

# Skimming cream off the Chinese market: Transnational capital and tensions in Chinese communication

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China's accession to the World Trade Organization (WTO) has significantly accelerated the country's integration with global capitalism through its rapidly expanding communication industries. On the one hand, transnational communication firms, as a key component of their globalisation strategies, are extending the scope and depth of their penetration into the Chinese market, both through and beyond the formal provisions of China's WTO accession agreements. On the other hand, domestic Chinese players, from Party officials to private entrepreneurs, are using WTO accession as both material and symbolic opportunities to pursue their respective agendas of re-structuring Chinese communication industries. The resulting tensions between national and class interests, between the imperatives of capital accumulation and the communicative needs of an increasingly fractured society, and, between horizontal and vertical communications among different social groups in a globalising context, are profound and potentially explosive.

What defines communication development in reform period China are the commercialisation of communication and cultural provisions, and the creation of communication markets under political authoritarianism. The apparently national-centric reorganization of the Chinese communication system along the market logic since the early 1980s is an integral part of the global restructuring of communication systems under the neoliberal logic of capitalist development, and the formation of a truly global communication system (Zhao & Schiller, 2001). While WTO entry is certainly a key landmark, the Chinese communication system became an integral part of the global capitalist communication system at the very beginning of the reform process: from the first television advertisement promoting a Swiss watch in 1979 to the decision in the early 1980s to prioritise telecommunication network development in coastal China, coordinating transnational capital's shift toward flexible accumulation by making use of cheap labour in China. Though the fact that foreign capital can now expand the scope of its operations through China's WTO accession agreement is certainly highly significant, as far as the social character of the Chinese communication system is concerned, the most significant transformation is its commercialisation and its transformation into a platform of capital accumulation per se – regardless of the national origins of capital.

The re-organization of the Chinese communication system under market logic in the context of political authoritarianism and global integration has had profound implications for popular expression in China. Although access to various means of communication has improved dramatically across the country, the dominant positions in the Chinese communication system have been assumed by transnational businesses, domestic political and economic elites, and urban-based middle class – who are the most favoured customers of transnational and domestic advertisers. In the mass media, the voices of China's popular classes are systematically

repressed, marginalized, and contained through the double mechanisms of political control and economic marginalisation.

This neo-authoritarian market ideological hegemony is evident in a wide range of media discourses throughout the system – from elite print media coverage of the US-China WTO accession agreement to the politics of investigative reporting at CCTV and tabloid discourses on the rich, laid off workers, rural migrants, and criminals (Zhao, 2000; 2002; 2003). As the rising business and urban middle strata are increasingly using the media to articulate their interests and shape state policies toward their preferred ends, the rally cries of tens of thousands of Chinese workers and farmers in their struggles for economic and social justices have simply fallen on deaf ears in the Chinese symbolic space. Regional and urban-rural disparities in terms of media consumption and access to information are staggering.

#### Skimming cream off profitable market niches

Instead of opening up spaces for popular communication in China, cream-skimming the most profitable niches of the Chinese communication market has been the dominant mode of foreign integration in various Chinese communication sectors. The first US-China business joint venture was established in 1980 in the most tightly protected print media sector, in the area of information technology publication by the International Data Group (IDG). As the post-Mao leadership made information technology the key sector in its development strategy, IDG's China Computerworld, by bringing in the most update information and championing the ideology of globalisation through information technologies, fit in perfectly with the informational needs of a Chinese technocratic elite gearing up to transform the domestic economy and integrate it with the rising global digital capitalism, while providing a timely and effective advertising venue for multinational information technology companies eager to break into the Chinese market.

If IDG information technology publication empire, encompassing 22 titles by 2002, has helped to create an information economy based Chinese middle class, other transnational media corporations have quickly followed up by serving this class with consumer advertising and lifestyle tips aiming to enfranchise them as the Chinese segment of the 'transnational capitalist class' (Sklair, 2001). Since the late 1980s, Chinese versions of transnational consumer and lifestyle magazines, including Elle, Cosmopolitan, Esquire, Harper's Bazaar, Good Housekeeping, Auto Fan, Golf and many other titles, have competed ruthlessly for transnational consumer advertising and the affluent urban middle class market. Rather than being deprived by a tightly controlled domestic publications regime, China's consuming elites are served with the best of all possible worlds through the magazine industry's flexible advertising and copyright cooperation with transnational publishers.

The resulting Chinese consumer and lifestyle magazine market is truly transnational and transcultural, constituting a transnational consumer culture embellished with various national tastes. As these magazines help the Chinese consumer elite to globalise in their lifestyles and to connect up with their counterparts in Paris, New York, and Tokyo, they also teach them to view China through the transnational consumer gaze and to construct new discursive relationships with fellow Chinese citizens. Business, financial, and current affairs publications are currently the new

frontiers for transnational entry.

In broadcasting, Phoenix TV, a Hong Kong-based satellite television joint venture between Murdoch's Star TV and Liu Changle, a Singaporean Chinese businessman with close connections with the Chinese state, has been a primary source of information and entertainment for elite Chinese audience since 1997. The Phoenix audience, according to a 1998 survey, claimed to reach 44.98 million households in China, or 15.9% of total Chinese television households by the late 1990s, is no ordinary audience. Though state regulations prohibit the reception of foreign satellite television by private households, the transnational and domestic Chinese elite – including those living in luxury hotels, apartment complexes, and exclusive residential compounds connected to government departments, media, academic, and financial institutions through internal cable systems, have never been constrained by such regulations. Not surprisingly, compared with the average Chinese viewer, the Phoenix audience is made up of people of 'three highs and one low'– high official rank, high income, high education level, and low age. By early 2003, the Chinese state had made available as many as 30 overseas and Hong Kong-based specialty satellite television channels, including CNN, BBC World Service, HBO, CNBC Asian Pacific, Bloomberg Asian Pacific, ESPN, Discovery, for the globally connected political, economic, and cultural elites in China.

Needless to say, the scope of penetration by transnational capital in the Chinese telecommunications service sector is much broader than the media sector. Today, the mobile phone has become one of the most fetishised commodity in China, as well as the most lucrative source of capital accumulation for domestic and transnational capital, from equipment makers to stock investors with shares in China's partially privatised telephone carriers. The new sites of foreign investment are private line circuits and broadband services for transnational corporate users. For example, AT&T, has set up a joint-venture to provide broadband services to transnational corporations based in Shanghai's Pudong district. News Corporation has invested in China's broadband and Internet services market through China Netcom and various websites. AOL/Time Warner has allied itself with Chinese computer maker Legend in an attempt to enter the Chinese Internet service market. With the burst of the global telecommunications bubble, it is unlikely that foreign capital will pour into the Chinese telecommunication service market in big volumes soon. Even if they do so, the pattern is already clear: they are serving transnational business users and high-end domestic Chinese users.

In short, although the political and business risks are high, profitability has by no means ensured, and, as Colin Sparks has noted in his article for this issue, the overall scope of transnational media operation in China is still rather limited, transnational corporations have managed to penetrate the Chinese communication system in a variety of ways with and without the WTO entry, through joint venture investments, equity investments, copyright, brand, and program importations, co-production agreements, and direct access to the Chinese market through satellite reception and cable landing. Although China's WTO accession does not involve the opening up of direct foreign investment and access to the editorial process in the Chinese media, considerable concessions were made in the telecommunications and audio-visual sectors.

Given the fact that the de facto opening of the Chinese communications market already exceeds

the parameters of the WTO accession agreement, it is likely that both transnational media corporations and domestic Chinese players will continue to pursue further forms and areas of integration beyond the letters of agreement. Increased foreign stakes and control in the financing and distributing ends of the Chinese media system – from advertising management to print media distribution, audio-visual products retailing, cinema exhibition, and book readership clubs, will have a profound structural impact on the editorial orientations of the Chinese media.

#### Tensions in Chinese communication in a globalising and fractured society

The resulting uneven patterns of access to communicative power and cultural resources, and therefore, life opportunities, in an increasingly fractured Chinese society are staggering. Today, upwardly mobile young urban Chinese women, a much sought after audience group by domestic and transnational advertisers, espoused dreams of 'working in big American corporations in China and shopping at French specialty stores' (China News Agency, March 8, 2003). Meanwhile, tens of millions of rural women, often separated from their beloved ones travelling to the cities in search of work, are left to look after the young, the old, the livestock, and the crops in depressed rural villages. Though the lucky ones among them may receive an occasional phone call from a family member, their cries for help are lost in a cacophony of one-way modern mass communication that seldom addresses their immediate needs and concerns.

This population group, one of the most vulnerable in China, has been in such a desperate situation that they have found death as the only means of communication – the suicide rate among rural Chinese women is among the highest of all population groups in the world. Increased horizontal linkages between domestic and transnational elites have not been paralleled by communication channels between China's elite and its own marginalised masses, let alone circuits linking various disenfranchised groups with one another (Zhao and Schiller, 2001: 150).

By joining the WTO, the reformed post-revolutionary Chinese communist state, like other post-colonial states, found 'for the "nation" a place in the global order of capital, while striving to keep the contradictions between capital and people in perpetual suspension' (Chatterjee, 1986: 168). The capitalistic turn of the Chinese Revolution, which built upon popular anti-capitalistic and anti-imperialist social movements and promised to turn the world upside down for social groups disenfranchised from China's integration with global capitalism in the 19th and early 20th century, have inevitably intensified the pre-existing inequalities in pre-reform Chinese society and engendered new forms of social division, corruption, and contestation (Perry, 1999). There is no guarantee that today's Chinese hegemonic bloc of domestic and transnational capitalists, globalising Chinese bureaucrats, and the cell phone carrying Chinese urban middle class will be able to maintain social peace in a globalised world. The Chinese integrationist forces' romancing of the WTO and their rhetorical appeal to and real trust in the global 'rules of the game' notwithstanding, the US is ripping up the global rulebook page by page in front of the world population.

Although the Chinese state is trying very hard not to offend the US and is eliminating every opportunity for the articulation of domestic resentments with anti-imperialist sentiments on global issues, contingencies and contradictions in the global political economy will have profound

implications for China's global integration process and its evolving communication systems. On the one hand, as Dan Schiller argues in his contribution to this issue, China's potential inability to absorb its rapidly expanding domestic productive capacities may further destabilize transnational capitalism by aggravating an already critical condition of overcapacity. On the other hand, the Chinese economy's increasing claims on scarce global resources, especially the Chinese middle class's increasingly reliance on imported oil to fuel their lifestyles, may put China on a collusion course with the U.S. Although the anti-imperialist project has been irreversibly discredited among China's ruling political, economic, and intellectual forces, the nation state will remain a key site of inter-capitalist political economic contestation. Taiwanese and ethnic minority nationalisms aside, mainland Chinese nationalism remains a double-edged ideological force for the Chinese state.

Though the Chinese Communist Party now legitimates itself by legitimising capital, its anti-imperialist legacy continues to haunt it and its contemporary position in the global political economy leaves it with no choice but to embrace anti-imperialist stand vis-à-vis the US on the one hand, while trying to forge head with its integrationist project on the other. Ideological struggles between nationalistic and integrationist, leftist and right forces are fierce on various Chinese websites, the freest corners of the Chinese symbolic universe. As the New York Times has come to realize in a March 30, 2003 editorial, 'If a free, uncensored press ever arrived in the Arab world, many Americans will be shocked by what it says,' the same may also be said about the Chinese media.

Inside China, the discrediting of the Maoist discourse on social justice and equality among the ruling elites does not mean that the disenfranchised social classes will give up their struggles to improve their lot. Nor can the Communist Party, despite its embracing of capitalists, denounce its socialist legacy and abandon the socialist commitments to the low social classes at will. Apart from popular challenges from below, bureaucratic conflicts and the absence of a relatively open system of intra elite bargaining and lobby – in some form of constitutional governance – continue to threaten the current political economic order, including the stability of the communication system and its accumulation process. Although the much-anticipated 16th Party Congress managed to overcome substantial leftist resistance and redefined the Party as a nationalistic party of all social classes, elite power struggle remains acute and the fragile balance of power among different factions of the ruling elite makes it very difficult for any substantial move toward political liberalization. Jiang Zemin's refusal to transfer the command of military power to the new generation of leaders not only underscores the unfinished nature of elite power struggles, but also highlights the crucial role of the military in the Chinese reform process.

Political uncertainties aside, the Chinese communication industries themselves are suffering from declined advertising revenues resulting from the deflationary pressures of the overall Chinese economy and the uncertainties and bureaucratic conflicts associated with massive state mandated industry restructuring. Uneven development has not only acutely exposed the limits of consumerism as an integrative economic and cultural force, but also may provide a fertile ground for 'an arrogant overconfidence in the overprivileged and sometimes violent and sometimes fatalistic reactions in the underprivileged' (Skair, 2001: 29). Though the Chinese state has attempted to correct market failures and alleviate uneven development by resorting to massive debt spending, and in the communications industries, by injecting state funds to increase the population coverage of broadcast and telecommunication services in remote rural villages and ethnic minority areas, these programmes, with their statist and nationalistic objectives, are unlikely to readdress existing patterns of substantive inequality, not to mention facilitating bottom-

up communication.

The perils of uneven development, of course, are not limited to potential political and cultural crises. Nor can these dangers be contained within Chinese borders, as the global epidemic of Severe Acute Respiratory Syndrome (SARS) has painfully demonstrated. Already, in the eye of Canadian journalist Jan Wong, a globalised and globalising China had 'failed the world' for covering up an epidemic bred out of its dangerous soils (April 5, 2003). The prospects for foreign-invested media outlets that will report vigorously on local Chinese conditions remain remote, if ever, not only because the Chinese state is unlikely to let this happen soon, but also because such operations may not make the best business sense for transnational media corporations. In short, the inability of China's semi-integrated communication industries to meet the diverse communication and cultural needs of a fractured Chinese society and a fragile global system appears self-evident as the political economic, cultural, and ecological contradictions of China's integration with global capitalism deepen.

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