Managed liberalization:
Commercial media in
the People’s Republic
of China

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This chapter explores why commercial competition introduced almost four decades ago by the Chinese government and the more recent rise of social media and citizen journalism have not challenged the political dominance of government over the media in China. While the Chinese government continues to exert pressure through intimidation, censorship, and other direct forms of control, a series of regulations, policies, and campaigns have played a more subtle but equally important role in ensuring that privately owned media remain within political limits. As such, Chinese media can be seen as both controlled and captured by the state.
China by the numbers

<table>
<thead>
<tr>
<th>China Country Data</th>
<th>2014/2015</th>
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<tbody>
<tr>
<td>Total population</td>
<td>1.37 billion (2014)¹</td>
</tr>
<tr>
<td>GDP growth</td>
<td>6.70% (2016)²</td>
</tr>
<tr>
<td>Unemployment</td>
<td>4.04% (2016)³</td>
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<tr>
<td>Adult literacy rate</td>
<td>95.1% (2012)⁴</td>
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<tr>
<td>Internet users (regular)</td>
<td>0.7 billion (2016)⁵</td>
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<tr>
<td>Mobile-cellular subscribers</td>
<td>92 (per 100 people)⁶</td>
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<tr>
<td>Corruption perception score</td>
<td>83/167 (2015)⁷</td>
</tr>
<tr>
<td>Freedom House rating</td>
<td>Not free⁸</td>
</tr>
<tr>
<td>Reporters Without Borders</td>
<td>176/180 (2016)⁹</td>
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Introduction

This chapter shows how the mechanisms of media capture have operated in tandem with traditional authoritarian controls since economic liberalization policies were implemented in the 1980s.

Media capture describes a situation in which the media are unable to maintain an autonomous position in society because they are manipulated by government actors or vested interests connected to politics (Mungiu-Pippidi 2012). The techniques used by oligarchs and political elites to capture the media are distinct from direct forms of suppression by the state. In China, however, long-established methods of control such as censorship and state ownership of media outlets co-exist with an array of new strategies and techniques to limit editorial independence, even as private media flourish.

The Chinese press system has commercialized and digitalized over the past three decades. Yet despite the commercial and technological advancements Chinese media have made, the government is still able to impede the media from carrying out objective and independent reporting through the use of direct censorship, harassment and imprisonment of critical journalists and outlets, and subtler forms of control that characterize media capture.
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Chinese techniques to capture private media

In the first 30 years after the founding of the People’s Republic of China in 1949, the media were used largely as a propaganda tool by the Chinese Communist Party (CCP) and the government to foster citizens’ loyalty to the regime and to promote a variety of economic and social policies, including the “one-child” policy. In the 1980s, however, the Chinese media system began to evolve along with the nation’s integration into the global economy, and by the end of the decade, commercial media was already adopting some of the stylistic features of Western media. Fierce competition to earn revenue from advertising and subscriptions drove journalists and reporters to more effectively cater to audience interests and tastes (Chan 1993). Some media observers expected that these forces would ultimately undermine government control by encouraging growth, diversity, and competition within the Chinese media sector (Winfield and Peng 2005). Indeed, the quantity and genre of media outlets skyrocketed, but these changes failed to bring the expected progress on press freedom, as the Chinese government in the 1990s adopted comprehensive measures to harness market power for its own objectives (Zhao 2000).
Traditionally, state ownership and censorship were the most common methods to exercise control over Chinese media. More recently, as the media environment diversified, the state's monopoly on the collection and delivery of information, the co-optation of media professionals by business owners aligned with the Party, and a variety of financial incentives have become effective instruments of media capture.

**State ownership: licensing and conglomeration**

In China, one way for the Party and government to control the media is through the distribution of news licenses to operators of newspapers, television, and radio stations. These traditional media outlets must apply for licenses from the regulator with the endorsement of the Party or government supervisors (Esarey 2005). In early 2016, the *Wall Street Journal* reported that the Chinese government soon may require major Internet portals such as Tencent (Tengxun), NetEase (Wangyi), and Sohu to possess news licenses as well (Xiao 2016). Currently, these tech companies are required to filter out sensitive keywords and follow censorship guidelines. On an individual level, journalists and editors have been required since 2005 to obtain a government-issued press card to legally work in the media (GOV.cn 2005). The press card must be renewed every five years, and the government can deny renewals if it finds cardholders are not behaving “well” (Congressional-Executive Commission on China 2009).

The Party and government have also strengthened their hold on the media by launching consolidation campaigns to shut down “badly behaved” or “unnecessary” media outlets, making it easier to exert control on editorial direction. The most significant of these was the state-guided formation of a handful of press conglomerates in the mid-1990s (Zhao 2000), which shaped the current media landscape in China. The formation of media conglomerates was based on geographic location. Current key players, such as Shanghai Media Group, Nanfang Media Group, and Hunan Broadcasting System, are products of this campaign. These media conglomerates provide the audience with a complete portfolio of products, including newspapers, magazines, television, radio programs, and most recently Internet portals. They are commercially driven, but their success is also highly subject to the interests of the government (Ibid.). For instance, their newspapers and magazines must follow editorial directives from the state propaganda organs, and their television and radio programs must be approved by the General Administration of Press and Publication before being aired.

**Censorship**

For traditional media, censorship is carried out by the Party and government through appointments of top editorial and publishing personnel to ensure the political acceptability of the content. Party committees—central, provincial, and municipal level—appoint the editor-in-chiefs of newspapers and directors of television stations (Qin et al. 2014). Usually these top editorial personnel are CCP
members, or permanent employees of the Party, who share the values of the CCP and are responsible for guiding editors and journalists to follow the censorship principles circulated by propaganda units. These Party-appointed key editorial personnel also have control over salaries (Ibid.), and the income of Chinese journalists and reporters depends largely on the “quality” and quantity of their reporting. The key editorial personnel assess quality based on whether journalists have followed the Party’s editorial instructions.

Government censorship of new media is also prevalent. According to a 2015 report by Freedom House (Freedom House 2015), China has the most sophisticated censorship mechanism in the world, and it has been strengthened over the past several years. One study indicates that “approximately 20,000 to 50,000 Internet police and Internet monitors, as well as an estimated 250,000 to 300,000 ‘50 Cent Party members’ (the colloquial term used to describe Internet trolls who work for the government), participate in the censorship effort” (King et al. 2013). Strategies adopted by the government include delegating the responsibility of censorship to Internet content providers, namely owners of web portals, blogs, and online forums. Failing to conform to government censorship guidelines puts the providers’ businesses at risk of being shut down or suffering other consequences. Censorship in the digital era will be discussed later in this chapter.
Monopoly of information collection and delivery

Controls over what is reported are also embedded in the hierarchical structure of media organizations, which is deliberately maintained by the government to sustain power. State media, such as People’s Daily, Xinhua News Agency, and China Central Television (CCTV), are the “throat and tongue” of the Party and the central government. Similarly, there are media organizations representing the interests of local Party committees and government. The operation of highly commercialized media outlets and foreign news agencies is relatively remote from the government, giving local commercial media some editorial freedom to report on social and economic issues and to produce television and radio programs. Certain outlets, such as Caixin and Southern Weekend, are freer than Xinhua, CCTV, and the People’s Daily.

The right of political reporting is reserved exclusively for official state media, a policy that is heavily enforced by the central government. In the domain of political journalism, domestic commercial media is required to reproduce Xinhua’s articles to ensure “political correctness,” a euphemism for maintaining the government line. Foreign media agencies, when reporting on Chinese politics and government-related issues, are also under great pressure; the government will immediately shut an organization out of Chinese markets if stories are deemed unacceptable. Thus, even foreign media operating in China are unable to hold the government accountable.

One foreign correspondent reported that when he covered the sinking of a cruise ship on the Yangtze River in June 2015 (BBC 2015), only Xinhua and CCTV were allowed past security guards in the rescue zone to film footage and interview victims, police, and government officials. Other Chinese and foreign journalists were required to wait at a distance, and told to use the reporting of Xinhua and CCTV. According to the correspondent, he was blocked from pursuing his own investigation into the issue when he realized he was being followed by government staff. He believed this was a serious breach of his integrity as a professional journalist.

Co-optation of media practitioners

The Nobel Peace Prize winner Liu Xiaobo once wrote:

*The bureaucratic system of Chinese media has indisputably linked journalists closely with high officials. Journalists who have found favor with high officials toss aside even the most rudimentary professional ethics, and lose all sense of morality. They turn into praise-singers and concealers of the poverty of political power* (Liu 2004).
Even then, Liu was able to observe that media practitioners in China, especially those employed by the state and Party media, were gradually forming into a special interest group. These people are part of the vested interests that have become affluent and powerful by riding on their connection to the regime (Ibid.). Such co-optation represents one type of soft control by the Chinese government, which buys off media practitioners with money and power. This co-optation discourages media from functioning as a watchdog, and largely decreases the chances of media practitioners going against the will and interests of the Party-state.

The private sector also wields some control over editorial content through financial incentives. There are three commercial factors harming the integrity and objectivity of Chinese media: pressure from advertising and public relations firms; bias toward affluent and urban audiences; and information trading and bribery.

**Pressure through advertising spending**

As the media industry rapidly expanded, the CCP realized it could no longer afford to subsidize the sector. Subsequently, the government began pulling national subsidies from most media organizations in the early 1990s (Chan 1993), resulting in a turn to advertising as the dominant means for organizations to achieve financial independence (Liu 2004). Fierce competition between profit-seeking firms gave birth to the advertising culture in China. In 2013, China surpassed Japan to become the world's second-largest advertising market (Yeh and Zhang 2013).

However, Chinese media is now subject to the interests of advertisers. In an interview, a Chinese editor working at one renowned domestic newspaper said that in 2009 one of his biggest clients told him to recall an exclusive story, threatening to stop advertising in the papers. As a result, the newspaper ultimately complied with their demands, even punishing the journalist who wrote the recalled story. According to the editor, “There was not much leeway for me to negotiate after he threatened to drop advertisements and never cooperate with us again.”

**Bias toward affluent and urban audiences**

As in the West, Chinese commercial media relies heavily on audience subscriptions (print media), ratings (broadcast media), and views or clicks (digital media) to generate revenues. Advertisers favor media with large audiences. These market-oriented factors have motivated most commercial media outlets to target urban populations, which produce the highest rates of news consumption in China. The *Evening* and *Metro* publications, for example, which thrived after the 1990s, are almost exclusively targeted at urban readers. In contrast, Party-supported papers are better able to maintain coverage of marginalized social groups in Chinese society, a luxury not afforded to more revenue-driven outlets. One prime example, *Farmer's Daily*, is a Party-supported national newspaper targeting peasants and focusing on the agricultural sector.
**Information trading and bribery**

The trading and sale of information that resulted from the commercialization of the media has damaged the credibility of China’s media. Both institutions and individuals pay for favorable media coverage.

Numerous incidents have sparked concerns of paid news, enabling companies in China to pay news agencies in exchange for favorable coverage. In some cases, on the other hand, news agencies supplement their income by blackmailing businesses or individuals with unpublished scandalous or highly critical information (Cho 2009). In 2015, *Money Week* magazine and the website of the 21st Century Business Herald, a subsidiary of China’s Southern Media Group, colluded with domestic financial public relations companies, using scandalous or highly critical information to extort companies planning to list on China’s Shanghai and Shenzhen stock exchanges (Reuters 2015). In April 2015, the State Administration of Press, Publication, Radio, Film and Television shut down the site and withdrew the publication licenses.

Individual journalists commonly receive “pocket money” when attending company press events. It is acceptable to receive remuneration from companies in exchange for writing an advertorial—an advertisement in the form of editorial content—to publicize the firm. Local governments also engage in such practices. The biggest scandal in recent years may be the revelation, reported by *South China Morning Post* in 2003, that journalists from Xinhua received “gag money” from gold mine owners and local authorities in Shanxi province in exchange for downplaying a mining accident and falsely reducing the number of reported casualties from 38 to two (South China Morning Post 2003).

The pressure from sophisticated corporate public relations professionals has become another headache for journalists. Many public relations managers offer economic benefits to journalists in exchange for the publication of positive reporting on their companies (Tsetsura 2015).

**Government control in the digital era**

Information and communication technology (ICT), the Internet, and social media have flourished in China over the past two decades. According to the 2015 report by the State Council Information Office (CNNIC 2015), about 668 million Chinese could access the Internet as of June 2015, a penetration rate of 51.3 percent, of which 88.9 percent used mobile phones to explore the Internet.

From the perspective of the Chinese government, the state both enjoys and suffers from the consequences of new technologies. On the one hand, the development of a digital economy, particularly e-commerce, has greatly contributed to the country’s economic growth. Tech companies like Alibaba, JD.com, and Tencent have
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started growing into international companies that can compete with their foreign peers (Kalathil 2017). However, political scientists once viewed digital technology as a potential promise for China’s transition to democracy (Huntington 1996). New media, they hoped, would be a powerful tool for making the government more accountable and responsive to the public. When given free reign, it would also create the space needed for public dialogue and discussion on political and government-related topics. Such potential freedom powered by new technologies seemed to pose a serious threat to the CCP’s rule. For that reason, the Chinese government adopted measures like regulation, censorship, and public opinion guidance to control new media (Esarey 2005). The ability of those measures to censor dissent when it matters most and the rising concerns about China’s ability to harness the darker side of digital media to surveille and intimidate have all but extinguished the hope that digital media will spur democratization movements in China (King et al. 2013).

Legislation and regulation

Since 2005 the Chinese government has been aware of the danger presented by digital media, especially as bloggers began to develop a public following and gain popularity (Esarey and Xiao 2011). China’s government suddenly became alert to the danger that bloggers could pose to the regime. To respond, it quickly required commercial companies that offer blogging services to build censorship into their blogging software, and demanded that owners of individual and non-commercial websites register their real identities and domain names in exchange for a registration number. These laws were later expanded with lists of all the content that is forbidden to post online. New government agencies have been created to implement the regulations, including the Ministry of Industry and Information Technology, founded in 2008 to strengthen this control (English.gov.cn 2014). A 2014 leak of censorship directives issued by a Chinese propaganda apparatus further indicated that at least 30 different institutions and agencies, ranging from the central to the local levels, are involved in the practice of Internet censorship in China (Tai 2014).

Online censorship and self-censorship

Censorship has continued to be an important government tool in the digital era. King, Pan, and Roberts identified three types of online censorship (King et al. 2013). The first, called the “Great Firewall of China,” is a mechanism that blocks certain foreign websites from operating within the country. However, many Chinese have found ways to “jump” beyond the wall through tools such as virtual private networks (VPNs). The second category of online censorship has been described as “intermediary,” requiring Internet service providers to censor content under the instructions of the government, though some scholars argue that this has a limited restrictive impact on online expression given workarounds through manipulating Chinese characters. The third type is “direct censorship,” a powerful method developed by the government over the past 10 years. The Chinese government employs
a large group of Internet police (wangjing) and Internet monitors (wangguan) who manually check content on Chinese online platforms every day (Chen and Ang 2011; Jing 2016). Empirical studies show that this group is highly efficient in spotting and removing forbidden content, most of which is deleted within 24 hours of the original posting. The 50-cent bloggers, who express pro-government views online, would be in the direct censorship category, according to Simon.

Self-censorship also has been reinforced after several high-profile cases of journalists imprisoned for “unacceptable” reports. In one case, a Chinese financial journalist who broke the news about Beijing’s handling of a stock market crash was arrested and accused of spreading fake information (Al Jazeera 2015). While financial reporting has enjoyed more freedom than coverage of politics, this arrest scared many Chinese financial journalists and resulted in even more self-censorship.

**Public opinion guidance**

The strategy of public opinion guidance has evolved beyond censorship and suppression, and currently targets the receivers, as well as the senders, of information. Since it has become easier for anyone with access to the Internet to publish an opinion, removing and blocking “inappropriate content,” as well as releasing regular guidelines to journalists to let them know what subjects should be covered or avoided, are not enough.

Public opinion guidance represents a more sophisticated, subtle, or even loose way to regulate the flow of online information, but it does not mean the government has abandoned control of the media (Tai 2014). The rationale is simple: with information more abundant and traveling faster in the digital age, it is impossible for the official propaganda apparatus to completely isolate the public from negative news; continuing to do so will only decrease the credibility of the regime. Instead, allowing negative news to appear gives officials the space to guide and shape public opinion in its favor, while also building up a positive and open image of government. One common way of shaping opinion in favor of the regime is through patriotic discourse. Evidence shows that the Chinese government pays companies to disseminate pro-CCP comments online and construct conspiracy theories when politically damaging information arises (King et al. 2017). Recently, it has become more common to see people defending the government against negative news, perceived as defamation posted by “political enemies” of China, such as the United States.

Current scholarship provides insufficient research into the impact and effectiveness of this opinion guidance strategy pursued by the Chinese government. However, the journalists interviewed for this chapter said that opinion guidance succeeds in bolstering the legitimacy of CCP rule. “The Party starts to unite citizens,” one journalist was quoted as saying. “We, who expose the truth, suddenly become opponents.”

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Recalling the previous example of the arrested financial reporter, almost all online discussions about the case lauded the action of the government and criticized the journalist.

Conclusion: Hope for the future?

In this chapter, I have shown that while China continues to exert more direct forms of state ownership and censorship of the media sector, it also has employed more indirect forms of control associated with the notion of media capture. Over the past several decades, as the society has opened up and technology has advanced, Chinese media have transformed dramatically to become commercialized and digitalized. What remains unchanged is the Party-state’s constant and adaptive control that restrains the independence and freedom of the media.

Despite liberalization, a form of capture enables the state in China to strengthen its control over private media outlets, and the emergence of digital technology has improved the situation only marginally. The reforms and changes that occurred in the media industry during the past decades were not spontaneous, but rather deliberate state policy, designed and controlled by the Party-state. It did not mean to challenge the Party-state itself, and it probably will not do so in the future. Keeping this in mind, defining a solution to current problems of the Chinese media system is nearly the equivalent of proposing an alternative to the current politically authoritarian regime. Thus, there is no immediate or simple solution to the challenges facing Chinese media.

What conditions could bring about press freedom in China?

Market forces have failed to provide the independence and diversity expected in China’s media sector. And given the myriad tools for control and capture detailed in this chapter, it is unlikely that a free press could emerge organically in the current environment. The only hope lies in the possibility that the growing middle class may fuel a reform movement, spurring opportunities for social transformation. Around the world, the well-educated and wealthy want to consume high-quality news and media products. Likewise, their Chinese peers could develop stronger demands for quality information and increased awareness of their rights and responsibilities. The Internet, though tightly controlled, remains an important tool for them to understand their role in fostering improvements in Chinese society. The Internet is also crucial in both helping them defend their rights and negotiating with authority. For instance, some Chinese citizens now can watch presidential elections in Taiwan online to learn how a democratic system works; others can read foreign news and watch foreign TV programs to see different societies and
lifestyles. Such exposure to the outside world may make people reassess the performance of their own government.

Hope may also spring from the conflicting ambitions of the Communist Party, torn between the freedoms often required for economic growth and maintaining one-party rule. As long as Beijing relies on economic development as the way to keep its popular legitimacy, there will be compromises made between freedom and authoritarianism.

ENDNOTES


5 China Internet Network Information Center, Internet use (regular), available at: https://www.cnic.net.cn/hlwzyj/hlwzbg/201601/P020160122469130059846.pdf.


10 Interview on November 13, 2015

11 Interview on November 21, 2015

12 Interview on November 24, 2015

WORKS CITED


