MEDIA CONTROLS IN CHINA IN AN AGE OF ECONOMIC LIBERALIZATION: A CRITICAL PERSPECTIVE

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Abstract

This thesis explores the role of economic liberalization in expanding media freedom in China following the World Trade Organization's (WTO) 2009 landmark ruling that parts of China's media controls constituted import restrictions in violation of its obligations in the *China—Measures Affecting Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products* dispute. It seeks to examine the factors that have shaped media controls in China in the historical context of the transition from a centrally planned to market economy that began in 1978. It will be argued that the Chinese Communist Party's (CCP) need to sustain the legitimacy and authority of its rule through the propagation of ideas, implementation of market reforms, and management of social conflicts has determined media controls in China since economic liberalization began in 1978. Moreover it appears that CCP officials and media investors, managers and workers are forming a hegemonic bloc that is ensuring the persistence of strong media controls despite extensive market reforms and a rise in the market entry of transnational capital interests.

Chapter 1 - Introduction

In 2009, the World Trade Organization (WTO) Dispute Settlement Body (DSB) ruled on a complaint brought by the United States (U.S.) against restrictions imposed by China on imports of media products including reading material, sound recordings and films—known as *China—Measures Affecting Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products* (the *China—Audiovisuals* case). The DSB found that aspects of China's media control structure, primarily its content review requirements, were not "necessary to protect public morals" therefore did not justify the restrictions they imposed on the U.S. imports (WTO AB 2009).

The *China—Audiovisuals* dispute is considered by many scholars to be a landmark case that represents a valuable contribution to the debate on whether, or the extent to which, cultural values should be prioritised over free trade. The dispute has also been interpreted to portray the tensions between trade and economic liberalization on one hand, and political and ideological control on the other (Gao 2007, 316; Joost 2010). The association between economic liberalization and political liberalization, is often assumed by liberal-democratization scholars. Such scholars tend to focus their research on the conditions under which economic liberalization may or may not lead to lesser degrees of political control and correspondingly, democratization (Eichengreen and Leblang 2008; Gordon 1997; Shirk 2011). As a result, liberal scholars have sought to analyse the *China—Audiovisuals* case on the basis of a presumed association between economic liberalization and democratization, and evaluate whether the case could lead to political reforms, specifically greater freedom of the media, in China's authoritarian regime.

However attempting to examine the role of economic liberalization in expanding media freedom in China with the use of liberalism as an analytical lens appears problematic. Doing so would seem likely to limit research queries to hunting for signs that may indicate a trend towards or away from greater media freedom. Adopting the analytical lens of liberalism is therefore

prone to excluding consideration of the political, economic and social factors that shape the structures that constrain or enable media freedoms in China. However understanding the factors that actually shape China's media control structures is a crucial basis for understanding the role of economic liberalization in loosening media controls and therefore expanding freedoms for the media. Therefore in order to identify the factors that constrain and enable media freedoms in China, and the role of economic liberalization in that process, this thesis will adopt as its research question: what are the factors that determine the media control structures in China?

To address the research question, I will first discuss the analytical framework that will be applied in Chapter 2. The liberal-democratization and critical theory approaches will be considered in order to explain why a critical theoretical approach, specifically a neo-Gramscian perspective, is the most suitable for analysing and identifying the influential factors in the development of media control structures in China. Applying the neo-Gramscian perspective as the analytical framework, the interaction between social structure and social interactions that have shaped media control policies in China will be examined in historical context. Given the sensitive nature of the topic of media control, and opacity of China's policy-making processes, there are very limited opportunities for field research and access to primary data on the development of media policies by the CCP-led government. Therefore secondary sources, primarily English-language literature by both Chinese and non-Chinese scholars, will be relied upon to carry out the neo-Gramscian analysis of China's media controls in the context of economic liberalization.

In Chapter 3, the development of media controls in China from the establishment of the Chinese Communist Party's rule in 1949 will be summarily discussed before turning to the beginnings of media commercialization in the context of market reforms launched in 1978. Chapter 4 will continue the neo-Gramscian analysis of China's media controls by examining the acceleration of market reforms after the political and social instability caused by the "Tiananmen

Incident" in 1989, and the increasing globalization of the media market in the lead up to and after WTO accession in 2001. Chapter 4 will end with a single case study analysis of the arguments submitted by China in the WTO DSB's hearing of the *China—Audiovisuals* as a study of the Chinese party-state's approach to media control in a more globalized post-WTO accession environment.

Chapter 5 will present the conclusions of this thesis on the factors that shape media controls in China, arguing that the CCP's need to sustain the legitimacy and authority of its rule through the propagation of ideas, implementation of market reforms, and management of social conflicts has determined media controls in China since economic liberalization began in 1978. Moreover it appears that CCP officials and media investors, managers and workers are forming a hegemonic bloc that is ensuring the persistence of strong media controls despite extensive market reforms and rise in transnational capital interests.

Chapter 2 – Analytical Framework

The literature on the effects of economic liberalization on media freedom can be broadly grouped under two approaches: liberal-democratization and critical theory.

2.1 Liberal-Democratization Approach

The category of literature that attributes a positive role to the media in facilitating democratization can be known as stemming from the liberal-democratization approach (Zhao and Hackett 2005, 3; Zhao 2008). There are several different schools of liberal thought that have evolved over the past two centuries, including classical liberalism, utilitarianism and more recently neo-liberalism. However there are some key principles or ideas of liberalism that arguably prevail over time and throughout the different schools: free markets, private ownership, individual freedoms, and the rule of law. (Turner 2008, 8) Liberal-democratization scholars typically believe that there are causal links between these key principles, for example, they are likely to assume that freer markets results in demands by individuals to protect private ownership and other individual freedoms by instituting the rule of law. Similar causal links are established in their assumption that the spread of economic liberalization promotes democratization.

Liberal scholars have long argued that the free flow of trade and capital leads to increased efficiency in resource allocation, and higher incomes which eventually result in the type of economic development that provokes demands for greater democracy. (Eichengreen and Leblang 2008, 293) In a similar vein, Samuel Huntington claims that economic growth creates societies that enjoy higher living standards and increased levels of education, which then give rise to an expanding urban middle class whom are likely to demand more rights from their government. Such demands constitute pressures that encourage democratization (Huntington 1996). More recently in the 21st century, China scholars continue to make research queries about economic liberalization and democratization on the basis of an assumption that factors such as free trade will promote the development of democratic institutions such as freedom of the media.

(Joost 2010, 123-124; Ma 2000, 26; Zhao 2003, 58) Contemporary scholars also carry out empirical studies on the effects of trade openness and economic liberalization on democracy. (Eichengreen and Leblang 2008, 293-294)

Another section of the liberal-democratization literature focus their research on the role of a more globalized media in democratization. Such literature often considers that a free media, particularly one which communicates information from liberal democracies in the West, can catalyze democratization (Curran and Park 2000, 14; Eichengreen and Leblang 2008; Huntington 1996; Pei 1994, 171; Shirk 2010; Stockmann and Gallagher 2011, 437). It is believed that a more globalized media, with the assistance of technological advances, will gradually erode the government's monopoly on communications by defeating the attempts of authoritarian governments to control the flow of ideas and information, particularly those opposing the government (Waisbord and Morris 2001, vii). The reduction in state power combined with economic globalization leads to the increased exchange of goods and services, and therefore a greater diversity in the ideas circulated which in turn fosters political competition (Eichengreen and Leblang 2008, 289-290). It is therefore considered that media globalization will eventually establish a more pluralistic and accessible marketplace of media products and herald greater democracy.

The weakness in the liberal-modernization approach is that it is ideologically driven by liberal principles which often assume a causal link between economic liberalization and freedom of the media. Examples include not only scholarly work by Eichengreen and Leblang (2008), but also research by advocacy groups Reporters Without Borders and Freedom House which compile annual country rankings of media freedom. The limitations of addressing a research query on the basis of liberal assumptions are that it is ill-suited for political systems and economies that are not fully compatible with liberal principles of democracy and capitalism, such as China. In such contexts, it is inaccurate to assume that the media will or should promote

democratization and challenge, rather than facilitate, authoritarianism. It therefore prevents analysis of the ideas, and structures of economic and political power that are the underlying drivers shaping media freedoms in relatively "illiberal" contexts. However this is not to deny the fact that there are developments in the China context, particularly its market reforms in the past three decades, that reflect liberal principles. But because of the crucial role of ideology and economic growth in the development of China's media policies, and because of its authoritarian political system, an analysis of the underlying motivations and reasons for such policies necessarily entail examination of the ideas and power configurations that determine them—and to do so without assuming relationships that apply in liberalism. This analysis must also be contextualized in China's history to overcome the simplistic "equation of progress with the spread of liberal, post-enlightenment economic rationality…and/or the failures of 'existing socialism'." (Gill 1993a, 14) Such analysis is important for gaining a more accurate understanding of the role of economic liberalization in changes to media controls in China.

An alternative approach originating from outside the dominant framework of liberal-modernization principles, that accounts for the key ideas and power structures that shape media controls in China, can offer a more revealing analysis of the effects of globalization on media freedoms in China. Such an alternative can be found in critical theory.

2.2 Critical Theoretical Approach

An analysis of change in media structures requires looking beyond promulgated laws, policies and declarations to examine the various interactions and conflict that have enabled such change. In the words of media scholar Monroe Price (2002, 12),

> Media structures, laws, and policies are scarcely ever modified to find a more beautiful form, or even to develop a more efficient way to achieve commonly agreed-upon goals. Changes in structure, including changes in law, occur because of pressure from within industry, the society, and the government, from within or without the state.

For China, the CCP's control and commercialization of China's media system since the late 1970s is a product of changes in the power and ideas that prevailed amongst Chinese political leaders and economic actors (Akhavan-Majid 2008; Ma 2000; Zhao 2008). To understand the role of globalization in the development of China's media controls, it is therefore necessary to adopt an analytical perspective that takes account of the ideational tensions and power struggles within the state and economy, and between the state and economy, in the context of increased global economic integration. Understanding those tensions and struggles, can reveal the role of globalization in the processes that shape media control policies in China. Such a perspective can be found in critical theories on globalization and the media.

To analyze the power configurations and struggles that determine constraints on the media, a critical theory approach can examine the political dynamics that shape media policies in China and the multiple sites where "various social forces struggle for their respective stakes during China's epochal transformation" (Zhao 2008, 10). These multiple sites consist of the market as a vital arena of capital accumulation, the formation of class and identity, the organization of society and the interactions between Chinese and international forces (Zhao 2008, 10). It is particularly important to analyze the media as "a site of capital accumulation" because it has an increasingly important role in China's economy (Zhao 2008, 11). The role of the media in reordering society is also very relevant because the CCP uses the media system to create authoritarian means of control and establish social hierarchies which in turn, produces strong interests in maintaining or changing media controls. Media policies are then often the outcome of struggles between those strong interests.

The essential actors to focus upon when analyzing the power configurations that shape media policies in China in the decades since the CCP established rule in 1949 are those who form the relevant parts of the state apparatus, and those who are active in the media market. It must be noted that the media in China does not occupy a socio-political role similar to its

counterpart in Western liberal democracies. Media in China is within the firm grasp of the state, even though it now enjoys more autonomy than before market reforms began. (Ma 2000, 31) But although the state is in a position to exert extensive control over the media, its permission of (limited) market liberalization has provoked instability and new conflicts between social forces at the same time as constructing a "structural coexistence" with the market. (Ma 2000, 27) Commercialization of the media has meant that media organizations can directly raise financial support in the market, and become less dependent on the government—but at the same time competition has intensified between media entities for financial gain. Though it appears that instead of becoming increasingly independent and willing to oppose state control, media players in China strive to avoid provoking political controversies as they pursue higher ratings and circulation for the sake of profit. This approach by media actors has resulted in the outcome that:

> the market has actually shifted the role of the media from that of a party organ of propaganda to a multiplicity of roles of entertaining, educating, and informing the audience (Ma 2000, 26).

In addition, China's particular brand of relationship between the state and market has bred a mode of media governance whereby the state occupies the role of both actor and regulator in the media market. For example, managers of media entities simultaneously take on the roles of entrepreneur, journalist and party member, and; businesses operated by government units or government-affiliated entities are often the major advertising clients (Ma 2000, 28). This embeddedness of the media in the state means that even given a more liberalized environment, the media in China may not necessarily become more independent of the state and assume the role of a 'watchdog' as it has in societies heavily influenced by the liberal tradition such as the US (Curran and Park 2000, 14).

In terms of the perspective that critical media theories take on the role of ideology in shaping communication policies, the media is regarded as both being determined by and

capable of propagating ideology in a way that "limits social discourses and reinforces dominant ideologies." This is in contrast to the liberal view that market liberalization will promote pluralism in the media and enable it to act as a check on state power (Ma 2000, 25). The particular nature of the media system in China, embedded in an authoritarian political system and unevenly liberalized market, produces and is produced by the struggle between both interests and ideas in sites of political and economic contention. While the media has become a site of capital accumulation that benefits both state and market actors, it is still relied upon by the CCP as a means of maintaining its legitimacy and power—that is, as an ideological tool to achieve political objectives. And in order to achieve its goal of maintaining legitimacy and power, the CCP develops media policies that are underpinned by a set of ideas that require analysis in order to understand how and why those policies determine media freedoms in China (Akhavan-Majid 2008, 554). Therefore an understanding of how and why China's media controls have developed in the way that they have, and the effects of economic liberalization, requires analysis of the sites of contention—constituted by the market, state, and the nexus between them—and the nature and role of power and ideas.

While critical theory approaches are useful for explaining the role of ideas and interests, and the struggles between key forces, in determining policy outcomes, they are not necessarily suitable for evaluating the effectiveness of various policy options or developing policy recommendations. However critical theoretical approaches are ideal for analysing the underlying reasons for why policy initiatives emerged. Given that the research query of this thesis is to identify the factors that determine China's media policies, adopting a critical theoretical approach to analysis is appropriate.

2.3 A Neo-Gramscian Perspective

To address my research query on what determines media controls in China and the effects of WTO accession, I need a theoretical framework that will enable analysis of the

interaction between state, market and society in their domestic and international dimensions. Neo-Gramscian perspectives offer an appropriate analytical framework because, as a historical materialist approach, it critically "examines the connections between power in production, power in the state, and power in international relations" in a historicized manner (Cox 1981, 96). They examine the production process and power relations within and between state and market, situated in their historical context, as crucial elements in explaining aspects of social order, such as policy initiatives.

Neo-Gramscian perspectives are based on the writings of Antonio Gramsci, for whom society is "a totality primarily constituted by modes of production." A totality that can be analyzed separately as ideas, material forces and institutions, yet remains an integrated entity (Gill 1993b, 37). Society is also an entity that tolerates apparent contradictions because a set of ideas or institutions can outlive a mode of production. For example there can exist within a society, authoritarianism (or parliamentary democracy or a dictatorship) and a capitalist market. The important point is to situate an existing set of ideas and institutions in social and historical context, because their meaning and significance can alter over time (Gill 1993b, 38).

To explain social action, structure and change in the development of China's media control policies over the period of economic liberalization from 1978 to 2009, I will rely on the work of Gill and Law (Gill 1993b; Gill and Law 1993) to frame the analysis. Gill conceptualizes social change as the dialectical relationship between social structure (the 'situation'), and social interaction where political change occurs. Analysis can begin with the social structure, that is, the prevailing order that constrains and enables interaction between forces of the state, economy and society. It consists of a dominant mode of production, material forces (which exert the 'structural power of capital'), ideas and institutions (which can limit the structural power of capital) that traverse the three spheres of state, economy and society. The basic unit of analysis

is the interaction between the 'ensemble of social relations' that is configured by the social structure at a given point in time. (Gill 1993b, 25)

It is within the social structure that social interaction and political change occurs. Because "the nature of state power is related to the strength of the dynamic synthesis between the key forces in the economy and society," the constituent "material forces, institutions and ideologies" may merge to become a historic bloc. A new historic bloc will have power in civil society and the economy, and ideas and arguments that build upon and facilitate its political organization (Gill and Law 1993, 94). A historic bloc may become the hegemonic force in society—where hegemony is conceptualized as the exertion of power on the basis of consent, not force—and achieved when the needs and interests of the historic bloc transcends all others and becomes universal.

A hegemonic bloc will comprise a set of ideas which forms the core of political organization, and provides coherence for the constituent elements and strategic direction (Gill and Law 1993, 94). To attain that hegemonic position, the state will have established the conditions in which the synthesis of interests that constitute the historic bloc acquire "general legitimacy and active consent" by others in society. In order to achieve that legitimacy and consent, the state must take account of not only the interests of key economic and social forces in the historic bloc, but also those of subordinate elements (which can potentially become counter-hegemonic forces). Historical analysis is required to identify the components that led to the formation of a historical bloc and its hegemony, which may in time transform the social structure. Social structure and social interaction are therefore in a mutually constitutive relationship, and capable of shaping each other (Gill 1993b, 39-40).

Like liberal scholars, Gramsci's writings are also underpinned with normative objectives. Gramsci sought to understand the capitalist societies of his time and to explore the possibility of constructing an alternative mode of state and society on the basis of the working

class. (Cox 1993, 49) As a result, when he sought to explain social structure, action and change, he did so for the purpose of informing political action. However his writings on the dialectical interplay between ideas and interests, structure and action, that enable and constrain the establishment of social reality in a particular historical context—built upon by neo-Gramscian scholars—remain valuable in guiding analysis on the underlying factors that shape media policies in China.

Chapter 3 – Media Controls in Early Communist China

In this Chapter, I will provide an analysis of the ideas, material forces, and institutions that constrained and enabled freedom of the media in China in the period starting from the beginning of CCP rule in 1949 until the "Tiananmen Incident" in 1989 that caused a significant change in the CCP's policies on market, social and media reforms.

3.1 The media as ideological supervision (1949—1978)

When the CCP established government in 1949 (known as "the Liberation") following a revolution provoked by what was regarded by many peasants and progressive intellectuals as ineffective and inequitable capitalist economic development, Chairman Mao Zedong's state socialism became the prevailing ideology of the Chinese state. In order to fulfill its ideological goals and restore economic development, the CCP confiscated land from the wealthy and redistributed plots of land to each rural household (Brugger and Reglar 1994, 13-15). Within the Maoist ideological framework, the state was to be led by the "people's democratic dictatorship" which promised to deliver, instead of liberal freedoms, freedom from the external threats, internal political upheaval, hunger and disease that had afflicted China in previous decades (Brugger and Reglar 1994:9-10). Given the national humiliation, chaos and hopelessness that many Chinese felt prior to Liberation, these new freedoms were widely regarded as more important than liberal freedoms (Zhao 2001, 22-23).

In CCP socialist theory, the dictatorship of the people meant that they were the only concern and source of power for the CCP. The CCP would decide on policy in the people's interest and take into account their concerns and interests to develop policy directions. The people were not considered capable of articulating their own interests, and it was for the CCP to evaluate them and gather their opinions in order to formulate policies in the people's interest. The CCP would then garner the support of the people for those policies, and mobilize them to actively participate in implementing the policies (Liebman 2005, 16; Zhao 2001, 23).

Until marketization began in the 1980s, the media functioned as simply an arm of the party-state apparatus, endowed with the objective of educating the masses about party policies and assisting the CCP to exert political control over the population (Tong 2009, 594). The mass media also collected information about the people's situation to feed into policy development, propagate formulated policies to aid their implementation amongst the people, and to enable political mobilization (Liebman 2005, 14-15; Zhao 2001, 24). The media was subsidized by the state and made up of two types of publications:

1) the official mouth-pieces of CCP organs that were supervised by the propaganda departments (of which the *Liberation Daily* and *People's Daily* were the key newspapers), and
2) the range of non-party "specialized" papers, for example social or scientific papers, published by various government entities and mass organizations (Akhavan-Majid 2004, 557).

As an organ of the party-state, the mass media was kept in line with Party dictates through ongoing editorial censorship and rules such as one issued in 1953 prohibiting newspapers from publishing criticism of the CCP Committee, the central decision-making body within the CCP (Zhao 2000, 3).

Since the main purpose of the media, along with that of CCP officials, was "ideological supervision" over the population, the people were not expected to directly participate in the CCP's decision-making process (Akhavan-Majid 2004, 562). Nor were there made available to the people institutional mechanisms to provide feedback and hold the CCP or media reporting accountable. As a result the operations of the media became beholdened by "irresponsible and unaccountable Party leaders and their power struggles" (Zhao 2001, 24). The media was sometimes used as a site in which factional conflicts within the party were played out, where one faction would use one media outlet to broadcast its messages to counter those of

another faction (Liebman 2005, 15). By propagating CCP ideology about "the people," the media also served to mask divisions and conflict amongst the people by portraying them as a homogenous entity. Instead the population was marked by divided interests, notably between urban and rural residents (Zhao 2001, 25). Despite the promises of equitable distribution under CCP rule, urban populations were given far more favorable welfare treatment than their rural counterparts in accordance with the CCP's strategy of stimulating greater economic development beginning with the urban areas (Sargeson 2004:647-648).

The highly centralized nature of political power during this early period of CCP rule meant that the CCP was able to control the media and have it function to serve the CCP's interests and policy processes. While the CCP was supposedly ruling on behalf of the "people's democratic dictatorship," the prevailing ideological climate combined with the lack of institutional mechanisms available meant that those outside of the party-state apparatus had little ability to influence or participate in the media. Even though tensions existed amongst the population, they appeared to have little impact on the media but may have influenced the development of factions amongst CCP leaders which in turn shaped the media's operations.

From the 1950s to 1970s, China experienced widespread social upheaval, economic devastation, famine and loss of life through the Great Leap Forward (some accounts claim around 28 million deaths) and Cultural Revolution—political campaigns led by Chairman Mao to "develop" the economy and political system (Brugger and Reglar 1994:104-109). The social, political and economic devastation, followed not long after by Mao's death in 1976, opened the way for the next leader Deng Xiaoping to introduce significant changes in China's policies which had profound implications for the mass media.

3.2 Introducing the market: media commercialization in the beginning of reforms (1979-1990s)

In the distressing aftermath of the Cultural Revolution, there were fears amongst CCP leaders that the legitimacy of their rule amongst the people was at risk. The economy was still in crisis, and struggling to produce enough food, resulting in social and political instability. To restore the people's faith in the CCP and its socialist vision, the new leader Deng Xiaoping initiated in 1978 a set of reforms to transform China's centrally-planned economy to a more market-oriented one. In reengineering the economy, Deng also redefined the basis of the CCP's legitimacy, where socialism came to embrace the individual, rather than purely collective, accumulation of wealth (Akhavan-Majid 2004, 555; Gordon 1997, 30). One of the most significant initiatives was dismantling the agricultural communes established during the Great Leap Forward, which were designed (but spectacularly failed) to escalate production, and re-allocating land to individual households. Production was thereby de-collectivized to the level of the household and became more individualized and capable of market competition (Ho and Lin 2003:685; Ho 2010:105).

Along with the de-collectivization of production in the countryside, aspects of decision-making power within the CCP became decentralized to the lower levels of government in order to boost economic efficiency. Although local governments were given more authority to make decisions, for example in relation to land, they were also left with heftier burdens, notably to raise the revenue required to fund their own operations and increased responsibilities (Sargeson 2004, 650). The context of reform seemed to encourage experimentation by lower level administrative units in measures that could enhance economic development. One such experiment that led to a widely adopted model of rural production in China was the creation of the township and village enterprise (TVE)—a semi-private business arrangement between farmers and township- and village-level officials. TVEs became a successful means of promoting rural economic growth, and a highly significant initiative in that it marked the

beginning of local party officials' integration into China's emerging class of entrepreneurs. TVEs also helped to shift the function of local officials from ideological supervision to wealth creation (both for themselves and the township or village), and their interests from the central CCP organs to the local (Akhavan-Majid 2004, 562; Tong 2010, 928).

In addition to economic reforms, Deng also appeared to make space for political reform when he criticized existing state institutions for not adequately promoting and practicing "people's democracy." His criticism was followed by a 1981 party directive that called for the implementation of more "direct popular participation in the democratic process at the grassroots of political power and community life" (O'Brien and Li 2000:467). Experimentations in holding village-level elections to decide upon village representatives and establish self-government were subsequently recognized as a successful means of channeling villagers' concerns to higher-level governments and assist with the implementation of government policies. Such elections and administrative practices were subsequently adopted by the CCP as a recommended form of governance for all villages throughout China (O'Brien and Li 2000:465-467).

Changes to social and political discourse in China were required to legitimize the CCP's embrace of market-oriented reforms as economic policy despite them appearing to constitute a form of capitalistic practice fundamentally incompatible with communist and socialist ideology. In 1983 the key decision-making bodies in the party-state apparatus, the CCP Central Committee and State Council, jointly declared plans to develop the country's printing facilities and to

> transform the situation of inadequate newspaper, magazine, and book printing administration, obsolete equipment, backward technology, and inadequate production capacity (Keller 2003, 93).

In order to enhance the media's capabilities to propagate the change in discourse, operate as the principal means of the party-state's communication with the people, and to facilitate China's economic development, a new policy in 1979 authorized the media to accept advertising as a means of raising revenue (Akhavan-Majid 2004, 556). In addition, the CCP cut direct subsidies to

the media and instituted incentives for media outlets to marketize their publications, for example tax breaks, operational freedoms and performance-based salary bonuses. Most print media outlets had been shut down during the turmoil of the Cultural Revolution and required huge investment to restart their operations. Hence a key purpose of instituting financial autonomy was to alleviate the burden on the state of implementing reforms, which were further exacerbated by the decentralization of revenue-raising functions to lower level governments. Marketization began with the most important party newspapers including the *People's Daily*, and the implementation of mechanisms to transform them from a non-profit to business operation. However it was not until after the prodemocracy movement of 1989 that media commercialization significantly accelerated (Zhao 2000, 5-6).

It is important to note that despite the introduction of market reforms, media control remained an important pillar of the CCP's policies. It was consistently a priority to seek to control peoples' thoughts through dictating the discourse and regulating communications in the mass media. For example, at the same time as economic reforms were launched in 1979, Deng Xiaoping declared the Four Cardinal Principles that were to form the ideological guidance for the mass media's operations:

1. We must cleave to the road of socialism
2. We must uphold the dictatorship of the proletariat
3. We must uphold the leadership of the Communist Party
4. We must uphold Marxism-Leninism and Mao Zedong Thought

(Bandurski 2011; Pei 1994, 151). [1]

The media were still subject to the CCP's principles and directives, and obliged to function as the party's mouthpiece, communicate essential information to the public in an ideologically appropriate manner and censor content (Keller 2003, 90). The CCP developed and implemented

[1] The Four Cardinal Principles continue to be propagated by the CCP in recent times. In a 2011 lecture to Chinese scholars, Chen Kuiyuan—who as Dean of the Chinese Academy of Social Sciences and a vice-chairman of the Chinese People's Political Consultative Conference is a very influential political figure—asserted the ongoing relevance of and need to abide by the Principles (Bandurski 2011).

media policies through the Central Propaganda Department (CPD) and its network of lower-level committees and branches. The CPD formulated media rules and oversaw the work of major media outlets such as the *People's Daily* and China Central Television (CCTV) (Keller 2009, 97). Regulation of the media is supported by a structure of laws and regulations passed by the State Council, which comprises three major components: the licensing system, ongoing content censorship and periodic campaigns to shut down unofficial or illegal publications that constituted "spiritual pollution" (eg. pornography) or "bourgeois pollution" (eg. material advocating liberal democracy) (Pei 1994, 151).[2] Licenses are required for the publication of newspapers, periodicals and books, as well as printers, and wholesale and retail distributors. Only licensed outlets are permitted to publish news stories. However publishers that are not licensed, made up primarily of those who print non-party publications on topics related to sports and consumer interests, are still subject to the CCP's (less strict) control (Keller 2009, 100). Publishers that do not require a license must nevertheless obtain approval to operate as a "publication unit" and are equally subject to oversight and content regulation by the CPD authorities (Keller 2009, 110). Given that the CCP's ultimate objective is to maintain a monopoly on power, and to do so by achieving rapid economic growth in a socially and politically stable environment, its goals in media regulation include protecting consumers, developing national culture, restricting obscenity and indecency, and promoting employment and technological advancement in the media. However after the "Tiananmen Incident" of 1989, the overriding goal of the CCP's media policy has been to maintain public order, and social and political stability to enable economic growth (Keller 2009, 91).

The "Tiananmen Incident" refers to the CCP government's violent crackdown on prodemocracy demonstrations in Beijing in June, 1989. Led by students and intellectuals, the

[2] In the period 1979-1991, there were four significant campaigns to purge the mass media of publications deemed to violate the Four Cardinal Principles:1979 after the Democracy Wall was shut down in Beijing, the 1983 anti-spiritual pollution campaign, 1986-1987 after prodemocracy demonstrations led by students, and after the violent crackdown of prodemocracy protests in Tiananmen Square in 1989. (Pei 1994, 151-152)

demonstrations called for liberal rights (eg. freedom of the press, assembly and association) and greater participation in the state's decision-making processes (Zhao 2001, 28-29). The demonstrations spread to major cities around China and had begun to attract a broader range of constituents, including journalists and urban workers (but not those in the countryside), until the state intervened with military force to end the protests. According to Hu Shuli, a professional journalistic culture had begun to develop in China since the extensive damage wrought to human life and society during the Cultural Revolution inspired "a strong sense of the importance of independent thinking and professional standards." Chinese journalists subsequently continued to build a strong culture of professionalism and integrity, and began to pursue a "political watchdog role" (Hu Shuli 2011, 80). However the 1989 crackdown, which was followed by the arrests of many journalists, liberal intellectuals and dissidents, resolutely dampened their open pursuit of initiatives that antagonised the party-state. The crackdown extended (over three years) to the confiscation of books, music and video cassettes, banning of films and shutdown of 12% of newspapers, 13% of social science publications, 7.6% of publication units and over 3,000 "illicit publishing businesses"—all of which were deemed to be illegal or constitute "pornographic" or "counterrevolutionary" material (Pei 1994, 152). The CCP leadership appeared to lay part of the blame for the demonstrations on a liberalized media. In order to regain the legitimacy of CCP rule, Deng Xiaoping tightened media controls and pushed through deeper market reforms, characterising the post-1989 era as the acceleration of market reforms in China.

3.3 Summary

The period 1949 to 1989 saw the formation of CCP member elites as a historic bloc that became the hegemonic structure dominating every aspect of Chinese life. The introduction by Deng Xiaoping of market reforms made way for a greater range of actors to influence policy development processes in the country, namely local-level governments that inherited more responsibilities and independence due to decentralization and the drive for economic

development. The reforms also initiated the media's commercialization, thereby creating new partnerships between entrepreneurs and party officials, and increased autonomy for journalists and media outlets. However their expanded autonomy was short-lived when liberal media outlets and journalists played a key role in the prodemocracy demonstrations of 1989 that were violently quashed by the government's military crackdown.

The Tiananmen Incident displayed the mounting conflict between journalists, liberal intellectuals and students and CCP leaders. It also showed the conflict within the CCP leadership between the progressive faction that supported more liberal reforms in the political and media system and the "hardliners" or "conservatives." However the brutal crackdown that resulted demonstrated the triumph of the hardliners, and their ability to persuade Deng not to risk political liberalization and losing control of the media (Pei 1994, 152-153). Hence the media was still relied upon as an important tool for maintaining order and stability, and facilitating economic development, through the propagation of the CCP's changing ideology and definition of the boundaries and content of public discourse. Under these conditions, the increased division between central and local level governments and the growing partnership between entrepreneurs and local CCP officials begin to have an influence on the media's operations, and subsequently the implementation of media controls.

Chapter 4 – Contextualising the WTO Factor in China's Media Controls

This Chapter will discuss the ideas, material forces and institutions that comprised the structure of media controls in the context of accelerated marketization and globalization, and the social interactions between party officials, media investors, managers and workers, and transnational capital interests, and within the CCP party-state, that occurred within that structure from the 1990s.

4.1 Acceleration of market reforms (1990-2001)

The underlying purpose of liberalizing the media since the start of economic reforms in 1978 had been to facilitate the transition to a market-oriented economy in a financially viable manner, rather than for any liberal democratic ideals. The 1989 crackdown only seemed to consolidate the CCP leadership's opposition against political liberalization and to shut down debate on the topic—thereby creating

> the repressive political conditions for the implementation of drastic economic reforms and a whole decade of authoritarian capitalist developments in the 1990s. (Zhao 2005, 59).

After carrying out a tour of Special Economic Zones (SEZs—where foreign trade was permitted under less restrictive conditions) in 1992, Deng famously declared that the market can be compatible with socialism. The CCP later declared in 1993 that the goals of China's reforms was to develop a "socialist market economy," but was vague about the socialist features of such a market economy (Akhavan-Majid 2004, 556). Thereafter market reforms accelerated, as did commercialization of the press. The State Press and Publications Administration soon issued a new policy requiring most major newspapers, but not the *People's Daily*, to become financially independent by 1994. Such a policy is referred to by scholar Yuezhi Zhao as "regulated marketization" because of the regulated nature of market entry that appears paradoxical to liberal market principles (Zhao 2000, 6).

The newly-granted autonomy for media outlets in raising their own revenue constituted a space and incentive for entrepreneurs to create new non-party publications. Non-party papers became the dominant form of media by the 1990s and from the mid-1990s onwards, the state-sanctioned institutions that held licenses to publish those papers began to lease out licenses to business investors in exchange for a share of the profits or a fee. While the license holder is responsible for editorial supervision of the papers published, in practice the business investors took on full responsibility for the operations, editing and financial management of the paper. Such papers essentially became privately-run publications under the structure of an informal partnership between bureaucratic authorities and entrepreneurs (Akhavan-Majid 2004, 556-557).

In addition to marketization, a major structural change in China's media was conglomeration, where major newspapers merged with other papers by publishing market-oriented tabloids and/or taking over non-party papers, so that they could become financially independent and profitable businesses. Conglomeration meant a closer partnership between party officials and newspaper managers, and therefore a merger of political and business interests. The newspaper managers were able to satisfy their commercial ambitions, while the party benefited from being able to enhance media (and political) control, the power of party organs and to continue to fund unprofitable papers that had important social and cultural value (Zhao 2000, 15-16). Another important purpose of conglomeration was to develop a media industry that would be internationally competitive. CCP leaders were aware of the need to attract foreign capital in order to develop a successful market economy, but also the challenges of allowing foreign businesses to enter the market and subsequently creating a more competitive environment in which many domestic industries would likely struggle to survive. However as one of the nation's top revenue-generating industries in China by 1998, cultivating competitive domestic media industries was advantageous for the purposes of both economic growth and the CCP's ability to maintain political control. Conglomeration was therefore part of the CCP's

strategy to consolidate and recentralize media and political control, and to develop a local media industry capable of competing in a more globalized market (Hu 2003, 24-25). However because conglomeration also merged the modes of media distribution, it resulted in many independent publishers and vendors being forced out of the market (Zhao 2000, 19).

Another important change brought by reforms in the 1990s was the CCP's approval of foreign investors to enter the media market. Along with domestic companies, foreign private businesses became able to participate as investors in the media market in partnership with government officials and journalists. Because a central purpose of the CCP's media policy was to facilitate economic development, the licensing, supervision and censorship requirements were less controlled for business news than for other news in order to channel information flows demanded of a capitalist-style market (Hu Shuli 2011, 79). However foreign investment tended towards the less risky sector of entertainment media whereas many local companies were more audacious in choosing to compete in the business news market (Hu 2011, 81). It is worth remembering that the gradual rise in publications, financial autonomy and entrepreneurial activity was likely attributable less to the inexorable force of the market and more to the CCP's efforts to develop a socialist market economy (Zhao 2000, 6). Nevertheless the reliance of many media outlets on market-generated revenues meant that they would inevitably be affected to some degree by market activity. When the Asian financial crisis of 1997 led to significant reductions in the growth of advertising revenues, and the pressures of international competition intensified—brought by the trend in global media consolidation and China's anticipated WTO accession—the Chinese government's restructure and consolidation of the media took on a greater sense of urgency in order for it to maintain political control and the media industry to retain market competitiveness (Zhao 2008, 96).

4.2 Globalizing the media market: Post-WTO accession (2001-2010)

Entering the WTO was crucial to the CCP's plans to transition from a centrally-planned economy to a market-oriented one. The ability to access overseas markets was vital in China's export-led strategy for economic development. Joining the WTO provided a stable means of accessing foreign markets, including the regulation of foreigners' entry into China's market, as well as the ability to participate in global negotiations that decided upon the governing rules of international trade (Breslin 2005, 359). Chinese media workers, policy makers and scholars had been discussing the prospect of WTO entry for several years before China formally acceded in 2001. For some, WTO entry was considered a welcome means of focusing debate on the economic instead of political dimension of media reforms. They concentrated on the economic advantages of transnational media corporations entering the Chinese market, for example enhancing the commercialization of domestic media industries. Yet another group speculated on how China's media could benefit from the possible liberalization and democratization effects of WTO accession. Though the perceived benefits of WTO entry varied, what the different groups shared in common was the desire for ideology to have a lesser influence in China's media (Hu 2003, 20). To secure entry into the WTO, China had agreed to the following concessions in its media industries:

a. Advertising—foreign entities can set up advertising companies as joint ventures with local enterprises, and after four years as wholly-foreign owned companies
b. Audio-Visual Products and Distribution—foreign entities can set up joint ventures to distribute audio-visual products (except films) with local partners only, in order to comply with censorship requirements
c. Film—maximum of 20 films per year may be imported and distributed; and
d. Cinemas—foreign entities may build and/or renovate cinemas as non-majority joint ventures only (Hu 2003, 23).

By the time China entered the WTO in December 2001, the mass media had been shaped by state and market forces to become "deeply entrenched in the dominant political economic order as a lucrative and protected sector of state capitalism" (Zhao 2001, 37). The Chinese state's policy of accelerating commercialization and conglomeration of the media has transformed CCP organs into economically-driven entities which have few incentives to challenge the party line because their ability to sustain a profitable business depended upon their compliance with party policies. In addition, many journalists had become amongst the most highly-paid employees in the state sector. Though such journalists may have had a more liberal outlook than CCP propaganda department officials, and could perhaps challenge the Party's censorship practices, they had become isolated from the urban working and rural populations, and a partner of the CCP in maintaining the state-controlled, marketized media system (Zhao 2001, 37-38). Another result of the accelerated marketization of media, and increased competition for profits, was that the economic and political elite, and primarily urbanized middle class, had become the most sought-after media customers. There was little profit to be made from producing publications targeted at women, workers and peasants, hence in the years after China acceded to the WTO, those who were poor, underprivileged and unable to participate fully in the market had become the marginalized groups in Chinese society (Zhao 2005, 69).

The marketization of Chinese media and economy has driven the social stratification and fragmentation of interests within Chinese society, notably between central and local levels of government. Despite the work of the Central Propaganda Department and national CCP leaders in centralizing media control and content, the market and decentralization reforms has unavoidably given more economic and political power to local governments. The decentralization of power has given rise to circumstances where local interests do not necessarily align with central government interests, for example transferring land to property developers in violation of central government laws on rural land administration and environmental protection,

in order to stimulate local economic development (Sargeson 2004:650; Tong 2010, 928). Correspondingly, decentralization in economic and political power has helped to localize media interests and practices (Tong 2010, 929). In response, the central government has pursued media conglomeration to recentralize control, and also encourages media outlets to play a role in monitoring local government activity by allowing them to report on incidents of local corruption. The ability of media to help keep official misbehavior in check within the limits prescribed by the CCP led Zhao to ascribe to them the label of "watchdogs on Party leashes" (Zhao 2001, 40). Shaping such media policies enables the central CCP to pursue the multiple objectives of:

> the leadership's anti-corruption drive, the media's legitimization and commercial needs, a middle-class reformist impulse, the professional ethos of journalists, the general desire for social justice and morality, and a voice for the voiceless in the system (Zhao 2001, 40-41).

Again, it is evident that the CCP's media control policies are intended to accommodate varying interests, to mask and resolve tensions between different social groups that result from significant economic and political change, and ultimately to legitimize its rule.

The increasing participation of transnational capital interests in China's media market after WTO accession seems to constitute merely another set of interests that the party has sought to control. During the negotiations on China's WTO entry, U.S. politicians of both Republican and Democrat persuasion argued that opening China's media markets to foreign investment "will make it virtually impossible for Beijing to control freedom of communications in China." (Zhao 2008, 144) However as major foreign entities, such as Microsoft, Yahoo!, Time Warner and Rupert Murdoch's Phoenix Television, submit to censorship rules in order to enter the Chinese market, those who argue for China's inevitable democratization appear increasingly to have "underestimate(d) the ability of the Chinese state to negotiate with transnational capital over the terms of entry while maintaining its regime of power in the media" (Zhao 2008, 145). The notable exception in the compliance of transnational interests is Google when in 2010, it threatened to withdraw its operations from China in protest against internet censorship practices

that limited "free speech on the Web." However Google has since made an alternative arrangement whereby Chinese searches are redirected through the Special Administrative Region of Hong Kong, which is not subject to the censorship regime applicable on the mainland. The Chinese government appears to be dissatisfied with the new arrangement but has yet to make a conclusive decision on Google's operations in China (Helft and Barboza, 2010).

4.3 The WTO China—Audiovisuals *case: an analysis of China's arguments*

Important insight into the Chinese state's attempt to manage and negotiate with transnational capital interests in a way that enables them to continue their media control policies is provided by the dispute initiated by the U.S. against China in 2007 within the WTO dispute settlement framework. It is known as *China—Measures Affecting Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products* ("the *China—Audiovisuals* case") and was heard in the first instance by the Panel and on appeal by the Appellate Body (AB) in 2009. The decisions of the Panel and AB, in favour of the U.S., were adopted by the WTO Dispute Settlement Body (DSB) in 2010 (Joost 2010, 123).

The U.S.'s complaint was directed against China's restrictions on the import and distribution of media products by foreign corporations, which the U.S. alleged violated China's WTO obligations as contained in China's Accession Protocol, Accession Working Party Report, the *General Agreement on Trade in Services* (GATS) and the *General Agreement on Tariffs and Trade 1994* (GATT). The relevant media products comprised reading materials (eg. newspapers, periodicals and books), audiovisual home entertainment products (eg. DVDs), sound recordings and films for theatrical release. Some of the key measures of complaint were article 42(2) of the *Publications Regulation* which requires that publication import entities be State-owned (also known as the "state-ownership" requirement), and article 41 of China's *Administrative Regulation on Publishing*, which stipulates that only an approved publication entity may import publications. However only a wholly state-owned enterprise is eligible to become an approved publication entity, and

foreign enterprises or individuals are not able to become a wholly state-owned enterprise in China. The effects of the regulations were that foreign entities do not have the right to import publications, which allegedly violates China's obligations to fully liberalize trading rights in the three years after accession, not to discriminate against foreign entities, and not to impose restrictions or prohibitions other than taxes, duties or other charges on the import of publications (Gao 2007, 319). Similarly China's measures which effectively amount to a prohibition on the distribution of imported reading materials and films for theatrical release by foreign entities, and the imposition of more demanding content review requirements on imported sound recordings, were alleged to be in violation of its GATT obligations (WTO AB 2009, 1-3).

When the Panel heard the dispute, it agreed with virtually all of the U.S.'s allegations that China's measures violated WTO obligations to grant all enterprises in China the right to trade. In defence, China argued that where its measures were inconsistent with its obligations, they were justified under the exception provided by article XX(a), GATT[3] because China's content review measures were necessary to protect public morals. The Panel did not agree and determined that China's measures were not justified under article XX(a) (WTO AB 2009, 5). On appeal in 2009, China submitted the following key arguments against the Panel's findings and in defence of its measures:

a. the Panel erred in finding that article 30 of its *Film Regulation,* which regulates who can import hard-copy films, violated its trading rights commitments. China argued that such a finding undermined China's "legitimate right to conduct content review of imported

[3] Article XX(a), GATT states:

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures:

(a) necessary to protect public morals

cultural products," which is protected by the provision in the GATS Schedule where China expressly reserved the right to regulate imports of films for theatrical release (WTO AB 2009, 9-11).

b. in response against the Panel's finding that some of its measures were not necessary to protect public morals, within the meaning of Article XX(a), GATT, China argued that "cultural goods and services have a very specific nature "[a]s vectors of identity, values and meaning," in that they do not merely satisfy a commercial need, but also play a crucial role in influencing and defining the features of society" (WTO AB 2009, 13).

c. in response to the Panel's finding that China's state-ownership requirement is not justified under Article XX(a), China argued that it could not require enterprises with private investment in China to bear the substantial cost of performing the public policy function of content review, but could require only those enterprises in which the State owns all equity to bear the cost of conducting content review (WTO AB 2009, 13).

d. China reiterated that the state-ownership requirement should be understood as requiring that only wholly State-owned enterprises can perform content review of media imports, because of both the costs factor and their "capacity to perform content review in a manner that preserves China's intended level of protection of public morals" (WTO AB 2009, 13).

e. the Panel made an error in determining that measures prohibiting the import of media products by foreign-invested enterprises "make no material contribution to the protection of public morals in China." China argued that the Panel failed to adequately take account of its arguments that foreign-invested enterprises do not necessarily have the relevant understanding and knowledge of Chinese public morals in order to ensure the required level of protection. In addition, professionals conducting content review need to be well-acquainted with Chinese public morals and values, and able to communicate efficiently with the relevant authorities (WTO AB 2009, 13-14).

f. the Panel erred in finding that the alternative measure proposed by the U.S.—for the Chinese Government to be given sole responsibility for performing content review instead of sharing it with import entities—was "reasonably available" to China. China argued that import entities perform most of the work in reviewing imported publications, with the government playing a limited role, under current arrangements. It would therefore impose an "undue financial burden" upon China to achieve the "tremendous restructuring" required to implement the proposed alternative measure (WTO AB 2009, 15-16).

The WTO Appellate Body confirmed the Panel's findings that China's measures did violate its obligations and were not justified by Article XX(a), GATT. Its key reason was that China did not successfully demonstrate "a connection between the exclusive ownership of the State in the equity of an import entity and that entity's contribution to the protection of public morals in China" (WTO AB 2009, 117). For example, a foreign-invested entity can also perform content review by employing professionals acquainted with Chinese values and morals, and capable of communicating with the authorities (WTO AB 2009, 120).

4.4 Summary & Analysis

China's arguments in the *China-Audiovisuals* case show that it believes it has a legitimate right to conduct content review for the purpose of controlling items that can shape "identity, values and meaning" and which "play a crucial role in influencing and defining the features of society" in China (WTO AB 2009, 13). This effective right to control extends to the method and mechanisms by which content review is performed, which can best be ensured by requiring that only wholly State-owned enterprises can conduct content review. By seeking to conceptualize content review as a public policy function, it appears that China was advocating for the WTO to adopt the view that its purpose is to protect China's cultural and social values, instead of merely constituting a trade barrier. In advocating such change, it appears that China is attempting to renegotiate the terms of international trade, at least when it applies to its own market.

Following the DSB's adoption of the decision by the Panel and AB, China agreed to amend its measures to bring them into conformity with WTO obligations by March 2011 (Qin 2010,13). But "the opacity of China's political regime" makes it impossible to predict whether China is willing or able to fully comply with its obligations (Qin 2010, 6). Even though China amended its rules and claimed to have made "tremendous efforts" to implement the DSB's ruling, it remains questionable whether substantial change will be realized in practice. The ruling may be an opportunity for the reformist faction in China's government to pursue further political reforms, or arouse strong opposition from CCP conservatives (Qin 2010, 6). However the historical trend of the CCP's success in maintaining a strong grip on media control—even through economic liberalization reforms—the strong interests that have formed between media workers and party officials, and the persistent political and ideological justification for the party-state to control the media, indicate that the party-state's censorship regime is firmly entrenched. While the growing division of interests and power between the central and local levels of government may have a significant role in shaping China's media control policies, the conflicts are driven by ambitions for economic growth and political control. Under such conditions, it would seem difficult for any voice advocating political reform and democratization to gain much traction. China may likely continue with the substance of its censorship practises, even if it may have to amend their form.

Chapter 5 - Conclusion

> China's social transformation is boiling with—even constituted by—political economic contradictions, social conflicts, and ideological and cultural tensions (Zhao 2008, 8).

China's economic and social transformation in the decades following the commencement of market reforms in 1978 has provided the backdrop for illuminating the factors that determine media control policies—the central research query of this thesis. The application of a neo-Gramscian perspective to analyse the changes in China's media controls since the establishment of CCP rule in 1949, with a focus on the period of economic liberalization after 1978, has helped to identify the social structures that have configured interactions between key actors which have in turn helped to shape new structures. It is the components of these structures and interactions that constitute the factors determining media controls in China, which change over time.

After 1949, CCP leaders constituted the hegemonic structure that comprised collectivised modes of production that were framed by socialist ideas on the role of the people and media in policy-making processes, and the institutionalization of pervasive censorship controls. The devastation wrought by the political and economic experiments of the Great Leap Forward and Cultural Revolution appeared to shift interactions within the CCP leadership and between the CCP elite and people, where a rift between conservative and liberal factions emerged. Deng Xiaoping's market reforms enabled the liberal faction, comprising CCP leaders, journalists, intellectuals and students, to expand in support which culminated in the prodemocracy demonstrations of 1989. However the party-state's brutal crackdown to quash the demonstrations showed the triumph of the conservatives, which led to the adoption of accelerated reforms—strictly confined to the economic arena—in order to advance economic development and subsequently rebuild the CCP's legitimacy amongst the people.

The media has a key role in constituting, while at the same time being constituted by, the market reforms. Although the media's marketization enabled investors, managers and journalists

to play a greater role in its operations, the fact that the CCP continued its strong media controls through content censorship, licensing and periodic purge campaigns, meant that the ability of media outlets to make a profit still depended upon CCP policies. However the relationship between CCP officials and media investors and workers is a mutual one, given the power of media outlets to contribute to and facilitate economic growth. In the face of growing international competition in China's markets after WTO accession in 2001, the party officials-media investors/workers partnership appears to be strengthening due to the mutual incentive to protect the ability of domestic media industries to reap profits and to facilitate political control. Their growing partnership suggests the formation of a historic bloc that may eventually merge with transnational capital interests if they continue to submit to instead of challenging Chinese media controls. Whether they become the new hegemonic bloc and further entrench their control over the media may depend on the ability of liberal intellectuals, lawyers and other activists to exploit the gaps created by economic liberalizing reforms, namely divisions between central and local levels of government, to counter their dominance.

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