On October 8, 2003, in a lecture at the central Party School in Beijing, Rupert Murdoch, the transnational media baron who once proclaimed that satellite television would bring an end to authoritarian regimes everywhere in the world, cajoled top Chinese leaders to liberalize China’s media market. Murdoch not only assured China’s party bosses about the compatibility between market liberalization and the maintenance of their political power, but also claimed that ‘China has the potential not only to follow the examples of the US and the UK, but to improve upon those examples to achieve a level of success all its own.’ Did Murdoch go too far in pandering to Chinese ears? How plausible is a Chinese success ‘all its own’ in this critical area of global power? If China can achieve a level of success ‘all its own,’ what role will there be for the sort of transnational capital symbolized by Murdoch, whose presence in China is already such that ‘Murdoch’ was among the top twenty ‘keywords’ of the Chinese media industry in 2003?

The realm of communication and culture, defined broadly to include both physical networks and symbolic content ranging from media texts to language itself, provides a crucial vantage point for examining current global power relations. This is not only because ‘soft power,’ i.e., the power of ideological and cultural persuasion, plays an important role in US global dominance, but also because the communication and culture industries are themselves now important sectors of the global economy.

But notwithstanding the American right’s fear of ‘China Rising’, and projections of China as the US’s next imperial rival, it is more plausible, at least at the current historical conjuncture, to view China as a regional power being integrated into the ‘informal American empire’ described by Panitch and Gindin. Just like the American empire itself, however, there is no guarantee that China’s current path of integration is sustainable.
CHINESE CULTURE BETWEEN THE IRON FIST OF THE PARTY AND AMERICAN SOFT POWER

As Panitch and Gindin argue, it is ‘not through formal empire, but rather through the reconstitution of states as integral elements of an informal American empire, that the international capitalist order [is] now organized and regulated.’ Although the reconstitution of the post-revolutionary Chinese state as an integral part of this new global capitalist order began with Deng’s ‘reform and openness’ program in the late 1970s, a key moment in the Chinese state’s external reconstitution had already occurred earlier, in 1972, when, on the basis of its anti-imperialist foreign policy and its support for the non-aligned movement, China secured a UN seat as the legitimate representative of the Chinese nation. Then, in the same year, The People’s Republic of China welcomed Nixon to Beijing and allied itself with the US against the Soviet Union.

The Nixon visit was also a pivotal moment for the Chinese media’s capitulation to American ‘soft power’. In particular, the technological and professional sophistication of the three US television networks that beamed live satellite reports of Nixon’s visit back to US audiences stunned the Chinese and had a powerful demonstration effect. So, if the Soviet bloc first introduced television to China, it was US commercial networks that led to the fledgling Chinese television industry becoming the most powerful mass medium integrating China with global consumer capitalism.

The Chinese communication and culture system thus became an integral component of the global capitalist system at the very beginning of the ‘reform and openness’ process, beginning with the airing of transnational advertisements on Chinese television in 1979. By the early 1980s, the Chinese state had prioritized the development of the telecommunication networks in coastal areas in order to facilitate transnational capital’s access to cheap labour in China. Until the late 1970s the post-revolutionary socialist state had resisted Western culture in an attempt to develop a non-commercial national culture. Now the same state champions the commodification of communication and culture and the reshaping of these industries in the image of their transnational counterparts. Since the 1980s, the reformed state has been promoting ‘informatization’ as a central part of its development strategy and a key aspect of its integration with transnational capitalism. By the early 2000s, the state was promoting the market-oriented development of the more sensitive cultural industries, ranging from news operations to video game installations, as new sites of economic growth.

To be sure, the Chinese version of the neo-liberal logic of liberalization and privatization is distinctive. The restructuring of China’s national communication and cultural industries has two explicit objectives: ideolog-
ical legitimation as well as capital accumulation. Liberalization has occurred predominantly within the state-owned sector, characterized by the proliferation of market-oriented media outlets within the traditional Party-state structure. Domestic private capital has been restricted largely to the peripheries of the communication and cultural industries. Even today, there are no privately-owned basic telecommunication service providers, just as there are no private newspapers or broadcast stations. Foreign penetration and global integration – from the importation of television programs to foreign direct investment in media and cultural production – has been carefully managed by the Chinese state, first on an ad hoc basis, and most recently through provisions in China’s WTO accession. In addition to major concessions in the film industry, discussed below, China’s WTO accession opens up its telecommunication services, advertising, and the distribution and retailing of audio-visual products, books, newspapers and magazines to foreign investment. The Chinese contribution to the recent wave of consolidation in global media markets has taken the form of state-engineered re-centralization and conglomeration within the Party-state sector.8

Now, after a quarter century of accelerated capitalistic development, China’s communication and culture industry has emerged as one of the fastest growing and most profitable sectors of the Chinese economy. The Communist Party state itself is the dominant domestic capitalist, ready to do business with transnational media barons such as Rupert Murdoch and create the necessary internal legal and regulatory conditions for sustaining domestic and transnational capital accumulation, and acting as a ‘responsible’ state within global capitalism.

This, then, was the context within which American ‘soft power’ grew in the Chinese cultural realm throughout the 1980s and 1990s. While the pro-democracy movement in 1989 articulated its political aspirations in terms of American liberal democratic ideology, the suppression of that movement created the preconditions for the ideological dominance of neoliberalism in China,9 and for the flourishing of commercialized popular culture. By 1997, the naturalization of American ‘soft power’ had reached a point where former Party General Secretary Jiang Zemin openly expressed admiration for the Hollywood blockbuster Titanic, while in 2003 Qinghua University professor Liu Jianming declared that the American culture industry represented ‘advanced culture’ and that the global popularity of Hollywood represented the triumph of the ‘advanced culture’ of one nation over the ‘backward culture’ of others.10

Perhaps the most ironic example of this process of ‘inner colonization’ is that while the Chinese branch of Murdoch’s global satellite TV empire is known in Mandarin as Xingkong Weishi (Star-Sky Satellite Television), China
Central Television, the state television network, uses English – ‘CCTV’ – as its logo and acronym. As Wu Mei, a Macao-based communication scholar, has noted, the pervasiveness of English signs in the Chinese national media and public spaces is an obvious sign of cultural subordination.11

However, any conceptualization of cultural domination in terms of exclusive American cultural power is inadequate. As Herbert Schiller, one of the most eloquent critics of American cultural domination, has noted, a more diversified pattern of global media ownership and media flows means that the current pattern of domination, ‘though still bearing a marked American imprint, is better understood as “transnational corporate cultural domination”’.12 In fact, Japan, Korea, Hong Kong and Taiwan – countries and territories that have already been integrated into the informal American empire – have played an important role in the transmission of transnational capitalist cultural values and forms to China. In newer cultural markets such as video gaming it is Japanese and Korean products, not American products, which dominate the Chinese market.

Thus, instead of celebrating cultural diversity and the limits of ‘Americanization’ in terms of ‘glocalization’ and ‘indigenization’,13 it is more useful to think about cultural domination in terms of the penetration of capitalistic cultural relations in national cultural spaces in general. As Dan Schiller and I have argued, the transnational cultural industry is willing to ‘parasitize’, rather than flatten, cultural differences – whenever such variations give hope of profitability.14 Or as Leslie Sklair puts it, the leading actors of the global capitalist cultural system

have no particular interest in destroying or sustaining local cultures apart from the drive for increased profitability. Where local or national agents threaten profitability capitalists certainly destroy them, as colonial powers have done in the past wherever local enterprise interfered with their expansionist plans. Economic globalization has changed this to some extent by making it easier for globalizing corporations to integrate local partners into their cross-border networks and to take advantage of local partners and resources, an advantage that can be shared with local elites.15

The most insidious form of capitalist cultural domination is thus when a national media system internalizes the discourses of transnational capitalism. This kind of cultural hegemony does not have to involve the direct participation of American capital or American-originated media content, or for that matter, Japanese or Korean media capital or content. The most telling evidence of capitalist cultural hegemony is rather to be found in the discursive orientations of China’s national news media, a realm that is formally still under the control of the Chinese state.
Chinese news coverage of two recent major events is illustrative. The first concerns China’s WTO entry. Chinese press coverage of the US-China WTO agreement in 1999 naturalized neo-liberal globalization and systematically privileged transnational corporate speech and the imperative of US-led transnational capitalism. It not only relied on the US Embassy and American media for the content and interpretation of the WTO agreement, but even served as a propaganda organ for transnational corporations and their spokespersons. Meanwhile, not a single article in a sample of nearly 500 news stories and commentaries that I examined gave even a ceremonial voice to Chinese workers or farmers. In the words of Wang Hui, the Chinese state and the media it directed ‘undertook a long and one-sided campaign to publicize the WTO negotiations’ and Chinese media reports ‘corresponded with the American media on the same issue’.17

The Chinese media’s coverage of the US invasion of Iraq in 2003 is an even more telling example. Here was an event in which the Chinese state articulated its opposition against American imperialism. On the surface, the Chinese media relayed the official position, to the extent that internet posts by American apologists inside China even attacked CCTV for its anti-imperialist pronouncements. However, a closer reading shows that coverage of the war was profoundly contradictory. A deeper level of submission to American imperialist power overshadowed official anti-war pronouncements. To begin with, the Chinese state allowed no room whatsoever for popular expression of anti-war sentiments in the Chinese media, just as there was no such expression on Chinese streets. Second, instead of engaging with fundamental questions regarding the legitimacy and justice of the war, or the validity of the Bush Administration’s war claims, the Chinese media, following the lead of the American media, focused on military strategies and tactics, and the endless display and analysis of American weaponry. To do so, they relied heavily on American media for pictures of the war supplied by the Pentagon. As a result, a brutal imperialist war was turned into a reality television show displaying American military might and imperial reach. Here, the penetration of American ‘soft power’ was manifested in the Chinese television’s submission to the technological and discursive logic of American commercial television, and the imperial war as a news spectacle – despite the Chinese state’s official, and no doubt serious, opposition against the war. It should also be noted that, the intensive coverage of the war on Chinese television was the result of a deliberate decision on the part of state officials and CCTV top management, in an attempt to make CCTV ‘China’s CNN’, and to strengthen the position of domestic media vis-à-vis transnational media corporations in the context of China’s WTO entry. This included the launching of a CNN style 24-hour news channel. Apparently,
Chinese media officials and CCTV management believed that the way to win the Chinese audience was to mimic CNN’s format and style, and to make transnational media footages available to a domestic audience who had increasingly demanded such material.

CULTURAL INTEGRATION AND TRANSNATIONAL CLASS FORMATION: TWO CASE STUDIES

The accelerated re-organization of the Chinese communication and culture industry in the context of domestic political authoritarianism and global integration also sheds light on class formation within China and beyond its borders. As Panitch and Gindin have argued, American foreign direct investment directly affects the class structures and state formations of other core countries. The penetration of American capital as a social force tends to undermine the formation of ‘a coherent and independent national bourgeoisie’ and considerably diminishes ‘the likelihood that domestic capital might challenge American dominance – as opposed to merely seeking to renegotiate the terms of American leadership.’ The emerging patterns of cultural production and consumption in the globally integrated film and magazine industries in China are indicative of this dynamic of transnational class formation.

The Film Industry

Film was introduced into China from the West, and before 1949 Hollywood dominated the Chinese film market. The Maoist regime not only ended Hollywood’s fortunes in China, but also developed a strong indigenous national film industry. In the early 1980s, Chinese films enjoyed enormous popularity, but as the ‘reform and openness’ process deepened a number of factors – political control, under-investment, competition from commercialized state television, and drastic social stratification and audience market fragmentation – combined to undermine the viability of the domestic film industry organized under the planned economy. By the early 1990s, the Chinese film industry was in deep crisis. Annual attendance at theatres dropped from 21 billion in 1982 to just under 4.5 billion in 1991.

Hollywood, meanwhile, tried to re-enter the Chinese market as soon as US-China diplomatic relations were restored in 1979. Chinese audiences, isolated from Hollywood for nearly thirty years, necessarily had some catching up to do. Hollywood’s re-entry into China thus began with public screenings, especially on state television, of cheap Hollywood classics, with Rupert Murdoch’s 20th Century Fox playing a leading role in supplying them. By 1985, when the Hollywood blockbuster, Rambo: First Blood, was released in China and caused a national sensation, China’s re-engagement
with Hollywood had already intensified significantly. By 1994, under the
double pressure of Hollywood and the film distribution and exhibition arms
of the domestic film industry, China had decided to accept an annual impor-
tation of ten first-run Hollywood films on a box-office revenue-sharing basis.
Driven by profit considerations and the sensibilities of middle class urban
viewers, who had come to regard seeing the latest Hollywood blockbusters
as part of their global cultural citizenship entitlement, the state-controlled
film distributor and cinemas, as well as the mass media, enthusiastically
promoted Hollywood movies, while ignoring domestic productions. In
1995, the ‘most glorious year’ for the Chinese film box office take, thanks
to Hollywood imports, more than seventy domestic films were denied distri-
bution to theatres. By 1998, when the Hollywood blockbuster Titanic
garnered a record one quarter of the year’s total Chinese box office
revenue, domestic Chinese film production, which had ranged between 100
and 130 annually since 1980, had dropped to a record low of 37. The pres-
tigious Xi’an Film Studio had to lay off more than 10 per cent of its
workforce.

In response the more entrepreneurial Chinese filmmakers, in an attempt
to secure commercial success and circumvent political control, not only gradu-
ally adopted Hollywood narrative styles, formulas, and business models, but
also increasingly looked to the global market. The success of film-makers
such as Chen Kaige and Zhang Yimou on the major international film
awards circuits in the 1980s and early 1990s, and the inclusion of their films
in the ‘foreign’ section of major video rental chains in North America,
signalled the beginning of the selective incorporation of a Chinese film-
making elite into an American-dominated global film industry that was
becoming increasingly multicultural. Over time, these film-makers have
grown increasingly independent of the domestic film infrastructure and
gained the support of transnational film investors and distributors.

Zhang Yimou’s 2003 Hollywood-style martial arts blockbuster Hero, for
example, widely hailed in both Chinese and global media as Asia’s response
to American cultural imperialism, was funded by Miramax; the most
commercial of the younger generation of filmmakers, Feng Xiaogang, made
a cross-cultural hybrid called Big Shot, starring the Canadian actor Donald
Sutherland and featuring a plot that glorifies Hollywood financial and cultural
power. Feng readily admitted that Columbia Tristar, which invested in the
film, influenced some artistic decisions in an effort to crack the US and global
markets. As Stanley Rosen commented in early 2003:

Sony recently announced its plans to invest $100 million in China’s
music and movie industries within three years. Sony chairman
Nobuyuki Idei expects China to become the company’s second-
largest market by 2008. In short, China’s national film industry is becoming increasingly transnational …. Purely domestic productions, with no transnational appeal, may be doomed to play to mostly empty theaters.  

It is within this context that one must understand the significance of China’s WTO entry provisions with regard to the film industry. Although the audio-visual sector was excluded from the final GATT agreement that created the WTO, the powerful Hollywood lobby secured major gains through the bilateral US-China WTO agreement that took effect in December 2001. Under the agreement, China committed to quadruple film imports to forty films per year upon accession. The number will increase to fifty by 2005, of which twenty could be first-run Hollywood blockbuster movies. It reduced tariffs on audio-visual imports, opened up its consumer market for audio-visual products to foreign distributors and, most importantly, allowed foreign investors to own up to a 49 per cent share in companies that build, own and operate cinemas in China. A full-scale restructuring of the film industry in China – from production to distribution, exhibition and consumption – has been under way since China’s WTO entry. Major transnational entertainment conglomerates such as Time-Warner have teamed up with domestic Chinese partners to establish production facilities and revamp the Chinese cinema infrastructure. Moreover, they have managed to secure new terms of market openness far beyond the original terms set in China’s WTO accession agreements. In December 2003, the Chinese state issued new rules allowing foreign investors to hold an up to 75 per cent stake in joint venture cinemas in seven of China’s largest cities, effective January 1, 2004. In reporting this new rule, The People’s Daily cited a Chinese film official as saying that ‘the new regulation makes China a more attractive place for foreign cinema giants.’ Just as Zhang Yimou had to depend on Miramax’s investment to make his ‘Chinese’ blockbuster Hero, the interests of others in the Chinese film industry, including Chinese state regulators who believe that Hollywood should help improve the domestic Chinese productions, are now increasingly linked to transnational capital. The post-WTO liberalization of film distribution and exhibition markets has also put pressure on the Chinese state to increase co-productions and import quotas. The top executive of a newly-established film distribution firm, for example, has called for an increase in film import quotas and the reclassification of Hong Kong and Taiwan films as ‘domestic productions’ so as to increase the number of Hollywood imports.

This is not to say that the Chinese state and China’s domestic capital have no global ambitions of their own. Dan Schiller has documented a series of
initiatives on the part of Chinese communication industries to expand their
global reach in information and communication technology manufacturing
and service provision – from computer maker Legend’s overseas expansion,
to CCTV’s English channel’s distribution in three major US cities through
the cable systems of Time–Warner and News Corporation.29 The Chinese
state is also trying to compete on its own terms in the global cultural indus-
tries by developing its own technological platforms and standards, including
an alternative to DVD called EVD, which will supposedly allow domestic
manufacturers to ‘shake off their previous dependence on foreign technolo-
gies.’30 While these developments are significant and will likely increase
China’s presence in the global cultural market, Schiller rightly concludes that
‘China is nowhere near mounting a bid to up-end US political-economic
power in communications and information.’31 The pattern of integration
between the Chinese film industry and Hollywood suggests that any notion
that China can achieve success ‘all its own’ in the global market is far-fetched.
Rupert Murdoch, whose investment in Chinese communication and culture
markets ranges from audio-visual production to satellite broadcasting,
internet websites and broadband cable networks, in all likelihood knew this
very well when he lectured Party leaders in Beijing. Indeed, what was really
significant was not what he said but the very fact of his lecturing to the
Chinese leadership: it signified the emergence of a new form of class alliance
between transnational capitalists and China’s ruling elite.

The Magazine Industry

If the global integration of the Chinese film industry provides a case study
in transnational class formation in the realm of production, the pattern of
integration in the Chinese magazine industry provides a case study of this
development from the angle of consumption.32 Foreign investment in the
media sector assumes a double role in class formation: it affects class struc-
ture not only in the socio-economic sense, but also in the
cultural/ideological sense by providing cultural capital for particular social
strata. The first US–China business joint venture in China was between
International Data Group (IDG) and the Chinese state, established in the
tightly protected print media sector as early as 1980, and remains one of the
most successful foreign investment stories in China, with terms far exceeding
the scope of foreign operation in the Chinese cultural sector outlined in the
WTO accession agreements twenty years later. As the post-Mao leadership
made information technology the key sector in its development strategy,
IDG publications made available up-to-date technical information and cham-
pioned the ideology of globalization through information technologies. This
was especially true of China Computerworld, the Chinese version of IDG’s
flagship publication, which provided the right cultural product for the right audience at the right time. It fitted in perfectly with the information and cultural needs of a Chinese technocratic elite gearing up to constitute itself as the Party’s new social base and as the ‘representatives’ of the ‘advanced productive force,’ as Jiang Zemin would later characterize them.33 Their job, of course, was to transform the domestic economy around information networks and integrate it with the global capitalist information system. With China Computerworld as China’s most authoritative and highest circulation IT publication, by 2002 IDG’s publishing empire in China encompassed twenty-two titles, including Digital Fortune, which boasts a readership profile of individuals between 25–45 years old with ‘an annual income above 100,000 RMB’ and a ‘global perspective;’ and Digital Power, which again caters to ‘young, successful people with higher level of education’ who promise to ‘have considerable spending power and social status.’34 Although these publications do not command the ideological significance of, say, a Chinese version of Reader’s Digest, their role in integrating the Chinese techno-cultural elite with global informational capitalism has nonetheless been profoundly significant.

Once IDG had established a cozy relationship with the Chinese state and helped to create a Chinese middle class based on the information economy, it teamed up with transnational consumer magazine publishers such as the Hearst Corporation to enfranchise this class as part of the transnational consumer market through the provision of consumer advertising and lifestyle tips. Other domestic and foreign collaborative ventures in consumer magazine publishing have also flourished. Since the late 1980s Chinese versions of transnational consumer and lifestyle magazines, including Elle, Cosmopolitan, Esquire, Harper’s Bazaar, Good Housekeeping, Auto Fan, Golf and many other American, European, and Japanese titles, have competed keenly for the affluent urban middle-class market. Instead of being isolated and deprived by a tightly controlled domestic publications regime, members of China’s affluent consuming elite are now served with the best of all consumerist worlds through the Chinese magazine industry’s advertising, management, and copyright cooperation agreements with transnational publishers. Although hard news titles are still not welcome, as the New York Times noted, ‘foreign magazines about fashion, technology and business are increasingly popular.’35 Soon, young Chinese men will have the chance to taste some long forbidden fruits of Western consumer culture. While America’s Playboy has long expressed an interest in going to China,36 it looks as if its British counterparts will set their feet on China first. The New York Times reported on April 18, 2004: ‘Britain’s bawdy “lad mags” FHM and Maxim – which have been wildly successful by peddling women in barely
anything, frat-boy humor, sexual innuendo and the occasional fashion top to twenty somethings – are now planning their own Chinese editions.37

The resulting Chinese consumer and lifestyle magazine market is thus truly transnational – that is, transnational consumer culture embellished with various national tastes. *Trends Traveler*, for example, has a copyright arrangement with the American-based *National Geographic Traveler*, and picture and text exchange cooperation with the French magazine *Guide Moncos* and the Taiwanese magazine *To Go*. Combined with local content, *Trends Traveler* is a feast of appealing pictures and stories catering specifically to the university-educated high-income urban white-collar traveller aged between twenty-five and forty.

The content of the magazine’s November 2002 issue serves as good case study of the cultivation of transnational class identities and sensibilities. As a Chinese transnational traveller and sophisticated cultural connoisseur you visit Scotland to learn its ‘history in a bottle’; you take ‘the classic petit-bourgeois trip’ to the Louvre, the British Museum, and the Metropolitan Museum of New York; you idly surf the Internet to discover the pristine South Pacific Islands, and the next thing you know you are in your ‘final Eden’ at Royal Islands, where there is ‘no meeting, no telephone, no newspaper, and no Internet.’ You do see your native Chinese cities and villages, but these are the sites of cultural relics and contemporary consumption and leisure, not the cities of laid-off and migrant workers. These are the timeless Chinese villages of charm celebrated by the classic poets, without traces of economic dislocation or environmental degradation. Just as you will encounter local drinkers in a Scottish bar, you encounter your fellow Chinese as exotic ‘others’, including the innocent rural children who hide behind adults upon encountering a stranger, and the village women who do their laundry while leisurely chatting with each other in the open stream.

In this world constructed by transnational media capital and the Chinese state media bureaucracy the possibilities of consumption and cultural enrichment are endless and your personal ‘Eden’ is everywhere you go. You are told where to spot Mao statues in Changsha, the capital of Mao’s home province, and are advised to seize the dusk light to capture photo images of the exotic Hui’an women with ‘a feudal head and a democratic belly’ (these mysterious women observe an exotic dress code, covering their heads and exposing their belly buttons). In this world, Mao’s statues have become historical relics, and ideas such as democracy have become adjectives describing an aesthetic. As these magazines help the Chinese consumer elite to globalize their lifestyles and to connect themselves with their counterparts in Paris, New York, and Tokyo, they also coach them to view China through the transnational tourist’s eyes and to construct new discursive rela-
tionships with their fellow Chinese citizens in lower social classes with non-dominant ethnic status.

Instead of trying to reach potential readers in the lower social strata, domestic magazines, facing increasing competition for the same thin layer of affluent urban consumers, are attempting to globalize themselves, a strategy that fits in well with both the state’s objectives and the transnational mobility of the state’s top media management personnel. The popular women’s magazine *Nu You (Women’s Friend)*, for example, has been hand-picked by the state authorities for overseas expansion. Following the launching of an Australian edition in Sydney in 2001, a North American edition debuted in Vancouver in November 2003, targeting the city’s small but affluent community of ethnic Chinese professional and business class women. The transnational mobility of its deputy editor, who has emigrated to Canada but plans to return to China once she acquires a Canadian passport, fits such a strategy perfectly.\(^{38}\)

Meanwhile, China’s hundreds of millions of rural women, who are worthless as consumers to both domestic and transnational capital, are currently served by a tiny magazine partially supported by the Ford Foundation. Under-consumption by China’s vast rural population of 900 million and the urban working class continue to exacerbate the country’s crisis of over-accumulation. Although the Chinese state, as part of its massive deficit financing of infrastructure projects, has invested in communication infrastructure in remote regions, especially in Xinjiang and Tibet, in the interests of national integration, there has been little attempt to increase the cultural industry’s reach in rural or under-served urban markets. The ability of the US cultural industry to develop a strong domestic market and enfranchise the diverse US immigrant population was crucial to its eventual global expansion and universalistic appeal. In contrast, the Chinese cultural industry, while dreaming of achieving global market success, has not been able to, indeed, is perhaps unwilling to, reach China’s vast numbers of internal migrants and the urban poor, not to mention the rural population.\(^{39}\)

**CLASS, NATIONALISM, CULTURAL POLITICS IN CHINA**

This last point needs to be taken a step further. The expansion of the Chinese media as a component of the penetration of China by the transnational media industry has made it less relevant to the politics of China’s internal class system. It serves transnational class interests, which are in reality shared by only a small fraction of the Chinese population, and if anything tends to aggravate the contradictions of the emergent Chinese economy within global capitalism. The implications of this need to be spelled out more clearly.
The Chinese segment of the transnational class is closely intertwined with the Chinese state, and relies heavily on its integrationist strategy to sustain its privileged position. At the same time, members of this class have developed extensive transnational linkages: Party General Secretary Hu Jintao’s naturalized US citizen daughter works for J.P. Morgan; the municipal official or the middle-class professional most likely has a single child in a Western university or ESL school; an increasing number of the Chinese middle class travel to Sydney and Vancouver for their Chinese Spring Festival holidays.

To maintain their privileged position in the Chinese political economy and sustain an FDI and export-oriented pattern of economic growth, the Chinese ruling elite adopts macro-economic policies that help sustain US consumerism and militarism through the massive purchasing of US Treasury bonds, while failing to enact substantive social reforms to secure domestic social peace. Members of China’s ruling elite rely on the Chinese state to continue to provide them with the conditions for their social reproduction and they have responded to state attempts to curb their excesses (through anti-corruption campaigns, for example) by voting with their feet — obtaining foreign passports and sending their wealth and families abroad. The staggering volume of capital flight is thus the other side of the story of the FDI-driven and export-oriented Chinese ‘economic miracle’.

Beginning from the late 1990s, the amount of capital flight, mostly in the form of illegal transfer of state assets, has increased dramatically, approximating, and even surpassing the inward flow of FDI to China: from US$36.476 billion in 1997, to US$ 48 billion in 2000, compared with US$47 billion inward FDI for the same year. This reached a record high of US$48 billion between September 2002 and February 2003 alone, compared with an inward FDI of US$53.5 billion for the entire year of 2003. Still, it is very likely that these figures, cited in various academic and journalistic sources, understate the actual volume of capital flight. The same period has witnessed not only the massive exodus of private entrepreneurs, government officials and/or members of their families to the US, Canada, Australia, and other countries through immigrant and/or student visas, but also the phenomenon of government officials absconding with huge amounts of financial assets to foreign countries. By June 30, 2003, the five most heavily afflicted provinces of Guangdong, Henan, Fujian, Liaoning, Jiangsu, and the three metropolitan areas of Beijing, Shanghai, and Tianjin recorded that a combined total of 4,288 government and state enterprise officials had fled abroad, and that another 2,709 had disappeared (most likely also to foreign countries). The flip side of the coin of this dimension of transnational class formation, of course, is the flight of tens of thousands of Chinese farmers to the West through international human trafficking.
networks and their enslavement in the sweatshops in New York, Los Angeles and other global cities.

Though transnationality is an increasingly important aspect of class reconstitution in a globally integrated China, this reconstitution is also characterised by fragmentation, localism, and particularism inside China. To begin with, class power in China is constituted politically and culturally, as well as economically, as witnessed by the prominent role of corruption and the currency of terms such as ‘the capitalization of power,’ ‘official-entrepreneurs’ and ‘knowledge capitalists’. Second, the Chinese economy is largely bifurcated along the rural–urban divide. The average real income of China’s rural residents is about a sixth of that of their urban counterparts. Consequently, the most significant line of social division is still one between the rural population and the urban population. This division is further compounded by profound regional differences and gender inequality. Third, within the urban sector of the Chinese economy, there are sharp divisions among different economic sectors and forms of ownership. Fourth, as the Chinese economy shifts from a production-driven to consumption-driven model, politically privileged access to prime consumer goods such as urban housing has played a crucial role in the pattern of class formation.

The resulting transnational and multi-faceted nature of class formation in China has given rise to extremely complicated articulations of nationalism and class politics. On the one hand, a hegemonic bloc consisting of transnational capitalists, globalizing Chinese political, economic and cultural elites, and the urban-based middle class whose members are customers of both domestic and transnational capital, has assumed a dominant position in Chinese culture over other classes. The suppression of class discourse and containment of social conflicts, the cultivation of consumerism and market authoritarianism, tempered by a middle-class reformism (‘caring for the weak groups’), constitute the official agenda of mainstream Chinese media and culture. A state-centered nationalist discourse of building a strong and powerful China through strategic cooperation with the US dominates elite media discussions of foreign affairs. By early 2004 Colin Powell felt able to celebrate the best US–China relationship since 1972, stating that the US ‘welcomes a global role for China’ on the condition that ‘China assumes responsibilities commensurate with the role.’ Elite Chinese media discourse demonstrated itself to be on the same page by debating how to become a ‘responsible global power’ under American leadership and promoting the new foreign policy orthodoxy of ‘great power cooperation.’

On the other hand, the restructuring of the Chinese political economy under the hegemony of global capitalism has not been smooth, and it continues to be marked by divisions within elite politics and internal ideo-
logical contradictions, grassroots unrest and popular nationalistic sentiments, as well as cultural and ecological crises. Together with global economic uncertainties regarding the sustainability of the US economy, with which the Chinese economy is now deeply intertwined, these factors pose profound challenges to the Chinese state as an effective player within the American imperial order.49

Intra-elite conflicts and ideological contradictions have accompanied every step in China’s integrationist trajectory in the past quarter century. In fact, Deng’s reform program itself was inaugurated through the suppression of the Maoist left within the party. Since then, the anti-capitalist and anti-imperialist legacy of the socialist state has expressed itself in the ‘anti-spiritual pollution’ and ‘anti-bourgeois liberalization’ campaigns of the 1980s, the crisis of 1989, and left-wing ideological backlashes in its aftermath. Ideological struggles have continued in covert debates about the capitalistic nature of the reforms and left opposition to the Party’s embrace of capitalism, all the way to the 16th National Congress in November 2002.50 Although attrition has thinned the ageing communist old guard and elite contestations are being suppressed in the interest of regime legitimacy, the Communist Party cannot afford to renounce its anti-capitalist and anti-imperialist ideological legacies altogether. Instead, it has to continue to draw upon these legacies to sustain its ideological legitimacy, for example, by continuing to denounce US hegemonism in its foreign policy pronouncements and by producing ‘main melody’ cultural products glorifying Mao and the Communist Revolution.

The reform process has also been met with vibrant forms of social contestation at the grassroots level. Localized protests by laid-off workers, impoverished pensioners, overtaxed farmers and urban residents displaced by real estate developments have become a permanent feature of the Chinese political scene, and the scope and frequency of these protests are intensifying. Although state repression, class fragmentation, media censorship and the short-circuiting of communication between the various segments of China’s vast underclass have so far succeeded in containing and marginalizing these struggles, the Party state must continue to impose a brutal labour discipline so as to maintain ‘a flexible work force that actually grows cheaper by the year’52 if China is to continue to entice transnational corporations to produce these. This will necessarily exacerbate class conflicts. Similarly, the opening up of the Chinese agricultural sector within the WTO framework will accelerate the displacement of Chinese farmers, and it is highly unlikely that village elections and the Party’s new policy of improving rural income, announced in early 2004, will alleviate rural discontent. Although current regime protesters tend to focus on immediate economic interests and target
local officials and business operatives, working-class protests in the Northeast cities of Daqing and Liaoyang in spring 2002 demonstrated increased organizational sophistication and expressed explicit political demands. As one authoritative study of farmers’ movements in Hunan province has noted, such movements have not only generated their own cultural resources and communication channels, but also produced their own organizational and political demands, including the establishment of independent farmers associations and ‘the emancipation of modern serfs.’ Thus as transnational tourist magazines construct images of idealized and objectified Chinese farmers in a picture-perfect countryside, real Chinese farmers are increasingly asserting their own political subjectivity as agents of social change. Despite state repression, class conflicts are bursting out into the national consciousness on a frequent and unpredictable basis. These intensifying social tensions, when articulated with popular nationalist and anti-imperialist sentiments, may create an explosive political situation.

The growing transnational cultural penetration of China, as well as reaching only a small segment of the population, has also been accompanied by a rise in Chinese nationalism, both official and popular. On the one hand, the Party has to resort to Chinese nationalism as a key component of its legitimating ideological discourse, while its territorial logic compels it to defend Chinese sovereignty in the face of American imperialist provocations and to contain Taiwanese and ethnic minority nationalisms. On the other hand, more and more Chinese are experiencing and/or becoming aware of the political and cultural contradictions of American imperialism – from the US’s backing of Yelstin’s autocracy in Russia, to the ‘accidental’ bombing of the Chinese Embassy in Belgrade in May 1999, the collision of a US surveillance plane with a Chinese fighter jet off Hainan Island in April 2001, and the imperialist adventure in Iraq. In East Asia, the revival of right-wing Japanese nationalism has also provoked strong responses on the Chinese side. Similarly, commercially-driven media outlets have found nationalism a highly profitable motif – to such an extent the Murdoch-invested and Hong Kong-based Phoenix TV cried ‘China can say no’ (to the US bombing of the Chinese Embassy in Belgrade) more quickly than CCTV, which has had to temper its sensationalism to the ruling elite’s strategy of avoiding confrontation with the US.

As revealed by popular books and internet postings, the most vocal form of popular nationalism tends to be linked to political authoritarianism and contains neither a critique of global capitalism nor substantive class analysis. However, there are forms of popular nationalism that are critical of global capitalism and class domination at both the intellectual and popular levels. On the one hand, ‘new left’ intellectuals well tuned to the neo-Marxist and post-
colonial literature have developed critical analyses of global capitalism and China’s role in it.\textsuperscript{55} On the other hand, perhaps as the ultimate ‘dialectic’ of the Chinese Revolution, the lived experience of global capitalism and American imperialism has led some Chinese intellectuals, workers, and farmers to reclaim as their own the anti-capitalist and anti-imperialist themes of the Communist Party. Within this context, Mao has re-emerged as an anti-capitalist and anti-imperialist political and cultural symbol for millions of disenfranchised Chinese workers and farmers, rather than a disembodied object of tourist attraction for the readers of *Trends Traveler*. No amount of liberal taunts made against China’s laid-off workers and displaced farmers and their few intellectual allies for ‘totalitarian nostalgia’ can deflect popular quests for social justice and equality. The overwhelming popularity of an anti-imperialist and anti-capitalist play entitled ‘Che Guevara’, which brought together leftist cultural producers, university students, and ordinary workers in various Chinese cities in 2000, signalled the emergence of a new form of leftist cultural politics and a new form of internationalism and revolutionary idealism beyond the margins of the globally integrated Chinese cultural market.\textsuperscript{56}

Class and nationalistic politics, of course, do not exhaust the forms of popular struggles in China. The rise of Falun Gong as a quasi-religious transnational cultural movement underscored the complicated intersections between class and identity politics and revealed the profound cultural contradictions of China’s hyper-modernity and its global integration.\textsuperscript{57} That China’s accelerated integration with the West, the spread of Hollywood movies and the rise of the internet should have nurtured a nativist, conservative, and anti-modernist discourse such as Falun Gong, not only exposes the limits of capitalist cultural hegemony but also raises disturbing questions about the supposed emancipatory nature of globalized communication networks.

The more recent SARS outbreak, meanwhile, demonstrated the ecological contradictions of China’s global integration, and it may well be the prelude to more serious environmental and health crises. Already, in the eyes of Canadian journalist Jan Wong, a globalized and globalizing China has ‘failed the world’ by covering up an epidemic bred in its dangerous soils. A population- and factory-dense ‘third world city with all the usual sanitation problems, but one where many residents are rich enough to travel frequently and far,’ and a ‘hybrid of gleaming skyscrapers and farmers’ markets selling live chickens and snakes … fringed by traditional peasant farms where people and pigs live cheek by jowl’ – such is the Guangdong metropolis of Foshan, ‘ground zero in the SARS outbreak.’\textsuperscript{58} Such ecological and social conditions, coupled with a ‘centuries-old tradition of bureaucratic secrecy and xeno-
phobia’ and a desire to sustain its lucrative tourism industry and expanding foreign investment, according to Wong, led to the initial cover-up of the outbreak by the Chinese state and the national media system.

This analysis, however, conceals the profound contradictions of globalization and China’s integration. After all, the infectious Chinese doctor who travelled to Hong Kong for a family wedding and stayed in a three-star hotel symbolized the increasing mobility of the rising Chinese middle class, in other discursive contexts a prized consumer and a favoured agent of social stability and democratization. Similarly, Foshan, one of the famed frontier towns of Chinese capitalism would, in another context, symbolize the dynamism and hope of a globally integrated, market-driven, and entrepreneurial China, in contrast with stagnating northern industrial cities such as Daqing and Liaoyang, with all their labour problems. Far from China’s communication and cultural industry being able to achieve a ‘success of its own’ in the global marketplace, its inability to meet the cultural needs of a fractured Chinese society appears even more self-evident as the political economic, cultural, and ecological contradictions of the country’s global integration deepen.

NOTES

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5 Panitch Gindin, ‘Global Capitalism,’ p. 17.


7 Yuezhi Zhao and Dan Schiller, ‘Dances with Wolves? China’s Integration


14 Zhao and Schiller, ‘Dances with Wolves?’ p. 140.


21 Ibid.

22 This section draws on, updates, and develops material presented in Zhao and Schiller, ‘Dances with Wolves?’


30 ‘China to Promote Own Alternative to DVDs,’ Associate Press, November 18, 2003.
32 This section draws on, updates, and develops material presented in Zhao, ‘Transnational Capital,’ pp. 53-74.
33 Articulated by Jiang Zemin in 2000, the Party represents ‘the development trends of advanced productive forces,’ ‘the orientations of an advanced culture,’ and ‘the fundamental interests of the overwhelming majority of the people of China.’ This revisionist thesis, which effectively modifies the Party’s claim to be the vanguard of the working class, was incorporated into the Constitution of the Chinese Communist Party at the 16th Party Congress in November 2002 amidst considerable opposition within the Party.
35 ‘Lad Mags Go to China,’ p. 12.
38 Interview, December 2003, Vancouver, Canada.
39 The American and Chinese difference here underscores the different patterns of domestic and transnational integration between the Fordist and post-Fordist modes of capitalist accumulation. I am very grateful to Dan Schiller for pointing out the significance of this difference to me.
44 For an overview of the reconstitution of class power in China, see He Qinglian, ‘China’s Listing Social Structure,’ New Left Review, September/October 2000, pp. 69-99.


54 In January 2004, for example, a traffic accident in which a rich BMW driver killed a poor peasant woman in Northeast China provoked a covert debate on class power in the national media. See Philip Pan, ‘Traffic Death Pits China’s BMW Set against Peasants’, *The Vancouver Sun*, January 17, 2004, A19.

55 See Wang Hui’s *China’s New Order* for an example of new leftist analysis on China’s reform and global integration.

56 See the Chinese website http://www.minfeng.net for the script of *Che Guevara* and other leftist plays as well as related interviews, news reports, and audience responses.
