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an der Universität zu Köln**

**Zhenzhi Guo**

**WTO,  
“Chanye Hua” of the Media  
and Chinese Television**

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## Zhenzhi Guo

# WTO, “Chanye Hua” of the Media and Chinese Television<sup>\*</sup>

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## Foreword

Since the mid-1990s the term “Chanye Hua” has gained currency in Chinese media scholarship and policy discourses. Although it has several different meanings (which I will discuss later in this paper) it basically means industrialisation (literal translation) or incorporatisation<sup>1</sup> of the media. The term caused some controversy at the beginning. In the new century, however, the industrial nature of the Chinese media was confirmed, and even strengthened, by the Communist Party of China (CPC) and the state leaders. “Chanye Hua” was legitimised consequently.

“Chanye Hua” is not a precise theoretical concept while it has rich implications. The advocators invented this term to express the desire of commercial industries that wanted to use the media to make profit, and the desire of the media and some scholars for the media to have relative autonomy from the political control. It signifies the development of the media along the market logic and its connection with the WTO Entry.

This paper deals with the relationship between the term “Chanye Hua” and the reality of Chinese media commercialisation. First it describes the overall theoretical environment of Chinese media, in an effort to reveal the dynamics of the Chinese “marketplace of ideas”. Then the paper introduces the term “Chanye Hua”, as to how it came into being and how its meaning was changed. After that the paper proceeds to analyse the concept of “Chanye Hua” and a few related concepts, “Shangye Hua” (commercialisation), “Qiyue Hua” (businesslike) and “Shichang Hua” (marketisation), indicating the ambiguity of “Chanye Hua” and the real implications of the concept. Then this paper shows the normative concept and the reality of Chinese television, emphasizing on the latter’s capitalistic development. Finally, the conclusions of the paper are: 1. “Chanye Hua” is a euphemism used by those who adopt the concept to push for marketisation of the Chinese media. 2. The term is a typical example of collaboration between intellectual elite and political elite in China during the reform process. It also illustrates the dynamics between internal transformation and the WTO push. 3. Although a rhetorical exercise, “Chanye Hua” reflects concrete social interests and has real policy consequences: It blurs the distinction between “for profit” and “not-for-profit” modes of the media and rationalises the self-interest of media organisations and their employees. Thus it forecloses the possibility for public broadcasting and other forms of “not-for-profit” media in China.

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<sup>1</sup> A transcription suggested by Dr. Zhu Jianhua, City University, HK.



## **1. Introduction: Theoretical Environment of Contemporary China**

Westerners may remember the time when China under Mao Zedong was driven by theoretical doctrines of “the little red book”, and it seemed that the whole reform program was launched with a theoretical discussion on “truth criteria”. The fact is, however, that none of the cases had anything to do with theory, especially theoretical discussion, in its true meaning. In the former case, no opposite argument challenging the Maoist orthodox was possible. It was a political struggle (though in the disguise of “theories”) that conditioned the event in the latter case. Before the end of the 1970s, “theory” was important – but used only as a pure political weapon.

Deng Xiaoping seemed to be a non-theorist. His well-known “theory” on cats (whether black or white, the best cat is the one that catches mice) – set the pragmatic base for the Chinese economic reform. Since the end of the 1970s the macro design by Deng for the reform has been – trying the possible ways (“crossing a river by feeling the stones underneath”, as it says). In doing so the best way for practices is “doing more; saying less”, or even, “doing without saying”. Thus, “no arguing” has been the golden rule in China from top to bottom, whenever there is a controversy in economic policies. In the meantime, suggestions for political reform have been put politely (or impolitely) on the shelf while traditional approaches are followed in most ideological issues. More often than not, theories are disconnected with practices; open directives are different from potential rules. So in China now, many hollow political slogans that are totally irrelevant to social life are increasingly being self-marginalized. At the same time, much de facto evolution happens on the rim. By lack of theoretical discussions, especially of policy-related debates contemporary China has become a nation more convinced by accomplished facts than persuaded by theoretical arguments.

On the other hand, some terms may become popular in all walks of life very quickly. Sometimes experts who have close connections with the industry and market would package and sell some novel slogans (often borrowed from western economics) to promote some markets. The government responds to these slogans differently, according to their usage. Most slogans tried to be inoffensive politically and attractive commercially. Some slogans could be politically offensive from the traditional point of view, such as “Ziben Yunzuo” (the operation of capital), “leading a Buerqiaoya” (bourgeoisie) way of life” or “leading a Xiaozi” (petty bourgeoisie) way of life”, “Zhibenjia” (intellect capitalists) – all used in a positive, or even admiring way. But they are no longer punished nowadays. Using offensive words might be risky; but it would also be an attractive way for public eyes. It is especially true of the case in advertising. A young teacher in journalism even planned to give a course on how to make news stories in a sensational way, according to web news. Because most novel terms are purely economic in nature and always put on a face of “marching with the time”, they usually flow freely and safely. The Chinese government is relatively tolerant of the commercial operations.



Most such terms appear in bits and pieces – not as a systematic theory. In the meantime, authorities take theories more serious, because they usually regard theories as being very powerful and threatening. Some theories might receive cold shoulders, if they have a disagreeable smell, even though they are expressed ambiguously. Harsh criticism and political siege are rare though – a sign of improvement.

In present China, it is its practical utility and its real outcome that would show whether a theory is suitable or not. As it is said, practice is the only standard of truth inspection. Things could change accordingly. Sometimes a suppressed concept would become popular overnight, especially those concrete and pragmatic ones. “Chanye Hua” is just such a term.

As important, many Chinese theories, including their concepts and discourses, are very different from their Western counterparts. Even similar terms usually have different meanings in China. The difference might be conspicuous, for instance, between the English word “concentration” and the corresponding Chinese word “Jizhong”. “Jituan Hua” is quite a good Chinese word among many Chinese scholars, especially in official discourse, while in Western academia “conglomeration” might not be so positive in meaning. Some Chinese terms could be understood correctly only in the Chinese context and with Chinese explanations. “Chanye Hua”, again, is such a Chinese term.

## 2. The Formation of the Concept “Chanye Hua” of the Media

Once a condemned term, “Chanye Hua” of the media is one of the most popular slogans in China now. As the State Administration for Radio, Film and Television (SARFT) of China claimed, 2004 will be “a year of ‘Chanye Hua’” and “a year of ‘Shuzi Hua’ (digitalisation)” (Sun and Liu, A, 16). So “Chanye Hua” is a good case study for understanding of the Chinese media transformation – though with the Chinese explanation.

People usually understand that the raise of the concept of “Chanye Hua”, instead of “Shangye Hua”, was out of political protection – even though the advocator denied. In Chinese “Shangye Hua” (commercialisation) has long been a word with derogatory connotations; even “commercial” is a bad word, while other words (“Chanye”, industry, “Qiyue”, industrial enterprise, or business, “Shichang”, market – we are discussing them later), being brought in contemporary discourse fairly recently with the rise of economic reform and the slogan of “socialist market economy with Chinese characteristics” are much better. But Huang Shengmin, the advocator of the concept and “one of the most quoted experts on the Chinese media by the Chinese media” (Zhao, 2003, p. 64), told a different story about the invention of the term when it was raised in the mid-1990s (Huang and Ding, B, pp. 306 - 314).

Huang is one of the most influential scholars in the advertising area. In a commissioned study on the Cantonese media, Huang and his team found, that the development of Guangzhou Radio Station and a few others had already passed a critical reforming stage, being businesslike in their internal operations and commercially oriented in their external dealings in a highly marketised environment. As a result they could not prescribe commercialisation as a solution, as they used to do. The team finally found the prescription of “Chanye Hua” instead. According to Huang, the concept of commercialisation signified “how Jiguan Bao (party press) are transformed to be commercial media” (Huang and Ding, B, p. 309), which Cantonese media had already realized; and “Chanye Hua” would be the next stage, signifying “big markets”, “big media”, and “big capitals” (Huang and Ding, B, p. 309). Huang explained that commercialisation was inadequate as a theoretical tool for the Chinese media (an opinion bold enough, of course), while “Chanye Hua” would provide a guiding theoretical principle for broader and more advanced media development (a point questionable, too). Thus, intentionally or inadvertently Huang and his team skipped over the troublesome controversy of commercialisation without further ado. Then the term “Chanye Hua” was officially published in a few papers collected after that in a 1997 book (Huang and Ding, A).

As we might predict, the term “Chanye Hua” caused controversy as it was regarded as unconventional and unorthodox, even though the advocators self-proclaimed that these newly formed industries “bring no confrontation with the existing system; rather, they’ll try their best to be approved by it” (Huang and Ding, A, p. 61). The disagreement focused on the proposed “Chanye” attribute



of the Chinese media, questioning whether they would still be the Party’s mouthpiece and whether they would insist on correctly guiding public opinion.<sup>2</sup>

The controversy on “Chanye Hua” highlighted the “Chanye” nature of the media. But the Chinese word “Hua” (-isation, meaning “to change”, “to alter”, “to make a thing different”, or even “to turn something into something else”) had caused more suspicion, because some people regarded “Hua” as making things totally and thoroughly different, as Mao Zedong said in 1942 (Mao, p. 841). Though few people remember his terms of “Minzu Hua” (nationalisation), “Kexue Hua” (wholly scientific) and “Dazhong Hua” (popularisation), the Maoist explanation of “totally and thoroughly” for “Hua” has been inherited and insisted on by some officials. They suspected that “Chanye Hua” would make the Chinese media purely businesslike and cease to be the Party’s tool.

This “Chanye Hua” progress, of course, is far beyond the orthodoxy expectation of media reform. The term then was put in a “list” of “unfavourable terms” by the propaganda system and met with cold reception in the media policy discourse and in academic publications. But fortunately, “Chanye Hua” suffered no harsh criticism, as the practice in present China is – no arguing, no debating (see also Huang and Ding, B, p. 306).

Huang had to alter his theory a little bit. So we have got more or less different explanations for this term in his two books (Huang and Ding, A, B). According to Huang in his first book (Huang and Ding, A), the so-called “Chanye Hua” means “the transitional process of the ideological media to the businesslike media”, the principal dynamics of media “Chanye Hua” is the “interaction between (*the media* – Guo added) interest and (*the government* – Guo added) control”. It is “the weakening of the traditional way of control by the ruling power in the environment and the standing out of the interest-seeking nature of the media” (Huang and Ding, A, p. 29). The characteristics of media “Chanye” are: “first, the media are directed by economic interest; second, the political administration of the media is weakened to allow them to emerge as relatively independent businesses, and their “nature of non-business, not-for-profit enterprise is (*also*) weakened” (Huang and Ding, A, p. 5). Though expressed vaguely, people could see the media’s effort in shaking off ideological control and their emphasis on economic self-interest. Both characteristics, as well as the expression of “relative independence”, are far different from the traditional ideology and discourse. This is where the concept is really sensitive – and might be offensive.

Indeed, “‘Chanye Hua’ is related closely to political reform”, as Huang pointed out (Huang and Ding, A, p. 3). The concept expresses the desire of the media to have relative autonomy from the Party’s political control in a theoretical language.

A few years later, however, there were some changes in Huang’s explanation on “Chanye Hua” (Huang and Ding, B). He said the term indicated “a pheno-

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<sup>2</sup> The prevalent suspicious oppositions flowed most in an unofficial way; but I found two praising comments of the concept, saying it was “de-ideological” (Liu, Guoji) and “breaking through the tricky official discourse” (Huang, Yu).



menon when media institutions that used to be purely cultural, spiritual undertakings are being transformed into profitable corporations along the track of rational business”. And the term “Chanye” meant “the economic collection of business in the same trade” consisting of independent legal persons whose membership is made under market rules of equality and competition inside and outside the industry (Huang and Ding, B, p. 307). Economic trait was strengthened here.

We may find that the second explanation made the political edge of the term “Chanye Hua” less sharp, to avoid any more political trouble. In addition, Huang pointed out, “it is possible, even inevitable, for politics and capitals to reach compromise” (Huang and Ding, B, p.307 – 309), which made “Chanye Hua” further harmless in nature politically.

According to Huang, “Chanye Hua” is the transformation of the whole industry of “big media” with “big markets” and “big capitals”.<sup>3</sup> Most importantly, huge media conglomerates based on an industry will be actively playing roles in the context of an international market economy. “Chanye Hua” is not uniquely Chinese, as Huang said, the Chinese situation should be compared in a wider background (Huang and Ding, B, pp. 308 – 309). This discourse not only strengthened the background of the WTO entry, but also matched with the practice of Chinese media conglomeration, when “making Chinese media both bigger and stronger” was the most popular slogan. Bringing in the WTO’s threatening power, the “Chanye Hua” discourse has gained further importance.

The discourse came out just in time: Several months after the book’s publication, the Radio, Film and Television Group of China (officially named as China Media Group) was established in December 6<sup>th</sup>, 2001. This time, the discourse of “Chanye Hua” was finally adopted by the Chinese leaders.

During the Sixteenth Plenary Session of the CPC in November 2002, the term “Wenhua Chanye” (cultural industry) appeared in the report of Jiang Zemin, then secretary-general of the CPC. This was the first appearance of it in an official document of CPC. The official blessing of the usage of “Chanye Hua”, however, was granted fairly contingently. In the same month, Jiang said to an international group attending to a broadcasting conference that the “Chanye Hua” of Chinese broadcasting had been developing continuously (Liang, 2003). This seemingly inadvertent use of the term legitimated the concept of “Chanye Hua” and the related discourse.

After that, state leaders confirmed the “Chanye” attribute of the media on different occasions, emphasizing its profit-making characteristic. Li Changchun, a member of the standing committee of the Political Bureau of CPC Central Committee, who is in charge of the national propaganda, called on the media to “take the way of Chanye Hua to the market” in a 2003 article, for instance (Li, p. 7). Though he meant only the business sector of the media, the very fact that he had used the phrase, “Chanye Hua”, said “yes” to the concept. Besides, it became apparent later that although Li had made a distinction between the two

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<sup>3</sup> The word “capital” was not sensitive any more with use on many occasions.



parts – “Shiye” (non business, non commercial, non-for-profit) sector, and “Chanye” (business, commercial, for profit) sector, he put emphasis on the latter (“Chanye”). Thus practices of “Chanye Hua” were encouraged from the top. This, in addition with the facts of media transformation, eventually brings the controversy on “Chanye Hua” to an end.

Then “Chanye Hua” became one of the most favoured strategies for the Chinese media, especially for broadcasting. In February 2004, Zhang Haitao, Deputy Minister of SARFT praised highly on a few occasions of Huang’s study for its pushing broadcasting digitalized, saying that the best research topics are those closely related to practice. The term “Chanye Hua” thus went from being unpopular to popular accordingly. It was flourishing rapidly both inside and outside the media circle in the context of China’s WTO entry and the trend toward media conglomeration.

### 3. Some Chinese Terms in Media Economics

So far I have taken pains in using a few Chinese words whose meanings are not single, and whose Chinese connotations are not necessarily the same as in English. The most confusing term is “Chanye”, an ambiguous Chinese word with multiple meanings, and without an exact English counterpart, although “industry” is the most literal translation. But maybe — it is precisely because of its ambiguity that “Chanye Hua” has been chosen by the advocators. An ambiguous concept could just be the best term in China to appease the ideological disagreement.

#### 3.1. The Connotations of “Chanye” and Some Related Concepts

“Chanye” is a most problematic expression in this discourse. The contemporary use of the Chinese word “Chanye” is similar to the English word “industry” (Huang and Ding, A, pp. 21 - 22). But the translation is not accurate. The original meaning of the English word, industry, can be explained by several Chinese words: “Gongye” (manufacturing enterprises usually equipped with machines, vis-a-vis agriculture), “Chanye” (the sector of an economy usually made up of manufacturing enterprises for commercial production and sale of goods), and also “Hangye” (a specific branch of manufacture and trade). Though the Chinese word “Chanye” may have all the above meanings, the keynote of the “Chanye Hua” discourse is “Jingying” (business operation). In the case of media, the business is none other than commercial practice, because the media are basically service, instead of manufacture.

“Chanye Hua” is a typical Chinese concept.<sup>4</sup> It strengthens the economic trait of the media and highlights its business attribute. Compared with the European countries’ advocating for “exemption of culture (cultural industry) from the WTO agreement”, Chinese “Chanye Hua” discourse asserts the necessity of the media having a business status. “Chanye Hua” by nature, as Huang said, is the turning process of media operation from non-economic activities to economic ones (Huang and Ding, A, p. 2), changing the media from non-business, non-for-profit enterprises to commercial business. And by forming a powerful industry, the Chinese media can do business in both domestic and international markets.

Huang conceptualises his study on the basis of a few terms, including “Shichang Hua” (marketisation), “Shangye Hua” (commercialisation) and “Qiyehua” (making industrial enterprise businesslike)(Huang and Ding, B, p. 307). To put “Chanye Hua” of the media in a meaningful background we need to discuss these related terms, as well as “Shiye” (non commercial, not-for-profit enterprises), which we have mentioned before.

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<sup>4</sup> Huang said, the situation of “Chanye Hua” is “uniquely Chinese”; though he agreed the term should be put into the greater international environment for comparison (Huang and Ding, B, p. 308).



The Chinese media used to be all “Shiye” (non-business, non commercial, not-for-profit enterprises) before the end of the 1970s. If newspapers and magazines had to make up costs from subscription fees (usually collected from institutions) and selling (to individuals), broadcasting was, indeed, entirely supported by the government budget and totally commercial free. There was no advertising at all for a long time in China.

In the 1980s, an old word, “Qiyè”, was brought in the social discourse with a changed meaning. “Qiyè” used to indicate those manufacturing enterprises which were usually owned and operated by the state. Under the planned economy they were economic in nature but not profit-driven. In the new reform age, however, the “Qiyè” was driven to do business, making both ends meet, or even making profits. “Qiyè Hua” became a popular slogan in the progress of transforming Chinese industrial units into business, pushing Chinese state manufacture into market economy. Contemporary corporate institution was recommended to them during this transformation. The term “Qiyè Hua” has become popular everywhere, including in broadcasting, because the whole country is moving toward the market. To the media, “Qiyè” and “Qiyè Hua” are especially useful for both avoiding the word “commercial”, especially “commercialisation” and, at the same time, strengthening the business oriented management of media organizations.

“Hangye” (a specific branch of manufacture and trade) is vis-a-vis with single industrial enterprises (“Qiyè”) in scale. “Qiyè Hua” means the change of single industrial enterprises to become businesses, to be for-profit, while “Chanye Hua” means the whole industry to be commercialised. As we have indicated and shall indicate again, in the “Chanye Hua” discourse the nature of the media is commercial. Both “Qiyè Hua” and “Chanye Hua” appeal to the media’s following the business, commercial and market rules — that is the same.

“Shichang” (market) and “Shangye” (commerce) are closely related words. But the adjective word “commercial” in Chinese sounds negative (profit-driven). Because of the adoption of the “socialist market economy”, “market” becomes a good word. Besides, although “Shichang” (market) and “Shangye” (commerce) appear neutral; “Shangye Hua” (commercialisation) and “Shichang Hua” (marketisation), for their “excessive” connotations, are negative. So to describe the process of going business, marketisation is better than commercialisation in Chinese. Similarly, as ambiguous words, “Qiyè Hua” (making industrial enterprises businesslike) and “Chanye Hua” (making the whole industry businesslike) are also much better than “Shangye Hua” (commercialisation).

### **3.2. The Contribution of the “Chanye Hua” Discourse**

The point of the “Chanye Hua” discourse is the application of the market logic to the Chinese media. The targets the “Chanye Hua” discourse aims at, then, are undue political control and administrative intervention, including constraints on capital flow, trade barriers and/or monopolistic operation, which impede and undermine this logic. The advocacy for the media’s “Chanye Hua”, as Huang did, could be read as an implied critique of political control of the media and also as



a tactical claim for media autonomy. It appeals for the permission of the media's independence, at least in the area of economic management. This is where some sensitive noses smelt its deviation from the traditional design of the Chinese media as political mouthpiece. In my opinion, however, this is the real merit of the concept – during the process of China's economic transformation it is necessary to shake off the out-of-date ideology and old-fashioned media administration.

The legitimisation of the “Chanye Hua” discourse makes some theoretical and practical breakthroughs possible. For a long time after China adopted the reform and opening policy, even after the Chinese media were turned into commercial operations, some terms were still illegitimate as policy alternatives. Among them was “Chanye” characteristic of broadcasting. Most people thought the term “broadcasting industry” was “unrealistic”, “heretical”, “even an evidence of bourgeoisie libertarianism” (Luo, 1, p. 4). The discourse of “Chanye Hua” gave approval of discussion on the related problems.

The “Chanye Hua” discourse provides some “theoretical tools” (concepts) to be analysed on as well. As economic concepts, all these terms, “Qiyue Hua” (businesslike, referring to industrial enterprise management), “Shangye Hua” (commercialisation, referring to profit-driven market orientation), “Shichang Hua” (marketisation, referring to business environment) and “Chanye Hua” (industrialisation, or incorporation, referring to commercial merger of a trade) are related to each other and can be used interchangeably in different contexts. They refer to the common economic rules and market logic. Once the suspicious “Chanye Hua” was legitimised, all the above-mentioned terms have been flourishing. As a result Chinese media economy is promoted.

### 3.3. The Shortcoming of the “Chanye Hua” Discourse

Considering the role of “Chanye Hua” in Chinese media concentration, we are safe to say that the term was not intended to be a political challenge. However, it has posed some theoretical challenge which needs discussion in detail. I would argue that the kernel of “Chanye Hua” discourse is different from its appearance. What “Chanye Hua” discourse calls for is commercialised capitalism.<sup>5</sup> The discourse pushes, in my opinion, not only the scale of economy, but also the Chinese media's progress towards market logic, commercial practice and – eventually – the capitalist system. It will be a radical reform.

Is “Chanye Hua” a higher stage of commercialisation? It seems not. “Chanye Hua” (industrialisation) and commercialisation can go hand in hand in the economic transition of Chinese media, as Huang pointed out (Huang and Ding, B, p. 307). But the two words, “industrialisation” and “commercialisation”, are not a pair of terms indicating different stages of the industrial development, as they seemed to Huang. They are not opposite concepts in terms of theory either. The translation of “Chanye” is industry (Huang and Ding, A, pp. 21 - 22). But

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<sup>5</sup> I use this word in its original meaning, not with the frightening label of contemporary Chinese.



industry, as its original meaning, “Gongye” in Chinese, is comparative with agriculture. It is not the meaning we used in this discourse. We don’t use “industry” as Chinese “Hangye” (trade) here, except for a collection of business. It seems to me that industrialisation is not the higher stage of commercialisation in business development; rather, we could say, when industries of all trades are fully developed, the economy will be commercialised, or, in other words, marketised. So “industrialisation” is not an argument that Huang wanted to make.<sup>6</sup>

Thus do the “three big’s” (“big markets”, “big media” and “big capitals”) mean “incorporatisation” to the “Chanye Hua” advocators? Yes, and no. Yes, because they want to enlarge the market. According to my understanding, the big media means conglomeration and concentration of the media; big markets means converged, digitalized media business; and big capitals means not only industrial capitals, but also (and especially) financial capitals, from domestic and international sources. Conglomeration, digitalisation and capital operation – those are just the main tasks Huang and his team have been promoting in recent years. “Big markets”, “big media” and “big capitals” signify a phenomenon of great marketplaces in which the concentrated media are playing as big commercial businesses with the help of, or in the form of huge financial capitals.

But that isn’t all. Along this “Chanye Hua” road the “higher stage” for the Chinese media is none other than trinity of marketisation/commercialisation/capitalisation — that is a wholesale transformation to the entire system of capitalism indeed. Following this judgement, “Chanye Hua” is not a problem of scale or level, but a problem of mechanism. What did Huang want when he thought commercialisation was not adequate for the Chinese media? What Huang’s team has called for – towards the higher stage? In my opinion, it is not progress from commercial to industrial, but from primary (crude, chaotic, ineffective) capitalism to advanced (sophisticated, orderly, and effective) one, as capitalism in industrialized “advanced” countries. As a result, the commercialised Chinese media pushed by the discourse of “Chanye Hua” become fully compatible with the WTO and the international capitalist market at last.

Media reform, as well as social transformation, is a process of institutional innovation. In this sense, “Chanye Hua” related problems are also a movement of institution building. In institution building there are at least three main dimensions (see figure 1, below). The first one is the marketisation (commercialisation) dimension (the horizontal dimension in figure 1): Here productivity and efficiency are raised by extending the influence, the market possesses as an institution for the provision of goods and services, compared to the state and the so called voluntary sector (as alternative institutions for the provision of goods and services, usually being regarded as one, “Shiye”, meaning not-for-profit). Although all three institutions in general have to be considered for the institution building of societies (and thus are of equal size in figure 1), their importance in practice varies from country to country (in China for instance the state still has a much higher importance than in the USA, especially with regard

<sup>6</sup> Thus I agree with Dr. Zhu Jianhua’s understanding, when he said to me in a Wuhan University conference in June 2004, that Huang meant in fact incorporatisation.



to the provision of the media, for a better indication of the relations of the three dimensions, see Kops. M. [2003], especially his triangle figures).

The second dimension we call the concentration (industrialisation, some also use the term incorporatisation) dimension (the vertical dimension in figure 1). Moves on this dimension mainly result from altering economies of scale (which are very strong especially for the media). Increasing economies of scale, which appear in the course of globalisation, then lead to increasing concentration, i. e. a reduced number of (bigger) suppliers (where the term “suppliers” refers to commercial enterprises but also can be applied to suppliers of the state and the voluntary sector, see e. g. KOPS 2000).

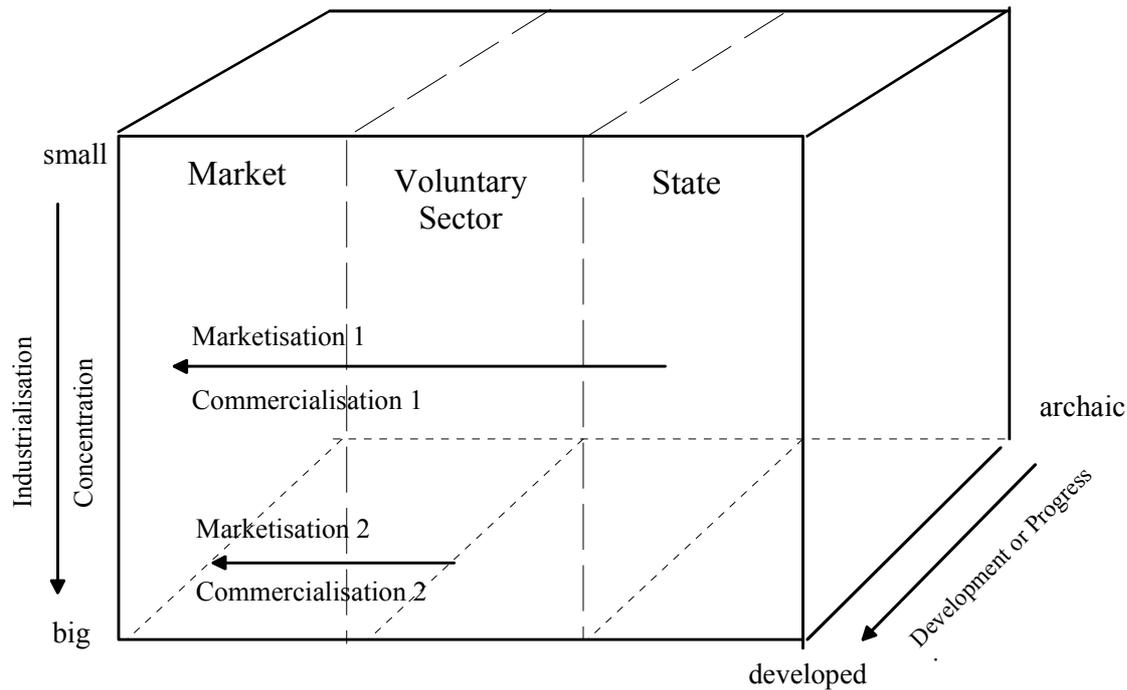
Finally there is a third relevant dimension, we here call “development” or “progress” dimension. It refers to the stage of development and to the quality (i. e. the efficiency, the transparency, the legitimacy, the fairness etc.) of the rules that define the range and functions of the alternative institutions for the provision of goods (the market, the state and the voluntary sector, see above). Besides the degree of concentration, which explicitly is shown on the second dimension of figure 1, also this dimension determines the capabilities of these institutions (the discussion in China at the moment seems to focus on the market, and here especially on its efficiency, leaving aside necessary discussions about the improvement of the state and the voluntary sector). In this dimension, private, state, and non-profit sectors are independent, interactive, compatible and negotiable.

Following the third dimension, we would ask if all the media should be commercialised or incorporatised – as it seemed to the “Chanye Hua” discourse. Certainly not — the answer is. Needless to say, there should be room for not-for-profit media, as there is public service broadcasting in the world, which is non-commercial in nature and mandated to fulfil culturally objectives.

Although the public nature of the Chinese media is far below international expectations, it doesn't mean there is not a concept of “the public” at all in the Chinese media. While the Chinese government has marked the clear line to distinguish “Shiye” (non-profit enterprises) from “Chanye” (profitable enterprises, Li Changchun, 2003) — at least in the official way, it is not the case in the “Chanye Hua” discourse. The “Chanye Hua” process is the shift from the non-profit sector and the state sector to the for-profit sector. Thus it discards any notion of public broadcasting, as well as non-commercial press, combining both the public and commercial media into only one.



Figure 1:  
Three Dimensions of Institution Building



Even worse — following the jumping and uneven development of market economy, especially with the approach of “Chanye Hua”, China is becoming a fully commercialised market society and the Chinese media are marching both toward commercialisation and industrialisation rapidly. While scholars concentrate on economic studies, being busy giving counsel to the industry, pushing Chinese media towards market economy, the public attribute of the Chinese media is ignored to a large extent. The media’s role in improving China’s freedom and democracy is avoided by many scholars. In the push toward this orientation the concept of “Chanye Hua” does play a role. Maybe it is a protective strategy for Chinese scholars to raise only economic issues. But this discourse is a source of misunderstanding, which might cause dysfunctions of the Chinese media.

## **4. The “Chanye Hua” Concept and the Commercial Reality of Chinese Television**

In contemporary China, the “Chanye Hua” discourse reflects the hope of the part of academia to push Chinese media toward commercial business. In the meantime, commercial practices have been prevailing like an epidemic. “Illegal” commercial practices have developed rapidly in a variety of other names, mostly was – and still is – “Shiye Danwei”, “Qiyè Jingying” (operated like profitable industrial business, though they are not-for-profit institutions in nature). Some commercial practices are going so far without being discussed or criticized properly. The scholars are even pushing them in the name of “Chanye Hua”.

### **4.1. The “Chanye Hua” Push and the Commercial Media**

Huang rightly pointed out that “Chanye Hua” (read as commercialisation and marketisation) was more of reality than a concept (Huang and Ding, B, p. 310). We have seen that the media in China move from pure state to both state and commercial provision – hybridisation is a conspicuous phenomenon. Thicker and thicker newspapers are full of sensational stories. There are more and more entertaining TV dramas with endless advertising.

More important are the people’s responses to this reality. And the most important is the scholars’ guidance. Around the China’s entry into the WTO, the “administrative school” of communication is flourishing, when “strategy like” studies on the Chinese mass media are prevailing to be the research mainstream. As a well-known scholar pointed out, ‘integrated intellectuals’ “are riveted to functional observations at the request of those who commission their research,” while leaving these observations “atomised and de-contextualised in relation to the implications of change in the social and economic model” (Mattelart, A., cited from Zhao, 2003, p. 64), “Chanye Hua” discourse is the keynote of present Chinese media studies.

There are at least several dozen books on “Chanye” or related topics. Business and management, especially those on media economy, are dominating subjects of PhD dissertations in recent years – of them almost all are taking a strategic perspective. It is no exaggeration that the “Chanye Hua” discourse is prevalent in Chinese media scholarship, to say nothing of those articles in professional journals.

The “Chanye Hua” discourse advocates the media being transformed to fit the market economy; and it promotes commercial practices in the Chinese media. From the “Chanye Hua” point of view, commercialisation is not only acceptable, but also worth proposing. An article in the *Media*,<sup>7</sup> for instance (Zhu, 2003), explained the “audience commodity” phenomenon in a totally positive way.

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<sup>7</sup> This is an advertising journal issued by being attached to discs, edited by Huang’s team.



According to the author, the practitioners should establish a new idea of “Shouzhong Chanpin” (audience product) because the “media are to produce audience”, “the eventual product is the audience, while it is the customers of the audience product that is the eventual customers of the media” (Zhu, p. 64). “So the operation of the media should be guided by the demands of the eventual customers, i.e. ‘party and government’, as well as advertisers, putting their needs as the starting point of entire communication activities.” It declared wisely that “the Party and government provides with social capital in exchange for their audience product”, “The social capital, the greatest resource of the media, is ‘permission’,” nevertheless, the advocacy of “being guided by the end customers of the media”, the assertion that “broadcasting should produce only what audience advertisers need” (Zhu, p. 65) is so candid that it is hard for people to believe that this bald-faced commercial discourse should appear in socialist China. To a great extent, however, this is the very goal that some Chinese scholars are trying hard to promote and media practitioners are working hard to reach. As a media manager confessed, the advertisers are our “Yishi Fumu” (resources of bread and butter) so we serve them when they are seeking to maximize their benefits (Liu, 1998).

As Huang had pointed out, “Chanye” characteristics are both independent from the political control and seeking media’s self economic interest (Huang and Ding, A, 5). However, it seems that the Chinese media are still tightly constrained, at least on important matters – from the reporting of routine state functions to the SARS epidemic. In the mean time “Chanye Hua” with its market logic pushes rather thorough commercial practices. The “Chanye Hua” discourse does not concern television only, although television is undoubtedly a main player in this “Chanye Hua” (commercialisation) movement. During the process of commercialisation, most Chinese television stations are pursuing their own economic interests in a crazy way.

Shanghai Oriental Pearl Co. Ltd. was the first successful case among Chinese media in absorbing non-media investments. In 1992 Shanghai broadcasting industry invested 370 million Yuan to list the company on the stock market. The capital of the company increased to 3,600 million Yuan in 2000 (Sun 2002), although it was not at all successful in business. Other three poorly operated stock companies built by CCTV, Beijing TV and Hunan TV are also very profitable. The reasons, according to a professional review, were “monopoly operation” and “special protection through (state) policy” (Gao, 2002).

On the one hand, the media become more and more commercial businesses, instead of non-profit public service; on the other hand, by making use of public resources they become more and more self-centred, seeking commercial interest of their own, instead of serving public interests.

According to a special review on the reform of the TV stations in the west of China, a paper gives an example of “Chanye Hua”. According to the review, leaders of Chongqing TV have separated 50 million Yuan of station capital as business investment since 1997. Then the station put great emphasis on sucking multiple investments from societal resources by controlling capital



stocks of more than 10 companies. It has after that attracted several hundred millions Yuan from the society and invested 2,200 million Yuan in real estate by credit. It purchased a flat for every employee as welfare, using the expected profit from the investment, added with 100 million Yuan from its own pocket (Huang Yaohua, p. 12). It shows Chinese TV stations are not only profitable, but also self serving to a great extent.<sup>8</sup>

#### 4.2. The Industrial Response to International Competition

The agreement of China’s WTO entry does not specify the timetable for the Chinese media to open their market. But in the Chinese media circle, either among practitioners or scholars, there are loud and repeated cries of “the wolf is coming”. The opening to the world seems unavoidable, many people said, we had better prepare early. The WTO anxiety is most conspicuous in television. It is television that is the most susceptible industry to the WTO, most people, either inside or outside television, admit. The challenges to Chinese television come from several directions, after China’s WTO entry.

The first surely is trans-national corporations (TNCs). By way of satellite broadcasting and product distribution Discovery, Disney, National Geography, MTV, ESPN, as well as CNN, News Corp. and BBC World have entered Asia one after another. In 2002 some of them finally got their permissions to enter the Chinese market. They were allowed to beam to some areas in Guangdong Province, much earlier than people had expected and the WTO agreement might specify. The TNCs usually compromise their political ambitions for economic interests. The basic strategy of the TNCs is localisation – making use of local cultural resources and relying on local talents. These posed great challenge to Chinese television, especially China Central Television (CCTV). To CCTV there is a real rival – Phoenix TV, an affiliate of Star TV, which is part of News Corp owned by Rupert Murdoch. As a commercial medium situated in HK Phoenix has less political control than CCTV, it is more flexible and energetic. One of the Phoenix’s main markets is also inland China from which it has got most advertising.

There are provincial satellite competitors as well. The national reach makes them more and more unrest with their own regional position. Although most stations are not strong enough to compete with CCTV, a few satellite TV stations have posed perceivable threat in some way, for some time. Apart from that, they are more ready to collaborate with foreign partners who are interested in the huge market of mainland China as well. In December 2002 Hunnan Radio, Film and Television Group signed an agreement of strategic alliance with Rupert Murdoch’s Star TV. Shanghai News Media Group established collaborate partnership with CNBC in April 2003 (Ouyang, Wang, and Huang, p. 26).

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<sup>8</sup> It is euphemised as “self accumulation” and “self development” by the media. (Luo, p. 4).



The foreign capitals have also crept in and keep coming, though they are officially prohibited. The Chinese are well-known as being good at getting things by sideway approaches. Since the reform era, “Shangyou Zhengce, Xiayou Duice” (even though the authority has the specific policy I have my own responsive tactics) is a popular expression in describing some unauthorized developments. Besides, there are a lot of leaks in Chinese policies. Media can not be operated by companies, while companies can be established by the media, for instance. By this way all Chinese TV stations established their own companies, absorbing investments for uses by media organizations. Through the media-run company, “illegal” domestic and foreign investments are being legitimated.

Influenced by the international environment, the Chinese TV industry is undergoing transformation from top to bottom. Under this situation “Chanye Hua” could be a policy alternative to make Chinese TV bigger and stronger.

#### 4.2.1. Big Media and Media Conglomeration

The easy and quick way to make Chinese broadcasting bigger and stronger seemed to be concentration (often vaguely labelled as conglomeration). Integral concentration by reorganization is what Chinese television should be looking for, at least from the SARFT point of view. As a result the broadcasting groups were established one by one. SARFT has already reached successfully the goal of restructuring the industry, after the reorganization from 1997 to 2001 (Guo, 2003). The establishment of the China Media Group in December 2001 was also a typical mark for “Chanye Hua”. Conglomeration is still going on – in the different direction from the early reform.

#### 4.2.2. Big Markets and the Digitalisation of Television

Since the early 1980s, the television program market has been getting both larger and more fragmented. After media decentralisation, the government finally found a way of re-collecting the industry by technical means. In 2003, 38 TV channels and 8 radio frequencies were granted and 49 experimental digital cable systems were built. According to a SARFT plan there will be 50 to 80 digital pay TV channels launched in 2005; and satellite broadcasting relay will be digitalised then. In 2010 the terrestrial television will be digitalised, and there will be no analogue TV broadcasting any more in 2015 (Ouyang, Wang and Huang, 255). “Chanye” is the preference in this movement. Regarding free public service as the obstacle of commercial pay TV, some people even suggested the present free broadcasting service be decreased to leave the room for the digital pay television (Sun and Liu, B, 10).

#### 4.2.3. Big Capitals and Capitalism

There is a new wave of capitalization as well. Several broadcasting attached companies came into stock markets, keeping profitable. There have been at least several roundabout ways (joint stock company, commission agent, joint venture, corporation) for the non-media investments to be brought in, when it was illegal (Wei, 2002). Soon after China’s WTO entry, cross-regional and



cross-media investment was finally permitted (Guo, 2003, 14). Sooner or later, some scholars concern, the capitalized Chinese television will be privatised in some way, just as happened in Chinese state enterprises.

The market logic is so powerful that it makes Chinese television change in a striking way. All these changes could be in the name of “Chanye Hua”. And all changes are market oriented, profit driven, toward commercial enterprise. By way of “big media”, “big markets” and “big capitals”, the future of the highly commercialised Chinese television in a digitalised huge market and supported mainly by large domestic and foreign capitals will be none other than capitalism – good or bad capitalism.

## 5. Conclusion

1. “Chanye Hua” is a rhetorical device used to push for marketisation of the Chinese media. The advocators invented this term to express the desires of media managers who wanted to use the media to make profit; and the desires of some scholars for the media to have relative autonomy from the Party in the political sense (as opposed to the mouthpiece/propaganda organ definition).
2. The dynamics between scholarly discourse and official discourse shows how scholars provide the language for the government, and the government, in turn, legitimises scholarly discourses. This is a typical case of collaboration between the intellectual elite and the political elite during the reform process. The case also shows the dynamics between internal transformation and the WTO push. The threat of the WTO further reinforces and legitimises the “Chanye Hau” discourse.
3. Although it is a rhetorical exercise, “Chanye Hua” reflects concrete social interests and has real policy consequences: a) it blurs the distinction between “for profit” and “not-for-profit” modes of media and forecloses the possibility for such things as public broadcasting and other forms of not-for-profit media. b) it rationalizes the self-interest of media organizations and their employees – instead of using a public resource (radio spectrum, publicly owned media outlets) to fulfil public service obligations, media personnel can now openly pursue commercial profit and enrich themselves.



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