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978-1-107-01844-0 - Media Commercialization and Authoritarian Rule in China

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Propaganda for Sale

Have you ever had a newspaper stand yell at you? In the streets of Beijing, newspaper stands used to be heard first, and then seen. A monotonic voice from a tape recording shouted out names of newspapers to pedestrians – a form of advertisement that could be heard from far away. This innovative advertising form revealed one important element about the changing media environment in China: media outlets had to market themselves to audiences to finance news production. This type of advertising before the Olympics in 2008, and newspapers turned to visual advertising to stay competitive. Today, a typical Chinese newspaper stand carries at least twenty-five different newspapers and about as many magazines. Newspapers come in different colors, sizes, and styles. They try to attract potential consumers with slogans such as “We Make a Newspaper That Is Close to YOU!” or “The Paper That Talks Responsibly about Everything!”

In most liberal democracies, such advertising is taken for granted, but in China and most other authoritarian states, this transformation represents a radical break from the past. In the past thirty years, the Chinese state has marketized its news media. In doing so, China follows a general global trend toward economic media reform that has not been confined to democracies. This is significant because regime type and regulatory practices of the media industry have traditionally been regarded as linked. In many nondemocratic states, the media used to be state-owned and financed with state subsidies. However, since the late 1970s until the first decade of the 21st century, most authoritarian regimes have opened their media markets.¹ In East Asia, for example, Vietnam is following the lead of China, encouraging media organizations to

¹ By “authoritarian regime” or “authoritarian state,” I refer to political systems that are neither characterized by free, fair, and competitive elections, nor politically liberal. In 2001, 71 of 192 countries in the world could clearly be classified as authoritarian, and 17 were ambiguous. Larry J. Diamond, “Elections without Democracy: Thinking About Hybrid Regimes,” *Journal of Democracy* 13, no. 2 (2002): 21–35.

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finance themselves through advertising. In Latin America, General Pinochet liberalized the financing of television before Chile's transition to democracy in 1988 (Tironi and Sunkel 2000). In North Africa and the Middle East, Morocco and Egypt have partially privatized former state radio and television stations (Amin 2002). The trend toward marketization of the media is evident in a substantial number of authoritarian regimes.

What are the effects of these trends on the continuation of authoritarian rule? Do marketized media outlets report more politically diverse messages? If not, how is the state able to synchronize media messages despite marketization? What are the effects of these changes in the media industry on the credibility of media under authoritarianism? Finally, what consequences do these dynamics have for the ability of the state to promote support for government policies? This book explores these questions with respect to Chinese media, placing China into a broader comparative context. The answers that emerge in this book explain why scholarship about the consequences of media marketization in China and other authoritarian states has come to two opposing conclusions: one emphasizing liberalization, and the other emphasizing control. Media marketization in authoritarian states contains both liberalization and control and leads to different outcomes, depending on whether the state can maintain the delicate balance between the two.

Media Marketization and Political Change

During his visit to China in 2009, President Obama gave the highly marketized *Southern Weekend* (*Nanfang Zhoumo*) an autograph, congratulating the paper "for contributing to the analysis and flow of vital political information. An educated citizenry is the key to an effective government, and a free press contributes to that well-informed citizenry."² Showing support even more directly, former Soviet President Mikhail Gorbachev bought shares of the Russian newspaper *Novaya Gazeta* in 2006 to help publicize "pluralism in opinions," subverting the uniform information flow under the Putin regime.³ Marketized media are often portrayed as forces that contribute to a free press and possibly democracy in authoritarian states.

The idea that the mass media play an important role in regime change is not exactly a new one. Since the 1960s, political scientists have expressed the view that the media play a facilitating role in destabilizing authoritarian regimes and contribute to a sociocultural framework favorable to liberal democracy. Lerner (1964) argued that access to the mass media would encourage citizens to become politically active, thus promoting democratization. With the decline of modernization theory in the late 1960s, skepticism grew regarding

² China Digital Times (*Zhongguo Shuzi Shidai*), <http://chinadigitaltimes.net/2009/11/propaganda-department-bans-obama-interview/>, accessed October 27, 2011.

³ Gorbachev Foundation, http://www.gorby.ru/en/presscenter/publication/show_25172/, accessed November 6, 2011.

the argument that greater access to the media alone would have the power to bring about regime change (Mowlana 1985). However, when the opening of media markets provided citizens in authoritarian regimes with more information sources, the media reemerged as a factor in scholarship on regime transition in the 1990s. Television reporting was said to have a signaling and accelerating effect on public protests in Eastern Europe in the late 1980s, playing a part in the breakdown of the Soviet Union (Huntington 1996). Similarly, the Internet has been described as space for the development of civil society and as an alternative news agency that is able to subvert state control over the flow of information (see, for example, Howard 2010). Numerous studies of the role of the media during democratization argued that criticism voiced in independent media outlets erodes a regime's legitimacy (see, for example, Rawnsley and Rawnsley 1998; Lawson 2002; Olukotun 2002). Greater diversity of information is also said to transform political culture and foster the emergence of a public sphere (see, for example, Bennett 1998; Eickelman and Anderson 2003). The link between the media and political liberalization is also evident in works that use freedom of the press as one indicator for liberalization of a political system (Diamond 2002).

This discussion has concentrated on the potential liberalizing role of the media in nondemocracies, and arguments in favor of corporate and global media in authoritarian regimes are often inverse to conclusions drawn in a liberal democratic context, in which the same forces are often regarded as reducing the quality of democracy, as discussed by Graber (1990). Only recently have scholars studying media in authoritarian regimes devoted more attention to the possibility that corporate and global media might function as a reactionary force that strengthens authoritarian rule.

Along with increased interest in sustained authoritarianism or "authoritarian resilience," new research has led to a more profound understanding of variations within the authoritarian context and to the recognition that transition theory-driven analysis of authoritarian regimes may be misplaced (see, for example, Carothers 2002; Levitsky and Way 2002; Nathan 2003). Not all authoritarian regimes are in a (gradual or rapid) transition toward democracy. Many authoritarian regimes, including China and Russia, are ambitiously pursuing institutional and political changes that cement leaders' political power rather than dilute it. In both countries, the media have played a crucial role in this process of power consolidation.

Such arguments often return to past theories on authoritarianism and totalitarianism. The highly influential *Four Theories of the Press* (Siebert et al. 1956 [1973]) claimed that authoritarian states would use the media to stabilize the regime, whereas totalitarian regimes would also rely on the media to proactively transform society. More recent works that explore the role of media in sustained authoritarianism often tie the increasing corporate and global nature of the media to political and economic elites (White et al. 2005; Zhao 2008). These arguments often mirror critiques by Habermas (1962 [1990]) and others positing that marketization has transformed media into a place of cultural

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[More information](#)

consumption manipulated by corporations and dominant elites.⁴ This is a backlash against the assumption that global and corporate media would have a liberalizing effect on authoritarian systems as states are no longer able to tightly control information flows at home.

This book adds to this discussion because it examines the *circumstances* under which marketization of media benefits authoritarian rule and the *mechanisms* that tie state, media, and audiences together. Media marketization provides incentives for media practitioners to overstep boundaries of news reporting, leading to tensions between media and the state. However, one-party regimes, such as China, are better able than other authoritarian states to maintain the capacity to enforce press restrictions with the help of institutions in charge of monitoring news content. Moreover, political leaders are able to take advantage of market mechanisms because doing so reduces the exercise of coercion through these institutions to a minimum. Because audience demands induce media practitioners to produce news favoring the political goals and policies of the leadership, there is less need to issue instructions. The interaction between institutions and the market synchronize political messages in the news in support of the regime.

At the same time, however, media marketization makes a big difference to the people living under authoritarian rule. Marketized media brand themselves as trustworthy representatives of ordinary citizens, leading to greater credibility in the eyes of audiences. This credibility boost entailed in media marketization promotes consumption and persuasiveness – especially among potential political activists. As a result, media marketization strengthens the ability of one-party regimes to disseminate information and shape public opinion in a way conducive to their rule.

In examining the mechanisms linking media marketization with the production of news and the credibility of media outlets, this book expands the discussion of sustained authoritarianism beyond the focus in current research on seemingly democratic institutions, such as elections, dominant parties, and legislatures (see, for example, Schedler 2002; Brownlee 2007; Gandhi 2008). In addition, stable one-party systems also achieve their dominance through manipulation and control over many other institutions that do not necessarily appear democratic, including the media. Recent studies on media under authoritarianism confirm that there is significant variation in the ability of authoritarian states to restrict press freedom and access to information (Egorov

⁴ Often unnoticed by those citing Habermas' work on the public sphere, he argued that media marketization eroded the public sphere that developed between the 17th and the 19th centuries among the bourgeoisie in the United Kingdom, France, the United States, and Germany. Later, he differentiated between different ways of communicating that could either benefit or undermine democratic decision making. Commercial interests in the mass media are engaged in "strategic communication," primarily aimed at manipulating public opinion and thus unable to function as an instrument for the formation of political views among citizens in a democratic public sphere. Jürgen Habermas, *Theorie des Kommunikativen Handelns* (Frankfurt am Main: Suhrkamp, 1995 [2009]).

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[More information](#)*Propaganda for Sale*

5

et al. 2009; Norris and Inglehart 2009). Much of this variation can be explained by the institutional design of the political system: one-party regimes, such as China, are better able to restrict information flows, using marketized media to their advantage.

This book also goes beyond the current emphasis on media independence and press freedom by focusing on the ways in which citizens interact with media when living under authoritarian rule. Increased interest in recent years in understanding the effects of media on public opinion under authoritarianism constitutes a great advancement over the assumption that people's opinions reflect the nature of media content in nondemocracies (Kern and Hainmueller 2009; Norris and Inglehart 2009). In part because of the difficulties in obtaining suitable survey data, these studies often measure media influence by means of media consumption, which constitutes only one of several factors that together produce attitude change (see, for example, Zaller 1992; Baum and Groeling 2009). This book takes into account that people not only need to be exposed to political messages but also need to encode and retain the information they receive from the mass media. Its core finding is that the commercialized look or branding of marketized media induces readers to perceive media sources as more credible. Drawing on insights from a large body of literature on public opinion and political communication, I demonstrate that variation in media credibility leads to different patterns of consumption and persuasiveness among Chinese audiences.

In addition, this book adds a dynamic element to the discussion: although the scholarly debate focuses on only two possible outcomes – regime stability or democratization – here I examine a case in which marketized media bring about political change without democratization. In China, the introduction of market mechanisms leads media to undergo cycles of liberalization and retrenchment, whereby the state walks a fine line between tolerating space to respond to market demands and controlling media content. In the long term, these dynamics appear to lead to greater openness of space in news reporting and cautious adjustments of central policy positions to popular demands. At the same time, they do not produce greater pluralism of political voices in media, as state media accommodate market demands while maintaining a roughly uniform information flow. This book uncovers these dynamics in state–society relations from the perspective of “responsive authoritarianism.”

Finally, this book offers insight regarding when media marketization is likely to stabilize and destabilize authoritarian rule. Media does not necessarily have the power to bring about regime transition on its own, but can serve as a catalyst for the breakdown of the authoritarian state. By comparing China with other authoritarian regimes, I identify the conditions under which market mechanisms in media tend to promote regime stability. These conditions tend to be present in one-party regimes, including single-party states and electoral-authoritarian states that are ruled by one hegemonic party, and possibly even with certain circumstances occurring in liberal democracies. In comparing China with other authoritarian regimes, this book

specifies the political context under which market-based media promote political support.

Approach to State–Society Relations

In liberal democracies, scholars, journalists, and politicians often doubt that people living under authoritarian rule genuinely support the goals and policies of their political leaders. In most accounts of state–society relations in comparative politics, citizens are either coerced into complying with authoritarian rule or are “bought off” by economic means. In contrast, this book focuses on the ways in which authoritarian states use media to stabilize their rule, whereby media communicate information between citizens and political elites. Political communication takes place in both directions – from the top-down, but also from the bottom-up.

One of the core problems of authoritarian rulers is their difficulty in obtaining societal feedback about their policies because citizens are hesitant to voice their true opinions under dictatorship (Wintrobe 1998). Despite this difficulty, many authoritarian states have developed “input institutions” that allow them to respond to societal forces in ways that facilitate their continuing rule (Shi 1997; Nathan 2003). Electoral authoritarian states that were dominated by one hegemonic party, such as the Institutional Revolutionary Party (PRI) in Mexico, the United Malays National Organization (UMNO) in Malaysia, or the Kuomintang (KMT) in Taiwan, could rely on elections as an instrument for obtaining information about the party’s mass support and its geographic distribution (Magaloni 2006). In China those kinds of input institutions include village elections, petitioning, public deliberative meetings (*ting zheng hui*), legal cases, protests, social organizations, the Internet, and, I argue, marketized media.

These input institutions open up social space, which creates tension between the provision of societal feedback and the threat of social disorder and authoritarian collapse. Thus they require the state to walk a fine line between allowing social space to emerge and keeping the resulting tensions under control. Weller (2008) and Reilly (2012) have described these dynamics as “responsive authoritarianism,” emphasizing that societal forces can be beneficial to authoritarian rule as long as the state is able to sustain the delicate balance between tolerance and control. In other words, state and societal forces can mutually reinforce rather than undermine each other.

This book expands on the problem of tension between societal space and state control under responsive authoritarianism. Chinese media provide an excellent window into these dynamics because they serve a dual function: on the one hand, they are supposed to function as the party’s “eyes and ears” by communicating information (feedback) from the “masses” to the party; on the other hand, they serve as a mouthpiece of the party that disseminates information about the political goals and policies of the government and as a propaganda instrument aimed at changing people’s political beliefs. The findings in this book demonstrate that market mechanisms have improved the ability of Chinese newspapers to fulfill these seemingly contradictory functions.

Media marketization constitutes one solution to the dictator's dilemma in that it allows authoritarian rulers to obtain feedback about public opinion (i.e., opinions of a particular subset of citizens) while simultaneously enhancing the ability of the regime to guide public opinion in a direction that is beneficial to the rule of the Chinese Communist Party (CCP).

In exploring the dual functions of Chinese media, this book provides insight into a number of questions raised by responsive authoritarianism. One such question concerns mutual benefit of state and societal forces: if these relations are not zero-sum, when do Chinese media represent the state and when do they represent society? With respect to news reporting, I suggest distinguishing between issues and topics that are open or closed. When media face competing demands of propaganda authorities and audiences, they tend to reflect the position of the state, and when interests converge, they tend to be representative of both state and society.

A second question refers to the need to clarify the motivations of political elites for responsive authoritarianism. Although recent studies agree that, at least for the moment, the opening of space for societal actors works in favor of CCP rule, the intentions of the Chinese party-state in opening up space for societal actors remain unclear. Although the ability to receive feedback clearly constitutes an important factor, to a certain extent, the Chinese state has also been motivated to reform state media to support economic reforms and to address budget deficits. Media marketization constitutes a less expensive alternative to the distribution of rents that solve the dictator's dilemma, explored in detail in Chapter 2.

Finally, it is important to understand which societal voices are accounted for when giving feedback to political elites. In the case of marketized media, the most influential audiences can be found in cities with more strongly marketized media located on the east coast, but within those cities, marketized media turn out to be surprisingly inclusive and incorporate a broad range of social strata. Fortunately for the state, the same audiences to which media are most responsive are also the ones that tend to be most easily persuaded by political messages in the news.

At least for now, responsive authoritarianism helps the CCP to maintain its rule, but it also poses a risk for the survival of the regime. The Chinese leadership must maintain the delicate balance between opening space for societal engagement and protecting the party from its possible negative effects. Where the tipping point lies depends on the capacity of the Chinese leadership to balance these. As we will see, China's capacity to maintain the balance between state and societal forces is not specific to China, but reflects dynamics that can be observed in one-party regimes more broadly.

Defining Media Marketization

When authoritarian states decided to reform state media in the late 1970s, they decided to deregulate, commercialize, and (partially) privatize media outlets. These terms are frequently used interchangeably, but they refer to different

aspects of media economic reform. I refer to these three developments together as *media marketization*.

Deregulation describes the process of diminishing intervention by the state in media organizations. It involves a shift of the role of the state from one planning communication to one that manages the parameters of an “open ecology of communication” (Mulgan 1991: 142). In the media, deregulation is visible in such areas as licensing, personnel appointment, management, and business operations. Deregulation is sometimes referred to as *decentralization* by China scholars, but here I use a different term to stress its link to a general global trend toward deregulation in media industries (Park and Curran 2000).

As the driving force behind marketization, *commercialization* produces a shift from being managed with the primary goal of serving the public (as defined by the state) toward being managed primarily for profit. As media shift from being fully funded by state subsidies toward being primarily funded by advertising, media outlets become more dependent on audiences because advertisers care about the size and characteristics of media audiences. Commercialization thus leads to greater responsiveness of media to audience demands because advertising constitutes the main source of profit for media.

Privatization is the process of transferring property from public ownership to private ownership. Privatization can be partial or complete. In China, for example, investment is allowed for up to 49 percent of capital, with the remainder belonging to the CCP. On the whole, Chinese media organizations are partially privatized.

Among these three processes, commercialization – also referred to in the title of this book – forms the “engine” behind media marketization. Although deregulation allows media to respond to market forces and partial privatization creates further pressure to make a profit through advertising, commercialization ties media to audiences with important consequences for state–society relations, as discussed in this book. As such, the impact of the marketization of media is distinct from that of communication technology, such as the Internet, and the terms should not be used interchangeably. There is, however, evidence that the institutional design of authoritarian states interacts with new communication technology in similar ways as market forces in media.

Not much detail is known about the pattern of media marketization in authoritarian states. There is some evidence, however, that authoritarian regimes have been most progressive with respect to deregulation and commercialization, but more hesitant to privatize state media. For example, Jordan and China both allow nonstate parties to hold shares of media outlets, but restrictions remain that allow the state to keep a majority of shares. Morocco and Egypt have been relatively progressive when it comes to private ownership.⁵ The general pattern of media reform in authoritarian regimes is characterized

⁵ In addition, there is a tendency among authoritarian states to constrain the influx of foreign investment and international information sources into the local media market. China’s restrictions on foreign media organizations and efforts to censor the Internet are no exception. For

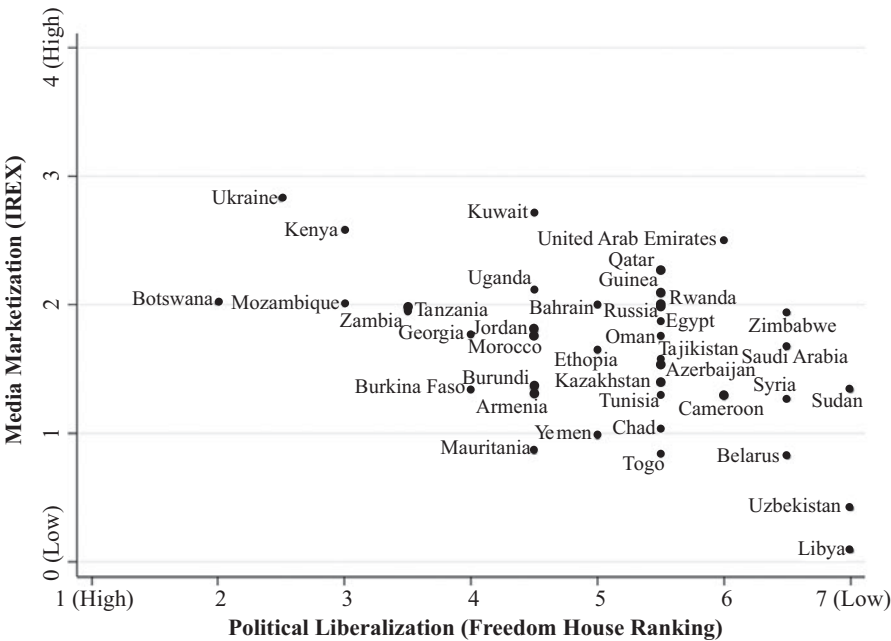


FIGURE 1.1. Scatterplot of Media Marketization and Political Liberalization. *Source:* Freedom House and IREX, 2005–2008.

by deregulation, commercialization, and partial privatization of local media markets, while at the same time keeping restrictions on press reporting.

Figure 1.1 illustrates the relationship between media marketization and political liberalization. The y-axis shows the degree to which local media in the Middle East, Africa, and the post-Soviet region are marketized, according to International Research and Exchanges Board (IREX) data; the x-axis displays political liberalization, according to the Freedom House rankings.⁶ Countries that are the least and the most politically liberalized also tend to have less and more marketized media, respectively. However, most countries in the middle hold market influences in media fairly stable at medium levels.

The Chinese media system, not covered by IREX, constitutes an example of a state characterized by medium levels of media marketization, comparable to the United Arab Emirates (UAE), located in the upper right of Figure 1.1. In 2007, most media outlets in the UAE were able to finance themselves independently through advertising. However, the government held shares of

example, Iran has relied on technological solutions to restrict the influx of outside information through the Internet. Similarly, foreign media organizations self-censor news reporting in Singapore and Malaysia as they run the risk of being denied access to flourishing media markets. For a comparison across countries see Hans-Bredow-Institut. *Internationales Handbuch Medien (International Handbook Media)* (Baden-Baden: Nomos Verlagsgesellschaft, 2002).

⁶ For details on IREX and Freedom House data and coding, see Appendix D. The IREX data display the most recent year available as of 2009.

private or owned profitable media, and the government maintained the ability to indirectly subsidize certain media. In comparison to China, Freedom House ranked the UAE slightly better in terms of its degree of political liberalization, ranking China as not free, with a score of 6.5. Therefore, China would be located to the right in Figure 1.1, above Saudi Arabia as a highly marketized but politically closed state.

In authoritarian states that have undergone media marketization, media have been affected by deregulation, commercialization, and privatization to varying degrees. As a result, news media types, which include newspapers, magazines, television, radio broadcasting, and the Internet, differ in terms of the extent to which they have been marketized. In Morocco, for example, more newspapers are privately owned than radio stations. Similarly, in China, private investment is more common in magazines than in newspapers.⁷

In addition to differences *between* media types, there is also variation *within* media types. According to a study by Ayish (2002), three models of television evolved in the Middle East, represented by, for example, the Syrian Satellite Channel; Abu Dhabi Satellite Television, based in the United Arab Emirates; and Al-Jazeera, based in Qatar. These television channels differed in terms of their level of marketization and were available to media audiences in many authoritarian regimes during the Arab Spring movements that began in late 2010, as commercial satellite television had become popular and transcended national boundaries.

The present study shows that similar developments can be observed in China. Citizens in urban China have access to newspapers that differ in terms of how strongly they have been affected by media marketization. The emergence of this pattern has transformed the nature of political communication between the state, media institutions, and citizens.

Analyzing the Effects of Media Marketization

This book examines the effects of newspaper marketization on the production of news and media credibility of Chinese newspapers. Research on these effects must address (1) the relationship between the Chinese state and journalists, and (2) the relationship between readers and newspapers. The book is divided into two empirical parts corresponding to these relationships.

In a first step, I examine the relationship between the state and media practitioners, which gives insight into the production of news. Based on in-depth interviews with senior editors, reporters, and propaganda officials, as well as content analysis, I explain how the interaction between market mechanisms

⁷ In Morocco 78 percent of newspapers were owned by private companies in 2002. In comparison, only one of two national radio stations – the favorite medium of Moroccans – was private. Hans-Bredow-Institut. *Internationales Handbuch Medien (International Handbook Media)* (Baden-Baden: Nomos Verlagsgesellschaft, 2002). For more information regarding private investment in Chinese newspapers, see Chapter 3.