

HOW the MARKET IS CHANGING CHINA'S NEWS

**THE CASE OF
XINHUA NEWS AGENCY**

Xin Xin

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This book is dedicated to my loving parents and my sister.

NOTE

1. Unless specified otherwise, all Chinese names in the text are spelled according to the Chinese convention whereby the surname comes first followed by the given name(s).

Abstract

This book provides a critical account of the transformations, both structural and in terms of journalism practice, undergone by Xinhua, the top Party organ of the Communist regime in China, since the start of the reform age in the late 1970s. It sets out to answer a number of key questions:

1. How far has the most influential news organization in China been marketized?
2. How far has the marketization process changed the way in which Xinhua practices journalism?
3. What has the impact of marketization been on Xinhua's relationship with central, local and global actors?
4. What does the case of Xinhua tell us about the transformation of Chinese media more generally?

The book draws on a wealth of empirical data derived from a combination of documentary research at Xinhua and Reuters together with more than 100 semi-structured interviews with news executives, journalists, officials and academics in Beijing, Shanghai, Guangzhou, Macau, Hong Kong and London.

This book also offers:

1. A critical review of theories of globalization, as they relate to media and communication studies, as well as Chinese studies;
2. A discussion of the historical roots of Party journalism in China;

3. An authoritative guide to China's contemporary media and political environment.

Abbreviations

ACJA	All-China Journalists Association
AFP	Agence France-Presse
AP	Associated Press
APTN	Associated Press Television News
BBC	British Broadcasting Corporation
CCP	Chinese Communist Party
CCTV	China Central Television
CNC	Xinhua News Network Corporation
CNN	Cable News Network
CPD	Central Propaganda Department
CRFTG	China Radio, Film and Television Group
CRI	China Radio International
EU	European Union
GAPP	General Administration of Press and Publication
ITU	International Telecommunication Union
MRFT	Ministry of Radio, Film and Television
NC	News Corporation
NWICO	New World Information and Communication Order
OTV	Oriental TV station
PRC	People's Republic of China

RCNA	Red China News Agency
RMB	Renminbi
SARFT	State Administration of Radio, Film & Television
SARS	Severe Acute Respiratory Syndrome
SMG	Shanghai Media Group
SOE	State-owned Enterprise
STV	Shanghai Television Station
TASS	Telegraph Agency of the Soviet Union
TNC	Transnational Corporations
UK	United Kingdom
UPI	United Press International
US	United States
USSR	Union of Soviet Socialist Republics
WHO	World Health Organization
WTO	World Trade Organization
XGPNIMS	Xinhua General Platform for News and Information Marketing and Services

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Chapter One

Introduction

In early 2010 China became the world's second largest economy. The size of the country's economy is expected to surpass that of the US by 2032.¹ By then, however, it is also likely that China will still be an authoritarian state under the rule of the Chinese Communist Party (CCP). The rule of the Party officially started in October 1949, with the birth of the People's Republic of China (PRC). Until economic reforms and open-door policies began to be carried out in the late 1970s, China was preoccupied by a series of ideology-driven movements, such as the "Thought Reform" campaign of 1951-2, followed by the Great Leap Forward in the late 1950s and the "Cultural Revolution" from 1966 to 1976.² Almost all the movements ended with social and/or economic chaos in the country, but none of them fundamentally challenged the rule of the CCP. Over the past thirty years, especially since the crackdown on the Pro-democracy Movement in 1989, more continuities than discontinuities have been seen in the current political system. This is also reflected in the country's media. Although Premier Wen Jiabao has addressed the urgency of top-down political reform in China on several occasions, his speeches have typically received little media coverage in mainland China. The *International Herald*, one of Xinhua News Agency's affiliates, has taken a rather pragmatic approach to covering his speeches: for example, instead of reporting Wen's statement on political reform during his interview with the US's Cable News Network (CNN) in October 2010, Xinhua's newspaper interviewed the CNN journalist who interviewed Wen. By quoting and rephrasing the American journalist's words, the *International Herald* subtly and cautiously supported Wen in his call for immediate political reform in mainland China. It appears that for Chinese journalists it is safer to report an outsider's view on such a politically sensitive issue than to quote directly from the Chinese premier. Yet, the *International Herald's* approach is not at

all representative of the Chinese media's prevailing attitudes. The vast majority of news media based in mainland China have kept silent on the issue of political reform in the Party-state.

Neither the process of marketization, nor China's gradual integration into the global capitalist system in the past three decades has substantially challenged the dominant role that the Party-state plays in every aspect of social life. In the Chinese context, marketization neither equates to media privatization, nor implies the decline of state ownership. Instead, media marketization mostly refers to the diversification of forms of financing, the proliferation of media outlets, the intensifying competition for advertising and audiences, and, generally, to the commercialization of media operations.³ After three decades of marketization, Chinese news media largely remain state-owned while being transformed into semi-governmental departments and semi-enterprises.⁴ Despite the increase in the number of media outlets, advertising revenues and the size of audiences, Chinese news media are still tightly controlled by the Party-state in terms of how they are funded, whom they hire and how they report sensitive issues, such as Tibet, Taiwan, the Tiananmen Movement in 1989 and the Falungong organization (the so-called 3 Ts and 1 F). Although Chinese mainstream news media have become more market-oriented since 1980, their editorial freedom is still severely constrained, as their handling of Wen's speeches on the demand for political reform in China shows.

Operating in what is still such a tightly controlled media environment, Chinese news organizations, both national and local, are by no means accepted as credible news sources, particularly in liberal democracies. Despite this lack of credibility, Chinese media have recently increased their efforts at international expansion under the so-called "Going abroad or out"⁵ project, which has been in full swing since 2008, soon after the closing ceremony of the Beijing Olympics. The stated goal of the "Going abroad" project is to bridge the gap between China's strong economy and its still weak media influence abroad.⁶ As a state-sponsored, top-down initiative, the "Going abroad" project seeks, and gives support to, national or central news organizations, which are traditionally responsible for "propaganda targeting overseas audiences" (Waixuan). Under the "Going abroad" project, for instance, China Central Television (CCTV), the national television broadcaster, has recently launched a number of foreign language TV channels targeting overseas audiences. In December 2009, Xinhua officially launched its TV news network, China Xinhua News Network Corporation (CNC).⁷ Currently, CNC is not allowed to have a footprint in mainland China, so as to avoid head-on competition with CCTV. This illustrates the types of regulatory constraints to cross-sector business expansion that a news organization, even a "central" organization like Xinhua, faces. When it comes to cross-sector and cross-region expansion, today's media environment in mainland China has not

changed very much from that of the 1980s and the 1990s. Nevertheless, the “Going abroad” project signifies the reinforcement of state intervention as an unanticipated outcome of the parallel processes of marketization and globalization.

This book provides a micro-analysis of the impact of marketisation and globalization on China’s media system over the last three decades. Unlike previous studies that focused on newspapers and television,⁸ this book looks at the Xinhua News Agency—one of the most influential propaganda apparatuses of the CCP. Xinhua’s trajectory from 1980 to 2012 has much in common with that of other national news organizations, such as CCTV and *People’s Daily*. They have all developed a nationwide network for news collection and distribution. They all enjoy a certain degree of regulatory protection given their status as the CCP’s central organs. And they have all been under enormous pressure to adapt to changing circumstances, including the rise of market-driven local media outlets at home and competition from international media operating both online and offline. Starting in the early 1980s, Xinhua’s response to these pressures for change was to begin voluntarily marketizing itself, as did CCTV and *People’s Daily*. What makes the case of Xinhua different from that of CCTV and *People’s Daily* is that, as a news agency or “news wholesaler,”⁹ Xinhua is supposed to serve rather than compete with news media outlets. However, since Xinhua was established in 1931, it has never been a pure “news wholesaler.” Its predecessor Red China News Agency (RCNA) was a “mixture of news agency and newspaper.”¹⁰ RCNA ran a newspaper, *Red China*, through which the news agency promoted the CCP’s ideology. Later, RCNA, renamed as Xinhua, launched a number of newspapers, many of which have survived up to the present day. Xinhua and its early newspapers pioneered party journalism, the main principles of which were based on the CCP’s interpretations of Lenin’s view on the function of the Communist press.¹¹ According to Lenin, newspapers should function as a combination of propagandists, agitators and organizers of the masses.¹² This view was elaborated by the Chinese Communist leader Mao Zedong, who argued that newspapers and news agencies should propagate the CCP’s policies as well as organize revolutionary activities.¹³ In the pre-market age, Xinhua also developed a political “bi-directional dependency” with *People’s Daily* and other central newspapers. Xinhua began establishing a news-client relationship with other media outlets only in the 1980s, shortly after the process of marketisation started.¹⁴

Xinhua has for a long time also aspired to become a leader in the developing world, in competition with leading Western news agencies such as Reuters (Thomson Reuters since 2008), Associated Press (AP) and Agence France-Presse (AFP). Xinhua established its first overseas bureau in the late 1940s. During the period of the command economy, however, Xinhua’s international expansion was largely constrained by a tight national budget.

Once marketization started in the early 1980s, Xinhua opted for financial independence in the 1980s and 1990s, receiving a reduced amount of governmental subsidies each year for nearly two decades. In the early 2000s, Xinhua turned back to the government for more subsidies, once it had become clear that the state-owned news agency had failed to finance itself fully and independently.¹⁵ But Xinhua continued to diversify its sources of funding by engaging in different types of business activities in the first decade of the new century.¹⁶ The emergence and evolution of Xinhua's business structure over the past three decades, especially from 1980 to 2000, shows that the Party-state's ideological control over Chinese media has not been challenged in any substantial way, despite intensifying market competition at national, local and international levels. However, the rise of local media and increasing competition from international players has indeed applied a certain degree of pressure to state-owned national media to modify their business structures and journalistic practices. In this sense, Chinese national media as a whole and Xinhua in particular serve as a good example to examine dynamic relations between state, market and media against the background of marketization and globalization.

In order to conceptualize the impact of marketization and globalization on Chinese media as a whole and Xinhua in particular, this book sets out its theoretical framework by providing a critical review of Chinese media studies, particularly those concerning media marketization. One of the key issues under discussion within this body of literature¹⁷ is whether the marketization process is likely to transform the largest authoritarian country on earth into a democracy in a foreseeable future. Unsurprisingly there are different opinions on this issue, ranging from optimistic views, pessimistic ones and those of authors who occupy the middle ground. The optimistic view suggests that intensifying media competition, along with increasing awareness of Western journalism principles among Chinese journalists, is likely to instigate a bottom-up change toward freedom of expression, or that, alternatively, freedom of expression can be achieved "from above" in the context of political struggles among different interest groups within one-party rule.¹⁸ This argument seems to find some support in the fact that the new market-driven media outlets enjoy considerable freedom when reporting social problems.¹⁹ Those holding a pessimistic view counter that what has taken place in China is rather "commercialization without independence"²⁰ or "liberalization without political democratization."²¹ According to one leading scholar of the Chinese media, Zhao Yuezhi, despite attempts at separating the CCP's functions from those of the government, including implementing a legal system, increasing local self-government and modifying personnel management, there has been no substantial change to the current political structure.²² Moreover, the CCP still monopolizes power in the country in the absence of an independent judicial system.²³ Therefore, under increasing market pres-

sure, Chinese media practitioners are more likely to read “Between the Party Line and the Bottom Line” than endeavor to challenge the former.²⁴ Some other scholars also conclude that nothing, or very little, has changed, due to the tight ideological control over the media which still exists.²⁵ Those taking a middle ground position are cautiously optimistic about the beneficial influence that the ongoing media transition is having on China’s political system. They have examined structural change in the Chinese media system and pointed to the gradual, instrumental and uneven nature of media marketization in China, as exemplified by the rise of local newspapers.²⁶ They no longer accept that a “sweeping change,” as achieved in the former Soviet Union and Eastern Europe, would have to take place in China before producing substantial changes in media structures.²⁷ Instead, they contend that the ongoing structural change is “significant enough to offer an increasingly larger space for journalists” to report in the social realm, albeit not yet in the political realm.²⁸ They further argue that the ongoing structural change is “economic in nature, but its effect may eventually spill over into the political arena.”²⁹

In the course of this debate, some researchers have directed attention to the impact of marketization on journalistic practices.³⁰ They focus either on the media coverage of major events, notably the handover of Hong Kong in 1997,³¹ or on the role that Chinese journalists have played during socio-economic transformations.³² Their studies have revealed a mixed picture of Chinese journalistic practices, whereby “paid journalism”³³ (the practice of payment to journalists for favorable coverage) coexists with the adoption of Western professional principles such as investigative journalism, and aspirations for greater editorial autonomy.³⁴ These contradictions seem puzzling to those who try to make sense of the complex situation of Chinese journalism by reference to normative theories generated in the Anglo-Saxon world.³⁵ Established theories in sociology, media and communications are mainly derived from empirical observations in the Western democracies and their application to the Chinese experience is clearly problematic.³⁶

Upon China’s accession to the World Trade Organization (WTO) in 2001, Chinese nationalists expressed their concerns over the potential threat to national culture, the national media industry and national security by using such rhetorical devices as “the Chinese media industry is under siege” or “the wolves are coming.”³⁷ The use of such metaphors, as Zhao Yuezhi points out, reveals the extent to which Chinese nationalists underestimated “the ability of the Chinese state to negotiate with transnational capital over the terms of entry while maintaining the imposition of censorship.”³⁸ Drawing on the literature on economic globalization, a number of scholars examined the institutional changes that have taken place in the television field.³⁹ Conglomeration, capitalization and international trade—all phenomena of advanced capitalism—find their Chinese equivalents, although with some vari-