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<td>Author(s)</td>
<td>Hao, Xiaoming; Huang, Yu</td>
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The Commercialization of China’s Broadcasting Media: Causes and Consequences

By

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The Commercialization of China's Broadcasting Media: Causes and Consequences

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Introduction

Although China's broadcasting industry is already 70 years old, its real growth only began less than two decades ago. The nationwide drive for a market economy to replace the Soviet-style planned economy has forced the Communist Party of China (CPC) to let the media cater to market demands as long as they acknowledge its right to maintain political control.

Such a strategic change has ushered in a new era for the development of China's broadcasting industry. In less than two decades, the number of radio stations registered a 10-fold increase while the number of television stations grew by more than 20 times (State Statistical Bureau, 1995). At the same time, the number of television viewers in China has reached 852 million (Zhang, 1995), making China the largest television market in the world. Such changes, of course, cannot be attributed to the market forces alone, but development of such a magnitude obviously could not have been accomplished had the structure of the broadcasting industry remained what it was.

The commercialization of the Chinese media as a phenomenon is well documented by media reports, and some academic attempts have also been made to describe it (Kim, 1987; Chan, 1993 & 1995; Schell, 1995). However, more efforts are still needed to explore the underlying factors that catalyzed the commercialization process and its consequences before we can fully answer the question whether the commercialization of media is an inevitable trend for countries in which the government controls the media through direct ownership.

To contribute to such a discussion, this study examines the commercialization of China's media by focusing on the broadcasting industry. The emphasis is on various factors contributing to the commercialization process as well as its consequences.

Development of China's Broadcasting Industry

When China's broadcasting service began in 1926, with the support of a local warlord in the Northeast Chinese city of Harbin (Li, 1991), pioneers of the
broadcasting industry in the United States already found advertising as the means to finance radio operation (Dominick, 1996). This helped to establish the direction for later development of the broadcasting industry around the world.

The Chinese broadcasting industry, however, remained an exception to the trend of commercialization for a major part of its 70-year history. CPC, which has ruled the country since 1949, has never regarded the broadcasting service as purely a commercial tool.

CPC started its own broadcasting service by setting up Yanan Xinhua Radio (XNCR) in 1940 in the belief that "a broadcasting service is a clarion call, a standard banner, a weapon and a tool of public opinion, which should be used by the revolutionaries to fight against the counter-revolutionaries" (Zhu, 1994). From its very start, the CPC-operated broadcasting service, which was later named the People's Broadcasting Service, acknowledged itself as a mouthpiece of the Party and willingly served as its propaganda tool.

With the communist victory in China, XNCR was shifted to Beijing and became the national radio station and part of a press system modeled after that of the Soviet Union. Under such a press system, the Party is concurrently the owner, the manager, and the practitioner (Chu, 1994) of the broadcasting industry and oversees its operation. Mass media, tamed by the government through direct control and punishment against erring journalists, see themselves as "eyes, ears and mouthpieces" of the Party. When television broadcasting started in 1958, it was naturally incorporated into such a system.

From the very start, CPC looked upon the broadcasting service as a political tool for class struggle (Zhu, 1994; Huang, 1996) and believed that the broadcasting service was too important to let it become a commercial tool subjected to the influences of other interests. Following the Soviet model of planned economy, the press, especially the broadcasting industry, became part of the government administration. With such an industrial structure in place, the broadcasting media operated in the first three decades of the People's Republic as:

-- Administrative establishments. Radio and television stations, directly under government administration, operated in a uniform way under the central government, which is responsible for programming, allocating financial resources, controlling the personnel and unifying the distribution process.
Affiliated organs. To ensure uniform control, radio and television stations were attached to various government administrative agencies. National radio and television stations were directly run by the Ministry of Radio, Film and Television while their counterparts at lower levels were administered by the local governments.

Welfare service. Under the planned economy system, broadcasting stations were completely financed by the state, very much like welfare institutions. Their service was provided free of charge (Li, 1994).

With an operating structure as such, China's broadcasting industry was both directly owned and operated by the government under the leadership of CPC, with its investment and operating costs covered by the state budget. The Ministry of Radio, Film and Television and the Propaganda Department of the CPC Central Committee were responsible for drawing the guidelines for its operation and programming.

Such a uniform administrative structure greatly hampered the development of China's broadcasting industry. In operation, broadcasting media were restrained by state funding. In programming, they had to act as CPC's political arms with uniform pro-establishment content. As a result, the growth of the industry was compounded by the country's economic and political problems. In 1962, a nationwide economic recession forced many television stations to close. At the start of the Cultural Revolution in 1966, most television stations were forced to cease operation for months because of factional fighting. For the ten years of the Cultural Revolution, the development of China's broadcasting industry came to a virtual stop in both the number of broadcasting stations built and actual programming.

At the landmark meeting of the Third Plenum of the 11th CPC Central Committee in 1978, CPC renounced its former practice of holding class struggle as its supreme policy and decided to shift its focus of work to the country's economic development, marking the start of a set of pragmatic policies aimed at overhauling the national economy through reforms and opening to the rest of the world. Then in 1982, a further step was taken toward a market economy when the 12th CPC National Congress decided to let the market play a major role in adjusting the national economy.
Affected by such major policy changes, China’s broadcasting service gradually began its transformation from a state-controlled political entity to a market-oriented industry. The first sign of such a move could be seen in the revival of advertising. In 1978, Shanghai People’s Radio broadcasted the first commercial ad. A year later, Shanghai Television followed suit and broadcasted the first commercial and then the first foreign commercial on China’s television (Li, 1994). Soon, commercial ads began to appear on radio and television all over the country.

While the initial commercial attempts were made by individual stations, they received official blessing at the 11th National Conference on Radio and Television in 1983. At the meeting, Wu Lengxi (1983), then Minister of Radio and Television, called on the country’s broadcasting media to “expand financial revenues, reduce expenditures and improve economic efficiency,” and set targets for financial growth as well as for “qualitative, quantitative and technological standards for development.” A four-tier development policy was adopted at the conference to allow city and county governments to join the central and provincial governments in setting up radio and television stations (Huang, 1994).

Such a strategic move speeded up the commercialization process of China’s broadcasting industry. The following years saw enormous growth in the financial revenues of China’s broadcasting media. For example, the broadcasting industry of Shanghai doubled its independent income from 5.12 million yuan in 1983 to 11 million yuan in 1984; in Jiangsu Province, revenues for the broadcasting media skyrocketed from 4.5 million yuan in 1983 to 173.2 million in 1992, a 38-fold increase. During the 1982-1992 period, self-generated revenues for China’s broadcasting industry grew from 720 million to over two billion yuan. In 1992 alone, Shanghai’s broadcasting industry boasted a self-generated income of 200 million yuan, more than ten times the state funding (Li, 1994). Today, self-generated funding now accounts for four fifths of the broadcasting industry's total expenditures in coastal areas and about two thirds in in-land areas (Zhang, 1994).

Along with its financial growth, China’s broadcasting industry experienced enormous physical growth. First, the number of radio and television stations has increased by 20 and 23 times respectively since 1978. Following the 1983 National Conference on Radio and Television, the broadcasting industry experienced four years of staggering expansion (See Table 1 for details). In addition to regular broadcasting stations, about 2,000 cable networks were also in operation by early 1993 (Liu, 1993).
<table>
<thead>
<tr>
<th>Year</th>
<th>Radio Stations</th>
<th>Growth Rate</th>
<th>TV Stations</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>93</td>
<td>0%</td>
<td>32</td>
<td>0%</td>
</tr>
<tr>
<td>1980</td>
<td>106</td>
<td>7%*</td>
<td>38</td>
<td>9%*</td>
</tr>
<tr>
<td>1981</td>
<td>114</td>
<td>8%</td>
<td>42</td>
<td>11%</td>
</tr>
<tr>
<td>1982</td>
<td>118</td>
<td>4%</td>
<td>47</td>
<td>12%</td>
</tr>
<tr>
<td>1983</td>
<td>122</td>
<td>3%</td>
<td>52</td>
<td>11%</td>
</tr>
<tr>
<td>1984</td>
<td>167</td>
<td>37%</td>
<td>93</td>
<td>79%</td>
</tr>
<tr>
<td>1985</td>
<td>213</td>
<td>28%</td>
<td>202</td>
<td>117%</td>
</tr>
<tr>
<td>1986</td>
<td>278</td>
<td>31%</td>
<td>292</td>
<td>45%</td>
</tr>
<tr>
<td>1987</td>
<td>386</td>
<td>39%</td>
<td>366</td>
<td>25%</td>
</tr>
<tr>
<td>1988</td>
<td>461</td>
<td>19%</td>
<td>422</td>
<td>15%</td>
</tr>
<tr>
<td>1989</td>
<td>531</td>
<td>15%</td>
<td>469</td>
<td>11%</td>
</tr>
<tr>
<td>1990</td>
<td>635</td>
<td>20%</td>
<td>509</td>
<td>9%</td>
</tr>
<tr>
<td>1991</td>
<td>724</td>
<td>14%</td>
<td>543</td>
<td>7%</td>
</tr>
<tr>
<td>1992</td>
<td>812</td>
<td>12%</td>
<td>586</td>
<td>8%</td>
</tr>
<tr>
<td>1993</td>
<td>987</td>
<td>22%</td>
<td>684</td>
<td>17%</td>
</tr>
<tr>
<td>1994</td>
<td>1108</td>
<td>12%</td>
<td>764</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: *A Statistical Survey of China* (State Statistical Bureau, 1995)

*Annual average for the two-year period.

Second, the ownership of television sets has also grown fast. In urban areas, the number of color television sets per 100 households jumped from 17.21 to 86.31 between 1985 and 1994. In addition, there were also 16 VCRs per 100 households at the end of 1994. In rural areas, the number of television sets per 100 households increased from 11.74 to 75.77 and color television sets from 0.8 to 13.6 during the same period (State Statistical Bureau, 1995). At the same time, the number of radio receivers per 100 inhabitants also grew from 12 sets in 1980 to 22 sets in the 1990s (Lee, 1994).

Third, the size of the broadcast audience has grown enormously as a result of the greater availability of broadcasting stations and receiver sets. Comparable data show that the number of China's television viewers increased from 47 million in 1978 to more than 800 million in the 1990s (See Table 2). Ninety-seven percent of the urban dwellers and 63 percent of the rural residents are now television viewers, 61% of whom watch everyday (CCTV, 1994). At the same time, the fast development of cable television, which had 30 million subscribers at the end of
1995, is expected to bring more channels for China’s television viewers to watch in the coming years (Lianhe Zaobao, 1995).

Table 2. Growth of China’s Television Audience (1978-1992)

<table>
<thead>
<tr>
<th>Year</th>
<th>Television Viewers</th>
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<tbody>
<tr>
<td>1978</td>
<td>47 million</td>
</tr>
<tr>
<td>1979</td>
<td>120 million</td>
</tr>
<tr>
<td>1980</td>
<td>210 million</td>
</tr>
<tr>
<td>1981</td>
<td>270 million</td>
</tr>
<tr>
<td>1982</td>
<td>340 million</td>
</tr>
<tr>
<td>1983</td>
<td>400 million</td>
</tr>
<tr>
<td>1984</td>
<td>470 million</td>
</tr>
<tr>
<td>1985</td>
<td>540 million</td>
</tr>
<tr>
<td>1986</td>
<td>580 million</td>
</tr>
<tr>
<td>1987</td>
<td>590 million</td>
</tr>
<tr>
<td>1992</td>
<td>806 million</td>
</tr>
<tr>
<td>1994</td>
<td>852 million</td>
</tr>
</tbody>
</table>


Fourth, the programming of broadcasting media has been greatly enriched. On the one hand, the new radio and television stations built since 1978 have produced more programs in addition to those relayed from the central stations. By 1992, 60.8% of China’s households could receive at least four television channels. In addition, 13.3% of the households also receive closed-circuit and cable television programs (CCTV, 1993). On the other hand, the production of television programs has been greatly expanded. In the ten years between 1980 and 1990, China’s annual production of television programs skyrocketed from 2,018 to 22,298 hours (Editorial Board of China Radio and Television Yearbook, 1987 & 1990). In 1979, the whole nation could produce no more than 20 television dramas (Lee, 1994), but today about 5,000 are produced each year (Liu, 1994).

In sum, China’s broadcasting industry experienced phenomenal growth following the adoption of reform and open-door policies in 1978. It is no surprise that such growth coincided with the commercialization process. But the question is: What caused the commercialization process?
Factors Contributing to Commercialization

The commercialization of China's broadcasting industry, despite its official blessing, does not indicate any fundamental change in the Party's attitude toward the media. In a certain sense, the Party was forced to rather than voluntarily let the broadcasting media go to the market. A review of the commercialization process of China's broadcasting media helped us identify at least the following factors that contributed to such a development.

First, the nationwide economic reforms, which were designed to reduce the public sector in favor of expanding the private sector of the national economy, produced a good climate for the commercialization process. With the market playing a more and more important role in the national economy, the government was forced to corporatize state-owned establishments to help them survive in a market economy. At the same time, the state has to reduce the size of government and cut its spending. The broadcasting service, which involves enormous amounts of capital for investment and operation, became a natural target.

While all government establishments were called upon by the state to generate revenues to supplement state funding, few share the advantages enjoyed by the broadcasting media brought about by market forces. As a result, the broadcasting media were literally told to go to the market for their own funding.

Second, the commercialization of broadcasting industry is fueled by the growth of the country's advertising industry and other business operations providing potential income for the broadcasting industry. The market as a lever in adjusting the national economy introduced competition among various enterprises owned by the state, the collective and individuals. Such competition led to a revival of the advertising industry backed by both domestic and foreign capital. As a result, advertising quickly entered the forbidden domains of media industries, with television as the primary target.

Since 1982, advertising has become one of the top growing industries in China, with an average annual growth rate of 55 percent (see Table 3). Of the total advertising income, television's share went up from less than 7 percent in the early 1980s to more than 20 percent in the early 1990s while radio's share dropped from 7.7 percent to around 4 percent during the same period.\(^1\)

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\(^1\) Source same as Table 3.
<table>
<thead>
<tr>
<th>Year</th>
<th>Turnover*</th>
<th>Growth Rate</th>
<th>Agencies</th>
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<tr>
<td>1983</td>
<td>234</td>
<td>0%</td>
<td>2,500</td>
</tr>
<tr>
<td>1984</td>
<td>365</td>
<td>56%</td>
<td>4,000</td>
</tr>
<tr>
<td>1985</td>
<td>605</td>
<td>66%</td>
<td>6,000</td>
</tr>
<tr>
<td>1986</td>
<td>845</td>
<td>40%</td>
<td>7,000</td>
</tr>
<tr>
<td>1987</td>
<td>1,112</td>
<td>32%</td>
<td>8,000</td>
</tr>
<tr>
<td>1988</td>
<td>1,602</td>
<td>44%</td>
<td>9,000</td>
</tr>
<tr>
<td>1989</td>
<td>2,000</td>
<td>25%</td>
<td>10,000</td>
</tr>
<tr>
<td>1990</td>
<td>2,500</td>
<td>25%</td>
<td>10,950</td>
</tr>
<tr>
<td>1991</td>
<td>3,500</td>
<td>40%</td>
<td>12,860</td>
</tr>
<tr>
<td>1992</td>
<td>6,780</td>
<td>94%</td>
<td>16,600</td>
</tr>
<tr>
<td>1993</td>
<td>13,400</td>
<td>98%</td>
<td>31,000</td>
</tr>
<tr>
<td>1994</td>
<td>25,000</td>
<td>87%</td>
<td>NA</td>
</tr>
</tbody>
</table>

* In million of Chinese yuan.
Sources: State Administration for Industry and Commerce.

With the availability of increasing amounts of advertising dollars, the broadcasting media find themselves at a much better position to finance themselves. In fact, for major television stations like CCTV, advertisers have to compete with one another to place their ads, sometimes waiting for months to get a spot. In the last couple of years, CCTV also started to auction some of its peak time commercial slots, generating about 100 million US dollars a year (Shenzhou Xueren, 1995).

In addition to advertising income, other kinds of commercial income also pour into the broadcasting industry in the form of sponsorship or other business arrangements. It is estimated that the volume of non-advertising transactions in the television industry comes to 20 to 50 percent of the industry's business turnover. In Shanghai, for instance, about 48 million yuan of non-advertising commercial income went to local radio and television stations between 1984 and 1988, accounting for 36.4% of their total commercial income (Editorial Board of Broadcasting in Contemporary China, 1991; Wang, 1990).

Third, the decentralization in the administration of broadcasting industry also greatly contributed to the commercialization process. Following the Soviet model, the development of China’s broadcasting industry was planned and managed by the central government. The central stations were directly owned and
administered by the central government while those at the provincial level were built with money from the central government but run by provincial governments.

In the early 1980s, financial strains faced by the central government made it impossible for the state to finance further expansion of the broadcasting industry despite popular demands for its service. As a result, centralized planning for the development of broadcasting industry was abolished. At the 1983 National Conference on Radio and Television, it was decided that governments below the provincial levels be given the right to set up their own radio and television stations. As a result, municipal and county governments joined the central and provincial governments as investors in building broadcasting stations (Liu, 1994). Lacking capital but recognizing the financial potentials of broadcasting media, the local governments tend to be more willing to marketize their new establishments to get money for both initial investment and later operation.

Along with the disruption of centrally-planned development of the broadcasting industry, the last decade also witnessed a structural change in the administration of broadcasting industry. Starting at the central level, CCTV and the Central People's Radio Station were moved out of the Ministry of Radio, Film and Television. At the local levels, radio and television stations also stopped being directly administered by the corresponding government bodies. In other words, the Party and government may still own the broadcasting media, but they do not directly manage such operations. While the broadcasting media still have to obey Party and government orders, they operate more like independent corporations within the state guidelines. If they do not have political freedom, they are now at least free to join the rest of the society in pursuing financial gains.

Fourth, as a result of the structural change in administration, investment in the broadcasting industry has been diversified and broadcasting stations have to depend more and more on the market for survival.

Although the state investment in the broadcasting industry has increased in the years, it has lagged far behind the growth of broadcasting industry itself. State funding for the television industry rose from 670 million Chinese yuan in 1980 to 1,780 million in 1985, and then to 3,000 million in 1989 (Editorial Board of China Radio & TV Yearbook, 1992). But at the same time, the exchange rate of Chinese yuan against foreign currency, which is badly needed for equipment, dropped three to four times; and salaries for employees jumped four to five times. Therefore, there was virtually no real growth in state investment in the broadcasting industry, whose scope expanded at least ten times during the same period.
The lack of government funding leads to major changes in the investment structure. Instead of direct investment from the state, local governments had to raise capital from other sources. Local investors, mostly government agencies and state-owned enterprises with an entrepreneurial eye, were more likely to treat their broadcasting ventures as commercial establishments than as political tools (Schell, 1995). At the same time, enterprises, both state-owned and collectively owned, as well as institutions, schools and army units were allowed to set up closed-circuit television and wired broadcasting stations (Ministry of Radio, Film and Television, 1984).

Although private ownership of media is still prohibited, other forms of investment began to emerge. The opening of Shanghai Eastern Radio Station in 1992 signified the start of an alternative form of media financing. Instead of relying on state subsidy, its start-up capital was a bank loan (Yan, 1993). In the same year, Shanghai Eastern Television Station, which raised its capital through selling its shares and generating advertising profits, also started operation. (China Times Weekly, 1993). In the mean time, foreign capital has also come into China's broadcasting industry in the form of joint-ventures in cable television and program production (Chan, 1993).

The diversification of investment results in diversified broadcasting operations. More and more specialized stations have cropped up following the success of the Pearl River Economic Radio Station in Guangdong. The self-funded and specialized operations have to depend more on the market than those "official" stations directly controlled by governments at various levels, thus pushing the broadcasting media further toward the market.

Fifth, the commercialization of China's broadcasting industry is also a result of direct competition from foreign broadcasters. For the first 30 years of the People's Republic, the state-run broadcasting media faced no competition at all. Although a few foreign short-wave radio programs could be heard in China, the political climate made Chinese listeners shy of tuning in. Besides, the price for a short-wave radio was more than most people could afford at the time.

Things began to change in the late 1970s when the open-door policy allowed the Chinese people greater freedom to listen to and view foreign broadcast programs, which also became more accessible with the development of new communication technologies. Starting in the late 1970s, Hong Kong broadcasting media began to expand its penetration into the neighboring Guangdong Province, where local residents with powerful antennas could easily pick up signals across
the border. Today, more than 97% of the households in the major cities of the Pearl River Delta have access to Hong Kong television through cable networks (Hong Kong ATV, 1993; Hong Kong TVB, 1992). At the same time, dozens of countries and regions are beaming their radio signals to China (Liu, 1994) and more than a dozen foreign television stations are broadcasting to China via satellite (Zhao, 1994). By 1993, the number of satellite receiving stations in China had grown from 4,609 to over 40,000 (Schell, 1995). STAR TV, the first commercial pan-Asia television service, claims to have 30 million households in China as its viewers (Chan, 1994).

Facing increasing competition from foreign broadcasting, China's broadcasting media have been forced to reform their operation. Broadcasting media in Guangdong, which faced the biggest challenge from overseas broadcasting, took the lead in reforming not only their programming but also management. Soon, other places followed suit, resulting in greater dependence on the market.

Lastly, the fact that the broadcasting service passed its elite stage and became a popular form of mass communication also influenced the development of China's broadcasting industry.

When radio and television were elite media, they had to rely on state funding for operation. As long as their performance was in line with what the Party demanded, they would be able to maintain their operation since their performance was judged by government officials only. The popularization of broadcasting media in the past two decades, however, changed the way how the broadcasting media's performance is evaluated. On the one hand, the audience have joined party and government officials in rating media's performance. On the other hand, their attention indirectly determines the monetary award for the media. Because the audience's rating is based on market demand, the media have to look for programs that sell best rather than what the Party likes best.

In sum, the commercialization of China's broadcasting industry is a result of a combination of factors, which intermingle with one another to force the broadcasting industry to marketize its operations. As a result, the growth and continuity of the country's broadcasting industry has to rely more and more on market mechanism and commercial means in realizing capital accumulation.
Consequences of Commercialization

Although the commercialization process has not fundamentally changed the communist media system, it has given China's broadcasting industry an entire new look.

First, the control of central authorities over the broadcasting media has been greatly weakened. Whereas the broadcasting media were monopolized by the central government with vertical planning and management as well as uniform programming in the past, the broadcasting media in China today show increasing independence backed by local authorities and investors. Although the central authorities still hold the power to approve or disapprove major investment and programming decisions made at local levels, such power is more and more exercised through legislation rather than mandatory rule.

With market forces becoming an increasingly more important factor in managing broadcasting operation, a decentralization in the management of broadcasting industry is in progress. The central government is pressured to delegate more and more power to local authorities. For example, the provincial television stations in Guangdong, Fujian and Sichuan, as well as those in Beijing and Shanghai, are authorized to import their own programs for exhibition within provincial and metropolitan boundaries (Hong, 1993) to meet the demands of local markets.

With the broadcasting media's drive for financial gains, the central government's right to broadcast uniform programs to the whole nation is seriously challenged. Although the central government made it clear that local stations must carry a certain number of hours of centrally produced programs when it gave local authorities the right to build their own stations, more and more local stations replace programs produced by central and provincial stations with their own in order to carry their own ads. Another common practice among local stations is to insert their ads in the relayed central programs. The problem has become so widespread that the Ministry of Radio, Film and Television had to issue circulars to warn against such practices (Ministry of Radio, Film and Television, 1993a & 1993b).

Second, the commercialization has diversified the programming and business operations of broadcasting media. With greater financial independence and increasing pressure for profit-making, the broadcasting media have become more daring to step over the official line.
With the emergence of so many locally-invested broadcasting media, the content of radio and television programs has been greatly diversified. To generate profits, broadcasting media at all levels need to produce their own programs to carry their ads. Whereas CCTV and the Central People's Radio used to dominate the programming, they now have to compete with local broadcasting media for audience attention. Local residents, who used to watch CCTV only, can now watch provincial, city or county television stations as well. In addition, satellite and cable television also provides more programs for people to choose from. As a result, the competition both among domestic stations and with foreign broadcasting media has been greatly intensified.

To survive in market competition, the print-based format of broadcasting was discarded and broadcasters are now given greater independence in programming as “hosts” and “anchors” (Bai, 1994). News reporting has become more timely and daring in exposing social problems while entertainment programs have also become more lively. More events are now covered live. At the same time, more and more specialized stations are now in operation, adding more colors to the overall programming.

In addition to more diversified programming, commercialization has also resulted in more diversified operations by the broadcasting media, which no longer limit their scope of business to broadcasting. Many broadcasting media have diversified their operation by investing in consultancy, real estate, entertainment, tourism, public relations, advertising, and other businesses forming conglomerates (Chan, 1995).

Third, commercialization has strengthened the ties between the broadcasting media and their audience. In the old system, the media, acting as mouthpieces of the Party and government, often took a condescending attitude toward the audience. Broadcasters were told by the Party to “educate” rather than serve their audience. Such a situation has been changed by the commercialization process. The audience, which becomes part of the market and determines the financial income of broadcasting media, are now worshipped by radio and television stations. As a result, we see intensified efforts made by the broadcasting industry to cater to the audience's needs.

Whereas the broadcasting media used to wait for audience's response, they are now making greater efforts to find out the needs and wants of their audience. CCTV, for example, has conducted two major national audience surveys in 1987 and 1992 and smaller scale ones every month (CCTV, 1994 & 1988). Another
example can be found in the newly emerged "hot line", or phone-in, service for radio. First adopted by the Pearl River Economic Radio to let its listeners to call in for songs and music in 1986, the phone-in service has become a standard feature of radio broadcasting in China. In addition to calling in for songs and music, listeners can now call in to participate in discussion of various kinds of issues, consult the host, and report things happening around them, etc.

As a result of these changes, we see greater involvement of the audience in deciding the content of broadcast programs. Their power has been greatly enhanced by the commercialization process.

Fourth, the commercialization of China's broadcasting industry has led to greater internationalization of its programming. The enormous growth of broadcasting media since 1978 has resulted in an acute shortage of programs, especially for the television industry, which traditionally depended on the movie industry for entertainment stuff.

As Chinese Minister of Radio, Film and Television Ai Zhisheng (1991) acknowledged, CCTV could produce only one-third of all the programs it broadcasted in 1990; television stations at the provincial and city levels could produce no more than 2 hours of their daily programming. The cheap price of foreign programs, usually about one tenth of self-produced programs (Liu, 1994), seems especially attractive to the broadcasting media, which are both financially and technically unprepared for such great demand for television programs. As a result, foreign programs, which were rare treats for the Chinese audience before 1980, began to flood into China's broadcasting media. This is especially the case for television stations at the county level, which do not have the resources to produce or purchase their own programs and have to rely heavily (up to 80% in some cases) on foreign videos and programs (Yang, 1992). In the 1991 Sichuan International TV Program Trade Fair alone, China bought over 1,900 foreign TV programs, ranging from TV dramas, soap series, documentaries to children's cartoons (People's Daily, 1991).

Along with foreign programs also come foreign advertising and sponsorship. The early foreign programs shown on Chinese television were mainly obtained through barter trade, which allows air time for foreign ads in exchange of programs. More and more direct foreign advertising, however, now appears in China's broadcast programs. In the mean time, overseas investors have also began to form joint-ventures with Chinese partners in cable television service and program production. Such development often leads to potential conflicts of
cultural and economic interests between the national development and global capitalist expansion.

Fifth, a side effect of the commercialization process is the rise of unethical practices among China's broadcasters. Competition fostered by the market economy has brought a lot of temptations for the broadcasting media and their employees, who often pursue their personal gains at the expense of public interests.

On the one hand, the market economy has resulted in greater competition among various enterprises and institutions for media attention. As a result, broadcasters have become hot targets for bribery. Many business enterprises provide "bonus" for journalists to cover their activities or have their ads aired ahead of schedule. Some even provide journalists with free housing and cars. As a result, advertising in the disguise of news and fraudulent commercials have become a widespread problem (Zhang, 1994).

On the other hand, competition among broadcasting media themselves has also led to sensationalism in programming. Local television stations, which are short of funding to produce quality programs, often broadcast programs of inferior quality or pirated overseas programs, many of which are of low taste and focus on sex and violence (Yang, 1992b). There were also cases in which television stations resorted to pornography to attract viewers (Associated Press, 1996).

Lastly, the commercialization process has also led to uneven development of the industry, resulting in greater gaps between the information rich and the information poor.

Whereas state funding tended to spread out evenly, commercialism tends to take care of the more developed areas and ignore the underdeveloped ones. Consequentially, the growth of China's broadcasting industry tends to concentrate in major cities and the coastal areas, resulting in bigger gaps between the urban and rural areas and between the economically developed and underdeveloped regions. For example, 97% of the urban residents are television viewers but only 63% of the rural residents can watch television. A 1987 study (Propaganda Department, 1992) shows that radio and television signals could be received by 100 and 98.5 percent of the residents in high-income counties but by only 48 and 27 percent of the residents in low-income ones.

With commercialization, these disadvantaged places, which are also economically poor, find it hard to obtain the capital to develop their own
broadcasting media. Their low-income residents do not appeal to advertisers. For example, television stations in Beijing, Shanghai and Guangdong had a combined advertising income of 2.9 billion yuan, or 41% of the total advertising revenues for the national television industry in 1993 (Shanghai Journalists, 1994). In 1995, Shanghai television industry's advertising income totaled 600 million yuan, 33 times that of Xinjiang television industry. In addition, the geographic location of the underdeveloped regions, usually with rugged terrain, also makes it more difficult to build broadcasting facilities.

Conclusion

The dramatic changes of China's broadcasting industry show that media commercialization is an inevitable trend once the country embarked on the road of a market economy. The restructuring of the national economy demands that mass media make corresponding changes. This is especially so for the broadcasting industry, which involves huge capital to cover initial investment and operating costs. Whereas the Chinese authorities could maintain a strong hold on the broadcasting media with the planned economy, the markets forces, once in place, are bound to drag the broadcasting media closer to the market.

From China's experience, we can see how the development of the broadcasting industry could be severely handicapped by central controls, both political and financial. Once such controls were released to allow the broadcasting media to find their own path of growth, commercialization became the natural course for development. China's fast growing economy provides both the climate and demand for the broadcasting industry to grow.

The effects of the commercialization process can be many fold, both good and bad, but the most noticeable one is that the market forces are leading the broadcasting media closer to their clients. The broadcasting media, pampered by state funding and their status as government agencies in the past, now have to change their attitude toward their clients, who are now their paying masters.

Although the commercialization process has not changed the basic fact that China's broadcasting media have to remain loyal to the Party and state, their growing financial independence has made it less convenient for the Party and State to wield them as political weapons. If the Party still holds its right to conduct the band, the pipers now have to look at their audience to see if they are pleased with the music.
References


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