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Strategizing for Creative Industries in China: Contradictions and Tension in Nation Branding

ANTHONY FUNG[1]
Chinese University of Hong Kong, Hong Kong
Beijing Normal University, China

This article explores how China has strategized its various creative industries, including music, film, animation, and online games, by implementing a top-down cultural policy for nation branding both domestically and internationally. Based on in-depth interviews with Chinese authorities and personnel at different levels in the industries, I discuss the cultural, political, and social contradictions that are created and reflected by the state-driven cultural policy that regulates these creative industries. The dilemma created by the policy lies in the contradiction between the creative content generated by the industries and the censorship, control mechanism, and bureaucracy of the authoritarian regime. I argue that the state has adopted an interim solution in which it tolerates high levels of cultural influx and the localization of cultural products. The importation of global content with high market value can be regarded as a governmental strategy designed to fulfill market needs quickly and boost the creative national industries with expertise borrowed from overseas but without relaxing the ideological control over content.

Keywords: *creative industries, cultural policy, nation branding, online games, China*

Introduction: Nation Branding and Culture Industries

In recent years, the development of culture industries has become not only a tool for branding Chinese cities but a driving force for exports and boosting the nation's gross domestic product. In this

Anthony Fung: anthonyfung@cuhk.edu.hk
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article, four media-related culture industries—music, film, animation, and online games—are selected to represent four models or categories of the development of creative industries in China. Although it is not possible to analyze all these industries in detail, I highlight the nature and issues of these state-driven models to elucidate why some serve the state's nation branding more than others and why some are more appropriate than others. I emphasize two major theoretical dimensions of these industries: globalization and political control.

This study analyzes the creative industries selected from a nation branding framework. Many frameworks could be used to inform the study of creative industries. Theodor Adorno's (2005) critique focuses primarily on capitalism's role in the standardization of goods in mass culture. Louis Althusser's (2001) concept of ideological state apparatuses could apply to the case of the creative industries in China, where they are part of the superstructure and thus reproduce and reinforce the existing economic base and perpetuate the status quo. However, the argument regarding nation branding is much more complicated than this application of Althusser's theory would suggest. The state could never dictate the route of development of these new industries and technology, such as in the game industry, and capitalists could not freely maximize profits through mass production. It has been shown that repeating the big Chinese movie format does not appeal to global audiences or domestic audiences. Moreover, the perspective of contemporary scholars, such as Yuezhi Zhao (2008), on the study of Chinese communication has focused largely on mass media and news aspects, whereas the creative industries discussed in this article produce mainly entertainment and soft propaganda.

It is also true that the strategic production and distribution of the cultural commodities of the creative industries in China are similar to Edward Herman and Noam Chomsky's (2002) notion of "manufacturing consent" in that such hegemony has to be reproduced under the interdependency of political and economic constraints. China's nation-branding strategy puts more emphasis on the intent, the expected outcomes, and the evaluation of the state's goal, which, as I will elaborate, infers China's deliberate strategies to develop its creative industries. In contrast, a framework of manufacturing consent focuses more on the hegemonic consent of the relatively autonomous media concerned with conforming to state's power. The latter is less likely in China, because most creative industries are under direct and indirect state control. Another perspective on nation branding could focus on advanced strategic goals of the state to decide on a hegemonic version of cultural products. The analysis also allows for the explanation of ineffective strategies when the state's choice of intervention in the market is inappropriate and untimely.

The strategy of nation branding originated in advertising (Anholt, 2003), and it aims to unify the imagination of a nation's citizens and present a positive national image to the target audience. In addition to Renan's (1882/1990) notion of a nation as a daily plebiscite and Anderson's (1991) imagined community, nation branding consolidates people's shared impressions and understanding of what constitutes their nation. Ideally, members of the nation become citizen ambassadors who "live the brand" in their daily lives. Combined with cultural diplomacy, the competitiveness and soft power of a national brand increase in the global political and economic arena (Aronczyk, 2013; Potter, 2008). Thus, nation branding is an approach that is used to reduce the "diversity in a population—to some single criterion held to constitute its defining essence and most crucial character" (Calhoun, 1997, p. 18). In other words, in a more critical view, nation branding minimizes the diversity in narratives of national identity. According to Kaneva (2011), the discursive practices used in the cultural approach to nation branding reconstruct the national imagination in the "flavor" of the external audience. Thus, in some cases, the ideas of normalcy and peacefulness are typical propositions shared by global nation brands (Aronczyk, 2013).

It is not surprising that the authoritarian Chinese government officially brands China as being harmonious. The branding of China as an international cooperator has been the key directive since the 1980s (H. Wang, 2003). In the past decade of rapid economic growth, the Chinese government has attempted to shed the "China-as-threat" label and has consolidated the image of a peace-loving nation (H. Wang, 2003; Y. Wang, 2008). However, the motive for improving China's brand image has led to increasing concern in the country's culture industries. Logically, the relative underdevelopment of Chinese cultural exports has become a main agenda of the government since 2006 with the intention of internationalizing Chinese media products, which was articulated in the First Five Year Plan for Cultural Development (Li & Worm, 2011). After 2000, the importance of media production for China's nation-branding strategy was on par with the form of cultural diplomacy that emphasizes the importance of cultural symbols in disseminating the idea of "Chineseness" as "thoughts, feelings, associations and expectations . . . , symbols representing a country" (Barr, 2012, p. 83). In an early initiative, China struggled to promote itself by aiming for a place in the global media agenda with foreign language news coverage in China Central Television (CCTV) and through the Xinhua News Agency; however, the outcome has been far from promising (Ding, 2011). To summarize China's diplomatic discourse, its overseas effort for promotion of the state, and the domestic policy that attempts to boost the competitiveness of the culture industries and their export, although China never officially promotes a "national brand," we can infer the imagined community of this constructed China brand to be a potpourri of images of Chineseness: globally rising, competitive, and innovative but nonthreating, embracing, and peaceful. The brand of China thus corresponds with the idea of national cultural soft power (Dynon, 2014), which spreads the "fragrance" of Chinese culture overseas in an apolitical manner.

Ideology, State, and Globalization

Based on data collected from in-depth interviews with officials in the Ministry of Culture and the General Administration of Press and Publication (i.e., the two main departments responsible for the creative industries in China), semigovernmental bodies, personnel in different levels of the creative industries, and the distributors and promoters of cultural products, this article explains the complex relationship among ideological control, state competence, the process of globalization, and the nation-branding capacity of these industries. The importation of global capital and content can be regarded as a strategy for quickly boosting national industries with expertise borrowed from overseas, particularly when the state is not sufficiently competent to produce such content in terms of know-how, infrastructure, and management of the industry. However, cultural globalization might bring the influence of content and values that are contradictory to the state's ideology, thereby curbing the pace of nation branding. Thus, the state is caught in a dilemma in which it purports to strengthen its culture industries commercially while intending to retain its political control. These arguments stem from a unique understanding of China's nation-branding strategy. While conventional branding studies focus on the effectiveness of external branding, or cultural soft power, in China's culture industries, a lack of technological expertise and the inability to create universally shared content for global popular culture results in low competitiveness in international markets. For example, much of Chinese music is based on local folklore, and Chinese epics inspire films and comics. Only recently have China's online games become marketable in the regional markets of Southeast Asia because of the low dependency on shared stories and cultural contexts. With this understanding, the Chinese model of nation branding through culture industries focuses on the internal branding of music, film, animation, and online games in maintaining the imagined community and nurturing Chinese youth to "live the China brand."

In light of this background, this article aims to answer two questions: (1) What and how do culture industries in China respond to the influx of global capital and the control of ideology? (2) How do culture industries contribute to the Chinese model of nation branding?

Focusing on four creative culture industries, I differentiate them from media industries, such as newspapers, television, and radio, which disseminate primarily news and public affairs. The differentiation does not exclude media industries as a domain of creative industries. This article explores how entertainment or soft content can be flexibly utilized by the state—sometimes creatively—to promote its nation-branding strategy. Each of the four entertainment-based creative industries analyzed here represents the way the state tackles this dilemma by using a unique nation-branding strategy. Among the four industries, the most successful is the online game industry, which learned from the Korean game industry before the state began to intervene in the globalization process. Comics are the least commercially successful because the state lacks competence in terms of know-how and a history of development in this area and is still wary of global investment and cultural influx. Imported music seems to be popular in China, but the state filters it to remove antihegemonic content from overseas. The film industry is monopolized by the state, which has a long legacy of producing film, and globalization is minimal. The following sections discuss the relationship between nation branding and the development of each industry.

Creative Industries in China: Two Dimensions

The development of creative industries in China has taken many forms. This article focuses on two theoretical dimensions of creative industries. The first is the dimension of global reliance. In China, creative industries are relatively new, and their development, similar to that of other industries and services, depends on foreign help, especially at the onset. At a certain historical point in their development, China's culture industries have relied on global capital, management, and imported expertise.

The second dimension is ideological control. Realizing the power of mass media, the Communist Party has long used them for propaganda, indoctrination, education, and the promotion of China's brand, regardless of its designation. Therefore, the state ensures that it has a vast network of ideological control over the content of all media. Culture industries, such as the media industry, contain content and narratives that could easily sway, mobilize, or narcotize the public, and therefore are susceptible to the control of the authorities. The greater the control, the less freedom the creative industries have in developing content. The content produced is not always related to the diversity of the content produced, which is a demonstration of a marketplace of ideas. It is also somewhat articulated as commercial value. The competitiveness of the content and the commercialization of the work—although competitiveness is not proportional to the degree of commercialization—is somewhat related to free expression and creative work.

These two dimensions are interrelated. Combined, they affect how the state brands itself domestically and internationally, and they determine its pace of implementing cultural policy. As explained in the following sections, different culture industries experience different contradictions within these two dimensions. Ultimately, the two dimensions also explain why some culture industries serve as better tools for the nation branding conducted by the state.

The Comics and Animation Industry: A Legacy of Control

In the state-dependent model of creative industry in China, comics are inevitably the least developed. Although the modern production of the first short animation, *Chaos in the Gallery* (*Dalou Huashi*), was pioneered in China in 1926, the entire industry was at a standstill during the Cultural Revolution. In 1983, the national animation studio was relaunched, and the first animated production, entitled *Broken-Tailed Mouse*, was released in 1984.

China is well aware of the cultural influence of foreign comics because the children and youth of the country grow up reading them. Although foreign animation was imported by CCTV (*Astro Boy,* Japan, 1980), the entire policy was formulated to discourage the importation of foreign cultural products and encourage national production. In the 1990s, the picture of national animation was still gloomy. In 1993, the country relied on Beijing TV to produce animation with a capacity of 195 minutes in four animations. For example, the longest animation, *40 Cartoon Lullabies,* was limited to 40 two-minute episodes, and it was far less popular than the Japanese *Sailor Moon*, which was imported in the same year.

After 2000, as in other creative industries, the state began taking an active role in the animation industry in light of the perceived threat of imported animations. Before that, a Shanghai company was able to produce the animation film *Lotus Lantern* with overseas acquisition of broadcasting and localizing rights in 1999, but the popularity did not last long. The public discourse at that time blamed competition from overseas. Thus, in 2004, the People's Republic of China (PRC) promulgated a new policy for the animation industry, which was called "A Number of Opinions About Developing Our Country's Animation/Comics Industry." The essence of the policy is to protect the state's industry. It states that in the animations shown by any TV channel, the percentage of domestically produced comics should not be less than 60% and that the ratio of the annual target volume for the national production of comics to the volume of comics should be at least higher than the volume of imported comics.

In the beginning, the results of this state policy seemed effective. From 2005 to 2009, the number of provinces that produced animation doubled, reaching 22, and the number of minutes produced quadrupled from 41,034 to 171,816. However, in 2010, the industry had reached a peak. Only 19 provinces produced comics and animation, although the number of minutes increased by 48,713. The production mainly took place in four provinces—Jiangsu, Guangdong, Liaoling, and Zhejiang. Over the year, despite the relatively closed policy on comics and animation, the state was able to produce one major hit, *Happy Lamb and Grey Wolf.* Between 2004 and 2010, 690 episodes of the animation were produced and broadcast across 500 stations. The animation was also remade into three movies that had successful ticket sales from 2009 to 2011. The cumulative ticket sales reached approximately RMB 350 million. Disney China also acquired a limited copyright to *Happy Lamb.* There were reports that *Happy Lamb* would appear in the upcoming Disneyland in Shanghai. Because of its popularity, people called it the "Happy Lamb Model." This exemplifies that state-driven and state-censored animation produced a kind of modernity that mesmerized young people. The main story of *Happy Lamb and Grey Wolf* concerns a wolf and lamb that, despite different interests and resources, live harmoniously together in a small meadow in a remote place—a theme that resonates with the discourse of harmony of the state. For this reason, according to the owner and founder of the animation, the state is willing to sustain the development and dissemination of *Happy Lamb and Grey Wolf* every year and guarantee its exposure through CCTV every day (personal talk with Wing Lok So, one of the founders of *Happy Lamb and Grey Wolf* on November 24, 2013 where both the author and Mr. So served as a speaker of a forum on cultural industry).

Because of this specific political goal, only a single model and a single animation in China can be considered successful cases. At present, the state might not even consider another model that is popular in the market. Politically, the state is supportive of *Happy Lamb and Grey Wolf* because the theme upholds the brand image of status quo (Fung, 2012). There were other trials, but because they were not successful, they are not discussed here. However, the logic of the development of this specific culture industry is clear. The Chinese animation industry demonstrates that the stronger the state's involvement in cultural production, the more stringent the state's policy on global involvement. The state's protective policy is conducive to the national culture industries because it is based on the belief that domestic taste can be cultivated. However, without the technological expertise, know-how, and management skills in the global market, the production of national comics and animation is still relatively backward. The exception is the single case of *Happy Lamb*, which was fortunate enough to enjoy the advantage of CCTV; however, no other animations won the hearts of the new generation.

Recently, China's domestic animation production has had occasional successes, particularly with movies. The original Chinese production of *Monkey King: Hero Is Back* (2015) achieved a record high in ticket sales with gross revenues up to RMB 955 million. However, as scholars and media agree, most Chinese animations still lack originality because of the limitations of costs and ideology (Keane, 2006). Consequently, the copycat phenomenon is still common. *The Autobots* (2015), which was a version of Pixar's *Cars*, was produced by the domestic animation studio Blue MTV and similarly featured a smiling bright red racing car (Makinen, Yang, & Zhang, 2015). The latest development in China's animation industry is its collaboration with the United States' DreamWorks Animation (with Shanghai Media Groups and other investors). The joint company Oriental DreamWorks will release *Kung Fu Panda 3* in 2016. The consequences of this temporary relaxation of China's policy of prohibiting foreign involvement in the content of domestic animation productions are yet to be seen. But the intended message is clear: China's joint forces with Hollywood tell the world that China's cultural business is entrepreneurial and increasingly global—the national brand it wants to create.

The Music Industry: Global Presence

Because of the historical legacy, the development of music industries in China has always been tied to the influence of global capital and music culture. About 8,000 albums were published and several million copies sold in China before 1949 (Xu, 2010). Among these, almost all were under the auspices of global music record labels, including EMI, RCA Victory, and Regal (United Kingdom); Greater China Record Factory (Sino-Japanese joint venture); and Oden and Beka (Germany). The early technology of vinyl discs was also an imported product. Established in 1968 as a subsidiary of the China Record Corporation by Premier Zhou Enlai, Beijing Record Factory was the biggest music factory in northern China.

It is debatable whether the state's steering model of the music industry inhibited its development; the early pre–World War II period was a transnational and special time when global capital and the state co-steered the market. The war period enabled cultural products to carry a political theme while remaining commercially viable. The national anthem of the PRC, "March of the Volunteers" (*Yijyongjun Jinxingju*), was produced at this time. EMI musicians collaborated with the Chinese playwright Tien Han, and the anthem became an effective means of galvanizing the public against Japan during the Sino-Japanese war (1937–1945) (Hung, 1996). For the first time, market forces aligned with the branding strategy of the state amid the production of popular music. Culture industries, as demonstrated, are still market driven, but they can also serve as an important nation-branding tool.

However, between 1949 and the 1980s, the music industry in China was entirely shielded from the West and capitalism. The national policy was to ban all imported music with the exception of some imports—including Russian classical music—from "friendly" countries. During this period, the state's brief attempt to be independent from global capital in rejuvenating its music industry was unsuccessful. Beginning in 1979, the state reorganized many of its production units, including the Pacific Audio and Visual Company and the China Record Company. At that time, this was regarded as a fundamental change because it not only marked the closed door and radical culture policy set during the Cultural Revolution but signified the importance of satisfying public desires, if not the market. Such domestic development of China's culture industry has not been successful, though. In the late 1980s, when the market was opened, the import of popular music from Hong Kong and Taiwan outpaced all local productions. In the early 1990s, sales of locally produced cassettes and CDs by state-owned audio companies in Beijing, Shanghai, and Guangzhou were much lower than the sales of commercial music products that had been illegally imported from Hong Kong and Taiwan. The reason could be that the nationally produced pop music lacked modern aesthetics and focused on the themes of national ethnic unity and harmony.

The reentry into the Chinese market of global music industries began in the mid-1980s in conjunction with the open-door policy promulgated under Deng Xiaoping's rule. Five transnational music corporations (the Big Five)—SONY, EMI, BMG, Universal, and Warner—were the main players. Global records accounted for almost 90% of total cassette tape shipments from 1998 and 1999, when the penetration of CD hardware was still low. These global recording companies were experimental in their operations in the culture industry under China's authoritarian regime. They aimed to develop an appropriate model that would minimize ideological conflict with the authorities while their cultural products were marketed commercially. Although this state–global capital relationship took more than 10 years to develop, it was accelerated by China's entry into the World Trade Organization (WTO) in the 1990s.

Joint ventures between global recording companies and state enterprises marked the success of culture industries in China. In this model, the state takes an active role in accommodating global recordings. The state is willing to form a joint alliance with global players as long as its political interests are not undermined. In macro terms, such cooperation conforms to the socialist market logic of China. In the context of the theoretical model discussed here, it seems that global reliance is a quick way to boost the cultural economy. On micro and cultural levels, the joint formation of a music culture industry by the state and global record companies represents the production of a local Chinese culture that is not intrusive but facilitates the nation branding. From the viewpoint of the state, commercial logic appears to be the optimal means of taming the tiger of global capital with eyes on the Chinese market.

Thus, in some cases, the Big Five operated openly and successfully in China. In May 2000, Warner China entered the Chinese music market by buying out the local record label Maitian and the artist management company Pulai. However, given the problem of piracy in China, the joint music venture was stagnant, and it became a symbol instead of a successful business model. After 10 years of joint global–state operations, many international investments withdrew because there is no real pop music market in China in terms of record sales. Currently, the minimal legal sales of foreign CDs are regulated, although most youth download foreign popular music online illegally.

In summary, the case of the music industry demonstrates that culture industries can be developed by relying on global input. However, without the state's legal protection of global investments, this model is not sustainable. At present, the Chinese audience still illegally consumes music overseas. From the perspective of cultural influence, the drawback is that the cultural aesthetic developing in China is still dependent on foreign cultural productions. Furthermore, according to the managing director of Maitian, because there is no mature profit model for the music business, the local development of music as a creative industry is also at a standstill (personal interview with Hua Zhang, October 16, 2014). Because nation branding requires a wide audience reach and because the culture industry must have a general commercial popularity, and thereby legitimacy among users, the music industry in China is far from fitting the agenda of nation branding. In 2015, the Alibaba Group, the largest e-commerce platform in China, launched its music division; however, its business model has not been disclosed.

Film Industries: Prioritizing Nationalism Over Development

The film industry is a special case in which the state relied on Warner Bros. Pictures to develop its national culture industries, but the collaboration appears to have failed (Fung, 2008) in both theater operations and the coproduction of films. The development of the film industry in China presents a scenario in which content production with strong ideological elements is a potential obstacle to operating commercially for profit. In China, the film industry is perhaps the most politically sensitive culture industry. Hence, the state has imposed the sternest control over the production and distribution of films. It was not until 2002 that Chinese films began to compete with foreign films under the requirements of the WTO. Although Chinese films have done well in matching the tastes of local audiences, exports to

Europe and the United States have not been well received. Therefore, in terms of nation branding, locally produced films are used as a tool for the domestic branding of China's national image. A typical example is *The Founding of a Republic* (2009), clearly a propaganda film shown in public theaters that glorifies the history of the PRC. Even Chinese commercial movies such as *Detective Dee and the Mystery of the Phantom Flame* (2010), a story based on the female emperor in the Tang Dynasty, produced by Huayi Brothers and featuring superstars such as Andy Lau, are likely to refer back to the glorious dynasty of China; the reign and power of the female emperor Zetian Wu is consensually justified by her righteous rule in the movie. This cultural production justifies, if not glorifies, the status quo of the Chinese state.

Warner Bros. Pictures was the first and sole transnational film business in China. China had temporarily loosened control over film production during the negotiations to enter the WTO. The localization of Warner Bros. Pictures could have been a showcase for subsequent global players to participate in China's film industry. However, for the sake of ideological control, it appears that after weighing various factors, the state finally decided not to allow any important content to be produced by global media capital. Unlike the comics and animation industry, in which the state had consistent strict command over production and banning of imports, the film industry in China was attracted by the worldwide popularity of Hollywood movies and decided to experiment with an open market. The PRC would like to build an imitative "Chinawood" with the explicit goal of spreading its version of the China brand. However, ultimately, the diverse facade of ideological control and global collaboration has proven contradictory.

Long before the entrance of global capital, the state had attempted to strengthen the film industry by revamping its organization in order to operate commercially. In February 1999, the State Administration of Radio, Film, and Television incorporated film-related businesses and established the China Film Corporation, which was renamed the China Film Group Corporation. Between 2003 and 2004, the state also allowed selected local players to operate outside the jurisdiction of the China Film Group Corporation, which in effect announced the end of the state's 50 years of complete control over the industry. This shift in cultural policy was gradual, and its partial objective was to commercialize China's film industry, which has been implemented in other media industries, such as newspapers and broadcasting.

After rounds of discussion in the WTO, China finally conceded to the United States by allowing 20 Hollywood movies to be screened annually. Moreover, it was decided that revenues from the ticket sales were to be shared equally between the Chinese cinemas and the U.S. companies involved. Earlier, the quota for movies produced by the seven international film giants—Warner, Sony/Columbia, Fox, Disney/Buena Vista, Paramount, and Universal—was only half that number. It also was agreed that within the first three years of China's entry into the WTO, Chinese distributors would enjoy the right of distribution, which led global partners to hope that they could take over the distribution later by establishing their own distribution networks. In the negotiations, one of the breakthroughs by the United States was China's concession to allow U.S. corporations to operate theaters in China with 50% ownership. The U.S. players assumed that this concession would be long term. However, faced with the Hollywood invasion, the authorities' main concerns were how to protect their fragile and immature indigenous film industry and how to control the content of transnational films—that is, how to maintain ideological control.

In October 2003, the WTO agreement was realized in the "Interim Regulation in Film Industry Operation Entry Requirement," which stipulated the procedures and conditions for applications by global investors. Among these, foreign companies were allowed to own less than 49% of the joint corporation formed between U.S. corporations and their Chinese counterparts. In September 2003, the State Administration of Radio, Film, and Television promulgated "Interim Regulations for Foreign Investors on Theaters" and regulations for "China and Foreign Joint Film Shooting and Production," which further specified the rules for global players investing in Chinese theater and filming operations. These new short-term regulations opened the door for Warner Bros. Pictures to enter the Chinese market under the name of Time Warner Inc.

In October 2004, Warner Bros. Pictures U.S., the state-owned China Film Group, and a private Chinese filmmaker, the Hengdian Group, jointly established the Chinese film production and distribution company Warner China Film HG Corp. in what could be seen as a gesture of Chinese and U.S. collaboration. From the U.S. perspective, it had won an uphill battle that eventually forced China to concede to its requests. However, I believe that a more accurate argument based on the existing model suggests otherwise. In fact, the presence of global capital helped the transition of the national culture industry from a state-owned model to a capitalist market model, which facilitated the exportation of Chinese movies internationally over the long term and helped to brand China internationally. In terms of real benefit, local production companies acquired capitalist management and operational procedures from their global partner. This collaboration did not involve China's kowtowing to Western states.

In the context of the development of the Chinese culture industries, this collaboration is contradictory. As my theoretical model suggests, national interest and global interest can be conflicted. The joint venture created an opportunity—not because of China's subservience to the WTO—for China to build a competitive film industry and for Warner to extend its market, which was in their common economic interest. I would argue that China's desire to expand its culture industry was as great as that of the global partner. Thus, the collaboration proceeded quickly, without many long-term considerations. After 2004, despite heavy and strategic investment, there was a sudden short peaking of Chinese films in the international market. For example, in 2004, *House of Flying Daggers* competed in the Cannes Film Festival. *Xiaolin Soccer* (a collaboration with Columbia) and *The Promise* were nominated for Golden Globe Awards in 2004 and 2006, respectively. In 2004, *Kekexili: Mountain Patrol* (a coproduction by the private Chinese film company Huayi, Taihe Investment Film Company, and Columbia in the United States) won the Golden Horse Award.

At this point, people in the industry expected that China's policy on the film industry regarding transnational companies would evolve as the policy on the music industry had. However, there is an important difference between the two industries. The marketing of popular songs involves a relatively brief production of sounds, words, and music videos, whereas the production of a movie involves the creation of a set of complete narratives, stories, and discourses. Whereas the former marginally touches upon the ideological terrain in songs and music videos, and the themes of pop music are expressed in romantic ballads, the latter reproduces ideological positions that could challenge the legitimacy and brand image of the status quo.

Thus, no sooner did the coproduction commence than the state detected different wavelengths in the collaboration. In particular, the film business depends on the narratives and ideologies of the content to appeal to the audience. Film production also relies on directors whose thoughts might differ from those of the production company. Thus, except the continual collaboration between Hong Kong (which is a Special Administrative Region of the PRC) and China, the pace of coproduction was reduced. At present, a coproduction emerges about once a year. In 2011, Fox Searchlight Pictures and the Beijing-based IDG China Media coproduced *Snow Flower and the Secret Fan*. With the Huayi Brothers as the official promoter, Walt Disney produced the first Chinese version of *High School Musical* in 2010, but it earned less than US$155,000, which is very low according to the Chinese standard.

After the failure of the localization of various joint collaborations, surprisingly, global players have continued to express interest in the Chinese market. They asked for a larger quota of imports of Hollywood movies (the quota will increase to 34 titles in 2017–2018). This is because the film business was a guaranteed success in China because of the limited number of cinema complexes and films produced annually. Ying Zhu's (2015) historical review of Sino-Hollywood relations also suggests that, since 1995, commercial interests have started to compete with nationalistic goals in China's move to change, complicate, and even override the political and ideological messages in Chinese films. The figures released by the government suggest that the film market promises to be profitable. According to figures released by the State Administration of Radio, Film, and Television, box office sales in China increased to RMB 17 billion in 2012. For this particular year, this figure is meaningful not just because of the rapid increase; for the first time, the ticket sales of domestic movies had matched those of Hollywood movies screened in China. The number of cinema screens also increased at the remarkable rate of 5,300 per year by 2014. Although this huge market will continue to be attractive for global players, the booming of the film industry means that China is one step closer to its constructed national brand.

The Game Industry: A New Venture

Theoretically, the culture industry in China is under the stringent control of the state. The State Administration of Radio, Film, and Television controls all electronic broadcasting, and the Ministry of Culture controls the content. Therefore, culture industries in the PRC, from publishing to the music and film industries, are often subsidiaries of the state and extend its hegemonic influence nationally and their soft power globally. Few can operate outside of the state's control, but there are exceptions. Emerging industries, such as new media business and the online game industry, are highly profitable culture industries that operate mainly on the Internet platform. Massive multiplayer online games were nonexistent in China until the late 1990s. However, the number of online Chinese gamers has increased exponentially since the early 2000s—from 1.7 million in 2001 to 56 million in 2008 (CNNIC, 2001, 2009). The domestic market, revenue, and the online game industry in China also have grown rapidly. According to statistics released by the Ministry of Culture of the PRC, the total annual revenue of Mainland China's online game industry in 2010 was RMB 34.9 billion, including RMB 32.3 billion in revenue obtained from Internet-based games and RMB 2.6 billion from mobile phone games.

The game industry in China has grown too big for the authorities to ignore. The total revenue from this culture industry has already exceeded all other culture industries in China. Because industrial development and cultural forms change rapidly, the authorities have little control in terms of organization and ownership. Moreover, because of the industry's strong export potential, national influence, and huge financial profit, the authorities are aware of the need to regain this excluded hegemonic space. Consequently, the industry is perceived as the ideal instrument for disseminating the national brand (Fung, 2014). Thus, although in the past the control of games was loose, the approval process for games created in China has become stringent. Moreover, according to an official in the Ministry of Culture, the regulations meet economic incentives for development (personal interview with Zuhai Tuo, former Deputy Division Chief, Culture Market Division of the Ministry of Culture, July 13, 1011). In 2010, the Cultural Bureau of the PRC approved the issuing of 204 games domestically, which comprised 28 foreign games and 176 local games. This number suggests that little global investment was allowed.

Because of technological expertise, unlike in other traditional media industries, the state was not very involved in the growth of the industry. The Chinese authorities formulated new policies to extend their control over the online game industry. Ernkvist and Ström (2008) provide a cogent analysis of state policies, from censoring online game content by the Cultural Bureau, to monitoring the publishing of games by the Head Office of Press and Publication Office, to implementing censorship at the provincial level. Control of the game industry is enacted mainly through the regulation of games under the Online Game Management Interim Regulation. Since August 2010, the state delegated such censorship to the provincial level. Most controls were imposed to protect children, such as the Online Game Parents Monitoring Over Junior Project, the Online Game Advising Project, and Junior's Healthy Participation in Online Game Advising.

The dilemma is obvious. The state would like the online game industry to be a strong economic contributor, but internal controls hamper competition within the industry. The state implemented the National Ethnic Original Production of Online Game Overseas Promotional Project, which was an explicit means of marketing Chinese culture overseas. However, China's online games were not particularly popular in the global context. In 2010, China's total export of games was about US$210 million, which was a small share compared to the global market size of US$1,130 million. Currently, the exporters are mainly big players in the market: Perfect World, NetDragon, and Kingsoft are expanding globally (Shanda and Giant Interactive are newcomers). Their major strategies include selling the copyright of the games and establishing joint ventures in other countries. However, it appears that there was little cooperation, and not many locations were known. They often acquired local companies and began their own independent operations, which was risky for culture industries that operate overseas. Exportation was mainly to three areas: Vietnam and other Asian markets (which accounts for 80% of the online game market); developed markets such as Russia and South America; and mature markets, such as the United States, Europe, Japan, and Korea, with high thresholds (Fung & Ho, 2015).

Because the game market caters to internal consumers and few games are from outside the country, China's online games have little competitive power globally. Therefore, the branding potential of online games overseas is still low. Most local companies are unfamiliar with the foreign market. Without a state-planned infrastructure, including education, few game companies have planned strategies for outward expansion and therefore are not sufficiently flexible for localization in other foreign markets. In terms of technology, Chinese games are not competitive globally, particularly in the three-dimensional market. In line with Michael Keane's argument (2013), as far as the state is concerned, the export of online games is inevitably curbed by the limits imposed by the political agenda of quantity over quality, harmony over contradiction, and economic development over values. This implies that as China sets a high and clear goal with its nation-branding strategies, the process will be continuously uneven and zigzagged.

Global Capital Versus Nationalism

From a practical perspective, there are two intertwined relationships between global capital and the state. First, in the wake of cultural globalization, any state is concerned about the preservation of indigenous culture and its own path and pace of development, particularly in the culture industry. Second, in terms of ideology, the state must continue to use the media and culture industries, if not to indoctrinate then to foster the new generation by promoting a nationalism that keeps the nation intact and harmonious. Given the increasing gap between wealth and poverty in China, inequalities among sectors, and differentials in regional development, the state faces an enormous number of dissident voices. Force and military strength cannot be used to mute these voices; instead, nation-branding strategies can be used to penetrate the populace, particularly the new generation.

Creative industries play a crucial role in promoting such nationalism, which I term *neonationalism*. It is new not in its core ideology of patriotism and chauvinism but in its mode of propagation and intended outcomes. Because the new generation is more educated than previous generations, these youth read between the lines of national newscasts and bypass the firewall of the Internet to seek alternative views. The state has no reason to target this generation using traditional means. Indeed, the state realizes that this generation has to be pleased, and their desires must be satisfied. Popular cultural production, such as music, comics and animation, games, and movies, have readily available content that not only satisfies the desires, emotional and otherwise, of the young generation but continues to imbue in them a sense of glamour, fantasy, and modernity. Such imaginings guide the new generation to live the China brand deliberately, which is also compatible with the global world.

Such nationalism has to be invisible; otherwise, it will be perceived as another device the state uses to manipulate public opinion. Thus, unlike large electronic billboards on Times Square used for publicity or the "red header documents" of the propaganda conveyed from Beijing and posted in local villages, nationalism molded for the new generation has to be subtle, mellow, and unobtrusive and appear in a form that is not a campaign to brainwash citizens. Furthermore, its consequences should be invisible. The state does not want visible consequences, such as demonstrations about social problems, outspoken youth acting against foreign imperialism, or protests about defending national sovereignty in the name of nationalism. Should it be able to stun the external enemies, it equally can rock the state internally.

In other words, such nationalism is a light version of the previous mass propaganda of the Chinese Communist Party to the extent that the moods and state of the people are not agitated unless they become unmanageable. However, the effort must be effective so that people do not develop views that do not conform to those of the nation-state. While enthralling and preoccupying people with entertainment, neonationalism directly pitches in the contemporary notion of the new-rising classes, who are clamoring not for radical system change but for increasing inequality. As Theresa Wright (2010) has argued, a group of mostly urban classes prefers "accepting authoritarianism" to upsetting the entire system. This effect would be evident in the strata that benefits from a shift in the economic conditions of society. Obviously, this effect could not be accomplished by state-owned media. Despite the limited degree of commercialization, these media serve only as occasional agents of watchdog journalism rather than agents of nationalistic discourse (Shirk, 2010).

Soft Power Without Citizenship

Many have discussed China's soft power as an exercise in rebranding the nation's external image through international communication and public diplomacy (J. Wang, 2010). It is true that the development of culture industries is on the national agenda, which implies that they brand a country's national image and therefore can promote soft power. From the point of the view of the state, mobilizing the soft power derived from culture industries is certainly one method of nation branding—both globally and domestically. Being aware of the critique of the concept of soft power, we also acknowledge that the role of culture industries in serving the mission of culture industries encompasses more than just soft power; it includes the economy, the internal market, and the audience. Obviously, in terms of the economy, culture industries make a significant contribution to the gross domestic product of China's national economy. However, aside from such macro concerns, culture industries address the question of the internal consumption of cultural goods or products more than anything else does. Some culture industries target specific audiences such as youth and adolescents. As this article demonstrates, soft power also has an internal dimension. Soft power is not an international display of China's image through wealth or politics but is a kind of "capillary" power that generates a made-in-China discourse that can penetrate the new generation (Foucault, 1980). Through its culture industries, the state can stabilize internal politics and social conditions. The strategy is now more advanced in that it does not rely merely on the media or any content carried in the news media or publications. Neither is this indoctrination overt, nor does it use a top-down approach. Instead, the state now takes a hands-off approach to various private or semiprivate corporations that produce cultural products, because it knows that these culture industries would not readily or easily circumvent political controls. In any case, if these culture industries want to detour—which implies the prevarication of the ideological mission of the state—there are structural bodies, such as professional associations and party organs that would limit such maneuvers.

The consequence is that culture industries produce or are likely to produce a large amount of content in different forms that audiences are ready to consume. In some cases, such as in the music industry, local companies might not be efficacious because domestic productions still lack the glamorous spectacles that people want. However, in some industries that are shielded from global penetration, audiences will be forced to acquire a taste, and, predictably, a certain segment of the generation will develop an appreciation for Chinese aesthetics that could be detached from universal and global aesthetics. If this is true, the PRC will be successful in utilizing its culture industries to promulgate a national brand that few nation-states have achieved. The resulting popularity of cultural products in China might be enchanting, but it will also deter audiences from developing any critical ability or sense of citizenship.

Effectiveness of the Culture Industries Concept

Crucial for the culture industries in many states is their effectiveness in improving the global competiveness of national brands. However, in the case of China, this is not the most pressing question at the moment. In fact, most culture industries are still considered in their infancy. For example, some Chinese cultural products, such as online games, are consumed only locally, and others, such as pop music, lack competitiveness.

From the perspective of production, as the interviews indicated, many developed culture industries do not aim to build an international empire. Many exist only to consume and maximize their own resources under the banner of culture industries. This is particularly obvious in many of the so-called industrial clusters or technological complexes where profits are made by land acquisition or property development. Thus, in the future, the effectiveness of culture industries will be a major challenge for the state because a huge amount of resources has been allotted for their development.

It is evident that in the near future, in certain culture industries, such as pop music, the state will rely on global capital to attain its goal of conveying a neonationalistic ideology to the population. At present, it appears that global players are not averse to this goal. Global capital plays a role in abetting the state to achieve its nation-branding purposes. Hence, global capital is different from or even contradicts Western partners who are uneasy about China’s rising power. It also demonstrates that global capital might not only blur national boundaries by blending one culture into the global culture but obscure the moral values that Western states have pledged to uphold.

The last theoretical question concerns how well global capital and the nation-state can coexist in the development of culture industries when China is in the throes of globalization and increasing its soft power. The answer depends on how advanced the concrete strategies developed by state and the global players are and on how much the latter can conciliate the Chinese authorities. Without underestimating the transformative power of the state and of global players, it is evident that their fusion in China—although possibly quite alarming—is foreseeable. The free market economy in the United States fluctuates, and so does its politics, because it is determined largely by presidential elections. In contrast, China’s strategies in steering its creative industries for its own branding purposes are more high-handed, consistent, and unlikely to change tack. Quite ironically, cultural industries in a more controlling state like China are more predictable with a clearer goal.

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