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Chapter

1

# Cornering the Market: State Strategies for Controlling China's Commercial Media

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## **INTRODUCTION\***

Beginning in the 1980s, the Chinese Communist Party (CCP) launched sweeping reforms of the media industry, which led to rapid proliferation of print and television news media and diversification of media content. The resulting transformation of the news media industry made local media content more difficult to be controlled and reduced the number of people reached

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\* The interview data used in this article were collected during more than 15 months of fieldwork in Beijing, Shanghai, Guangzhou, and Changsha from 2001 to 2005. Due to the sensitivity of the subject matter, interviewees were promised anonymity.

by propaganda produced by more easily controlled central media.<sup>1</sup>

In the 1980s, the CCP retained control of the burgeoning news media by reducing the absolute number of media organizations through media re-registration campaigns and through closure of media that produced politically controversial material. Due to the CCP's post-Tiananmen legitimacy crisis, the CCP adjusted its media management policy in the 1990s, utilizing corporate strategies employed by media conglomerates in the West.

Media reformers in China believed that private ownership determined the nature of news content in the West. Therefore, state ownership of commercial media in the PRC could create financially successful media without sacrificing regime control over news content.<sup>2</sup> Media reforms since the 1990s have given rise to a lucrative media industry, subject to central control over news content and capable of producing carefully crafted state propaganda that reaches more Chinese than ever before.

This chapter considers the effect of commercialization on news coverage by television stations and daily newspapers, the media available to the largest number of Chinese. It explains how decentralization of state ownership of the media and commercialization in the 1980s led to challenges to the state control of television and print media content. Then, it describes the regime's efforts to retain control of the media industry by eliminating the media operating outside the law, the media perceived as posing a political threat, due to support for the 1989 pro-democracy demonstrations, and the media deemed too weak

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<sup>1</sup> The term "local" refers to the provincial level and below. Propaganda was operationalized as a report that contains only one perspective, with the state's opinion on the news clearly stated. For example, the report indicates the state's positive or negative evaluation of the news or the state's preference for a certain outcome. In propaganda, the state is interpreting the news for the citizens in an attempt to influence public opinion, a phenomenon very different from news content that presents an array of diverse and potentially oppositional viewpoints, which citizens are expected to consider and utilize in forming their own opinions.

<sup>2</sup> The term "state" throughout this study refers to government institutions, including the communist party and its various branches. For more on this view of the Chinese state, see Marc Blecher, *China Against the Tides: Restructuring through Revolution, Radicalism and Reform* (London: Pinter Press, 1997), 117, 139–140.

to resist central-led reforms. While similar tactics have been employed to reduce the absolute number of the media in recent years, the regime policy toward media management has shifted to provide media (and journalists) with financial incentives to comply with CCP requirements for censorship and the dissemination of propaganda.

The final section of the chapter tests the extent to which commercial media were controlled by the state during the Severe Acute Respiratory Syndrome (SARS) crisis in 2003. The SARS case demonstrates that the news media were largely compliant with state censorship and that commercialization of the media has done little to diminish party control of news content.<sup>3</sup> Rather than presenting a serious challenge to state control, the establishment of market incentives in the media industry has strengthened incentives for the media to propagate the party line.

## LOCALIZING MEDIA MANAGEMENT POWERS IN THE 1980s

### Decentralization

Encouragement for lower levels of the state apparatus to start their own news organizations can be traced to the air of openness and political reform following the Third Plenum of the Communist Party's 11th Central Committee in December 1978 when reformists led by Deng Xiaoping attempted to improve the economy and bolster party legitimacy battered by the effects of the Cultural Revolution.<sup>4</sup> The spirit of reform carried over into the "National News Work Meeting" held by the Central Propaganda Department on March 8, 1979. In his address, the then director of the Central Propaganda Department, Hu Yaobang, advocated lifting restrictions on intellectual inquiry and encouraged

<sup>3</sup> Noteworthy exceptions, such as *Southern Weekend* [*Nanfang zhoumo*], *21st Century World Herald* [*21 shiji buanqiu baodao*], the CCTV investigative program *News Probe* [*Xinwen diaocha*], and *Caijing Magazine* [*Caijing zazhi*], did produce reports that directly or indirectly criticized state handling of the epidemic. The SARS case discussed in these media and subsequent disciplinary actions imposed by the state are examined below.

<sup>4</sup> Richard Baum, *Burying Mao: Chinese Politics in the Age of Deng Xiaoping* (Princeton University Press, 1994), chaps. 3–4.

the media to be more proactive and original, while strengthening the centralization of the party leadership and unity in party ranks.<sup>5</sup> Party committees of provinces, autonomous regions, self-administered cities, cities, planned cities (*jibua danlie shi*), districts (*zhen*), counties, and county-level cities were urged to start newspapers to increase the flow of information for economic development and to rebuild the power of the propaganda system.<sup>6</sup> Beginning in 1980, the establishment of new “party papers” sparked the meteoric rise in the number of media outlets that led to a fivefold increase in the number of newspapers by 1985, and an eightfold increase in the number of newspapers by the end of the decade. From the perspective of the party committees, founding newspapers offered an excellent chance to promote the careers and policy priorities of local party leaders as well as to disseminate central party propaganda. With the legalization of the sale of advertisements in 1979, party papers and those founded by other state organizations could become profit-making ventures. After 1983, they were allowed to retain residual profits.<sup>7</sup>

A number of television stations experienced rapid growth after 1983 when the CCP Central Committee announced the goal of “four levels” of television and radio stations, that is, nationwide programming by central, provincial, municipal and county-level stations.

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<sup>5</sup> Fang Hanqi et al., ed., *Zhongguo xinwen shiye tongshi*, vol. 3, 434–435, 505–506.

<sup>6</sup> Kenneth Lieberthal, citing A. Doak Barnett, defines a “system” or *xitong* in the Chinese government as a grouping of “bureaucracies that together deal with the broad task the top political leaders want performed.” *Governing China: From Revolution Through Reform* (New York: W.W. Norton, 1995), 194. The media is part of the powerful propaganda and education system, which also governs health issues, and is responsible for shaping the “values and perspective of the entire population.” (*Ibid.*, 197.) A variety of institutions interact in this system to generate media policy and monitor media content. Of particular importance to the news media are the CCP’s Central Propaganda Department and its local bureaus, the Thought Work Small Group [*Sixiang gongzuo xiaozu*], headed by President and CCP Chairman Hu Jintao, and two state administrative bodies: the General Administration of Press and Publication and the State Administration of Radio, Film and Television (SARFT), and their subordinate branches.

<sup>7</sup> Cao Peng, *Zhongguo baoye jituan fazhan yanjiu* [*China Newspaper Group Development Research*] (Beijing: Xinhua chubanshe, 1999), 198, 200.

The new television stations were placed under the “dual responsibility system” that gave management responsibilities to local governments as well as to the Ministry of Radio, Film and Television (MRFT). Local government was given primary authority over day-to-day operations.<sup>8</sup> Television stations could produce their own news reports in addition to carrying mandatory broadcasts of CCTV1, the national television station founded in 1978. With rising affluence, many Chinese were able to afford to purchase television sets by the late 1980s. The age of China “turned on” to television commenced.<sup>9</sup>

Decentralization of ownership and managing rights over newspapers and television to lower levels of the state hierarchy, and the resulting growth in the number of media organizations, rapidly created problems for party monitoring of media content. In the early 1980s, Deng Xiaoping among others criticized the participation of party cadres in the printing of illegal publications with content containing mistaken ideology that undermined stability.<sup>10</sup> Party leaders bemoaned the inadequate training of top editors but also of copy editors and journalists due to the closure of schools and universities during the Cultural Revolution and the sharp rise in demand for media personnel.

Monitoring the television industry caused more headaches for the leaders of national state institutions. In 1983, China had 52 television stations, a number that by 1990 climbed to 509. The vast majority of the new stations were at the municipal and county level.<sup>11</sup>

<sup>8</sup> *Zhongguo guangbo dianshi nianjian* [China Radio and Television Annual], 1987, 38.

<sup>9</sup> For one of the earlier English-language studies of the evolving role of television in the Chinese society, see James Lull, *China Turned On: Television, Reform and Resistance* (New York: Routledge, 1991).

<sup>10</sup> Deng Xiaoping, “Dang de baokan yao chengwei guo anding tuanjie de sixiang-shang de zhongxin” [Party Papers Must Become the Ideological Center of National Stability and Unity], transcript of speech on January 16, 1980. See a brief discussion of these views and the related political struggles at the time in Baum, *Burying Mao*, especially p. 89.

<sup>11</sup> The 1983 statistic is from Fang Hanqi, *Zhongguo xinwen shiye tongshu*, vol. 3, 570; the 1990 statistic is from *China News Annual*, 1991, appendix 3.2.

Staffed by inexperienced personnel and virtually unmonitored by the Central Propaganda Department, municipal and county stations broadcast a diverse and chaotic combination of programs related to local and national news, agricultural affairs, travel, arts and leisure, business, and a great deal of unauthorized content from overseas. The high viewership of city and county television posed a challenge to the viewers of CCTV and provincial stations, clear evidence that the appeal of the party's main outlets for propaganda was weakening.<sup>12</sup>

After a 1986 meeting attended by the leadership of the MRFT and the directors of the MRFT bureaus nationwide, the ministry admitted that its directives concerning the party's propaganda priorities for municipal and county television stations had been insufficient and issued a resolution for change. The resolution called for administrators to prevent stations without adequate standards from broadcasting. It also appealed for greater assistance from party committees to correct the "professional guiding thought" (*yewu zhidao sixiang*) of existing stations to improve management and programming quality. The document was a stern reminder that the foremost duty of these stations was to broadcast the programming of the national television channel CCTV1 without any interruption, even of CCTV advertisements, despite the fact that the local stations got no share of advertising revenue.<sup>13</sup>

## **The Rise, Decline, and Proliferation of Media**

Significant outcomes of decentralization policies in the early 1980s included an explosion in the number of news media outlets, an increase in the value of media advertising revenues, a heightened competition for advertising revenue, and the expansion of media

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<sup>12</sup> Fang Hanqi, *Zhongguo xinwen shiye tongshi*, vol. 3, 570.

<sup>13</sup> See *Zhongguo guangbo dianshi nianjian*, discussing the contents of the "National Village Radio and Television Bureau Directors Meeting," p. 35. Complaints by local television interests about the CCTV monopoly on the national television advertising market have intensified over time. Local broadcast media groups see the inability to alter the CCTV programming and insert local advertisements as the loss of a valuable opportunity to earn revenue.

freedom to report the news as opposed to party propaganda. Central government-sponsored policies empowered lower levels of the party-state to license news media organizations, encouraged the news media to “walk on their own two feet” by selling advertisements, and slashed state subsidies.<sup>14</sup> The resulting competition, a function of media commercialization and proliferation, forced media organizations to distinguish themselves from their competitors. This heightened competition prompted a rise in investigative reporting, exposés of environmental degradation, open confrontations between media and government regulatory institutions, and sensational coverage of official malfeasance.<sup>15</sup>

Media most defiant were at the provincial level and below, although higher placement in China’s bureaucratic hierarchy at times afforded greater journalistic freedom.<sup>16</sup> The decentralized system of territorial state “ownership” of the Chinese media had the

<sup>14</sup> Daniel C. Lynch, *After the Propaganda State: Media, Politics and “Thought Work” in Reformed China* (Stanford, CA.: Stanford University Press, 1999), 31.

<sup>15</sup> Examples of sensational reporting of politically sensitive topics abound. A few prominent examples are *Caijing Magazine’s* coverage of the SARS outbreak in April 2003, *Southern Metropolitan Daily* reports on the prison murder of Sun Zhigang in September 2003, and the newspaper *Football’s* [Zuqiubao] bitter criticism of the Chinese Football Association’s defense of government enterprises involvement in the Chinese Football League. See *Southern Weekend*, January 15, 2004, 3.

<sup>16</sup> Lee Chin-chuan, “Chinese Communication: Prisms, Trajectories and Modes of Understanding,” *Power, Money, and Media: Communication Patterns and Bureaucratic Control in Cultural China* (DeKalb, IL: Northwestern University Press, 2000), 13; Zhao Yuezhi, *Media, Market and Democracy in China: Between the Party Line and the Bottom Line* (Champaign, IL: University of Illinois Press, 1998); and Lynch, *After the Propaganda State*. All these sources provide accounts of the freedom of “local” media, or media defined here as corresponding to the province, city, and county levels. Lee Chin-chuan argues (p. 13) that the CCP views press conglomeration as a “panacea for resolving many difficult problems” concerning “small papers” that have defied state orders. Central-level news organizations such as *News Probe* [Xinwen diaocha] at CCTV 1, *Focus* [Jiaodian fangtan], or *Renminwang* are often afforded considerable freedom in reporting on local news, largely because local governments have no administrative means to pressure these organizations to censor reports through the nomenklatura system, which can only be done at higher bureaucratic levels, i.e., by the Central Propaganda Department.

effect of rooting control over media content to the place of registration, which made cross-regional attempts to “correct” or suppress unflattering news coverage more difficult. The news media of different cities or provinces found lucrative news material by joyfully sniping at the travails of other areas, so long as doing so increased circulation, viewership, and advertisement revenue. By the mid-1980s, the number of news media rose to an extent that compromised the party’s ability to monitor and dictate media content.

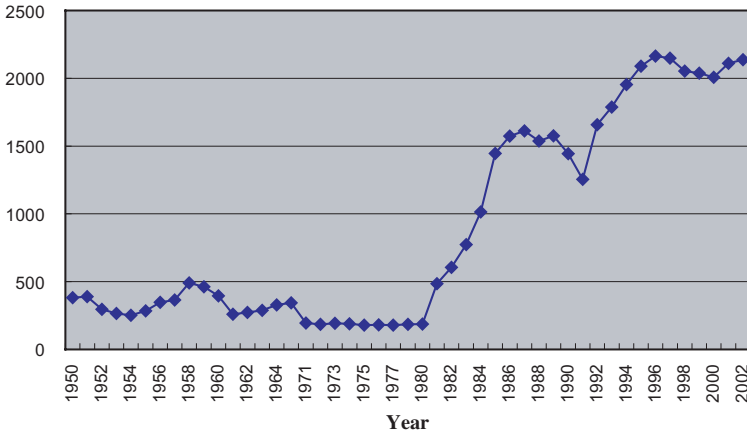
The first major step taken by the central leadership to reduce the growth of media and control the concomitant institutional pluralism was a national re-registration drive conducted jointly by the Central Propaganda Department and the State Press and Publication Administration (SPPA) in 1987.<sup>17</sup> Re-registration was intended as a vehicle for analyzing the status and conduct of all media organizations prior to approving continued operations. The issuing of Central Document No. 4 allowed the government to “suppress further publication of those newspapers and periodicals that have committed political mistakes or which contain material not on a high level.”<sup>18</sup> According to government statistics, the 1987 re-registration drive to eliminate or consolidate illegally operating print media cut back the number of daily newspapers from 1,776 at the beginning of the year to 1,482 by early 1988, a 15 percent decrease.<sup>19</sup> These

<sup>17</sup> The term “institutional pluralism” describes the diversity of opinion within the state structure in Soviet-style regimes. For a classic discussion of institutional pluralism in communist party regimes, see the contribution of Archie Brown, “Pluralism, Power and the Soviet Political System: A Comparative Perspective,” in *Pluralism in the Soviet Union: Essays in Honor of H. Gordon Skilling*, ed. Susan Gross Solomon (New York: St. Martin’s Press, 1983), 61–107.

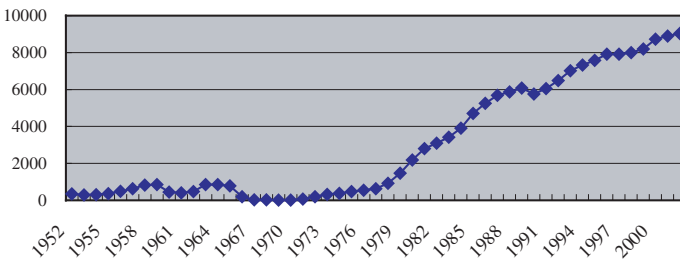
<sup>18</sup> Richard Baum, *Burying Mao*, 210, citing domestic Chinese sources and a BBC survey of World Broadcasts, Far East Report. This point is corroborated in the “1987 National Newspaper Rectification Report,” *Zhongguo xinwen nianjian* [China News Annual], 1988, 30.

<sup>19</sup> *Zhongguo xinwen nianjian*, 1990, 3 and *Zhongguo xinwen nianjian*, 1988, 30. Subsequent data collected in 1999 showed that the decrease in the number of newspapers as a result of the crackdown was much less than originally believed. The 2000 edition of the same yearbook showed that the number of newspapers in 1987 was 1,611, which is the number used in Fig. 4.1. *Zhongguo xinwen nianjian*, 2000, 567.

government statistics stating full and complete implementation of the re-registration campaign are probably exaggerated. Moreover, the number of newspapers increased again in 1989, driven upward by yearly increases in national advertising revenue of more than 20 percent as well as by the profits made by government and party agencies that managed print media through subscription revenues. (See Figs. 1–6; for information on data sources see Tables 1 and 2.)<sup>20</sup>



**Fig. 1:** Newspapers in China



**Fig. 2:** Magazines in China

<sup>20</sup> The data in Figs. 1–4 reflect an amalgamation of official sources, representing all available data. For many years, data are simply not available; for this reason, the year entries in these charts, corresponding to data points, are not listed in regular intervals.

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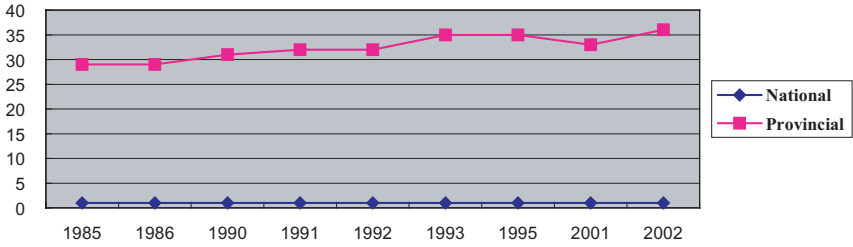


Fig. 3: National and Provincial Television Stations

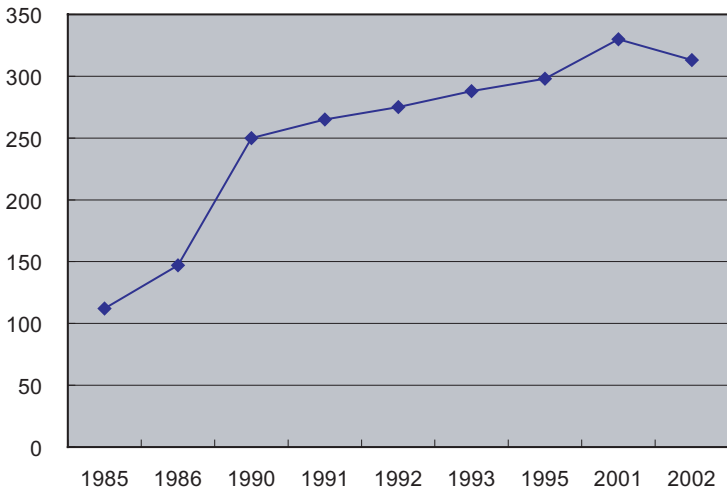


Fig. 4: City Television Stations

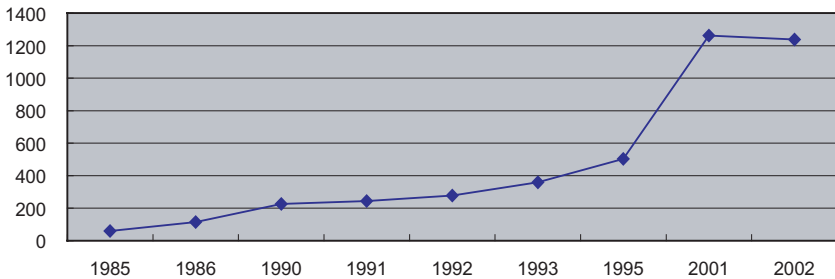
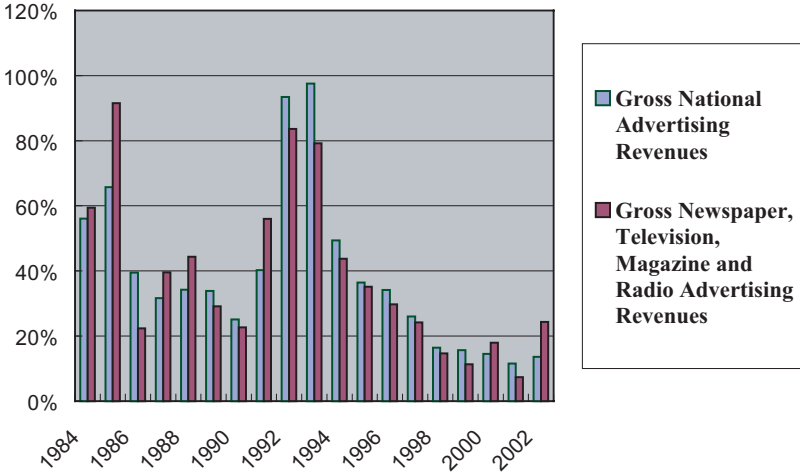


Fig. 5: County Television Stations



**Fig. 6:** Yearly Percentage Growth for Gross National Advertising Revenues and Gross Newspaper, Television, Magazines and Radio Advertising Revenues

Party support for greater media autonomy in the late 1980s, most notably by CCP General Secretary Zhao Ziyang in 1987, increased the confidence of the news media to run stories critical of the state and to report more objectively on the social and economic problems resulting from the semi-planned economy.<sup>21</sup> In his speech at the 13th Party Congress in October 1987, Zhao Ziyang said the party should foster “public opinion supervision” (*yulun jiandu*),

<sup>21</sup> A study of critical news reports in the *Zhongguo qingnianbao* [*China Youth Daily*] conducted by Sun Xupei shows that the number of critical reports rose in 1988 when compared to the number of critical reports in the same paper in 1985. The number of critical reports went from 17 in 1985 to 22 in 1988. Sun’s measuring scheme calculates the number of new critical stories introduced rather than the total number of critical news reports. If one assumes that critical news reports in *China Youth Daily* are indicative of a larger national trend, then Sun’s findings support the assertion that print media were more willing to publish critical stories in the year following Zhao’s address at the 13th Party Congress. See Sun Xupei, *Zhongguo chuanmei de huodong kongjian* [*Chinese Broadcast Media’s Area of Activity*] (Beijing: Renmin chubanshi, 2004), 373–377.

**Table 1:** The Total Number of Chinese Print Media

Year	Newspapers	Magazines	Year	Newspapers	Magazines
1950	382	N/A	1977	180	628
1951	390	N/A	1978	186	930
1952	296	354	1979	69*	1,470
1953	265	295	1980	188	2,191
1954	253	304	1981	485	2,801
1955	285	370	1982	606	3,100
1956	347	484	1983	773	3,415
1957	364	634	1984	1,014	3,907
1958	491	822	1985	1,445	4,705
1959	463	851	1986	1,574	5,248
1960	396	442	1987	1,611	5,687
1961	260	410	1988	1,537	5,865
1962	273	483	1989	1,576	6,078
1963	289	861	1990	1,444	5,751
1964	329	856	1991	1,254	6,056
1965	343	790	1992	1,657	6,486
1966	49*	191	1993	1,788	7,011
1967	43*	27	1994	1,953	7,325
1968	42*	22	1995	2,089	7,583
1969	42*	20	1996	2,163	7,916
1970	42*	21	1997	2,149	7,918
1971	195	72	1998	2,053	7,999
1972	185	194	1999	2,038	8,187
1973	192	320	2000	2,007	8,725
1974	189	382	2001	2,111	8,889
1975	180	476	2002	2,137	9,029
1976	182	542			

Sources: Data for Hong Kong, Macao, and Taiwan (Fig. 1) are not included. Newspaper data from 1950 to 1979 are cited from *China Journalism Yearbook*, 1982 ed. The figures marked with an asterisk in 1966–1970 and 1979 exclude the number of newspapers below the provincial level. The data from 1980 to 1995 are cited from *China Journalism Yearbook*, 2000 ed. Data from 1996 to 2002 are from *Statistical Materials Regarding China Journalism and Publication*, 1997–2003 eds. (Beijing: *Xinwen Chubanshu Jibua Caiwusi Tongjichu* or the Central News and Publication Economic Statistical Center). The data for magazines from 1952 to 1999 are cited from *China Journalism Yearbook*, 2000, pp. 566–567. Magazine data from 2000 to 2002 are cited from *Compilation of Statistical Materials of China Journalism and Publication*, 2001–2003.

**Table 2:** Number of TV Stations

Year	Television Station				
	Total	National	Provincial	City	County
1985	202	1	29	112	60
1986	292	1	29	147	115
1987	366	1	N/A	N/A	N/A
1988	422	1	N/A	N/A	N/A
1989	469	1	N/A	N/A	N/A
1990	509	1	31	250	227
1991	543	1	32	265	245
1992	586	1	32	275	278
1993	684	1	35	288	360
1994	766	1	N/A	N/A	N/A
1995	837	1	35	298	503
1996	880	1	N/A	N/A	N/A
1997	923	1	N/A	N/A	N/A
1998	1,283	1	N/A	N/A	N/A
1999	352*	1	N/A	N/A	N/A
2000	354*	1	N/A	N/A	N/A
2001	1,627	1	33	330	1,263
2002	1,588	1	36	313	1,238

Sources: In Fig. 2, data for Hong Kong, Macao, and Taiwan are excluded. All data of television stations exclude the number of educational television stations and cable television stations in China. Data for 1998 are from *China Advertisement Yearbook*, 1999 ed. Data asterisked in 1999 and 2000 are from *China Statistical Yearbook*, 2000 and 2001 eds. The source of all other data is *China Radio and Television Yearbook*, 1986–2002 eds. For the years 1987 to 1989, 1994, and 1996–2000 data on the number of provincial, city, and county television stations are not available.

Note: Advertising revenue data — The data used to generate Fig. 3 excludes that of Hong Kong, Macao, and Taiwan. National advertisement statistics include advertisement company revenue, and advertisement revenue for television, radio, newspapers, magazines, cable television, radio stations, and other related industries. The data of 1981–2001 is from the *China Advertisement Yearbook*, 1999 ed. and *The Operation and Management of Media Groups*, 2003. The figure of 2002 is cited from *China Journalism Yearbook*, 2003 ed., pp. 71–73.

inform people of important matters, and allow people to participate in debates on key matters.<sup>22</sup> The blush of media freedom in the late 1980s, of course, faced a radical reversal when the military violently dispersed protests and the party subsequently reeducated hundreds of journalists. In order to regain control of the mass media, the party forced many managers of major media into retirement, fired them, or transferred them outside Beijing.<sup>23</sup> So-called party conservatives Li Peng and Chen Yun had considerable influence following the 1989 purge of Zhao Ziyang. The media was swiftly cowed by repression.

The proliferation of newspapers in the 1980s reached a peak of 1,611 in 1987, growing by a factor of eight in less than one decade.<sup>24</sup> Deng's crackdown on media support for widespread demonstrations in 1989 led to massive closures among newspapers and magazines believed to have supported the demonstrations. From 1989 to 1991, the total number of daily and weekly newspapers in China dropped from 1,576 to 1,254 — a decrease of 20 percent of the national total; from 1989 to 1990, the number of magazines fell from 6,078 to 5,751, a 5 percent decrease. The downward slopes appearing in Figs. 1 and 2 from 1989 to 1990 illustrate this effect.<sup>25</sup>

Statistics on the growth of the number of television stations in China are presented in Figs. 3–5. For the last 25 years, CCTV

<sup>22</sup> Zhao Yuezhi, *Media, Market and Democracy in China*, 35–36.

<sup>23</sup> Allison Liu Jernow, “Don’t Force Us to Lie”: *The Struggle of Chinese Journalists in the Reform Era* (New York: Committee to Protect Journalists, 1991), 139.

<sup>24</sup> Some studies show the number of newspapers as 1,761 prior to the registration campaign. The number cited here is from the more recent study in *Zhongguo xinwen nianjian*, 2000, 567.

<sup>25</sup> Figure 1 also reflects the extent to which political events have strongly impacted the number of newspapers in China over time. In the mid-1950s the decrease in the number of newspapers is related to nationalization of privately owned newspapers, a process that led to closures. Interview 2004 — #6. During the Great Leap Forward, a number of newspapers declined until the political moderation of the 1960s. The closure of most newspapers due to the Cultural Revolution can be observed in the drop in the number of newspapers after 1966 when the Cultural Revolution commenced.

has been the only national television station by which the central government disseminates propaganda to the vast majority of Chinese.<sup>26</sup> The number of provincial television stations has grown from 29 to 36, a slight increase, although the number of channels and programs these stations produce has increased within the framework of television media groups. The great explosion in Chinese television media occurred at the city and county levels, with the number of city television stations rising from 112 in 1985 (the first year for which reliable data is available) to 313 in 2001 and county stations from 60 in 1985 to a peak of 1,263 in 2001. County television stations, which were subject to less monitoring, became the primary source of competition for the vastly less numerous and more carefully monitored national station and provincial stations.<sup>27</sup>

Figure 6 indicates the incentive for profit maximization among the media due to sky-rocketing growth values of the Chinese advertising market in the 1980s and 1990s.<sup>28</sup> In many years, the growth rate of the advertising market nationally exceeded 20 percent annually, sometimes rising as high as 90 percent a year. This growth became a powerful financial motivation for the mass media to cater to popular preferences. Considering the rate of media proliferation and the pressures of commercialization, competition drove the media to make media content more consumer-driven. Changes in content included more investigative journalism and news stories critical of social problems and political corruption as well as racy

<sup>26</sup> CCTV broadcasts programming on 16 channels. Since the 1980s, local stations have been required to rebroadcast CCTV1, which has the nation's largest viewership.

<sup>27</sup> In the 1980s, television programming from CCTV was available throughout much of the country. Provincial television from neighboring provinces could be received via a terrestrial signal. In recent years, provincial stations have become widely available through reciprocal exchanges between different provinces via station signals (uplink) to a shared satellite, cable networks, and terrestrial broadcast.

<sup>28</sup> In Fig. 6, the important difference between gross advertising revenue and gross revenue from mainstream media is that the former statistic contains revenue from advertising agencies, which do not produce news content.

stories related to crime and sex, and the use of unauthorized foreign news sources.<sup>29</sup>

In the television industry, the central leadership waited until the late 1990s to centralize political control over television stations through the formation of broadcast media conglomerates. (This topic is considered in detail below.) In 2002, the central leadership pulled the plug on county television autonomy by promulgating a regulation that canceled the right of county-level television stations to produce their own programming, effectively forcing all county stations to re-broadcast municipal, provincial, and central television programs.<sup>30</sup>

Reduction of the number of print media has occurred three times since the 1980s: during the 1985 re-registration that cut the number of print publications by 270; as a result of media closures following the 1989 crackdown on pro-democracy protests affecting 322 media; and in 2004, with the closure of 677 publications that were not financially self-supporting or were suspected of using executive powers to maintain high circulation levels.<sup>31</sup>

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<sup>29</sup> For a study on the Chinese tabloid press see Zhao Yuezhi, "The Rich, the Laid-off, and the Criminal in Tabloid Tales: Read All about It!" in *Popular China: Unofficial Culture in a Globalizing Society*, eds. Perry Link, Richard P. Madsen, and Paul G. Pickowicz (New York: Rowman and Littlefield, 2002), 111–135. Zhao argues that tabloids are not the "carriers of opposition political consciousness," just commercial entities interested in profits that look unfavorably upon political risk-taking.

<sup>30</sup> When faced with the imposition of these regulations, county television stations have engaged in noncompliance to an extent. During a visit to the rural Hunan Province in July 2002, I found county television stations operating normally. One county station manager, who also headed the county Bureau of Radio and Television [*Guangdianjü*], said he had no plans to cease operations because the television station had the support of the county government, which also owned the local cable network, and could therefore insert county television programming at will. Government statistics no longer reflect county television stations. See *Zhongguo dianshi sboushi nianjian* [*China TV Rating Yearbook*], 2004, 3. These statistics are almost certainly wrong.

<sup>31</sup> *Renminwang*, December 1, 2003, [www.people.com.cn/GB/14677/14737/22036/2217149.html](http://www.people.com.cn/GB/14677/14737/22036/2217149.html).

## “CORPORATIZING” THE STATE-OWNED MEDIA

After Tiananmen, Deng Xiaoping and Li Ruihuan, the Politburo member in charge of the mass media, were forced to consider the question of how to improve the effectiveness of the mass media as a tool for disseminating party propaganda. By early 1992, Deng became frustrated with the unwillingness of bureaucratic interests to support his economic reform agenda. In a style reminiscent of Mao Zedong, Deng went around top party leadership to make his case directly to the public in a widely publicized “Southern Tour,” propounding the virtues of market economics. The effect of the Southern Tour on the media industry was to ignite enthusiasm to expand and improve content in the interest of higher profits. New strategies for commercialization of the media became possible and were even encouraged by central and provincial party leaders, because they had come to the opinion that commercialization of the state-owned media, if properly managed, was the best means for improving the effectiveness of party propaganda and regime legitimacy. The rationale for this marked departure from the past strategy reflected the practical considerations of media managers who wanted to raise profits, without changing party control over news content. Media managers began to focus on changing the way the media had delivered its messages. They exchanged the old dogmatic style of the Mao era for flashy advertising and polished presentation akin to corporate advertising in the West.<sup>32</sup>

The “re-packaging” of media products, while present in the print media, was especially apparent in television, where a new wave of advertising encouraged Chinese to take pride in consumerism. A leading advocate of commercializing the television industry, Shanghai Party Secretary Gong Xueping served as the principal architect of mid-1990s development of the Shanghai broadcast media. As a man with experience in both running and managing the broadcast media, Gong had served in Shanghai as television editor,

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<sup>32</sup> Geremie R. Barme, “CCP TM and ADCULT PRC,” *The China Journal* no. 41 (January 1999), 1–23.

television station manager, deputy director, and director of the Shanghai Bureau of Radio, Television and Film (*Guangdian zongju*). He argued that China did not have to choose between either Soviet-style state-funded media or Western-style private media. The weakness of the Soviet model was that media only sought the approbation of their superiors and cared little about public opinion. Western media were very popular and profitable but, due to total marketization, cared little about the social effects of their content, engaging in a race to the bottom with programming on crime, sex, and corruption.<sup>33</sup> Instead of choosing one of these two models, Gong suggested that China could create its own “socialist” mass media with “Chinese characteristics,” that combined the characteristics of both styles. From the Soviet model, China adopted party control of content; from the Western media, China could adopt management techniques designed to make mass media popular and financially self-supporting. The type of commercial media advocated by Gong Xueping could thus satisfy popular demand for more modern media content as well as party priorities for transmitting propaganda.

According to one of Gong Xueping’s colleagues in the Shanghai Bureau of Radio, Television and Film at the time, the slogan describing the media’s new commercialized role was “The media is the [party] mouthpiece as well as an industry” (*meiti jishi houshe you shi chanye*).<sup>34</sup> A second related slogan for party media managers was “You must manage the news firmly but not manage it to death” (*xinwen yao guanzhu buyao guansi*).<sup>35</sup> In other words, the media had to have enough freedom to create products attractive to consumers but not so much freedom as to damage the party’s legitimacy through potentially embarrassing news or exposés. Especially

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<sup>33</sup> The difference between commercialization and marketization is the autonomy-increasing component implied in the latter. Thus, commercial media operate like a business while remaining state-owned enterprises.

<sup>34</sup> Interview 2005 — #2.

<sup>35</sup> *Ibid.*

in terms of radio and television, the Shanghai media proved both commercially successful and under firm control concerning news content and propaganda, and served as an example that other media were encouraged to emulate.<sup>36</sup>

The CCP's new strategy for managing the mass media in the 1990s had four principal components: commercialization of media operations to allow the use of market resources to "re-package" media content and party propaganda; introduction of Western-style management techniques concerning personnel and advertising; centralization of political control over the management of the media; and continued elimination and consolidation of media that were difficult to control or those deemed politically vulnerable and easiest to shut down.

Commercialization of media operations meant not only bringing in greater revenue necessary for media to upgrade production capabilities, such as buying foreign-made printing presses, television cameras, and editing facilities but also pitching party propaganda in a manner more appealing to people through a melding of consumerism and the party message. As President and CCP Chairman Jiang Zemin put it in a speech to the staff of the *People's Daily*, journalists had to "make their propaganda reports closer to the [public's] lifestyle, closer to their readers and more delightful to the majority of readers."<sup>37</sup> The Chinese news media has typically had difficulty in generating reports that accurately portray the lives of most Chinese citizens, due primarily to an administrative hierarchy that has incentives to suppress unfavorable information. However, the media under Jiang Zemin proved much more successful at generating news that was popular with consumers.

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<sup>36</sup> Chin Yu, "Gong Xueping zonglun guangbo dianshi gaige jishi houshe youshi changye" [Gong Xueping Speaking about Television Reform: Party Mouthpiece and a Business], *The Journalist [Xinwen jizhe]* 1 (1993), 5.

<sup>37</sup> "Jiang Zemin tongzhi shicha renmin ribaoshe shi de jianghua" [Comrade Jiang Zemin's Speech during a Visit to *People's Daily*], *Renmin ribao [People's Daily]*, Beijing], October 21, 1996.

## EVALUATING COMMERCIALIZATION

The commercialization of the Chinese news media, in general, demonstrates two liberalizing effects and one effect mitigating liberalization. The first liberalizing effect is the shifting of the media's loyalty from the party to advertisers, who through a media organization's appeal to consumers, provide the bulk of revenue. The second effect of commercialization is to change the incentives of the local state vis-à-vis the news media. As the case of county television illustrates, county governments received tax revenue and direct profit from media that faced closure and therefore demonstrated willingness to oppose the closures. Due to access to tax revenue and informal levies, the local state's role is that of protector of, and advocate for, the media it oversees, compromising its role as enforcer of central party priorities. Implementation of policies from higher levels of the state hierarchy is, however, difficult to oppose. When forced to choose between heeding the wishes of the central party leadership and supporting media ventures, including financially lucrative levels of media freedom, the local state has typically chosen the former because nomenklatura links the career prospects of cadres to their loyalty to the party apparatus and because of an array of coercive tools available to those enforcing central policies.

Chinese media operate within the state structure. Barring greater privatization of the news media, which is occurring gradually through the stock-market-listed companies affiliated with media groups, commercial media organizations are unlikely to struggle for greater autonomy in the near future.<sup>38</sup> Another form of "creeping" privatization is occurring as media allow operations to be managed by private corporations.<sup>39</sup> These arrangements are illegal but increasingly prevalent. The reason is the incentive of earning fast

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<sup>38</sup> To the present, the Chinese stock markets have been a relatively poor source of wealth generation due to regulations that restrict listings by private enterprises and, in most cases, require state interests own the majority of shares.

<sup>39</sup> Interview 2004 — #26.

returns on investments due to the high annual growth rate of the Chinese media sector.

In addition to creating the obligation to please consumers, a powerful third effect of commercialization is to provide incentives for media managers and journalists to be risk averse. Top-level managers are appointed by the Propaganda Department in consultation with the CCP Organization Department.<sup>40</sup> The career prospects of media managers are tied to their effectiveness, i.e., producing media content that is both attractive to consumers and politically controlled. Media managers are quite well paid in comparison with average incomes. The publisher (*shezhang*) of a top Shanghai newspaper, for example, makes roughly \$35,000 per year, a huge sum even in China's rich coastal cities, where the average per capita income is estimated as \$3,000 per year. The editor-in-chief makes slightly less, around \$30,000, and the deputy editor-in-chief earns \$28,000.<sup>41</sup>

Underneath the party-appointed leadership of the news media are lesser managers, senior editors, copyeditors, and journalists. These positions are filled by employees under contract, typically working on a yearly basis. Therefore, employees are under constant pressure to increase viewership and profits. Some contracts with managers require them to achieve annual revenue increases of 15 percent or risk demotion.<sup>42</sup>

Many media organizations make attempts to quantify the quality of employee performance and link performance to the amount of salary an employee receives. The performance of television producers, for example, is evaluated in part by the ACNielsen ratings of the programming they oversee. Their bonuses are determined by upper-level managers within the television station. Data from my interviews suggest that the bonuses make up roughly 20 percent of the total salary for producers and editors.

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<sup>40</sup> Interview 2004 — #6. Unlike appointments for other state positions, the Propaganda Department typically dominates the appointment process for the media.

<sup>41</sup> Interview 2004 — #17; Interview 2004 — #26.

<sup>42</sup> Interview 2002 — #22; Interview 2004 — #26.

Typically, a much greater percentage of a journalist's salary is derived from performance bonuses. One criterion for evaluating performance that is not usually quantified is the popularity of their reports based predominantly upon readers' response. If readers are happy with a journalist's article, they may write letters to the newspaper or send emails or text messages with favorable comments. A positive (or negative) response from a reader is seen as an indicator of consumer preference that drives circulation levels. Circulation, in turn, is often used to justify advertising space. In general, newspapers with high circulation can charge high advertising prices.

Since the early 1990s, journalists' pay has also been tied to the number and length of stories that are broadcast or published. If a report is considered too sensational to print, most journalists do not receive payment and risk losing performance bonuses, which amount to more than half of their salary.<sup>43</sup> Therefore, journalists who fall out of favor with their superiors, or whose work is frequently censored, find themselves quickly out of money. They can even be made to pay the production costs out of their pockets for the censored material.<sup>44</sup>

At *Southern Weekend*, a major weekly operating in Guangdong Province, the monthly base salary for journalists in 2003 was \$340 (before taxes), or approximately the same amount as an average farmer's annual income.<sup>45</sup> Performance bonuses at *Southern Weekend* increased a journalist's *monthly* salary to a ceiling of around \$2,430, an amount almost double the *yearly* average for per capita income in China.<sup>46</sup> *Southern Weekend* journalists, by all accounts, are exceptionally well paid compared to most

<sup>43</sup> Interview 2004 — #24.

<sup>44</sup> Ibid.

<sup>45</sup> By comparison, the average yearly farming income in 2004 was \$353. Joseph Kahn, "China Pledges to Lift Wealth of Its Peasants," *International Herald Tribune*, February 3, 2005.

<sup>46</sup> The average per capita income in China in 2005 is around \$1,230. See "China Sets 2020 Growth Goal," *CNN.com*, May 17, 2005.

print journalists in China and are held to strict standards for professionalism.<sup>47</sup>

Journalists in the Shanghai Media Group receive a base salary that is 15–20 percent of the total. Monthly performance ratings determine 75–80 percent of the total. A yearly bonus amounts to another 10 percent. The disparity between the top and the bottom of the salary scale, based on the amounts of bonuses, can be as much as a factor of 10.<sup>48</sup> At the CCTV Channel 1 investigative news program, *News Probe*, each editor works on about four stories a year; each reporter does roughly 15 stories a year. Bonuses for both positions vary widely, as they are based both on an internal evaluation and on ACNielsen ratings after the program is aired. Members of an advisory board, of senior media professionals, scholars, and the producer, give each report a score that is adjusted based upon viewer ratings by ACNielsen for the time slot in which the program is broadcast.<sup>49</sup> These two factors are used to calculate performance bonuses for every report. Variation between the lowest score for a report and the highest can lead to differences in performance bonus equaling a factor of 18.<sup>50</sup>

The desire to win performance bonuses tends to result in journalism that steers well clear of dangerous political controversy and meets the party's propaganda requirements. One factor that mitigates this effect is fierce competition among media for superior employees.

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<sup>47</sup> According to a 2002 statistical survey of print and broadcast journalists in Shanghai, the average monthly salary for print journalists was \$473 and the average salary for broadcast journalists was \$416. Lu Ye and Yu Weidong, "Shehui zhuanxing guochengzhong xinwen congyezhe de gongzuo zhuangkuang he zhiye lixiang: 2002 nian Shanghai xinwen congyezhe diaocha baogao" [The Professional Ideals of News Media Workers During the Process of Social Transformation: 2002 Shanghai News Worker Report], *Xinwen Jizhe* [*The Journalist Magazine*], 1 (2003). Performance bonuses included, most journalists at *Southern Weekend* earned a higher average salary (\$850–\$972) than did print journalists in Shanghai, a city with high salaries for journalists compared to most other areas in China. Interview 2003 — #10.

<sup>48</sup> Ibid.

<sup>49</sup> The score of each report is adjusted based upon three rating categories: high (top 15 percent), medium (middle 70 percent) and low (bottom 15 percent) viewership.

<sup>50</sup> Interview 2004 — #12.

If a journalist strikes out at one media organization, it is possible to work for a competitor.<sup>51</sup> A second strategy employed by media that value hard-hitting news coverage is to offer partial performance bonuses for journalists even if their material is censored for political reasons. For example, when *Southern Weekend* journalists write material too sensitive to print, they receive 50–70 percent of the amount they would have received if the story had been published.<sup>52</sup>

## THE RISE OF PRINT MEDIA GROUPS: TWO CASES

Under Jiang Zemin's leadership in the mid- to late-1990s, media management strategies became even more sophisticated, with the formation of media conglomerates intended to strengthen the media industry financially, and place it under more politically reliable leadership. After initial experimentation with media conglomerates, the Propaganda Department and SPPA decided to reorganize print media at the city, provincial, and central level into media conglomerates or media "groups" as designated in China. The officially stated motivation for creating media groups was that they would eliminate unnecessary waste of resources by having too many media organizations. However, it is more likely that the motivation for the central party leadership was that forming news groups would vastly simplify the task of appointing media managers and would provide market incentive for the media to comply with party priorities for content by reducing competition for advertisement revenues.

### *Guangzhou Daily*

Initial experimentation began in south China when a mid-level cadre in the Guangzhou Municipal Propaganda Department, Li Yuanjiang, was given permission by the central government in 1996 to adopt a strategy for the creation of a state-owned and party-run

<sup>51</sup> Interview 2004 — #14.

<sup>52</sup> Payment of 70 percent has become the norm according to one source. Interview 2003 — #11.

media conglomerate. Li's success was to have lasting implications for the reorganization of the media industry. As the editor-in-chief of the *Guangzhou Daily*, the mouthpiece of the Guangzhou Party Committee, Li Yuanjiang published breaking news stories, re-wrote international stories to reduce their political sensitivity, upgraded newsroom facilities, imported new printing presses, added subsidiary publications, and strengthened editorial control.<sup>53</sup> The Guangzhou Daily Press Group was successful in consolidating financial assets as well as furthering propaganda objectives by increasing readership. In organizing the Guangzhou Daily Press Group, Li consciously emulated international media conglomerates. Indeed, he noted at a Time Warner-sponsored forum in Shanghai that, "the most efficient way to boost circulation is to form a press group according to the practice of the international media."<sup>54</sup>

With the diversification of news content to attract more consumers, one might anticipate a reduction in the number of propaganda pieces, and the publication of many more stories related to non-controversial topics, such as fashion, arts and leisure, and sport. While one study shows that the ratio of propaganda stories to news stories decreased after the group's formation, the *Guangzhou Daily* strategy probably fits nicely with the CCP's objective of broadening the reach of propaganda by re-packaging propaganda articles in an attractive manner and by including propaganda pieces with articles favored by young urban readers.<sup>55</sup>

The effect of Li's efforts was to create a thick and attractively printed newspaper with numerous sections that appealed to a broad

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<sup>53</sup> Zhao Yuezhi, "From Commercialization to Conglomeration: The Transformation of the Chinese Press within the Orbit of the Party State," *Journal of Communication* 50, no. 2 (2000): 16.

<sup>54</sup> *Ibid.*

<sup>55</sup> Ernest Yuyan Zhang, "A Study of the Conglomeration of China's Newspaper Industry," M.A. thesis, University of Missouri-Columbia, December 2001, 94. Zhang conducted content analysis on news appearing on the *Guangzhou Daily*'s front page for a "constructed week" of news coverage in 1994 and 2000. He concluded that the ratio of "party journalism" to "non-party journalism" has decreased since conglomeration.

segment of the population. The paper had mass appeal, not only in Guangzhou, but also throughout south China more generally. By 1998, the *Guangzhou Daily* had a large circulation and the highest advertising revenues of any newspaper in China.<sup>56</sup> Municipal party leadership over the newspaper was excellent. As a reward for Li Yuanjiang's successful management of the *Guangzhou Daily*, he was promoted to head of the Guangzhou Municipal Propaganda Department, a position from which he would guide all media under the supervision of the Guangzhou Municipal Party Committee.<sup>57</sup>

### ***Southern Daily***

After a careful study of the Guangzhou Daily Group, the central government pronounced it a success.<sup>58</sup> In 1998, the SPPA approved the formation of other newspaper conglomerates in 1998 under the leadership of party papers with high political prominence, circulation levels, or a combination of the two.<sup>59</sup> In Guangdong Province, the Southern Daily Press Group was created along similar lines as the *Guangzhou Daily*, but with very different results. The nominal head of the press conglomerate was the party paper, the *Southern Daily* (*Nanfang ribao*), the party-appointed managers of which were in charge of the operations of four other newspapers, including the *Southern Metropolitan Post* (*Nanfang dushibao*) and *Southern Weekend* (*Nanfang zhoumo*).

Rather than, serving as the flagship of the group in terms of providing popular content, designed to increase circulation, the *Southern*

<sup>56</sup> *Zhongguo guanggao nianjian* [China Advertising Annual], 1999, 53.

<sup>57</sup> Zhao Yuezhi, "From Commercialization to Conglomeration," 18.

<sup>58</sup> Ibid.

<sup>59</sup> An example of a party-initiated union of two newspapers with high political prominence and high circulation was the formation of Wenxin Press Group in Shanghai, which brought together the elite-focused *Wenbui Daily* [*Wenbui bao*] and the mass circulation *Xinmin Evening Paper* [*Xinmin wanbao*]. For an early study on the formation of China's press groups, see Cao Peng, *Zhongguo baoye jituan fazhan yanjiu* [China's Press Groups] (Beijing: Xinhua Publishing Company, 1999).

*Daily* continued to publish what might be called old-fashioned propaganda pieces related to the activities of the Guangdong Provincial Party leadership and the provincial government. The *Southern Metropolitan Post* and *Southern Weekend* offered very different fare. The *Southern Metropolitan Post* adopted the presentation of Hong Kong-style tabloid papers, with sensational photos and pages filled with advertisements. News content focused largely on matters of local concern: crime, corruption, pollution, abuse of power (especially in Guangzhou), and sport. *Southern Weekend*, originally an insert for the *Southern Daily* featuring art, literature, and leisure, had by the late 1990s established itself as the most important voice challenging the central party leadership in China's official press and, due in part to national distribution, proved to be a great commercial success.

Instead of providing both popular news and party propaganda in one newspaper, as was the case in the Guangzhou Daily Press Group, in the Southern Daily Press Group, propaganda was printed in the party paper as before, and commercially valuable and sensational content appeared in subsidiary publications, including such newspapers as *Southern Athletics (Nanfang Tiyu)*, *21st Century Economic Report (Ershiyishiji jingjibaodao)*, *21st Century World Herald (Ershiyishiji huanqiu baodao)*, *Southern Village News (Nanfang nongcun bao)*, *City Pictorial Newspaper (Chengshi huabao)*, *Namebrand Magazine (Mingpai zazhi)*, and *Southern Profiles Weekly (Nanfang renwu zhoukan)*. Profits from commercially successful arms of the Southern Daily Group subsidized the expansion of the group and proved especially useful when new publications started up.

One result of the rising popularity of newspapers such as the *Southern Metropolitan Post* and *Southern Weekend* is that circulation for central and provincial party papers has declined precipitously.<sup>60</sup> (The *Guangzhou Daily* is a municipal party paper and an exception to the general trend.) A very visible indicator of this trend is the

<sup>60</sup> Zhao Yuezhi, "From Commercialization to Conglomeration," 6–7, 9–10.

falling circulation of the mouthpiece of the CCP Central Committee, the *People's Daily*. Once the newspaper with the highest national circulation, *People's Daily* now has a "reliable" circulation of 200,000, far less than that of many commercial papers, and is no longer sold at newsstands.<sup>61</sup> It is difficult to obtain reliable statistics on the circulation of the *People's Daily*, because the central party leadership has incentives to exaggerate the reach of its newspaper. If the *People's Daily's* circulation was reported accurately, the low number would indicate the weakness of this historically important propaganda organ and embarrass the Central Committee. Therefore, the official count for the paper's circulation is officially listed as averaging more than 1.8 million per edition.<sup>62</sup> However, even assuming that the official statistics are accurate, circulation has declined considerably from an average of 5 million copies per edition in the 1980s.<sup>63</sup>

As advertising revenue is typically linked to circulation, low advertising revenue would indicate that official statistics for the *People's Daily's* circulation are greatly inflated. According to Zhao Yuezhi, the *People's Daily* ranked first among newspapers in advertising revenue in 1990<sup>64</sup>; but by 1998, the *People's Daily* slipped to number 13 and has fallen further subsequently.<sup>65</sup> By 2002, the *People's Daily* was ranked 42nd in a list of China's top media in terms of advertising revenue and 16th among print media.<sup>66</sup> In terms of assuring that central propaganda is disseminated to the population, the decline in the circulation of party papers has made retaining control of popular, more commercial newspapers more important for the Propaganda Department.

<sup>61</sup> Interview 2003 — #16.

<sup>62</sup> *Zhongguo xinwen nianjian* [China News Annual], 2004, 624.

<sup>63</sup> In 1983, 1985, and 1987 the circulation of *People's Daily* was recorded as 5 million per edition. *Zhongguo xinwen nianjian* [China News Annual], 1984, 564; *Zhongguo xinwen nianjian*, 1986, 296; *Zhongguo xinwen nianjian*, 1988, 412.

<sup>64</sup> Zhao, "From Commercialization to Conglomeration," 10.

<sup>65</sup> *Zhongguo guangbo nianjian* [China Advertising Annual], 1999, 53.

<sup>66</sup> *Meiti* [Media], September 2003, 57.

## BROADCAST MEDIA GROUPS: HUNAN MEDIA GROUP AND SHANGHAI MEDIA GROUP

The CCP's strategy for consolidating the broadcast media into media groups began in late 2000 with the State Administration of Radio Film and Television's (SARFT) approval of the formation of Hunan Media Group (HMG), an arrangement that brought all the television, radio, Internet, music, and film studios as well as television-related print media in Hunan Province under the party-appointed management.<sup>67</sup> HMG also included a stock-listed company, which acted as a means of raising investment capital. Hunan television stations have the reputation for highly innovative and politically harmless programming. The activities of various arms of HMG are highly commercialized; employees work on a yearly contractual basis, and individual television programs operate largely independently of party-appointed HMG Chairman Wei Wenbin, who has reportedly said that the secret to Hunan Economic Television's success is that he "barely manages" it (*shaoguan*).<sup>68</sup> There has been little centralization of advertising sales or even advertising prices because individual programs operate their own advertising departments, creating a dynamic of internal competition for advertising revenues. Producers of individual programs have considerable autonomy. After 50 percent of program revenues is paid to HMG, the producer determines employee salaries and bonuses and distributes 20–30 percent of the program's annual profits to employees.<sup>69</sup> The remaining funds are retained by the program for future use.<sup>70</sup> Since its formation, HMG has been lauded for investigative reports concerning economic affairs and innovative entertainment programming,

<sup>67</sup> Huang Shenmin, ed., *Zhongguo guangdian meijie jituanhua yanjiu* [Research Concerning the Conglomeration of China's Broadcast Media] (Beijing: China Consumer Prices Publishing Company, 2001), 155.

<sup>68</sup> Sun Jitie, *Zhongguo chuanmei dangdai zuijiu yingxiang de chuangmeiren fangtan lu* [China's Mass Media: Interviews with the Most Influential Media People of Our Time] (Zhuhai: Zhuhai Chubanshe, 2002), 37.

<sup>69</sup> *Ibid.*, 43.

<sup>70</sup> Interview 2002 — #19.

including the first Chinese imitation of “Survivor” set in a luxurious apartment complex in Hunan Province.<sup>71</sup>

As is common in China as elsewhere, local news receives the highest audience ratings. News of major events in China is taken from CCTV or Xinhua wire reports.<sup>72</sup> The unwillingness of Chinese broadcast journalists working at local media organizations, whether due to the cost of doing so or political restrictions, to report on major national news stories in effect increases central control over important news content. This reduces competition in the national media market and, thereby, the likelihood that broadcast media will produce politically controversial news reports.

Another model broadcast media conglomerate, from the perspective of the Central Propaganda Department, is Shanghai Media and Entertainment Group (SMEG), which due to the dominance of its television and radio stations is the second most profitable media group in China behind the national CCTV Broadcast Group.<sup>73</sup> Owned by the Propaganda Department of the Shanghai Municipal Party Committee, SMEG and its sub-group, Shanghai Media Group (SMG), are organizational behemoths. At its founding, SMEG included two radio stations, 11 television channels, a popular website, newspapers and magazines, film production facilities, professional sports teams, dance troupes, the Shanghai Opera House, an international conference center, and one stock-listed company. In 2001, the group’s assets were estimated to be worth more than \$17 billion.<sup>74</sup> SMG’s popular “Comprehensive News Channel” (*Xinwen zonghe pingdao*) is watched by 1.28 million Shanghai residents

<sup>71</sup> Interview 2002 — #15 and Interview 2002 — #17. The challenge to this game show was to see who would crack when contestants were denied the freedom to leave the apartment complex and prevented from having any contact with the outside world.

<sup>72</sup> Interview 2002 — #19.

<sup>73</sup> In 2001, SMEG’s revenue were more than \$210 million and CCTV’s earnings were nearly \$659 million. “2001 nian guanggao meijie danwei yingye e paixu” [2001 Annual Media Advertising Ranking by Revenue], *Chuanmei* [Broadcast Media], 2002.

<sup>74</sup> *China Broadcast Yearbook* [Zhongguo guangbo dianshi nianjian], 2002, 34.

every day.<sup>75</sup> After obtaining approval from the Central Propaganda Department, two managers appointed by the Shanghai Municipal Party Committee, Ye Zhikang, head of SMEG, and Li Ruigang, CEO of SMG, were made responsible for the operations and content of the entire group. Their appointments at least nominally gave the center supervision over key management positions. Ye and Li then selected managers of television and radio stations — who were nearly all party members — for their ability to produce popular programming that was not politically sensitive in nature.<sup>76</sup> Thus far, the formation of print and broadcast media conglomerates has simplified appointments of key management personnel and, by reducing competition in local markets, provided considerable incentive for media groups to offer the public entertainment and party propaganda, but not with news reports challenging the regime legitimacy.

### **CASE STUDY: THE 2003 SARS EPIDEMIC**

This section tests the extent to which media complied with party directives on news content concerning a crisis that posed a severe threat to the CCP legitimacy: the 2003 Severe Acute Respiratory Syndrome (SARS) epidemic. At issue is the extent to which mass media accepted party control when they had extremely high incentive to accurately report news of the epidemic in the interest of saving lives. The SARS case provides the opportunity for us to determine, with a single case study, whether the commercialized Chinese media either suppressed information and endangered the lives of media consumers or rejected the state censorship.<sup>77</sup>

While much of the coverage appearing in daily newspapers was published in the form of Xinhua wire stories, central and local

<sup>75</sup> ACNielsen 2003 report as cited on SMG's website, March 8, 2005.

<sup>76</sup> Interview 2003 — #1, #2, #3; Interview 2004 — #24.

<sup>77</sup> The SARS case represents what Harry Eckstein has called a "crucial" case study capable of confirming (or disconfirming) a theory. Harry Eckstein, "Case Study and Theory in Political Science," in *Handbook of Political Science*, vol. 7, eds. Fred I. Greenstein and Nelson W. Polsby (Reading, MA: Addison-Wesley Publishing Company, 1975), 113–132.

media filed hundreds, if not thousands, of their own reports, making it imperative to consider reporting by a broad range of sources. For this reason, this case study considers the coverage of the epidemic by print media in Guangdong, where the epidemic was first discovered, as well as coverage by daily newspapers in Beijing and Shanghai and weekly newspapers with national circulation. It also examines coverage by *Caijing Magazine*, a highly professional weekly, and, to a limited degree, reportage by CCTV's investigative program *News Probe*.

### Damage Control

According to the World Health Organization statistics issued on June 9, 2003, from November 2002 to June 2003, the SARS epidemic affected 32 countries, including Taiwan and Hong Kong. A total of 8,421 people were infected worldwide, of whom 784 eventually died. In China, the death toll was 44 percent of the world total or 340.<sup>78</sup> The disease was hitherto unknown prior to its appearance in Guangdong Province in November 2003. Because the symptoms of SARS are similar to those of a very severe pneumonia — inflammation of the lungs and high fever — the danger posed by the highly contagious virus was not well understood until SARS had spread beyond China's borders. Indeed, at an early stage, the chief virologist at the Chinese Center of Disease Control announced that SARS was caused by Chlamydia.<sup>79</sup>

The political sensitivity of the succession of the then relatively unknown Hu Jintao to the post of CCP general secretary and PRC president is the main reason why the Chinese media avoided coverage of SARS cases. When the first SARS cases appeared in Guangdong Province in mid-November 2002, the CCP was selecting the new

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<sup>78</sup> Yanzhong Huang quoted a source at the Chinese Health Ministry indicating the death toll in China was 349, instead of the 340 noted by the WHO. Huang Yanzhong, "The Politics of China's SARS Crisis," *Harvard Asia Quarterly* 7, no. 4 (Autumn 2003): 9.

<sup>79</sup> *Ibid.*, 11.

leaders of the Politburo Standing Committee (Table 3). At the time, Hu Jintao had no large popular following; few Chinese knew much about his political views, career, or private life. Hu’s lack of popular support made the Propaganda Department unwilling to subject his leadership to major challenges early in his term as president. At the time, one official in the Propaganda Department observed, “the state of the epidemic is not frightening, the media is frightening.”<sup>80</sup>

**Table 3:** Major SARS-Related Events<sup>81</sup>

Date	Description
Mid-November 2002	First SARS cases appeared in Foshan, Guangdong Province, during the meeting of the 16th Party Congress to select the new members of the Politburo Standing Committee.
January 27	A report on the unknown virus was sent to the Guangdong Province Health Bureau by a team of experts from the Ministry of Health.
February 11	Guangdong print media began to publish the first wave of reports on SARS in China.
Late February	Propaganda Department ordered a halt to the SARS coverage after media reports questioned the government’s handling of the epidemic.
Mid-March	Media black out on SARS continued during election of President Hu Jintao as president by the National People’s Congress. As a result, many people assumed the epidemic had run its course. The <i>21st Century World Herald</i> , the Guangdong newspaper with the most aggressive SARS reporting was shut down; Xiang Xi, editor-in-chief of the <i>Southern Weekend</i> , a newspaper that questioned the government handling of SARS, was removed from his post and replaced by Propaganda Department official Zhang Dongming.

(Continued)

<sup>80</sup> Huang Li, “SARS weiji yu dalu de chuanbo meiti” [SARS Crisis and the Mainland Broadcast Media], *Disanjie Xinsbijie yulunjiandu yanjiu huiyi xuanbian* [New Century Media Supervision Research Meeting Collected Volume, Third Session] (Zhongguo qingnian zhengzhi xueyuan, 2003), 177.

<sup>81</sup> Principal source for the chart is Yanzhong Huang, “The Politics of China’s SARS Crisis,” 9–16.

**Table 3:** (Continued)

Date	Description
March 15	The WHO issued first global warning about the threat of SARS.
April 2	The WHO recommended travelers postpone all non-essential travel to Guangdong because of the risk of contracting SARS.
April 3	Health Minister Zhang Wenkang held a press conference and announced that SARS had been “effectively controlled” in the China region. He said, “In China, it’s safe to work, live and travel!”
April 14	<i>Time</i> magazine exposé of hidden SARS cases in Beijing military hospitals fueled panic in the capital.
April 20	Health Minister Zhang Wenkang and Beijing Mayor Meng Xuenong were removed from their posts.
May 7	According to the <i>People’s Daily Overseas Edition</i> , 80 million people were mobilized to clean houses and streets in Guangdong Province.
May 8	Official media reported 120 officials had been dismissed or punished for lax handling of the epidemic.
June 2	Shanghai lifted 10-day quarantine on people from SARS-afflicted areas.
June 24	The WHO lifted advisory against travel to Beijing.
August 16	Last two SARS patients discharged from Beijing Ditan Hospital. China declared free of SARS cases.

As the number of SARS cases began to rise, on February 7, the Guangdong Party Committee’s Propaganda Department ordered the media to unify all content and statistics in the SARS coverage.<sup>82</sup> On February 8, cell phone text messages announcing the outbreak were circulated among thousands of Guangzhou users, and panic ensued as Guangzhou residents rushed to stores to stockpile groceries and medical supplies.<sup>83</sup> As evidence of party restrictions on the SARS

<sup>82</sup> Huang Li, “SARS Crisis and the Mainland Broadcast Media,” 177. Even news of the ban on unauthorized publication of information on SARS victims could not be printed.

<sup>83</sup> Lu Ye, “‘Feidian’ baodao: fansi yu qianzhan” [SARS Reports: Reflection and Prospects], unpublished manuscript received from the author, a television producer and professor of journalism at Fudan University, 2003.

reporting, the *Guangzhou Daily* ran an article with the headline “305 Cases of SARS Discovered in Guangdong.” However, the report did not discuss any details of the disease in Guangzhou.<sup>84</sup>

On February 11, the Guangzhou Municipal Government’s Health Department and the Guangdong Province Health Bureau held press conferences at which officials announced that Guangdong Province had 305 cases of SARS, of which 105 cases were medical personnel. According to government sources, SARS led to five deaths, none of which were medical personnel, a point stressed in many news reports. Guangzhou’s Health Department Director, Huang Jionglie, assured media at the press conference that, although the number of cases would continue to rise, SARS was under control. He said all victims were well cared for; for the majority, symptoms were under control, and a number of people had already been released from the hospital.<sup>85</sup>

In the days to follow, the Guangdong print media succeeded in publishing several controversial articles on SARS. Due to restrictions imposed by the Propaganda Department, journalists could not write about the rapid spread of the disease or interview those affected. They did, however, criticize governmental suppression of information (indirectly), and they reported on the public’s panicked response to the threat of SARS.<sup>86</sup>

On February 13, the *21st Century Economic Report*, a provincial weekly, wrote a comprehensive account of the spread of the disease in Guangdong Province since the discovery of the first case in late December. The article, “Everyone Mobilized to Fight Pneumonia,” provided an explanation of SARS symptoms and mentioned that scientists had not yet determined if it was viral or bacterial. The report mentioned that hospitals across the country had established emergency SARS treatment units. It noted that in Guangdong, medical

<sup>84</sup> Huang Li, “SARS Crisis and the Mainland Broadcast Media,” 177.

<sup>85</sup> Cai Yifei and Chen Jibao, “Kangji feiyan zong dongyuan” [Everyone Mobilized to Fight Pneumonia], *21st Century Economic Report*, 5.

<sup>86</sup> *Southern Metropolitan Post* ran two editorials indirectly criticizing state suppression of information on SARS and questioning the government’s position that the outbreak was under control.

staff had begun to wear quarantine uniforms and guards had been placed outside hospitals.<sup>87</sup>

On February 17, the *21st Century World Herald*, a weekly with a reputation for pushing the limits of party tolerance, printed a far more detailed account of the spread of the disease in a series of articles. The *Herald* documented the appearance of SARS in Guangzhou as early as late November, reported the public's frightened reaction to this unknown malady, and speculated about the political fall out of the crisis. Quoting Li Xiguang of Qinghua University, one article indicated that officials in Guangdong had suppressed information on the spread of SARS in Guangzhou out of fear that it would lead to widespread public concern, a decision that ultimately contributed to rising infections and rumors.<sup>88</sup> This was one of the articles to directly attribute responsibility for the spread of SARS to suppression of information by the Guangdong leadership and almost certainly contributed to the Provincial Propaganda Department's decision to shut down the *21st Century World Herald* without warning in March.<sup>89</sup> As if to distance itself from the hard line taken by the *Herald*, the *21st Century Economic Report* published an editorial on February 17 entitled, "Rumors Worse than Pneumonia, Stop Rumors to Save the Public," which argued that SARS in Guangdong was under control. But persistent rumors, due in part to the lack of timely information, were aggravating the situation.<sup>90</sup> The little freedom available to write about SARS in Guangdong Province ceased after reports by the *Nanfang Metropolitan Post* on February 19, "Dispute over the Origins of the Disease," and on March 6, "Guangdong Asks for International Assistance with SARS

<sup>87</sup> Cai Yifei and Chen Jibao, "Kangji feiyan zong dongyuan," 5.

<sup>88</sup> Duan Ninghong, "Feidianxingfeiyuan jubu liuxing Guangdong qingkuang huibao hehu jizhi" [The Relationship between the Spread of SARS and the System of Reporting in Guangdong], *21st Century World Herald*, 6.

<sup>89</sup> The "warning system" created in 2000 was not used prior to the closure of the *21st Century World Herald*. Interview 2004 — #16.

<sup>90</sup> "Rumors Worse than Pneumonia, Stop Rumors to Save the Public," editorial, *21st Century Economic Report*, 2.

and Seeks Experts to Join Research,” encountered severe party criticism.<sup>91</sup>

After initially publishing relatively “free” investigative reports, *Southern Weekend* was notably subdued during the latter stages of the SARS crisis. On February 13, *Southern Weekend* published an investigative piece, relying on identified sources in the national Center for Disease Control, that implied that local government agencies were responsible for the poor handling of the epidemic. A second story entitled, “Guangzhou Fights an Unknown Disease,” described the explosion in communication by text messages and Internet users as Guangzhou residents attempted to understand the epidemic and considered measures to prevent infection.<sup>92</sup> On February 20, the *Weekend* published another controversial piece about the question of whether information should be suppressed or openly discussed, citing the chaotic public reaction to SARS. The article concluded that suppression of information would be “counter-productive.”<sup>93</sup> However, the *Weekend’s* editors misjudged the limit of party tolerance.<sup>94</sup> In March, *Weekend’s* editor-in-chief, Xiang Xi, was demoted and put in charge of a monthly magazine.<sup>95</sup> Several journalists at *Weekend* subsequently protested by resigning or refusing to write articles. A senior cadre at the Guangdong Propaganda Department, Zhang Dongming, took control of the

<sup>91</sup> Lu Ye, “Weiji chuanbo: cong SARS baodao kan Zhongguo gonggong weisheng shijian yu jiankang chuanbo jizhi de chuishi” [Crisis Communication: Using SARS Reports to Examine the Failings of the PRC’s Public Sanitation Incidents and Health Institutions], *Disanjie Xinshijie yulunjiandu yanjiu huiyi xuanbian* [New Century Media Supervision Research Meeting Collected Volume, Third Session] (Zhongguo qingnian zhengzhi xueyuan, 2003), 175.

<sup>92</sup> Wu Zhenguang, “Zhongda tufa gonggong weisheng shijian ruhe chuli?” [How Should the Sudden Appearance of Major Health Issues by Handled?]; Chen Hai and Jiang Hua, “Guangzhou kangji buming bingdu” [Guangzhou Fights Unknown Disease], *Southern Weekend*, February 13, 2003.

<sup>93</sup> Yan Lieshan, “Xinxi gongkai guannian de yushe” [Preparing a Perspective on Information Transparency: Citizens’ Debate], *Southern Weekend*, February 20, 2003.

<sup>94</sup> Interview 2003 — #9.

<sup>95</sup> Interview 2003 — #11.

paper with the effect of temporarily muzzling the paper's trademark investigative journalism.

From early March to the first half of April, when the epidemic had already spread overseas, there were almost no reports on SARS by the Chinese media.<sup>96</sup> In March, the National People's Congress was scheduled to elect CCP General Secretary Hu Jintao to a five-year term as president, appoint Wen Jiabao as premier, and confirm Wen's selections for a reshuffled State Council.<sup>97</sup> A challenge to party legitimacy posed by a serious health crisis was threatening because the "fourth generation" of leaders due to take power in China lacked the experience of Jiang Zemin, the popularity of Zhu Rongji, or the revolutionary credentials of Deng Xiaoping. Coverage of SARS was so infrequent during the month of March that many journalists believed the epidemic had ended. The editor of *Cajing Magazine*, Hu Shuli, recalls remarking to a journalist from Guangdong: "This disaster was treated with greater openness and handled quite well." "How so?" the journalist replied, "Guangdong still has SARS. It's impossible to report on it." Hu Shuli concluded that this was one of the many clues that SARS required closer examination.<sup>98</sup>

On April 2, the World Health Organization recommended that travelers postpone all non-essential travel to Guangdong because of the risk of contracting SARS.<sup>99</sup> On the same day, CCTV broadcast an interview with Health Minister Zhang Wenkang in which he

<sup>96</sup> This point is demonstrated very convincingly by Shanghai University media scholar Dai Yuanguang, who charted the reports on SARS in late March and April for *People's Daily*, *Liberation Daily*, *Yangcheng Evening News* [*Yangcheng Wambao*], and *Yunnan Daily*. "New Century Media Supervision" Research Meeting Collected Volume, Third Session, 148–151.

<sup>97</sup> In 2003, the State Council included four vice premiers, five state councilors, and 26 ministers and heads of national commissions. "People in Power: China," *Janet Matthews Information Services*, November 30, 2003.

<sup>98</sup> Hu Shuli, "SARS Reports: Caijing's (News) Selection and Thoughts," notes from her lecture given at the China Youth Political Institute in Beijing, December 10, 2003.

<sup>99</sup> This was the first such advisory in the WHO's 55-year history. Keith Bradsher, "WHO Issues Travel Warning over Respiratory Disease," *New York Times*, April 2, 2003.

admitted in his first nationally televised address on the outbreak that China had 46 SARS fatalities and 1,190 SARS cases, 934 of which had already been released from care.<sup>100</sup> On April 3, Zhang held a press conference in Beijing to proclaim that SARS had been “effectively controlled” in the China region. “In China, it’s safe to work, live and travel!” he said. Zhang Wenkang noted the low number of SARS cases in Beijing (12 victims and three fatalities) and announced that the WHO had removed Beijing from the list of SARS stricken areas.<sup>101</sup> The confidence of the health minister was echoed several days later in Guangdong Province when provincial governor Huang Huahua told members of a WHO evaluation team that he had confidence that the “battle against SARS would be won.”

Since the outbreak of SARS, under the leadership of the Central Committee and the State Council, and with the great support of related ministries, the Guangdong Provincial Party Committee and the Provincial Government have resolutely guided and united the people of the province to take beneficial measures that have yielded excellent results in a short period of time. Now the spread of the disease has been effectively controlled. As of April 5, 82.2 percent of cases have left the hospital and the rate of new infections has decreased.<sup>102</sup>

By mid-March, SARS had spread to Hong Kong, Taiwan, Vietnam, Singapore, and soon thereafter to Canada and Switzerland. Quarantine measures were put in place in Hong Kong, Taiwan, Vietnam, and Singapore. In China, the absence of reliable news fueled a rumor mill that generated an environment of near hysteria. Lack of faith in official media reports prompted the public to turn to other sources of information. An opinion poll conducted by communications scholar Du Junfei revealed that the majority of residents

<sup>100</sup> Lou Yi, “Beijing ershi tian” [20 Days in Beijing], *Caijing Magazine*, April 20, 2003, 43.

<sup>101</sup> Lu Ye, “SARS Reports: Reflection and Prospects,” 2.

<sup>102</sup> Duan Gongwei and Zeng Xi, “Guangdong you xinxin zhansheng feidianxing feiyuan” [Guangdong Has Confidence To Beat SARS], *Southern Daily*, April 8, 2003; see also Joseph Kahn, “Chinese Official Says Disease Is Controlled in City of Origin,” *New York Times*, April 8, 2003.

in five Chinese cities relied upon “word of mouth” for information about SARS. In Beijing, this percentage was the highest: 64.2 percent. The second most important source of information was telephone conversations, followed by the Internet.<sup>103</sup>

For a tiny majority, information on the spread of the disease came through foreign news reports and websites available only to the Chinese capable of reading foreign languages. One frequently updated source was the WHO website. The data available on the website, while later recognized to be unreliable, informed editors at *Caijing Magazine* that the number of SARS cases had continued to rise in Guangdong and that government-sponsored explanations concerning the nature of the illness differed from those of international scientists. The discrepancies between the information released by the WHO and the low profile and incomplete reports in the local Chinese media prompted the *Caijing* editors to decide that the truth about the spread of SARS “could not and should not be concealed.”<sup>104</sup>

In early April, 72-year-old physician Jiang Yanyong, who worked in the 301 People’s Liberation Army Hospital in Beijing, sent an email to CCTV and Hong Kong’s Phoenix Television suggesting that the true number of SARS patients in Beijing had been suppressed.<sup>105</sup> Neither television station investigated Jiang’s claims. However, *Time* magazine published an interview with Jiang Yanyong, including his account that SARS cases were being concealed in Beijing.<sup>106</sup> Although *Time* was not distributed in China

<sup>103</sup> The ranking for the importance of telephone conversations and the Internet is based on survey results in four out of the five cities measured. Du Junfei, “*New Century Media Supervision*” *Research Meeting Collected Volume, Third Session*, 186.

<sup>104</sup> *Caijing* editor Hu Shuli said that friends expressed concern at the time about her decision to assign in-depth reporting on SARS because few media were reporting on it in the comprehensive manner of the Guangdong media in mid-February. Xinhua had also not issued an internal report offering “guidance” on how to proceed with reporting on the subject. Hu Shuli, “SARS Reports: *Caijing*’s (News) Selection and Thoughts.”

<sup>105</sup> Lu Ye, “SARS Reports: Reflection and Prospects,” 2.

<sup>106</sup> Hanna Beech, “Unmasking a Crisis,” *Time*, April 14, 2003.

due to the state's dissatisfaction with the previous content, versions of the article were emailed back to China and it was widely read among intellectuals.<sup>107</sup> The editor of the earliest Chinese media to resume comprehensive SARS reporting, Hu Shuli of *Caijing Magazine*, noted that she subsequently decided to prepare the critical report "Beijing Case" for publication on April 20.<sup>108</sup> That edition of *Caijing* featured 18 pages of articles and a commentary on the SARS epidemic in what proved to be a journalistic *tour de force*, revealing the spread of SARS internationally and considering the negative economic effects of the epidemic.<sup>109</sup> *Caijing* could not include an interview with Jiang Yanyong because he had "been instructed" not to grant interviews.<sup>110</sup> On the same day, *Caijing's* in-depth reports appeared, the CCP Central Committee announced via a short Xinhua news report that Health Minister Zhang Wenkang and Beijing Mayor Meng Xuenong had been relieved of their official duties.<sup>111</sup>

<sup>107</sup> Chinese media professionals were very quickly discussing the article, the effect of which was mentioned in numerous Chinese studies on communications during the SARS crisis.

<sup>108</sup> Hu Shuli, "SARS Reports: *Caijing's* (News) Selection and Thoughts."

<sup>109</sup> Zhu Xiaochao and Cao Haili, "Weixian laizi hefang?" [Where Is the Danger Coming From?], 34–42 and Ye Weiqiang et al., "Touzi yinhang de yuce yu caice" [The Estimates and Guesses of Investment Banks], 54–57, *Caijing Magazine*, April, 20, 2003.

<sup>110</sup> Ibid.

<sup>111</sup> "Zhonggong zhongyang tiaozheng weisheng bu he Beijingshi zhuyao fuzeren" [Party Central Adjusts Health Ministry and Major Leaders in Beijing], Xinhua News wire as published in *China Youth Daily* [*Zhongguo qingnianbao*], April 21, 2003, 1. Health Minister Zhang Wenkang and the mayor of Beijing, Meng Xuenong, were soon appointed to other important posts, an indication that their removals were a response to public pressure rather than represented party censure for dereliction of duty. Zhang Wenkang was named to head the Song Qingling Association, a charitable organization of considerable prestige. Meng Xuenong, who had only been in office about a month prior to his removal, was transferred to a position running the North-South Water Diversion Project — an influential post. I am grateful to comments from Associated Press Shanghai correspondent Christopher Bodeen for pointing this out.

## The Government Response to the Crisis

On April 21, a Xinhua article published in the *China Youth Daily* presented an account of a press conference held by Vice Health Minister Gao Qiang, who said that the number of SARS cases in China had risen to 1,807, including 339 cases in Beijing, 108 in Shanxi, 25 in Inner Mongolia, 12 in Guangxi, six in Hunan, five in Sichuan, three in Fujian, two in Shanghai, two in Henan, and one in Ningxia. Gao Qiang reported 79 SARS-related deaths and advised citizens not to travel during the week-long holiday beginning May 1. In a response to a question by a CNN journalist, Gao Qiang attributed the inaccuracies of the previous reporting of SARS cases in Beijing to the decentralized nature of China's medical system.<sup>112</sup> The CCP had begun to admit the gravity of the situation. To mollify the domestic and international public opinion, Gao Qiang took a number of questions from the international media; his answers were published by Xinhua in the question-and-answer format.

For the Chinese news media, the sacking of Zhang and Meng and the health ministry's admission of the presence of hundreds of additional SARS cases in Beijing signaled the government's intention to handle the epidemic with greater transparency.<sup>113</sup> After April 20, hundreds of reports emerged on various aspects of the SARS epidemic. Yet in spite of the relative openness, *Caijing Magazine* reporters complained of the extreme difficulty in gaining access to the doctors who were treating SARS patients or hospital records. Similar sentiment was echoed by Zhang Jie, producer of *News Probe*, which broadcast the first images from inside Beijing hospitals. The program's footage was filmed by a resourceful team of journalists using a concealed camera. After the *News Probe* report was aired, Zhang Jie was told by the Propaganda Department officials, "One such report is enough. No other television program will be allowed to broadcast this kind

<sup>112</sup> "Weile kongzhi yiqing, hua duoshao qian ye zai suobuxi" [In Order to Control the Epidemic, the Amount of Money Spent Does Not Matter], Xinhua News wire as published in *China Youth Daily*, April 21, 2003, 2.

<sup>113</sup> Ibid.

of material.”<sup>114</sup> Nearly one month after other countries had implemented quarantines on SARS patients, Beijing publicly announced quarantine policies.

The SARS epidemic, which affected at least 25 provinces and cities in China, represented a tremendous challenge for journalists seeking to “get the story out” for the good of the society, and for profit-maximizing media managers to boost sales. However, the gravity of the epidemic and the insecurity of the CCP’s new leadership placed tremendous pressure on the media not to report freely. In February, the news media’s strategy was to test the water with initial coverage on the epidemic. However, the communist party pressure forced the media to retreat, while rumors of the epidemic worsened. In March and early April, information found its way to China’s elite via the Internet, international organizations, and the foreign media, creating pressure for greater transparency in the government’s handling of the epidemic and renewed reporting by the Chinese media. The floodgate for reporting in China opened after the announcement of the resignation of the health minister and the mayor of Beijing.

The media had been waiting for a political cue that greater openness was possible without the risk of repression. Once the SARS reportage entered the mainstream, the risk for sensational, even critical, reporting on the epidemic was reduced considerably. By late April and early May, news coverage of SARS once again took on the tone of party propaganda, imploring the country to support medical personnel, take care of SARS orphans, and join together in the fight against SARS. The tone of these reports was not unlike that of the enthusiasm generated during Mao-era political campaigns.<sup>115</sup>

<sup>114</sup> Interview with Zhang Jie, Producer, *News Probe*, February 2004.

<sup>115</sup> See, for example, “Rang women shouqianshou jianqi kangji ‘feidian’ de qingchun changcheng” [Let’s Join Hands to Create a Great Wall of Spring to Fight ‘SARS’], *China Youth Daily* [*Zhongguo qingnian bao*], April 25, 2003, 1; Wang Pan, “‘Feidian’ jianmiezhhan, women gai xiang shei zhijing,” (“Who We Should Salute in the War to Annihilate SARS”), and Qu Yujie, “Jianyi wei ‘feidian’ sizhe jiangbanqi,” [Recommendation that the Flag Should Be Lowered Halfway in Honor of SARS Dead], *China Youth Daily*, April 25, 2003, 7.

## Case Summary

The appearance of SARS represented an unanticipated crisis for the CCP at a very delicate political moment. Nevertheless, the Chinese media's handling of the SARS epidemic revealed the effectiveness of the CCP's mechanisms for suppressing information. The Chinese media issued few accurate reports or reports critical of the government handling of the SARS crisis. It engaged in little investigative journalism until it received a political cue in the form of the resignations of two high-ranking officials that SARS reporting might not have dangerous repercussions. Most reports parroted the party line that SARS was under control.

The lack of free reporting should be seen as indicative of the considerable extent to which China's ruling party determines when and what type of information can be released to the public through the commercial news media. Further, the public's reliance on word of mouth and telephone communication illustrated the media's failure to provide trusted information. Yet, brave exceptions that provided excellent news coverage should be noted. News organizations such as *Southern Metropolitan Daily*, *Southern Weekend*, *21st Century World Herald*, *China Youth Daily*, *Caijing Magazine*, and *News Probe* weighed the risk of writing reports critical of the state against the benefits and decided to proceed to the extent possible. These media set examples for other media to emulate in the future and demonstrated the difficulty that a post-totalitarian state faces in forcing the commercial media to issue propaganda in the face of public pressure for real news.

Unfortunately, state repression severely affected four of these organizations. Some repression occurred during the SARS crisis and other moves to strengthen party control occurred subsequently. The *21st Century World Economic Herald* was closed down in March after publishing the most critical SARS news as well as articles related to democratization in China and Taiwan. *Southern Weekend* was forced to withdraw an edition already sent to publishers for the last minute revision,<sup>116</sup> and Editor-in-Chief Xiang Xi was removed

<sup>116</sup> See various reports in *Yazhou zhoukan* [*Asia Weekly*], April 28 and May 4, 2003.

from his post, demoralizing many of the paper's journalists with reputations for courageous journalism.<sup>117</sup> The *Southern Metropolitan Post* got its "payback" the following year with the arrests of senior managers and the editor-in-chief on corruption charges, which was related to the paper's aggressive SARS coverage as well as articles published on the murder of Sun Zhigang during the SARS media blackout.<sup>118</sup> The editor-in-chief at the *China Youth Daily*, which published editorials highly critical of the state after April 20, was removed in late 2004.<sup>119</sup> His successor subsequently attempted to create a system of bonuses that would provide incentive for journalists to engage in outright flattery of central party leaders and self-censorship.<sup>120</sup>

*Caijing Magazine* strategically timed its in-depth coverage of SARS to coincide with official announcements of the removal of Zhang Wenkang and Meng Xuenong, a decision that reduced the risk of reprimand. It is also to *Caijing's* advantage that the magazine has a relatively small circulation of 80,000 to 100,000,<sup>121</sup> compared to the much higher circulations of *Southern Weekend* and the *Southern Metropolitan Post*.<sup>122</sup> Newspapers with high circulations are read by

<sup>117</sup> Interview 2003 — #7, #10, #11.

<sup>118</sup> For extensive analysis on the *Southern Metropolitan Post* coverage of the Sun Zhigang case, see Benjamin Liebman, "Watchdog or Demagogue? The Media in the Chinese Legal System," *Columbia Law Review* 105, no. 1 (January 2005): 45.

<sup>119</sup> While many media professionals have expressed admiration for editorials published by *China Youth Daily* on the SARS epidemic, it is unclear if the paper's SARS reporting was responsible for the change of its top management, or whether the appointment of Li Erliang as editor-in-chief reflected a general tightening of state control over the media under the leadership of President Hu Jintao. The management at *News Probe* has not changed. However, the freedom of *News Probe* reporters has visibly decreased since 2004. According to one *News Probe* staffer, the program is now "experiencing its winter."

<sup>120</sup> Kristine Kwok, "Freedom Row at China Youth Daily," *South China Morning Post*, August 16, 2005.

<sup>121</sup> Interview 2003 — #9.

<sup>122</sup> The circulation at *Southern Weekend* is between 700,000 and 800,000. Interview 2003 — #7. Circulation at *Southern Metropolitan Post* is over one million. See "2002nian bufen dushilei baozhi zhuyao jingji zhibiao" [2002 Major Economic Statistics for Metro Papers], *Chuanmei [Communications Magazine]*, October 2003, 30.

more people and have a greater effect in the formation of public opinion. Thus, newspapers' or magazines' high circulations are potentially more threatening to party legitimacy, because they influence the views of more readers.<sup>123</sup>

Much of the news coverage of SARS in major publications consisted of Xinhua wire reports. Benjamin Liebman quoted a journalist in Beijing saying that 50 percent of his local paper's SARS coverage relied on Xinhua news.<sup>124</sup> This indicates two dynamics at work. First, by mandating that newspapers use Xinhua news stories, the party can standardize and control news content. Second, the inability of newspapers to write their own coverage reduces the effect of competition for the simple reason that media have no incentive to differentiate content from competitors to win consumers. For media such as *Caijing* that succeeded in reporting on SARS more freely without encountering repression, the effects of globalization were empowering. Foreign media reports and access to online information were clearly crucial for Chinese journalists seeking the opportunity, if not the excuse, to issue accurate reports. (In other words, if the information is on the WHO website and in news reports outside China, why can't I write about it?) In this sense, global information flows placed arrows in the quivers, so to speak, of the Chinese journalists seeking to report the truth.

In the case of the SARS coverage, media that misjudged the limits of party tolerance paid a price, and the frequent use of the Xinhua coverage reduced the opportunities for journalists to write innovative reports. However, in the case of SARS reporting, free and professionalized reporting appeared, indicating that party control over news content was considerable but not complete.

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<sup>123</sup> With its broad reach, television news coverage is the most potentially delegitimizing news source. CCTV reaches nearly 95 percent of the Chinese population or 1.3 billion people. See *Zhongguo guangbo nianjian* [*China Broadcast Yearbook*], 2004, 504–507. Not surprisingly, television is the most tightly controlled of all Chinese media.

<sup>124</sup> Benjamin Liebman, "Watchdog or Demagogue?" 45.

## **CONCLUSION**

In the 1980s, decentralization and commercialization of the media industry in the 1980s gave rise to “slippery rocks” as the CCP leadership negotiated its way across the “river” of reform. Following Deng’s Southern Tour, subsequent innovations in the media industry made the process of commercialization serve state interests for media control, at the level of both media organizations and individual journalists. In addition, centralization strategies similar to those applied to the reform of China’s stock markets, the People’s Bank of China, and other sectors of the economy reduced the power of the local state and increased that of the center through the creation of print and broadcast media groups. As the analysis of the SARS case demonstrated, when forced to choose between serving the interests of state and society, the commercial media chose the former even though it depended upon the latter for revenue. This was in large measure due to the party’s introduction of market incentives that supplemented the threat of coercion, which by itself had proven ineffective.