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Med. Cult. Soc. 2007; 29; 772
DOI: 10.1177/0163443707080536

The online version of this article can be found at:
http://mcs.sagepub.com/cgi/content/abstract/29/5/772
Internet and self-regulation in China: the cultural logic of controlled commodification

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China’s internet development, as the world’s fastest growing online population, has been built around the broader socialist-market economy principles of political control and global economic progress. In signing the World Trade Organization (WTO) agreement in November 2001, China opened its doors to foreign investment by providing assurances that its domestic economic structure would achieve more transparency, or what economists refer to as openness of, and access to, information (Stiglitz, 2003: x). However, this new environment has posed an ideological problem for the Chinese government as it proactively develops its digital infrastructure. While the government desperately wants an open, modern and efficient economy, including a state-of-the-art telecommunications and information infrastructure to facilitate the new digital economy, it also wants to control the flow of information, including news and public opinion, and especially citizen dissent (Wired, 2002).

To protect its political integrity and maintain appropriate levels of social cohesion, Chinese authorities have engaged with new media technologies in differing ways to guide China’s media modernization, diversification and commercialization within frameworks of subtler control modalities (see Kalathil and Boas, 2001; Weber and Lu, 2004, 2006). China’s strategies of overt control, such as censorship, increased monitoring and limiting access to the internet, are widely documented. Less well known are the solutions that are less draconian, but potentially more effective. One example of these strategies was the implementation of the 2002 ‘Public Pledge on Self-discipline for China’s Internet Industry’ as a subtle way to reinforce control modalities over new media technologies.

This article uses an instrumental case study approach to examine the implementation of self-regulation in China’s internet infrastructure as an
embedded mechanism to balance the commercialization and commodification of the media, using subtler control modalities within the converging areas of online and mobile gaming. Within these processes of controlled commodification, trust-building forms a key strategy for control as the government searches for more effective though subtler ways to use cultural leadership to maintain the current political structure and social cohesion while benefiting from global economic integration. Accordingly, the study reveals the cultural logic or hegemonic norm that drives the processes of controlled commodification and provides a deeper understanding of the new bottom-up business model for media management in China’s transition to a socialist-market economy.

Globalization, the state and China’s internet development

Decline or weakening of authoritarian state control has been a central theme in the debate over the economic, political and social consequences of globalization (see Giddens, 1999; Graham, 1999; Hannerz, 1996; Kluver and Weber, 2003; Long, 1996; Stiglitz, 2003; Weber, 2003). Central to this debate is the relationship between the corresponding rise of transnationalism and profound denationalization in developing countries, particularly in the East Asian region, including China. Discussions over the relationship between the state and the era of globalization usually presumes the following forces: transnational capital flows and internationalized markets; growing information economy; growth in number and scale of transnational corporations; recognition of shared global risk; and treaties and trade agreements that make national borders increasingly porous and thus less relevant (Goldman et al., 2003).

This perception of globalization as an overwhelming force that pushes alternate (read non-Western) ideas and practices to the periphery is one perpetuated and sustained through global communication and information networks and the discourse of free trade (Graham, 1999; Stiglitz, 2003). However, Giddens (1999) argues that, over time, the notion of globalization has become very much a contested construct that impinges upon and is in turn impinged upon by individual actors and social groups. Accordingly, Hannerz (1996) suggests that the resulting multiplicity of outcomes within this dynamic process is appropriated and contested at the local level by government, business and individuals. This means that ‘globalization, in its many and varied forms, is accompanied by vast social, political, and cultural implications surrounding this dynamic and negotiated transformation’ (Kluver and Weber, 2003: 373). Emerging from this process of negotiation is the simultaneous globalizing and de-globalizing of localities. According to Long (1996), the meaning of globalization is reconciled primarily through localized sets of meanings and practices. Thus, the negotiation of ideologically generated symbols (i.e. global and local), transmitted through information and communication technology
(ICTs), become critical to understandings of globalization at the local level (Kluver and Weber, 2003).

Localized responses to the challenges of globalization have been many and varied as governments negotiate the positive aspects of global economic integration and the potentially destabilizing impact on political processes and social stability. In turn, governments have become extremely adept at reaffirming themselves as central agencies in a new economic regime, rendering earlier predictions that authoritarian states would wither under the sustained pressure of global economic change far less certain. This reaffirmation by governments, particularly in relation to business and commerce, is seen as a necessary way to protect the integrity of traditional political and social structures while securing the most favorable position possible in a competitive global economic landscape (Weber, 2003).

One of the key factors in the Chinese state sustaining its influence and control within a socialist-market economic structure is the re-positioning of the state-run media as a more effective and responsive contributor to economic development through a process of strategic commercialization. Under China’s economic reform, based on the rubric of ‘Socialism with Chinese Characteristics’, the government has shifted its thinking on the media from seeing it solely as a propaganda tool to harnessing its commercial potential to deliver (sell) audiences (consumers) to advertisers. Accordingly, Chinese media organizations, often in collaboration with global media companies, produce or import cultural commodities (content) – whether television programs, movies, online games or mobile telephone content – that is calculated to ensure maximum returns on capital investment and expenditure by meeting the needs of an emerging consumer-oriented audience. Such cultural commodities are stamped with the ‘sameness’ for interchangeability across media platforms, which increases profitability within a controlled, media market (Weber and Lu, 2004; Wong, 2001).

This focus on commercialization of the media reflects how China is transforming its broader cultural industries (inclusive of the media) through the process of commodification. Typically, commodification refers to those processes through which social relations are reduced to an exchange relation (Goldman et al., 2003). However, any discussion of commodification today extends to the cultural economy as it is transformed into a commodity that enhances specific social relations. In the context of new softer authoritarian structures, Wong (2001) suggests that the state continues to exert the most influence over the media in quasi-market economies. In fact, the success of commodification of culture in China is seen by the government as a way of magnifying the types of positive social relations that are not only beneficial but essential for nation-building (guoji jianshe), or the bringing together of peoples by adopting common values and practices (Weber and Lu, 2004; see also Weber, 2003). This process of using the media to reinforce the uniqueness of Chinese values and practices illustrates how the government is challenging the
negative aspects of the discourse of globalization upon local political and social structures. Weber (2003) argues that, by supporting a value system that continually evokes the uniqueness of the Chinese race, Confucianism and socialist values, domestic media groups reinforce the notion of an ‘imagined Chinese community’, linked economically to, but separated politically and culturally from, the global world.

Such attempts to reconcile modernity with traditional culture and values limit the influence of western culture upon Chinese society. Thus, as China’s civilization is strengthened through cultural flows between culturally sensitive media groups … modern Chinese culture potentially becomes a formidable force at the local level. As differing groups create closer relationships around the government’s discursive constructions of a modern Chinese value system, this localized ‘imagined world’ becomes more powerful. (Weber, 2003: 288)

Giddens (1999) argues that, if such imaginings of abstract systems of social relations are to be effective, ‘re-embedding mechanisms’ are critical to their success. In referring to such mechanisms, Giddens (1999: 80) focuses on the processes in which ‘faceless commitments are sustained or transformed by facework’. For Giddens, facework operates within specific interactions between participants in these abstract systems of social relations. As such, people respond to facework of others, which sustains abstract systems through the building of trust (Goldman et al., 2003). Evidence of such trust-building mechanisms within the Chinese context exists in the Chinese Communist Party’s initiatives for ‘reinventing government’ – making it more efficient and more responsive – to assist China’s transition to a market economy (see Stiglitz, 2003). Two key administrative rationalizations within the telecommunications and information infrastructure underpin these initiatives:

1. Development of an information system that is basically transparent, allowing multi-dimensional reports on and data about social and economic problems to flow into responsible state agencies and officials, without being distorted, delayed, or just omitted; and

2. Creation of legally regulated channels through which the ordinary citizen can routinely express their non-political demands for social and economic justice. (Ding, 2002: 212)

To more effectively regulate these channels, the government adopted the ‘Public Pledge on Self-discipline for China’s Internet Industry’ in 2002. Within the first six months, the Pledge was signed by over 300 internet service and content providers, including Renmin, Xinhua News Service, Sina, Sohu and NetEase. The Pledge’s aims seem fairly benign as it seeks to aggressively promote internet use, prevent cybercrimes, foster healthy industry competition and avoid intellectual property violations. Such an approach projects an image to the world of a more conscientious government embracing WTO reforms for
promoting the commercial use of the internet and achieving greater transparency. As Stiglitz (2003: xii) argues, increased transparency is a necessity for ‘improving the information that citizens have about what … institutions do, allowing those who are affected by the policies to have a greater say in their formulation’. However, a closer examination of the Pledge reveals a number of restrictions that could potentially hinder the objective of information flow and civic engagement within the broader public space in China. For example, internet content and service providers are prohibited from ‘posting or disseminating pernicious information that may jeopardize state security and disrupt social stability’. The prohibition also covers information considered illegal such as the spreading of ‘superstition and obscenity’ (Wired, 2002). Accordingly, any reference to the outlawed religious movement Falungong constitutes a breach of the Pledge. More concerning, though, is that signatories must also monitor and remove content on both domestic and foreign-based websites and block those containing ‘harmful information’, such as calls for democratic reform or criticism of government policies, or face expulsion from the group and thus serious financial losses as the internet continues to expand rapidly (Wired, 2002).

Since the Pledge was introduced, the number of websites, domain names and users has increased dramatically. In January 2002, there were 277,100 websites, 127,319 domain names and 33.7 million users (Weber, 2002). Within three years these numbers have almost tripled in each category. China Internet Network Information Center’s (CNNIC) July 2005 report indicates that the number of websites had increased 150 percent to 677,000 during the three-and-half-year period. More telling though is the rise in the number of registered domain names, which rose by 390 percent, while user numbers increased to 103 million, second only to the United States (CNNIC, 2005a).

According to the July 2005 CNNIC report, entertainment is one of the main drivers of China’s internet development. Entertainment ranked first in Primary goal for accessing the Internet (37.9 percent, +2.2 percent on the previous six monthly figures) and third in Information mostly acquired (50.9 percent, +6.3). Internet games continue to be one of the most favored entertainment activities (23.4 percent, +7.5) with almost one-third of users accessing games from cybercafes (30.8 percent, +8.8). It is estimated that gamers spend 10.9 hours a week playing online, slightly less than the total user average of 14 hours a week, but showing a decrease on July 2004 figures (−0.8) (CNNIC, 2005a). Responding to these phenomena, the government introduced a new category of Online Gaming into CNNIC’s reporting of internet activity in mid-2003 to track and monitor usage levels. Of most concern for the government has been the lack of education value associated with online gaming with the reasons for playing listed as entertainment (59.9 percent), intelligence training (19 percent), making friends (15.2 percent) and playing professionally (10.8 percent) (CNNIC, 2005b). Such figures reinforce government officials’ concerns over internet gaming eroding public morality (see Ang, 2005).
This concern over social stability, however, is tempered by the potential of online gaming to contribute significantly to the economy. Internet analysts estimate that 22.8 million (+10 percent) Chinese people play online games (Hermida, 2005), generating over US $400 million in revenues in 2004 (see Figure 1). One of the most popular online games in 2004 was World of Warcraft, a multi-player role-playing game, which peaked at 450,000 online participants at one time (Hermida, 2005). As Weber and Lu’s (2004: 9) observation suggests, a visit to a local cybercafe (wangba) shows how popular online gaming has become:

One of the first things a visitor notices is that each computer-filled room is dark and noisy, crowded with hundreds of young, male netizens celebrating their online freedom by playing war games, such as Schroet Commando. These games provide teenage users the space to navigate their way through a battlefield, hunting down and killing enemy soldiers for around 3 yuan (30 euro) an hour during lunch breaks or after school. One well-known story making the rounds is of a university student who spent all his time and money on virtual games. When asked by his parents to find a job, he replied that if there was a job where he could play games, he would.

The popularity of online gaming has also contributed to growth across technology platforms, including telecommunications, software development and consumer electronics. For example, mobile gaming has emerged as a growth industry as companies seek to access the 334.8 million Chinese mobile telephone users (Soderberg et al., 2005). Many of these youth use mobile telephones (and the internet) as their primary means of communication (Yardley,
Revenues from mobile gaming increased in 2004 to US $298 million, a rise of 48 percent from the previous year. Industry analysts predict that mobile gaming revenues alone will quadruple by 2009 (Nystedt, 2004).

Growth in both online and mobile gaming contributes to further investment in domestic game development, including creation of gaming applications for mobile telephones and expansion of online services and product innovations. While mobile games based on SMS have secured a dominant share in the mobile gaming market in 2003–4, new games designed for the 2.5-generation platforms like WAP, JAVA and BREW (see Table 1) are beginning to show stronger growth as game vendor companies invest more in game production.

Expansion of the online and mobile gaming industries has attracted considerable foreign investment in handset and web portal development for downloads of newer interactive games and other related online services and products. Traditional mobile telephone suppliers such as Motorola Inc. and Nokia have upgraded handset performance to handle new mobile gaming functions for the Chinese market (Chen, 2005). Furthermore, domestic internet portal operators NetEase.com, Sohu.com and China.com have attempted to forge cooperative deals on content and web development with global media companies to help develop online services and products to the expanding youth consumer base.

**Case studies: Time Warner–China.com/Legend, Disney–Sohu.com, MTV–NetEase.com**

Traditionally, joint venture partnerships have been an important way for local Chinese internet operators to access global media companies’ content-rich media libraries, while foreign companies gain access to the local market. For example, Walt Disney Group International (WDGI), Viacom (MTV) and

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Time Warner have forged content and technology links with leading local internet companies Sohu.com, NeatEase.com and China.com. However, such cooperative deals have experienced mixed success as global media companies negotiate China’s new commercial media environment and evolving socialist-market economy.

**Time Warner–China.com/Legend**

Time Warner, which had pioneered foreign film distribution in China as early as the 1980s, entered the Chinese internet market by establishing a joint venture operation with the Hong Kong-based internet company China.com in 2000. For Time Warner, forging a relationship with China.com was considered a good strategic fit, with the Chinese company providing pedigree political connections and a promising business future. Not only had China.com successfully debuted on the NASDAQ, it was partly owned by the Chinese government’s flagship news organization Xinhua News Agency.

On an operational level, the joint venture offered AOL (component of Time Warner) a way to expand its internet services, while potentially smoothing the political path through its partnership with Xinhua News Agency, allowing Time Warner to expand its movie and television interests (Weber, 2003). However, as the global internet market shrank and China.com suffered significant losses in 2000 and 2001, Xinhua News Agency decreased its ownership in the company. Time Warner, not satisfied with the progress of the deal with China.com, formed a US $200 million internet joint venture in 2001 with China’s No.1 personal computer company Legend (now known as Lenovo) (Li, 2005: 7). It was hoped that the combination of Legend’s hardware and Time Warner’s internet service technology (in a similar way to Microsoft’s bundling of software and hardware) would provide a competitive advantage. However, the joint venture failed because of two key reasons. First, Legend, though a leader in hardware manufacturing, had no experience in the rapidly expanding internet industry in China. The company simply could not offer Time Warner crucial localized knowledge that would help it compete successfully with domestic internet providers such as Sina.com, Sohu.com or NetEase. Second, Time Warner underestimated the regulatory risk in China (Li, 2005: 7). As with its China.com agreement, Time Warner had gambled on Legend’s political connections and anticipated concessions to loosen restrictions on foreign control of internet service and content provision. However, Chinese regulators were reluctant to further open the door to foreign companies wanting to offer and control internet content and services (see Weber, 2002). Underpinning this position was the need to protect the government’s own investment in Chinese telecommunications companies, like China Telecom. Following delays in gaining permission to expand its internet service delivery and AOL’s massive losses from the global downturn in internet stocks, Time Warner announced its withdrawal from the joint venture agreement in January 2004.
Viacom (MTV) and NetEase.com

In late 2002, Netease.com forged a cooperative deal with Viacom’s established MTV cable television operations in China. As MTV’s exclusive internet service partner, NetEase.com provides wireless products in the form of interactive clubs, English language study, and ‘Star Profiles’ in Multi-Media Services (MMS) and Short Messaging Service (SMS) formats. The partnership, called ‘MTV–NetEase M’, allows members to participate and interact with four popular cable television programs produced and distributed by MTV on China’s expanded cable television system (see Weber, 2003). For example, subscribers can send MMS or SMS messages to MTV requesting or dedicating songs, as well as order MTV ‘Star Profiles’, which are sent to mobile telephones either directly or via downloads from the NetEase.com web portal. This strategy is designed to complement the larger focus by Viacom on establishing its children’s global television brand Nickelodeon. Sun Deli, Chief Executive Officer of NetEase.com, suggests that:

... cooperation with MTV is a milestone in the development of NetEase.com’s wireless services.... NetEase.com has millions of users, most of whom are youth. MTV is the No. 1 youth brand all over the world. This partnership with MTV will consolidate NetEase’s leading position in the internet market of China. (‘Wang Yi Lian’, 2003; trans. Lu Jia)

Disney and Sohu.com

In 2003, Disney formed a partnership with Sohu.com, a leading Chinese internet company offering online media, communications, commerce and mobile value-added services. In so doing, Disney was able to leverage Sohu.com’s local market knowledge and consumer reach and combine it with its own experience as a leading service provider across multiple business and technology platforms to deliver a comprehensive array of online and wireless content and services. Features of the partnership included mobile telephone content such as wallpapers, animated cards, logos and picture messages; online games and activities based on Disney’s key global brands – Mickey Mouse, Winnie the Pooh and the Lion King; and movie content from Touchstone Pictures, Miramax, Hollywood Pictures, ABC and ESPN. The partnership is designed to access the dynamic growth in internet and mobile telephone use by meeting ‘the demand for trustworthy, quality entertainment with educational values … that are fun and entertaining for kids while simultaneously promoting valuable information skills’ (ChinaTechNews, 2003). Mark Handler, executive vice-president and managing director for WDGI suggests that the cooperative arrangement presents:

... a very strong market opportunity for WDGI with Chinese consumers becoming very sophisticated in their adoption of technology and we’re pleased to localize our
portfolio of products and services for the fast growing Chinese internet and wireless audience. It is great new entertainment for Chinese users to discover. (ChinaTechNews, 2003)

Meanwhile, Sohu.com provides web development expertise for Disney to establish its Chinese website services and products (ChinaTechNews, 2003). The Chinese company provides the necessary technical support for Disney’s China operations as well as helping the entertainment company integrate its content into its own Chinese language website services. The chairman and chief executive officer of Sohu.com suggested that:

… the agreement combines Disney’s exciting products with Sohu.com’s online and wireless business lines and we are very pleased to work with Disney as they expand their presence in the Chinese Internet market. By introducing Disney’s products to Sohu’s users, we will enhance the entertainment value to our consumers in what is potentially the largest consumer market of the 21st century. (ChinaTechNews, 2003)

By establishing a formal partnership with local internet service provider, Disney managed to avoid direct contact with Chinese censorship bodies that control internet content, effectively assigning the policing of information to their local partner as part of the internet ‘Pledge on Self-Discipline for China’s Internet Industry’. On the other hand, Sohu.com enhanced its competitiveness with other major internet service providers such as NetEase.com and Sina.com, while building demand for its newly developed internet mobile services through offering high-quality foreign entertainment content from Disney’s portfolio.

Finding the strategic model for success in China

The strategic models of MTV–NetEase and Disney–Sohu reflect three distinctive features. First, the content supplied by MTV and Disney plays a crucial role in successful cooperation with Chinese media groups’ target audiences. Both Disney and Viacom produce high-quality entertainment/educational products, such as cartoons, movies and music, which young Chinese internet users favour (see CNNIC, 2005a, 2005b). Second, entertainment products seldom involve politically sensitive topics relating to issues of ideology or democracy. Accordingly, both companies meet government regulations on culturally sensitive media content. Third, the companies can also provide specific content for China’s developing mobile telephone infrastructure, particularly in relation to supporting the upgraded 2.5G wireless service network and soon-to-be-launched 3G service.

On the other hand, Time Warner’s double failure not only reflects the economic difficulties of the global internet sector but deeper changes occurring in the media sector in China. While all three domestic internet companies offered political connections for the foreign media companies, Disney and
MTV’s strategies gained three distinct advantages over Time Warner’s approach through better alignment in business modeling; technology–content coordination; and better synchronicity with control modalities. First, Disney and MTV strategically aligned their partnerships with established Mainland internet companies at a time when the volatile internet market had somewhat stabilized. This meant that, through localized partnerships, Disney and MTV benefitted strategically from local market knowledge, a key factor in leveraging business success in this uncertain economic structure that continues to favour those with local knowledge (in spite of efforts to reconfigure the market through WTO reforms). In contrast, Time Warner’s primary focus on political leverage could not elicit the kind of concessions and traction it hoped to attain through its third-party partnerships because of the government’s reluctance to allow foreign companies (like Time Warner) to control information dissemination through service provision. This restriction was made explicitly clear to foreign companies when the government introduced the Pledge as a way to establish local internet service providers as the gatekeepers of information control. Second, Disney and MTV strategically matched their content to new, developing media technologies, linking their products and services with the growth areas of online (internet) and mobile gaming (telephony). On the other hand, Time Warner had little to offer in relation to content that fitted the government’s push to develop these two digital environments, with its main focus on movie and television program distribution. Third, the decision by Disney and MTV to link with local business partners, which had signed the Pledge, allowed the companies to avoid the troublesome and time-consuming task of negotiating with various censorship bodies over content. Instead, the onus was placed on the domestic service providers to address such censorship issues on a daily basis. This separation of foreign operators from the decision-making process over content allowed domestic operators to meet the guidelines of the Pledge and thus provide more flexibility and momentum to push ahead with commercialization strategies.

Analysis and discussion

Corporate support for the self-regulatory framework of the Pledge offers evidence of China’s shift to a more bottom-up business model of media management, in which the newer commercial focus on development is balanced with subtler control relationships between corporations and the state. This corporatization of the media has significant global and domestic implications. From a global perspective, the shift sets in motion a number of aspects that potentially support the WTO agreement and thus further foreign investment. First, increased transparency or access to information through clearer rules of conduct in both domestic and foreign media projects creates an image of a fairer economic system. Second, the self-regulatory rules for conduct potentially...
limit the perception of risk for foreign investors, who can feel more confident in forming workable and profitable strategic relationships with domestic media corporations. Third, the success of foreign media companies, such as Disney and Viacom, enhances China’s global reputation for doing business, particularly in relation to those foreign media players who covet more profitable access to China’s developing media sector. However, a closer examination of the self-regulatory environment reveals also that this new commercial phenomenon within China’s media sector continues to be heavily, though subtly, controlled by the government. There clearly remains a deeper dialectical interrelationship between the media and the government, regardless of the flexibility offered by the self-regulatory framework. This dialectic involves social and political functions for the Chinese media, even though it has been repositioned by the state as a commercial entity within the socialist-market economic system.

In using the media to extol Chinese values and practices, the state-directed media assists in establishing a total system of social relations as a way of countering the negative aspects of globalization (i.e. Western cultural hegemony) while maximizing the economic returns that a commodified cultural industry offers China’s digital economy. To establish this notion of an ‘imagined Chinese world’ as a viable alternative to Westernization, the public discourse authorized by the state reflects Giddens’ (1999) notion of trust-building strategies (or faceworks) to support the state’s vision of a system of social relations between the government and media and the government and its citizenry based on the Pledge and administrative rationalizations respectively. On the surface, these strategies appear to be a radical shift in cultural politics away from the authoritarian position of the media and cultural production as a propaganda tool. However, as Weber and Lu (2004) argue, the faceworks strategy between corporations and the state obfuscates the strengthening of control modalities through subtler manifestations. For the government, the self-efficacy dimension of the Pledge is an acceptable trade-off for media that is more responsive to market forces. It is confident that greater profitability (as well as the threat of possible expulsion from the ‘family’ of Pledge participants) through limited self-determination provides a reasonable deterrent to media organizations from allowing the ‘posting or disseminating [of] pernicious information that may jeopardize state security and disrupt social stability’ (Wired, 2002). Given this situation, the media can undertake commercial activities relatively unimpeded by the bureaucratic structures as long as they do not push the envelope politically.

From a user perspective, the administrative rationalizations outlined by Ding (2002) provide ‘ordinary citizens’ with a greater voice on non-political issues. On the surface, these ‘embedded mechanisms’ are designed to re-establish greater levels of trust between the government and citizens who have been disenfranchised or marginalized from China’s economic success. However, Weber and Lu’s (2006) analysis of online protests during the 2003...
SARS health crisis indicates that China’s youth continue to be more cynical and less trusting of the government. Many of the comments on bulletin board services (BBS) targeted government bodies for their inability to address the basic needs of social groups in society. The government responded to these social justice issues by further tightening controls on student-run internet discussions, specifically those that were critical of the government during the SARS crisis. Within 18 months of the health crisis, the Chinese Communist Party initiated a campaign to strengthen what it called ‘ideological education’. For example, university officials blocked off-campus users from participating in online bulletin board discussions. University administrators also required students to register with their real names when going online, thus eliminating the anonymity that allowed participants to speak without fear of punishment by authorities (Pan, 2005: A13). Such finessing of control modalities was specifically designed to achieve the government’s goal of guiding levels of civic engagement and participation through re-established vertical relationships of authority and dependence within a framework of legal, technical and social control measures.

What emerges from this dynamic is a better understanding of the cultural logic or hegemonic norm that supports the processes of controlled commodification employed by the government to reposition the media in China’s evolving socialist-market economic structure. Today, China’s media (and cultural) management fuses together the old and familiar with the new and profitable to create a better quality and more politically acceptable product. This fusion reflects Raymond Williams’ notion of ‘residual’ and ‘emergent forms of cultural production’ (Jameson, 2003). Both forms of cultural production are generated through commercialization strategies that encourage technology transfer and imported foreign content between global media companies, such as Disney and Viacom, and domestic media looking for a competitive advantage. Underpinning these arrangements is the older cultural production model (though cloaked in the contemporary rhetoric of self-regulation and cultural values and practices), which functions to support and maintain political structures and social cohesion – much like the propaganda model. In reality, establishing this system of social relations, based on the processes of controlled commodification, strengthens rather than weakens the state’s influence and control over commercialized Chinese media. It does so because the control modalities are subtler and subsumed under the grander and naturalized discourse of China’s ‘imagined community’, which supports the transition to a socialist-market economy through the promise of economic benefits for China’s citizenry. Accordingly, the self-regulatory model becomes an exemplar of the Chinese government’s cultural leadership because it supports WTO reforms and promotes the commercial use of the internet, increases opportunities for profitability and offers more freedom for users to comment on social and economic justice issues. However, there are few concessions with regard to critical discussion of the limitations of this total system of social relations between government, media and citizenry. Adorno identifies the
significance of the relationships between those who hold the power to define the culture and the consumer of the culture:

In all its branches, products which are tailored for consumption by the masses, and which to a greater extent determine the nature of that consumption, are manufactured more or less according to plan. The individual branches are similar in structure or at least fit into each other, ordering themselves into a system almost without a gap. This is made possible by contemporary technical capabilities as well as by economic and administrative concentration. (2004: 98)

By engaging with the new media environment, the government utilizes all three components outlined by Adorno – technical capabilities, and economic and administrative concentration – to reinforce control modalities. Technology provides the government with the capabilities to monitor dissent, define access and censor information. Complementing this strategy is the self-regulatory framework, which is framed as profit-motivated but essentially acts to provide control modalities through a bottom-up approach to media management. Simultaneously, the administrative rationalizations direct users towards regulated channels, which are governed by the technical capabilities and the self-regulatory framework, which reaffirm the total system of social relations as defined by the state.

Yet, in spite of the success of this integration of multi-layered control factors, there exist significant risks for the government if the vision of a more open system of social relations is not experienced at the user level. For example, many young Chinese internet users felt that the administrative rationalizations failed to deliver a platform for their social justice issues to be heard during the SARS health crisis. Furthermore, the government’s response to the criticism – by organizing a campaign of ‘ideological education’ to draw internet protesters back under the umbrella of state control – only evoked further protests by young Chinese people (Pan, 2005: A13). Such a response reflects Jameson’s assessment of the dangers of creating a total system or logic for social development:

What happens is that the more powerful the vision of some increasingly total system or logic … the more powerless the reader comes to feel … by constructing an increasingly closed and terrifying machine, to that very degree he [sic] loses, since the critical capacity of his work is thereby paralysed, and the impulses of negation and revolt, not to speak of those of social transformation, are increasingly perceived as vain and trivial in the face of the model itself. (2003: 5–6)

When applied to the Chinese context, the developing system of social relations reflects a strange quasi-Sartrean irony – a winner loses logic – one that is growingly recognized by internet users. This logic suggests that if Chinese citizens trust the government they will gradually win further freedoms under the reform policies, such as a greater say in the direction of China through the rationalizations outlined by Ding (2002). In doing so, China’s citizenry must
pledge their solidarity to the Chinese notion of ‘imagined community’, as defined by the state. However, in limiting the avenues for civic engagement it puts at risk the core objective of the administrative rationalizations, that of improving transparency in which citizens have access to information about what institutions do and allowing those who are affected by policies to have a greater say in their formulation.

Where the government’s strategy of a total system of social relations (based on trust-building and solidarity) is weakened is in its failure to adequately accommodate the equally important characteristic of reciprocity in the processes of civic engagement (see Madsen, 1998; Putnam, 1993). While the concessions offered by the administrative rationalizations are essentially designed to evoke trust in the government and the state, the government does not reciprocate that trust because of the limitations placed on what users can use the internet for in China. One of the key reasons why young Chinese people continued to protest so vehemently is that they recognize the attempts by authorities to re-direct them to vertical relationships of authority and dependency on the government and away from horizontal relationships of reciprocity between government and citizens. By continuing to control citizens’ access to the internet and to information, the government is effectively eroding the levels of trust between the state and its citizenry through limiting, rather than enhancing, people’s say in policy formulation. Ironically, this undermines the very objective of the administrative rationalizations to provide transparency, or what Stiglitz (2003) defines as improved information flow, and thus access to government formulation of policies through regulated channels.

Conclusion

This study set out to explore how the Chinese government’s implementation of a self-regulatory system in China’s internet sector links into the cultural logic of controlled commodification. This part of the regulatory system is designed to provide transparency within the internet sector, in order to project the image of a conscientious government that embraces WTO reforms to the international business world. Furthermore, it shows a government working towards establishing a more responsive and productive bottom-up business model for media (and cultural) management. Certainly the successes of the Disney–Sohu.com and Viacom (MTV)–NetEase cooperative projects attest to how media groups have attempted to work within the new framework to commercialize the internet and maximize profit. However, the key aspect of such transparency reforms – improving the information that citizens possess on what governmental institutions do – does not necessarily extend to citizenry, despite the administrative rationalization initiative (see Ding, 2002). The lack of recognizable reciprocity, which prevents those who are most affected by governmental policies from
having a greater say in their formulation, has serious implications for the success of the government’s implementation of a total system of social relations based on a Chinese imagined community. For example, citizenry will be less inclined to accept the logic of controlled commodification because, in order to win economic freedom, they lose the ability to control and shape their own future. This situation puts at risk the government’s own legitimacy to guide China’s gradualist approach to developing a socialist-market economy.

On a theoretical dimension, the analysis extends our understanding of the notion of controlled commodification, first put forward by Wong (2001), who suggested that these processes are best understood within the political economy perspective. In the context of China, there is a need to go beyond just political and economic processes in the country’s gradual transition to a market economy. It is important to focus on the interconnection between these and the cultural, historical and philosophical dimensions that define the complexities and often contradictory nature of China’s attempts to balance thinking globally (expanded commercialization) and acting locally (protectionism of its political integrity and social cohesion).

References

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