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### Schizoid creators

*Creative work and subjectivity in the Chinese cultural economies*

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## Chapter 1 Understanding ‘cultural industries’ in China: History, policies and institutions

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### Introduction

Before examining the working experiences in Chinese creative industries, the foremost question that needs to be explored is: how are creativity and cultural production configured by the Chinese authorities? Given that in the Maoist era culture and aesthetics served as propaganda tools, and professional cultural production was under strict state surveillance, how was the discourse of ‘creative/cultural industries’ translated into Chinese state policy in the post-Socialist era? And how has this policy been implemented in contemporary China?

As a policy discourse, ‘creative industries’ was first coined by the British Labour Government in 1997 in its attempts to establish a Creative Industries Task Force (CITF) as the central activity of the new Department of Culture, Media and Sports (DCMS) (Flew 2012, 9). Shortly after, the UK DCMS released the Creative Industries Mapping Documents, identifying 13 sectors as components of the creative industries and underscoring their contribution to employment creation, economic growth and national export. In the following decades, this creative-industries discourse, with adjustments and modifications that I will discuss later, continued as a national policy of the United Kingdom and was taken up by many other countries around the world. In the UK context, this discourse signals the ‘New Labour’ government’s top-down approach to cultural economy. It aligns arts and media policies with economic policies, and, more importantly, calls for more engagement of arts and media with intellectual-property-based information technology (Garnham 2005; Flew 2012).

The DCMS ‘creative industries’ approach has generated widespread critique. The conflation of the arts with economic discourse ‘overrides important

public good arguments for state support of culture, subsuming the cultural sector and cultural objectives within an economic agenda to which it is ill-suited' (Galloway and Dunlop 2007). The marketisation of culture and Richard Florida's recipe of the 'creative class', moreover, run the risk of normalising the precarious and neoliberal paradigm of labour conditions (Ross 2009; McGuigan 2009). According to Nicolas Garnham (2005, 15), the DCMS's creative industries approach draws too much from 'the prestige and economic importance attached to concepts of innovation, information, information workers and the impact of information and communication technologies'. As a result, it strengthens intellectual property protection, which benefits the major media conglomerates in so-called copyright industries such as software, media and entertainment, and shifts the focus from distribution and consumption to creating human capital (promoting and aggregating precarious employment conditions) (Garnham 2005). The creative industries, according to Garnham's critique, become a 'Trojan horse' that secretes 'the intellectual heritage of the information society and its technocratic baggage into the realm of cultural practice', and aligns 'it with inappropriate bedfellows such as business services, telecommunications and calls for increases in generic creativity' (Cunningham 2009, 375).

Nonetheless, in full awareness of these critiques, it should be acknowledged that the discourse of creative industries has been diversified as it travelled around different countries and regions. As Cunningham (2009, 376) points out, instead of being a 'Trojan horse', creative industries have become 'a Rorschach blot' as the take-up of creative industries policy varies in different parts of the world – in Europe, the US, Asia or the Global South – and it assembles different interests and explanatory schema. For example, the British top-down approach was not copied in the US and some parts of Europe, where creative industries policies are mostly place-based regional and municipal development strategies (Cunningham 2009; Boix et al. 2016). Moreover, compared to the British government's emphasis on economic growth and ICT innovation, the European approach to creative industries generally 'tend[s] to stress a greater degree of communitarian benefit and strategies

of social inclusion' (Cunningham 2009, 378). Similarly, in poorer countries of the Global South, the approach to the creative economy is often associated with poverty alleviation, cultural heritage and basic infrastructure (Cunningham 2009).

In contemporary China, the discourse of the creative industries has also developed in a particular way. Cultural and media creativity (创意 *chuangyi*) and information technological innovation (创新 *chuangxin*) have both been integrated into the national top-down agenda to transform the national economy 'from made in China to created in China' (Keane 2007). However, what distinguishes the Chinese creative industries approach from other international ones is that behind the economic and commercialising discourse there is a political agenda that aligns culture and media not only with economic policy, but also with ideological control and social governance. It might be argued that, in most cases of the transnational diffusion of the 'creative industries' policy, the 'Trojan horse' and the 'Rorschach blot' are in fact 'different sides of the same coin' – that either the 'economisation of culture' or the 'culturalisation of the economy' uses market reasoning to dissociate culture and media from socio-political concerns (Hesmondhalgh 2008; Lee 2016). Yet, for Chinese Party-State, creativity, 'the least problematic in the western context', becomes the 'thorniest question' due to its promise of 'individualism' and 'creative destruction' (Wang 2004, 13). In China, what accompanies the marketisation of culture is a clear political concern that treats culture and creativity as important tools for achieving social stability as well as for catching up with the west in the exercise of national soft power (O'Connor and Gu 2006; Su 2015).

This chapter delves into the existing literature on the creative industries discourse and its Chinese ramifications, and looks at policy documents and governmental institutions to explore: 1) how the discourse of 'creative/cultural industries' was translated into Chinese state policy in the post-Socialist era; 2) how creativity and cultural production were configured in these policies; and 3) the features of the institutions responsible for implementing these policies. To do this, the chapter focuses on the policy and institutional context of commercial cultural

production in contemporary China. I have collected and analysed the policy documents related to ‘cultural industries’ and ‘cultural economy’ issued by the central government since the late 1980s (see Appendix II).

The following sections will give a genealogical overview of Chinese cultural economy policies to show how the discourse of ‘cultural industries’ was introduced and incorporated by the Chinese Party-State in the post-Mao era. Based on this historical review, the second section analyses the Party-State’s approach to the cultural industries. While promoting the commercial cultural sectors, Chinese cultural industries policy distinguishes itself from the western ‘neoliberal approach’ by adding a specific ‘state discursive formation’ to its configuration of cultural production. The mixture of state and market discourses in China’s cultural industries policy epitomises the Party-State’s instrumentalist configuration of culture and creativity. Given the dual role of culture as ideology and commodity, the state deploys the market economy and cultural industries as a new way of social governance. Shifting the focus from state policy to institutions, the final section of the chapter examines the political system in which state policy is translated into concrete policies and implemented. Importantly, I argue that this translation creates space for flexibility, agency and negotiation on the part of diverse actors in the Chinese cultural sphere.

### **The advent of the ‘cultural industries’ in China**

Although it was not until the early 2000s that the terms ‘cultural industries’ and ‘creative industries’ were officially introduced to China, the Chinese authorities had already started endorsing the idea of a cultural economy and commercial cultural production in the late 1980s. In February 1987, the Ministry of Culture, together with the Ministry of Finance and the State Administration of Industry and Commerce, issued a policy document titled *Interim Provisions on the Administration of Cultural Institutions Conducting Commercial Service and Activities* (MoC 1987). The release of these *Provisions* was the first time since 1978

that the Party-State officially acknowledged and legalised commercial cultural production in China. As the document asserts (MoC 1987):

To better meet the need of the people for cultural life and to strengthen cultural units' development, in recent years many cultural units started providing commercial services and have obtained extra financial returns by means of their different expertise and equipment. These commercial activities will be beneficial for transforming our cultural units from non-profit service suppliers to commercial service providers. These activities will benefit our socialist spiritual civilisation, enable cultural units to provide diverse services with high quality and to make our cultural and art undertakings prosper (事业 *shiyè*).

In the media sectors, state endorsement came even earlier. Already in 1979, the Publicity Department of the Central Committee of the CCP authorised Chinese news presses, including newspapers, radio and television, to run commercial advertisements (Chen 2011). In 1988, furthermore, the state allowed newspapers, periodicals and publishing houses to provide commercial services (see below) to the public (SAPP and SACI 1988). These early cultural economy policies initiated a 'dual-track' (双轨制 *shuangguizhi*) reform within state cultural units (单位 *danwei*) such as performing arts groups, news presses, television and radio stations, cinemas and theatres. Contracted employment was introduced, along with the approval of limited commercial production, without abolishing the pre-existing state-controlled system.<sup>1</sup> This dual-track system allowed cultural units to establish a different personnel system for those hired for commercial business, whose salaries would be paid by the units instead of the state. Although the majority of staff still held tenured positions, the state allowed these units to give temporary labour contracts to a small number of employees.

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<sup>1</sup> Since the Maoist era, Chinese cultural and media production had been fully sponsored by the state and all cultural workers, including artists, journalists, writers and musicians, were employed by state-controlled cultural units (单位 *danwei*). See Chapter 2.

This early approval of marketisation by the state had a limited scope. Only the so-called cultural units (the state-owned public cultural and media entities) were licensed to offer commercial products and services, which were circumscribed to supplemental activities. For example, in the *Provisions* (MoC 1987), theatres, art groups and libraries were allowed to conduct commercial businesses:

Related cultural business (延伸业务 *yanshen yewu*): document copying, printing and scanning; art consulting, public lecture, arts education, dancing party, music concert, video screening, calligraphy and painting selling, instrument repairing, theatrical costume renting, hairdressing and beauty service, commercial photography, public performance, and sport games.

Convenience services (便民业务 *bianmin yewu*): convenience stores, canteens and hotels; production and retailing of musical instruments, audio-visual products, stationary, relic copies, advertisements, stage costumes and props.

News presses and publishing houses, under the regulation of the State Administration of Press and Publishing (SAPP) at this time, were allowed to provide commercial advertising, consulting, printing and professional education, etc. (SAPP and SACI 1988). All these activities were so-called ‘supplemental services’ (补充服务 *buchong fuwu*); core businesses such as content production (news, film, television, art, etc.) and distribution were still protected from commercialisation. Together with this limited authorisation came strict license and content regulation of commercial activities (SAIC 1987). Non-state sponsored forms of cultural production, such as independent film and popular music, were not yet allowed to enter the market and were stigmatised as ‘underground’ and ‘illegal’. Thus, de Kloet (2002) reveals that one of the key reasons for the decline of Chinese rock music in the mid to late 1990s was the strong hold of the state on music production. Although record companies contracted musicians and organised music production,

the distribution of albums needed to go through state-owned publishing houses, which received 60 % of the revenue (de Kloet 2002, 97).<sup>2</sup>

However, the ‘dual-track’ reform did herald far-reaching institutional reform as a result of the Party-State’s response to the profound transformation of the Chinese cultural field since the late 1970s. With the end of the Cultural Revolution in 1978, the ruling ideology of the Chinese Communist Party shifted from Mao’s political experiment with socialism and alternative modernity to Deng Xiaoping’s *Reform and Opening Up* policy. Economic development, instead of political struggle, became the key objective of the PRC (Brown 2012). This change was welcomed by the Chinese public in the 1980s and facilitated the marketisation reform and growth of non-state sectors. In 1992, the 14<sup>th</sup> National Congress of the CCP defined the objective of Chinese economic reform as establishing a ‘socialist market economy’, in which the law of value and non-state forms of ownership would play an ever greater role, while state-owned enterprises would remain ‘the leading force’ in the national economy (Jiang 1992).

Although still dominated by state-owned units and not freed from propaganda responsibility, the cultural and media sectors thus started to embrace the market in post-Socialist China, partly out of financial need and partly because of increasing competition from the ‘underground’ cultural market, the influx of western cultural products and the rise of local popular culture (de Kloet 2010). The financial burden of state-owned cultural enterprises on the one hand and the potential contribution to the national economy on the other finally motivated the government to legalise commercial cultural production.

Another factor that influenced China’s cultural reform was the intensification of economic globalisation. The building of special economic zones in

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<sup>2</sup> In the 1990s, record companies in Mainland China were dominated by regional competitors from Hong Kong and Taiwan (e.g. Magic Stone). Only through joint ventures were international record companies allowed to set up office in China. After the late 1990s, local record companies started to grow (e.g. Modern Sky) (de Kloet 2002).

the 1980s not only brought in foreign investments but also global commercial popular culture – pop music, film, television, etc. At the same time, China’s joining of the World Trade Organisation in 2001 required the country to commit to allowing a relatively open market and free trade in many areas, including the cultural and media sectors (Ministry of Commerce 2006). To meet the challenge posed by international competitors, the Chinese government sought to boost the local economy and restructure it from an unsustainable reliance on export-based manufacturing to an innovation-driven, environmentally friendly and high added-value model. At the same time, they also reformed existing economic policies and institutions in line with international standards and practice (与国际接轨 *yu guoji jiegui*).

It is within this political-economic context that a policy discourse concerning the cultural/creative industries was introduced to China. In August 1998, the Ministry of Culture established its Division of Cultural Industries as the first national administrative office for cultural industries. In 2000, *The Tenth Five-year Plan for National Economic and Social Development* used the term ‘cultural industries’ (文化产业 *wenhua chanye*) for the first time, stating that ‘in the coming five years, the government will enact cultural industries policies, propel the construction and effective regulation of the cultural market and promote the cultural industries’ (The State Council 2001).

## **Developing strategies**

After 2000, the Chinese central government officially adopted the cultural industries as one of the national strategies for economic development and promulgated a series of industrial policies to promote as well as regulate the cultural economy. From 2001 to 2017, the Chinese central government issued dozens of promotional and planning policy documents for the cultural industries (see appendix II). In 2003, the Ministry of Culture released *Opinions on Supporting and Promoting the Development of Cultural Industries* (MoC 2003). This document defines the cultural industries as ‘the commercial sectors that produce cultural products and provide

cultural services’ (MoC 2003). As commercial and market-driven sectors, ‘cultural industries’ (文化产业 *wenhua chanye*) are distinguished from ‘cultural undertakings’ (文化事业 *wenhua shiye*), which are non-profit public enterprises mostly financed by the government. Both cultural industries and cultural undertakings are crucial constituents of Chinese socialist cultural development (文化建设 *wenhua jianshe*). Art and theatre, the film and television industry, the audio-video industry, cultural entertainment, cultural tourism, the internet cultural industry, publishing, art education and the art trade were identified as the primary sectors of the Chinese cultural industries (MoC 2003) .

The Chinese government adopts a top-down approach in its development agenda. The first strategy was to incubate competitive market entities. To do so, the state government initiated an enterprise reform within Chinese state-owned cultural units. In 2003, the State Council released *Regulations on Supporting Cultural Industries Development and Enterprise Reform of Cultural Units in the Process of the Cultural System Reform*, first announced as a 5-year pilot project, which was reformulated and extended in 2008, 2014 and 2018. These documents promote enterprise reform in Chinese state-owned cultural entities, formulating a series of regulatory and preferential policies in asset management, land disposal, financial support, income distribution, tax reduction and exemption, and social welfare (The State Council 2003, 2008, 2014, 2018b). As I will show in more detail in Chapter 2, to achieve the so-called scale economy, the state encourages state-owned cultural enterprises to merge into large cultural corporate entities. Following the logic of the scale economy, the state also formulates policies and allocates funds to promote national and creative clusters, or the so-called ‘cultural industrial parks’ (文化产业园区 *wenhua chanye yuanqu*). By 2015, there were over 2500 cultural industrial parks in China (see figure 1.1); over 350 of these were named ‘national’ and funded

by the central government, while the rest were constructed by regional governments.<sup>3</sup>

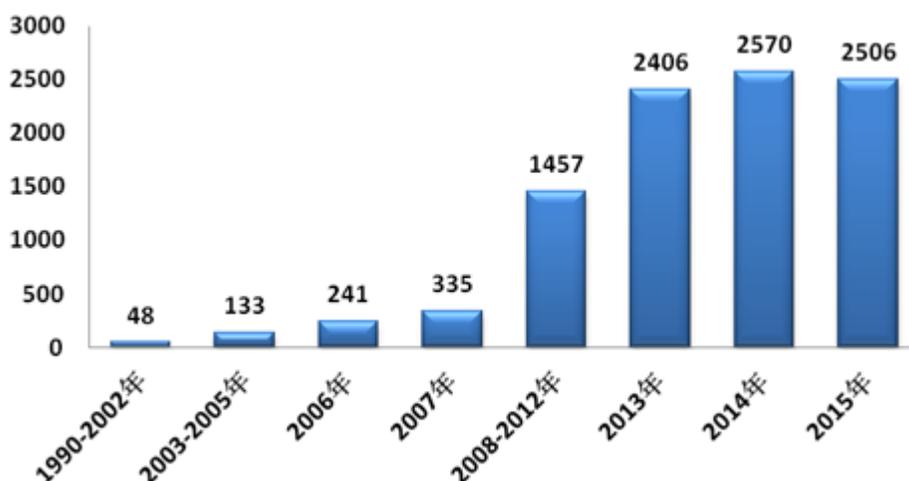


Figure 1.1 Number of cultural industrial parks in China (CHYXX 2016)

At the same time, the state identified the non-state cultural economy as an indispensable constituent of the Chinese cultural industries. In 2005, the State Council issued a policy document to authorise and regulate non-state capital's contributions to the cultural and media sectors (The State Council 2005). According to this policy, non-state capital (both local and foreign) can invest in art, museums and libraries, internet cafés, art education and agencies, tourism, animation and the gaming industry, advertising, film and television production, cinema, the retail of books and audio-video products, etc. It is also allowed to have a shareholding of less than 49% in state-owned production and distribution companies in publishing, advertising, film and television. The final objective of this strategy is

to fully mobilise the social to participate in the cultural construction and the development of socialist advanced culture; to guide and regulate the entry of non-public capital into the cultural industries; to form a cultural market

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<sup>3</sup> As I will explain later in this chapter, however, most of these parks are far from profitable due to the complicated administrative system and state-commerce relationship.

structure in which state-owned cultural enterprises play the dominant role with the non-state cultural economy as an important force; to enhance the overall strength and competitiveness of the Chinese cultural industries. (The State Council 2005)

Apart from enterprise reform and ownership diversification, the state also deploys other strategies such as supporting key sectors, promoting media convergence and digital information technology, and ‘cultural going-out’ (export) (文化走出去 *wenhua zouchuqu*). Special funds and preferential policies were established to support companies in specified ‘key sectors’ (重点行业 *zhongdian hangye*), including animation, the television and film industry, digital content, publishing, performance and entertainment, and cultural tourism. These sectors, as I will explain in the next section, are the ‘core cultural industries’ that are seen to have high ideological importance. The state believes that the development of these sectors will not only lead to the prosperity of commercial Chinese popular culture, but will also contribute to the accumulation of ‘soft power’ and ‘national cultural security’.

Information and internet technology have been seen as another crucial driving force for the Chinese cultural economy. The new technologies, as one of the policies asserts, will not only transform and upgrade traditional cultural industries, but also give birth to cutting-edge industries such as platform and Artificial Intellectual (AI) economies, which can ‘develop high value-added cultural products that combine world-leading technologies and independent intellectual property with national characteristics’ (MoC 2003; The State Council 2009).

Finally, the state has formulated a series of promotional policies on cultural trade and export, to promote the ‘going-out of Chinese culture’. Local artworks, exhibitions, films, television dramas, animations, internet games, publications, folk music and dance, acrobatics and other cultural products that have ‘national characteristics’ are specifically encouraged and supported for export. Aside from various preferential tax and funding policies, China also launched several

international cultural fairs to function as stages for the Chinese cultural industries ‘going out’, such as the International Cultural Industries Fair (Shenzhen), the China International Film and TV Program Exhibition and the Beijing International Book Fair.

As a result of the promulgation of these policies, the Chinese cultural economy experienced rapid growth in the first two decades of the 2000s. According to official statistics, from 2004 to 2013, the Chinese cultural industries maintained an average growth rate of 20% (See figure 1.2). The economic value added of the cultural industries reached 201 billion RMB in 2013, constituting 3.42% of Chinese National Gross Domestic Product (GDP). Four years later, in 2017, this economic number had risen to 347 billion and 4.2% of the national GDP (NBS 2018). It has been reported that the cultural industries are becoming the new growth engine and pillar industry of the Chinese economy (Zhang 2018).

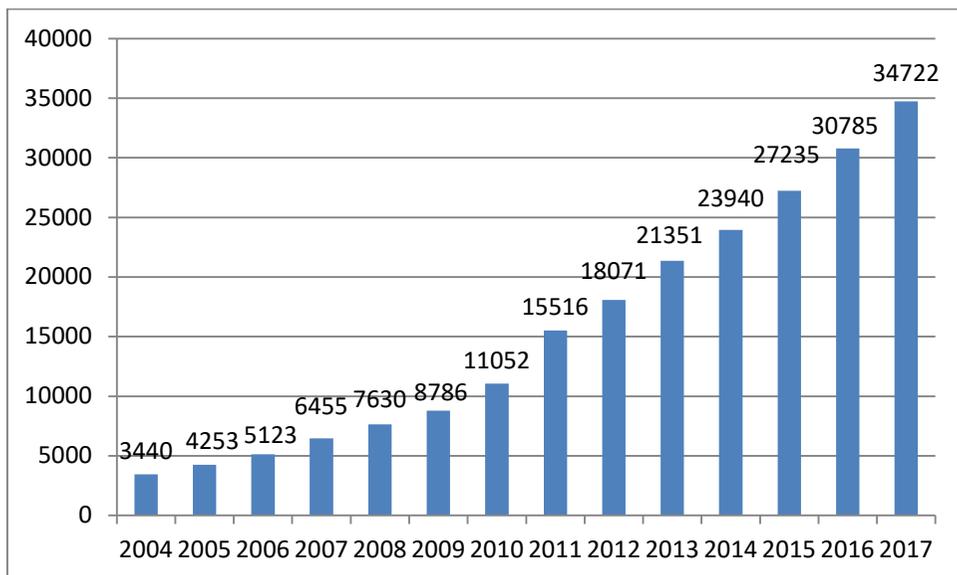


Figure 1.2 2004-2017 value added of the cultural industries in China (100 million RMB) (created by the author, source: Guangming Daily 2015; Minyizhiku 2017; NBS 2018)

From these policy documents and statistics, it is obvious that the Chinese Party-State has developed an aggressive plan to boost the creative economy. The shifting ideology of the CCP to economic development in the post-Mao era, the national Opening-up policy and economy globalisation together motivated the Party-State to carry out institutional reform to give space to the growth of commercial culture. However, this enthusiastic national endorsement does not mean that the Chinese government has embraced the ‘creative industries’ in the same way as many other countries did. As I will demonstrate in the next section, Chinese cultural industries policy is never simply an economic policy that aims to economise cultural and media sectors; rather, the Party-State’s ideological concern with social stability and national rejuvenation, lately translated into Xi Jinping’s Chinese Dream, complicates the discursive formation of the cultural industries and distinguishes them from their counterparts in the rest of the world.

### **The state discursive formation**

Developing the cultural industries is a crucial way in the socialist market economy to meet the diverse spiritual and cultural needs of the people. In doing so, we must adhere to the direction of the socialist advanced culture and always put social benefits first, while uniting the social benefits with economic benefits. We must be in line with the national goal of building a comprehensive, balanced and sustainable economy, to promote leapfrog development of the cultural industries and to make it the new growth engine and pillar industry of the economic restructuring.

The Central Committee of the CPC (2011)

In post-Socialist China, although political struggle and communist ideology were partly abandoned, the State’s instrumentalist interpretation of culture has not fully disappeared. Most importantly, media and art still need to support, or at least be in line with, the absolute rule of the Communist Party (Su 2015: 518). As president Xi

Jinping (2014) has asserted, ‘the Party’s leadership is fundamental to the development of socialist culture and arts’.

Despite the fact that the justification for the ‘cultural industries’ is seen to lie in their potential to contribute to the restructuring of the Chinese national economy, their authorisation is also premised on the Party-State’s configuration of culture as tool for social governance, or, in the official language, ‘socialist advanced culture’ or ‘social benefits’. This equivocal stance is evidenced by the state’s reluctance to use terms like ‘creativity’ and ‘creative industries’ – as developed by the British Blair government in 1997. In 2005, when the ‘creative industries’ (创意产业 *chuangyi chanye*) discourse travelled to China, the central government insisted on using the older term ‘cultural industries’ (文化产业 *wenhua chanye*) in policy documents. One crucial reason for not using ‘creative industries’ was, according to Wang Yongzhang, the former director of the Cultural Industries Division at the Ministry of Culture, that the cultural industries in China not only refer to economy and commodity, but also have an ideological character (意识形态属性 *yishixingtai shuxing*):

‘creative industries’ mainly focus on design and individual creativity... if we use ‘creative industries’ in our policy documents, there would be a risk that certain cultural sectors would fall out of the state’s ideological control. (Wang 2007)

Chinese conservative officials and cultural traditionalists are suspicious of the ‘individualism’, ‘change’ and ‘creative destruction’ promised by the ‘creativity’ discourse (Wang 2004; Keane 2009). If in the west debates around the term ‘creative industries’ are mainly about its latent neoliberalism and depoliticising effects on culture and media (Galloway and Dunlop 2007; Lee 2016), ‘depoliticisation’ also troubles the Chinese authorities but in a different way. As Wang Yongzhang’s remark illustrates, the creative industries discourse is thought to overlook the ‘ideological character’ of the cultural industries and to potentially give

rise to the decline of the state's role in ideological regulation – for social stability, national identity and moral order (Keane 2009; Tong and Hung 2012).

Along with the promotional policies on the cultural economy I have analysed in the previous section, the Chinese authorities thus continued to configure the cultural sectors 'in terms of what ought to be state-owned and what could involve the private sector, and thus what sorts of content were 'safe' and what 'political'' (O'Connor and Gu 2006, 276). For example, although in *Decisions of the State Council on the entry of non-public capital into the cultural industries* (The State Council 2005) non-state investment had been allowed and supported as part of the Chinese cultural and media economy, non-state capital is still not permitted to set up independent news agencies, publishing houses and broadcasting networks for radio and television, or to conduct the import of books, journals, film, television and other audio-video products that are regarded as being of ideological importance (The State Council 2005).

These examples demonstrate that there is a state discursive formation behind China's marketisation reform in the cultural sectors. Following Jim McGuigan, the state discursive formation emerges from the belief that 'the modern nation-state should command the whole of society, regulate the economy and cultivate appropriate selves' (2004: 36). Under this discourse, shared by totalitarian regimes like the former Soviet Union and Maoist China, cultural policy should function to 'engineer the soul' of the public (McGuigan 2004: 36). In liberal and socio-democratic societies, it is also used, though to a lesser extent, in relation to the state's support for and promotion of high national culture (McGuigan 2004, 41). For contemporary China, the promotion of a commercial cultural economy is intertwined with a set of regulatory policies which aim to shape the whole cultural industries in accordance with the role of social governance culture is assigned by the Party-State.

Take, for example, the two perennial discourses of 'soft power' (软实力 *ruanshili*) and 'cultural security' (文化安全 *wenhua anquan*). The Party-State has

been eager to promote its national imagery to wield Chinese ‘soft power’ on the global stage on the one hand, while expecting a conforming culture that ensures social stability and national unity on the other. Coined by Joseph Nye (1990), soft power has been a popular term in international diplomacy, and cultural export has been touted as its key element. This term was embraced by Chinese government in the last decade and soft power became one of the prime objectives of developing the cultural economy – through the ‘going-out of Chinese culture’ (中国文化走出去 *zhongguo wenhua zouchuqu*) (Keane 2010). According to president Xi Jinping, the building of Chinese soft power constitutes the Chinese Dream as the great rejuvenation of the Chinese nation (Xi 2015). At the same time, its joining of the WTO officially opened up China’s doors to foreign popular culture such as Hollywood movies, American pop music and Korean and Japanese music waves. This cultural globalisation agitates Chinese cultural traditionalists who fear the cultural invasion of the west and the loss of Chinese identity and traditional culture. The Chinese Communist Party has also been suspicious of western cultural goods which purportedly camouflage the threat of ‘peaceful evolution’.<sup>4</sup> As one of the policy documents claims:

Opening up should be for our own use. We should not blindly copy the western perceptions of culture and development. While learning and bringing in the best of foreign cultures, we also need to resist the unhealthy thoughts and cultures of the west, protecting national cultural security. (CCP and The State Council 2005)

Such concerns urge the Party-State to incubate a competitive domestic cultural economy – especially in the state-owned cultural sectors – that can effectively

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<sup>4</sup> United States Secretary of State John Foster Dulles first formulated the term ‘peaceful evolution’ in the 1950s during the cold war, referring to the attempt to peacefully transform the socialist regimes into capitalism and democracy. Since then the Chinese state has believed that this theory is part of the United States’ foreign policy towards China (ONG 2007).

protect ‘national cultural security’ from the forces of cultural globalisation. To do so, the Chinese government categorises cultural sectors into core cultural sectors and related cultural sectors. The core cultural sectors include six categories of cultural services: news information, content production, creative design, cultural distribution, cultural investment and operation, and cultural entertainment and leisure. The related cultural sectors are supporting services of the core sectors such as stationery manufacturing, copying and printing, cultural agencies and intermediaries, instrument manufacturing, etc. According to the newest *Guidance on foreign investment in Chinese industries* (NDRC and MoC 2017) issued by the Ministry of Commerce and the National Development and Reform Commission, the Party-State only welcomes foreign investment in the related cultural sectors such as the manufacturing of stationery, art supplies and music instruments, film-making, Virtual Reality and 3D printing, sport and performance venues, sport training and intermediary services, etc. The highly ideological core cultural sectors, such as news and information services, publishing and the production and distribution of television, film and digital content, are not open for foreign investment.<sup>5</sup>

The state discursive formation translates into the strict content regulation of everyday cultural production. From television, film and news to internet culture, a pervasive censorship regime functions to supervise commercial culture, in service of ‘the CCP’s number one political agenda, maintaining social stability, and ... contribut[ing] to the CCP’s cultural agenda – i.e., stabilising and re-energising the dominant moral order’ (Bai 2014, 79). In this way, the thriving cultural market and vibrant commercial culture are made compatible with China’s one-party ruling

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<sup>5</sup> According to the *Regulations on the Administration of film* (The State Council 2002) and the *Chinese Film Industry Promotion Law* (2016), foreign individuals and organisation are prohibited from producing film in China independently. But international (including Hong Kong and Taiwan) film companies (neither individuals nor non-commercial organisations) are allowed to participate in film co-production with Chinese film companies that have a special license issued by Chinese government.

system. By assigning culture a dual role as ideology and commodity, the State can deploy the market economy and cultural industries as a new way of social governance.

### **Institutional deficiencies and the potential for flexibility and agency**

Governed by this state discursive formation, cultural workers in China thus need to meticulously manage their creativity between market needs and state regulation. However, this does not mean that creative production in China is nothing but a propaganda apparatus. Chinese administrative institutions, I will argue in this section, complicate the process of policy-making and implementation, which is always full of tensions and negotiations.

As Yu Hong (2017a, 10) states in her study of Chinese internet and communication policies, ‘fragmented class interests, incompatible regional experiments, self-serving bureaucratic interests, and competing developmental visions are pulling the rebalancing in different directions’. Although China has often been seen as an authoritarian Party State, its political system is also characterised by resilience and adaptability, which allow for ‘bottom-up’ policy changes and political-economic experiments. Heilmann and Perry (2011, 11), for example, note that ‘China’s vast and bureaucratically fragmented political system is animated by policy processes that allow for far greater bottom-up input than would be predicted from its formal structures’. The state system is characterised by complex and even conflicted relationships to the market and social governance. ‘Competing bureaucratic imperatives and vested state interests in the economy have created and continue to create nonaligned initiatives and diffused commitments’, resulting in the non-unitary nature of the state (Hong 2017a, 15). It is this non-unitary and even contested nature of the state that, I will argue, creates spaces of agency for various actors in the Chinese creative economy.

First, the fragmented government system engenders discrepancies between different administrative departments. As Lieberthal (1992, 8) points out,

China's bureaucratic ranking system combines with the functional division of authority among various bureaucracies to produce a situation in which it is often necessary to achieve agreement among an array of bodies, where no single body has authority over the others.

Termed *fragmented authoritarianism* by some political scientists (Lieberthal and Lampton 1992; Mertha 2009; Yang 2013), the actual process of policy-making and implementing in post-Socialist China involves constant bargaining and competition among government agencies with diverse and even contradict interests. As a typical multi-sector industry, cultural production in China has been regulated by multiple governmental bodies, including the Ministry of Culture (MoC), the State Administration of Press, Publishing, Radio, Television and Film (SAPPRFT), the Cyberspace Administration of China (CAC), and the Publicity Department of the CPC. The State Administration for Industry and Commerce and the Ministry of Finance also hold administrative power when cultural policies are related to finance and the market. According to the official description, the Ministry of Culture is in charge of heritage, art and tourism; the SAPPRFT is responsible for the media sector; and the CAC controls the internet and digital sector. The Publicity Department of the CPC is the highest authority for all propaganda and cultural affairs and supervises the other cultural governmental bodies. However, with the increasing marketisation and convergence between digital and traditional media, such a bureaucratic division, as I will illustrate below, results in the overlapping of tasks and the blurring of the boundary between different administrative bodies, causing deficiencies in policy implementation and market governance.

On the one hand, cultural and administrative resources are spread over diverse departments, such as those of culture, media, tourism, education, finance and technology, rendering the state's macro-economic governance inefficient. To launch a new computer game in China, for example, game companies need to first register at the Ministry of Industry and Information Technology according to its *Procedures on Software Product Management*. The second step is to go through content censorship at the Ministry of Culture according to *the Provisions on the*

*Administration of Internet Culture*. After gaining approval from the MoC, companies still need a special license from the SAPPRFT, as required by the *Provisions on the Administration of Electronic Publications*. Finally, before computer games can enter the market, companies should register for copyright at the National Copyright Administration (NCA). Within this overcomplicated system, any slight change in an institutional or regulatory policy will have a huge impact on the whole gaming industry. In March 2018, for example, the Chinese government launched a new institutional reform of the cultural sectors.<sup>6</sup> Although the reform was meant to ‘strengthen the Party’s leadership and boost administrative efficiency’ (The State Council 2018a), it exerted a negative impact on the gaming industry. Since both the Ministry of Culture and the SAPPRFT were involved in this reform, the government simply stopped licensing new games. Statistics regarding 2017 (wallstreetcn 2018) show how on average over 770 news games had been licensed each month and over 9000 had been launched in the year. The institution reform of 2018, accordingly, stopped thousands of new games from launching, which directly hurts the financial interests of Chinese game companies, especially small production firms.

As occasionally hindering them, the fragmented governmental system also gives companies leeway when it comes to negotiating state censorship. For example, in 2016, Hunan Television’s popular show *Where are we going, dad?* was banned by the SAPPRFT for its ‘overuse of children’. In response, Hunan Television chose to move the show to its online platform, Mango TV, since the SAPPRFT’s ban only applied to broadcasts on television (Nauta 2018, 182). The discrepancy in

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<sup>6</sup> The major changes were that the Ministry of Culture became the Ministry of Culture and Tourism, and that SAPPRFT was divided into three new departments: the State Administration of Press and Publishing (SAPP), the State Administration of Radio and Television (SART) and the State Administration of Film (SAF). The SAPP and the SAF, previously affiliated to the State Council, became divisions of the Publicity Department of the CPC (see The State Council 2018).

regulation between television and digital media thus generates space for television producers to evade censorship and to continue disseminating controversial content.

Besides the fragmented governmental system, the complex central-regional government relationship counts as the second important feature of Chinese political organisation that creates ambiguities. In China, the political administration is not a fully centralised authoritarian regime. As many scholars have noted, the *nomenklatura* system of personnel management<sup>7</sup> reinforces the authority of the central government and produces national unity (Naughton and Yang 2004; Chan 2004). Yet, regional governments have significant autonomy in governing the sub-national economy. According to Chenggang Xu (2011, 1078),

Regional economies (provinces, municipalities, and counties) are relatively self-contained, and subnational governments have overall responsibility for initiating and coordinating reforms, providing public services, and making and enforcing laws within their jurisdictions. This feature qualitatively differentiates the Chinese economy from a typical centrally planned economy.

This regionally decentralised authoritarian (RDA) regime, a term coined by Xu (2011), is distinct from federalism in that Chinese officials are not accountable to their constituents but to higher-ranked leaders. Simultaneously, it is also distinct from the Maoist command economy. Since Deng Xiaoping embarked on China's marketisation reform, GDP growth has become the first reference for official promotions. To stand out in the regional GDP competition, local officials have embraced what Heilmann and Perry (2011) conceptualise as a 'guerrilla policy-making style'. Inherited from the CCP's wartime tactics, this 'guerrilla approach'

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<sup>7</sup> According to the Chinese *nomenklatura* system, the central committee of the Communist Party of China (CCP) holds power in the appointment of senior cadres to leading positions of the party state's bureaucratic apparatus, including the CCP high command, Central Party bureaucracy, State advisory organs, National People's Congress, State Council, state-owned banks, state-owned media, etc. (Chan 2004).

characterises contemporary Chinese policy-making in the sense that the top leadership preserves the power to make decisions on national-wide strategies, while ‘operationalisation and implementation require substantial latitude for local initiative and independence’ (Helman and Perry 2011, 18). As a result, policy-making is always in a process of continual improvisation and adjustment, with pilot efforts and practical experience preferred to abstract theories or models (Helman and Perry 2011, 18). Local guerrilla leaders are sometimes ‘dictatorial, opportunistic and ruthless’, sacrificing political accountability. Yet their approach also contributes to the adaptability, versatility and flexibility of the Party’s rule and policy-making. The RDA regime and the flexible policy style it produces empower subnational governments and officials in the realm of actual policy-making and implementation. Under the supervision of the central government, ‘they initiate, negotiate, implement, divert, and resist reforms, policies, rules, and laws’ (Xu 2011: 1079). In the cultural sectors, for instance, ‘Creative Industries’, later rephrased as ‘Cultural Creative Industries’, as a policy discourse was introduced and embraced by some local governments such Shanghai and Beijing around 2005 (Keane 2009). This terminology was welcomed by local officials precisely because it differed from ‘cultural industries’ as used by the central government. ‘Creative industries’ has often been framed as an economic policy; this avoids the ideological importance of cultural production, thus discursively reducing the resistance to it from conservative parties. The *Operational plan of cultural creative industries for Shanghai, 2016-2018* (SACCI 2016), for example, states:

Cultural creative industries are crucial for Shanghai to maintain economic growth and to achieve industrial restructuring.... The goal of our reform is to promote comprehensive innovation in industrial mechanism, capital operation and business model, to stimulate the energy of the market and society, while also maintaining a fair and just cultural market.

In contrast to the central government’s emphasis on the ‘dual character’ of the cultural industries, the ideological importance of cultural and media production is notably absent from this document. Instead, the Shanghai government adopts a

more technocratic discourse in its promotion of the creative industries, stressing the role of technology, capital and creativity in achieving industrial restructuring and economic growth.

Finally, the above-analysed political system also complicates the state-commerce relationship in China. The lack of transparency in regulatory requirements and capricious law enforcement gives authorities flexibility in the governance of the local economy but also creates space for rent-seeking and corruption in state government. Given its non-unitary nature, the state plays multiple roles in the Chinese economy, from promoter and regulator to direct participant. As many research projects have noted, connections to government are ubiquitous in Chinese listed firms (Dickson 2003; Breslin, 2012.; Wang 2016). Personal ties with certain government officials can effectively help companies negotiate with policy makers and dodge potential regulatory obstacles. This is even more common in the media and cultural sectors, as the state imposes even more regulations on the cultural industries because of their ‘dual responsibility’. As the next chapter will show, state-owned cultural enterprises (SOCE) are more privileged than private cultural companies due to their closer relationship to the state. This connection to the state government not only endows them with easier access to financing and the market, but also with more influence on policy-making and economic regulation. For example, in the highly regulated and heavily censored film industry, state-owned film production companies such as the China Film Group Corporation (中影集团) and August First Film Studio (八一电影制片厂) have a greater power to negotiate with the China Film Administration about the licensing and censorship process, and so do private production firms that have personal ties with powerful officials. According to one of my informants,<sup>8</sup> most Chinese big internet and media companies have a department called ‘Government Relations’, which as its name indicates directly deals with the authorities in terms of censorship and business management. A ubiquitous yet unspoken strategy on the part of

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<sup>8</sup> Interview, Wang Hai, Sep 1<sup>st</sup> 2016, Beijing.

China's largest internet companies is to hire retired influential officials from both central and local governments as 'consultants', who can provide insider knowledge on policy as well as mediate between the company and the government.

The fragmented administrative system, the decentralised authoritarian regime and the complicated state-commerce relationship all profoundly affect the process of policy-making and implementation in the contemporary Chinese cultural sectors. Instead of being a unitary entity, the Chinese state in practice functions as a network constituted of different, often conflicting forces emanating from state administrative bodies, local governments and market entities.

## **Conclusion**

This chapter has studied the genesis, dominant discourses and institutions of the Chinese cultural industries policy. The shifting ideology of the CCP to economic development in the post-Mao era, the national Opening-up policy and economic globalisation together motivated the Party-State to carry out institutional reform to give space to the growth of commercial culture and to deploy the 'cultural industries' as part of a national development strategy. However, this enthusiastic national endorsement does not mean that the Chinese government has embraced the 'creative industries' in the same way as many countries did in the west. The state discursive formation of Chinese cultural industries policy reflects the Party-State's instrumentalist configuration of culture and creativity. Cultural production in contemporary China follows the market rule, while it also needs to promote social stability and reaffirm the dominant moral order.

In practice, China's political organisation creates abundant space for agency, deviation from official policies and flexibility for diverse actors in the cultural and media sphere. On an everyday basis, Jing Wang's 'state question' in Chinese cultural production and popular culture thus not only refers to the state's ideological concerns about cultural activities. It also relates to the intricate relationship between administrative power and various production subjects: the crucial task for cultural

producers in China is to negotiate and find ways to ‘play’ with state power, which is contested, non-unitary and multivariate.

Framed by this understanding of the development of Chinese cultural industries policy and its complicated modes of implementation, the following chapters will offer case studies to explicate how the interaction and negotiation between the state, the market and cultural producers actually works in different organisational contexts in contemporary China. The central questions that I am going to explore in the following dissertation are: how do creative individuals actively negotiate with this state-market system in producing notions of creativity? And how does this dynamic process of negotiation impact the formation of a creator subjectivity and render it schizoid? I will start this empirical investigation from the working experiences in the Chinese state-owned cultural companies.