authoritarian rule. However, she overlooks that the political demands of the people have been repressed by the state; thus, Wright is not able to explain the contradiction either. In short, the supportive camp sees positive economic development as the state's effective economic policies and generally ignores the role of state repression in maintaining the Party-state rule, the role of FDI contribution to China's economic growth, and the role of the Chinese labour force in the process of economic development.

Critics are not able to explain the contradiction either. Critical Mary Gallagher (2002) tackles the relationship between economic development and democracy in China. She argues that it is FDI liberalization that has delayed China's democratization, particularly when the precedence of FDI

liberalization over the privatization of SOEs and the growth of indigenous private business reduces the pressure of the political demand for change. However, Gallagher ignores state-led development as the major force of that growth, so she fails to explain the contradiction. Minxin Pei (2006) argues that economic reform without corresponding political reform has resulted in serious problems and, thus, China has been trapped in its transition to a market economy. He identifies state repression as part of the problem: China's political development has largely lagged behind the country's social and economic changes. For him, repression is counter-productive in China's development rather than productive in the East Asian model. However, Pei does not identify the developmental drive behind the severe problems. Hence, he is not able to unpack the contradiction too. Yasheng Huang (2008) singles out China's state-led development as the developmental drive since 1989 and takes the contribution of both FDI and DPB into account. He argues that the indigenous private entrepreneurship is the true China miracle. However, Huang overlooks the fact that state-led development for late developers is necessary to catch up to developed economies in the East Asian developmental model. The problem with China's state-led development is that it is rooted in the role of repression that ensures a collusive relationship between the state and businesses. Such a miss undermines Huang's ability to explain the contradiction. Osburg (2013) argues that Chinese state capitalism is a state-business connection for achieving state goals and for obtaining private interests because state control has been central to China's economic growth. Osburg, though, ignores the contribution of FDI and the role of the labour force in economic growth. Thus, he has difficulty explaining the contradiction too. Similarly, Schweinberger (2014) argues that the politicization of economic decision-making is a major characteristic of China's state capitalism. However, he also overlooks the role of labour repression and the FDI contribution to China's economic development. Thus,

his theory does not sufficiently address the contradiction either. Last, Du (2014) insists that China has used its SOEs as the instrument to facilitate Chinese state capitalism and state goals. However, he ignores the essential role of the state–business connection in China’s economic development, nor does he include FDI contribution to and the role of repression on China’s economic growth. Hence, he also fails to explain the contradiction to modernization theory in China.

I argue that repressive state capitalism accounts for the contradiction to modernization theory in China. By employing historical institutional analysis, through tracing the development trajectory since 1949, I demonstrate that repressive state capitalism captures the major characteristics of the Chinese political economy by showing that it is repression, and sometimes suppression as with the 1989 Tiananmen Massacre, that reversed the directionally liberal development in the 1980s towards state-led development in the 1990s (Huang 2008b). The state-led development was first enabled by the state transfer of rural surplus to urban development through financial repression and the grain procurement system (Pei 2006). Then, this model of development was facilitated by state financial policies to appropriate funding for infrastructure construction and urban rebuilding (Huang 2008b). After the state shifted bank loans to urban centres, the scale and size of rural TVEs gradually shrank in the 1990s, which pushed rural redundant labour (migrant workers) to urban centres. These migrant workers have become an important labour force in infrastructure construction and urban rebuilding as well as the majority of FDI cheap labour. In the late 1990s and the early 2000s, state workers in SOEs and peasants in rural areas staged approximately three hundred thousand protests and demonstrations (China Labour Bulletin Report 2001-2010, see p.68); migrant workers have demanded their fair payment and fair treatment as with urban workers. However, the demand and demonstrations of SOE workers, migrant workers, and peasants have

been suppressed by the state security forces and repressed by the ban on independent unionization, freedom of assembly, and freedom of association (Friedman 2013). In short, both political repression of the people and economic repression of working classes have co-existed with China's economic development. That is, repression is productive to Chinese economic growth. The mechanism of this model of development, as I demonstrated in Chapter 3 through empirical research on the Chinese political economy, illustrates both the developmental drive and the interdependent relationship between state repression, state-led development (collusive state-business relationship), FDI growth, and the labour role in China's economic development.

In the Post-Tiananmen era, repressive state capitalism works in the following ways. First, political repression in China after the 1989 Tiananmen Massacre has ensured the stable social and economic environment that is pivotal for economic activities to flourish. Second, state investment carried out by SOEs has become the major drive of Chinese economic development since 1992. Third, FDI liberalization has attracted ever more foreign investment to China since 1992, when the state ensured tight control of the labour force, particularly migrants. Fourth, state-led development has encouraged local states to engage in economic activities, particularly infrastructure construction and real-estate development, which have made up an ever greater share of China's economic growth since 1992, but have allowed more rampant corruption among state officials and business people through power-money exchange. Fifth, state spending on repressive state apparatuses, such as the military, state security, and the police for maintaining stability, has accounted for a much greater portion of the overall state spending than health care and education spending. While this spending has sustained economic growth, it has also reinforced repression of the people in general, particularly Chinese dissidents, rights activists, Falun Gong practitioners,

Tiananmen Mothers, and other opposing groups. Sixth, state repression on certain sectors, such as the financial and media sectors, and a state monopoly in other sectors, such as telecommunications, aviation, mining, railway, subway, municipal transportation, petroleum, power generation, and car manufacturing, have sustained rather than slowed economic development in these sectors. Seventh, the state favours SOEs and businesses owned by red capitalists, but discriminates against most DPBs (except for businesses run by red capitalists); it also privileges state officials and their colluded business people and disadvantages working classes, particularly peasants and migrants. Consequently, income discrepancy has increased and social stratification has intensified; an economic hierarchy has been forged rapidly over a matter of decades, which in turn urges those people on the lower rungs of the economic ladder to work harder and climb higher. Last, economic development under such repressive state-led development has encountered widespread social resistance and has resulted in serious social and economic problems that the regime is unable or unwilling to resolve.

In Chapter 3, I substantiate these mechanisms of repressive state capitalist development by research on the actual process of Chinese political economic development beginning in 1989 through a historical institutional approach. The upshot of this model of development is income polarization. At one pole, repression has ensured continuing state-led development since 1992 and ensured the unchecked power of state officials in the Party-state rule through financial control, media control, systematic state coercion, and state suppression of any opposition. This allows state officials and red capitalists to siphon off state assets in the process of privatization and to appropriate dividends of economic development, particularly in the process of infrastructure construction and real estate development. Thus, they work hard both for state goals and their private interests. Over time, they have accumulated millions and even billions of *yuan*

and have become the top socio-economic class. At the other pole, peasants and migrant workers have been discriminated against in terms of access to bank loans, health care, education, social insurance, and pension. Moreover, they both have been repressed by riot police as well as a state ban on independent unionization. Therefore, they have sunk to the bottom socio-economic class.

As a result, repressive state capitalism has amassed enormous wealth to officials and their related red capitalists at the expense of vast urban layoffs, rural migrants and tilling peasants. Within less than three decades, such continuous development has enlarged income discrepancy to the extent that less than 0.5 per cent of the population owns 70 per cent of the country's wealth (Hsiung 2009:37). Such income polarization is incomparable in the world, and social resentment has been high at the same time. However, state repression has effectively subjugated protests and none of them developed into a nationwide one, nor did any one of them bear a political nature after the 1989 Tiananmen Massacre, which scared most Chinese people and caused them to adopt a survival of the fittest logic in pursuing their immediate material gain and personal interest. The upshot is that a Chinese hierarchy was formed with the state officials and red capitalists sitting at the top, followed by a small middle class and a big urban poor class over the bottom level of rural migrants and peasants. The average income of the top level is several thousand times that of the bottom level. Such a horrible phenomenon has not incurred a violent revolution; instead forces lower classes to strive to climb the social ladder because the repressive state capitalism forces them to submission rather than revolt when most people live according to the survival of fittest logic and do not fight for social justice, equality and democracy; the enhanced sophisticated repression successfully disperses them.

Therefore, repressive state capitalism has achieved fast economic growth through a combination of

repression and the maintenance of a hierarchical capitalist economy (which is itself sustained by repressive state capitalism) that privileges SOEs, accommodates FDIs, but victimizes most DPBs, workers, migrants and peasants. With repression, the state is able to coerce people to do things they otherwise would not do. With the economic growth, the state has collected more taxes to build up an even bigger and stronger state, particularly in modernizing its army, armed-police, state security, police and Internet police; it also ensures state control of financial institutions and media, which in turn reinforces state repression. Such repression allowed the state to use tax revenue to relieve struggling SOEs and stabilized the Chinese economy when the state closed most money-losing SOEs and laid off tens of million workers in the 1990s and in the early 2000s. The state was also able to appropriate 4 trillion *yuan* to SOEs in 2008 and 7 trillion in 2012 (see p.114) to stimulate the economy, and to reinforce state dominance in the economy, which invariably incurs inflation that shifts the development cost to the people.

Repressive state capitalism not only applies to the historical setting; currently, it is strengthened as well. The trend towards deprivatization or even nationalization of industries, from telecommunication, to mining, transportation, construction, tobacco, education, and medical care, continues as the state and its preferential policies (including operational and financial ones) slowly drives private enterprises out. Friedman (2014:3) vividly describes such a process: “[the state sector] was going to continue to play a large role in the economy, particularly in key industries such as energy, arms, transportation, finance, and education”. Such a process is an “advance of the state, private retreat” in Chinese scholars’ terms, referring to the process of renationalization since 2003 when Hu Jintao assumed his presidency (ibid.). In the meantime, the state is dismantling social security, tightening education and health care budgets, and

allowing more corruption, power abuse and environment pollution.

In general, repression further secures and sustains lasting urban development, especially the Shanghai Model for the state and the power-money exchange for individual officials. Repression is also pivotal to maintain the sheer exploitation of workers, working to protect of capitalist interest. Systematic repression of rural people forces them to move to urban centres and become migrants who work in dirty conditions, often in sweatshops, hazard factories and fields, and even on dangerous sites that undermine their health or take away their lives. In short, repression ensures the state rule and the interest of state officials and red capitalists, at the expense of the vast majority of urban workers, migrants and peasants. Thus, selective repression ensures economic growth.

The model of repressive state capitalism can also be applied to the media sector in China. Many media scholars argue media control has been systematically installed on the Chinese traditional media; various channels and numerous data demonstrate state repression of media organizations and media professionals. According to Davenport's definition of repression in terms of actual or threatened use of physical sanctions, such media control qualifies state repression of the media. That is, the media have been repressed by the Party-state, especially by the Party Propaganda Department, state media agencies such as GAPP and GBRFT, and Internet police in both MPS and MSS. Historically, the media have served as a tool of propaganda in general and the instrument of political struggle, which has partially led to the imprisonment of millions of intellectuals (rightists in Maoist terms) in 1957, the enormous loss of life in the Great Famine, and the great chaos to the country and about one hundred million times of humiliation to victims in the Cultural Revolution (see footnote 44). Chapter Four documents major historical institutional changes of the media during the periods of media nationalization between 1949 and 1956, the short media

expansion into the peoples' daily life in 1956, media exaggerations in the Great Leap Forward in 1958, dark journalism in the Cultural Revolution period of 1966-76, media reorientation in the reforming era in the 1980s, the brief media freedom in the spring of 1989, and media marketization since 1992. This historical institutional analysis shows that the media have not only been a propaganda tool, a helping hand to the state, but they have also been marketized. As a result of media marketization, both the scale and the horizon of the media have expanded. Media marketization, which began in 1992, has brought the industry great economic development in the past two decades. During the same time, media marketization has brought market mechanisms of control over media organizations and media professionals. In the end, both Party control and market mechanisms of control fused in the process of media marketization, particularly when the state cut most of its subsidies to media organizations. In this dissertation, I demonstrated how marketizing media control works in the process of China's media commercialization, marketization and grouping.

Through marketizing media control, most media organizations work between the Party line and the bottom line of the Party's tolerance. When they pursue profit goals, they liberate their minds to publish or broadcast popular content to attract audiences. They move farther away from the Party line and tend to trespass the bottom line or the Party's tolerance, which might invite state punishment ranging from financial penalty, to total closure, and even to imprisonment of media professionals. Such potential punishments urge media professionals to retreat to the Party line for survival and profit of their media organizations; the result is the marketizing of media control. Indeed, most media have earned enormous profits because economic growth in China has brought about many opportunities for advertising, sponsorship, and subscription.

Marketizing media control was initiated by the job responsibility system in China, particularly by the job responsibility of state appointed media managers (media officials). Media managers must shoulder both financial responsibilities and compliance responsibilities when they are appointed to management positions because the Party aims the media to be both self-sufficient and submissive. However, media managers alone could not accomplish those two goals; they then pass these two responsibilities to journalists through contract responsibility. With media marketization, the market logic imposes a constant survival pressure on both media managers and journalists. At the same time, the contract - responsibility exerts compliance pressure, derived from Party control. Media professionals must work under survival pressure and compliance pressure, striving to overcome survival pressure through innovation, but stopping short as they succumb to compliance pressure.

Indeed, marketizing media control both tempts with the prospect of material gain to media managers and journalists and urges them to pursue personal wealth, which serves as the compensation for their submission to the Party's compliance pressure, and helps them undergo mentality change. In Chapter 5, I demonstrate that rich material compensation to both media managers and journalists is the major means for keeping them in the media sector and complying with Party ideology. Both the economic stimulation (as a means to buy journalists off) for a better life and the survival pressure shift their desire and energy to make money, or force them to do so. Indeed, material gain and seductive benefits have silenced most media professionals as demonstrated by the 99.96% journalist compliance with Party ideology (see p.93).

In addition, collective interest strengthens the organizational bind on media professionals. Contractual-responsibility binds individual interests together within a media organization. Media managers and journalists work in the same media organization, follow the same internal working

procedures in the production of news, and face the same internal censorship. If one makes a fatal mistake, many colleagues would be involved and all of their interests would be affected. Thus, colleagues' interests are intertwined. In the worst cases, the survival of the whole media organization could be jeopardized. Thus, collective interest overrides any other consideration and leads to collective self-censorship for long-term survival and profit. The case of the News Commentary Department of CCTV illustrates self-censorship for the department's commercial interest (see Chapter 5). Three case studies further illustrate how various Chinese media distorted the reporting of the Dongzhou shooting, selectively and partially reported the Tonghua Steel Riot but avoided touching the sensitive topic of independent unionization, and turned around their tones in reporting on journalist Chen Yongzhou's arrest before and after the state intervention. Those media organizations observed the state ban on the Dongzhou shooting and stuck only to the Party line in their reporting; they moved to the bottom line in the Tonghua Steel Riot but stopped short of the Party's taboo on independent unionization; they first appealed to press freedom in support of Chen's investigation of corporate corruption but soon denounced Chen for taking bribery when the state intervened in. Marketizing media control over their media product becomes evident through the analysis of these three cases and by comparing their reporting with media reporting outside of China.

Last, punishment further crows media organizations and media professionals to work within the Party parameters. Punishment indicates what is tolerable and what is intolerable, and redraws the bottom line of the media as different punishments set different examples. Thus, media organizations and media professionals have to carefully follow the Party instructions for avoiding punishment. In Chapter 5, I discuss the punishment of *Southern Weekend*, which sapped the journalistic spirit to fight for injustice and power abuses at the township and village levels. By 2003, no media organization dared to publish or

broadcast critical reporting on even lower level governments. As a result, punishment suggests the supremacy of political compliance, which urges media professionals and organizations to work between their survival pressure and compliance pressure. Only in this way can media organizations secure their long-term survival and profit goals and media professionals can obtain their private material interest. In short, through the positive material incentive offered by media marketization and the negative threat of punishment by state authorities, the market mechanism of media control exerts pressure on the livelihood of media professionals and the survival of media organizations. In the end, almost all media organizations tend to report non-sensitive, depoliticized, non-controversial news and events, and focus on indoctrination programs. Chinese media as a whole has become an entertainment machine and a means of commercial advertising.

This market mechanism of media control applies not only to traditional Chinese media, but also to new media, including telecommunications, satellite televisions, and the Internet. Among these three categories of new media, telecommunications is monopolized by three SOEs, including China Telecom, China Mobile, and China Unicom and SMS is monitored by Internet police. Thus, the telecommunications industry is a tool of the Party-state because these three SOEs are run by state officials and they would not allow any large-scale non-conformist information flow in their communication channels. When the Party-state designates the same Party department and state agencies to monitor, filter and track information on new media, neither foreign media organizations nor Chinese websites dare challenge the authorities. Foreign satellite televisions, such as Phoenix Television run by Rupert Murdoch, quickly surrendered to the Party-state when the state promulgated relevant laws to restrict the sale of satellite dishes (as discussed in Chapter 6). However, Murdoch has made great profits from Phoenix; this illustrates

he employs marketizing media control on his media organization and his media professionals. There leaves only the Internet, among the three new media, that has the potential to challenge the Party-state.

Indeed, the Internet posed some challenge to the Party-state in the very beginning when it was introduced in China in the late 1990s, to the extent that Lynch (1999) asserts that the Party-state has relinquished its grip on China's media, particularly the new media because the Party lacked relevant resources and technology to control the new media, especially the Internet. However, international Internet giants, such as Google, Yahoo, Microsoft, and Cisco Systems, helped the Party-state to monitor, filter, and block undesirable information and remove those deemed to be harmful to the state (noted in Chapter 6). Compounded with the Party-state requirement to sign a compliance agreement with all ISPs and even individual Internet users, most Internet operations have been cowed to practice self-censorship for long-term survival and profit. That is, they have marketized media control of their own businesses to conform to the rules and regulations of the Party-state in terms of Internet self-discipline.

After the February 2014 establishment of the CCP Central Committee Small Leading Group on Internet Security and Informatization (*Zhongyang Wangluo Anquan he Xinxihua Lingdao Xiaozu*), headed by CCP general secretary Xi Jinping,²⁷¹ the control on the Internet has been tightened through my research on the major Chinese portals since then. Although there have been some defiant private websites, they have been blocked or closed by the Party-state. Most small websites avoid publishing sensitive political and social news and current events in their news or BBS sections. Major Chinese portals, such as Sina.com, Sohu.com, Netease.com, and Tencent, and major search engines, such as Google (before 2010) and Baidu, have practiced self-censorship for long-term survival and profit rather

²⁷¹ Xinhua News 2014-02-27, http://news.xinhuanet.com/politics/2014-02/27/c_119538719.htm, accessed 2015/8/17

than promote democracy and justice. For instance, a manager at Sina has openly claimed that the company supports the Party-state rules and regulations regarding Internet governance in China (Pei 2006:88). Therefore, marketizing media control works in the new media as well.

However, the Internet has been more open than traditional Chinese media. King and his colleagues argue that some small and new websites in China do not self-censor as strictly as major Chinese portals. Zhao (2008:36) concurs with this conclusion because the Party-state does not care about these small websites whose opinion influences virtually no one. When major Chinese portals and major search engines in China practice marketizing media control, small websites attract at most only a tiny portion of the population (since few people could locate them when major search engines ignore their existence) and thus, their influence can be ignored by the Party-state.

Implications

Chapter 4 documents the major institutional changes in the media. The brief history of media development from 1949 on illustrates how the media acted as a purely propaganda tool in the 1950s, an instrument for power struggle in the leadership and a tool for class struggle in the whole country in the 1960s, a platform for drumming up economic reform in the late 1970s and 1980s, but was again a helping hand of the Party after 1989. After 1992, as a result of media marketization, the media of the 1990s are clearly different from those of the 1980s. Before 1992, media reporting basically was a command communication (Wu 1994) from the state leadership where the *People's Daily* represented the highest press authority of the state, and all other media had to copy this Party organ. After media marketization,

some editorial freedom in social news, local issues and non-controversial political and economic events was permitted and the state allowed the media to report as long as they do not challenge the bottom line that the Party asserts. Thus, the media market space has been framed by the Party line (Party ideology) and the bottom line (Zhao 1998). Media organizations under survival pressure strive to move to the bottom line to attract more readers, audiences or viewers. Sometimes, they overstep, which invites the Party's threat to punish, or are punished by the state. Consequently, they have to retreat. This movement between the Party line and the bottom line has become a general map for almost all media in China in search of more market value for their news or other programs.

However, the Party ideological control is still systematic, explicit and serious under the propaganda department and the monitoring, circulars, warnings, censorship and punishment conducted by state agencies; thus, it imposes a Party compliance pressure on the marketized media. When market force is brought into the media sector, market pressure is turned into a market mechanism of control over the survival of media organizations and livelihood of media professionals, made more apparent since 2003 after the punishment of the daring *Southern Weekend*.

As discussed in Chapter 5, marketizing media control lasts because the fused market mechanism of control and Party control over their media organizations and their livelihoods lets media professionals feel much better than before in that they have earned their material gain through their innovation of indoctrination and indoctrainment. This method of media control is much more lenient than the previous violent suppression and much more comfortable than the previous Communist ideological indoctrination for media professionals. In time, media professionals have become accustomed to such media control. Some even do not feel the repression at all, especially when they internalize Party ideology into their own

and take the government side due to the coincidence of their private interest with the Party-state's interest. Data show that there is only a tiny portion of journalists who dare to challenge the Party-state (see p.93). Most media now focus on indoctrination, and some focus only on entertainment.

In the past decade, when Internet users increased rapidly in the early 2000s, Chinese newspapers and magazines met some challenges. However, they created evening papers and metropolitan papers to accommodate readers. Since then, their scale and daily circulation volume has virtually remained the same (see data in Chapter 4), but advertising revenue in the press subsector has consecutively and dramatically declined in the past four years.²⁷² However, television viewership has risen rapidly: both entertainment programs such as music shows, talent shows, and game shows, and television series have increased. The same is true of Internet video viewership and music audienceship.²⁷³ As a whole, AD revenue has increased in 2013 and 2014.²⁷⁴ In short, indoctrination has dominated the media. Reality has been shelved for presenting a harmonious society and a prosperous China.

However, China's media have either avoided reporting on or have covered up numerous influential and large-scale social, economic and political crimes committed by individual state officials and the state as a whole. Nor have they reported on the innumerable social conflicts and riots. The media did not report on the 800,000 deaths in political campaigns in the 1950s (Yang 2004), tens of million starvation deaths during the Great Famine between 1959 and 1961 (*The Guardian* Jan 01, 2013), the half million deaths and one hundred million times of beatings and/or humiliations (one might be beaten and humiliated several times) in the Cultural Revolution (see footnote 44), and the hundreds of deaths and tens of thousands of

²⁷² Sina News 2015-05-10, <http://tech.sina.com.cn/i/2015-05-10/doc-icpkqez3641125.shtml>, accessed 2015/8/17

²⁷³ The 34th CNNIC Report of Surfers' Internet Application in China, Netease news 2014-07-21, tech.163.com/14/0721/13/A1MARQ75000915BF.html, accessed 2015/02/13

²⁷⁴ Sina News 2015-05-10, <http://tech.sina.com.cn/i/2015-05-10/doc-icpkqez3641125.shtml>, accessed 2015/8/17

wounded in the 1989 Tiananmen Massacre (DZ²⁷⁵ 2010). Nor did they expose current policy failures, social crises, and economic crises in SOEs, particularly in financial institutions including banks and stock markets, to say nothing of political problems such as abuses of state power, corruption, violations of human rights, political and religious freedom, workers' protest, social riots, and various demonstrations. China's media cannot be free when the country is still ruled by systematic repression. The media can be free only after when repression is lifted, as demonstrated in the brief media freedom during the 1989 Student movement in Chapter 4.

Since assuming his presidency in 2012, Xi Jinping has launched a series of anti-corruption campaigns against corrupt officials, such as Bo Xilai, former Chongqing Party Chief. At the same time, he has also enhanced repression on the society and on the economy as a whole and tightened the leash on the Chinese media in particular, including both the traditional state media and the new social media. Human Rights Watch alerts that China's political repression has been at a high mark since 2014.²⁷⁶

The greatest historical institutional changes of Chinese political economy are the open-door policy in 1978, the 1989 Tiananmen Massacre, and the 1992 re-opening of the economy. Since 1992, the state-led development, FDI inflows, and real-estate boom have become the major engines of Chinese economy where repression has safeguarded these three developments. As illustrated in Chapter 3, power economy is the core of these developments in which the power-money exchange has brought state officials and their colluded business elites enormous wealth within decades. However, Xi's anti-corruption has gone too far, not just for power struggle, as his predecessors did, but has imposed a wider restriction on state officials and SOE officers. Chinese economy has slowed down to a growth rate of approximately 7 per cent since

²⁷⁵ DZ is the initial of Dingxing Zhao

²⁷⁶ <https://www.hrw.org/news/2015/01/29/china-political-repression-high-mark>, accessed 2015/8/19

corruption has been significantly curbed. Whether he could maintain his strict repression and sustain China's economic growth remains to be seen in the next several years.

Future research on repressive state capitalism might prove or disprove this thesis. Since Xi's administration has intensified both political repression through rolling back to Maoist discourse, and economic repression through further economic nationalization and monopoly in strategic sectors, it raises the question of whether economic growth would slow down or keep the same pace. Moreover, in the theory of repressive state capitalism, I demonstrate that the power economy is the core of China's economic development because the power-money exchange is the major motivation that pushes state officials and business people to work hard. If the Chinese economic growth will continue to slow down or not will be an important indication as to whether repressive state capitalism works since the Xi administration's continuous anti-corruption campaign against both state officials in almost all levels of governments and against SOE officers. If the economy continues to slow down, social influence on repressive state capitalism might become big enough that the Party-state must compromise with the society. At that time, a liberal development in China could be possible. Therefore, the study of social influence on the Party-state domination, both on political economic matters and on media issues, could be very useful to prove, challenge, or even disprove repressive state capitalism. I would be happy to see that to occur because I wish that China would enter into democracy one day without large-scale wars and social turmoil.

Marketizing media control works even better now than before Xi's presidency; no media organizations except for the *New Express* has challenged the media authorities. The Chinese media have been harmonized by marketized media control, which incorporates both Party control and market

mechanisms of control over media organizations and media professionals, and at the same time, provides them with satisfactory material gain.

Aside from marketizing media control, the market mechanism of control over professionals might be applied to the financial, educational, and health-care sectors, though marketization in these sectors in China is not in its full form yet. Some people might argue these sectors are not politically significant enough to research, but I believe similar behaviours of marketizing control could be located there.

Future research on Chinese media should focus on internal control of media organizations and media professionals rather than the Party-state media control. Particularly, researchers should do case studies on how media organizations control themselves and their media products under the confluence of both Party censorship and market mechanism of media control. A thick description could better illustrate a vivid mechanism of control in media organizations. Such research might help strengthen and generalize the thesis of marketizing media control, or cast doubt on my finding and even disprove my thesis of marketizing media control. I think Chinese scholars who are educated in China and work within the media sector might have a different approach and might have different findings about media control. In short, I think follow-up research could look at more economic and social influence on media organizations and media professionals because the current literature focuses on the political control of the media.

Moreover, if one looks outside China, marketizing media control may also be seen in authoritarian Russia, Iran, and Singapore, where repression is the defining characteristic of political economy in these countries. I am looking forward to seeing whether marketizing media control can be generalized to other late developing countries, particularly repressive regimes.

References

- Bai, Yunsheng (2004), *The Compendium of China General Journalist History*, the Central Minority University Press (*Zhongguo Meiti Tongshi Zhaiyao*, Zhongyang Minzhu Daxue Chubanshe)
- Bai, Yunsheng (2008), *The New History of Mass Communication in China*, Zhengzhou University Press (*Zhongguo Xinwen Chuanbo Shi Xinbian*, Zhengzhou Daxue Chubanshe)
- Bandurski, David (2008), Garden of Falsehood, *Index on Censorship*, Vol.37, No.2 May 2008, pp. 45-54
- Brady, Anne-Marie (2008), *Marketing Dictatorship: Propaganda and Thought Work in Contemporary China*, Rowan & Littlefield Publishers, Inc.
- Bremmer, Ian (2009), "State Capitalism Comes of Age", *Foreign Affairs*, May/June 2009, Vol.88, Issue 3, pp.40-55
- Brevetti, Francine (2003), A Changing Image: One Editor Discusses the Chinese Media, *The Quill (Chicago, Ill.)*, Vol. 91, No. 2, March 2003, pp. 34-35
- Campbell, John L. and Pedersen, Ove K.(2001), Chapter 1 Introduction: The Rise of Neoliberalism and Institutional Analysis, pp.1-24, *the Rise of Neoliberalism and Institutional Analysis*, edited by John L. Campbell and Ove K. Pedersen, Princeton University Press
- Capoccia, Giovanni and Kelemen, R. Daniel (2007), "The Study of Critical Junctures", *World Politics*, Vol.59, No.3, April 2007, pp.341-369
- Chan, Anita (1998), Editor's Introduction, *Chinese Sociology and Anthropology*, Vol.30, No.4, Summer 1998, pp.3-7
- Chan, Joseph Man (2003), 8 Administrative boundaries and media marketization: a comparative analysis of the newspaper, TV and Internet markets in China, pp.159-176, *Chinese Media, Global Contexts*, edited by Chin-Chuan Lee, RoutledgeCurzon
- Chan, Joseph Man, Pan Zhongdang, and Lee, Francis L.F. (2004), Professional Aspirations and Job Satisfaction: Chinese Journalists at a Time of Change in the Media, *Journalism and Mass Communication Quarterly*, Vol. 81. No. 2, Summer 2004, pp. 254-273

- Chase, Michael, Mulvenon, James, and Hachigian, Nina (2006), 4 Comrade to comrade of peer-to-peer networks: the social and political implications of peer-to-peer networks in China, *Chinese Cyberspaces: Technologies and political effects*, edited by Jens Damm and Simona Thomas, Routledge
- Cheng, Xiaonong (2008), 9 Back from honeymoon to political tension: Reform politics from Zhao Ziyang to Hu Jintao, pp.135-150, *Zhao Ziyang and China's Political Future*, edited by Guoguang Wu and Helen Lansdowne, Routledge
- Cheung, Anne S. Y. (2003), *Self-censorship and the Struggle for Press Freedom in Hong Kong*, Kluwer Law International
- Cheung, Chau-kiu & Gui, Yong (2006), Job Referral in China: The advantages of strong ties, *Human Relations* Vol. 59, No. 6, June 2006, pp. 847-872
- China Internet Development Report 2012*, by China Internet Network Information Center (CNNIC), Publishing House of Electronics Industry 2012 (*Zhongguo Hulanwang Fazhan Baogao 2012*, Zhongguo Hulanwang Xinxi Zhongxin Bianxie, Dianzi Gongye Chubanshe)
- China Journalism Yearbook 1983*, Published by News & Communication Research Institution of the Chinese Academy of Social Science (Zhongguo Xinwen Nianjian, Zhongguo Shehui Kexue Yuan Xinwen Yu Chuanbo Yanjiusuo)
- China Journalism Yearbook 2000*, Published by News & Communication Research Institution of the Chinese Academy of Social Science (Zhongguo Xinwen Nianjian, Zhongguo Shehui Kexue Yuan Xinwen Yu Chuanbo Yanjiusuo)
- China Journalism Yearbook 2002*, Published by News & Communication Research Institution of the Chinese Academy of Social Science (Zhongguo Xinwen Nianjian, Zhongguo Shehui Kexue Yuan Xinwen Yu Chuanbo Yanjiusuo)
- China Journalism Yearbook 2006*, Published by News & Communication Research Institution of the Chinese Academy of Social Science (Zhongguo Xinwen Nianjian, Zhongguo Shehui Kexue Yuan Xinwen Yu Chuanbo Yanjiusuo)
- China Journalism Yearbook 2011*, Published by News & Communication Research Institution of the Chinese Academy of Social Science (Zhongguo Xinwen Nianjian, Zhongguo Shehui Kexue Yuan Xinwen Yu Chuanbo Yanjiusuo)
- China Radio & Television Year Book 2011*, by General Administration of Radio Film and Television, China Radio & Television Year Book Press (*Zhongguo Guangbo Dianshi Nianjian 2011*, Guojia Guangdian Zongju Bianxie, Zhongguo Guangbo Dianshi Nianjian

Chubanshe

China Radio & Television Year Book 2012, by General Administration of Radio Film and Television, China Radio & Television Year Book Press (*Zhongguo Guangbo Dianshi Nianjian 2012*, Guojia Guangdian Zongju Bianxie, Zhongguo Guangbo Dianshi Nianjian Chubanshe)

China Statistical Yearbook 2003, by National Bureau of Statistics of China, China Statistics Press (*Zhongguo Tongji Nianjian 2003*, Guojia Tongji Ju Bianxie, Zhongguo Tongji Chubanshe)

China Statistical Yearbook 2005, by National Bureau of Statistics of China, China Statistics Press (*Zhongguo Tongji Nianjian 2005*, Guojia Tongji Ju Bianxie, Zhongguo Tongji Chubanshe)

Cumings, Bruce (1999), Chapter 3: Webs with No Spiders, Spiders with no Webs: The Genealogy of the Developmental State, *The Developmental State*, edited by Woo-Cumings, Meredith, Cornell University Press

Davenport, Christian (2007), State Repression and Political Order, pp.1-23, *Annual Review of Political Science*, 06/2007, Vol.10, No.1

De Burgh, Hugo (2003), *The Chinese Journalist: Mediating information in the World's most populous country*, RoutledgeCurzon

Dickson, Bruce J. (2003), *Red Capitalists in China: The Party, Private Entrepreneurs, and Prospects for Political Change*, Cambridge University Press

Ding, Ganlin, Liu, Jialin, Sun, Wenshuo, Zhang, Zhihua, Ha, Yanqiu, Yao, Fushen, Qian, Xiaowen, and Huang, Hu (1998), *China Journalist History New Edition*, Sichuan People's Press (*Zhongguo Xinwen Shiye Shi Xinbian*, Sichuan Renmin Chubanshe)

Du, Ming (2014), "China's State Capitalism and World Trade Law", *International and Comparative Law Quarterly*, Vol.63, Issue 2, April 2014, pp.409-448

Epstein, David, Bates, Robert, Goldstone, Jack A., Kristensen, Ida, and O' Halloran, Sharyn (2006), "Democratic Transitions", *American Journal of Political Science*, Vol. 50, No. 3, July 2006, pp. 551–569

Epstein, Gady A. (2008), Dark Journalism, *Forbes*, Vol. 182 Issue 1, pp. 38-42, July 2008

Esarey, Ashley (2005), Concerning the Market: State Strategies for Controlling China's

Commercial Media, *Asian Perspective*, Vol.29, issue 4, Winter,2005, pp.37-83

Esarey, Ashley (2006), *Speak No Evil: Mass Media Control in Contemporary China*, A Freedom House Special Report

Fong, Vanessa L. (2007), Media, Identity, and Struggle in Twenty-first Century China, *Critical Asian Studies*, Vol.39, issue 2, pp. 255–258

Foucault, Michel (1980), *The History of Sexuality*, translated from French by Robert Hurly, New York, Vintage Books

Freedom House Annual Report on Press Freedom of China 2003(FHARPF China 2003),<http://www.freedomhouse.org/template.cfm?page=251&year=2003>, access at December 5 2008

Freedom House Annual Report on Press Freedom of China 2004 (FHARPF China 2004),
<http://www.freedomhouse.org/template.cfm?page=251&year=2004>, access at December 5 2008

Freedom House Annual Report on Press Freedom of China 2005,
<http://www.freedomhouse.org/template.cfm?page=251&year=2005>, access at December 5 2008

Freedom House Annual Report on Press Freedom of China 2006,
<http://www.freedomhouse.org/template.cfm?page=251&year=2006>, access at November 29, 2008

Freedom House Annual Report on Press Freedom of China 2007,
<http://www.freedomhouse.org/template.cfm?page=251&year=2007>, access at November 29, 2008

Freedom House: New Report Details China Censorship Mechanisms,
<http://www.uhrp.org/articles/11/1/Freedom-House-New-Report-Details-China-Censorship-Mechanisms/Freedom-House-New-Report-Details-China-Censorship-Mechanisms.html>, access at November 21 2008)

Friedman, Eli (2014), *Insurgency Trap: Labor Politics in Postsocialist China*, Cornell University Press

Fu, Yi (1998), 1. Toyland Inferno: A Journey through the Ruins, *Chinese Sociology and Anthropology*, Vol.30, No.4, Summer 1998, pp.8-34

- Gallagher, Mary E. (2002), "Reform and Openness": Why China's Economic Reforms Have Delayed Democracy, *World Politics*, Vol. 54, No.3, April, pp. 338-372
- Gordon, Jill (1997), "John Stuart Mill and the 'Marketplace Ideas'", *Social Theory and Practice*, Vol. 23, No.2, Summer 1997, pp.235-249
- Gries, Peter Hay, and Rosen, Stanley (2004), Introduction: Popular protest and state legitimation in 21st-century China, pp. 1-23, *State and Society in 21st-century China: Crisis, contention, and legitimation*, edited by Peter Hays Gries and Stanley Rosen, RoutledgeCurzon
- Groenewold, Nicolaas, Wu, Yanrui, Tang, Sam Hak Kan, and Fan Xiang Mei (2004), *The Chinese Stock Market: Efficiency, Predictability, and Profitability*, Edward Elgar
- Ha, Yanqiu (2005), *Study of China Mass Communication History*, China Radio & Television Publishing House (*Zhongguo Xinwen Chuanbo shi Yanjiu*, Zhongguo Guangbo Dianshi Chubanshe)
- Haerens, Margaret, and Zott, Lynn M. (2014), Introduction, *Internet Censorship*, edited by Margaret Haerens and Lynn M. Zott, Greenhaven Press
- Hall, Peter A. and Taylor, Rosemary C.R. (1996), Political Science and the Three Institutionalism, *Political Studies*, Vol.44, No.4, pp.936-957
- Harrison, Mark (2002), 14 Satellite and cable platforms: Development and Content, pp167-178, Section 4: Media, New Media, and Crisis, *Media In China: Consumption, Content, and Crisis*, edited by Stephanie Hemelryk Donald, Michael Keane and Yin Hong, RoutledgeCurzon
- Harwit, Eric, and Clark, Duncan (2006), 2: Government policy and political control over China's Internet, *Chinese Cyberspaces: Technologies and political effects*, edited by Jens Damm and Simona Thomas, Routledge
- Hassid, Jonanthan (2008), Controlling the Chinese Media: An Uncertain Business, *Asian Survey*, May/Jun2008, Vol. 48 Issue 3, pp.414-430
- Hayek, F.A. (1944), *The Road to Serfdom*, London, Routledge &Kegan Paul Ltd
- He, Qinglian (2008), *The Fog of Censorship: Media Control in China*, Translated by Paul Frank, HRIC, Human Right in China publication
- He, Zhou (2003), 10: How do the Chinese media reduce organizational incongruence?

Bureaucratic capitalism in the name of capitalism, pp. 196-214, *Chinese Media, Global Contexts*, edited by Chin-Chuan Lee, RoutledgeCurzon

Hsiung, James C. (2009), From Revolutionary Regime to Normal Governance: China's Long March toward Political Reform, *Asian Affairs: An US Review*, Vol.36, No.2, Spring 2009, pp.29-45

Hu, Xiaobo, Wang, Gabe T., and Zou Yimin (2007), "Political economy of the floating Chinese population", *Journal of Contemporary Asia*, Vol. 32, No.4 (May 2007), pp.536-552

Hu, Xin (2002), 16 The Surfer-in-chief and the would-be Kings of Content: A short study of Sina.com and Netease.com, pp.192-199, Section 4: Media, New Media, and Crisis, *Media In China: Consumption, Content, and Crisis*, edited by Stephanie Hemelryk Donald, Michael Keane and Yin Hong, RoutledgeCurzon

Huang, Hu (2009), *China Journalist Development History*, Fudan University Press (*Zhongguo Xinwen Shiye Fazhan Shi*, Fudan Daxue Chubanshe)

Huang, Liangtian (2008a), Spirit of the News, *Index on Censorship*, Vol.37, Issue 2, May 2008, pp.55-61

Huang, Yasheng. (1996), *Inflation and investment controls in China: The political economy of central-local relations during the reform era*, Cambridge University Press

Huang, Yasheng. (2008b), *Capitalism with Chinese Characteristics: Entrepreneurship and the State*, Cambridge University Press

Hung, Mao Tien and Chyuan, Jeng Shiau (1992), "Taiwan's Democratization: A Summary", *World Affairs*, Vol.155, No.2, Democracy in Taiwan: Part One (Fall 1992), pp.58-61

Huntington, Samuel P. (1968), *Political Orders in Changing Societies*, Yale University Press

Inglehart, Ronald, and Welzel, Christian (2007), *Modernization, Cultural Change, and Democracy: The Human Development Sequence*, Cambridge University

Jiang, Min (2014), Chapter 1: Should the Internet Be Censored? 1. Internet Sovereignty – A New Paradigm of Internet Governance, *Internet Censorship*, edited by Haerens, Margaret, and Zott, Lynn M., Greenhaven Press

Kalathil, Shanthy (2001), China's Dot-Communism, *Foreign Policy* no. 122, (January/February 2001) pp. 74-75

- King, Gary, Pan, Jennifer, and Roberts, Margaret E. (2014), *Reverse Engineering Chinese Censorship through Randomized Experimentation and Participant*, Paper prepared for the annual meetings of the US Political Science Association, August 31, 2013, Chicago
- Klein, Naomi (2008), *China's All-Seeing Eye: With the help of US defense contractors, China is building the prototype for a high-tech police state. It is ready for export*, posted at May 29 2008, retrieved from http://www.rollingstone.com/politics/story/20797485/chinas_allseeing_eye, accessed on January 25 2009
- Kohli, Atul (1999), Chapter Four: Where Do High-Growth Political Economies Come From? The Japanese Lineage of Korea's "Developmental State", pp.93-136, *The Developmental State*, edited by Woo-Cumings, Meredith, Cornell University Press
- Lagerkvist, Johan (2006), 3. In the crossfire of demands: Chinese news portals between propaganda and the public, *Chinese Cyberspaces: Technologies and political effects*, edited by Jens Damm and Simona Thomas, Routledge
- Lee, Chin-Chuan (1994), 1 Ambiguities and Contradictions: Issues in China's Changing Political Communications, *China's Media, Media's China*, edited by Chin-Chuan Lee, Westview Press
- Lee, Chin-Chuan (2003), 1 The global and the national of Chinese media: discourses, market, technology, and ideology, pp1-31, *Chinese Media, Global Contexts*, edited by Chin-Chuan Lee, RoutledgeCurzon
- Lee, Chin-Chuan, He, Zhou, and Huang, Yu (2006), 'Chinese Party Publicity Inc.' conglomerated: the case of the Shenzhen Press Group, *Media, Culture & Society*, SAGE Publications, Vol. 28, No.4, pp.581-602
- Lee, Chin-Chuan, and Chan, Joseph Man (1990), The Hong Kong Press Coverage of the Tiananmen Protests, *International Communication Gazette*, 1990, Vol.46, pp.175-195
- Lee, Ching Kwan (2000), 2: Pathways of labour insurgency, pp. 41-61, *Chinese Society: Change, Conflict and Resistance*, edited by Elizabeth J. Perry and Mark Selden, Routledge
- Lee, Ching-kwan (2007), *Against the Law: Labor Protests in China's Rustbelt and Sunbelt*, University of California Press
- Lee, Sing, and Kleinman, Arthur (2000), 11: Suicide as resistance in Chinese society, pp. 221-240, *Chinese Society: Change, Conflict and Resistance*, edited by Elizabeth J. Perry and Mark Selden, Routledge

- Li, Chun (2014), *A History of Contemporary Chinese Media*, Lijiang Publishing House (*Dangdai Zhongguo Chuanmei Shi*, Lijiang Chubanshe)
- Li, Datong (2008), Tipping Point, *Index on Censorship*, Vol.37, Issue 2, May 2008, pp. 62-67
- Lin, Fei (2004a), *China Journalist Investigation*, Guangming Daily Press (*Zhongguo Meiti Jizhe Diaocha*, Guangming Ribao Chubanshe)
- Lin, Hui (2004b), *Unfinished History: China Journalist Reform Frontier*, Fudan University Press (*Wei Wancheng de Lishi: Zhongguo Chuanmei Gaige Qianyan*, Fudan Daxue Chubanshe)
- Link, Perry (2008), 6 “What if Zhao had tried to stay?”: A review of Zong Fengming, *Ruanjinzhong de tanhua*, pp.95-106, *Zhao Ziyang and China’s Political Future*, edited by Guoguang Wu and Helen Lansdowne, Routledge, New York and London
- Lipset, Seymour Martin. (1959). “Some Social Requisites of Democracy: Economic Development and Political Legitimacy”, *US Political Science Review* 53, March 1959
- Liu, Binyan (1990), To Be a Journalist in China, *Index on Censorship*, Vol.9, Issue 5, May 1990, pp. 4-5
- Luo, Yicheng, Zhang, Jinhai, and Shan, Bo (2008), *China Media Development Research Report*, Wuhan University Press (*Zhongguo Meiti Fazhan Yanjiu Baogao*, Wuhan Daxue Chubanshe)
- Lynch, Daniel C. (1999), *After the Propaganda State: Media, Politics, and “Thought Work” in Reformed China*, Stanford: Stanford University Press
- Ma, Laurence J. C. (2009), China’s authoritarian capitalism: growth, elitism and legitimacy, *IDPR(international development planning review)* , Vol.31, No.1, March 2009, pp.i-xii
- Ma, Sun-Yun (2000), Understanding China’s Reform: Looking beyond Neo-Classical Explanations, *World Politics*, Vol. 52, No. 4, July 2000, pp. 586-603
- MacKinnon, Rebecca (2011), China’s “Networked Authoritarianism”, *Journal of Democracy*, Vol.22, No.2, April 2011, pp.32-46
- Mahoney, James and Thelen, Kathleen (2010), 1: A Theory of Gradual Institutional Change, pp.1-37, *Explaining Institutional Change: Ambiguity, Agency, and Power*, edited by James Mahoney and Kathleen Thelen, Cambridge University Press

- Mastrty, Lisa, & Buckley, Lila, & Li, Zijun & Liu, Yingling, & Turner, Jennifer (2006), Incident at Jilin: Wake-up call or business as usual? *World Watch*; Vol. 19 Issue 2, Mar/Apr2006, pp.14-15
- McCormick, Barrett, and Liu, Qing (2003), 7 Globalization and Chinese media: technologies, content, commerce and the prospects for the public sphere, pp.139-158, *Chinese Media, Global Contexts*, edited by Chin-Chuan Lee, RoutledgeCurzon
- Meisner, Maurice (1999), *Mao's China and After: A History of the People's Republic*, Free Press, Third Edition
- Mill, John Stuart (1978), *On Liberty*, edited, with an introduction, by Elizabeth, Rapaport, Hackett Publishing Company, Inc, Indianapolis/Cambridge
- Morgan, Glenn, Campbell, John L., Crouch, Colin, Redersen, Ove Kaj, and Whitey, Richard (2010), Introduction, pp.1-14, *The Oxford Handbook of Comparative Institutional Analysis*, edited by Glenn Morgan, John L. Campbell, Colin Crouch, Redersen Ove Kaj Redersen, and Richard Whitey, Oxford University Press
- Neilson, Ingrid, and Smyth, Russell (2008), Job satisfaction and response to incentives among China's urban workforce, *Journal of Socio-Economics*, Vol37, Issue 5, October 2008, pp. 1921-1936
- Ng, Jason Q. (2013), *Blocked on Weibo: What Gets Suppressed on China's Version of Twitter (and Why)*, The New Press
- Oi, Jean C. (1992), "Fiscal Reform and the Economic Foundations of Local State Corporatism in China", *World Politics*, Vol. 45 no. 1, October 1992, pp.99-126
- Ortolani, Alex (2008), Called up: How China Censors its Burgeoning Media, *Michigan Quarterly Review*, University of Michigan, Ann Arbor, Vol. 47, issue2, Spring 2008, pp. 271-282
- Osburg, John (2013), "Global Capitalisms in Asia: Beyond State and Market in China," *The Journal of Asian Studies*, Vol.72, No.4 (Nov. 2013), pp.813-829
- Ouyang, Guozhong (2003), *The Great Transition of Chinese Media*, Tuanjie Press (*Zhongguo Meiti Da Zhuanzhe*, Tuanjie Chubanshe)
- Pan, Zhongdang, and Lu, Ye (2003), 11: Localizing professionalism: discursive practices in China's media reforms, pp.215-236, *Chinese Media, Global Contexts*, edited by Chin-Chuan Lee, RoutledgeCurzon
- Peerenboom, Randall (2007), *China Modernizes: Threat to the West or Model for the Rest*,

Oxford University Press.

- Peerenboom, Randall (2013), "China and the Middle-Income Trap: Toward a Post Washington, Post Beijing Consensus", *Working Paper No.11*, June 2013, Center for Financial Regulation and Economic Development of the Chinese University of Hong Kong
- Pei, Minxin (2006), *China's Trapped Transition: The Limits of Developmental Autocracy*, Cambridge, MA: Harvard University Press
- Perry, Elizabeth (2007), "Studying Chinese Politics: Farewell to Revolution?" *China Journal* 57 (January 2007); pp.1-22
- Perry, Elizabeth, and Selden, Mark (2000), Introduction: reform and resistance in contemporary China, pp. 1-19, *Chinese Society: Change, Conflict and Resistance*, edited by Elizabeth J. Perry and Mark Selden, Routledge
- Peters, B.Guy, Pierre, Jon and King, Desmond S.(2005), "The Politics of Path Dependency: Political Conflict in Historical Institutionalism", *The Journal of Politics*, Vol.67, No.4, Nov 2005, pp.1275-1300
- Powell, Walter W. (1991), 8 Expanding the Scope of Institutional Analysis, pp.183-203, *The New Institutionalism in Organizational Analysis*, edited by Walter W. Powell and Paul J. DiMaggio, University of Chicago Press
- Przeworski, Adam (1991), *Democracy and the Market: Political and Economic Reforms in East Europe and Latin America*, Cambridge University Press
- Przeworski, Adam, Alvarez, Michael E., Cheibub, Jose Antonio, and Limongi, Fernando (2000), *Democracy and Development: Political Institutions and Well-Being in the World, 1950-1990*, Cambridge University Press
- Pun, Ngai (2005), *Made in China: Women Factory Workers in a Global Workplace*, Duke University Press
- Pun, Ngai (2007), "Gendering the Dormitory Labour System: Production, Reproduction, and Migrant Labour in South China", *Feminist Economics*, Vol.13, No.3-4, (July /October 2007), pp.239-258
- Pun, Ngai, and Chan, Jenny (2012), "Global Capital, the State, and Chinese Workers: The Foxconn Experience, Modern China, July 2012, Vol.38, No.4, pp.383-410
- Putterman, Louis, and Rueschmeyer, Dietrich (1992) edit, *State and Market in Development:*

Synergy or Rivalry, Lynne Rienner Publishers

- Redle, Anke, and Simons, Rowan (2002), 2: Chinese media-one channel, two systems, pp. 18-27, Section 1: Background, History, and Theory, *Media In China: Consumption, Content, and Crisis*, edited by Stephanie Hemelryk Donald, Michael Keane and Yin Hong, RoutledgeCurzon
- Rosen, Stanley (2003), 5 Chinese media and youth: attitude toward nationalism and internationalism, pp.97-118, *Chinese Media, Global Contexts*, edited by Chin-Chuan Lee, RoutledgeCurzon
- Schweinberger, Albert (2014), "State Capitalism, Entrepreneurship, and Networks: China's Rise to a Superpower", *Journal of Economic Issues*, Vol.48, No.1, pp.169-180
- Shirk, Susan (2007), Changing Media, Changing Foreign Policy in China, *Japanese Journal of Political Science*, Vol. 8, pp. 43-70, Part 1, April
- Spencer, Herbert (1894), *The Principles of Biology*, London, Williams and Norgate
- Sprading, Charles T. (1923), *Freedom and its Fundamentals*, Los Angeles, California, The Libertarian Publishing Company
- Swaffield, Bruce (2007), Staying the course in cyberspace, *The Quill (Chicago, Ill.)*, Vol. 95, No. 8, October/November 2007, p.34
- Swan, Jon (1996), I Was a 'Polisher' in a Chinese News Factory, *Columbia Journalism Review*, Vol. 34, issue 6, Mar./Apr. 1996, p.33
- Tai, Zixue, and Sun, Tao (2007), Media dependencies in a changing media environment: the case of the 2003 SARS epidemic in China, *New Media & Society*, Vol.9, issue 6, pp. 987-1009
- Tang, Qingjian (2008), *News behind Screen: How in-depth News Are Digged out?* Economy & Management Publishing House (*Xinwen Muhou: Shendu Xinwen Shi Zenme Bei Wa Chulai De?* Jingji Guanli Chubanshe)
- Tang, Wenfang (2005), *Public Opinion and Political Change in China*, Stanford: Stanford University Press
- Thelen, Kathleen (1999), "Historical Institutionalism in Comparative Politics", *Annual Review of Political Science*, 06/1999, Vol.2, Issue 1, pp.369-404

- Thelen, Kathleen, and Steinmo, Sven (1992), 1 Historical institutionalism and comparative politics, pp1-32, *Structuring Politics: Historical Institutionalism in Comparative Politics*, edited by Steinmo Sven, Thelen, Kathleen, and Longstreth Frank, Cambridge University Press
- Thornton, John L. (2008), Long Time Coming: The Prospects for Democracy in China, *Foreign Affairs*, Vol.87, No.1, Jan-Feb 2008, pp.2-22
- Tong, Jingrong (2009), "Press Self-censorship in China: a case study in the transformation of discourse", *Discourse & Society*, September, 2009, Vol.20, Issue 5, pp.593-612
- Trop, Jaclyn (2007), Journalists discuss life in newsrooms abroad, *Quill*, Vol. 95 Issue 6, Aug. 2007, p.45
- Sun, Wanning (2002), "Semiotic Over-determination or Indoctrination: Television, Citizenship, and the Olympic Games", pp.116-27, *Media in China: Consumption, Content and Crisis*, edited by Stephanie Donald, Michael Keane and Yin Hong, London: RoutledgeCurzon, 2002, pp. 116-27.
- US-China Economic and Security Review Commission, *China's state control mechanisms and methods: hearing before the US. – China Economic and Security Review Commission*, One Hundred Ninth Congress, first session, April 14, 2005
- Walder, Andrew G. (1995), Career Mobility and the Communist Political Order, *US Sociological Review*, Vol. 60, No. 3, Jun.1995, pp. 309-328
- Wang, Qing, Wang, Wei, and Gao, Fan (1999), *Survival of the Fittest: A Focus on the Survival of the Chinese People in the End of the Century*, Beijing: China Industry and Commerce Union Publishing House (*You Sheng Lie Tai: Shi Ji Mo Ju Jiao Guo Ren Sheng Cun Hua Ti*, Beijing: Zhong Hua Gong Shang Lian He Chu Ban She)
- Walton, Greg (2001), *China's Golden Shield: Corporations and the Development of Surveillance Technology in the People's Republic of China*, International Center for Human Rights and Democratic Development
- Winfield, Betty Houchin, and Peng, Zengjun (2005), Market or Party Controls?: Chinese Media in Transition, *Gazette: The International Journal for Communication Studies*, 2005, Vol. 67, Issue 3, pp.255-270
- Woo-Cumings, Meredith (1999), Chapter One: Introduction: Chalmers Johnson and the Politics of Nationalism and Development, pp.1-31, *The Developmental State*, edited by Woo-Cumings, Meredith, Cornell University Press

- Wright, Teresa (2010), *Accepting Authoritarianism: State- Society Relations in China's Reform Era*, Stanford University Press
- Wu, Guoguang (1994), Command Communication: The Politics of Editorial Formulation in the People's Daily, *The China Quarterly*, No. 137, Mar. 1994), pp. 194-211
- Wu, Guoguang, and Helen, Lansdown (2008), *Zhao Ziyang and China's Political Future*, edited by Guoguang Wu and Helen Lansdowne, Routledge
- Wu, Tingjun (2008), *China Journalist History New Edition*, Fudan University Press (*Zhongguo Xinwen Shi Xinxiu*, Fudan Daxue Chubanshe)
- Xiao, Qiang (2004), Chinese Whispers, *New Scientist*, 11/27/2004, Vol. 184, Issue 2475
- Xiao, Tian (2006), Battle for Freedom in Chinese Cyberspace, *Global Internet Freedom Consortium*, published at May 2006, retrieved from <http://www.internetfreedom.org/files/Research/battle-for-freedom-in-chinese-cyberspace.pdf>, accessed on January 25, 2009
- Xu, Beiting (2006), *History of China Mass Communication Study: 1949-2005*, Chongqing Publishing House (*Zhongguo Xinwen Chuanbo Xueshuo Shi*, Chongqing Chubanshe)
- Yang, Dali (1997), *Beyond Beijing: Liberalization and the Regions in China*, New York: Routledge
- Yang, Dali L. (2004), *Remaking the Chinese Leviathan: Market Transition and the Politics of Governance in China*, Stanford: Stanford University Press
- Zhang, Li (2008), Conceptualizing China's Urbanization under Reforms, *Habitat International* 32, pp.452–470
- Zhao, Dingxing (2010), *The Power of Tiananmen: state-society and the 1989 Beijing student movement*, University of Chicago Press
- Zhao, Xiaobing, Zhou, Changcai, and Wei, Xin (2004), *China Media Investment: Theory and Cases*, Fudan University Press (*Zhongguo Meiti Touzi: Lilun he Shijian*, Fudan Daxue Chubanshe)
- Zhao, Yuezhi (1998), *Media, Market, and Democracy in China: Between the Party Line and the Bottom Line*, Urbana and Chicago, IL: University of Illinois Press

- Zhao, Yuezhi (2003), 2 “Enter the world”: neo-liberal globalization, the dream for a strong nation, and Chinese press discourses on the WTO, pp.32-56, *Chinese Media, Global Contexts*, edited by Chin-Chuan Lee, RoutledgeCurzon
- Zhao, Yuezhi (2004), “The State, the Market, and Media Control in China,” pp.179-212, *Who Owns the Media: Global Trends and Local Resistance*, Pradip Thomas and Zahoram Nain eds., Penang, Malaysia: Southbound Press and London: Zed Books
- Zhao, Yuezhi (2008), *Communications in China: Political Economy, Power and Conflict*, Lanham, MD: Rowman & Littlefield
- Zheng, Liyong (2011), *China Media Influence Research Report*, Zhejiang University Press (*Zhongguo Xinwen Chuanmei Yingxiangli Yanjiu Baogao*, Zhejiang Daxue Chubanshe)
- Zhou, Shuguang (2008), Notes on the Net, *Index on Censorship*, Vol.37, Issue 2, May 2008, pp.90 – 96