CULTURAL GOVERNANCE IN CONTEMPORARY CHINA:
POPULAR CULTURE, DIGITAL TECHNOLOGY, AND THE STATE

BY

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DISSEPTION

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ABSTRACT

This dissertation is a study of the historical formation and transformation of the Chinese online audiovisual industry under forces of strategic political calculations, expanding market relations, and growing social participation, and the cultural ramifications of this process, especially the kind of transformations digital technologies have wrought on the state-TV-station-centered mode of cultural production/distribution and regulatory apparatuses. Through this case, the project aims to theorize the changing mode of cultural governance of post-socialist regimes in the context of digital capitalism.

Using mixed methods of documentary research, interviews with industry practitioners, participant observations of trade fairs/festivals, and critical discourse analyses of popular cultural texts, the study finds that the traditional broadcasting and the online video sectors are structured along two different political economic mechanisms. While the former is dominated by domestic capital and heavily regulated by state agencies, the latter is supported by transnational capital and less regulated. Digital technologies coupled with transnational capital thus generate new cultural flows, processes, and practices, which produces a heterogeneous and contested cultural sphere in the digital environment that substantially differs from the one created by traditional television. The development of such a sphere in a cultural environment that was historically policed suggests that the Chinese state strategically configures the cultural realm into multiple zones delineated by technological forms. Cultural zoning allows the state to accommodate needs in relation to transnational forces while simultaneously retaining socialist legacies through state
media. Zoning technology demonstrates flexibility in cultural governance and thus illuminates the extraordinary resilience of post-socialist regimes amid neoliberal globalization.
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Introduction

*Boardwalk Empire, Breaking Bad, Escape from Tehran, House of Cards, The Purge, Ted,...* - All these seemingly contentious television series and Hollywood blockbusters, which fail to make their ways to television and film screens in China, are officially imported and streamed by the country’s video streaming sites like Youku, Tencent Video, and Sohu Video. A few years ago, nascent Chinese video sites were still entangled with vernacular productions (e.g., user-generated content or UGC) and digital piracy. Today, major video sites in China have all transformed into providers of professionally produced copyrighted content, which creates a freewheeling space online where various foreign cultural products have been given a legitimate window to be exploited in the country. Moreover, video sites have also transformed from a technology of distribution into a network of production by actively establishing their in-house projects. Articulating a wide range of resources, labor, and subjectivities falling outside state cultural institutions, video sites unequivocally direct the spearhead of their efforts against state television stations. All these happen under the eye of the most meticulous regulator of Chinese cultural life, the State Administration of Radio, Film, and Television (SARFT). How did the online audiovisual industry form? How did it transform from an early vernacular alliance to professional content provider? How does the rise of the online video industry transform the traditional state-TV-station-centered mode of cultural provision in China? How does it further transform the landscape of popular culture in China? What kind of political implications does this process bear? What is the configuration of the Chinese state-above all, the SARFT-in this process? What can all these tell us about the changing mode of cultural governance in contemporary China?
Popular culture is the culminating institution through which capitalist regimes maintain their hegemony. Marxian political strategists in the twentieth century like Gramsci came to realize that capitalist domination is not simply rooted in the economic base, but has a political and cultural component. The capitalist state takes over and invades a wide array of civil society institutions to propagate hegemonic beliefs that are conducive to the maintenance of a capitalist order, and win popular consent. The recognition of the roles of the politics and culture allows Gramsci to link them to the formation of a socialist strategy. Recognizing hegemony as a condition of culture arrived through negotiation and struggles over meanings, Gramsci envisions a war of position to outmaneuver the hegemonic bloc on political and cultural fronts. This requires reclaiming the autonomy of civil society institutions and giving sufficient emphasis on the role of culture in establishing alliances within subordinate classes. Gramsci’s ideas not only emphasize the role of (popular) culture in sustaining capitalist hegemony, but also conceive of hegemony as a dynamic process constantly in tension with other forces and thus in flux.

The Chinese Communist Party (henceforth CCP) knew the power of popular culture well before they conquered state power. Mao’s Gramscian vision of revolution gave culture a definite and active role in outmaneuvering the hegemonic bloc in Chinese society from the 1930s onward. While scholarship on the early history of the Communist Party generally focuses on political economic consolidation, still a few scholars have gone beyond political economic restructuring to encompass the cultural aspect of political change. These studies establish the common recognition that the formation of a Communist bloc was largely sustained through the popular activities of leftist intellectuals and cultural workers who successfully mobilized traditional forms of popular culture such as folk songs and dances for ideological campaigns against feudalism and imperialism. The politicization of popular culture scheme makes the mapping of
the post-1949 cultural contour in China easier. The Communist Party has continued to lead morally and culturally since 1949. As Chang-tai Hung notes, cultural historians (and to a lesser extent communication scholars) have drawn on previously untapped historical sources to address the broad cultural issues associated with the Communist Party’s political consolidation and development following the establishment of the People’s Republic of China. Such scholarship broadly includes studies of political theater and popular dramas,\(^3\) painting, visual arts, and struggles of artists under the Communist rule,\(^4\) Chinese cinema,\(^5\) writers and intellectuals,\(^6\) the reform of local operas and performing arts for political purposes,\(^7\) the function and organization of mass media including newspapers, short novels, and children’s literature,\(^8\) and public squares, monumental buildings, museums, and celebratory rituals/parades.\(^9\) In general, these studies emphasize CCP’s “ideological presupposition or technical capacities to probe deep into everyday cultural practice.”\(^10\)

As China reintegrates itself into the global economy since the late 1970s, the new scheme of market economy begins to challenge our imagination about the cultural direction China will take in the rapid process of globalization.\(^11\) Predictions vary. Liberal scholars tend to take media commercialization/liberalization and the consequent rise of the popular culture market as corrosive of the so-called socialist regime. However, critical cultural scholars deny the envisioned “disruption” brought about by the marketization in the media and cultural sector. A growing number of studies point out that facing new energies and practices released by media marketization, the CCP has reestablished its cultural hegemony in Chinese society by constantly reworking its political ideologies and blurring/weaving its agendas into commercial popular culture produced by marketed-oriented yet state-owned media and cultural institutions.\(^12\) A lot of works on Chinese popular culture, especially on pop music and television, have traced the
changing political ideologies of the Communist Party through popular culture in different historical periods: Pang’s (2012) work on the import of Japanese cultural products after Cultural Revolution, Jones’ (1992) study of popular music in the reform era, Rofel’s (1995) reading of the extremely popular family melodrama Yearning produced by the Beijing Television Arts Center in the early 1990s, Lu’s (2009) discussion of the CCTV’s Spring Festival Gala, Zhu’s (2008) book-length work on television dramas (e.g., dynasty drama, family saga drama, pink drama) in post-Mao China, Bai’s study of anti-corruption television serials populating Chinese primetime screens in the mid-1990s, and Fung’s (2009) analysis of the more recent adaptation of the global entertainment formats such as quiz show, game show, and idol show by Chinese state television stations since the mid-2000s. In general, striking a balance between political obligations and market imperatives has become a defining feature of Chinese television culture since the reform.

The CCP’s politicization of popular culture in the context of mass media is largely materialized through an industrialized communicative process, which makes it difficult for the public to reclaim the cultural domain for unofficial mass culture. As Stuart Hall points out, struggles over meanings do not only take place at the discursive level to which different ideological elements are subject, but first and foremost involve struggles over access to the very means of signification. Since the 2000s, the spread of popular digital technologies and networked online practices have brought about new forms of cultural participation/production (e.g., digital file sharing and amateur video production) among Chinese Internet users. This process rendered pre-Internet social energies readily visible and produced an online culture characterized by an orientation and aesthetics significantly different from the one promoted by state media. This cultural aesthetic was somehow retained when the Chinese Internet, especially
the video sector, aggressively moved away from its early grassroots orientation into a more industrialized and professional operation around 2008, simply because emerging video giants needed to capitalize on social demands and popular tastes for profits. While Internet infrastructure is largely owned by the state sector, which means a possible state intervention to close down the entire sector to prevent all kinds of online discontents, opposition, and resistance from emerging popular practices, the importance of the Internet in stimulating national economic growth and the subsequent state promotion of an integration between technology and culture make a complete shutdown almost impossible to become true. Yet, a state endorsed marriage between capital and technology, and the subsequent release of social energies, constantly reshape the popular culture landscape in contemporary China, in terms of the mode of production, the quality, quantity, and variety of popular culture disseminated, and the distribution and consumption pattern, thereby complicating the traditional ideological role of popular culture. This trend becomes more evident as the leverage of private capital increases in the Internet economy. How do these processes transform the mode of “cultural governance”, a term coined by Elizabeth Perry to refer to the CCP’s deployment of symbolic resources as an instrument of political authority?22

While scholars from both Communication Studies and China Studies have documented the cultural shift during the 1980s and 1990s and its wider socio-political implications, very few to date have attended to the transformation of Chinese popular culture within the context of a changing digital media environment, and its relationship to state politics, an inescapable element in discussing digital culture given the history of popular culture in Communist China. This dissertation remedies this gap by examining the historical formation and transformation of the Chinese commercial online video industry, and the cultural ramifications of this process.
Informed by theories on political economy of communications, popular culture, and digital technology, it specifically examines: the political, economic, social, and technological forces that constitute the development and transformation of the industry over the last decade, the transformations the rise of online video has wrought on the mode of cultural production and distribution, especially on the state-TV-station-centered structure of cultural provision, the discursive features of popular culture disseminated by the online video industry, and the new regulatory apparatuses developed by the state in the rapidly changing cultural market informed by technological developments. The project ultimately aims to explore the changing mode of cultural governance in contemporary China.

After two decades of Internet development in China, there has been a considerable amount of scholarship on the Chinese Internet, with much in fact focusing on Internet governance including both the Internet infrastructure and content regulation, particularly in the early 2000s. Studies on regimes of online content, in particular, emphasize political control and its negative consequences for human rights, free speech, and democratization.23 These studies unanimously emphasize technological measures (e.g., filtering, blocking, tunneling), restrictive regulations/policies, well-publicized arrests/crackdowns, and the operation of self-censorship resulting from these control mechanisms. This body of literature suffers from several inadequacies. First, approaching Chinese Internet only through the pre-formed lens of democratization, it predominantly focuses on news and information instead of pop culture and soft entertainment. This points to a long-seated bias in political communication, which makes a clear demarcation between news and entertainment media, and privileges the political potential of the former over the latter.24 Second, it oftentimes overemphasizes a number of foreign websites and human rights events and dissents, and ignores the micro process of Internet use
among a larger population, and the long-term political and social changes this process might bring about. Third, in these macro-level studies, discussions of the operation and effectiveness of regulatory apparatuses are driven more by speculation than by empirical evidence. For example, relying on the concept of the Panopticon, Lokman Tsui argues that the operation of self-censorship creates an awareness of constantly being watched among Chinese Internet industry practitioners and users, thereby bringing into play the working of power which effectively regulates and disciplines industrial practices and online behaviors. However, empirical evidence from my fieldwork tells that the absence of an external censorship often leads to a prioritization of economic pursuits over political obligations among Internet industry practitioners until the boldness incurs state interventions. Therefore, a meso-level study might well call the liberal speculation of Internet control into question.

In fact, a growing number of recent studies have complicated the online content regime in China. For instance, the first large scale, multiple source empirical study of Internet censorship in China carried out by Gary King et al. shows that so long as collective action is prevented, Chinese online censorship allows for a wide range of criticism of the Chinese state, its officials, and its policies. Gary King et al. see the “loosening” up on the constraints on public expression as an effective governing strategy to monitor public opinion, and satisfy and ultimately mollify the masses, which eventually helps the regime to maintain power. The empirical pattern Gary King et al. discover thus helps us better understand the notion of “authoritarian resilience” raised by Andrew Nathan. While Gary King et al.’s research is mainly quantitative and massively macro, my project approaches the flexible Internet content regulation regime by focusing on a specific Internet sector and examining the complex political, economic, social, and technological forces shaping the industry from a critical and historical perspective. It provides thick
descriptions and textured accounts of the formation of the flexible content regime. In particular, while Gary King et al.’s research seems to suggest this flexible content regime is a result of sole political calculations of a relatively rich, capable, and resilient authoritarian regime with sophisticated and effective censorship apparatuses, a detailed cultural and historical analysis shows that the formation of this flexible regime is an outcome of negotiation involving strategic political calculations, transnational/local capital, and social forces.

My project does not simply enrich the scholarship on the flexible Internet regime in China by adding a cultural perspective. It further relates the findings back to current scholarship examining the shadow of the party-state in popular culture. While the party-state continues to politicize the traditional forms of popular culture during the process of marketization, it is making a relative recession on digital culture. The project thus contributes to update our knowledge on the cultural process in contemporary China. It particularly places the digital cultural process against the relatively more heavily regulated traditional television to argue that the formation of these two distinctive cultural spheres is the materialization of a market-driven calculative rationality characterizing recent cultural governance which demarcates the cultural realm in order to capitalize on specific technological advantages of cultural flows, processes, and activities, while still containing historically political media technologies such as television within the broader landscape of normalized rule. Inspired by the concept of “zoning technology” raised by Aihwa Ong, which refers to the state strategy in East Asia to reconfigure national territory into multiple zones of development to accommodate transnational capital, I argue that the formation of multiple technologically-delineated cultural zones points to a zoning technology in the cultural realm, or cultural zoning.28
Aihwa Ong theorizes contemporary global governing activities in relation to neoliberalism by suggesting that neoliberal calculation is now actively mobilized as a governing technology to rationalize governing and self-governing. Instead of conceptualizing neoliberalism as “a market ideology that seeks to limit the scope and activity of governing,” she conceptualizes neoliberalism as a new mode of political optimization, which reconfigures relationships between governing and the governed. It results in a spread of neoliberal calculations as a governing technology that unevenly articulates situated constellations. Neoliberal governmentality thus results from the infiltration of market-driven calculations into the domain of politics. To build her theory, Ong articulates “neoliberalism” as a technology of governing with “exception.” Carl Schmitt conceptualizes political exception as a political decision that departs from a generalized political normativity and is thus made outside the juridical order. The essence of the state’s sovereignty lies in its monopoly to decide the condition of exception. The Schmittian exception is invoked to abandon excludable subjects outside political normativity. Following it, Giorgio Agamben uses the exception as a fundamental principle of sovereign rule that delineates citizens in a juridical order and noncitizens stripped of juridical and political protections. Ong extends the exception beyond human conditions by more broadly conceptualizing it as a “departure in policy that can be deployed to include as well as to exclude.” In contrast to conventional understandings where the sovereign exception only marks out excludable subjects, Ong’s conceptualization of exception encompasses positive decisions, which include certain constellations as targets of neoliberal calculation.

Based on this, Ong argues that the neoliberal governmentality is characterized by two modalities: neoliberalism as exception and exception to neoliberalism. While neoliberalism as exception, or neoliberal exception, is exercised to subject certain populations and social spaces to
market-driven calculations, exception to neoliberalism is invoked in political decisions “to exclude populations and places from neoliberal calculations and choices” for both purposes of “protecting social safety nets or for stripping away all forms of political protection.” Following this, Ong considers the creations of “Special Economic Zones” (SEZs) and “Special Administrative Regions” (SARs) in China as state strategies informed by neoliberal logic which rezone the national territory of normalized rule to create exceptional spaces of political economic experimentation. She defines this technology of governing as “zoning technology”, which more generally refers to “the instrumentalization of a form of market-driven rationality that demarcates spaces, usually nonadjacent to each other, in order to capitalize on specific locational advantages of economic flows, activities, and linkages.” The practice of zoning technology produces a new space of exception as a site of capitalist growth, which could respond effectively to the challenges of the global market. While the phenomenon theorized by Ong refers to a specific form of zoning practice that creates spatially fixed and distinctive enclaves with physical borders, I want to conceptualize zoning more broadly and abstractly to extend it to the intangible cultural and intellectual realm. While not explicitly termed a “special cultural zone” in juridical discourses, the economic resources, the special regulatory arrangements, the level of popular participation, the industrial practices and knowledge mobilized in the video industry all constitute a state of exception to the normalized condition (i.e., state media in general) in the cultural realm. Moreover, while Ong basically sees economic and administrative zoning as a top-down governing technology, I argue that cultural zoning, while ultimately a political calculation, is also a process simultaneously constituted by social forces. Cultural zoning demonstrates flexibility in cultural governance and thus the extraordinary resilience of the post-socialist state in the context of digital capitalism.
Methodologically, this project ultimately aims to decipher the opaque intentions of the Chinese regime, which encounters inevitable challenges in research methods. As Gary King et al. point out, existing methods such as policy analysis, measures of the visible actions of government officials, and even interviews are well suited to answer other political science questions, but in gauging intent, they are widely known to be indirect, sparsely sampled, and often of dubious value. As they realistically put it, even when direct interviews with officials are possible, researchers are in the position of having to read tea leaves to ascertain the real intention of their informants.\textsuperscript{34} The exploration of intent is further complicated as the Chinese state is not a monolithic entity. In fact, the byzantine network of a colossal bureaucracy makes a unitary intent rather difficult to define, much less explore.\textsuperscript{35} With all these constraints, this project approaches the “intent” question by focusing on state policies and (non-) actions toward the online video sector and how they are allowed to be actually practiced on the industrial level. By providing as many details as possible about the state’s revealed preferences through its immediate encounter and interaction with the industry during its development and even the users, we may be somewhat better able to capture the real intent and ongoing calculations of the Chinese state. To sum up, I explore the “intent” issue through the formation and transformation of specific industrial sectors. To more specifically carry out the project, I used mixed methods of documentary research, in-depth interviews with industry practitioners, participant observations of trade fairs/festivals, and critical discourse analyses of popular cultural texts. I see research methods not at a set of stated rules and principles, but as a process of making and remaking guided by research questions and objectives in the researcher’s mind. That is, research methods only emerge and form during the fieldwork. I conducted fieldwork in China from January to July 2014 in Beijing and Shanghai.
To explore the historical formation and transformation of the Chinese online video industry and the transformations it has wrought on the contemporary popular culture landscape, I first began with interviewing industry practitioners. I recruited my interviewees through my social networks or trade fairs/festivals. The trade fairs/festivals I participated in were the 13th Beijing Television Program Market and the International Film and Television Market affiliated to the 20th Shanghai Television Festival where main participants included major state television stations, private film/television production companies, and video companies. I first interviewed investors, producers, screenwriters, and program distributors from the private film/television production industry. I then interviewed producers, copyright directors, ads sales planners, software engineers, and government PRs from major video companies. Through these in-depth interviews, I got to know all the major aspects I wanted to know about both the television and online video industries including industrial development, financing, content production, state regulation, copyright, commercial strategies, technology, etc. Based on interviews with video industry practitioners, I learnt the necessities to also talk to people from fansub groups and early UGC players. Therefore, I also recruited and interviewed senior members from leading fansub groups in China and early UGC players who have all figured out their own ways in the monopolistic video market nowadays.

I regard my informants not as cultural workers independent of historical and social context but as constructed positions embedded in the dynamics of a particular milieu. Therefore, in addition to industrial practices, the interviews also sought to capture the whole personal trajectories, especially histories of personal media use, reminiscence of social and cultural developments since the 1990s, and voluminous commentaries on issues such as marketization, popular culture, and the Internet economy. The incorporation of this part allows me to move
beyond the role of political economic forces in constituting the industrial formation and transformation to encompass its social and cultural basis. Each of these interviews lasted for at least two hours. I interviewed most of the informants more than once. For some of them, I conducted three to four interviews, totaling up to seven hours. In total, I collected over 40 hours of interview materials in this part. In this dissertation, I use alias instead of the real name of my informants in order to give them the maximum anonymity.

I also conducted in-depth interviews with people from the periphery, including a product manager from iResearch, China’s leading Internet market research company, the general editor of the online video division of the national leading financial media Caixin, a content developer from Base FX, a Hollywood-backed visual effects studio in Beijing, the general editor in charge of internal censorship at the major portal Sina.com, a research director from a local investment management company who focuses on the cultural market, and numerous other industry practitioners I encountered and conversed with briefly at the trade fairs/festivals. While these interviews and talks are less quoted in the dissertation, immersing myself in the social space of these industry discourses and events allowed me to experience the larger context in which industry practitioners in both television and online video industries work. I also talked to numerous online video users from different social classes, and performed a two-week participant observation of the mobile video use of migrant workers in Shanghai. While I eventually decided to leave the section on audiences/users out of this dissertation, those talks and interactions still inform the dissertation in various ways.

In addition to interviews, I performed extensive documentary research to collect materials on the industries, particularly the online video industry, using databases in the National Library of China in Beijing and the library of Fudan University in Shanghai. I first pulled together all
state policies on the media, telecommunications, and cultural sector through databases *China Law Information* and *China InfoBank*. I then made use of the *China Important Newspapers Full-Text Database* to retrieve all relevant industry news articles that appeared in mass-circulation newspapers and trade journals after 2000. I explored the database combining a set of keywords from my knowledge derived from the fieldwork (e.g., “LeTV”, “Youku”, “Tudou”, “online video websites”, “video industry”, “bandwidth”, “UGC”), as well as industrial events, anecdotes, and cases I learnt from my informants (e.g., the anti-piracy copyright movement online around 2008). In this way, I collected thousands of documents. With these documents, I could critically assess the interview materials at hand. I also collected all currently available government blue books on the media and cultural sector, *The Yearbook of Chinese Radio & TV* published by the SARFT, *The Yearbook of Chinese Culture* published by the Ministry of Culture, and *The Chinese Information Industry Development Report* published annually by the China Internet Network Information Center (CNNIC) since 2002. Lastly, I referred to industry commentaries both online and forwarded to me by my informants through SNS apps, and reports published by third-party market companies such as iResearch. Part of the documentary research, especially the utilization of the *China Important Newspapers Full-Text Database*, also aimed to reconstruct the historical and social context brought into the conversation by my informants, for instance, pre-Internet cultural piracy, conditions of residential Internet services in the early 2000s, and various proliferating digital practices among users after 2000.

The interviews were analyzed as rich, textured data the informants provided to reconstruct the transformation of Chinese popular culture in the digital context over the past decade. While these materials may be tainted with personal judgments or institutional purposes, information gathered through documentary research was used as sources that looked to the larger
industrial and cultural formations. A back-and-forth movement connected analyses of interviews and documentary research. Documentary research enhances contextualization and enables a certain degree of triangulation that reduces the potential bias of self-reported materials.37

The dissertation consists of three substantive chapters. Chapter One serves two purposes. First, it gives an overview of the developments in the cultural realm in China since 2000 by focusing on the private television drama production sector. It particularly analyzes the set of policy initiatives surrounding the “cultural system reform” campaign since 2000, and the role of the Chinese state in making the cultural market. Second, it examines the traditional television industry as the “other” of the online audiovisual industry. It particularly looks into the tight regulatory regime to which private television drama production is subject. It argues that while the Chinese state actively supports the flow of domestic private capital into the field of television drama production, the state monopolization of television stations/channels fragments the capital flow, thereby preventing private television drama production from developing into a “cultural industry” in the full sense. Private television drama production thus becomes a field mainly supported by domestic private capital yet heavily regulated by the Chinese state. This political economic mechanism differentiates it significantly from the online video industry.

Chapter Two examines the historical process in which the Chinese online video industry emerged, formed, and transformed. It first emphasizes the active state interventions in shaping the digital cultural industry in the form of particular arrangements in telecommunications infrastructure. It then examines the operation of a relatively laissez faire financial structure (i.e., VIE structure) allowed by the Chinese state in the Internet sector and a lax content regulatory regime, which largely converged with long-standing social energies in producing a lively digital video culture around the mid-2000s. With a reviving investment boom in Web 2.0 at the time,
online video sites, especially sharing sites backed up by transnational venture capital, became distributive platforms for numerous vernacular productions and pirate cultural products, which constituted a digital cultural sphere that was substantially different from the one created by traditional television. The lax content regulatory regime during the period is mainly seen as resulting from the unpreparedness and incapacity of the regulator facing massive popular participation through the video form, although a regulatory incapacity might ultimately originate from a lack of regulatory will which eventually prevented the party-state from maximizing its political cost to make immediate and strenuous state interventions. This chapter also examines the transformation of the industry from a grassroots orientation around the mid-2000s toward an embrace of professionally produced copyrighted content in the late 2000s. As examined, this process was mainly constituted by economic and technological forces, with less political interventions.

Chapter Three focuses on content strategies and industrial practices in the online audiovisual industry arising from its professional transformation. As video sites transform into professional content providers, the industry has become increasingly monopolized by a handful of major market players. This chapter mainly examines the major content strategies developed across the industry in recent years, and how major video sites develop from a distributive technology into a network of production articulating resources, labor, and subjectivities falling outside state cultural institutions like television stations. It focuses on three main content strategies developed by major audiovisual portals: import of foreign programs, development of in-house projects, and institutionalization of former UGC, or incubation of professionally generated content (PGC). This chapter details the production mechanism and the regulatory regime over each of these content strategies. With state television stations being frequently
evoked as a significant “other”, the cultural outcomes from video sites’ content initiatives largely differ from those shown on state television stations in terms of ideologies. Interestingly, they render a certain degree of continuity with the vernacular Internet culture preceding them.

The epilogue begins with a brief textual reading of the ideological features of the two cultural spheres of television and online video sustained by different political economic mechanisms, and then proceeds to wind up the discussion on cultural zoning.


10. Hsiao-t’i Li, “Making a Name and a Culture for the Masses in Modern China,” 31.

11. Hsiao-t’i Li, “Making a Name and a Culture for the Masses in Modern China”.


25. Lokman Tsui, “The Panopticon as the Antithesis of a Space of Freedom Control and Regulation of the Internet in China”.


29. Ibid.


35. Ibid.

36. Fansub groups in China refer to online communities of fans dedicated to translating and introducing foreign films and television programs. Most of these cultural products are not officially imported by the Chinese state.

Chapter 1: Culture at the Millennium

For nearly three decades in China after 1949, popular culture and arts were mobilized to serve the political needs of the socialist state in different historical periods. “Arts serve the politics”, the general guiding principle formulated by the CCP during the Yan’an period, was kept as the core of its cultural tradition when it came to state power in 1949 and thereafter. Notwithstanding the apparent incorrigibility of popular tastes seen from, for instance, the widely circulated unofficial underground entertainment fictions in the form of hand-copied volumes (shouchaoben) even during the Cultural Revolution, public life was dominated by a socialist cultural provision.

China rebuilt its initial contact with the outside world in the late 1970s as Chinese leadership under Deng Xiaoping (henceforth Deng) initiated the “reform and opening up” project in 1978. The reform has from the start been characterized by numerous changes in the cultural realm. One major move during the late 1970s and the 1980s was the introduction of the “budget contracting” (yusuan bao) system, whereby “the government allocated a predetermined amount of funds to public service units (shiye danwei), which were then supposed to retain any surpluses or make up any funding gaps.” The central motive behind this measure was in fact “cutting budget funding to public service units to force them to generate their own revenues to survive,” or as it has often been called, “pushing into the market.” This gave rise to “a formal category of public service units that are ‘managed as enterprises’ (shiye danwei, qiyehua guanli).” However, as Jason McGrath argues, notwithstanding new cultural developments and expressions as early as the late 1970s, it was not until the 1990s that the cultural landscape in China underwent a market-driven rupture. Cultural production throughout the 1980s largely remained shielded from market relations. Films, for instance, despite their innovations in
aesthetics and narratives, were produced within the socialist studio system, as well as literary works from the socialist literary system. The same went for state-owned television stations. Taking Chinese Central Television (henceforth CCTV) as an example, changes during the period from 1978 to 1993 were gradual and mostly involved administrative, technical, and professional aspects. The more substantial process of commercialization and even liberalization happened in the following decade.⁵

Deng’s south China tour of the Shenzhen Special Economic Zone in 1992 and the subsequent 14th National Congress of the CCP in the same year both symbolically and officially reaffirmed and expedited the course of reform after the turmoil of 1989.⁶ The failure of the 1989 democracy movement marked a significant turning point in contemporary Chinese history. As Nimrod Baranovitch argues, the resulting disillusionment and cynicism among intellectuals, artists, young people, and others reflected the victory of the state over idealism in the late 1980s as well as the victory of materialism and practicality that took over in the 1990s. Baranovitch views the transition from the 1980s to the 1990s both as a local instance of the global economic trend in the post-Cold War era and as a result of the government’s attempts to divert public attention from the political to the economic.⁷

The commercial and popular turn signaled a new regime of ideological domination on the basis of a compromise between the party-state and Chinese people, where the state tolerated ideological and moral relaxation in exchange for Chinese people’s retreat from making political demands.⁸ The whole decade of the 1990s witnessed the increasingly prominent role of the party-state in engendering market relations within the state sector of cultural production. State-owned media and cultural institutions, which slowly ceased to enjoy state subsidies, began to accelerate the commercialization process to realize financial self-reliance. CCTV, for instance,
began to officially practice “budget contracting” in 1991. In the following decade, its advertising revenue skyrocketed from RMB120 million in 1990 to RMB5.75 billion in 2000.\(^9\)

One large development in the cultural realm during this period was the state-endorsed creation of media conglomerations. Taking television as an example again, as Zhao Yuezhi points out, market-oriented industrial and institutional restructuring had led to market fragmentation and decentralization by the mid-1990s. The proliferation of television stations, channel multiplication, the spread of cable technology, the rise of provincial satellite channels, and the ferocious inter-station and inter-channel competition all constituted a major concern for the central party-state authorities. The creation of conglomerates aiming at recentralization in the television industry took off within this context. In 2001, the enthusiasm to build national and provincial-level conglomerates reached its peak in the television industry. Zhao sees media conglomeration as the party-state’s attempt to achieve an optimal integration of both market consolidation and political domination.\(^10\) By early 2002, the conglomeration campaign had given birth to 12 broadcasting groups.\(^11\) While the project eventually appeared to be a failure, it signaled the party-state’s evolving political economic logic of the cultural realm as it moved into the new millennium.

Another change marking this period was the increasingly evident trend of liberalization. Commercialization of state-owned media and cultural institutions in the 1990s created more space for transnational and domestic private capital to expand its operations. As early as in the 1980s, private capital, which was often referred to as “social capital” (shehui ziben) in official rhetoric to downplay its negative connotation, already penetrated the state sector of cultural production from the periphery. For instance, television drama production units affiliated with state television stations, film studios, and audiovisual publishers had different levels of
engagement with *social capital* in producing dramas.\(^\text{12}\) In the late 1980s and early 1990s, television drama production began to involve capital, personnel, and expertise from Taiwan.\(^\text{13}\) Into the mid and late 1990s, multiplication of television channels resulting from market-oriented developments of state television stations led to increasing demand for television programs, especially television dramas. A lot of television producers began to moonlight outside the state television stations or entirely left their posts to embark on private careers in the hope of becoming richer and gaining more autonomy. This provided an institutional and social basis for private television and film production companies to emerge and exist through a variety of ways surrounding state television stations, albeit without official acknowledgement.\(^\text{14}\) These companies formed a symbiotic relationship with state broadcasters in which the former participated in production or commissioned production of television dramas for the latter while the latter provided distribution outlets.\(^\text{15}\)

The commercial developments in the state media and cultural sector, especially in core units such as television, while indicating a certain degree of ideological and moral relaxation by the state, did not necessarily suggest its retreat from the popular cultural realm. In fact, numerous studies have demonstrated the capability of the party-state in weaving its agendas into commercial popular culture produced by market-oriented state television stations. The controlled commercial developments taking place in the cultural realm—above all, in the state media and cultural sector—during the 1990s accounted for how the cultural landscape looked like at the beginning of the new millennium. On the one hand, decades of reform pushed the party-state to a point that it had to further achieve an optimal integration of both market consolidation and political control in the state-owned telecommunications, media, and cultural sector. This became particularly true in the context of the larger concurrent developments including China’s
admission to the WTO, the rise of creative and cultural industries on a global scale, and transnational capital’s increasing eagerness to pry open China’s media and cultural market. On the other hand, decades of exposure to Western, Gangtai, and other Asian popular culture through “second channel publishing,” video hall networks, and other forms of cultural piracy cultivated unofficial popular sensibilities and cultural needs among Chinese people, especially those born after 1975, that could hardly be derived from and satisfied through officially sanctioned cultural provision. Cultural developments in the new century took off against this historical backdrop.

This chapter gives an overview of the cultural transformations in China in the new century, focusing on the industrial and institutional aspects. This overview serves as a background for later discussion on the Chinese online video industry. The chapter mainly focuses on Chinese television drama production sector for two reasons. First, popular television is one of the most influential and accessible forms of popular culture in China. It, along with film and others, is commonly considered as the core of the cultural realm. A narrower focus on popular television could anchor the discussion of larger cultural trends. Second, online video, while commonly seen as a sector of the new media industry, could be seen as an institutional extension of Chinese television as well. The advent of the digital age has engendered convergence between the television industry and the Internet industry, a trend that has been observed globally. There are various forms of television-Internet convergence including Internet television, Internet Protocol Television (IPTV), digital television, and online video.

Television outside the TV box makes us rethink the nature of television. Lisa Gitelman defines media as “socially realized structures of communication, where structures include both technological forms and their associated protocols.” Understanding that it is the protocols,
which refer to the set of social rules, conventions, and practices associated with media use, that contribute to distinguishing one medium from the other helps us to redefine television not just as a piece of equipment such as monitors but as a set of experiences that have long been associated with the practice of viewing. In this sense, online video and other digital forms of crossover between traditional television and telecommunications could all be conceived as television in a broad sense. Perhaps because of this connection, by regulatory norms, the major regulator of the Chinese online video industry was designated to be the SARFT, the gatekeeper of the traditional radio, film, and television industry. In addition, in my interviews with practitioners working in the online video industry, they persistently referred to the state television station as “the other.” Therefore, this chapter chooses to focus on traditional Chinese television, especially popular television, both as a microcosm of the larger cultural sector and as a significant counterpart of the online video industry.

The data used in this chapter mainly came from personal interviews, documentary research, and participant observations at the two trading fairs/festivals. The four quoted informants are: Wei Chuan (henceforth Wei), Xin Jing (henceforth Xin), Han Yao (henceforth Han), and Shao Dao (henceforth Shao). Wei is a young screenwriter in the field. He graduated from college in 2007 and officially entered the field in late 2009 after taking a circuitous career path in a local advertising agency for a few months and working as a freelance producer for over one year. He first worked as a producer at the Great Wall Film and Television Company (henceforth Changcheng), a major private television drama production company, and then worked as a project manager at the Zhejiang Huace Film and Television Production Company (henceforth Huace), another major private media company. During his time at Huace, he very accidentally got involved in the revision of two project scripts. Through these two projects, Wei
established his credentials as a screenwriter and resigned to embark on his own career as an independent screenwriter in 2013. Xin is a distributor at the Beijing Television Arts Center (beijing dianshi yishu zhongxin), the once highly reputable state-owned television drama studio, which is now spun off and corporatized. Han, now in his fifties, worked in the advertising and marketing department of one of the largest pharmaceutical SOEs in China beginning in the late 1990s. He invested in projects of television drama production with his business partners under a name other than his own when he was an incumbent employee of the SOE. In recent years, as television drama production is increasingly dominated by large capital, Han shifts his business focus from project investments to industry consultancy. He mainly helps others establish private film/television companies and provides financial/taxation services. Shao, in his fifties as well, used to work as the producer and director for a variety of state cultural institutions. Specializing in producing dramas concerning master narratives, histories, and ethnic minorities, he is losing his niche during the marketization.

Cultural Industry as a Historical Construction

Traditional political economists of communications in liberal democracies have been concerned with corporate domination in every aspect of the society, particularly in the sphere of culture and information. However, as Vincent Mosco notes, there have been many scholarly efforts made since the 1970s and 1980s to counter the traditional Marxist analysis that reduces everything to the economy, which revives interest in the role of the state and calls attention to the dynamic relationship between the political and the economic. Andrew Calabrese and Colleen Mihal, for instance, have criticized the liberal fiction of a “natural” market, which attributes the formation and development of US media industries to a historical process that did not involve myriad forms of government interventions at the expense of public interests. Similarly, Nicholas Garnham
points out “the growth of the state’s role as a coordinator and infrastructure provider for monopoly capitalism”, which leads to “the massive development of state power as an independent administrative and bureaucratic interest.”

As the development of capitalism enters a high period on a global scale, Wang Jing notices that some scholars began to advocate for a thesis of powerless states, especially in the mid-1990s. However, Dan Schiller argues that the development of transnational capitalism has been far from rendering states less important. On the contrary, global expansion in production, distribution, and other market activities develops on such an unprecedented scale that it must continue to rely on the crucial role of the state in coordinating its operation and growth. Therefore, as Graham Murdock puts it, questions of political economy today are more than ever questions about the “political”, and it is an urgent agenda to reinsert the “political” into the analysis of the economic order. Vincent Mosco argues that the relationship between the political and the economic is mutually constitutive and variable, with both being primary forces in the development of the communications industry. Therefore, the state does not merely react to technological and industrial changes, but also actively constitutes the industrial structure.

Informed by these critical insights, this section aims to explore the interplay between existing power relations and the ways of organizing cultural production in China in the recent decade.

Into the 2000s, cultural system reform was put on a par with economic and social transformations. One remarkable event was the active making of the “cultural industry” through both government policies and a set of state-endorsed institutional arrangements. The term “cultural industry” came into existence in official discourses starting from October 2000. The “Circular on Making the Tenth Five-Year Plan for National Economy and Social Development”
jianyi) delivered at the Fifth Plenary Session of the Fifteenth Central Committee of the CCP for the first time used the term “cultural industry” in the CCP’s central policy documents by raising the demand to “improve policy-making toward the cultural industry…and promote the development of the cultural industry.” At the 16th National Congress of the CCP in 2002, the party re-articulated the strategic importance of culture and the urgency of furthering cultural reform by pushing beyond the level of national and social developments to a higher order of China’s overall competitiveness in a global context. In the report of the Congress, the traditionally political news media was subsumed under the category of the cultural realm. While it certainly didn’t suggest the party’s concession of its ideological ambitions, it indeed signaled the development of the media and cultural sector to, as Zhao Yuezhi argues, “a new political economic plateau.” Second, the report again called to actively develop the cultural industry and saw it as an important means to “enrich socialist culture and fulfill people’s cultural needs.”

Most importantly, it made a distinction between “cultural undertaking” (wenhua shiye) and “cultural industry” (wenhua chanye), which later served as a power discursive basis for the expansion of market relations in the state sector. Cultural undertakings refer to media services, functions, and/or institutions that serve political interests, which are oftentimes framed as “public interests”. They should be subsidized by the government, and are not necessarily profitable on the market. Cultural industries, in contrast, are those less pertinent to political/public interests, and could be more readily exploited as commodities. With this distinction, the editorial/political function of CCTV might be categorized as a “cultural undertaking” while its activities in providing entertainment, leisure, and other cultural services are subsumed under the rubric of “cultural industry.”
The distinction between “cultural undertaking” and “cultural industry” was another more definite replacement of the earlier “shiye danwei, qiyehua guanli” arrangement within the state sector. This logic of duality could be further traced back to the late 1980s when the government implemented a “dual-track system” (shuanggui zhi) reform in arts and performance troupes. With the dual-track reform, a set of core troupes that were representative of the national artistic quality, experimental, or historically important remained state owned and subsidized, while the rest that were small in size, scattered, and vagrant were allowed to practice multiple forms of ownership by inviting social forces. The proposed distinction between “cultural undertaking” and “cultural industry” substantiated the move of the dual-track logic from the periphery of the cultural realm to the core. It thus constituted a powerful discursive basis for the expansion of market relations in the cultural realm, including popular television drama production, which, as a form of entertainment and leisure, quickly took off as a “cultural industry”. I will elaborate this process later. However, as I will again point out later, while television drama production develops rapidly as a “cultural industry”, it is simultaneously heavily regulated by the SARFT to promote political agendas, and thus bears lingering imprints of a “cultural undertaking”. It is in this sense I consider traditional television as a zone of normalized rule in comparison with the digital cultural sphere I examine. However, the logic of duality embedded in both the dual-track reform of state arts troupes and the distinction between “cultural undertaking” and “cultural industry” in fact suggests a sub-zoning logic within the zone of normality (i.e., the state sector). That says, while the heavily-regulated popular television drama production sector appears to be an exception to the digital cultural sphere, within the zone of normality, however, it is more readily subject to market-driven calculations than the protected political function of traditional television. Therefore, cultural zoning is a relational concept. Moreover, it is also a dynamic
process, developing first within the state sector in the 1980s and sweeping the entire cultural realm with the expansion of market relations in the following decades.

The main thesis of the 16th National Congress was implemented first through a nationwide pilot reform program in nine regions and 35 cultural units in 2003, and further elaborated in a series of subsequent official meetings including the Third, Fourth, and Fifth Plenary Sessions of the CCP Sixteenth Central Committee from 2003 to 2005. The pilot reform program was officially inaugurated with the “Circular on the Pilot Project in Cultural System Reform” (guanyu wenhua tizhi gaige shidian gongzuo de jianyi) jointly released by the Central Propaganda Department of the CCP, the Ministry of Culture, the General Administration of Press and Publication (GAPP), and the SARFT in July 2003. In broadcasting, the SARFT-led pilot reform program covered seven cultural units and broadcasting groups in the nine pilot regions. The pilot project in broadcasting groups was characterized first by a separation of business operations from the so-called public interest-oriented aspects of media practices. More specifically, business operations such as program transmission, program production and trading, and advertising were spun off the group and corporatized according to market rules, while the mother group still remained as the “cultural undertaking.” The production of some less ideologically-oriented programs was also separated from broadcasting groups in Shanghai, Guangdong, Zhejiang, Shandong, and others under the premise that channel ownership, controlling interests, and the rights to censor and air remained in the hands of state television stations. Ironically, while the production of entertainment programs including television dramas was defined as a “cultural industry,” distribution remained as a “cultural undertaking.” Later on, when the state officially opened the field of television drama production up to domestic private media capital, it kept its grip on distribution outlets. This arrangement fragments the
industry and constitutes the major mechanism through which cultural production is politicized, which I will elaborate later.

The process of spinning off and corporatization opened up space for domestic private media capital and transnational capital to expand their operations. Unlike in the 1990s when private capital, while existing in the cultural realm, didn’t enjoy an official status, it was officially acknowledged and encouraged into the 2000s. The CCP Constitution amended and adopted in the 16th National Congress legitimized the admission of private entrepreneurs into the Party by stating that CCP membership is open to “any Chinese workers, farmers, members of the armed forces, intellectual or any advanced element of other social strata…” not just proletariats. The move to open up the political system to private entrepreneurs, as Zhao Yuezhi argues, entrenched “a private-capital-friendly media [cultural] policy environment.”

Accommodating the spirit of the 16th National Congress, the Ministry of Culture formulated the “Circular on Encouraging, Supporting and Guiding Non-Publicly Owned Economy in Developing the Cultural Industry” (guanyu guli, zhichi, he yindao feigongyouzhi jingji fazhan wenhua chanye de yijian) in 2004. In this document, it acknowledged the contribution of private capital, engineered as “non-publicly owned capital” in official discourses, to the rapid development of the cultural industry, and encouraged it to set foot in areas such as performance, television/film, audiovisual, and online culture through various forms including single ownership, joint ownership, strategic alliance, equity participation, and franchise operations. In particular, it supported the participation of private capital in the restructuring of state-owned cultural units. In “Decisions on the Entry of Non-Publicly Owned Capital into the Cultural Industry” (guanyu feigongyouzhi ziben jinru wenhua chanye de ruogan jueding) released by the State Council in 2005, private capital was further allowed and encouraged to hold shares in state-owned cultural
units’ (mainly broadcasting groups) businesses in entertainment program productions, provided that the state owns at least 51% of the stock.\textsuperscript{41} Thus, shareholding companies resulted from the process of spinning off and corporatization had different levels of engagement with private capital. The process of spinning off brought about a proliferation of corporate entities out of the state sector. The Jiangsu Broadcasting Group, for instance, established a number of market entities that produced numerous popular television dramas and films from 2003 to 2007. In 2007, the six television and film production companies merged into one enterprise by incorporating other relevant resources from the mother group, which gave birth to the Omnijoi Media Corporation (\textit{xingfu lanhai}), a major market player today that operates subsidiaries engaging in the production and distribution of television dramas and films.\textsuperscript{42}

As private media capital was acknowledged in both official discourses and institutional arrangements, earlier private film/television production companies, which acted as clandestine content providers to state television stations in the 1990s, were now given a name. In August 2003 and June 2004, SARFT twice issued the long-term television drama production permit (\textit{jiazhong dianshiju zhizuo xukezheng}) to 24 private film/television production studios.\textsuperscript{43} The number of private media companies skyrocketed as the political environment became capital-friendly. Domestic private capital from Zhejiang and Jiangsu, the two provinces in the Yangtze River Delta region with the most vibrant private sector in the country, constituted an important force in this process.\textsuperscript{44} By 2005, there had been more than 2,000 private film/television companies.\textsuperscript{45} According to a conservative estimate made by industry practitioners, the annual investment in television drama production in 2005 amounted to at least RMB4 billion,\textsuperscript{46} and private companies accounted for nearly 80% of the total capital investment.\textsuperscript{47} With the expansion of private investment, the annual television drama output has grown tremendously.
Annual output exceeded 10,000 episodes in 2003, and its growth trend has shown no signs of slowing down since then. As of today, the output has embarrassingly reached over 17,000. Given the limited absorption capacity of state television stations, overproduction has become a thorny issue for the SARFT to think about.

The treatment of transnational capital was more careful compared with domestic capital. For a short period of time, there were shimmering signs that the party-state considered to lower the threshold for transnational media corporations to enter the field of cultural production. For instance, in the “Circular on Promoting the Development of the Radio, Television and Film Industry” (guanyu cujin guangbo dianying chanye fazhan de yijian) promulgated by the SARFT in 2003, transnational capital, along with domestic capital, was allowed to participate in productions of film and non-news television programs. In particular, influential overseas film/television production companies were allowed to establish joint ventures with state television production units and film studios, but the latter must hold controlling percentage. In “Provisional Regulations on Sino-Foreign Radio and Television Program Co-productions” (zhongwai hezi, hezuo guangbo dianshi jiemu zhizuo jingying qiye guanli zanxing guiding) jointly passed by the SARFT and the Ministry of Commerce in 2004, the Chinese part was extended from state units to cover any institutions that hold the long-term television drama production permit or an operational license in radio and television programming production, which was basically an alternative wording for domestic private media companies.

However, very quickly, the good news which thrilled global media giants like Sony and Viacom turned into bad news. In Feb 2005, the “Notice on Implementing the <Provisional Regulations on Sino-Foreign Radio and Television Program Co-productions>” (guanyu shishi <zhongwai hezi, hezuo guangbo dianshi jiemu zhizuo jingying qiye guanli zanxing guiding>
youguan shiyan de tongzhi) issued by the SARFT stipulated that each transnational media corporation can only set up one joint venture in China. A few months later, the “Circular on the Introduction of Foreign Capital in the Cultural Realm” (guanyu wenhua lingyu yinjin waizi de ruogan yijian) jointly released by the Ministry of Culture, the SARFT, the GAPP, the National Development and Reform Commission (NDRC), and the Ministry of Commerce called a complete halt to foreign investments in film/television productions even in the form of joint ventures. Transnational capital was still allowed to invest in single projects, but the SARFT would not approve the establishment of new companies. This move was interpreted by foreign media as a compromised decision of the CCP to simultaneously retain national cultural security/integrity and rein in transnational capital in service of domestic companies.

Considering the nationalist sentiments embedded in various official discourses on cultural industry, the limit set on the flow of transnational capital across national boundaries could also be interpreted as a measure to protect the infant national cultural industry. While Diana Crane’s most recent study shows that national cultural policies which contribute to the success of national film/cultural industries don’t necessarily enable them to challenge the dominance of transnational media corporations, state interventions in this context raises the extra-economic question of national sovereignty amid neoliberal globalization. The sovereignty and meaning of nation-states remain relevant, although national cultural policy formation has become a highly fluid process in the ever-shifting terrain of media globalization. Compared with the treatment of foreign capital in the new media sector, the careful dealing with transnational media capital in film/television productions also largely signals the relative status of traditional media as an exception to neoliberal accumulation.
While there are no comprehensive official statistics on foreign investments in film/television productions, my general impression built on conversations with industry practitioners and documentary research is that transnational capital prefers film projects to television dramas. One can frequently encounter terms such as “American film insurance companies”, “UK Standard Chartered Bank”, “Australian film financing” in official reports on film investments, which co-constructs a reality of foreign involvement in film projects. In contrast, none of them could be found in the counterpart on television.\(^5\)\(^6\) There were also prevailing industry news of the IDG Media Fund investing in films such as Snow Flower and Secret Fan (xuehua mishan) and the Asian Cinema Fund investing in multiple Chinese film projects,\(^5\)\(^7\) but one could barely find news about foreign investment in television dramas. Foreign capital didn’t come into my conversations with television producers and distributors as well. Film/television drama productions often come together in industry discourses. Quite often, some production companies straddle both fields in reality as well. However, the two industries have quite different political economic mechanisms. Compared with television drama, film is more substantively privatized. In particular, domestic private companies account for over 90% of film distributors in Mainland China.\(^5\)\(^8\) In contrast, television drama distribution is monopolized by state television stations. Moreover, while both films and television dramas have to go through preproduction and pre-distribution censorship by the SARFT, the state presumably has higher political and ideological standards toward the latter, as television is more widely and easily accessible to the vast majority of both rural and urban audiences, whereas film is geared more toward the urban middle class. This political nuance might partly explain the higher level of affinity formed between transnational capital and the film industry. Meanwhile, the middle class audience base of the film also suggests a more transnational and de-territorialized aesthetics
embedded in the industrial operations from textual production to marketing strategies, which eases the articulation with transitional capital.

The crucial developments in cultural institutions into the new century led to an inevitable commercial exploitation of the culture and popular expansion, an ostensibly similar trend in England in the 1840s Raymond Williams has documented.\textsuperscript{59} However, an unnegligible factor in this cultural process is the role of the state. Not only did the spinning off and corporatization of certain divisions formerly affiliated with state television stations arise through the heavy hands of the SARFT, but also the formation and development of the ostensibly “independent” private cultural production industry. And when the development of the cultural industry became a top-down political endeavor, it began to be taken as an important aspect of the political achievement (\textit{yeji}) by local governments and SARFT bureaus. Efforts made by provincial and local governments constituted a substantial force in moving the development of the “cultural industry” forward.\textsuperscript{60} Along with the construction of the “cultural industry” was the delegation of the central political power to local SARFT bureaus as part of the national administrative and legal reform campaign between 1998 and 2003, which aimed to rationalize governance by withdrawing from direct intervention to make more room for reform while retaining its regulatory authorities.\textsuperscript{61} This was in fact also a compelled move, as decades of media reform has yielded self-interested provincial media organizations as well as numerous cultural institutions outside the state sector, which made it imperative for the SARFT to decentralize its power and invite local bureaus to participate in cultural governance. For instance, the explosion of private television drama production companies and the consequent growth of drama outputs made it practically difficult, if not impossible, for the SARFT to handle preproduction approval and post-production censorship, thereby making the decentralization of power necessary. The delegation
of administrative powers did not necessarily create more occasions for provincial state agencies to participate in national policy formulation. However, it indeed allowed provincial state agencies to practice greater discretion in policy implementation. The great discretionary power enjoyed by local political units in policy implementation in turn stimulated the growth of the cultural industry. On the one hand, local administration eased the creation of private media companies as it allowed more space for variations and negotiations. On the other hand, local administration tended to breed a local network of interests involving government officials, and vested economic interests often became a covert incentive for local governments to support the cultural industry.

Here let me turn to the example of Huace (figure 1). Developing from a workshop-style small business in the 1990s to one of the media giants today, the story of Huace represents in microcosm the transformation of the industrial structure and the complicated political economic relations underpinning the process. In 1992, the current General Manager of Huace, Zhao Yifang (henceforth Zhao), left her position as the Deputy Director of the local SARFT in Dongyang, a county-level city in Zhejiang Province, and moved to the capital city of the province Hangzhou to do business. In the same year, a large number of officials left the bureaucratic system (tizhi) and joined the business world. This constituted a popular phenomenon among government officials at the time; it later came to be known as xiahai, which literally translates to “jumping into the [business] ocean.” Many of those people, including Zhao, have become influential businessmen nowadays in industries such as finance (e.g., Chen Dongsheng, Mao Zhenhua), real estate (e.g., Feng Lun, Pan Shiyi), and others, and are grouped as the 92’ school, which specifically refers to businessmen emerging after Deng’s southern tour in 1992. Unlike the
businessmen growing from the grassroots in the 1980s, this group has more resources and networks in the government.\textsuperscript{63}

Zhao first worked as the General Manager of the Zhejiang Huaxin Film and Production Company (henceforth Huaxin), a subsidiary to Zhejiang Guangsha, a company owned by a Dongyang-born businessman Lou Zhongfu (henceforth Lou), with businesses primarily in construction and real estate.\textsuperscript{64} However, given the comparatively slow development of the private media sector in the 1990s, Huaxin in fact made profits mainly from buying and redistributing overseas cultural products, primarily those from Hong Kong TVB and Southeast Asia.\textsuperscript{65} Lou’s investment in cultural production as early as in 1993 somehow demonstrated his astuteness. However, he didn’t wait till the “golden age” eventually arrived. By the 1990s, there were already signs that Lou was giving Huaxin away. There are no definite sources to explain the reason behind this change. According to Wei, Lou had been looking for ways to move Huaxin onto the stock market for a long time. When he failed, he didn’t want to continue. Meanwhile, his success in real estate made him lose interest in the cultural realm.\textsuperscript{66} I have no other way to confirm this explanation. What we indeed see is that Huaxin underwent share restructuring in 1998, and Zhao’s husband Fu Meicheng (Fu) succeeded to own a controlling percent of shares in Huaxin through capital increase.\textsuperscript{67} In 2002, Zhejiang Guangsha transferred all its owned shares in Huaxin to the then general manager Zhao for RMB10.8 million (about US$1.5 million).\textsuperscript{68}

Compared with Lou’s retreat was the Dongyang couple’s advancement. Besides the change in 1998, Fu made a personal investment of RMB2 million in joining Huaxin to establish the Hangzhou Huaxin Film and Television Production Company (henceforth Hangzhou Huaxin) in 2002 with Huaxin owning over 50% of the shares. In 2004, Hangzhou Huaxin proposed to
transform itself into a shareholding company. As Huaxin owned a controlling share of the company, Zhao suggested a share restructuring to Guangsha/Lou, which meant tens of millions of dollars’ investment. Judging from the ensuing fact that the controlling shareholder of Hangzhou Huaxin was changed from Huaxin to Fu, we can tell that Lou refused Zhao’s proposal. In May 2005, Hangzhou Huaxin underwent an increase in the size of the company’s equity capital to RMB30 million with Fu holding 89.73% of the shares. Fu himself invested RMB21.94 million in this round of capital increase, which was said to come from his industrial businesses, investment income, and family savings.

Compared with Lou’s insensitivity to the industry, Zhao’s vision partially benefited from her early experience in the local SARFT bureau. As Zhao said once in public, while she no longer worked as a deputy director, her connections in the system still worked. With old colleagues and friends working on the original posts, she was better informed than others regarding what policies/regulations were developed and when were they announced. Into the mid-2000s, the pilot program in cultural reform was ongoing. In 2005, to build itself into the Province of Culture (wenhua dasheng), the Zhejiang government/SARFT planned to have Huaxin merged with relevant divisions in the Zhejiang Broadcasting Group to establish a film/television company. Zhao approached Lou to discuss possible options. One option was to move the whole management team into the new company as shareholders. Or, Zhao proposed to leave Huaxin without keeping any of her shares. At the time, Huaxin was still an unremarkable asset to Lou. After rounds of negotiation, the Fu couple transferred all their shares to Guangsha-related parties and brought a few key staff with them to continue their pursuits outside the state sector. In October 2005, not long after Hangzhou Huaxin’s capital increase, Fu and the Fu-controlled Hangzhou Huaxin jointly invested RMB10 million in establishing the Zhejiang Huace
Film and Television Company, the precursor to today’s Huace, with Hangzhou Huaxin holding 88% of the shares and Fu himself holding the remaining 12%. Those copyrights purchased in the Huaxin era were transferred to Huace at a low price, which later made up a significant portion of its earnings on the IPO listing documents when Huace planned to enter the Shenzhen Stock Exchange (henceforth SSE) in 2010.

From 2005 onwards, Huace caught the train to the paradise of capital. The two years of the pilot program in cultural reform was acknowledged by the CCP politburo. The “Circular on Deepening Cultural System Reform” (guanyu shenhua wenhua tizhi gaige de ruogan yijian) issued in December 2005 and the “Outline of the Cultural Development Plan during the National 11th Five-Year Plan Period” (“shiyiwu” shiqi wenhua fazhan guihua gangyao) issued in 2006 all suggested the irreversible trend of cultural reform toward the general direction of the capital. Amid these policy campaigns, companies like Huace, which had an entrenched local establishment, became key objects of government support, as the Zhejiang SARFT established the governing philosophy of intensifying reform among state-owned cultural units and meanwhile nurturing the development of the private sector.

The cultural reform project was pushed to a new height after the 17th National Congress of the CCP in 2007. In 2009, the State Council promulgated “The Plan to Revitalize Cultural Industries” (wenhua chanye zhenxing guihua). This was the country’s 11th revitalization plan after steel, automobile, textile, and the like. Its promulgation flagged the strategic importance of the cultural industry in the national economy. This plan proposed at least two substantial measures in extracting the economic value of culture. First, it explicitly re-articulated the need to set up and increase bailout funds (in forms of discount loans, project subsidies, capital injection, etc.) to develop cultural industries at levels of both central and local governments. Following this
line, the plan announced the establishment of the China Cultural Industry Investment Fund (zhongguo wenhua chanye touzi jijin) jointly led by the Ministry of Finance, major SOEs, and key state-owned cultural units. Second, it encouraged banks and financial institutions to lend active support to the cultural industry and called guarantee and re-guarantee agencies to come up with new instruments and services oriented to cultural industries. Under this section, the plan encouraged established cultural enterprises [both state-controlled and privately owned] to launch IPOs on the Main Board or the Growth Enterprise Market.

Huace’s stock market launch in 2010 took place in this context. The Zhejiang provincial government and SARFT played an important role in pushing Huace to the stock market. In my interview with Wei, he mentioned a lunch he had with a retired deputy director of the Zhejiang provincial SARFT: “In that lunch, he [the official] revealed that they at the time wanted to make three cultural enterprises to the stock market, Huace, Huayi Brothers [film], and Zhongnan Cartoon…So the government was quite consciously pushing them. Of course, personal [corporate] willingness was also a factor. But in China, like many things, while it appears to be a personal [corporate] matter, it turns out to have deep connections with the party.” Wei’s recollection was to some extent confirmed by an official source. In the press conference held by the SARFT, its spokesman reviewed the broadcasting reform in Zhejiang and mentioned that: “In recent years, the Zhejiang provincial SARFT nurtured a group of influential private film/television production companies including Great Wall (changcheng), Huace, Zhongnan Cartoon…It supported and facilitated Huayi Brothers’ stock market launch…Now it is supporting Huace, Great Wall, and Zhejiang Time Cinema to launch IPO.”

As said earlier, local government’s advocacy of cultural reform was both politically and economically motivated. Politically, Zhejiang provincial government’s support of Huace’s IPO
project could be understood within the larger context of Zhejiang and Hangzhou’s decades-long efforts to build a Province/City of Culture. With profound cultural heritages, especially in Hangzhou, the Zhejiang government, as well as Hangzhou’s, has been trying to package itself as the Province/City of Culture. Hangzhou, for instance, held the 10th International Cartoon and Animation Festival in 2014. That says, it has engineered the concept of “Cultural Capital” at least since 2004. Within the central/local decentralization dynamics, the enterprising local government of Zhejiang/Hangzhou apparently constitutes a state of exception associated with the neoliberal reform in comparison with most of the other places in the country. Supporting private film/television companies is one of its efforts. As Wei commented, “It can be accounted as part of their political achievements [yeji].” Indeed, as an icon of Hangzhou’s cultural and creative industry, Huace has received the local government’s support in various forms. In 2009, for instance, Huace received numerous awards and subsidies, which amounted to over RMB6 million. In addition, it also received subsidies in the form of consumer vouchers valued at RMB1 million from the Finance Bureau of the Shangcheng District in Hangzhou.

Another layer of connections consisted of interlocking economic interests. According to Wei, film/television production is a way for government officials to launder money: “For early film/television companies, now as well, government officials will put their money into projects. Listed companies might be better…In the cultural sector, investment in film/television production is one way to launder money. Heritage auction is the other.” Film/television production becomes an option because investment in this field enjoys tax breaks. In addition, these companies are notorious for their confusing accounts and vague finance, which means that it is highly difficult to trace the money flow. As Wei recalled, “For several film/television production companies, their listing plans failed because of their unclear financial statements.
These companies had to register new companies, create new accounts, launch the IPO, and then buy the parent company back.84 Indeed, in late 2012, as part of an effort to tighten a grip on IPO listings, the China Securities Regulatory Commission (henceforth CSRC) required all companies who had applied to list on mainland stock markets to conduct self-inspections of their financial statements, and following that CSRC would perform a spot check. Many companies withdrew their applications, and most of them were cultural enterprises. In addition to external factors such as the tightening of IPO listings, the massive withdrawal in the cultural sector was partly related to operative difficulties in ensuring financial order.85 Aside from the unclear financial statement, television and film production crews are oftentimes disbanded right after the completion of the project, which adds further difficulties to audits. Therefore, while there are no ways to exactly confirm it, the hearsay of “money laundering” is not necessarily baseless.

A glimpse of the board of directors of Huace might further reveal more of the power nexus between the government/state media sector and private media companies. One of the independent directors of Huace, Zhang Xuejun, was the former Head of the Yuhang Television Station, the state television station in Yuhang, a former county-level city in Zhejiang now a district of Hangzhou. Another independent director, Li Mingyue, was the former Head of the Propaganda Department in the county-level city of Jiande, the former Head of the Hangzhou People’s Radio Station, and the former Deputy Head of the Zhejiang People’s Radio Station. Their career rotations from former governmental employees to board members at Huace somehow exemplify what Andrew Calabrese and Colleen Mihal term the “revolving door” phenomenon in which former government employees are able to utilize their government experience and connections to influence the policy environment for the private sector,86 although political economic power relations in China differ largely from those in the liberal
context. In fact, the career path of Zhao as a former SARFT official also constitutes a “revolving door” practice. She is quite unreserved about her former experience and connections in the government in public.

Given the artifice of government interventions in shaping the industry, it became a norm to maintain a good relationship with the government. Wei called it “business with Chinese characteristics.” He persistently marked the indigenousness of this power nexus as if he had witnessed the fulfillment of liberal ideals in Western democracies: “There are too many factors irrelevant to production per se in this industry…If you want to make money in China, the foremost thing is to make a good relationship with the government. The higher rank of officials you can talk to, the larger your business could be.”

The knowledge he obtained through years of immersion in the industry sadly speaks to the “stratified deposits in popular philosophy.” Wei was presumably referring to Zhao. Being resourceful, Zhao soon received the golden time in her life. The billions of fortune, however, might have belonged to Lou, the old rich man from Dongyang. Now what he gets is Zhao’s New Year gift every Spring Festival. In Wei’s version, it was a Bentley in 2013: “Zhao is grateful to Lou for his early years help. She once promised that whatever car she buys, she would buy one for Lou’s wife. She bought a Bentley last year, so she also bought one for Lou’s wife for New Year.”

However, still, it was said that for a long time Lou was regretful every time he saw Zhao because in 2004 and 2005 he twice missed the chance to turn Huace’s capital fairytale into reality. Lou’s obliviousness to the cultural industry to some extent showed that the humanly constructed connection between culture and economy was novel yet remote to many people, including even the shrewdest businessman.
“Savage Growth”

In Wei’s memory, Huace’s public listing was the major event which inspired and stimulated the large-scale expansion of the private film/television production industry, or the “savage growth” borrowing his term. However, we have learned about the invisible political economic energies that shaped the formation and development of the industry through the above analysis. Rather than singularize Huace’s case, it is more appropriate to say that the political economic forces that drove Huace through institutional apparatuses drove the whole industry. Huace’s public listing only made these political economic energies more clearly and widely felt. In this part, I will describe the crazy growth of the industry in the 2000s, especially since the mid-2000s.

The “savage growth” of the industry could first be seen through the increase in the television drama production cost over the decade. As the political environment for private media capital eased and the industry grew steadily, the production budget for television dramas grew accordingly. The rise in production cost was also driven by the increasing purchasing capacity of state television stations. In a less commercial environment in the 1990s, commercial slots were not as expensive as they are today, and the purchasing capacity of these stations was rather limited. It was a common practice for stations to trade the commercial breaks within the show schedule with private companies for their productions, and private companies had to solicit advertising by themselves.92 The barter-like trading model was replaced by monetary exchange, as commercial slots became economically valuable with the accelerated process of commercialization. However, at the early stage of commercialization, the purchasing capacity of state stations was still limited. Meanwhile, while the early 2000s marked thaws in political solutions to private media capital, the degree of liberalization at the time was much lower compared with today. Accordingly, the production budget for dramas was humble. For example,
the estimated investment in producing <Grandpa Liu II> (liu laogen II), which was aired on CCTV in 2003, was said to be between RMB3.5 million (about US$500,000) to RMB5 million.\textsuperscript{93} This was confirmed by Han, who was involved in television drama production surreptitiously in the early 2000s when he was still working in the pharmaceutical SOE. According to Han, the production cost at the time was about RMB3 million, depending on genres.\textsuperscript{94}

Into the mid-2000s, the talent show <Super Girl> (chaoji nusheng) manufactured by Hunan Satellite TV flagged one of the earliest local attempts to clone global television formats into local contexts to pursue viewers. Its tremendous commercial success raised the curtain on a decade-long vehement competition for audiences and advertising revenues among television stations with national reaches including CCTV and provincial satellite television, particularly the first-tier ones. The competition quickly became a race of acquiring quality dramas. Although at the time, the buyer’s market began to prevail as drama output increased, state television’s appetite for high quality dramas kept growing. A SARFT order in 2004, which stipulated that one drama couldn’t be aired on more than four satellite television channels at the same time, further intensified the fight over first-run satellite rights of quality dramas.\textsuperscript{95} All these led to sharp increases in purchase prices, which enabled private companies to raise the budget for production. Meanwhile, the CCP’s determination to deepen the cultural system reform as seen through an array of policies and programs around 2005 became an inducement for more private capital to flow into the field of cultural production.

The selling price of a first-run CCTV primetime drama in 2005 was RMB400,000 per episode, which meant a total of RMB12 million for a serial with a normal running length of 30 episodes.\textsuperscript{96} The production cost would be presumably lower than RMB12 million for purpose of
profitability. However, given that deficit was enveloping the industry all the time, the production cost might exceed the actual selling price, but should be an exceedance within a reasonable range. In another version, this number was slightly higher. The CEO of the Guangdong CHS Media quoted in an industry news article mentioned that the purchasing price of quality productions set by main television stations was between RMB600,000-650,000 per episode, and the production cost per episode was RMB500,000. This meant a total investment of RMB15 million in producing a quality serial of 30 episodes. Wei calculated the production cost to me based on actors/actresses’ salaries. According to him, in the mid-2000s, the most expensive actors, like Vincent Zhao, earned RMB120,000 per episode. In drama productions, actors take most of the money away. Wei’s recollection of actors’ rates was basically accurate. Leading actors at the time earned RMB60,000 to 120,000 per episode with big-name actors earning RMB150,000, and money spent on actors/actresses’ salaries commonly accounted for at least 1/2 and in some rare cases 2/3 of the total production cost. Combining all these sources, the production cost ranged from RMB9 million to RMB15 million as perceived through the scheme of perceptions retained by, borrowing Bourdieu’s terms, different social agents occupying different positions in the field of cultural production. This budget at the time already far surpassed that in the early 2000s.

Since the mid-2000s, the commercialization process of state television stations accelerated at an unprecedented rate compared with the preceding decades. The trend was directly reflected through the soaring advertising revenue. The years 1997, 2002, 2005, 2006, and 2007 are usually considered benchmark years in the growth of television advertising revenue (figure 2). In these years, ad expenditures on television programming respectively reached RMB11.4 billion, RMB23.1 billion, RMB35.5 billion, RMB40.4 billion, and RMB60 billion.
The profitability performance in these years continually set the new “ten billion” record, and the time interval kept shortening. In particular, the growth rate peaked at 48.65% in 2007. Growth slowed down in 2008 and 2009 due to factors such as the global financial crisis, but recovered following the warm-up of the global economic condition. In the first half of 2011, television advertising revenue reached RMB46 billion with a growth rate of 21.88% compared to the corresponding period of the previous year. The ad expenditures on television in 2012 reached RMB130 billion, growing at an annual rate of 15.85%. That year, the total revenue in the radio and television sector (both ads and cable operations) exceeded RMB300 billion for the first time. The market performance of state television stations meant a continuously increasing buying power of television dramas. On the other hand, hot money began to pour into the field of cultural production in the late 2000s. Several factors overdetermined the trend. First of all, the political environment for private media capital was further loosening up following the 17th National Congress of the CCP in 2007. Second, as the impacts of the global financial crisis were being felt across many sectors of the economy, companies and individuals began to withhold or withdraw investments from real estate and stock markets and turn to the cultural market. Cultural production attracted hot money because it was considered a high-reward though high-risk proposition. As Wei explained, “The rate of profit is astonishing. For those well-performing companies, they can make profits in one cycle of production within one year, and the profit rate is more than 100%, which is unimaginable elsewhere…for businessmen, the interest rate of money stashed in banks is low. Even the interest rate of usury is only about 24%.” Third, the news of Huace’s public listing energized the field. As Wei recalled, Huace was scheduled to launch its IPO at the end of 2010, but the news was already spreading when it was preparing the documents. In fact, the public listing project had already been launched in the adjacent film
industry. The Huayi Brothers, the largest private film company in China, launched its IPO in 2009 and became the first listed stock from the cultural realm. Therefore, there are reasons to believe that film/television drama production was already attracting attention across industrial sectors before 2009. By late 2010, it already amassed a large amount of investment from industries such as real estate, energy, and manufacturing. These companies and individuals invested in single projects, and profits were distributed to them as dividends.105

The rising buying power of state stations, along with the flood of hot money, led to what Wei called “savage growth” of the industry. When Wei entered the field in 2009, the industry had begun to crazily grow. As he recalled, “Immediately following my entry into the company [Changcheng], I felt its expansion. One could feel that it was swelling everyday.”106 The budget for the drama <My Chief and My Regiment> (wo de tuanzhang wo de tuan) produced in 2008 reached nearly RMB40 million.107 Its syndication rights were sold for a record of one million per episode in 2009, making it the most expensive serial by the time. Yet this record was quickly broken by the budget of hit serials re-adapted from the four Chinese classic novels, with each exceeding RMB100 million. By 2012, the production cost per episode already exceeded RMB2 million, and actors/actresses’ salaries continued to rise.108

Besides the investments in specific projects, there was also an endless stream of enthusiasm in investing in stocks. Wei experienced that kind of zeal as well when he first joined Changcheng: “People from commercial banks and various financial institutions visited the company everyday. At that time, they were still less interested in investing in single projects than in buying shares. They wanted to make another listed company.”109 The private equity (henceforth PE) funds mainly invest in and incubate film, television, and cultural production companies, and exit through IPOs, mergers, etc. For instance, the Zheshang Venture Capital,
which invested in Huace, received its harvest as Huace successfully floated on the stock market. This kind of operation is different from investing in single projects as discussed above and represents the major path of most PE funds into the field.\textsuperscript{110} By late 2010, the film/television production industry attracted a large quantity of PE funds and VC. Active players included Sequoia Capital, SoftBank, IDG Media Fund, A3 International Asian Film Fund, and The One Investment Fund.\textsuperscript{111} In 2012, there were 22 cases of PE investments with a total amount of US$212 million. Among them, iFirst Capital, DT Capital, Ray Stone Capital, Seven String Investment jointly invested over US$30 million into the Hairun Film and Television Production Company, one of the largest television production companies and a hot IPO hopeful. The China Cultural Industry Investment Fund, the first Chinese government-backed PE fund mentioned earlier, invested nearly US$30 million into the Huan Rui Century Media.\textsuperscript{112}

This investment tide came to a halt in October 2012, as the CSRC imposed the eighth moratorium on IPOs since 1994. As there were hundreds of companies lining up for listings, and the reopening of IPO was unclear, those PE-backed IPO hopefuls turned to second choices for exits, which triggered a wave of mergers and acquisitions.\textsuperscript{113} For instance, in 2013, the Huayi Brothers spent RMB252 million in acquiring 70% stake in the Zhejiang Changsheng Film and Television Production Company (zhejiang changsheng yingshi zhizuo youxian gongsi) controlled by Zhang Guoli, a renowned actor and director in China. Flower Film and Television, an award-winning production studio, sold itself to LeTV for RMB1.6 billion. Huace fully acquired Croton Media, a Shanghai-based television production company, for RMB1.65 billion.\textsuperscript{114} There were also companies turning to backdoor listing. For instance, Changcheng merged with Jiangsu Hongbao, a listed hardware manufacturing company, in a backdoor listing in 2013. Those companies under pressures from PE funds withdrawal experienced strained capital flow and were
more likely to choose the quick and effective backdoor listing instead of waiting for the IPO reopening. As Changcheng went through the process of backdoor listing, the eight PE funds hidden behind it went into public view. They were all purposive and aggressive investment funds. With the success of the backdoor listing, their initial investment of RMB77 million ballooned to RMB842 million.

All these news of listings and mergers made Wei feel that cultural production was reduced to a game of capital. As Wei sighed, “It is such an age, an age of crazy capital market. If the changes I felt in those years at Changcheng were just early signs of this trend, now it is just crazy. It shows no signs of retreat.” Drastic as these changes are, we must not ignore the role of the state in this process. On the one hand, the state plays a constitutive role in the industrial formation, which creates much more space for domestic private media capital. On the other hand, it fragments the capital flow in the field by excluding it from the distribution, which constitutes an effective mechanism to police the actual cultural production. I will now turn to this point.

“They Must Be From Television Stations”

The flooding of private capital into the field of television drama production does not necessarily mean capital-oriented outcomes. The party-state mediates the economic base in overdetermining cultural production. First, the productions are subject to post-production/pre-distribution censorship conducted by the SARFT. More importantly, private television drama production companies are not allowed to own and operate television channels, which means that they can only rely on state television stations for distribution. As state television stations are heavy-handedly managed by the SARFT, most of the time, they have to prioritize political obligations to economic interests, and their monopoly over the death-and-life resource of television channels
allows them to transfer political obligations to private television drama producers and constrain productions in many ways. Private television drama production companies in the new century thus still function as the “supply factories” of the state television stations as they did in the 1990s. This institutional arrangement (i.e., state monopolization of television channels) constitutes another main mechanism through which the SARFT, having state television stations as its intermediaries, exerts political constraints on private television dramas production. Or, as many sociologists of media productions have shown, private television drama producers have learned and internalized basic political norms in cultural productions.\footnote{Indeed, private television drama producers often pay sufficient attention to political orders from the SARFT; this process begins at the very early stage of topic selection. In this part, I will detail the concrete political practices of the SARFT in guiding private television drama productions, the political socialization of private television drama producers, and how the asymmetric power relationship between state television stations and private television drama production companies is performed and enacted through industrial practices.}

State interventions in private television drama productions first begin with regulations of topic (\textit{ticai}) selection. Periodically, the SARFT issues guidelines regarding the dominant theme of television drama production and scheduling in order to promote its political and moral agendas. For instance, in early 2008, television drama production was required to coordinate with the celebration of the 30\textsuperscript{th} anniversary of the “reform and opening up” and produce “realistic” leitmotif dramas (\textit{xianshi zhuxuanlu ticai}) that could represent the tremendous influences of the reform on the Chinese society and thus eulogize the Communist Party, socialism, and the reform.\footnote{Production in 2014 was required to resonate “Chinese dream,” an evolving political ideology developed by the new leadership.} Before 2006, the SARFT would
convene an annual national television drama planning conference attended by heads of state television stations, directors of licensed production units, and propaganda officials. At this conference, the SARFT would highlight its propaganda imperatives for cultural productions in the coming year. Beginning from 2006, with the delegation of administrative powers to the local level, centralized television drama planning was rescinded. Today, the SARFT’s official guidelines concerning topic selection are disseminated through a variety of combined forms including official announcements, the SARFT officials’ speeches at national television drama meetings including all kinds of guild events, and small-scale briefings. There are also circumstances in which the SARFT gives public warnings or implements ad hoc administrative notices banning the showing of a particular genre in order to both regulate the supply-demand and tighten political control. In late 2011, for instance, the SARFT issued a special administrative order to tighten the regulation over court politics dramas by restricting the genre, along with time-traveling dramas, shows involving law and crimes, and copycat shows, from primetime satellite TV schedules. This kind of warnings and orders are made to the television stations, but are quickly transferred to private television drama companies for them to shift the focus in the next period. Official guidelines on topic selections are taken very seriously by private media companies. Oftentimes, the SARFT might not necessarily use harsh terms, but private media companies take their suggestions as orders. As Wei said, "The SARFT only discourages or promotes [certain genres]...it never forbids [a particular] ticai. Even for time-traveling dramas, it never said you were not allowed to produce them. But if you produce them, there are no places for showing."

Once a topic is selected, and a script outline is developed, private media companies are required to register a project (lixiang) with the SARFT. Any companies with long-term or short-
term permits are eligible to register a project. Before 2006, producers had to submit project proposals to the central SARFT for topic approval prior to production.\textsuperscript{123} With the delegation of administrative powers to the local level, lixiang has been handled by local SARFT officials, except those dramas concerning “important and large subjects” (zhongda ticai), which are almost without exception political. Companies are required to submit a 1500-word script outline, which accurately states the theme, main characters, historical background, and storyline for approval.\textsuperscript{124} According to industry practitioners, the SARFT would approve most of the proposals at this stage, except those obviously inappropriate by political and moral standards.\textsuperscript{125} However, according to Bai Ruoyun, from May 2006 to May 2012, a total of 6,797 proposals were submitted for ratification, and still 1,493 (21.96 percent) of them were rejected.\textsuperscript{126} Approved proposals are submitted to the central SARFT monthly and made available to the public via the SARFT’s website.

Once a project is approved, it moves to the stage of script creation. As a process of content development, it involves the most amount of censorship during the television drama production mainly in the form of self-censorship. The screenwriter will consciously avoid many things in writing the script. The “Provisions on Television Drama Content Regulation” (dianshiju neirong guanli) promulgated by the SARFT in 2010 explicitly stated a list of forbidden content in the television drama production. It includes content which “violates the basic principles of the Constitution, foments resistance or induces infringement to the Constitutions, laws, administrative rules and regulations; endangers national unity, sovereignty and territorial integrity; discloses national secrets, jeopardizes national security, and harms national reputation and interests; foments ethnic hatred and discrimination, threatens ethnic customs, hurts ethnic feelings, and destroys national unity; violates the state religious policies,
publicizes religious extremism, heresy, and superstition, discriminates and insults religious beliefs; disrupts the social order and damages social stability; publicizes pornography, gambling, violence, terror, and drugs, induces crime or imparts criminal knowledge; insults or defames others; endangers social virtues or national cultural traditions; infringes the rights of the minor and harms the physical and mental health of the minor; all the other content forbidden by the law, administrate rules and regulations.**127**

In addition to this list, there is also an incomplete list of tacit rules circulating widely among private television drama producers. Compared with the relatively empty guidelines stated publicly, these tacit rules, derived from the SARFT officials’ speeches in less formal occasions or interpretations of the SARFT’s revision comments toward all kinds of dramas, are more concrete, although they are often not crystalized into written rules. For instance, the main character in the drama must hold a correct political stance and always keep close to the Communist Party. For instance, the original novel, from which the drama Too Late to Say I Love You (*laibuji shuo woaini*) was adapted, deals with a love story between a warlord and a woman from a noble family during the Republic of China. In the adaptation, the second half of the warlord’s life was changed as one characterized by his active involvement in the Anti-Japanese War so as to obey the tacit rule concerning the political correctness of the main character. It is a common practice to depict main characters of dramas set during the Republic of China, either a gang member or a wealthy playboy, as one who eventually experiences an awakening of political consciousness, joins the Communist Party, and participates in the Anti-Japanese War. In addition, following the abstract line that forbids content involving the disruption of social order and the damage of social stability, television drama producers have developed many concrete rules, including an avoidance of detailed representation of criminal behaviors if the drama contains
parts on crimes, an obligatory inclusion of scenes of the arrest or sentence of the criminal, positive representations of the police, etc. When the drama involves suicide, it must always attribute the cause to the individual instead of the society. Also, it is always unwise to humanize criminals or historical figures who have already been defined as negative or controversial in the CCP’s master narratives of the modern Chinese history.128

Screenwriters and producers, especially unsophisticated ones, go through a dynamic process of political socialization to learn these rules; veterans have presumably experienced the similar kind of process. When screenwriters, either affiliated to a private television drama production company or self-employed, embark on a project, they work closely with veteran screenwriters, producers, project managers, and others who are in charge in the private television drama production company to develop the script. They send completed scenes out for review and proceed when the preceding scenes are approved. They avoid politically sensitive content in this back-and-forth process.129 Those veterans in the companies, many of whom might originally come from state television stations, are occasionally called by the SARFT to participate in political education in various form including briefings, seminars, lectures, workshops, and trainings. In these occasions, they learn about new rules and then share them with colleagues through organizational communications.130

Today, marketization in the cultural realm has led to slippery labor practices, characterized by a shift from “company employees” to “freelance, franchised or casualised labor.”131 Wei, for instance, has embarked on his career as an independent screenwriter and contracted projects from television production companies. More and more experienced producers also begin to establish their own studios, and private television companies hire producers they trust to supervise specific projects.132 The emergence of these practices constitutes a network of
subcontracted studios and individuals, which makes the industry appear *decentralized*, open, and dispersed.

However, while producers and project managers are becoming increasingly self-employed and working on a project basis via temporary organizations, there is still a top-down gatekeeping system, which organizes and regulates the process of cultural creation. More specifically, the state could still politicize them through the network of social or civic organizations (*shehui tuanti*) such as the China Radio and Television Association. Each year, these SARFT-supervised social organizations in the field organize industry-wide conventions, trading fairs, meetings, and workshops. They invite the SARFT officials to attend and give speeches at the beginning of these events. Official speeches in these occasions are learned as important political guidelines. As the industry booms, these social organizations proliferate, and each of them organizes industrial conferences to promote itself as well as make profits. Nowadays, there is at least one major conference in each month of the year, which allows frequent information dissemination and exchange. Besides, these organizations also hold training workshops. For instance, in 2013, the China Radio and Television Association, authorized by the SARFT, organized training workshops for producers across the country. Xin, who attended this training, recalled that the head of the Television Drama Regulation Department (*dianshiju guanli si*) of the SARFT gave a lecture concerning politics and policies. The semi-political social organizations, which are considered as “transmission belts” between the CCP and the people, function to penetrate the society at large and incorporate the mass into political life. In the field of television drama production, the SARFT-supervised social organizations function in a similar way to connect the SARFT and the industry practitioners. Today, with the process of marketization, while they more and more label themselves as industry
guilds in order to emphasize their professional identity, their political functions remain. Therefore, the political socialization of industry practitioners in the field is achieved through a vertical network of corporate entities, mediated through politically tainted social organizations horizontally distributed across the industry.

Ultimately, the effectiveness of the mechanism is ensured by the state monopolization of the distribution outlet. As Nicholas Garnham points out, it is cultural distribution, rather than cultural production, that is the key locus of power and profit. The industrial structure goes flexible, but the state retains inflexibility in terms of key resources. In this way, no matter how dispersed the industry appears to be, industry practitioners orient themselves toward the only center of power.

The mechanism of political socialization has also been largely reshaped by digital technologies. The process of political socialization, by its nature, is one of information dissemination and exchange. The emergence of new ICTs, especially social networking technologies, substantially restructures the information flow from the SARFT to industry practitioners. As Wei described, “Information in this industry travels very quickly. When there is news, my friends publish and forward it through WeChat. Then everyone knows it overnight.”

WeChat, known as a technological crossover between Facebook and WhatsApp, is a SNS app developed by the Internet giant Tencent. As the most popular SNS app in China, it allows users to send instant messages, publish, comment, and share articles, pay and take taxis, play games, etc. As I conducted the field research in China, I found that WeChat has become an indispensable component of the Chinese social life. In the field of television drama production, industry practitioners heavily rely on it for social networking, information exchange, and professional development. I added industry practitioners I interviewed to my WeChat account, so
I know that Wei did not exaggerate the speed of information dissemination in the digital context. Social circles, especially mediated social circles, are so influential that they sometimes render traditional forms of political socialization irrelevant. As Wei admitted, the SNS or virtual community has become his primary information channel nowadays. In addition, he also pays close attention to the website of the SARFT: “I often visit the SARFT webpage…I study the news, rules, regulations, the announcements of newly established projects, and speculate the possible trend based on these information. For instance, when a lot of Anti-Japanese dramas are approved, you should avoid the topic…It [visiting the website] is a living method.”

After the production is completed, the drama has to go through a post-production/pre-distribution censorship in order to obtain a distribution permit (*faxing xukezheng*). At this stage, the local SARFT office will organize a small temporary committee consisting of four to five people who are members of the public to review the drama and write down recommendations for revision. While it appears to be a civil censorship, committee members are normally political and social elites such as incumbent or retired SARFT officials, university professors, and experts. To SARFT, these people are equipped with the necessary political literacy which allows them to make the correct decision about what should be shown and what ideas should be taught, a vision smacked of elitism and paternalism. According to Wei, this process is mainly a political and moral censorship: “For instance, good people in the drama must have good endings, whereas bad people must be punished; mistresses must have bad endings, and traitors cannot be over-humanized.”

According to the notes written by reviewers, producers are required to make corresponding revisions. The mechanism of post-production censorship and feedback constitutes another crucial component of the process of political socialization for industry practitioners. They learn and internalize the taboos from the feedback given by the SARFT. The
recommendations given by the SARFT, especially major revisions and in relatively rare cases rejections, are disseminated and shared widely in the industry; producers and screenwriters study them as meaningful precedents so as to avoid similar mistakes. If the drama aims to reach nationwide audiences through satellite TV channels, they are required to go through another round of censorship by the central SARFT. However, as most of the problems have been taken care of in the first round, it is in fact easier to pass the higher-level censorship. Dramas concerning “important and large subjects” have to be censored by the central SARFT as well, and censorship in this case is much more strict. The “important and large revolutionary historical subjects” censorship team used to only censor dramas concerning post-1949 history. In 2004, as the drama Towards the Republic (zouxiang gonghe), which depicts the historical events of the collapse of the Qing dynasty and the founding of the Republic of China, caused controversies, the team was split into two: the “important and large revolutionary subjects” office which concerns post-1949 history and the “important and large historical subjects” office which specializes in pre-1949 history. In the same year, the Television Drama Regulation Section under the SARFT’s General Editorial Department was upgraded by one administrative level to the Television Drama Regulation Department.

According to Wei, post-production censorship usually does not kill projects, but only requires revisions. That says, except for minor issues, there are not many politically-and-morally-challenging works. As Wei said, “In fact, everyone has a balance in its heart. These [political things] are propagated everyday; we all know [what can be shown and what cannot]. When it comes to creation, no one is as stupid as to challenge these things.” Here, Wei’s articulation of his experience suggests an internalized scheme, which producers externalize through practices. Some might internalize the political lines as truth, but most of them, I believe,
know that they are ideologies. But this point, as Edward Herman argues, is “unknowable and irrelevant.” What does matter is the internalization of external political constraints as conscious or subconscious principles guiding creative practices.

Post-production censorship does work effectively to regulate cultural production. Within this process, however, there are emerging practices of bribes. The censorship committee members are paid to do the job, and their remunerations are paid by private television drama production companies. As Wei put it, “The censorship is done by humans… and the censorship fee is paid by us. So they of course could be bribed.” This kind of practice is facilitated by the localization of SARFT administrations, which tends to breed local interest networks. However, this practice rarely necessarily suggests an economic encroachment on political censorship at least at this moment. After all, the institutions and decades-long practices in censorship have lead to entrenched conventions and norms mutually maintained by both the SARFT and the private sector. Yet, it does show that the existing power relationship allows the creation of spaces for the state or state-related parties to capitalize on political resources.

The same phenomenon is found in the process of television drama trading between state television stations and private media companies. Bribery has become a public secret in the industry; all my interviewees explicitly or implicitly mentioned it. As state television stations monopolize distribution outlets, for a long time, private media companies work hard to fawn over state television stations. They are the unquestionable “Party A”, borrowing the agreement discourse frequently used by practitioners from private companies to tease state television stations in private conversations. This asymmetric power relationship has been amplified since the crisis of overproduction in the industry. In the Beijing trade fair I attended, industry practitioners, on the one hand, appeared to be destabilized by the uncertainty and anticipation of
the industry, while on the other hand, remained committed to the mundane business of pleasing their clients so as to sell programs. One company brought a large bag of iPads and iPhones to the trading fair and gave away these devices to whomever they came across from the television stations. This practice is simply a small evident part of the largely hidden process of interest exchange between television stations and private media companies. To successfully sell their dramas, private media companies bribe the director of program purchases in the television stations or higher-level officials who are in charge of program buying in the amount which accounts for at least 1% of the purchasing price of a specific drama. This expense is euphemistically termed “broadcasting supervision fee” (jianbo fei) in industry jargons.

The expense in the grey area is not only paid to sell dramas. The dominance of the state television stations is not simply reflected in their ascendancy in selecting and deciding which drama to purchase, but also through a set of one-sided treaties. For instance, when a television station decides to purchase a drama, it pays the company 30% of the full price and pays the remaining amount depending on the rating of the drama after it is completely aired. If the rating is not satisfactory, the television station delays or even refuses to pay the remaining amount.\(^{151}\) Payment delay has become a common phenomenon in the industry. Xin sighed at the fickleness of the industry: “This is an industry where contracts don’t work. The television stations can break the contract anytime and refuse to pay the money. Yet you cannot sue them.”\(^{152}\) Indeed, while contract breaking is illegal, in order to secure distribution opportunities for future projects, most of the companies cannot take any legal action except waiting. Therefore, the bribe money in the form of kickback is paid not only to sell their dramas, but also to have their dramas scheduled as early as possible, to receive the remaining fund, and to deal with all kinds of uncertainties in this process.
I will conclude this section by citing a story from the industry, which could well illustrate this asymmetric power relationship. Han attended the Shanghai trading fair to publicize his new business in company registration and financial/taxation services in June 2014. At the Shanghai trading fair, I offered to help look after his booth and attract business for him so as to better observe and talk with him. When a few people walked by in front of Han’s booth, I tried to stop them and hand the leaflet to them, but was ignored. Han laughed and said they must be from television stations: “People from television stations look different from people from television drama production companies. They have different styles. People from television stations appear to be elegant…and relaxed. They don’t carry things. They are often crowded by several attendants.”

Han was proved to be right.

Conclusion

Popular culture as a site of political struggle used to be shielded from market relations in socialist China. For a long time, state-owned media and cultural institutions dominated cultural provision in the country. Into the new century, the process of marketization reached a turning point so that the party-state had to reconfigure the cultural realm to channel the accumulated energies demanding for further reform, accommodate ever-shifting and growing popular cultural needs, and thus consolidate its regime. The deepening of the “cultural system reform” in the early 2000s was a response to this large trend. The program proposed to divide the cultural realm, mainly the state media and cultural sector from the outset, into “cultural undertakings” and “cultural industries”, with the latter being allowed to invite more market operations. Focusing on the development of the popular television drama production sector in the new century, this chapter demonstrates that the state plays a crucial role in the formation of cultural industries. The expansion of private capital coupled with the state power has become a primary growth model
for the thriving private television drama production industry. However, this model is only partially practiced in popular television. The state monopolization of distribution channels makes the capital flow in popular television fragmented, thereby effectively subjecting domestic private capital and private television drama productions to the Chinese state. The operation of such a political economic mechanism allows the state to both reap the economic interests brought about by the process of marketization and more importantly secure its political/moral legitimacy. Therefore, as I argued earlier, the rapid development of popular television, while appearing to be an instance of “cultural industries”, still bears many imprints of “culture undertakings” judging from its actually existing relationship with the state. The cultural zone constituted by this political economic relationship is political in nature. It is in this sense I categorize traditional television as one of political normality in comparison to the digital cultural sphere, which is more readily and heavily shaped by the logic of capital. The containment of popular television reveals that the CCP’s vision of television as a political medium persists in the context of global capitalism. By allowing the formation and coexistence of alternative cultural zones which I will discuss in the next chapters, the state develops a strategy to re-engineer “television” in everyday life.

2. Culture realm in the Chinese official rhetoric is broadly defined to include all cultural, leisure, and informational activities in education, science, literature, arts, journalism, publishing, radio, film, television, health, sports, museums, and library. In this project, the “cultural realm” specifically refers to those activities within the jurisdiction of the Ministry of Culture, the SARFT, and the General Administration of Press and Publication (GAPP). In 2013, the SARFT and the GAPP merged into a single body known as the State Administration of Press, Publication, Radio, Film and Television (SAPPRT). However, as this project mainly deals with the cultural history before 2013, it chooses to name the two regulators separately.


15. Private media companies of the time were not allowed to apply or own the television drama production permit. Two official documents issued in 1995 by the SARFT (then called the Ministry of Radio, Film, and Television) clearly stated that eligible applicants for long-term television drama production permits are “television stations, film studios, audiovisual publishing houses, and specialized propaganda and cultural work units.” It emphasized that “individuals and privately-owned entities should not establish film and television drama production businesses in principle.” See Bai Ruoyun, Staging Corruption: Chinese Television and Politics (Toronto: University of British Columbia Press, 2014), 57. Bai argues that the inclusion of “in principle” could be interpreted as a signal of the state’s more flexible approach to cultural production.
stance toward private capital in television drama production. Indeed, in reality, private media private was able to exploit this political ambiguity to exist in different forms. However, by and large, the state officially discouraged the involvement of private media capital in core cultural activities. In order to get involved in television drama production, private media companies paid a certain amount of administrative fee to state television stations to rent their licenses and establish the projects under their names. They also relied on state television stations for distribution. If their projects were issued under the name of a state cultural unit, it made the distribution easier. Therefore, according to Zhang, many private media companies of the time paid to have the name of the Beijing Television Arts Center added to their projects. 

Personal interview with Xin, April 21, 2014.

16. Popular culture penetrating China from Hong Kong and Taiwan is commonly labeled as Gangtai culture, a contraction of the Chinese names of these two neighboring Chinese polities Xianggang and Taiwan. For discussions of the influence of Gangtai culture in the 1980s and early 1990s, see Thomas B. Gold, “Go With Your Feelings: Hong Kong and Taiwan Popular Culture in Greater China,” The China Quarterly 136 (December 1993): 907–25.


18. For more descriptions of cultural piracy through the video hall networks, see: Matthew Johnson et al., China’s iGeneration: Cinema and Moving Image Culture for the Twenty-First Century (New York: Bloomsbury, 2014); Angela Xiao Wu, “Piracy Cultures| Broadening the Scope of Cultural Preferences: Movie Talk and Chinese Pirate Film Consumption from the Mid-1980s to 2005,” International Journal of Communication 6, no. 0 (April 12, 2012): 29.


21. Another reason for this arrangement is that: Online video service providers, unlike common carriers, deal with content, and the SARFT is more experienced than any other state agencies content regulation.


34. The Ministry of Culture, “Guanyu jiakuai he shenhua yishu biaoyan tuandui tizhi gaige de yijian” (Circular on Accelerating and Deepening the Reform in Arts and Performance), accessed May 20, 2014, China InfoBank.

35. The Central Department of Propaganda, the Ministry of Culture, the SARFT, and the GAPP, “Guanyu wenhua tizhi gaige shidian gongzuo de yijian” (Circular on the Pilot Program in the Cultural System Reform), accessed May 17, 2014, China InfoBank.


40. The use of “non publicly owned capital” instead of “private capital” signifies the party-state’s hesitation to embrace the term “private.” Similarly, the “private media company” which I will mention frequently in the following section is called “people-operated media” (minjian meiti). Zhao, *Communication in China*, 203.


43. There are two types of television drama production permit: long-term and short-term. To apply for the long-term one, the company should have produced at least three television serials within two years. The effective period of the long-term permit is two years. The short-term permit is designed for single projects with an effective period of six months. A key precondition for applying for short-term production permits is the operation license in radio and television program production. In fact, there was already a relaxation in the issuance of the operation license to individuals in the early 2000s, which meant a corresponding relaxation in issuing the short-term production permit. See Bai, *Staging Corruption: Chinese Television and Politics*; personal interview with Shao, April 21, 2014.

44. Personal interview with Shao, April 21, 2014.


47. The SARFT Development and Research Center, 2006 zhongguo guangbo dianying dianshi fazhan baogao, 166.

49. In the Beijing trade fair I attended, “overproduction” was on everyone’s lips, from government officials, guild leaders, actors, producers to distribution managers. One can feel the anxiety permeating in the field. This dissertation concerns less about the strategic development of the industry than the political economic forces that shape its formation and growth. So I might reveal the illness of the industry (e.g., overproduction), but will not discuss the SARFT’s successive actions to tackle these problems.


52. The SARFT, “guanyu shishi <zhongwai hezi, hezuo guangbo dianshi jiemu zhizuo jingying qiye guanli zanxing guiding> youguan shiyi de tongzhi” (Notice on Implementing the <Provisional Regulations on Sino-Foreign Radio and Television Program Co-productions>), accessed May 8, 2014, China InfoBank.


58. ENT Group, China Film Industry Report 2011-2012.


60. Personal interview with Wei, April 20, 2014; personal interview with Han, June 10 & 11, 2014.


63. Zhang Gang, “Xiang 92pai zhijing” (Salute to the 92’ school), China Entrepreneur, no. 6 (March, 2012).

64. Personal interview with Wei, April 20, 2014.

65. Ibid.

66. Ibid.


69. Wang Xiaomei, “Huace mishi: Lou Zhongfu cuoshi de kongzhiquan”.

70. Tao Xianian, “Huace yingshi shenmiren ‘bei gudong’ zhi mi.”
72. Wang Xiaomei, “Huace mishi: Lou Zhongfu cuoshi de kongzhiquan”.
73. Tao Xinian, “Huace yingshi shenmiren ‘bei gudong’ zhi mi”.
74. Personal interview with Wei, April 20, 2014.
78. All kinds of capital productions involve risks to a great or lesser extent, but cultural production is more risky than others. The high risk in cultural production stems from the inherent uncertainty in popular tastes. As Richard Caves points out, uncertain demand means that neither producers nor consumers know in advance what audiences want in the cultural industries. One resolution, as Nicholas Garnham suggests, is to offer a cultural repertoire, rather than a single cultural good, across which the risk could be spread. This resolution, namely “a small proportion of hits [paying] for the larger number of flops”, however, favors larger corporations who can exploit economies of scales. This partially explains the increasingly difficult situation of small private television drama production companies in China. In addition, it also accounts for the proliferation of guarantee agencies and insurance products in the field. See, Richard Caves, Creative Innovation: Contract between Art and Commerce (Cambridge, MA.: Harvard University Press, 2000); Nicholas Garnham, Capitalism and Communication: Global Culture and the Economics of Information; Nicholas Garnham, “From Cultural to Creative Industries,” International Journal of Cultural Policy 11, no. 1 (March 1, 2005): 15–29.
79. Personal interview with Wei, April 20, 2014.
80. The SARFT, “‘Guangdian zongju xinwen fayanren jiu zhejiang guangdian gaige fazhan jingyan dawen’”.
81. Personal interview with Wei, April 20, 2014.
82. Tao Xinian, “Huace yingshi shenmiren ‘bei gudong’ zhi mi”.
83. Personal interview with Wei, April 20, 2014.
84. Ibid.
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94. Personal interview with Han, June 10&11, 2014.
96. Wei Zhigang, “Duboju: jiaodong guonei dianshiju shichang” (Exclusive shows stirring up the television market), China News, Sept. 21, 2005.
97. Deficit is still an issue even today. I have widely talked to people in the trading fairs and rechecked with trade journals about this. Every year, about 10-20% of the projects are profitable, about 20% make no profits or losses, and the remaining make a loss. After all, it is a high-return and high-risk field. Moreover, the deficit exacerbates with the issue of overproduction. Large companies with sufficient funds could better survive this situation, especially those listed ones. Some small companies might withdraw after several failed projects, but this does not dampen the enthusiasm of newcomers.
98. Sun Liping and Xiao Chunfei, “Ju’e kuisun: yingshi gongsi mianlin shengsi kaoyan” (Film/television companies face huge deficits), China Reform News, June 18, 2005.
100. Ibid.
104. Personal interview with Wei, April 20, 2014.
105. Hu Zhongbin, “Huace shanghai cheng yangben, yingshi touzi xuhuo shangsheng” (Huace Becoming the Model; Film/Television Companies Show Signs of Overinvestments), The Economic Observer, Nov. 15, 2010.
106. Personal interview with Wei, April 20, 2014.
107. Liu Tingting, “<Wo de tuanzhang wo de tuan> chaozhi qianwan, shou chengben jiwang maipian” (<My Chief and My regiment> Exceeded the Budget by 10 Million), Beijing News, July 1, 2008.
108. Li Hongling, “Woguo dianshiju chanye de jinqi fazhan qushi”.
110. Hu Zhongbin, “Huace shanghai cheng yangben, yingshi touzi xuhuo shangsheng”.
111. Ibid.
113. Su Xiao, “IPO chongqi reng wuwang, wenhua qiye xunqiu jieke shangshi”.
115. Su Xiao, “IPO chongqi reng wuwang, wenhua qiye xunqiu jieke shangshi”.
117. Personal interview with Wei, April 20, 2014.
120. Personal interview with Wei, October 17, 2014; personal interview with Xin, October 19, 2014.
122. Personal interview with Wei, October 17, 2014
125. Personal interview with Wei, October 17, 2014; personal interview with Xin, October 19, 2014.
127. The SARFT, “Dianshiju neirong guanli guiding”.
128. This incomplete list was summarized by an anonymous industry practitioner and forwarded to me by Wei. I have double-checked with Wei and Xin to confirm the accuracy of the information in this post.
129. Personal interview with Wei, April 20, 2014.
130. Ibid.
132. Personal interview with Wei, April 20, 2014.
134. Personal interview with Xin, April 21, 2014.
136. Personal interview with Xin, October 19, 2014.
139. Personal interview with Wei, October 17, 2014.
140. Ibid.
141. Personal interview with Wei, April 20, 2014.
142. Ibid.
143. Ibid.
144. Ibid.
145. Personal interview with Xin, October 19, 2014.
150. Personal interview with Wei, April 20, 2014.
151. Personal interview with Wei, April 20, 2014; Personal interview with Xin, April 21, 2014.
152. Personal interview with Xin, October 19, 2014.
153. Personal interview with Han, June 10 & 11, 2014.
Chapter 2: The Rise and Fall of UGC:  
The Chinese Online Audiovisual Industry, 2004-2009

The post-2000 developments in Chinese cultural industries were closely associated with the development of the information industry. With the prevalence of digital technologies, traditional cultural industries were increasingly converging with the information industry - above all, the Internet industry. The state-led process of telecommunications infrastructural construction, the specially designed capital structure for entrepreneurial development, and the proliferation of different cultural technologies collectively contributed to the emergence of a digital cultural sphere, which greatly redefined the boundary of traditional cultural industries. Narrowing down to the specific practice of watching television, for instance, a variety of new ways emerged around the mid-2000s. Besides less fashionable ones such as IPTV, there were competing forms in the Internet realm including Video-On-Demand (VOD), p2p live streaming, audiovisual sharing, and so on, depending on commercial companies’ situated and strategic deployment of their available technology, capital, and political resources at hand. These new ways of watching television had a close yet distant relationship with traditional ones not only in terms of the form, but also the entire institution. At the beginning, digital technologies served mainly as a distribution apparatus more than a production one, which resulted in cultural institutions and practices significantly different from the traditional television and Internet television today. For quite a period of time, these new digital technologies were captured to distribute the vast amount of pirate cultural products from the physical environment, as well as UGC that was largely nourished by the piracy culture. It constituted an integral part of the short history of the Chinese Internet, especially the digital culture developed after 2000.

Taking this period as a history of today’s online video industry and associated institutions, this chapter explores the political, economic, technological, and social forces that collectively
shaped the early formation of the Chinese online audiovisual industry and its subsequent transformation. As a converging field, the online video industry involves a variety of state agencies whose institutional goals are not always consistent with each other. Likewise, it also involves diverse economic forces ranging from venture capitalists to advertisers whose paths to profits are not necessarily identical as well. Therefore, political economic forces are understood as a set of heterogeneous and dynamic formations rather than an undifferentiated entity. These forces converged at some moments and broke up at others, shaping and reshaping the industrial formation and transformation in this or that way. Major informants quoted in this chapter include: Hu Ge, one of the early UGC players; Bai Cong, a UGC/PGC producer who will be cited more in the next chapter; GB, an early Japanese anime fansubber; Wen Man, a software engineer from a prominent video portal; Hao Ming, a copyright director from LeTV; and Gan Fei, a product manager from iResearch, a Chinese Internet market research and consulting company.

State, Telecommunications Infrastructure, and Capital

As the online audiovisual sector straddles both the technology and the culture, an understanding of its formation first needs to be contextualized in relation to the development of the telecommunications and information industry since the mid-1990s. And one has to recognize the important role of the state in constructing the infrastructures. The globalization of telecommunications and the development of information infrastructures throughout the world over the past few decades have constituted a significant factor forcing or inducing the Chinese party-state, which embraces the idea of modernization as a nearly absolute tenet, to introduce the Internet to China.\(^1\) In the early 1980s or perhaps even earlier, the works of futurists such as John Naisbitt, Alvin Toffler, and Daniel Bell, who speak of the role of information, technology, and
knowledge in the future society, began to find their way into the Chinese intellectual and elitist discourses. The post-industrial thesis, in particular, accorded with the technological determinism discourse emerging from the Chinese Academy of Social Science (CASS) of the time. The recycling of futurist discourses in intellectual debates as exemplified through the case of CASS, to some extent, accounted for the academic and research orientations of the first computer network in China, the China Academic Network (CANET) set up in 1987. Into the 1990s, the Chinese party-state placed information and communications technologies - above all, the Internet - at the heart of its industrial development policies including the ninth and tenth five-year plans for national economy and social development formulated respectively in 1995 and 2000. To build an informationalized society, the networks, which once were reserved for political and academic purposes, were opened for commercial and social uses. In 1995, the Ministry of Posts and Telecommunications (henceforth MPT) began to set up and operate the first commercial backbone network, the ChinaNET. Operated and managed by the Data Communications Bureau of the MPT’s communications corporation China Telecom, which separated from its regulator in 1998, the ChinaNET acted both as a wholesale provider of bandwidth and a brand name for the regional provincial telecommunications administrations (PTAs) to provide retail services. Subsequently, more and more Internet Service Providers (ISPs) including private ones, with their international Internet connection being provided by the interconnecting ChinaNET, began to offer Internet services to individuals. Early subscribers to the ChinaNET included SOEs, private companies, and wealthy individuals who were able to afford the expensive connection fees at the time.

The approach of the Chinese state at the time was to employ the network technology for political, commercial, and social purposes, and attract both domestic and transnational
investments in the Internet industry. In this context, commercial Internet companies grew quickly in the late 1990s. By 2002, there were 371,600 registered websites, and 78.3% of them belonged to the corporate domain. Along with the explosive growth of the Internet, more and more e-commerce and web-related companies were experiencing a rapid expansion in web systems and users, which resulted in growing demands in speed, Internet processor, broadband construction, integration, management, security, resources sharing, and dynamic deployment. The traditional virtual server and server hosting solution provided by ISPs could no longer meet the growing business demands. The growth of enterprises, particularly the explosive growth in volumes of data, constituted a primary market driver for the emergence of Internet Data Centers (IDCs) which provided connectivity solutions and related services to satisfy the enormous business needs for electronic infrastructure and network performance. IDCs are commonly connected to a backbone network and possess abundant network resources including bandwidth, although in the early 2000s the IDC industry was envisioning a transformation from a backbone network node to a network infrastructure in parallel with other backbone networks. As outsourced data solution facilities from in-house operations, IDCs mainly offer to house computer systems and associated components for enterprises in a controlled physical environment, and provide high-speed connection to the Internet.

With the growing business demands, telecommunications carries began to make heavy investments in data center constructions in the late 1990s and continually drove their advantages in infrastructure resources to invite domestic capital to compete in the IDC market. By the late 1990s and early 2000s, the telecommunications infrastructure was no longer monopolized by the China Telecom. Along with the development of the Internet throughout the 1990s came a telecommunications ministerial rivalry to shape and profit from this trend and a top-down
administrative attempt to introduce competition into the monopoly telecom market.\textsuperscript{17} For instance, in 1993, the Ministry of Electronics Industry (MEI) created a new telecom corporation, Jitong Communications Corp., to compete with MPT. In 1996, the new company established another commercial interconnecting network, China Golden Bridge Network (ChinaGBN), to compete with the MPT-operated ChinaNET.\textsuperscript{18} The creation of ChinaGBN was commonly seen as a top-level State Council attempt to initiate competition in the telecom sector. Since the creation of Jitong, the government has continued to restructure the industry by introducing more SOEs in the telecom sector. The creation of China Unicom and its data network UniNET, China Netcom, China Mobile and its CMNet were all similar ventures to break the monopoly of MPT/MII and China Telecom. By 2000, there were no less than nine interconnecting networks operated by different state-owned telecom carriers.\textsuperscript{19} Attracted by the huge market demands and great profit potentials, these telecom carriers invested heavily in the data center construction in the late 1990s and early 2000s. SOEs such as China Telecom and its provincial data bureaus, China Netcom, and China Unicom had inherent advantages in network resources, policy admissions, and business scales given their control over telecom infrastructures/facilities and direct connection to the global Internet.\textsuperscript{20} In fact, many IDCs were built upon the equipment rooms of telecom companies.

Besides telecom carriers, some ISPs, which acted as agents of interconnecting networks, also transformed themselves into data service providers. These companies often kept good relationships with the telecom sector.\textsuperscript{21} Unable to compete with telecom carriers in terms of infrastructure resources and having difficulties in expanding into national markets, these companies often attempted to create a market niche by improving IDC value-added services.\textsuperscript{22} Real estate companies also got involved in the expanding IDC business by exploiting the
incomplete and imperfect regulatory system. As the construction of IDCs required a huge chunk of storage space to house servers, real estate developers could take advantage of the land and buildings they owned. They could also retreat without loss by transforming IDCs into real estate if developed policies disqualified them from operating IDC businesses. The real estate industry, along with the telecom, was among the few industrial sectors which could afford the high early-stage investment cost in building IDCs.

The incomplete statistics released by the CNNIC showed that there were about 80-100 IDCs in China in 2002, with about 50 of them located in Beijing. Major market players included China Telecom, Jitong, Unicom, Netcom, Capital Online, 21ViaNet(VNET), Tsinghua Wanbo, Capital Net, and Feihua. The Chinese IDC market was estimated at around US$130 million in the early 2000s and was expected to reach US$700 million in 2005. The emergence and development of IDCs constituted an important force that sustained and accelerated the development of the Chinese Internet industry. The bursting of the Internet bubble and private equity crash in 2000 put a lot of Chinese Internet companies into difficulties. Stranded web companies had to decrease expenditures while struggling to find a practical business model. The emergence of IDCs allowed these companies to reduce the amount of money spent in maintaining and upgrading the computer system, thereby helping them survive the crisis. Moving beyond this, the rise of IDCs made it much easier to set up an Internet business, which produced a growing enthusiasm for Internet entrepreneurship. In particular, small and medium-sized traditional companies reconfigured their e-commerce strategies by moving online; Internet start-ups addressing basic pain points among consumers also flourished. In fact, because the IDC market was not yet as fully developed as nowadays, there were few full-fledged data service
providers that could meet the needs of large-scale websites; most clients were small and medium-sized web and e-commerce companies.\textsuperscript{29}

Although there might be several forces collectively accounting for the new boom in China’s Internet economy since 2003, one cannot ignore the interplay between technology, infrastructure, and affordance in this process. The development of infrastructures exemplified through IDCs made the projects of “government going online”, “enterprises going online”, and “families going online” promoted by the Chinese state between 1999 and 2001 no longer floating and imaginary. In the following decades, the importance of IDCs became more and more evident, as those small Internet companies developed and moved to operate popular bandwidth-consuming multimedia services such as video streaming and gaming. Over the years, IDCs constantly upgraded to keep pace with the development of the Internet industry and Internet companies by, for instance, investing in cloud data center construction in recent years. Today, when I spoke with practitioners from the online audiovisual industry including engineers, many of them regarded IDCs as one of most important factors in the early industrial formation.\textsuperscript{30} Systematic studies of the IDC industry and its impact on the development of the Chinese Internet economy are sorely needed in the field. While an extended discussion of IDC is not the focus of this chapter, I do want to emphasize its crucial role in constituting the early Chinese Internet industry, including the early online audiovisual sector. And the rapidly growing network infrastructure market was largely a result of the commercialization of the state-owned telecom sector, and was therefore strongly supported by policies and state resources.

After the Internet mania in the late 1990s and the bust in the early 2000, the Chinese Internet economy began to experience another round of boom in 2003, as foreign investors renewed their interests in investing in Chinese Internet companies following the ending of the
dot-com bubble in the same year.\textsuperscript{31} In contrast to most of the physical infrastructure ownership and management, which remained in the hands of SOEs, many of the main content providers were private or cooperative companies.\textsuperscript{32} Technological innovations coupled with transnational capital was an important business model for Chinese Internet companies in the 1990s and was continuously practiced into the 2000s. In September 2000, the “Measures for the Administration of Internet Information Services” (\textit{hulianwang xinxi fuwu guanli banfa}), also termed Decree No.292, issued by the State Council laid the rules for establishing and operating ICPs in China and explicitly delineated the eligibility of domestic private capital in providing Internet content. According to the Article 7 of the Measures, domestic capital is allowed to operate commercial websites, provided that it goes through a de facto licensing scheme by provincial telecom administrators or MII and obtain the Internet Information Services Value-added Telecommunications Service Operating Permit (\textit{hulianwang xinxi fuwu zengzhi dianxin yewu xukezheng}), which is commonly abbreviated as the ICP permit in popular and industry discourses.\textsuperscript{33} Foreign capital is allowed to provide commercial content service in China, provided that it cooperates with indigenous partners, holding a maximum stake of 49 percent as accepted in the 1999 US-China Agreement.\textsuperscript{34} The Decree No.292 made a supplemental stipulation to this rule by stating that indigenous firms must gain approval from MII before they are allowed to receive foreign investment, cooperate with foreign capital, or launch domestic or overseas IPOs.\textsuperscript{35} The Chinese government further raised the limit of 49 percent to 50 in the “Administration of Foreign Investments in the Telecommunications Enterprises” (\textit{waishang touzi dianxin qiye guanli guiding}) promulgated by the State Council in 2001.\textsuperscript{36}

However, this policy was applied slightly in reality.\textsuperscript{37} It has been a common practice for Chinese Internet companies to employ a complex corporate structure called VIE (variable
interest entity) to get around the regulation limiting foreign ownership of equity as no more than 50%. To practice the VIE structure, an offshore parent company, the VIE, is set up in tax havens such as the Cayman Islands, and linked either directly to the Chinese-owned company, the VIE entity in the mainland which holds the ICP permit and runs the actual business in China, or through a foreign-owned company registered in China. The link between the Chinese VIE entity and the offshore shell company is constituted by agreements. In this way, foreign investors buy shares in the VIE directly instead of through the Mainland Chinese company. Once the offshore company is listed overseas, these Internet company stocks become foreign stocks that preclude Chinese investors from becoming shareholders.  

The VIE structure, also known as the Sina model, was first created for the Chinese Internet portal Sina’s overseas listing in New York in 2000 when domestic private companies were not yet allowed to list on the Shanghai and Shenzhen exchanges. A foreign professor at the Peking University, Paul Gillis, has written extensively regarding the accounting, tax, and legal risks of the VIE structure in his personal blog. Despite all these, it has still since then been adopted by at least half of the Chinese Internet firms listed in the US and numerous other unlisted companies to solicit foreign investment.

While obscure to most Chinese, the existence of the VIE structure has raised nationalistic concerns over foreign control of the Chinese Internet among elites. In 2011, for instance, two researchers from the Chinese Academy of Social Sciences, who wrote in the Study Times, an organ of the Communist Party School, pointed out the unpleasant marriage between the Chinese Internet and foreign capital: “If we judge by the indicator that a foreign control of over 20% stake is relatively controlled, and over 50% is majority-owned, then most Chinese Internet companies that are listed offshore are controlled by international capital…International capital thus controls our Internet industry.” They concluded the piece by denouncing the VIE’s
potential threats to national and political security and calling for a stringent supervision of the capital structure of Chinese Internet companies and their business operations. The piece came at a time of a re-rising popular nationalism in the country. A popular reading *The Historical Truths 99% Chinese Don’t Know* published in the same year stated that more than 85% of the shares of the Chinese Internet giants such as Sohu, Baidu, and Tencent are owned by American, Japanese, and South Africans.⁴²

Yet, there were other liberal observers arguing that the foreign control of the Chinese Internet was just an illusion. In a comment posted to *The Chinese Law Prof Blog* on July 7, 2011, Donald Clark, a Professor of Law from George Washington University, argued that it is far from clear that the contractual relationship between the onshore company and its foreign investors is robust and enforceable under Chinese laws. Second, the offshore entities are not necessarily owned by foreigners, as some shareholders might be of PRC origins, if not citizens. And even when they are, foreign shareholding is largely dispersed with no controlling shareholder; thus a foreign ownership of more than 50% of the shares does not necessarily constitute a unified will and hence an absolute control.⁴³ These lines constitute interesting counter-arguments for us to problematize the notions of national boundary and citizenship in the global economy, as well as an essentialist understanding of transnational capital.

It is difficult to know exactly the level of foreign ownership in the Chinese Internet economy and the mechanism through which foreign capital really exerts control over the management and operation of the onshore Chinese company. Therefore, it is difficult to take a stance in the ideological debate over capital, ownership, and politics. However, one thing is certain: the decade since 2000 has witnessed an increasing foreign involvement in China’s Internet through VIE and other patchwork solutions. For instance, in 2001, the South African
media company Naspers paid US$32 million for an early stake of 46.5% in Tencent that is now worth over US$66 billion. Softbank Asia Infrastructure Fund (SAIF) injected US$40 million into the Chinese online game operator Shanda for a stake of 25% in 2003, becoming the largest single venture capital investment in Chinese Internet companies of the day. In the same year, the US venture capital firm, Tiger Technology Fund, injected RMB52 million (about US$6.28 million) into the Chinese business-to-consumer (B2C) website Joyo in October 2013, becoming one of its top three investors with an interest of 20% after the domestic software company Kingsoft and the computer manufacturing giant Lenovo. Yahoo made a US$1 billion investment in Alibaba back in 2005 that is now worth about US$30 billion. Foreign investors and local partners were excited by the huge market potential of the Chinese Internet and the solid performance of China’s top three web portals listed on the NASDAQ which have begun to claim profitability since 2002. Backed by foreign investors, indigenous companies renewed their IPO fervor, preparing to gain from future listings. Behind the active process of capital operation was the crucial role of the VIE structure.

While illegal in nature, the Chinese government acquiescently allowed it to exist. While there were intermittent signs in 2006, 2009, and 2011 that the Chinese government began to frown on the VIE, this controversial practice continues into today. Nobody really knows how long would the VIE be allowed to exist. The acquiescence to the VIE by the Chinese party-state is believed to be a compromise between a nominal preclusion of foreign capital in areas deemed to be politically sensitive so as to fulfill its political responsibility and a practical imperative to meet the enormous needs for foreign investments to develop the capital-hungry telecom and Internet sector. Moreover, it is widely believed in the industry that decades of VIE practices have generated entrenched interests involving global capital amounting to trillions of dollars
which makes it almost impossible to revoke this model; the Chinese state might also be reluctant to make the Chinese companies bear the odium of perfidy and thus hurt its national image and international reputation.\textsuperscript{50}

The treatment of foreign capital in the Internet sector shows that the logic of zoning was applied to the traditional and new media sectors from the very beginning. Unlike the traditional broadcasting sector, which was officially open for market competition until the mid-2000s, the officially sanctioned private operations in the Internet industry began at least half a decade earlier. Moreover, as said in the preceding chapter, the broadcasting sector was opened predominantly to domestic private capital, and the treatment of foreign capital therein was much more circumspect and tentative. In contrast, foreign capital was allowed to participate in Chinese online content provision and acquire a 50% stake in an Internet company. Although this percentage might not appear to be highly appealing to foreign investors and might also go through variations during the ratification process, it, compared with the “49%” which one could often encounter in official polices regarding the proportion of non-state capital in either public-private joint ventures or Sino-foreign cooperative joint ventures, already suggests a less hardline stance against foreign capital in the new media sector. The significance of the 1% percent difference is not so much a slight change in capital structure as the greater leverage foreign investors gain in the Chinese Internet businesses. More importantly, the murky attitude of the party-state toward VIE structuring in reality further demonstrates that the government is making more of a laissez-faire style arrangement regarding the Internet sector, at least in capital structure.

In the context of a global division of labor in which the class struggle, once structured along a domestic-foreign dichotomy, is increasingly recast as one cutting across national borders along with the global integration of class structures,\textsuperscript{51} it is tough to say that foreign capital is less
politically safe to the Chinese party-state than domestic capital. Undeniably, it might be easier to domesticate and police domestic capital. However, for a right-turning regime increasingly representing the interests of the capitalist class, is there really a fundamental conflict of interests between the Chinese party-state and transnational capital? The tricky part is not so much the actual difference between domestic and foreign capital as the perceived difference by the party-state or perhaps the large yet abstract Chinese population the party-state claims to represent; it is the latter that constitutes the starting point for us to discuss cultural zoning as part of the CCP’s political rationality. Leninism, with its theory and techniques of mass control and political management, remains a guiding principle for the Communist Party even though it is under enormous stress from the compounding forces unleashed by the reform. The Communist Party is concerned with its ideological grip over the Chinese society although it is equally concerned with economic development and the modernization project. In many cases, the political and ideological concerns override economic considerations, as to many people the reform is in nature a political move to consolidate CCP’s leadership after decades of domestic turmoil. The formation of socialist ideologies in China was from the outset intertwined with national independence and popular sovereignty. In other words, the hegemony of socialist ideologies was manufactured and maintained against the foreign other-above all, the Western liberal democracies. The aversion to the foreign, whether as a sincere Communist political belief or as a pragmatic populist strategy to win social support, is presented as a constant cautiousness against the potential unruly ideological consequences that might be caused by an easy admission of foreign capital into politically sensitive areas, particularly telecommunications, media, and culture.
In this context, the acquiescence of foreign capital to the Internet businesses and the preclusion of it in the traditional broadcasting sector shows that the CCP makes a strategic differentiation between the two sectors, taking into account perhaps the history of the two media forms, the prevalence and trajectories of the two types of media use, and their different importance to the national economy. The differentiated treatment of foreign capital in these two media sectors thus constitutes a meaningful instance of the zoning logic. Moreover, it shows that cultural zoning is a multi-dimensional arrangement involving many aspects including economics rather than relating simply to content regulation. Also, it is a historical process that took place decades ago rather than a punctual result of recent formations; and one should also recognize it as a process in flux.

The nascent Chinese Internet industry took off with the crucial role of the Chinese government in laying a stable infrastructure foundation and a relatively permissive environment for capital maneuvers. The online audiovisual industry developed precisely within this context. In the case of the online audiovisual industry, as the emerging technology worked as a new way to organize the production, distribution, and consumption of popular culture, the ongoing “cultural system reform” campaign also fueled its early formation. As a set of correlated changes taking place simultaneously in the sectors of education, media, culture, and technology, official policies regarding “cultural system reform” inevitably espoused a rhetoric of integration between culture and technology. For instance, the “Circular on Making the Tenth Five-Year Plan for National Economy and Social Development” delivered at the Fifth Plenary Session of the Fifteenth Central Committee of the CCP in 2000, which first coined the term “cultural industry” in official policies, called to facilitate the integration between the information industry and relevant cultural industries. In particularly, it asked to promote a convergence of the
telecommunications, television, and Internet sectors, which was abbreviated as three network convergence (sanwang ronghe) in popular discourses. The political call of sanwang ronghe, which was reemphasized in the 11th Five-Year Plan in 2006, was ever since actively actuated through projects such as IPTV and Internet Television.

Here I must make a digression to mention the political and bureaucratic hassles behind the slow development of IPTV in China, which bears some implications for the later discussions on the regulatory limbo in the online audiovisual industry. From the perspective of political economy, the three-network convergence is a cross-media horizontal spatialization in nature and involves both the logic of production and the logic of power, in other words, both economic convergence and regulatory convergence. Over the decade, the sanwang ronghe project turned into a digital marathon, as both the SARFT and the MII/MIIT attempted to protect their respective monopolies in television broadcasting and telecom. As Dai Xiudian documents, historically, in 1998, as part of the institutional reform in relation to digital convergence, the regulation of television transmission infrastructures including terrestrial and cable networks, which was under the jurisdiction of the then MRFT, was moved to the new MII. However, this stipulation was not fully implemented, as the SARFT simply would not surrender any administrative power over its transmission networks to the MII. With three-network convergence, the SARFT could potentially exploit its national cable network to provide Internet services, and telecom networks, under the jurisdiction of the MII, could also deliver audiovisual content. However, while seemingly both could benefit from the development of an integrated national ICT infrastructure, both fought all the way to respectively guard the monopolies within their jurisdictions and prevent the other from stepping into one’s protected market. While the call of sanwang ronghe required the SARFT and MII to share resources and offer access to each other’s
network, the turf war between the two kept impeding the convergence of the sectorally fragmented networks. In the case of sanwang ronghe, regulatory convergence largely fell behind the needs of the market and the technology. The political and bureaucratic wrangling between the SARFT and MII as seen from the case of IPTV/sanwang ronghe resulted in a dispersed political energy which partially attributed to the lack of complete regulation of the Chinese online audiovisual industry around the mid-2000s, a point I will turn to later.

Moving beyond the regulatory lag, the ongoing campaign and the subsequent mobilization of political, economic, and social resources that drove the idea of three-network convergence also eased the creation of early online audiovisual service providers. The rhetoric on culture-technology integration continued to surround the process of cultural policy-making. The “Outline of the Cultural Development Plan during the National 11th Five-Year Plan Period” ("shiyiwu" shiqi wenhua fazhan guihua gangyao) jointly promulgated by the CCP Central Committee and State Council in 2006 emphasized the integration of culture and technology five times, which was a rather high frequency for a high-level policy. Specifically, it encouraged the development of new forms of communications including IPTV, mobile digital television, online radio, online television, etc. In sync with this large trend, the early Chinese online audiovisual industry began to take shape.

The Rise of a UGC Culture: Unruly Technologies and Indocile Users

The online audiovisual industry developed at the intersection of policy, technology, culture, and to a large extent, capital. The technology-capital nexus as the defining growth model in the Chinese new media sector since the late 1990s was also connected to the video industry. However, as the venture capitalists after the bubble burst renewed their interest in investing into
a new wave of web startups - known as Web 2.0 - which focused on sharing and collaboration among Internet users, nascent Chinese online audiovisual service providers came into public view around the mid-2000s first as a YouTube-style sharing platform for self-expression and popular participation. In fact, the history of online video in China could be dated back to the early 2000s with the emergence of VOD services. For instance, the bbvod.net established by Success Multi-Media in August 2000 was one of the earliest VOD service providers. Early VOD services providers very quickly transformed into service/content providers (SP/CPs) for telecom operators, as the latter attempted to develop value-added services following the settlement of the “last mile” residential broadband access. In 2002, China Telecom launched its value-added service portal, vnet.cn, in five provinces including Guangdong and Hunan and officially put it into commercial use in September 2003. The portal aimed to encompass a wide array of services including information, entertainment, education, finance, and public utilities. The project fostered hundreds of various kinds of SP/CP during the first half of the decade. The number of SP/CP reportedly grew from over 200 in 2003 to over 500 in 2005. Those SP/CPs specializing in video basically contracted the construction and maintenance of the VOD system for telecom operators and acted as content suppliers as well. The service providers and telecom operators divided the revenues made from user subscriptions; the latter also paid the former an annual system maintenance fee.

These SP/CPs were said to provide and deliver copyrighted content in most of the press releases on the VNET project. However, combining fragments from users’ online comments and commercial market research with the later state-led anti-piracy campaigns and corporate-initiated copyright lawsuits, it could be inferred that a considerable amount of content delivered via VNET was copyright-infringing; and small SP/CPs appeared to be more active in supplying
illegal content. The case of VOD in fact constitutes one of the earliest examples of the close relationship between the piracy culture and the formation of the early Chinese audiovisual industry. As we will quickly see again from cases of p2p live streaming and audiovisual sharing sites, the early Chinese audiovisual service providers, who were not yet identifying with the traditional professional mode of cultural production and lacking the resources to do so, were mainly fed up and sustained by piracy. The VOD case also offers a glimpse into the massive online piracy of the day. Like the safe-harbor rule quoted by the later YouTube-like sites to shield themselves from liability to users who upload copyright-infringing video clips, China Telecom put a disclaimer statement on the VNET portal which disclaimed any controversies and responsibilities related to the legitimacy of the content provided by SP/CPs, which implicitly suggested a reluctance of taking the responsibility of censoring content. As most SP/CPs were small companies who had relatively less to lose in the large Internet economy, the lax attitude of telecom operators largely facilitated the provision of pirate content and later even pornography. While the copyright regime in China has undergone a top-down tightening since 2000, the ambiguity of China Telecom, one of the largest SOEs which could be understood as an important node of the wide network of state interests, shows that the byzantine network of functional institutions affiliated to the State is by no means working toward an unanimously shared goal, and those inter-institutional conflicts partially lead to the weak copyright enforcement which I will elaborate later.

While VNET gained momentum between 2003 and 2005, it seemed difficult to scale its business. In particular, the consumption of pirate content via p2p networks developing around the same time largely impaired the value of VNET. Meanwhile, growing up with the preponderance of free content, Chinese Internet users were generally unwilling to pay for content;
therefore, VNET was unable to receive wide-recognition among users. Moreover, the hodgepodge of multifarious services and content on VNET without a guiding brand also constituted a barrier. According to a China Telecom Sichuan Branch staff quoted in the *Telecommunications Weekly*, even by 2005, most broadband subscribers were unfamiliar with VNET and confused on how to navigate it.62

The lukewarm status of online audiovisual services only began to change with the rise of the Web2.0 trend. Following the popularity of MySpace, Flickr, Facebook, and YouTube in the United States, the Chinese Internet experienced a wave of Web 2.0 around the mid-2000s, as it transformed from the first-generation portal business model, which featured centralized websites providing gateway access to Internet’s vast content, to a growing trend toward Internet communities networked by subjects, interests, and niches. In terms of market players in the rapidly forming Web2.0 landscape, besides some of the Internet giants who survived the first Internet boom/burst in China and later extended their businesses into Web2.0, small startup entrepreneurs backed by venture capital constituted a major force.63 Blog was the first Web2.0 product introduced into China, whose popularity was quickly outmaneuvered by other Web2.0 applications such as e-magazine/publishing, podcasting, SNS sites, etc. In 2005 and 2006, venture capitalists injected around US$414 million into 44 Chinese Internet companies, and most of these investments were energized by the concept of Web2.0.64 In the “Internet Investment Forum” organized by the trade journal *Computer World (China)* in 2005, the President of IDG Asia/China, Huge Shong, enthusiastically expressed his confidence in Web2.0 websites.65

The first audiovisual sharing website, Tudou.com, was founded while startup entrepreneurs, venture capitalists, and researchers crowded into forums and conferences to discuss the prospect of Web2.0. In September 2004, Gary Wang, the founder of Tudou who then
served as the Corporate Development Director of the Bertelsmann Group and Managing Director of the Bertelsmann Online China, met Marc van der Chijs, a Dutch consultant in Shanghai who at the time became highly obsessed with the idea of podcasting and the practice of self-produced on-demand radio through the blog of Adam Curry, an early podcaster and podcasting entrepreneur in the United States. As Marc van der Chijs recalled in his personal blog, he started looking for potential business opportunities around that time and believed that podcasting could be the right one. He attempted to create a podcast aggregator like iPodder for the Chinese market, but refrained due to a lack of technical support. He explained the idea of podcasting to Gary Wang a few weeks after they met, and that turned into a new company. Their initial idea, as said in Gary Wang’s blog, was to reproduce iPodder for the Chinese market given that iPodder is a free open source software program. However, in reality, they quickly realized the practical difficulties. The popularity of podcast aggregator depended on the size of actual podcaster’s. To become a podcaster at the time meant to rent a server, set up a website, and pay a considerable fee for bandwidth. All these confined podcasting to a niche community. Around the same time in the United States, the founder of the popular podcast Dawn and Drew Show was undergoing the risk of losing his job for surreptitiously hosting audio files on his company’s server and causing the server to jam. Tudou, officially launched on April 15, 2005, was eventually positioned as a podcast-hosting site. The team quickly realized that a pure audio podcasting site did not scale and was hard to monetize, so they added and switched to video. However, probably because of its initial self-positioning, for a long time Tudou appeared as an audio podcasting site (boke wangzhan) instead of a video sharing one in trade journals.

Tudou, literally translating to “potato” and thus referring to the English idiom “couch potato,” developed rapidly. The inspiring slogan of Tudou, “everyone is the director of life”,
perfectly echoed the desires of ordinary people, especially those young people, to raise personal voices in public cyberspace. The promise that one could become a podcaster, a producer, or a DJ with simply a room, a computer, a microphone, and free audiovisual editing software program was presumably tempting to young people who wanted to assert their individuality. The website was quickly discovered by and circulated among Internet users. Initially, they got five audio clips everyday. By August 2005, it would receive over 200 new audiovisual clips everyday and already amassed 50,000 registered users. By the end of 2005, the number of registered users grew to 150,000.\textsuperscript{69} The website experienced rapid growth in 2006 and 2007. In August 2006, the website could receive over 3,000 audiovisual clips everyday and developed 500,000 registered users.\textsuperscript{70} While the daily video view (VV) of Tudou was around 50,000 in August 2005,\textsuperscript{71} it ballooned to 2 million one year later, and further soared to over 20 million in May 2007. According to statistics released by AC Nielsen in late August 2007, Tudou’s weekly VV soared from 130 million to 360 million from May 2007 to August 2007, and its weekly unique users (UU) grew from over 11 million to over 28 million during those few months.\textsuperscript{72} The number of monthly unique users of Tudou accounted for over half of the broadband users in China.\textsuperscript{73} The impressive performance of the website quickly brought it the second round of venture capital investment totaling US$8.5 million jointly made by Granite Global Ventures, JAFCO, and its initial investor IDGVC in May 2006.\textsuperscript{74} At the time, the concept of Web2.0 was still popular among venture capitalists. Earlier in the year, the Oak Pacific Interactive, a leading Web2.0 Internet company which built an array of online assets including one of the most popular BBS forums in China mop.com, received a second round of financing of US$48 million from a variety of venture investors including General Atlantic, Doll Capital Management, Technology Crossover Ventures, Accel Partners, and Legend Capital, making it the largest investment since
the start of the Web2.0 wave in the Chinese Internet. Compared with the initial half-million dollar investment made by IDGVC to Tudou in late 2005, the multiplied financing in the new round indicated a strong confidence of the investors over the potential of video Web2.0.

At the time, the rapid growth of YouTube provided a glimpse into the extraordinary commercial possibilities of a global video UGC network. While far away from operational profitability, the robust performance of local counterparts such as Tudou and other proprietary video services in developing user bases seemed to confirm an official advent of a video era following the previous lukewarm VOD trend. Technologically, besides the prevalence of residential broadband access, the application of the Adobe flash video technology around the mid-2000s also contributed to the massive rise of online video streaming businesses of the day. With the high pre-installation rate of Adobe Flash Player, users no longer needed to download media players or install plugins. Many wannabe sites emerged in 2006, which marked the prologue of the online audiovisual industry in China. The website Youku.com, founded by Victor Koo, the former President and COO of Sohu.com, was launched in beta in June 2006. Exploiting several social events of the year including the Zhang Yu (an actress) sex tape, the big snow in Shenyang, and the nail house in Chongqing, Youku soon maximized its visibility. Except an initial US$ 3 million search fund supporting the development of the website, Youku completed its second round of financing of US$12 million from Silicon Valley’s oldest venture capital firm Sutter Hill Ventures, Farallon Capital, and a local investor Chengwei Ventures in Dec 2006. Other prominent market newcomers included pomoho.com established in March 2006, 6.cn founded in May 2006, TVix.cn emerging in June 2006, Ku6.com which went online in July 2006, and 56.com which was established in 2005 but gaining more attention in 2006. In September 2006, Google acquired YouTube for US$1.65 billion. This news inspired venture
capitalists who threw money at YouTube’s Chinese counterparts. There were hundreds of new companies set up in the year of 2006 claiming to provide online video services, absorbing a significant amount of venture capital investments totaling up to US$100 million.

Some of them, unlike audiovisual sharing sites, were in fact p2p live streaming service providers such as CoolStreaming, PPLive, PPStream, UUME, UUSee, MySee, QQLive, etc. With this model, users download a small application program to their own local computers and through the software program watch live streaming television programs from television channels in China and some subscribers-based overseas channels such as Phoenix InfoNews Channel (Hong Kong), HBO, and ESPN, as well as movies and sport events. While some live streaming companies such as UUME also began to provide spaces for UGC and personal channels amid the Web 2.0 upsurge, by and large they remained an aggregator of live television programs and professionally produced content. Like VOD service providers, copyright infringement was also a hidden trouble for these companies. Technologically, these companies, which owned online content through both legal and illegal channels, basically exploited the BitTorrent p2p network architecture, which was previously more commonly employed by peer-to-peer file sharing, to provide proprietary live streaming service, which could help largely reduce bandwidth pressures on the company servers and networks. Compared with sharing sites, p2p live streaming was closer to earlier VOD service providers in the sense that both delivered infringing professional content; the two differed in business models and technological forms. This model emerged in early 2005 and enjoyed a certain degree of popularity among venture capitalists due to its extraordinary ability in amassing users. These platforms, like VOD, were not interactive in nature, but quickly made their way into popular discourses on Web2.0 perhaps because they
touched on the video business, or because they provided personalized or social features for video viewing such as commenting and collaboration with SNS.

For quite a period of time, audiovisual sharing sites were conflated with live streaming service providers in popular discourses. In fact, besides live streaming service providers and sharing sites, trade journals at the time also interchangeably used video blogging, video podcasting, and broadband media to refer to all kinds of online video businesses. The discursive conflation of this sort partially represented the chaotic industrial formation in the early days. While p2p live streaming, along with VOD services and others, all made up the early history of the Chinese video industry, this chapter chooses to slightly focus on sharing sites.

While chaotic, the online video industry, especially sharing sites, advanced with an overwhelming momentum backed mainly by transnational venture capital. The increasing number of sharing platforms and their great popularity among users suggested that there were indeed social needs in both production and consumption of UGC on which commercial companies could capitalize. The enthusiasm of digitally enhanced Internet users for UGC first makes me speculate about the historical root of these social energies. A discussion of this may well implicate another recollection of the history of amateur production in China. There is a lack of a comprehensively documented history of vernacular cultural expression in the post-reform era. There are scattered studies of alternative practices of cultural production in the pre-Internet age in China, which I see as the closest counterpart to the UGC practices in the digital context. For instance, the emergence of nascent local rock bands, as the ramification of the social and cultural diversity emerged throughout the 1980s, was marked by a sense of amateurism. The reportedly first rock group in China, “Wanlimawang”, was set up by four students at the Second Foreign Language Institute in Beijing named after the surnames of the four members.83
According to limited and fragmented documentations of this band, its core member, Wang Xinbo (henceforth Wang), encountered the music of Beatles accidentally in the early 1970s when the cultural environment was still dominantly constituted by revolutionary model plays. Being highly obsessed with the rock music which he didn’t yet conceptually know at the time, or literally the sound he heard, the teenager who had been interested in electronics since childhood, indulged himself in searching related musical knowledge through all possible ways, designing musical instruments and electronic devices, and learning to play guitar.  

In the late 1970s, he became acquainted with Ma Xiaoyi, a teenager living in the work-unit compounds (dayuan) of the Ministry of the Foreign Affairs, and came to know the other two band members through Ma. Here I would like to digressively mention that unevenly distributed cultural capital across social classes and spaces largely structured patterns of cultural consumption, especially in the early days of the reform. Both Wang’s parents were professors at the Central Academy of Fine Arts, the most renowned art academy in China.  

Probably because of this family background, he possessed the kind of cultural resources through which he could connect himself to the outside world even during the Cultural Revolution. Moreover, he shared the social network and space with people residing in the work-unit compounds of the Ministry of the Foreign Affairs. The walled work-unit compounds were built as public housing complexes to house state employees from a single work-unit in the post-1949 socialist era. As many critical urban scholars point out, work-unit compounds create gated communities, especially in large compounds for government ministries in Beijing, where class cultural practices and place-making strategies are enacted.  

Living in the compounds of the Ministry of the Foreign Affairs, Ma presumably possessed privileged cultural capital resources, and Wang’s connection to him shows that they shared the same or adjacent social space. Therefore, as opposed to many scholars
who consider early rock music in China as a form of subculture,\textsuperscript{87} I would argue that it is largely a product of elite cultural practices from the outset. Wang, Ma, and the other two shared the same passion for music and musical instruments, and frequently gathered to discuss, exchange, and perfect the self-taught process. Later, Ma entered the Second Foreign Language Institute and persuaded the Secretary of the Institute’s Youth League Committee to finance the development of the band. The band was established in the winter of 1979. Thus, the first local rock band in China was largely formed by amateurs enthusiastic for foreign music.

And one most immediate factor that drove and moved the vernacular process forward, as seen from this story, was the consumption of cultural products enabled by unofficial channels. There is no more information regarding how Wang encountered The Beatles during the Cultural Revolution. However, there are reasons to believe that it was not through the official network of audiovisual publishers designed for mass distribution. The dissemination of foreign rock music through unofficial channels also made a huge impact on the emergence and development of more nascent local rock bands in the early 1980s. China during the 1980s, especially the capital city Beijing, witnessed an increasing presence of foreigners, especially an increasing presence of foreign students in Chinese universities. As Nimrod Baranovitch documents, foreigners, mainly Westerners, not only introduced foreign rock cassettes into China, but also participated in the performance and production of the genre. Indigenous rock bands developed through the interaction with and consumptive practices of foreign rock music and associated productive activities.\textsuperscript{88} One cannot probably deny the participation of professional musicianship in the formation of the early rock music scene in China. Yet, one cannot equally ignore the amateur music making sustained by enthusiasms embedded in youth culture of the day in this process. It would be particularly true considering that rock and roll is at bottom seen to be a non-artistic
form of music known for amateurism. What inspired those amateur energies, as I have argued, were alternative cultural consumptive practices.

The conceived relationship between alternative cultural consumption and amateur cultural making is the point I would like to include in speculating about the historical root of popular energies as materialized in UGC. The productive activities of UGC participants, most of whom were young people born in the 1980s, should be related back to their pre-Internet unofficial popular cultural exposure in the 1990s. The pirate cultural market throughout the 1990s was blossoming, and resulting patterns of unofficial cultural consumption were evolving alongside economic development and technological changes. In the history of pirate film consumption outlined by Angela Wu, for instance, illegal and privately run video halls, which in fact developed in the mid-1980s and continued into the 1990s before the emergence of newer film distribution technologies, were the dominant mode of unofficial cultural provision in the first half of the 1990s. There were over 50,000 video halls across the country at their peak. The huge network of national video halls of the time, as Dai Jinhua recognizes, far exceeded the contemporaneous network of theatre circuits. They mainly showed latest Hollywood flicks, Hong Kong gangster movies, martial art movies, comedies, and some pornographic movies. Taiwan and Hong Kong films seemed to be more readily acceptable as they were in Mandarin with indigenous-language subtitles.

Starting from the mid-1990s, the Video Compact Disc (VCD) became a major method for pirate film distribution. While an obsolete technology in the West, VCD experienced an unexpected rebirth in Asia in the informal cultural economy due to its cheap price and reasonable digital quality. VCD development in Asia is thus considered by Wang Shujen as one of the most fascinating examples of a reterritorialized technological and cultural space mobilized by nation-
states, local manufacturers, and consumers in countering the global audio-visual entertainment market order defined by transnational electronics corporations.\textsuperscript{94} With the booming VCD player manufacturing industry, the VCD format flooded the piracy market.\textsuperscript{95} Yet, this technological and cultural trend was quickly supplanted by the prevalence of the digital versatile disc (DVD) format in mid-1997 due to its high storage capability. The price of pirate DVDs decreased drastically from the initial RMB30-40 (about US$5 at the time) apiece to less than RMB10 (US$1.2) after 2000,\textsuperscript{96} which made pirate film consumption quite affordable among the masses. Before the rise of personal computers, affordable broadband service, and thus pirate film consumptions through p2p networks in the early to mid-2000s, the DVD format dominated the film piracy market for a long time. In fact, it continued its popularity into the Internet age and coexisted with the prevalence of personal computers/Internet even today. The scale of piracy became massive with technological developments. Characterized by cheap price, indiscriminate distribution, and potentially unrestricted scope, pirate film provision covered the entire spectrum of cinematic choices including mass tastes and marginal/cult ones.\textsuperscript{97} This became increasingly true as technological developments and diversified information outlets nurtured a more sophisticated audience with increasingly unique cultural preferences.

Pirate cultural consumption, including consumption of pirate films, presumably had a huge impact on expanding the cultural repertoire of the younger generation, cultivating particular kinds of aesthetics, and nurturing the desire for creative expression, which eventually led some of them to embark on their online voyage, as digital technologies provided such affordance in the early 2000s. Early UGC players I spoke with unanimously talked about the influence of early piracy culture on their cultural choices and online habits. For instance, Hu Ge (henceforth Hu), the producer of the spoof video entitled “a bloody case caused by a steamed bun” (yige mantou
yinfa de xuefa), which ridiculed the 2005 blockbuster The Promise (wuji), admitted that the development of his primary motivation to cultural expression and creativity was intertwined with his personal media consumption history over the years.\textsuperscript{98} From the days in the early 1980s when he copied the songs of Michael Jackson, Madonna, and ABBA using a tape recorder and a blank cassette to the late 1990s and early 2000s when he purchased pirate DVDs, from the days when he wore flared pants\textsuperscript{99} and Mark glasses\textsuperscript{100} to the early 1990s when he indulged himself into the Western rock bands such as Pink Floyd, his reminiscence in fragments could be composed into a narrative pastiche which reflected the popular cultural landscape in the 1980s and 1990s that was largely shaped by piracy culture. He particularly recognized the influence of American and Hong Kong comedy movies, such as Stephen Chow’s works. The sub-genre he described could be more appropriately summarized as the slapstick comedy: “I like those that are really funny; people in the play are stupid.”\textsuperscript{101}

Another UGC/PGC maker Bai Cong (henceforth Bai) also attributed his creativity largely to his pre-Internet exposure to pirate culture. As he enthusiastically recalled, his entire high school was filled up with pirate Hong Kong and Western commercial movies from VCD and DVD rental shops: “I spent a lot of time watching these movies…I even watched those very old and lousy productions that you can hardly name today.”\textsuperscript{102} He admitted that the pirate cinematic experience was the main source of creativity for him and his business partners: “We all shared the same kind of obsession to movies as teenagers. There were so many enrichments…when we chatted and talked about creativity, many of the inspirations came from what we watched. [We] would spontaneously combine [ourselves] with them, including Stephen Chow’s works.”\textsuperscript{103} I came across the imprints of piracy culture not only on early UGC makers, but also on cultural workers in formal cultural institutions such as Wei, the television drama producer and
screenwriter quoted in the preceding chapter, and Hao Ming (henceforth Hao), a copyright director at the LeTV who charges the purchase and import of foreign (mainly English-language) cultural products. It is interesting to see how a global informal cultural economy produced long-lasting social energies, which dispersed in variant forms and through heterogeneous institutions, thereby collectively shaping the recent terrain of Chinese popular culture.

These cultural energies accumulated over years found a convenient outburst with the rise of sharing sites. However, it is ahistorical to simply conceive the rise of sharing sites as the first kind of digital platforms for video expression. In the case of Hu, for instance, long before the appearance of Tudou, he already got involved in video production. While an amateur music maker, his real dream was to make films or video in the broad sense. He took the first step toward fulfilling his dream in 2000 when he could afford a cheap webcam. With the personal computer he invested in 1999, he produced a 30-second video mocking television commercials. In 2001, he invested RMB3,000 in buying a Panasonic DV, which enabled a deeper engagement with UGC. He began to film moments of life, pets, streets, friend meetings, etc. Due to the limited technological conditions of the day (e.g., slow Internet speed), he could only save most of his productions on the local computer. However, sometimes, he edited the raw materials into video media files, a skill he transferred from musical production, uploaded them to the virtual space he rented for a musical forum he maintained, and posted the link to the video in the forum for his friends to download. That was the mode of UGC production and distribution before the rise of sharing sites. His most famous production, “a bloody case caused by a steamed bun”, was precisely made in this mode. It travelled rampantly online as a downloadable video file through forums, emails, and instant messengers at the end of 2005. In my memory as an ordinary consumer of Chinese Internet culture, that was the first recognizable viral video before the
massive rise of online streaming technology. Therefore, digital UGC practices already existed well before the emergence of sharing sites. These practices indicated an existence of social needs for more sophisticated forms of multimedia expression in addition to words and images which had already been fulfilled through online forums, and later blogs and Flickr-like websites which I see as more idiosyncratic extensions of the forum expression. It also shows that cultural expression is a multi-dimensional endeavor marked by intermediality and intertextuality.

However, indeed, as founders of Tudou realized, the development of video UGC was technologically constrained simply because not everyone had the digital literacy, financial resources, and dedicated time to rent and maintain a server and set up a forum/personal website. The birth of sites such as Tudou made things easier for hundreds of thousands of young people like Hu to express themselves through online video around the mid-2000s. Therefore, there is a mutually constitutive relationship between the social needs for cultural expression accumulated over years and the rise of audiovisual sharing sites like Tudou. To some extent, the flocking of venture capitalists to Web2.0 websites simply represented an attempt to capitalize on the sublime awakening of popular consciousness shaped by earlier generations of distributive and productive media technologies (e.g., VCD, DVD, webcams, and DV recorder), which eventually led to the birth of commercial platforms like Tudou.

Video UGC mainly consisted of productions documenting everyday life and video spoofs. The latter, popularized as the culture of parody (egao), was interpreted by many scholars as alternative political discourses in the Chinese Internet. For instance, Hu’s famous production, “a bloody case caused by a steamed bun”, which turned the original storytelling of the local blockbuster The Promise into a legal report of a criminal investigation by adopting the format of CCTV’s popular program China Legal Report, was said to deconstruct the elitist myth
constructed by the director through the film’s grand narratives, epical style, and allegorical design, thereby subverting cultural authority. The video also satirized CCTV and the official media culture it represents by mimicking its standardized tones and ideologically laden languages with which Chinese audiences could easily identify, and lampooned the ongoing process of commercialization by constantly disrupting the textual flow with commercial breaks. Moreover, the production mediated larger social issues such as domestic migration, underground sex industries, urban police brutality, and payment deduction and delay. In early 2006, Tianya BBS, one of the most popular online forums in China, conducted an interview with Hu. In the over one thousand posts the interview attracted, many Internet users expressed their fondness of the steamed bun piece and their unconditional support for Hu in the possible lawsuit filed against him by Chen Kaige, the director of The Promise. Quite a few also asked Hu if he planned to make more productions criticizing social issues ordinary people care about such as education, healthcare, and housing reform.

While the complicated cultural politics in the steamed bun video centered on one specific “hypertext” (i.e., The Promise from which the steamed bun piece derived), in other cases spoofsters created mashup videos to implicate social and political critiques by appropriating media content from a variety of sources. With the difficulties of performing an open and rational political discussion in a repressive environment, video mashups represent tactics for articulating social and political criticism, constitute a symbolic resistance to the establishment, and therefore render themselves politically potent; after all, politics is as much about contention and emotion as about consensus and rationality.

Sharing sites at the time not only accommodated numerous UGC, but also became a new foothold for cultural piracy. Into the new century, the availability of digital channels for media
distribution was transforming the traditional piracy industry. Again, I will use the instance of film piracy to explicate the complex relationship between digital piracy and sharing sites, which in fact involved another important force named fansub groups (zoomzu). While there are online piracies of music, films, television programming, and other copyrighted materials, downloading large-size film files requires more Internet resources and a more complex digital architecture, which thus makes film a better case to anchor related discussions. Most scholarship on piracy in both Western and Chinese contexts centers on the liberal/leftist, right/wrong, and moral/legal debates, very few conceive piracy as an industry and explore the industrial practices and power relations imbricated. Recognizing piracy in China as a classic example of free-swinging capitalism, Wang Shujen first examined the production/manufacturing process, technology, equipment, distribution networks, and labor involved in film piracy in greater China. If we acknowledge piracy as an important industrial sector of the informal economy, we must recognize both the dominant industrialized form and emerging unindustrialized forces in this sector. The distribution via p2p networks emerging in the Chinese cyberspace in the early 2000s constituted a local instance of such unindustrialized forces. The surfacing of p2p technology, along with improving surfing conditions, especially the introduction of “broadband unlimited monthly plans” by telecom operators, enabled the shift in cultural piracy from the VCD/DVD formats to digital downloading.

According to GB, who experienced this shift as a veteran Internet user, in the early days, consumers of pirate VCDs/DVDs compressed pirate content on the physical medium into RMVB video files and shared them with peers through p2p networks built based on the BitTorrent (BT) protocol. The development of p2p sharing practices was closely associated with the blossoming forum culture/expressions in the late 1990s and early 2000s, as the video file uploader relied on
various forums to publish the created small torrent descriptor file, commonly referred to as the “seed” by Chinese Internet users, which contained metadata about the file and folder to be distributed.\textsuperscript{114} As an extension of the popular youth culture developing with physical piracy throughout the 1990s, online forums also gradually replaced traditional forms of cine-spaces such as non-official film societies and cine-clubs,\textsuperscript{115} and became an important constituent of early Chinese online society before the prevalence of diversifying Internet services, software programs, and applications for surfers to connect, communicate, and exchange information. Online forums laid an infrastructure-like foundation for the formation of institutions such as p2p downloading and later fansubbing. A much fuller picture of the online forum and its impact on the early cultural ecology of the Chinese Internet and its later development remains to be discovered.

The development of p2p networks built upon the flourishing forum culture inspired those who were unsatisfied with the slow distribution rate of physical piracy. Unlike the production of Chinese dramas where the entire serial is fully completed before airing, many foreign dramas are produced on a live-shoot system and aired weekly. Large-scale physical piracy manufacturing is quite unlikely to copy each weekly episode immediately after the broadcast; instead, it goes to production at least when the entire series/season is aired. Apparently, there is compromise between economies of scales, time, and space in physical piracy. However, as GB recalled, “Fans like to chase the drama [zhuiju]. They cannot wait for new releases…the [physical] piracy really couldn’t catch up.”\textsuperscript{116} In this sense, the condition of time-space compression articulated by many scholars is in reality a highly relative process. The global cultural flow is less internationalized than imagined even with technological advances. The local desire to annul
time-space in global cultural flow became the major force in generating fansubbing practices, and technological developments made this institution actually into existence.

Early fans began to connect through forums and instant messengers to form a network of coordinated unpaid volunteers who, by division of labor, recorded foreign copyrighted materials, uploaded them to hosting servers located either in China or overseas and made them available to other authorized fansubbers, translated the content and proofread the subtitles, synchronized the subtitles with the video, compressed and uploaded the video to the server of the forum owned by the fansub group, created and released the torrent descriptor file in the dedicated forum, and forwarded the torrent file widely across the Internet. With similar operations, various fansub groups dedicated to different drama types and genres (e.g., Japanese drama, Japanese anime, Korean drama, US drama) proliferated. Early fansub groups relied heavily on forums and the p2p networking architecture, especially the latter, for distribution. That was largely a choice involving economic concerns. As GB put it, “Fansubbing was a purely voluntary practice. We were not willing to and didn’t have much money to maintain a [high-capacity] server…Our server was unable to handle thousands of simultaneous downloads…BT downloading was all about sharing, and didn’t consume many [network] resources…It reduced the pressure of the server…So, if there was no BT downloading, it would be very difficult for zimuzu to operate.”

The rise of sharing sites soon became another digital platform both for ordinary Internet users to share the copyrighted materials they collected from physical piracy and for fansubbers to publish their reproductions of foreign content. As Chinese sharing sites allow videos lasting up to 60 minutes, much longer than the limit set by YouTube, it makes uploading of full episodes possible. Just as blogs replaced BBS forums as the major conduit for online communications and expression around the year 2003, sharing sites broke, if not replaced, the dominance of p2p
networks in digital piracy. GB was unable to remember well how this shift actually took place: “There might be a gap there. One day, one suddenly found that there were a lot of online streaming sites, and then you could [upload and] watch stuff online.”\textsuperscript{120} By October 2007, half of the content delivered via Tudou, for instance, was pirate cultural products.\textsuperscript{121} As an ordinary Internet user, I could indeed recall that my college peers frequently turned to sites like Tudou for convenient consumption of old and new films, series, and television shows around the mid-2000s. While p2p sharing still requires users to be tech-savvy, portal-like sites like Tudou free users from searching for “seeds” and configuring download managers such as eMule and Thunder, and thus ease cultural consumption.

While the shift from p2p networks to sharing sites appears to be another banal story of users’ changing behaviors defined by upgrading Internet products/services, we must move beyond the liberal and administrative framework to see it as an odyssey of free spirits who worked on a tactical basis to constantly watch for technological opportunities that could be seized so as to survive and thrive in the rapidly changing terrain of the Chinese Internet. It should be seen as one of the few instances of the unfinished cultural democratic movement in Chinese cyberspace. On the one hand, fansubbing undermines the commercial logic of transnational media corporations which establish its hegemony upon the legal regime of intellectual property that transforms supposedly free information and culture into private properties through apparatuses including patents, trademarks, copyrights, publicity rights, and moral rights of authors.\textsuperscript{122} Therefore, while sharing sites, p2p live streaming, and VOD services all more or less appeared to distribute pirate cultural products, there was a substantial difference between them. VOD companies, which enclosed pirate movies and dramas for profit-making online, in fact acted as a piracy retailer in the digital environment and counteracted the popular force which,
whether intentional or not, unfolded to radically liberate our access to culture. This irony was well captured and articulated by an Internet user under the pseudonym “qianshan muxue”: “The ‘Star Theatre’ channel of the VNET carries numerous Chinese and foreign blockbusters. These are obviously pirate movies. Although I download movies from online everyday, I at least delete them after watching, not to mention using them for commercial purposes. But this website shamelessly sells stolen [free] stuff to innocent users. I really despise it…” Apparently, the piracy of VOD, which might be considered normal or even welcomed in the physical environment, became intolerable in Internet’s free culture.

On the other hand, fansubbing challenges the dominant political economic interests of the Chinese party-state in maintaining ideological control and protecting domestic cultural industries through apparatuses such as import quotas. Moreover, to some extent, fansubbing constitutes another form of vernacular production, or UGC practices, as the process of adding subtitles transforms so-called “fixed texts” into fluid and dynamic ones that are open for creativity. For instance, fansubbers often refuse to use the lexicon, style, and tone that often appears in dubbed foreign films provided by state media such as CCTV and frequently incorporate popular Internet slang, interpreted by many as discourses of resistance, into the translation. They also exploit the process of subtitling to comment on or satirize social phenomena. Fansub groups also represent a relatively more democratic mode of cultural production. As GB recalled, fansub groups rely on users’ votes to determine which series they would go for production in the next season. They also revise their productions by incorporating comments from users. All these practices embody relatively democratic norms and progressive values, and, as supported by Meng Bingchun’s empirical research and my conversation with GB, help cultivate a new, though not always coherent, subjectivity among fansubbers.
I do not tend to romanticize the democratic potential of fansubbing as some liberal scholars (e.g., Yochai Benkler) have done to peer production. After all, except the long-standing critique of digital divide, compared with the more radical forms of user energies seen in the collaborative and participatory projects such as open source software and wikipedia, fansubbing is more closely associated with the transnational cultural industry. At the textual level, it works within the terrain of ideological operation whose limit is set by transnational media corporations, which problematizes the amount of autonomy commonly assigned to fansubbers. Economically, transnational cultural flows enabled by fansubbing nurture a large audience base and a unique cultural sensibility in China, which in fact helps lay a solid social foundation for Hollywood blockbusters’ pleasant box office revenues in the Chinese market in recent years. Therefore, Gary Hall might be correct in pointing out that “there is nothing inherently emancipatory, oppositional, leftist or even politically or culturally progressive about digital piracy [fansubbing].” After all, if we frame the nature of fansubbing in terms of its “intentionality”, it is no more than some human energies mobilized to improve the condition of their general media usage.

However, while it is politically naive to be as optimistic as some liberal scholars, it is equally irresponsible to entirely ignore the political significance embedded in fansubbing. We can politicize fansubbing by historicizing and contextualizing it within the context of the global cultural economic reality, local political constraints, and the ongoing “culture of contention”, borrowing the term coined by Yang Guobin, in Chinese cyberspace since the early 2000s. In particular, the enthusiasm and energies driving fansubbing shared the same kind of historical roots (e.g., cultural piracy) with the ones generating video spoofs. The two concurred, echoed, and infected each other. For instance, as digital networks, fansubbing, and online streaming
outmaneuvered physical piracy, video spoofsters more and more turned to fansub groups for cultural resources. Fansubbers sometimes acted as video spoofsters as well during the process of subtitling as discussed earlier. Cultural processes over the past two decades prepared for the discursive appearance of a contentious culture in the forms of, but not limited to, fansubbing and video UGC that fully earned their standing with the rise of sharing sites.

Therefore, early sharing sites largely functioned as a digital platform for self-expression and vernacular production. Ironically, this alternative space infused with anti-establishment spirits was first and foremost sustained by transnational capital and its indigenous agents. Certainly, venture capitalists are not philanthropists with sincere intent to promote popular participation online; they aim to make profits through their investment. The large user base of the sharing platforms and the traffic they attracted made venture capitalists believe in their monetization potential, although there were already signs of the web2.0 bubble in the second half of 2006. Another factor that accounted for participatory culture around the mid-2000s was, again ironically, the relatively loose political regulation of the time. First and foremost, the Internet in China, especially in the early days, seemed to be partially regulated, as opposed to a full mode of regulation, which requires a single regulatory body or a comprehensive regulatory framework. Traditionally, different media sectors were subjected to different regulatory bodies. The existing institutional setup for media regulation was configured in accordance with institutions of traditional media technologies with relatively clearly defined boundaries. It, however, was disrupted by the rise of digital technology, which blurred the traditional boundaries of different media sectors. Since 1996, besides the MII, which oversees the general and foundational operation of the whole telecommunications, Internet, and software industry, the party-state has designated different regulatory bodies to manage different aspects of the Internet. For instance,
the State Council Information Office (SCIO) is responsible for monitoring Internet sites engaged in news publishing. The Ministry of Culture drafts regulations extending their jurisdiction over online gaming. The State Copyright Bureau claims their territory over online copyright issues. At least six government bodies have extended their arms into the Internet industry. As an industry observer described by quoting a Chinese proverb: “It is like nine dragons managing one river at the same time [jiulong zhishui]. Every relevant ministry tries to involve itself in the [Internet] industry to take a share of the profit.”

The problem of “jiulong zhishui” characterizing Internet governance continues into today. It is highlighted as a pressing issue to be tackled for purposes of information order and national security, as Xi Jinping assumes paramount leadership in China. An immediate consequence of this situation is that multiple regulatory bodies coexist in one specific sector, and their functions are overlapping and sometimes contradictory to each other. In contrast to multiple regulations, some marginal or new sectors lack regulatory bodies, and relevant ministries pass the buck to each other. Regulatory fragmentation, which is deeply rooted in the inter-institutional protectionism as seen in the IPTV case, largely reduces the legitimacy and effectiveness of the regulatory bodies involved.

This fragmented regulatory regime was also found in the online audiovisual sector. According to Article 5 of Decree No. 292, besides the ICP permit issued by the MII, those providing commercial Internet information services related to news, publishing, education, health care, pharmaceuticals and medical equipment, and so on are also required to be investigated and approved by relevant ministries prior to applying for the ICP permit. Accordingly, as online video straddles both telecom/Internet and audio/video/culture, it should be subject to the MII, the SARFT, and the Ministry of Culture simultaneously. In 2003, the Ministry of Culture promulgated the “Provisional Regulation on Internet Culture” (hulianwang
which stipulated that commercial Internet culture providers including providers of audiovisual cultural products produced and distributed through the Internet are required to apply for an “Internet Culture Operating Permit” (wangluo wenhua jingying xuekezheng). It was unclear how this rule was actually implemented in reality. In the case of the SARFT, however, while it has announced several rules concerning online audiovisual services since 1999, its authority as the main regulator of the industry was not sufficiently established before 2008, neither was it acknowledged by the industry. In June 2004, the SARFT announced the “Measures for the Administration of Audiovisual Programming Transmitted via Information Network including the Internet” (hulianwang deng xinxi wangluo chuanbo shiting jiemu guanli banfa), also known as the No.39 Decree, which required all parties involved in transmitting audiovisual programming via information networks to apply for the “Permit of Transmitting Audiovisual Programming via Information Networks” (xinxi wangluo chuanbo shiting jiemu xukezheng). This regulation was stated to be applicable to all kinds of distribution of audiovisual services using the IP protocol technology. While announced in mid-2004 when online video service was not yet massively in existence (except VOD, etc.), it was supposedly applicable to audiovisual sharing sites and other proprietary online video services as well, as they developed.

However, this measure appeared to be a unilateral decision in reality. For instance, according to the Article 7 of the No.39 Decree, foreign-owned enterprises, Sino-foreign joint ventures, and Sino-foreign cooperative institutions were not allowed to operate audiovisual programming transmission via information networks. However, in reality, popular online video sites were largely fostered by transnational capital. As a law professor at the Tsinghua University observed, many individuals in the industry doubted and ignored the regulation of the SARFT.
For instance, a TMT analyst from the market research company International Data Corporation (IDC) challenged the legitimacy of the SARFT as the regulator of the industry: “Online video straddles areas of jurisdiction of multiple ministries including telecom operators, the SARFT, the Ministry of Culture, the GAPP, the State Copyright Bureau, and so on. When it comes to how to regulate it, it requires negotiation among all relevant ministries.”\textsuperscript{139} Partially due to this ambiguity concerning the legitimate status of the SARFT, the enforcement of relevant regulations remained in limbo. Indeed, if the industry ever took the No.39 Decree so seriously, it would not have appeared so unprepared when, in 2008, the SARFT, then already officially designated as the main regulator of the video industry, announced a set of “new” rules, which in fact served largely to clarify and reiterate the items stated in the No.39 Decree. Therefore, the early online video industry basically developed in a regulatory limbo largely resulting from a lag in regulatory convergence in the changing media environment.

Within this context, the content distributed through sharing sites appeared to be much more transgressive than what the SARFT would traditionally allow. Not only did the numerous pirate movies and television dramas intermingle both the “good” and the “bad” by the standards the SARFT set for traditional television and film, UGC content was also more politically and socially charged. For instance, in 2006, an amateur videographer with the pseudonym “Hu Daoge”, a name imitating that of Hu Ge which literally translates to “messing around”, produced a ten-minute video parody of the “Sparkling Red Star” (\textit{shanshan de hongxing}), a 1974 revolutionary and patriotic film produced by the August First Film Studio, a military-affiliated film studio named after the Army Day in China. Setting during the first Chinese Civil War between the CCP and the KMT (1927-1937), the film narrates a story of the growth and adventure of Pan Dongzi, a ten-year-old hero whose mother is killed by a local landlord.
Appropriating video clips from the original movie, the spoof turned the revolutionary hero into a pop-star wannabe who dreamed of becoming famous by participating in a singing contest hosted by CCTV and made the brutal landlord into a judge of the contest who took bribes. The new narrative transformed the class struggle between Pan Dongzi and the local tyrant into a cash nexus. It further turned the father of the protagonist, originally a Red Army member, into the Chinese real-estate tycoon Pan Shiyi, and the martyr mother into a fan of a CCTV host. The parody satirized a wide array of issues in China including crony capitalism, excessive commercialization, fannish media culture, and corrupt practices in state media. While the steamed bun piece only mocked a commercial production, this video subverted the orthodox revolutionary narrative. It immediately stirred up anger among dominant political, cultural, and social institutions. Representatives from the Chinese Internet Society, an offshoot of the MII, the August First Film Studio, the major party organ *Guangmin Daily*, the News Bureau of the State Council, and several universities advocated to “stop the *egao* phenomenon” and “develop progressive culture” in a meeting convened in August 2006. Ming Zhenjiang, the director of the August First Film Studio, stated in the meeting that:

“Revolutionary canons are true reflections and representations of the history of our party and our army. They propagate patriotism, collectivism and revolutionary heroism and are in-depth expressions of justice, ideals and beliefs…They are related to cultural security of a country and a nation, and should not be profaned, tramped, distorted, overthrown or parodied in any form.”

Spoof videos like this would not be allowed for mass circulation if they were assessed by rules guiding traditional cultural production. However, the Sparkling Red Star video continued to travel widely online despite wide criticism. In fact, the Article 19 of the No. 39 Decree stipulated ten items of forbidden content for online video, which was identical with the list emphasized in the “Provisions on Television Drama Content Regulation.” Attentive readers may note that
almost all official policies concerning the telecom, culture, and media sector in China include this list. Therefore, rhetorically there seems to be converging governance across media. However, critical cultural policy studies really need to move beyond discursive reading to actual political practices. In traditional television, a set of more specific rules was derived from the ten precepts to police cultural production. In new media, the ten general rules were not narrowed but rather blurred into a nearly nominal existence. Likewise, the Article 17 of the No. 39 Decree required film-like or television-drama-like audiovisual programs distributed to the public via information networks to apply for the “Television Drama Distribution Permit” (dianshiju faxing xukezheng) and “Permit for Film Screening” (dianying gongying xukezheng), the traditional regulatory apparatuses applied to television and film. However, in reality, this stipulation was rarely enforced probably again due to the controversial regulatory status of the SARFT. For instance, Hu, who received overnight fame with the steamed bun video, made another production entitled “Terrorists of the Birdcage Mountain” (niaolongshan jiaofeiji) in 2006. As this 48-minute DV production blurred the line between a spoof video and a regular film in terms of genre, length, and structure, it drew concerns from the SARFT. According to an official from the Social Management Department (shehui guanli si) of the SARFT, as Hu’s production had a complete film-like storyline and was distributed to the public, it should apply for relevant permits from the SARFT; otherwise, it could be suspended anytime. However, this verbal caution was not actually transformed into action. Both cases of the Sparkling Red Star and the Terrorists of the Birdcage Mountain pointed to a lax enforcement of regulations at least in the early days of the industrial formation due to a fragmentation in regulatory bodies.

Probably due to the regulatory lag, many local websites under the brand name of VNET were inundated with pornography provided by SP/CPs, which was only cracked down during a
six-month long anti-online pornography campaign jointly launched by the Ministry of Public Security and nine other government departments in 2007. There were incessant concerns from the industry speculating that regulation over the online video industry would be clarified. There were also some signs that the SARFT and higher-level apparatuses were making and updating regulatory arrangements. However, before 2008, the industry was largely marked by a regulatory oversight due to bureaucratic wrangling, and this constituted a relatively “relaxed” political environment that was exploited by the industry to develop a user base in the early days of the industrial formation. The compromise of the Chinese state in its ideological imperatives in this two to three years’ time, while attesting to the entrenchment of sectional self-interests, might to some extent also indicate its relatively lax attitude toward online cultural practices in comparison to traditional television. To support this observation, it is worth noting that the Internet Regulation Office (wangluo guanli chu) within the Social Management Department of the SARFT, which is equivalent to the Television Drama Regulation Department in administrative level, was the unit handling all issues concerning online video. This only changed in 2010 when the Online Audiovisual Program Regulation Department (wangluo shiting jiemu guanli si) was created. The administrative setup of the day thus also suggested uneven attention paid by the SARFT to broadcasting and the Internet.

The Process of Transformation, The Process of Containment

While sharing sites provided space for UGC and popular piracy, it only appeared to be a short-lived culture. Starting from 2007, the video industry was increasingly transforming toward professionally produced copyright-safe content. Ironically, transnational forces and its local agents again dominantly and directly activated the complex process of transformation, with political factors mediating issues of copyright and content in this process. Into the second half of
2006, counter discourses predicating the defervescence of Web2.0 began to circulate, as the cash-strapped small blog service provider Minsi closed down on August 2006.\textsuperscript{145} The cold wave seemed to be deeply felt throughout the industry, as several video companies declared layoffs one after another at the end of the year. This, however, ironically happened around the same time when venture capital flocked into the video industry. In fact, consistent with this irony, trade journals at the time were dominated by conflicting discourses which simultaneously exalted the upsurge of Web2.0, especially the new form of video, and deplored the decline of Web2.0 as seen through layoffs and withdrawals. Acknowledging both trends, we have to admit the trend of consolidation and concentration in online video and in Web2.0 in general. After the first round of tentative investment, venture capitalists began to concentrate on market leaders and business model innovators. Most of the imitators were being abandoned by the capital. Meanwhile, how to develop a sustainable business model was a persistent challenge for most of the Web2.0 companies at the time. As delivering video content via national networks was rather expensive, which I will detail soon, support from venture capitalists became a life-and-death resource to the industry before it could innovate a sustainable business model. Unable to develop a successful business model for long-term survival, interactive video sites without financial backup had to either close down or slim down. Small Web2.0 service providers were the most immediate victims of this selective process. This could partially explain the fragmented industrial discourses at the time. Behind the veil of industrial prosperity was the uneven distribution of capital and resources.

In 2007, investment enthusiasm in the online audiovisual industry persisted. However, there was already a perceived concentration of venture capital flow. Leading market players began to receive second or third rounds of investment. For instance, Tudou completed the third
round of fund-raising in April 2007. Venture capital from General Catalyst Partners (US) and Capital Today (China) led this round of financing, with Korean private equity company KTB China Optimum Fund and previous backers JAFCO, IDGVC, and Granite Global Ventures also continuing their participation. Capital Today’s Wen Baoma and General Catalyst’s David Orfao joined Tudou’s board of directors following the third round. Gary Wang refused to reveal the exact amount of investment, but it was rumored to be US$20 million.146 In November 2007, Youku raised a large US$25 million third round from Bain Capital subsidiary Brookside Capital Partners and existing investors Sutter Hill Ventures, Farallon Capital, and Chengwei Ventures.147 Meanwhile, top-performing companies also attracted fresh investments. For instance, 56.com received its first round venture financing in June 2007 with approximately US$10 million from the Disney’s investment arm Steamboat Ventures, Sequoia Capital, and SIG. It officially announced US$20 million series B investment led by HIKARI private equity, Inc. (HPE) and SIG in December of the same year. Adobe Systems Incorporated, CID Group, as well as other previous investors including Sequoia Capital and Steamboat Ventures also participated in this round.148 Another strong market competitor ku6.com raised an approximately US$10 million initial round from DFJ Venture and DT Capital in March 2007.

As investment became concentrated, the industry accordingly started to consolidate in 2007. According to an industry report released at the end of 2007, Tudou commanded 22 percent of searches for video on China’s most popular search engine Baidu, compared to 56.com, which got 19 percent. Youku was in the third place, with 13.9 percent.149 As an industry analyst predicted, “90% of the 400 to 500 online video companies would fail and disappear during the efforts to monetize the traffic.”150 The same process applied to p2p live streaming service
providers, as PPLive, PPStream, and QQLive respectively dominated 58.73%, 20.1%, and 16.01% of the market share by April 2007.\textsuperscript{151}

However, despite strong backing, the industry was far away from claiming profits, and even farther from developing a stable business model (figure 3). This was the issue enveloping the industry from the outset, and it became increasingly pressing with the high hope from the capital market as reflected through increasing investment. Yet, a successful business model seemed unattainable, due to the huge gap between the high cost of storage/bandwidth and meager advertising revenues. Victor Koo estimated that advertisers could only feed less than three sharing sites.\textsuperscript{152} Therefore, the elimination did not stop with a large number of small and medium-sized companies withdrawing from the market. Rather, the game of oligarchs began. The main cost in operating sharing sites was the expenditure in bandwidth maintenance. As sharing sites were designed for short audiovisual clips around 10 minutes, most websites from the outset used encapsulated flash video technology to stream UGC online instead of using the p2p technology employed by live streaming sites. As a rapidly developing user base required larger storage and more efficient data transmission, websites had to provide sufficient server space and bandwidth to cope with increasing demand from the user side. The technical capability of the websites was further challenged, as users seized these sites as platforms to share pirate films and television series.

An industry survey showed that monthly video views of first-tier sharing sites surged to more than 100 million in late 2006 and early 2007, which required bandwidth resources capable of hurtling data at the equivalent of 100 gigabits per second (i.e., 100G, or 102,400M).\textsuperscript{153} The bandwidth pricing was marked by distinct regional differences, depending on bandwidth resources and marketization extent in a specific region. For example, the exclusive 100M
bandwidth provided by China Telecom-Shanghai was priced at RMB32,000 per month in 2007; the price could be reduced to RMB10,000 if one has “guanxi” (networks/relationships) with the telecom sector.  

The counterpart lowest rate in Beijing was RMB250,000 per year (i.e., about RMB20,000 per month). However, in places like Wuhan, the counterpart rate for available bandwidth of main nodes could be as low as RMB40,000 per year (i.e., about RMB3,333 per month). However, the quality of expensive bandwidth was higher than cheaper ones. For instance, buyers could actually get 90%-96% of the 100M in Beijing, while the statistics could be as low as 30% in other cities. The actual percent was also determined by the “guanxi” network. Video companies usually carefully chose the city to place their servers by taking all factors into consideration including their relationships with telecom operators, discount rate, and bandwidth quality. The locational differences in infrastructures and placements of servers of video hosting point to the specific form of zoning outlined by Aihwa Ong in which some parts of the national territory (e.g., Beijing and Shanghai) are more readily subject to the logic of capital whereas other places appear as an exception to the neoliberal formation. Ironically, the lower level of marketization in these places becomes a locational advantage exploited by video portals to optimize their infrastructural solutions. The story of calculative video portals thus shows that players in the cultural zone of neoliberal exception are mobilized to actively rationalize self-governing in order to optimize.

Assuming that one sharing site has to pay RMB20,000 per month for 100% of the dedicated 100M bandwidth, it will have to pay at least RMB20 million (about US$2.5-3.3 million) per month for 100G. All this bandwidth would cost RMB240 million (about US$30-40 million) a year. According to Victor Koo quoted in the trade press, Youku spent 2/3 to 70% of the raised funds on servers and bandwidth. As infrastructure consumed much of the
investment, industrial competition in the early days was not so much a content competition as a competition over telecom resources. Telecom operators, IDCs, and later CDNs (content delivery networks) became the largest beneficiaries of the industrial upsurge. As the telecom market was largely dominated by SOEs, one could again encounter the state as an invisible force sustaining and driving the industry. Given this layer of interest connection, some industry practitioners believed that the state would not suppress the development of the industry.\textsuperscript{158}

The operational cost was formidably high. Yet, revenues of these sites could hardly make this up. Sharing sites made various efforts to monetize their rapidly increasing traffic from the outset. The various strategies to generate revenues included advertising, mobile value-added services, paid subscription, copyright transfer, e-commerce, etc. As diverse as revenues sources might be, most of them failed to scale, and sharing sites still largely relied on advertising as the primary source of income. For instance, sharing service providers longed to capitalize on the mobile market for a long time. Gary Wang conceived to provide paid channels/content by cooperating with mobile telecom companies from the founding date of Tudou.\textsuperscript{159} The proposal was suspended with China’s pending 3G license issuance and renewed in early 2009 when the government officially issued the long-awaited license for 3G mobile networks to three telecom operators. Replacing the old WAP technology in delivering web content for mobile devices, 3G technologies eliminate the barriers between the desktop Internet and the mobile Internet. Exploiting 3G markets, Tudou formally worked with China Mobile in late 2009 to allow 3G subscribers to view the video site on their phones with a flat fee for unlimited viewing.\textsuperscript{160} Youku also teamed up with Nokia and Sony Ericsson in providing built-in software on mobile handsets. Youku at the time was offering mobile video service for free so as to entice more users. Victor Koo anticipated real revenue potential in this, as he believed that wireless users would be more
accustomed to paid subscription services than their PC Internet counterparts.\textsuperscript{161} However, while entry into the mobile video market suggested a new opportunity for revenues, back then, the pricey data plan, the low 3G subscription, as well as low adoption of high-end mobile handsets on which video could run all prevented a massive market from emerging.\textsuperscript{162}

Advertising turned out to be the main source of revenues for sharing sites. It was also the primary income source for p2p live streaming sites as well. Ad placements might jeopardize user experience and thus cause user loss. Sharing sites indeed struggled for a while from the outset, but soon launched advertising. Besides the standard banner ads, Tudou began to place in-stream ads in March 2006. To avoid losing users, it let UGC makers decide whether or not they want to have in-stream ads incorporated into their production. Upon agreement, producers would receive one penny for each view/download, and could cash when they earn RMB100.\textsuperscript{163} In July 2007, Tudou updated its ad system by incorporating targeting strategies to track, analyze, and tag users so as to deliver the most valuable users to advertisers.\textsuperscript{164} This kind of social profiling and media customization caused controversy among users, but quickly popularized as an industry-wide practice. For instance, Pomoho teamed up with Google AdSense and ACNielsen to create its own targeted ad system.\textsuperscript{165} Ku6 also embarked on a similar project. In addition to standard banner ads and in-stream ads, some smaller sites such as Mofile even created specialized “sponsor channels” for advertisers to visually display their products. Websites such as Ku6 also organized themed online ad competition for advertisers and mobilized users to participate.\textsuperscript{166} These strategies seemed to represent a more blatant move in re-appropriating the oppositional energies and mass collaborative creativity in sync with the dominant culture. These strategies did attract advertisers. The claimed advertising revenue of ku6.com in 2006 was RMB6 million, and it increased to RMB10 million in 2007.\textsuperscript{167} Similarly, around the same time, the founder and
CEO of 56.com revealed that the monthly advertising revenue of the site was about RMB1 million. However, these revenues seemed to just scratch the surface of the tremendous cost waiting to be covered.¹⁶⁸

The meager revenue of sharing sites somehow reflected the actual development of the Chinese online advertising market at the time. The market size of the Chinese online advertising (revenues from search engines and online advertising agencies excluded) was RMB4.66 billion in 2006, which slightly fluctuated in different sources.¹⁶⁹ With an astonishing annual growth rate of 48.9%, this market size was far smaller compared with that of the traditional media. The total advertising revenue of the broadcasting sector was RMB40.4 billion in 2006, and that of newspapers was around RMB31.3 billion.¹⁷⁰ In the relatively small pie of online advertising, traditional web portals accounted for 28% of the total advertising revenue, and search engine sites accounted for 26.4%. Vertical industry portals were a new favorite for advertisers, which accounted for another 22.2% of the market share. The rest was then divided up by miscellaneous Internet services such as blogging, WAP ads, and online video.¹⁷¹ The total revenue of the entire online video sector in 2006, according to iResearch, was RMB500 million,¹⁷² and that from ad sales was estimated to be RMB170 million,¹⁷³ which only accounted for 3.6% of the entire online advertising market. Yet this advertising loot could not be reaped alone, but was divided up by a number of major market competitors including p2p live streaming service providers.

The meager advertising revenue indicated the reluctance of advertisers to place ads on video sites, especially the sharing sites. Seemingly, the huge traffic sharing sites grabbed appeared to be valueless to advertisers. As ku6’s VP of sales admitted, “The biggest challenge is to persuade more advertisers to place ads on our site.”¹⁷⁴ To Victor Koo, however, this tough moment was an inevitable part of the commercial history of any new media, “Back to the early
days of the Internet, portal sites also spent a long time in educating advertisers and cultivating the market. Compared with them, the growth rate of the advertising revenue of video sites today is way better.”¹⁷⁵ No matter whether it is a PR rhetoric to stabilize venture capitalists or a genuine belief, the cruel fact, as Dan Schiller and Christian Sandvig collectively point out, is that advertisers are simply reluctant to reach poor people, no matter how sophisticated technologies may be involved.¹⁷⁶ The demographics of video sites, especially the sharing sites, as a consulting agency described, were mainly young population with weak buying power, or quoting the exact words, users “of low quality.”¹⁷⁷ This comment precisely reproduced the emerging new industrial jargon in the US context documented by Joseph Turow, with which marketers divide people into targets and wastes.¹⁷⁸ By commercial norms, the latter, or the vast number of passionate yet comparatively property-less young people, are apparently valueless to advertisers. Besides UGC, advertisers were also rather reluctant to place ads alongside pirate movies and television series. This was also a problem for p2p live streaming service providers. While their operational cost in bandwidth was lower than sharing sites as a result of p2p technology, they were also struggling to attract advertisers. The signs of a transforming industry thus emerged, as industrial practitioners realized the difficulties of monetizing the vast streams of amateur and pirate content through advertising; and p2p live streaming sites seemed to realize this earlier than sharing sites as they entered the market earlier.

In September 2007, for instance, Liu Yan, the CEO of 6.cn, already recognized that egao [UGC] would not be the future direction for video sites: “As a service provider, I don’t want to see that people would associate us with ‘grassroots media’. While grassroots content is desired [by the masses], it is not appreciated by advertisers. For instance, the steamed bun video got huge traffic, but it cannot attract advertisers. I more hope that the 6.cn community could give
expression to mainstream culture.” Or, more specifically, professionally produced content. Following Liu’s remarks, 6.cn teamed up with Phoenix TV, a Hong Kong-based satellite television network that offers Mandarin and Cantonese-language programming, in delivering traditional television content to users. Recognizing this as an emerging trend in the industry, Liu regarded 6.cn’s cooperation with Phoenix TV as the beginning of its transformation from the grassroots end toward the “commercial” high ground as legitimized by advertisers: “Programs from Phoenix TV could attract more high-end users…They are worth more to advertisers. For instance, our web banner pricing originally ran RMB30,000, and it could increase to RMB50,000 with Phoenix programs.”

The controversial copyright issue, which made advertisers remain wary of the new medium, also jeopardized the interests of copyright holders, which is also partially attributable to industrial transformation. The Chinese case of the online audiovisual industry can speak to every moment of the technological and industrial formation in the West, especially in the US, yet retains its own complexities and specificities. Massive piracy is one such point in emerging markets like China. Sharing sites not only lost advertisers due to copyright infringement, but also incurred numerous copyright suits filed against them from copyright holders within the context of a tightened intellectual property rights (IPR) regime over the past few decades. As many scholars note, IPR, or more specifically copyright, is an imposed concept for the post-socialist China. Intellectual property, like private property, was theoretically impossible when all the privately owned lands and enterprises were allegedly nationalized in the 1950s. The creation of a cultural commons was legitimized with the promulgation of the 1963 “Regulation on Awards for Inventions” (faming jiangli tiaoli), which states that “all inventions are national assets…[and] any individuals and organizations are not allowed to apply for a monopoly.”
Some scholars discern a striking similarity between the socialist notion of common property (including intellectual property) and a Confucian vision which values sharing of intellectual and artistic creations.\textsuperscript{182} Two major historical moments, as Pang Laikwan suggests, signaled a reversion of the collectivist endeavor: the launch of the reform in 1978 and China’s accession to the WTO in 2002.\textsuperscript{183} Following the launch of the reform, initial restoration activities in IRP were made to cultivate a more congenial environment for business innovation, and these efforts soon shifted toward the pursuit of international recognition. As Pang notes, between 1980 and 1994, China signed nearly every major international IPR-related contract and joined major international IPR-related organizations in order to integrate itself into the global IPR community. Upon China’s accession to the WTO, it only introduced remedial minor changes to existing IPR-related laws, which were basically completed by 1994.\textsuperscript{184} While Pang’s arguments seem to reckon with many Chinese officials who assert that all IPR-related developments in China occur independently of external pressure, foreign commentators often emphasize the crucial role of external pressure in pushing China to develop its IPR laws.\textsuperscript{185} Recognizing the direction of external pressure, however, Andrew Mertha suggests that it is difficult to identify the “footprint” of foreign influence in China’s IPR regime given the country’s complex matrix of bureaucratic institutions and local political networks.

The task of evaluating the effectiveness of foreign pressure becomes even more daunting if one moves beyond the legal-judicial realm into the local administrative enforcement apparatuses charged with copyright enforcement, which is seen by Andrew Mertha as the principal arena for actual compliance in China’s IPR regime.\textsuperscript{186} The close tie between pirate entrepreneurs and local government officials, for instance, partially accounts for why the Chinese state encounters exacerbated difficulties on the enforcement front.\textsuperscript{187} The complex relationship
between SP/CPs and China Telecom mentioned earlier could be a variant instance of this situation. Moreover, the problems of fragmentation, embeddedness, and dependency marking the bureaucratic structure of copyright administrative enforcement, and the resulting high transaction cost to undertake coordinated anti-piracy campaigns on a large scale, substantially hinder efforts at swift and sustained enforcement. In practice, anti-piracy copyright campaigns are often subsumed to other enforcement projects collectively initiated by multiple participating government units, which only underscores the problem outlined above. For instance, anti-piracy campaigns are often incorporated into the semi-regular annual campaign against pornography and illegal publications (saohuang dafei) institutionalized in 1989 to “sweep away pornography” (saohuang) and to “strike out against illegal publications” (dafei). The growing complexity of the membership rolls for the saohuang dafei movement enlarges the coordination problem and thus reduces the enforcement efficiency and effectiveness. The problem is even more pronounced below the provincial level. On the other hand, the “tactical mobility” developed by numerous piracy retailers, their vigilant surveillance of the proprietary power, and the expeditious and improvisational responses all testify to the inability of the saohuang dafei movement or any such campaign. Therefore, the tightened IPR regime in China over the past two decades was marked ironically by a set of large-scale government campaigns and continuously rampant piracy especially in the retail market at the same time. It is this discrepancy between IPR laws and the actual enforcement that frustrates transnational media corporations and in recent years domestic counterparts as well with the rapid growth of the cultural industry. Seemingly, the ineffectiveness of the Chinese state in copyright protection is caused by not so much a lack of will as a lack of competence.
The difficulties in cracking down physical piracy were largely replicated in the digital realm. In fact, the digital environment’s predisposition to share and to hide makes the control of cultural flows even more difficult than in the physical environment. Moreover, the fragmented regulatory regime in the digital environment also acted against enforcement activities; this situation was mitigated only in recent years. Therefore, while there have been continuous campaigns against the online piracy since late 2005, pirate content still circulated widely in cyberspace. BT downloading, peer file sharing, and sharing-sites-based distribution all existed in this large context. With the absence of effective state interventions, commercial companies constitute an important force in advancing copyright protection in the digital environment. Seizing on the national trend of IPR protection, a few Internet companies owning distribution rights of professional content in the digital environment began to take measures to protect their interests amid rampant online piracy. LeTV, founded by the Shanxi-born businessman Jia Yueting (henceforth Jia), was one of the few. Being a spin-off company from the Jia-owned Sinotel Technologies, a wireless telecommunications infrastructure provider, LeTV was created in 2004 to capitalize on the lucrative market in wireless value-added services. Following the wireless SP/CP bubble burst after 2005, LeTV caught the rising tide of online video and transformed itself into a video company. While a major market player today, LeTV was far less well known than sharing sites such as Tudou and Youku back then. On the one hand, obviously, sharing sites represented a more “flamboyant” gesture for their ability in attracting web traffic and public attention. On the other hand, LeTV remained lesser known largely for its initial identity as a copyright reseller more than an online video company.

In sync with the state-led anti-piracy campaigns, LeTV purchased the digital distribution rights of numerous domestic television dramas from private film/television production
companies. Hao, a copyright director of LeTV, participated in the company’s early round of accumulation. As he recalled, as the market condition in the digital environment around the mid-2000s was a far cry from the situation nowadays, traditional production companies were rather unfamiliar with the new media market and equally lacked interest in it. LeTV, as Hao described, approached these companies one by one to acquire distribution rights of their products in the digital environment. However, LeTV also benefited from production companies’ insensitivity to new media: it acquired the rights at rather low prices. As Hao recalled, LeTV could get exclusive distribution rights of domestic television dramas for just several thousands of CNY per episode,\textsuperscript{194} which just accounted for 1\% of the selling price to state television stations around that time. Inadvertently, Hao also mentioned that things became easier when the company had special connections with the large broadcasting system. It is difficult to know if this layer of connection simply meant personal acquaintance with a small fraction of the system, or alluded to a deeper involvement with a much wider network of power. As a common version circulating in the industry reveals, the convenience in rights acquisition was attributed to Liu Hong, LeTV’s COO, whose previous working experience as a journalist for China Radio International, the state-owned international radio broadcaster, earned him a chance to develop a personal network across the radio, television, and film sector.\textsuperscript{195} In other versions, LeTV, especially its founder Jia, was said to have a mysterious yet strong “official” background, which enabled access to a vast amount of copyrighted content at rather low prices from state-owned media enterprises such as China Film Group.\textsuperscript{196} Whether through public or covert methods, LeTV quickly built a large collection of rights. It first made profits from the collection through VOD services by teaming up with telecomm operators. A choice of the VOD path was probably an expedient decision to
capitalize on the history of the institution in telecom businesses and its available political economic resources.

In sync with the large trend of IPR protection activated by the state, LeTV found ways to further exploit its rights collection. First and foremost, the company began to combat piracy by filing lawsuits against video sites and all other information service providers (e.g., Internet cafe) which were involved in illegal streaming of content it possessed, and this soon turned out to be a profitable activity. According to Hao, for a movie acquired with less than RMB100,000, LeTV could receive a copyright infringement penalty of RMB200,000 from each infringer. It could file lawsuits simultaneously against several infringers, and could still make money deducting the court costs and attorney fees. For the legal system, copyright lawsuits were also welcomed, as notaries, lawyers, and the judge could respectively get notarial fees, attorney fees, and bonuses.\textsuperscript{197} LeTV was not the first company in combating online piracy, nor was it the last one. Along with LeTV in the anti-piracy war were copyright agencies specializing in hoarding rights and profiting from it such as the Shanda-owned Shengshi Jiaoyang Media and IDG-backed WangShang Culture, as well as LeTV-like SP/CPs acquiring rights for in-house purposes and incorporating copyright as a side business such as joy.cn. These companies possessed the majority of digital rights of domestic films and television serials. Joy.cn was one of the major market players in the VOD market. As said earlier, while small SP/CPs might provide pirate content, big companies, for instance, joy.cn, with a wider network of content resources did accumulate quite an amount of copyrighted professional content. The rise of sharing sites and p2p live streaming in the mid-2000s made a ready access to a vast amount of free content among Internet users, which more heavily threatened the business of VOD than BT downloading. Major VOD websites began to transform around 2006. For instance, bbvod.net and jeboo.com began to
enter the Internet cafe VOD business, and joy.cn began to transform itself into a video company and get involved in anti-piracy lawsuits. 

The anti-piracy efforts made by companies like LeTV were an integral part of the right-safeguarding movement collectively waged by copyright holders, rights owners, and other stakeholders in the Chinese cyberspace since the mid-2000s or perhaps even earlier. For instance, in December 2006, five US companies including News Corp.’s Twentieth Century Fox International Corp. and Time Warner Inc.’s Warner Bros. filed a lawsuit against the web portal Sohu.com through Motion Picture Association (MPA) for its illegal distribution of “Harry Potter and the Prisoner of Azkaban,” “The Lord of the Rings: The Fellowship of the Ring,” “S.W.A.T.” and other titles in 2004 and 2005 through a subscription download service on its website. The Beijing court ordered Sohu to pay a penalty of US$140,000. 

Domestically, the copyright holder of the television serial The Return of the Condor Heroes (shendiao xialu) sued the web portal Sina.com for streaming the serial without permission in August 2007. The Beijing court ordered Sina to remove the content from its server, publish an acknowledgment of wrongdoing, and pay RMB300,000 in damages for the illegal distribution. This seemed to confirm an anecdote from the industry that a production company hired more than ten lawyers to slave over the computer in order to obtain evidences of copyright infringement and sue infringers if the lawyer’s letter is not addressed in 15 days. Sharing sites became a disaster area amid the long-lasting movement. One could frequently encounter news articles about major sharing sites entangled in lawsuits in trade journals and mass-circulation newspapers between 2005 and 2009. The years of 2007 and 2008, in particular, became high-incidence seasons of lawsuits for sharing sites. For instance, joy.cn, taking aim at Tudou in late 2007, detected hundreds of copyrighted movies and television dramas being illegally distributed via Tudou, which caused it an economic
loss of RMB10 million. In May 2008, as a pilot effort, joy.cn sued Tudou for distributing five of its owned movies without permission, and Tudou eventually asked for an out-of-court settlement.\textsuperscript{202} VOD service providers and p2p live streaming sites carrying pirate content also became targets. For instance, WangShang Culture sued the China Netcom Dalian Branch and its SP/CP 5a5e.com for illegally distributing the TVB serials it owned. China Netcom was ordered to pay over RMB1 million, making it the largest monetary fine for copyright infringement by 2009.\textsuperscript{203}

Commercial efforts worked effectively to discipline the industry. First, in many cases, rights owners transformed infringers into clients. For instance, as Hao claimed, to avoid lawsuits, some accused infringers such as Sohu, Youku, and Tudou would rather choose to purchase rights from LeTV.\textsuperscript{204} Thus, the joy.cn and Tudou case mentioned above would probably end up with an out-of-court agreement in which Tudou buys all the rights it violates from joy.cn. In this way, rights owners such as LeTV and joy.cn, under grant of exclusive rights, in fact acted as rights resellers, and commercial norms on digital rights sales were negotiated and formed during the process of copyright infringement litigation. Second, policed by advertisers, copyright holders, and rights owners, many sharing sites and p2p streaming service providers began to purchase copyrighted content. In September 2008, Gary Wang coined a term “industrial waste” to refer to pirate content uploaded by Internet users: “They cannot bring anything valuable to us.”\textsuperscript{205} This metaphor was supported by many industrial practitioners including Victor Koo. Following this remark, Tudou launched a high-definition video channel called “Black Bean” (heidou) to deliver television shows, movies and variety shows to which Tudou acquires full rights. These moves certainly did not suggest the end of online piracy and the conclusion of the commercial anti-piracy campaign. In fact, with the continuous presence of UGC and the even more obstinate
forms of online piracy such as BT downloading, the commercial campaign continues into today. In early 2009, for instance, over 80 copyright holders and rights owners including joy.cn and private film/television production companies formed an anti-piracy league to combat illegal behaviors of video companies. In September 2009, this coalition escalated as Sohu Video, joy.cn, and another copyright agency voole.com convened 110 copyright holders and rights owners to form the “China Online Video Anti-Piracy League.” The League members filed numerous lawsuits against Youku, and 289 of them were put on file.

However, the industry indeed began its strategic transformation; after all, the ceaseless demands from the hegemonic copyright regime taught a simple lesson that piracy would take the industry nowhere. As more and more sharing sites as well as p2p live streaming service providers participated in acquiring rights, they subsequently joined in the ongoing war against copyright infringement. For instance, Sohu Video, once a frequent target of lawsuits, already became an accuser in 2009. However, this corporate and commercial identity was rather fluid and hybrid. As no single company could monopolize all copyrights on the market, ironically some companies assumed roles of both accuser and accused simultaneously. Copyright enforcement improved amid this industrial dogfight.

These struggles also successfully introduced changes to copyright laws and regulations. China’s online copyright regulations were largely modeled after the Digital Millennium Copyright Act (DMCA). By simply copying those in developed countries, IPR legislations were often accused of failing to take into account the specific circumstances and disadvantages of China as a developing country by industrial practitioners. For instance, quoting the safe-harbor provision, which protects Internet companies from the consequences of users’ actions, for a period of time, sharing sites would succeed in shielding themselves from legal liabilities for
user-related piracy. However, as Hao recalled, during the ongoing anti-piracy campaign, copyright owners successfully persuaded the court to constrict the premise of the provision. In this way, the application of the safe-harbor rule was made rather difficult in practice, and sharing sites could no longer easily cite it for protection.\textsuperscript{210} Thus, while state actions are important in translating foreign pressure into actual enforcement outcomes, the role of a market-driven system in prompting private individuals/corporations to think and act upon cultural products in an entrepreneurial way also needs to be recognized.\textsuperscript{211} Unfortunately, though, this “entrepreneurial governmentality” in relation to copyright works against the sharing spirits.\textsuperscript{212}

The pressure placed on the industry by advertisers and copyright owners was further strengthened by a tightening regulatory regime over online video. While a regulatory limbo in general before 2008, there were increasing signs in 2007 that the SARFT intervened more in the industry. In March 2007, the SARFT banned the online television station “China International Chinese Television Station” (www.ccztv.com), as the website illegally recruited reporters and engaged in unauthorized journalistic activities. This order came on the heels of a December 2006 SARFT order which imposed fines on 7 similar “online television” websites for providing online video services without a permit as well as engaging in illegal news reporting activities.\textsuperscript{213} While the blacklist, which mainly consisted of websites involving online television news programs, seemed less pertinent to entertainment-oriented video sites, the incident was still interpreted by the industry as a sign of tightening regulatory regime. As expected, in December 2007, the SARFT and MII jointly issued “The Regulations on Online Audiovisual Service” (hulianwang shiting jiemu fuwu guanli guiding), which came into effect as of January 2008.\textsuperscript{214} Commonly known as the Decree No.56, this document formally established the SARFT as the main regulator to administrate the online video industry, with the MII providing supplementary
regulation. Largely an update to the Decree No.39, the new regulation re-emphasized the licensing requirement for online video sites. It re-stipulated that only state-owned or state-controlled entities could apply for the “Online Audiovisual Broadcasting License.” The new regulation appeared to be a destructive blow to online video sites, which were mainly invested in by transnational capital. However, the actual enforcement procedures were more flexible. In practice, private video companies predating the introduction of the regulation were still allowed to apply for the license. Only sites established thereafter would be subject to the new ownership requirement. As existing market players were still allowed to apply for licenses, and small private players were less likely to enter the increasingly consolidating market, the ownership requirement was in fact not so much to limit the development of Internet economy as to encourage state-backed players to grab more market share. Probably due to this, the rule on ownership was in fact not strictly enforced in reality. For instance, the Baidu-owned iQiYi, established two years after the promulgation of the new regulation, operated without a license for two years and then successfully negotiated a license with the SARFT. More obscurely, according to Tao Fang, a government PR from the Sohu Video who specifically deals with SARFT officials, a few companies in the industry had even operated without a license by April 2014 and probably thereafter. Yet, the new regulation indeed raised a disturbance in the industry, as back then nobody could anticipate the actual pattern of enforcement or, for that matter, non-enforcement. The licensing system in 2008 was usually considered to accelerate industrial restructuring, as the regulatory barrier to entry would benefit large Internet companies and further drive small ones out of the market.

In addition to the license mechanism, attempts to tighten the content regulation regime were also obvious, although even a tightened regime was still incomparable to that of traditional
media, for instance, television drama production. In the new media industry, the party-state mainly relies on self-censorship and the professional ethics of the Internet companies. For instance, the “Outline of the Cultural Development Plan during the National 11th Five-Year Plan Period,” promulgated in 2006, required to “further strengthen the regulation of the new media communication” by highlighting the importance of “establishing norms for industrial self-regulation.” In sync with this principle, the Decree No.56 stipulated that online audiovisual service providers should provide legal records clear of offenses for at least three years in order to apply for the license, which explicitly implies a need of self-censorship. Unlike to close down the entire industry, the mechanism of self-censorship appeared to be an optimal choice for the SARFT to balance regulatory necessities and regulatory capacity in the face of numerous vernacular productions/pirate content. When Hu’s 2006 production “Terrorists of the Birdcage Mountain” caused concerns from the SARFT as to whether or not it should apply for relevant permits (e.g., “Permit for Film Screening”), some industrial practitioners already questioned the regulatory capability of the SARFT. As the founder of the video sharing site podlook.com Gu Shaofeng noted, “Current [surveillance] technologies don’t allow a real-time monitoring and filtering. If all videos circulated online are asked to apply for permits, the government will have to establish a huge censorship office. Otherwise, it doesn’t have time to censor most of the online content.” Thus, while the designation of a more permissive mechanism of censorship (i.e., self-censorship) might ultimately grow out of the Chinese state’s willingness to relatively loosen ideological control of the digital sphere, which prevents it from maximizing the political cost to impose an all-encompassing censorship, UGC makers and their evolving practices should also be an important force to be reckoned with.
In March 2008, half a year before the 2008 Summer Olympics in Beijing, the SARFT announced the results of its months-long inspection on numerous online video sites. As a result, it forced closure of video services on 30 sites and issued warning notices to 32 sites for its violation of the newly announced regulation; Tudou was included on the warning list. Besides the license issue, they were mainly punished for distributing obscenity, violence, and programs that endanger national interests.\(^{219}\) It has to be noted that the SARFT in fact cares less about copyright than politics and social management. The inspection was the SARFT’s first wide check of content on online video sites, which effectively established self-censorship as an industrial norm. Many companies began to establish or expand their censorship teams in order to receive their licenses.\(^{220}\) For instance, the “monitoring department” of 56.com was established after the industry-wide inspection ordered by the SARFT. While some companies such as ku6.com claimed practices of self-censorship predating the new regulation, they became more common after 2008. Unlike in the traditional media, self-censorship in the new media environment in fact allows much space for negotiation and maneuver, as I will more specifically discuss in the next chapter. In the traditional broadcasting industry, the SARFT itself monitors the entire process of production from preproduction to post-production, and the self-censorship of producers is effected and effectively sustained through a strict preventive censorship imposed by the SARFT. In contrast, in the new media industry, external censorship appears in the form of punitive, or ex post facto censorship. Punitive censoring events occur sporadically and are not sustainable over time. It might present short-lived efficacy, but operates less effectively in generating lasting self-censorship among industrial practitioners. After all, as Gary Stark notes, punitive censorship is a more permissive form of censorship.\(^{221}\) The point, however, is not only that such ex post facto censorship operates less effectively than the preventive one in enabling
self-censorship, but, more importantly perhaps, that, in the video case, the content passed through self-censorship is more socially and even politically engaged than traditional media except those extremely politically sensitive messages and “vulgar” content.

However, while a tightened video content regulation regime might not necessarily mean a drastic constriction in cultural outcomes, it did increase the operational cost of video sites, especially sharing sites, which had to deal with numerous content uploaded by the users. As it was almost impossible to outsource the self-censorship requirement to users, these sites had to censor UGC by themselves, which required quite an amount of investment in labor, technology, and associated materials. Companies such as Youku and 56.com developed intelligent software to automatically screen audiovisual content. However, manual censorship became necessary as politically transgressive messages (e.g., Falun Gong, Free Tibet) might be tactically inserted into an ordinary video, which must be watched, judged, and filtered by human beings. For instance, in 2007, a video showing American college students unfurling a “Free Tibet” banner on Mt. Everest was made onto the Chinese Internet. Consequently, major sharing sites established sizable internal censorship departments to squash politically transgressive clips and sexual content. Tudou and ku6.com reportedly employed over 100 workers dedicated to prescreen uploaded videos. 56.com, which was relatively smaller, was also staffed with over 50 censors. While in-house censors screened video clips by sampling and examining screenshots at various specified intervals, the entire setup including expenses on training and payroll significantly increased the operational cost of the sharing sites which were already enveloped by high bandwidth bills, legal penalties for copyright infringement, and meager advertising revenues.

In general, except changes in license and content regulation, the No.56 Decree was not considered as forceful by industry practitioners. However, it mediated a couple of issues
perplexing the industry, especially sharing sites, and thus accelerated the industrial
transformation. In fact, the industry has innovated a wide array of methods to reduce the
bandwidth cost. For instance, the reliance on CDN technologies accelerated video content
delivery to users and thus helped lessen sites’ bandwidth usage. In late 2008, sharing sites also
began to develop client software and incorporated p2p technology to both achieve product
diversification and reduce bandwidth pressure. Moreover, telecommunications infrastructure
upgrades also improved bandwidth capabilities, which produced incremental reduction in
bandwidth cost over the years. As of today, the bandwidth capacity of video sites has been
much improved to sustain high-quality online streaming. However, the complex interplay
between advertisers, copyright holders, and policy-makers forced the industry to transform
toward copyrighted professional content. By September 2008, it had become rather obvious that
the industry was downplaying the UGC model. In August 2008, Li Shanyou, the CEO of Ku6,
declared that: “Pure sharing sites will be abandoned.” Victor Koo also indicated that Youku
was downplaying UGC from early on. While users could still upload their productions, sharing
sites began to increasingly introduce copyrighted content. Tudou’s Black Bean channel was an
attempt. Youku reportedly teamed up with 268 mainstream television stations and film/television
production companies by the end of 2008. The transformation of sharing sites and the video
industry at large toward professional content initiates further industrial restructuring and a set of
new content strategies, which begins to actually restructure the process of cultural
production/distribution and reshape the popular culture landscape in China. This will be the
subject of the next chapter.
Conclusion

The Chinese Internet industry took off in the mid-1990s and underwent a rapid development into the 2000s. The formation of the early Chinese online video industry, however chaotic and difficult to define as it may appear, took place within the historical context when the Chinese state, media and telecommunications industrial structure, transnational and local capital, as well as popular needs all went through profound yet inter-related changes. Like the traditional broadcasting sector, which grew through the heavy hands of state agencies—above all, the SARFT, one should come to see the active regulatory and policy interventions of relevant state agencies (e.g., the MII, the SARFT, and copyright bureaus) in constituting the formation and transformation of the online audiovisual industry as well. However, one should also recognize the gap existing between the legal/regulatory realm and the actual enforcement process, which constitutes the defining feature of the regulatory regime in the digital media environment. For a period of time around the mid-2000s, online video sites, especially sharing sites backed by venture capital, became distributive platforms for numerous movies and television series largely unavailable from state-owned television stations. These commercial platforms were also seized by Internet users to publicize vernacular productions and popular criticisms. By and large, the state-led telecommunications infrastructural construction, transnational capital, and popular participation collectively sustained the operation of a digital cultural sphere that was substantially different from the one created by state television stations and private film/television production companies. More importantly, such a culture existed largely due to a regulatory limbo resulting from bureaucratic wrangling. It is rather obvious that early industrial formation pointed to a regulatory lag behind the flows of capital, technology, and (non-) copyright. Yet, it does not mean an absence of internal conflicts among capital, technology, and copyright. As discussed,
there were persistent conflicts between these parts across different domains. For instance, venture capitalists’ ambition to capitalize on UGC clashed with advertisers’ pursuit of professionally produced content. The interests of copyright owners were continuously eroded by venture-capital-backed video service providers. Even within video service providers, companies with rights fought against those without rights. The transformation of the industry toward a focus on professional copyrighted content was first and foremost shaped by struggles among different strands of power in relation to capital. The increasing intervention of the SARFT was important, but the impact was mediated by a number of issues internally growing out of the industrial operation such as a lack of sufficient advertising support and copyright infringement. As far as content is concerned, the establishment of self-censorship mechanisms in the industry did signal a tightening. However, it was not as stringent as some liberal discourses depicted, nor was it comparable to that in the traditional broadcasting system. Thus, in the online video sector, the role of market regulation itself appeared to be more effective and lasting in shaping industrial transformation. The SARFT’s regulatory pattern formed during this period was continued into the next round between 2010 and 2014.
3. Ibid.
5. Xiaoru Wang, “Behind the Great Firewall: The Internet and Democratization in China” (PhD diss., University of Michigan, 2009).
6. In 1998, as part of China’s first serious attempt to introduce institutional reform in relation to digital convergence, the MPT, along with the Ministry of Electronic Industries (MEI), was merged into a new Ministry of Information Industries (MII). In the same year, the Ministry of Radio, Film, and Television (MRFT) became the State Administration of Radio, Film, and Television (SARFT). The MII was further enlarged and became the Ministry of Industry and Information Technology (MIIT) in 2008. See Xiudian Dai, “Digital Inclusion: A Case for Micro Perspectives,” In Gillian Youngs, ed., Digital World: Connectivity, Creativity and Rights (Abingdon, Oxon: Routledge, 2013): 34-51. In this chapter, the ministry is referred to as MPT before 1998, MII between 1998 and 2008, and MIIT after 2008.
9. See Eric Harwit, China’s Telecommunications Revolution; Richard Cullen and D. W. Choy, “The Internet in China”.
10. Eric Harwit, China’s Telecommunications Revolution.
11. Xiaoru Wang, “Behind the Great Firewall: The Internet and Democratization in China”.
13. VNET, “Toushi IDC” (A Deep Analysis of the IDC Industry), Computer World, Month (N/A). Date (N/A), 2000.
14. Tong Ming et al., “IDC shichang jiujing you duoda?” (How Large is the IDC Market?), China InfoWorld, Month (N/A). Date (N/A), 2000.
16. VNET, “Toushi IDC”.
18. As the MEI was merged with the new MII in 1998, Jitong was also absorbed along with the rest of the MII into the MII, meaning that Jitong’s ChinaGBN also came under the MII authority.
19. Eric Harwit and Duncan Clark, “Government Policy and Political Control over China’s Internet”.
21. Hongbin Gao, “The Present and Prospect of China Internet Data Center”.
22. Song Xihong, “IDC haineng daba zhuankan ma?” (Can IDC still make money?), China Business Journal, Month (N/A). Date (N/A), 2000; Tong Ming et al., “IDC shichang jiujing you duoda?”
23. Tong Ming et al., “IDC shichang jiujing you duoda?”
24. Song Xihong, “IDC haineng daba zhuankan ma?”

Ibid.

Tong Ming et al., “IDC shichang jiujing you duoda?”

Personal interview with Gan Fei, April 13, 2014; Personal interview with Wen Man, April 23, 2014.


Eric Harwit and Duncan Clark, “Government Policy and Political Control over China’s Internet”.

The State Council, “hulianwang xinxi fuwu guanli banfa” (Measures for the Administration of Internet Information Services), accessed May 13, 2014, China InfoBank.


The State Council, “hulianwang xinxi fuwu guanli banfa”.


“China’s Murky Ownership Rules: Who Owns What?”

Bill Dodson, China Fast Forward: The Technologies, Green Industries and Innovations Driving the Mainland’s Future (Singapore: John Wiley & Sons, 2012.).


“Local Investors Miss out on Sizzling Chinese Tech Stocks.”


“China’s Murky Ownership Rules: Who Owns What?”

Ibid.


More and more critical political economists begin to realize that the class struggle today is one between a global elite class and the dispossessed majority. Restructured networks of power across nations have linked the new rich in China, India, and elsewhere to their counterparts in the US and Europe. This process is aimed at creating a global labor market. See Mosco, The Political Economy of Communication.

Richard Cullen and D. W. Choy, “The Internet in China”.

For more discussions on the relationship between socialism and nationalism, particularly within the Chinese context, see Paul Mattick, “Nationalism and Socialism,” American Socialist 6, no. 9 (Sept. 1959): 16-19; Yong-Nian Zheng, Discovering Chinese Nationalism in China: Modernization, Identity, and International Relations (Cambridge: Cambridge University Press, 1999); Suisheng Zhao,

54. The CCP Central Committee, “Zhonggong zhongyang guanyu zhiding guomin jingji he shehuizhida fuzhan dishege wunian jihua de jianyi” (Circular on Making the Tenth Five-Year Plan for National Economy and Social Development), accessed May 15, 2014, China InfoBank.


68. “10 Years of Podcasting, Adam Curry, and the Beginning of Tudou (and Twitter) | Vancouvered Weblog.”


71. Yang Linhua, “Rongzi guanjun tudou wang: shizhong jianchi ‘caogen dajuchang’”.

72. Ibid.

73. The number of broadband users in China was 163 million in 2007, which accounted for 77.6% of the Internet users in total. See the CNNIC, The Statistical Reports on Internet Development in China (CNNIC, 2008).

74. Yang Linhua, “Rongzi guanjun tudou wang: shizhong jianchi ‘caogen dajuchang’”.


76. Personal interview with Gan Fei, April 13, 2014; Personal interview with Wen Man, April 23, 2014; See Also Li Xinyuan, “Zaixian shipin fenxiang ni de jingcai” (Online Video Emerging for Self-Expression), Computer World, August 14, 2006.
79. Li Min, “Zhongguo de ‘YouTube’ men zai guanwang” (Chinese ‘YouTube’s are waiting), Computer World, October 16, 2006.
80. Li Xiaoyan, “Fengxian touzi buqi shipin wangzhan; Xuxin biaotai ‘yang ta sannian’” (Venture Capitalists Promise to Stay with Video Sites for Another Three Years), 21st Century Business Herald, October 12, 2007.
82. In terms of business model, as mentioned earlier, VOD service providers mainly rely on subscription and to a less extent advertising. In contrast, p2p live streaming relies on advertising, although it proves to be rather difficult, as I will elaborate later.
85. Ibid.
87. See e.g., Jeroen de Kloet, China with a Cut: Globalization, Urban Youth and Popular Music (Amsterdam: Amsterdam University Press, 2010).
92. Angela Xiao Wu, “Piracy Cultures| Broadening the Scope of Cultural Preferences: Movie Talk and Chinese Pirate Film Consumption from the Mid-1980s to 2005”.
94. Shujen Wang, Framing Piracy: Globalization and Film Distribution in Greater China (Lanham, Md.: Rowman & Littlefield, c2003.).
95. Ibid.
96. Angela Xiao Wu, “Piracy Cultures| Broadening the Scope of Cultural Preferences: Movie Talk and Chinese Pirate Film Consumption from the Mid-1980s to 2005”.
97. Ibid.
99. In the late 1970s and early 1980s, foreign and gangtai pop stars and celebrities in different kinds of popular media were the models for imitation in the Chinese society. The flared pant was an icon of popular culture in the late 1970s and early 1980s. Young people in the late 1970s modeled after the newly introduced foreign and gangtai pop figures and led the nation in wearing flared trousers. Flared trousers quickly became a contentious site involving power struggles. The fact that men and women wore those pants upset the older generations, who felt the pants were offensive. In the eyes of the elderly, people wearing flared pants were definitely hooligans. Wearing flared pants was even escalated into a political
issue. Those fashionable youth were seen as seekers of “bourgeois lifestyle” who needed to be saved. There was a time when teachers would wait in front of the school gate and cut those bourgeois pants legs. See “Shenti jiefang de biaozhi: Laba ku” (An Icon for Body Liberation: The Flare Pants), accessed September 25, 2013, http://sh.eastday.com/qtmt/20081015/u1a486679.html.

100. The “Mark glasses” was a cultural phenomenon derived from *Man from Atlantis*, the first American television series officially imported and shown in China in 1980. With Deng’s reform, science research began to get attention in the country, and the import of this science fiction television series could be understood within this context. In the series, the character Mark Harris must wear special Dichroic lens glasses to protect his sensitive eyes from the ultra-violet rays. With the popularity of the television series, people began to model after the glasses worn by Mark Harris, and his glasses were called “Mark glasses.” See Tang Yuankai, “Finding ‘Friends’ -- Beijing Review,” accessed November 17, 2014, http://www.bjreview.com.cn/quotes/txt/2014-03/01/content_600088.htm.

103. Ibid.
107. Ibid.
110. Bingchun Meng, “From Steamed Bun to Grass Mud Horse: E Gao as Alternative Political Discourse on the Chinese Internet”.
112. Shujen Wang, *Framing Piracy: Globalization and Film Distribution in Greater China*.
114. Ibid.
115. Angela Xiao Wu, “Piracy Cultures| Broadening the Scope of Cultural Preferences: Movie Talk and Chinese Pirate Film Consumption from the Mid-1980s to 2005”.
120. Personal interview with GB, July 19, 2014.
121. Yang Linhua, “Rongzi guanjun tudou wang: shizhong jianchi ‘caogen dajuchang’.”


125. Ibid.


127. Personal interview with GB, July 19, 2014; Bingchun Meng, “Piracy Cultures|Underdetermined Globalization: Media Consumption via P2P Networks”.


133. Personal interview with Guan Tong, June 27, 2014.


135. The State Council, “hulianwang xinxi fuwu guanli banfa”.


140. Li Hongmei, “Parody and resistance on the Chinese Internet”.

141. The SARFT, “hulianwang deng xinxi wangluo chuanbo shiting jiemu guanli banfa.”

142. Ibid.


152. Huang Sha and Rao Yufeng, “Ziben juanqi wangluo shipin di’erci langchao”.
154. Ibid.
156. Ibid.
158. Personal interview with Hao, April 16, 2014.
163. Liao Wei, “Wangwei naixin zhong ‘tudou’”.
169. iResearch, China Online Advertising Research Report (iResearch, 2006).
172. iResearch, China Online Broadband Research Report.
173. Li Xiaoyan, “Fengxian touzi buqi shipin wangzhan; Xuxin biaotai ‘yang ta sannian’” (Venture Capitalists Promise to Stay with Video Sites for Another Three Years), 21st Century Business Herald, October 12, 2007.
174. Li Guoxun and Rao Yufeng, “Shipin wangzhan de yingli tuwei”.
175. Ibid.

179. Zhou Zhijun, “Pinpin qianshou dianshiye; shipin wangzhan qiangzhan neirong ‘lanhai’”.


184. Ibid.


186. Ibid.


189. “Illegal publications” refer to those deemed “anti-government” and “anti-Party”, but also include copyright-infringing publications such as pirate VCDs and DVDs. See Andrew Mertha, *The Politics of Piracy: Intellectual Property in Contemporary China*.


194. Personal interview with Hao, April 16, 2014.


196. “Leshi chaoji dianshi: Meilaoban baozhuang chu de disanjia shangshi gongsi gainian.”

197. Personal interview with Hao, April 16, 2014.


204. Personal interview with Hao, April 16, 2014.
206. Liu Jun, “‘Fandaoban lianmeng’ jiang qisu tudouwang”.
211. Lucy Montgomery, *China’s Creative Industries: Copyright, Social Network Markets and the Business of Culture in a Digital Age* (Cheltenham, UK: Edward Elgar, c2010.).
212. Ibid.
214. The SARFT and MII, “hulianwang shiting jiemu fuwu guanli guiding” (The Regulations on Online Audiovisual Service), accessed May 15, 2014, China InfoBank.
216. Personal interview with Tao Fang, April 24, 2014.
217. The General Office of CCP and State Council, “‘shiyiwu’ shiqi wenhua fazhan guihua gangyao”.
218. Yang Xiaqing, “Wangluo shipin jianguan nanti”.
225. Personal interview with Wen Man, April 23, 2014.
Chapter 3: Competing State Television Stations: Content Strategies of the Online Audiovisual Industry

The transformation of the online audiovisual industry toward professionally produced and copyrighted content has become an irreversible process since 2008. Imported foreign programs, self-produced web soaps, and a reliance on PGC all become serious attempts of video sites in the more recent period. As all these happen, online streaming video in fact transforms from a technology of distribution into a technology of production. Content strategies of the online audiovisual industry since 2009/2010 are the focus of this chapter. It begins with a brief overview of the industrial restructuring and consolidation since 2009/2010, and then moves to discuss three main content strategies of major video sites: foreign import, in-house productions, and PGC. The section on foreign import begins with a brief discussion of video sites’ copyright acquisition of domestic television serials/movies in 2009 and 2010, which serves to contextualize video sites’ foreign move. It then examines video sites’ import of foreign programs by focusing on US films and television series. The section on in-house productions foregrounds video sites’ transformation from a distributive technology to a productive one by focusing on the development of web soaps and talks shows. The section on PGC analyzes the process in which former UGC is institutionalized as part of video sites’ content provision, a process deeply intertwined with the professional turn of video sites.

In all three sections, I detailed the configuration of the Chinese state in the aforementioned cultural processes. The chapter concludes that the rise of online video has brought about an alternative network of distribution and production to the state-TV-station-centered mode of cultural provision, and produced a digital cultural sphere with distinct ideological features. For instance, to attract traffic, video sites’ in-house productions explore all kinds of content that might cater to popular needs not met by a heavily politicized television
culture. They thus produce a hodgepodge of both excessive exhibition of “vulgarity” such as violence, sex, and extravagant lifestyles and parodic exposure of disturbing phenomena such as corruption, abuse of power, and even hyper-commercialization of which they are a part. In the latter sense, video sites’ in-house initiatives share similar kinds of aesthetic and ideological orientations to a piracy-based evolving Internet culture including UGC, fansubbing, and online novels. Likewise, as former UGC is slowly transformed into PGC, the once anti-establishment stance which helped build the reputation of former amateur producers now turn into rhetorical legacies they exploit to fulfill their economic interests in the professional context. Therefore, like video sites, the production of PGC is not sustained by any unifying political ideologies. Or rather, it might only be sustained by the ideology of making profits. In this sense, transformed UGC makers reach a tacit collusion with the dominant cultural economy. While the intentions behind the representations are not political or at the very least ambiguous, the most immediate consequence of these cultural processes to the cultural provision at large is that they do reshape the state-TV-station-disseminated popular culture in terms of quantity, variety, and nature. The development of the digital cultural sphere, interestingly, is subject to a relatively lax content regulatory regime in the digital context in comparison with the traditional television industry.

**The Rise of the Five Video Giants**

The industry has gone through substantial restructuring in terms of both business model and delivery technology since 2008. The VOD model has experienced an inevitable decline since the mid-2000s due to the unattractive subscription model. Major VOD companies such as joy.cn began to transform into video portals by taking advantage of their copyright collections. One of the most competitive market players in this process was LeTV. By 2009, it developed mixed
businesses of ad-supported free content and subscription-based services. LeTV constantly exploited its history as a former SP/CP supplier for telecom operators in its process of transformation. Sharing sites were portals from the outset in terms of the realization of the streaming technology. They retained the portal operation, but transformed from UGC/piracy to professional content/copyrighted materials. Those p2p live streaming companies underwent the same process of transformation toward copyrighted professional content. However, they were slowly defeated by video portals. Wen Man, the software engineer from a prominent web portal, attributed this to the laziness of the mass audience. With p2p live streaming, one has to download a small application to the local computer. As no company monopolizes all content on the market, one has to download another application if the one at hand couldn’t satisfy the user needs. The direct and easy features of video portals free users from all these hassles, and thus become a more popular way to realize streaming technology.\(^1\) While dominant p2p live streaming service providers such as PPLive (renamed to PPTV in 2010) were still alive, newer market entrants tended to choose the path of video portal. Copyrighted content delivered via video portals quickly established itself as a prevailing direction in the industry, particularly in the years of 2009 and 2010.

First, major web portals setting foot on the online video market adopted this model. \textbf{Sohu.com} was the most aggressive. Sohu’s history with video could be dated back to 2006 when it was selected as the World Cup 2006 exclusive online video content portal partner by \textbf{SMGBB.cn}, a SMG subsidiary.\(^2\) While mainly an online sports content provider, Sohu redefined its video sector as one intersected in online entertainment and visual media in August 2009.\(^3\) Following it, Sohu reportedly began to acquire new media rights of domestic television dramas, shows, and films, and actively participated in various kinds of cyberspace anti-piracy campaigns.
In addition to the “China Online Video Anti-Piracy League” in September 2009, Sohu signed an agreement with Ku6.com in setting up a fund of US$10 million to buy licenses and stream Hollywood movies and television shows on their websites in December 2009.\(^4\) As a relatively new entrant to the market, Sohu’s high-profile propagation of its copyright awareness and furious attacks toward fellow players such as Youku were widely believed to be a set of well-designed PR events in drawing public attention and building brand image.\(^5\) As Sohu opened fire on Youku, Youku counter-charged Sohu for defamation and exposed the pirate content intermingled in its provision.\(^6\) Sohu experienced a rapid rise through all the hype. In additional to web portals, the search giant Baidu established its online video venture, qiyi.com,\(^7\) to provide licensed, advertising-supported video content in early 2010.\(^8\) Less than one year later, the largest Internet service portal Tencent, which then already offered video services with its live streaming software QQLive, launched an online streaming video site by incorporating the QQLive service.\(^9\)

It seems that the enthusiasm of large Internet companies was not curbed by the fact that the industry was still unable to profit at the time. The successive moves of Internet giants into the video business were believed to be for long-term strategic considerations instead of short-term purposes of profits.\(^10\) After all, as Charles Zhang, the CEO of Sohu.com, firmly believed, the future of the Internet is the future of video and entertainment.\(^11\)

The consecutive emergence of strong competitors backed by Internet giants suggested a further process of market consolidation. There were hundreds of video companies in 2006, and there were reportedly only less than 20 mainstream ones by the end of 2011. With inter-institutional competition along various fronts including fund-raising, technology, advertising, content, and policy support, there was a reshuffle in the rankings among existing and new market competitors. Youku and Tudou remained the leading enterprises in the industry. In December
2009, Youku raised US$40 million in the Series E funding from its existing investors including Chengwei Ventures, Brookside Capital, Maverick Capital, and Sutter Hill Ventures, and was also in active discussions to raise another US$40 million from other potential investors. In July 2010, Tudou also completed its fifth round of equity financing, with up to US$50 million raised from Singapore’s Temasek Holdings and its previous investors. As some VC analysts pointed out, it is rather rare to initiate five rounds of financing within three years, which would heavily dilute shares of the existing management team; oftentimes series C and series D funding rounds already correspond to pre-IPO expansion. The initiation of series E and perhaps even a series F funding round demonstrates the heavy reliance of video sites on capital, which only confirms the video business as a game of the rich. Youku successfully listed on the NASDAQ in late 2010, one year after its last financing round. On a similar pace, Tudou launched its IPO in the US in August 2011. Seven months later, in March 2012, Youku and Tudou merged, making it the unquestionable leader in the industry.

The once-leading 56.com experienced constant declines after 2007. In particular, in 2008, 56.com committed a fatal blunder in self-censorship, which caused a forced suspension of video service for about one month around June. In short, 56.com innovated an online recording and publication system, through which users could experience an immediate publication of anything they recorded with a webcam and a microphone. It was revealed by a 56.com staff that these productions were not censored, and offensive content went public through the system. The temporary closure caused a tremendous loss of users. The political insensitiveness, slow responses, and unsatisfactory PR performance of the management team, as well as the political risks involved, also prevented VCs from further investments. In September 2011, the company was sold to the social networking site Renren at US$80 million. Ku6, another company on
which expectations were once placed, was acquired by Shanda in an all-stock deal in late 2009.\textsuperscript{21} Other once-flourishing ones went down in rounds of competition and eventually withdrew from the market. For instance, 6.cn transformed into an online performance service provider (xiuchang) in late 2010.\textsuperscript{22}

Newer entrants backed by large Internet companies such as iQiyi, Tencent Video, and Sohu Video developed quickly. Baidu acquired PPS for US$370 million in 2013, making it a sub-brand under iQiyi.\textsuperscript{23} And for years Sohu was linked to a potential PPTV takeover in the industry. LeTV took an alternative path into the first tier. Neither an early market entrant like Youku nor a company with strong backers like iQiyi and Tencent Video, LeTV exploited its connection with the telecom sector and its copyright collection. LeTV launched its IPO in SSE in 2010 and became the first publicly listed online video company in China. Benefiting from monopolistic control over the industry bottleneck of copyright, LeTV is oftentimes considered as a deviant in the industry. The industry has since been increasingly dominated by Youku/Tudou, iQiyi, Tencent Video, Sohu Video, and LeTV over the past few years.

The seeds of this pattern were largely sown in 2009 and 2010. If technology/bandwidth constituted the first bottleneck in determining the circulation of power in the industry in the earlier period, copyright became another crucial one during these two years. Critical perspectives tend to unravel the institutionalized distribution of power in media industries by focusing on the structural process of control over industry bottlenecks, or in other words, access to scarce resources.\textsuperscript{24} Nicholas Garnham argues that, as cultural business is as much about “creating audiences” as it is about “producing cultural artifacts,” distribution is the bottleneck resource characterized by the highest level of capital intensity, ownership concentration, and multinationalization.\textsuperscript{25} The logic of the Chinese state in monopolizing distribution in the traditional
television market so as to achieve both control and profits seems to echo this argument. A more technology-optimistic line of thinking contends that the advancement and abundance of distribution technology would aggravate the devaluation of distribution in the media value chain and eventually eliminate the distribution bottleneck. This would induce a process of value shift where profits would move upstream from distribution to the production of content. As Todreas puts it, “Conduit will resemble a commodity while content will have the opportunity to create branded, high-value-added products.” As this happens, intellectual property will become a crucial asset for cultural business, moving power in the industry from other value chain activities (e.g., the distributor’s ability to reach mass audience) to the producer’s ability to attract a mass audience.

The case of Chinese online audiovisual industry precisely speaks to this process. The proliferation of early video sites as distribution platforms devalued the functionalities of distribution and activated the process of competition over content, and by norms of contemporary capitalist operations, licensed content and thus copyright. Copyright/content replaced bandwidth as the industry bottleneck at the more sophisticated stage of industrial development, which largely led to an industrial restructuring around 2010 and thereafter. As the industry experienced an accelerated process of consolidation around 2010, major barriers to development moved away from capital, technology, and policy to content and advertising (the capability to monetize traffic). In terms of capital, top competitors are either listed companies, which have much more legal and viable financial channels, or companies backed by listed Internet giants. Technologically, bandwidth concerns have become increasingly subdued. Moreover, with the promulgation of the Decree No.56 in 2008, the uncertainty in policy is also no longer a concern to the industry. Industrial competition thus concentrates on content
innovations and the consequent advertising performance. This competition immediately began with rights acquisition of external content. As an incomplete process, it then moved further from rights acquisition to actual production, which indicated a trend of vertical integration, a trend becoming increasingly prominent after 2010.

**Foreign Import: A Case of Hollywood**

In the prolonged war in copyrighted professional content, video sites’ most immediate target at the beginning was domestic television serials and movies produced by private film/television production companies. The price of exclusive online streaming rights of domestic cultural products soared as the competition intensified. As Hao recalled, the price of online streaming rights was quite affordable before 2009. In 2006, LeTV acquired the exclusive online streaming rights of the 81-episode hit alternative martial arts television sitcom, My Own Swordsman (*wulin waizhuan*), for only RMB100,000, which meant less than RMB1,300 per episode. In late 2008, it acquired the streaming rights of another 30-episode hit television serial *Lurk* (*qianfu*) for about RMB10,000 per episode. The price began to rise at the time, but was still affordable. The average price throughout 2008 was about RMB5,000 per episode. Compared with the money paid by television stations, revenues from video companies, according to Hao, were insignificant to production companies. In fact, at the time, online sites were at the end of the copyright value chain, respectively behind satellite television, terrestrial television, and audiovisual publishers. The pursuit of licensed content by the video industry quickly pushed the price up. The price markedly increased in 2009. In early 2009, the price to the streaming rights of most television serials was still under RMB10,000 per episode. Later in the year, the price of The Qin
Empire (*daqin diguo*) rose to RMB25,000 per episode. As the price surpassed the threshold of RMB10,000 per episode, video sites began to defeat the rivalry from audiovisual publishers. By the end of the year, the average price soared to RMB80,000 per episode, and the price for the hit production *The New Three Kingdoms* (*xin sanguo*) ran up to RMB280,000 per episode. By mid-2011, the price to stream a popular television serial exclusively online would cost at least RMB10 million. In June 2011, for instance, Sohu Video secured the exclusive new media rights to the 96-episode *The New My Fair Princess* (*xin huanzhu gege*) for RMB30 million, which meant a unit price of about RMB300,000 per episode. Concurrently, LeTV bought the 46-episode *The Harem* (*hougong*) for RMB20 million; PPS acquired the 35-episode *The Beauties* (*wang de nvren*) for RMB22 million; and Youku landed the digital syndication rights to the 33-episode production *Allure Snow* (*qingcheng xue*) for RMB25 million. The war of rights in 2011 concluded with iQiyi’s acquisition of the exclusive streaming rights to *The Secret History of Princess Taiping* (*taiping gongzhu mishi*) for a price of RMB50 million.

From 2006 to 2011, the industry experienced a rights inflation by nearly one thousand times. While the ruinous price war began to subside in 2012 with a collusive agreement among monopolistic competitors, it quickly and firmly established video sites as a valuable link in the content distribution chain, ranking second only to satellite television. This process, to some extent, replicates the commercial history of satellite television. In the traditional television market, terrestrial television stations once enjoyed halcyon days. With the accelerated process of commercialization, advertisers’ appetite for a national market fueled the rapid development of satellite television, which quickly outmaneuvered terrestrial television in almost every aspect. The rise of video sites seems to tell another story of the commercial triumph of the trans-territoriality embedded in certain media technologies and institutions.
Domestic television serials video sites acquire are basically those aired by television stations. Due to overproduction, each year there are numerous serials that fail to make their way to television screens. Yet video sites seldom consider these overstocked products even when they were still unattractive buyers to production companies. According to Hao, at the beginning, video sites purchased any available serials from the vast amount shown by state television stations. They became increasingly fastidious as they gained more leverage with rising buying power. Eventually they focused only on primetime shows/serials aired by top-performing satellite television channels such as Hunan TV, Anhui TV, Jiangsu TV, Shanghai Dragon TV, and sometimes Zhejiang TV. The reason for this is rather simple and practical. As Hao put it, buying television serials to be aired on television, video sites could maximize their traffic following pre-show publicization done by television stations. Video sites would also maximize the economic value of digital rights in rights redistribution, resale, and transfer. Thus, video sites would not buy television serials that fail to attract television stations. They eventually focused on top satellite television channels because, as the most commercialized players in the national television market, these channels appeal to young audiences, which video sites also want to attract. Therefore, in terms of domestic television serials/shows, video sites basically stream a subset of the content aired by top provincial satellite channels. However, while the version aired on television might more or less go through SARFT-required excision and reedits, the same television serial sold to and streamed via video sites is often the undeleted version by exploiting the relatively lax content regulatory regime in the digital context which I will elaborate later.

Since 2011, “broadcast-Internet syndication” (wangtai liandong) has become a trendy slogan in the industry. It refers to a set of collaborative strategies in production, distribution, marketing, media development, and brand building between television stations and video sites by
combining the complementary advantages of the two. This practice has been particularly applied to publicize television serials and large-scale reality shows, which satellite television channels and video sites syndicate.\textsuperscript{41} The overwhelming majority of television audiences are middle-aged or older, and geographically based in second- and third-tier cities and the vast suburban and rural areas. In contrast, video sites attract the vast young population including students, professionals, and migrant workers in first-tier cities. The “broadcast-Internet syndication” is believed to effectively popularize media content and encompass a composite national audience so as to achieve a resonance effect and maximize the commercial value of media content.\textsuperscript{42} While publicization by television stations could introduce audiences to video sites, the increasing influence of video sites are also expected to bring audiences to television. Video sites’ acquisition of domestic television serials tells that distribution channel diversification would not necessarily lead to diversity in content. In contrast, in an ad-supported commercial system, it can only lead to a further prioritization of and concentration on a few productions judged as valuable by advertisers. The proliferation of distribution channels only contributes to the all-encompassing propagation and permeation of commercial symbols and images in everyday life. This is becoming the defining feature of the recent cultural and social life in China.

Likewise, video sites’ pursuit of professional content also led to a price increase in digital distribution rights of domestic movies. It also partially contributed to transforming the release window sequence in Chinese film. Traditionally, the release window sequence consisted of movie theaters (theatrical window), DVD releases (the audiovisual publishing window), paid TV release, and the free-to-air release.\textsuperscript{43} Historically, the paid TV market developed very slowly in China.\textsuperscript{44} Therefore, as video sites became a new player of the game and hoped to move upward the window sequence, their most immediate rivals were audiovisual publishers, although in
reality both were the *victims* of piracy. According to Hao, oftentimes when a movie is released through theaters, the camcorder-recorded version with low image quality taken in theaters (*qiangban*) quickly becomes available online. After the DVD release which is normally four weeks after the theatrical window, the high-definition pirate copy is made available online, which makes the digital release two weeks later difficult if not impossible to profit from. To defend their interests, video sites first persuaded right owners to grant anti-piracy rights to them immediately following the DVD release. Later, video sites succeeded in syncing the release with audiovisual publishers with increasing buying power.$^{45}$ This signals an accelerated dying of the DVD market. The shrinking of the DVD market has been a global trend. In China, it is further aggravated by piracy. While the sign of a declining DVD market already emerged one decade ago due to both physical and digital piracy, the rise of video sites, which offer to stream HD movies at a rather low fee (normally RMB5), accelerates its decline. Today, the traditional window sequence has been replaced by a “movie theaters-video sites/television (paid/free)” arrangement, with the digital release window being reduced from two months to one month, half-a-month, and even zero.$^{46}$ In fact, according to some more cynical views, the pay TV and DVD windows in China never actually exist due to piracy and weak copyright awareness. Over the years, the release window was a battlefield in which escalating power struggles between exhibitors, digital distributors, and film studios played out. Similar patterns of struggle could also be found in changing Hollywood release windows in China, which I will turn to soon. Like video sites’ rise on the television drama sales market, the window sequence transformation further demonstrates video sites’ increasing power on the domestic cultural market.

As the competition over content became white-hot, video sites inevitably turned to foreign programs. In the case of American movies and television series, LeTV in fact began to
build contacts with sales representatives of Hollywood majors in Beijing as early as before 2008.\textsuperscript{47} However, according to Hao, it was rather difficult to advance cooperation with the “big six”. In our conversation, he frequently used the term “tough” to describe his contacts with major Hollywood studios.

First, as a notorious market for piracy, Hollywood majors were very cautious in setting foot in the Chinese digital market. Second, Hollywood majors run an established and complex system of release windows and pricing, and at the beginning they were reluctant to adjust it to the specificities of the Chinese market, especially the new media environment. As Hao elaborated, most of Hollywood majors’ productions cannot be streamed for free, which makes it less appealing to Chinese audiences who have been accustomed to the availability and affordability of cultural products enabled by piracy. In addition, Hollywood majors required a six-month release window for Chinese video sites following the North American release. This made video sites grumble. The system of release windows is economically exploitable only to the extent that leakage or piracy from the preceding window does not undermine revenue streams from subsequent windows, which requires calculations of an optimal windowing strategy taking into account of various practical factors such as the geographical extent, the duration of release in each window, and the price charged for that release.\textsuperscript{48} However, piracy, digital piracy in particular, in developing markets like China undermines the logic of windowing. As Michael Curtin points out, Hollywood’s windowing strategy for profit maximization is built on the widely shared assumption that audiences are more likely to go to theaters if they know that the movie won’t be available via DVD rentals for six months or via cable for nine months.\textsuperscript{49} Yet, in a media environment known for piracy, the long gap between a movie’s theatrical release and its debut through other channels makes people turn to pirate consumption. Thus, the anticipated
economic loss caused by piracy partially prevented video sites from signing contracts with Hollywood majors. As Hao playfully argued, “High-definition pirate copies are available one or two months after the theatrical release…who will pay to watch the movie after six months?”

Hollywood majors were highly aware of the situation, and their interests are also connected to Chinese video sites because, if teaming up with the latter, they would make money not only through rights sales but also a pay-per-view (PPV)/subscription revenue-sharing mechanism. However, the nascent formal digital cultural economy amid rampant piracy in China at the time was apparently not appealing enough for Hollywood majors to make changes; after all, the advancement of the release window would not increase their revenues, if not hurting their economic interests.

Last, like the segregation of the global market geographically (e.g., the regionally-encoded DVD) and technologically in order to increase the scope and extent of price discrimination, Hollywood majors classify their vast amount of content collection according to the release date and practice a differentiated pricing strategy toward different periods. Chinese video sites were held back by the prohibitively expensive price set by Hollywood majors. Being increasingly experienced in filing anti-piracy lawsuits domestically, video sites once attempted to induce Hollywood majors to decrease the price by offering local anti-piracy services. This attempt, as Hao put it, was also part of video companies’ PR strategies: “If one company can get anti-piracy rights from Hollywood majors, it can do a lot of things under the name of Hollywood.” However, as the Motion Picture Association (henceforth MPA) monopolizes overseas anti-piracy programs for the American motion picture, home video, and television industries, efforts along this line were suspended as well. Given the ineffectiveness of the MPA programs in China, video sites even aligned with Hollywood majors’ local representatives to
persuade higher-level authorities and negotiate anti-piracy rights. Yet, as Hao described it, those energies quickly vanished in the multilayered bureaucratic operations of the colossal transnational media conglomerates. Interestingly, Hao frequently used the term “bureaucratic” to describe Hollywood majors and compared them to Chinese SOEs: “It is so difficult to deal with the ‘big six’. Chinese film market develops very quickly, and we want changes to be made as soon as possible. But Hollywood majors are very bureaucratic…slow in change, long in procedure, very rigid and inflexible…” Hao’s perception precisely points to an inflexible managerial control and ownership of global Hollywood against its flexible production and labor regime. Meanwhile, seemingly Hollywood’s more enterprising and responsive Chinese counterparts at the junior stage of the capitalist development do not share the same market ethos with the US/transnational monopoly capital.

These prohibitive barriers set by Hollywood majors gradually became less unacceptable to video sites. As industrial competition intensified, the acquisition of Hollywood content, which is commonly considered as part of the high-end cultural experience in China, became an imperative to video companies for both immediate needs and long-term development. The acquisition of American television series, in particular, was impelled by advertisers. According to an industry anecdote, Sohu Video’s initial acquisition of American television series in late 2009/2010 was precisely initiated by advertisers’ designation of Big Bang Theory (Warner Bros.) as the show to place ads. Its initial purchase of Lost in 2009/2010 was also first acknowledged by Mercedes-Benz and other high-end advertisers. Audiences of US television series, while small in number at the time, were generally well-educated, well-paid, and well-employed, and thus highly valued by advertisers, especially by high-end clients such as luxury brands, cars, and high-tech gadgets. For instance, the monthly household income of 22.6% of the Lost audience
in China was estimated to reach above RMB10,000 (about US$1,500) in 2009/2010, which was much higher than the average monthly family income of RMB 1,750 in urban areas and RMB500 in rural areas in the same year. This audience composition also largely differed from audiences of domestic and Korean serials, and thus greatly appealed to advertisers like Mercedes-Benz. As an overseas content staff at Sohu Video revealed, while Sohu Video was only authorized to stream the series for 10 months, it recouped the cost in rights acquisition and was even able to share advertising revenues with ABC Studio. By then, video sites were not yet able to profit from domestic television serials. US televisions series as a relatively higher ground of commercial legitimacy as judged by advertisers thus drove video sites. Video sites acquired US television series mainly to pursue high-end advertisers. As Hao admitted, “We used to sell ad spaces to low-end brands…Buying US television series was a strategy to target high-end audiences in first-tier cities…attract high-end advertisers…abandon the diaosi image of the company, and optimize advertising sales.” Major advertisers placing ads along US television series online today include BMW, Mercedes-Benz, Cadillac, Chanel, Dior, Gucci, VISA, Intel, Microsoft, and Samsung. The legal journey of US television series in China well proves Herbert Schiller’s observation that the spreading of US commercial culture is largely driven by the global viability of MNCs/TNCs which heavily depends on advertising.

On the other hand, Hollywood majors began to develop growing interests in the Chinese new media market, as online video companies actively integrated themselves into the copyright-based cultural economy. Chinese video sites-Hollywood nexus grew out of this mutual accommodation. LeTV, for instance, inked a five-year digital deal with Sony at an annual growth rate of 12% in 2010. Following this, it teamed up with other majors through various contract types such as “three years plus one” and “two years plus one”. The contract sets forth a stipulated
number of hours of old and new content LeTV should buy from Hollywood majors each year on
completion of the agreement. Specifically, LeTV purchases all new releases produced by each
contracted major studio in a year; the number fluctuates from several titles to 20 according to the
productivity of the studio. It could then select movies from Hollywood majors’ old collections.
In total, LeTV acquires up to about 100 movies from one studio every year. In addition to the
one-time fixed purchasing expense, Chinese video sites and Hollywood majors share revenues
generated from PPV/subscriptions. In addition to movies, LeTV acquires about several
hundreds of episodes of US television series from each major studio every year. With television
series, LeTV shares advertising revenues with Hollywood studios. Following Sony, LeTV
successively signed contracts with Paramount Pictures, Universal Studios, etc. In addition to the
“big six”, LeTV also had different degrees of cooperation with MGM, Lions Gate, Miramax
Films, etc. The cooperation with Hollywood was certainly an industry-wide practice. For
instance, Sohu Video inked a contract with Warner Bros. in 2009 and cooperated with Disney in
2010. Later, it became the first partner of the 20th Century Fox in Mainland China. According to
the three-year contract signed in 2011, 20th Century Fox would provide Sohu Video with nearly
400 new and classic movies within the three years. After that, Sohu Video successively inked
contracts with Lions Gate, Sony, Miramax, etc.

Video sites’ involvement in copyrighted foreign content largely broadens the scope of
official cultural provision in China. Here I must digress to mention that import of foreign cultural
products, especially foreign movies, through traditional channels in China is much larger in
quantity than imagined. Chinese government’s allocation of import quota slots to foreign films
(mostly US films) in China’s cinematic movie market is widely believed to limit Hollywood’s
access to the Chinese market. This is true with theaters. However, an exploration of a fuller
picture of foreign film import suggests that the total number of foreign films allowed into the
country through traditional channels (theatrical release, television stations, and audiovisual
publishers all included) each year is much larger than usually imagined; yet the rise of video sites
still significantly increases this number.

While the entry of “Hollywood blockbusters” or “revenue-sharing blockbusters” into
everyday discourses to some extent arouses public interest in cinematic imports in recent years,
film import as a whole is out of the public’s view. The pervasive presence of state-owned
cultural units (e.g., state-owned television stations and film groups), compounded by the
government and industry’s mutual reluctance to publish systematically-compiled and easily-
accessible data, makes Chinese film import highly opaque. According to incomplete statistics
compiled by a veteran industry reporter and observer from a variety of public sources and private
conversations with relevant parties (figure 4), China imported 20 titles of revenue-sharing
movies (fenzhang pian) and 15 titles of enhanced format movies (tezhong pian) through
theatrical releases in 2011, which were mostly newly-released Hollywood blockbusters. Beyond these two categories, it also imported 30 titles of buyout movie (maiduan pian). Buyout
movies refer to second or third tier foreign movies starring no well-known directors or
actors/actresses as opposed to Hollywood blockbusters. According to Robert Cain, a producer
and entertainment industry consultant who has been doing business in China since 1987, only 4
or 5 of the buyout quota films can be Hollywood/American films; the rest must come from
Europe, Hong Kong/Taiwan, Japan, South Korea, Australia, India, etc., or from multinational co-
productions. The theatrical releases of buyout movies might take place even as late as two
years after import. In addition to theatrical distribution, there are still a vast number of films
imported through state television stations and audiovisual publishers. State television stations
usually have stipulated import quotas. For instance, provincial and municipal television
stations/channels (non-satellite) could import about 100 movies each year; the number was 156
in 2011. The movie channel of CCTV, owned and operated by China Film Group (CFG), could
import hundreds of foreign movies each year. In addition, there are several other regional and
local movies channels, which are normally operated by other state-owned film enterprises such
as Shanghai Film Group and Western Film Group that could import 15 foreign films each year.
In total, the number of foreign films imported through movie channels was about 500 titles in
2011. In addition, CCTV teamed up with HBO in 2004 for a five-hour programming block on
its premium channel; the move saw three HBO films broadcast on CCTV’s pay-TV channel each
day. In 2011, there were about 500 titles of HBO films imported through this channel. As an
extension of media businesses in exceptional social spaces such as hotels and foreign housing
compounds, CCTV’s premium channel, operating under the principle of “selective content for
selective audiences”, might correspondingly constitute a cultural exception to the zone created
by traditional television. However, even excluding this part, foreign films imported through
theatrical releases, television stations, movie channels, and DVD/blue-ray releases altogether ran
up to over 1,000 titles in 2011. The actual number might be smaller due to overlaps, which
would bring the number well fewer than 1,000.

This number, as the figure shows, was either equalized or surpassed by video sites’
synchronous capacity of importing foreign films on their own. While all forms of traditional
import including theatrical release, television stations, and audiovisual publishing were limited
by certain kinds of quotas and state planning, video sites operated outside this regime. Moreover,
the percent of Hollywood movies in video sites’ entire foreign import should presumably be
much higher as opposed to that in the traditional market. As part of foreign cultural policy and
cultural diplomacy, traditional film import in China often yields a unique hybrid of various films from different cultural and linguistic markets. Meanwhile, most provincial and municipal television stations tend to import Hong Kong and Korean movies for better rating performance and easier import process. Video sites are not subject to these constraints.

More importantly, the several hundreds of US films imported through video sites might exhibit overlaps with traditional channels, but what is more remarkable is the difference constructed by video sites. In terms of new releases, video sites overlap with traditional counterparts, especially the cinematic film market to some extent, but their scope of import is much broader. For instance, LeTV signed Hollywood majors’ entire annual output through yearlong contracts. As for old content, video sites in fact consciously differentiated themselves from traditional media, especially state television stations, when choosing titles from the list provided by Hollywood majors. When LeTV first began to buy movies from Sony, it was still rather cautious. LeTV in fact found a list of movies imported by CCTV6, CCTV’s movie channel, as a reference. However, it soon abandoned such considerations. As Hao summarized, the content they were looking for must “have celebrities, be interesting and hardcore.” Hardcore content, obviously, cannot make its way to television screens that are more heavily regulated by the SARFT.

Interestingly, Hao’s personal history of media consumption, especially with pirate film consumption, played an important role in the process of content selection. Hao identified himself as a member of the generation growing up with film piracy: “I indeed grew up with film piracy…Pirate films are cheap. It was also those cheap and affordable viewing experience that made me really like watching movies.” Born in the late 1970s, Hao’s film consumption trajectory was marked by the imprint of industrial and technological changes in the informal
cultural economy. His pirate film consumption began with videocassette copying and sharing among a small circle of friends in the late 1980s. As he recalled, “Usually if it was a US movie, we would be very satisfied.” Sometimes, his friends watched a movie, but didn’t have the physical medium to share with him. In those occasions, his friend would retell the movie to him from the beginning to the end. Talking about this, Hao fell in a mood to reminisce: “It was very pleasurable time. We stood by the road, talking for hours just about one movie.” Living in the work-unit compound of a research and educational institution, Hao didn’t have viewing experience in video halls, which appeared to be a more mundane cultural place. Yet, there was closed-circuit television in the work-unit compound, which regularly showed pirate Hong Kong television serials and American movies under the slogan of “enriching the cultural life of scientists.” Into the 1990s, Hao’s pirate film consumption, like many others, was mainly sustained by VCDs and DVDs. He didn’t have much knowledge about Hollywood majors back then. Most of the time, he judged the quality of a movie based on the company’s mascot in the opening credit: “If there was a lion [MGM], we knew the movie was not going to be lousy.” Hao appreciates Hollywood movies a lot. His story seems to clearly demonstrate how liberal subject formation emerges from pirate consumption of Hollywood movies. To him, Hollywood movies represent universal human values, which, as he recognized, have had profound influences on him: “For instance, I have been longing for freedom. I want to go abroad for further education, and I want to go to the United States.” Being a big fan of Hollywood movies, he built up a personal cultural repertoire through pirate consumption, which he could easily exploit to identify “interesting and hardcore” movies at LeTV. Today, Hao could still remember clearly the warm feelings he had when he encountered movies he once watched but then didn’t know the distributor on the list provided by Hollywood majors. Hao’s intellectual/personal trajectory and
its relation to his industrial experience speaks to the recent literature championed by scholars from the “production of culture” school who recognize cultural producers/workers as a constructed position produced within certain social and historical context instead of a transcendental one.\textsuperscript{84}

More importantly and relevantly here, it reveals that foreign films imported through video sites are by and large a legitimized version of pirate culture; the case of US television series I will address soon further proves this point. As Hao succinctly summarized, “We just show what Internet users want to watch.” While descriptive statistics are limited, a big reading of multiple sources ranging from academic writings to everyday experience shows that cultural preferences of Chinese Internet users, of which Hao himself is a member, are largely shaped by pirate cultural provision, which is much broader in scope and more diverse in tastes than state cultural provision. Therefore, ideologically echoing with the pirate cultural provision, video sites’ acquisition of foreign content is basically a process of whitening the grey cultural sphere which once took video sites as one of its footholds in the digital age.

However, as piracy was never eradicated and is almost impossible to eradicate, the digital cultural sphere, which is substantially different from the one created by state cultural institutions, becomes a dynamic process infused with constant antagonism between video sites as local agents of transnational copyright owners and continuous piracy in multifarious forms. Video sites have diligently persuaded Hollywood majors to shorten the release window and adjust pricing so as to compete with piracy for Chinese audiences. Over the years, the release window was shortened from six months to four months and then to three months. Today, if a Hollywood blockbuster is officially imported into China, it could be streamed online three months after the theatrical release in China. For those not officially imported, they could be streamed two weeks after the
North American theatrical release. Warner and Universal began to experiment with an advanced release window with Chinese video sites in 2013. According to Hao, “Two weeks are attractive enough.” For instance, the Warner-distributed American comedy film *We’re the Millers* (2013), which failed to make its way into Chinese theaters, was imported into the Chinese market by video sites two weeks after the film’s theatrical release in North America. Hao attributed the advancement of release window to video sites’ persistent efforts and the growing leverage of the Chinese digital market. However, one should also contextualize the change in relation to Hollywood’s rising experimentation on the release window of VOD and streaming services on a global scale since 2010.

Pricing is also a strategy to compete with and combat piracy. At LeTV, users could pay a monthly fee of RMB24 (about USD$4) to become a VIP member for unlimited viewing. Alternatively, PPV costs about RMB5. The PPV pricing equals the price of a pirate DVD. While this pricing in fact doesn’t bring high revenues to Hollywood and Chinese video sites, it is believed to be a strategy of long-term significance to cultivate paid viewing among Chinese audiences. As Hao elaborated, “Hollywood’s Chinese box office revenue is a miracle in the world, but it takes decades to happen, beginning from the revenue-sharing mechanism in the early 1990s…This market was cultivated step by step…After so many years, the box office revenue of *Captain America [2]* could reach RMB600 million…The digital market today is just like the cinematic market in the 1990s. It needs to be cultivated. Watching copyrighted movies is becoming a trend, and the market will grow larger and larger.”

While the ongoing fight between the formal and informal economies continues, one must recognize that all these take place in a realm less occupied by the state. Indeed, video sites’ import of Hollywood movies was to a large extent catalyzed by regulators’ limited or non-
enforcement of existing regulations. In fact, the No. 56 Decree, the foundational rule over the video industry promulgated by the SARFT in 2008, was created before the industry’s ubiquitous attempts in content development in recent years, and thus didn’t contain specific rules concerning targeted content strategies recently developed by video sites. It only stipulated in a general manner that all films, television dramas, and other programs used for online audiovisual services should comply with SARFT rules concerning radio, film, and television programs. In April 2009, when video sites’ professional content strategies were not yet massively in practice, the SARFT issued the “Notice on Strengthening the Content Regulation of Internet Audiovisual Programs” (guanyu jiaqiang hulianwang shiting jiemu neirong guanli de tongzhi). The reiteration of content regulation in 2009 to some extent demonstrates the ineffectiveness of self-censorship performed by video sites following the No. 56 Decree in 2008. However, the retention of the self-censorship mechanism also shows the SARFT’s relatively lax attitude toward online video as always. In addition to a long list of specific items of forbidden content for self-censorship, the notice stipulated that films and television dramas distributed through video sites must apply for one of the permits issued by the SARFT: “permit for film screening”, “television drama distribution permit”, or “television animation distribution permit”. In Hao’s version, foreign content imported through video sites should apply for one of the three permits from relevant state agencies: “permit for film screening”, “television drama distribution permit”, and “audiovisual products distribution permit”. In other words, video sites should either import/stream movies that have already been imported through any of the traditional channels or apply for one of the permits for foreign movies not traditionally imported before. Literally speaking, the SARFT applied traditional regulatory apparatuses in the digital context.
However, in traditional media, the SARFT sets up a set of procedures to operationalize the permit system. For instance, revenue-sharing movies imported through theaters must all go through an initial screening performed by CFG, and another round of screening by the Film Bureau of the SARFT for an import license and screening permit. The import of buyout movies is handled by CFG or Huaxia, which precisely goes through similar procedures. The television import is also handled by the International Cooperation Department (guoji hezuo si) of the SARFT. In the digital context, in contrast, the SARFT didn’t establish a practical mechanism to implement the licensing and permit system. When the 2009 Notice was first released, many of the films, television dramas, and animations online at the time were still infringing materials including those uploaded by Internet users and fansub groups, which imposed numerous challenges to actually implement the permit system. Indeed, the SARFT didn’t make further specific rules to put the Notice into effect. As an industry news article in June 2009 suggested, the Notice was not effectively implemented, and popular movies and television dramas were still readily available online. Later on, when video sites slowly replaced the pirate provision with copyrighted ones, no specific rules were developed further to implement the permit system stated in the 2009 regulation.

With an absence of a practical permit regime, Hao told me that “nobody followed those permit requirements” in foreign import. The boldness of video sites was certainly rooted in the recognition that violations would not incur severe consequences, which further brings us to the nonchalance of the SARFT on this matter. If a relatively lax content regime in the earlier period somehow resulted from the challenges imposed by massive popular participation and the subsequent regulatory incapability of the SARFT, the case of foreign professional content somehow suggests the SARFT’s lack of regulatory will; after all, the regulation of professional
content is much more practical than UGC. In reality, video sites performed self-censorship at the most basic level to avoid extremely politically transgressive and sexually explicit content. Interestingly, transnational media conglomerates also participated in this process, especially in the political part. For instance, as Hao recalled, “Sony would not give us *Seven Years in Tibet*. They consciously avoid this stuff…Years ago, MGM was banned by CCTV6 because of *Red Dawn*, so now it removes the movie from the list provided to us.” Other than that, video sites’ yardstick for content selection was much more flexible than traditional media. Formerly working for a privately owned local distributor introducing foreign independent (non-Hollywood) films to CCTV6, Hao could sense striking discrepancies between the traditional and digital regulatory regimes. For instance, the R-rated Hollywood comedy *Ted* (2012) was not imported into the Chinese cinematic market. An Internet user “sqchen” satirized the SARFT on the Chinese SNS site douban.com by inventing a parody news article, which states that the state agency has approved the import of the American comedy *Ted* into the mainland market, but the regulator would delete 105-minute problematic scenes of the 106-minute-long movie. However, local distributors and theater managers interviewed unanimously assure public that this deletion would not undermine the story and artistry of the movie. While unavailable through theaters, the movie was sold to LeTV and Tencent Video by Universal Studios. Similar examples included *The Conjuring* (2013), *Despicable Me 2* (2013), *Escape from Tehran* (2012), *Kick-Ass 2* (2013), *The Purge* (2013), *R.I.P.D* (2013), etc.

Compared with Hollywood movies, the import of US television series (*meiju*) by video sites more evidently broadens the scope of official cultural provision in China, as state television stations rarely import US television series. According to a staff from Shanghai Media Group (SMG)’s Center for Films and Television Dramas, the import of US television series has to go
through a long process of examination and approval, which causes at least one-year delay following the series’ debut in the US. Moreover, the series must be dubbed into Mandarin, which constitutes another huge blow to viewership. With an import quota set by the SARFT, state television stations oftentimes prefer less risky content such as Hong Kong, Japanese, and Korean dramas. Within this context, video sites become an important springboard for meiju to officially enter the Chinese market. Like Hollywood movies, video sites treat traditional media - above all, state television stations - as “the other” when purchasing foreign television series including US series. As Hao put it, “We mainly buy what television stations don’t have. Usually what television stations cannot broadcast is hardcore content.” Accordingly, like Hollywood movies, imported US television series converge with pirate provision. While Friends might be a symbol of pirate meiju consumption in the VCD/DVD era, Prison Break, Sex and the City, Heroes, and Lost are phenomenal meiju in the age of digital piracy. All of these, however, were never aired on state television stations.

Sohu Video imported the sixth season of the Lost in February 2010 through Disney, which was said to raise the curtain of meiju’s odyssey in China. Today, video sites import about half of the annual output of US televisions series (table 1). Sohu Video is the most active market player in importing meiju. By September 2013, it already imported about 100 US television series. According to iResearch, Sohu Video leads the industry in terms of the coverage rate, number of episodes, the number/proportion of Emmy Award series, update rate, and subtitle quality. The process of meiju import begins with the signed contract between the two parties, which stipulates the exact amount of content video sites need to purchase each year. Video sites confirm specific titles after the LA screenings in May each year. Normally, a Hollywood studio sells non-exclusive rights of a title to several video sites. For a few blockbuster series,
however, studios would choose to have exclusive cooperation with a specific video site. For instance, in 2013, CBS sold the exclusive rights to *Under the Dome* to Youku. Similarly, Netflix sold the exclusive rights to *Orange is the New Black* to Youku in the same year. By 2013, Youku rose as a strong competitor to Sohu Video in acquiring exclusive-right series (*dubo ju*).

As a specific title is confirmed, scheduling becomes a site of contention. In consideration of copyright protection, the US side initially objected to synchronous streaming. To combat piracy, however, video sites diligently educated and persuaded their US partners to advance the window. As video sites began to officially import dramas, they were no longer footholds for pirate content. Digital piracy receded to the pre-video site mode of p2p sharing. While there were continuous state crackdowns on BT communities especially since late 2009, p2p sharing persisted in a guerrilla manner, although the state-led anti-piracy campaigns indeed made digital pirate consumption more difficult and thus kept/drove more audiences to video sites. The pirate provision is in fact larger than video sites, and faster. Video sites eventually succeeded in persuading US studios for a nearly synchronous streaming - The US partners would transfer the copy one hour before the US airing.

However, even in this nearly synchronous streaming, video sites still had to compete with pirates - above all, fansub groups - in subtitling and thus audiences. According to Nan Mei (henceforth Nan), a fansubber from YYeTs, one of the most influential fansub groups dedicated to American television series, movies, and reality shows, fansub groups usually classify American television series into zero-day-delay series and one-day-delay series based on popularity. Zero-day-delay series such as *Big Bang Theory* require fansubbers to complete the whole process of subtitling within four to five hours to satisfy anxiously waiting fans. As video sites commonly aim for hot series, they have to compete with the zero-day-delay operation
developed by fansub groups. Nan recalled that she received persistent urges from the project leader that they must have an episode out before Sohu Video when she was working on subtitling the fourth season of the *Gossip Girl* around 2010. However, as Nan proudly recalled, “They [video sites] were never able to beat us…and their subtitles had lots of errors.”

The competition was soon turned into cooperation. In practice, fansub groups subtitled television series for in-house use as usual, but video sites paid to use their work by partially sharing the pre-roll ad revenue with them. One crucial component of the deal between video sites and fansub groups was that the latter gave up the first rights to publish their work ahead of video sites. Usually, fansub groups released the file after video sites’ episode was online for a period of time. The remuneration fansubbers received from video sites was very meager. As Nan recalled, she only received about RMB300-400 (about US$50-70) for the entire season of *Gossip Girl* she helped to subtitle every Tuesday: “It was rather nominal.” However, Nan didn’t really care about the payment; after all, the labor she invested in YYeTs was unpaid anyway. Yet, this casual cooperation in occasional ad hoc alliances does show that at some point video sites incorporated fansub groups into their process of “decentralized accumulation”, a term coined by Michael Wayne to describe Hollywood’s post-Fordist labor strategies in which “the power and logic of domination by a small number of vast entities is achieved via a huge and globalizing network of subcontracted firms and individuals.”

The flexible labor regime in the new media industry, along with slippery labor practices as seen in the television drama production industry, seems to suggest an emergent regime of flexible accumulation across both traditional and digital cultural economies in contemporary China.

This story also raises the question of the ambivalent and debatable nature of affective labor in media industries. As Mark Andrejevic argues, fan labor could be easily manipulated by
media corporations to serve their ends. The reality in China, however, is that in recent years many fansub groups have been seeking opportunities to be incorporated due to factors such as financial dilemmas, illegal status, and exogenous pressure from global cultural industries. The willingness of fansub groups to cooperate with video sites partially reflects their struggles in surviving the increasingly global hyper-connected copyright regime. However, ironically, as fansub groups give up their core competitiveness (e.g., the first rights to publish), this kind of cooperation in fact accelerates their decline.

Moreover, as video sites kept expanding the scope and extent of official import, the necessity of fansub groups was continuously decreased. As Chen Yi (alias), a veteran fansubber working for another leading group YDY for over seven years, revealed, “Now those most popular series are all available via online streaming. I think most people would not go to forums for downloading again…” This accordingly reduced the enthusiasms of fansubbers. As Chen Yi recalled, “In the old times, people relied on us to watch [movies and series]. Now the channel diversifies, and you can watch the stuff you want everywhere. Fewer and fewer people join the group for original sources [pianyuan]. The number of active members drops drastically. Fewer and fewer people are willing to do the job…All are related to the rise of video sites…we have many groups within YDY. The group I belong to could easily recruit 70-80 fansubbers in its heyday, but now the number drops by half.”

While fansub groups were willing to provide services, to compete for audiences, video sites usually published the un-subtitled copy - or borrowing the industrial jargon, “the raw meat version” (shengrou ban) - immediately after they received it, and replaced it with the subtitled version in a few hours. To the surprise of most people, this process, at least by April 2014, barely involved any intervention from the SARFT. The import of US television series, like Hollywood
movies, was not subject to the quota and permit-based regulatory regime by the SARFT. Instead, interest blocs in the global digital cultural economy performed self-censorship to avoid extreme content. This process first began with transnational media conglomerates. For instance, in one episode of the *Agents of S.H.I.E.L.D.* (figure 5), there was a scene in which a secret agent is killed on a Shanghai street. According to Hao, Sony thought this scene made China’s public security appear weak, and thus held this episode back to avoid potential political risks and protect its other businesses in China. Once video sites received the copy from US, they uploaded the untreated version immediately to attract traffic. At those moments, market considerations clearly overrode political obligations. Following this was the process of subtitling, where ideological manipulation is most likely to take place. However, as Nan told me, she didn’t consciously censor her translation, and she didn’t receive any requirements concerning translation from video sites as well. Oftentimes, in fact, she didn’t know whether or not her work would be used by video sites, as the production was for both in-house and external purposes. Therefore, as she said, “We translate the stuff in our own way.”

Once subtitling was completed and sent to Sohu Video, as Nan recalled, there were no more reedits by the company. This was confirmed by Sohu Video’s government PR Tao Fang. Sohu’s import of the second season of the *House of Cards* in 2014 raised wide debates regarding whether and to what extent was the series censored given the high proportion of Chinese elements in the show. Charles Zhang answered in public that the series was not subject to censorship. On another occasion, at Zhihu.com, China’s biggest Quora-like Q&A-style knowledge community, some avid and concerned *meiju* fans compared and analyzed both the Sohu and Netflix versions from various technical aspects including running speed and frame rate, and concluded that Sohu didn’t actually censor the series. While Sohu seems to adopt a
hands-off manner in self-censorship, LeTV seems to be slightly more careful on this matter. According to Hao, LeTV would double check the subtitled version by removing naked scenes or adding mosaic strips. However, judging from video sites’ boldness to release the untreated version, one could less likely to see much self-censorship involved in this process. As Hao put it, it was just routine work to pass the bottom line.

In this context, some content, which might be and should be censored by traditional criterion, was kept in the digital environment. For instance, again in one episode of the Agents of S.H.I.E.L.D, the line “Are you from Shanxi China?” which alludes to illegal coal mining in Shanxi province, was kept. Hao joked: “The local government might be unhappy about this. But who cares?” Video sites only put content offline when the SARFT’s ex post facto censorship took effective. There were also moments when video sites irritated the SARFT. As Hao recalled, Gao Fei, one of LeTV’s VPs, was sometimes “invited [by the SARFT] to drink tea”, euphemistic expression referring to the call and talk arranged by state agencies. However, “Things remained the same when the talk was over. After a couple of times, both sides become wearisome.”

Hao’s description precisely captures the inherent inertia marking the mechanism of self-censorship and ex post facto censorship, which becomes more evident in the SARFT’s regulation of video sites’ in-house productions I will turn to soon.

In addition to US movies and television series, video sites also actively import cultural products from other cultural and linguistic markets such as Britain, Korea, Japan, Hong Kong, India, etc. For instance, in 2010, Sohu Video partnered with the three major Korean television stations - Seoul Broadcasting System (SBS), Korean Broadcasting System (KBS), and Munhwa Broadcasting System (MBC) - to stream their hit series in the coming three years as well as classic series produced in the past decade. This partnership gave Sohu access to about 486
Korean serials (about 9,800 episodes). In 2011, Tudou contracted Hong Kong TVB’s entire annual output. In 2013, Tencent Video joined the ongoing fight over British series by teaming up with six television production companies in Britain including BBC Worldwide and ITV Studio, making it the largest deal in British series import. Presumably, import in these categories share similar processes and patterns as found in US series. Due to a relatively loose regulation, video sites have become an important springboard for American culture, as well as a wide range of other foreign culture, to officially enter China.

**Video Sites’ In-house Initiatives**

Video sites’ move into in-house content production was necessitated as copyright royalties of external content, especially domestic television serials, rocketed to an unreasonably high level. Video sites began to experiment with self-produced programs around 2008 amid the industrial transformation toward professional content provision. For instance, in 2008, before the price of domestic television dramas rose, Youku developed its first initiative, an eight-episode web soap Hip Hop Office Quartet (xiha sichongzou). It reportedly received an average of more than 3.6 million views per episode, and the most-viewed episode was watched nearly 20 million times. According to Wei Ming, Youku’s senior VP who has long supervised the company’s in-house production, web soaps evolved from viral video ads. As Hu Ge’s steamed bun piece went viral in cyberspace, this new cultural form was soon captured by advertisers to promote its products. It must be acknowledged that the boom of UGC culture around the mid-2000s was conflicted with a new commercial movement in cyberspace, which appropriated the new popular cultural form to serve corporate ends. With the new form, advertisers and agencies produced short commercial videos incorporating popular elements embedded in parody culture. As these
video commercials cannot be and were not intended to be broadcast on television, advertisers/agencies teamed up with video sites to make the videos go viral online. With the development of video sites, advertisers and video sites began to experiment with longer commercials. These experimentations eventually merged with video sites’ professional content strategies and stabilized as episodes-long web soaps, which were oftentimes supported by product placements.129 Youku’s Hip Hop Office Quartet was one of the earliest examples.

While video sites’ foray into self-made productions was an experimental attempt to enrich its collection of professional content before 2008, the subsequent rise of copyright royalties made the move strategic imperative to control cost and gain independence from traditional content providers. As Hua Shan (henceforth Hua), the script developer and project manager at LeTV, pointed out, the viewership of LeTV’s hit web soap Good Man from the Tang Dynasty (tangchao hao nanren) is higher than contemporaneous television dramas from the same genre, yet the cost in buying similar soaps from outside is several times higher than in-house productions.130 Around 2009, as video sites flocked to private film/television production companies for content, some video sites began to hunt potential projects and make direct investments before production so as to secure the new media rights. This practice was commonly termed as “investment as right-buying” (yitou daigou).131 As a variant of pre-sale, yitou daigou constituted video sites’ initial trial in moving upstream into the realm of production. As the price war over rights was waged in 2009, a more direct involvement in content production (e.g., the establishment of in-house production teams) soon became an industry-wide practice.

Tudou announced the “Orange Box” original production initiative in spring 2010. As part of the initiative, it established an in-house production team of about 40 staff members. In October 2010, it released its first in-house romance soap That Love Comes (huanying ai
guanglin) with sponsorship from AB InBev. Youku also announced a similar initiative “Youku Originals” around the same time. Video sites also partnered with film/television drama production companies in developing web soaps and microfilms for online distribution. While the production industry at the time just abandoned its hesitation in accepting video sites as an additional distribution outlet, it remained unfamiliar with video as an emerging regime of cultural production. But there were still a few major studios open to feel out new cultural forms. For instance, CFG joined Youku to produce online films with sponsorship from Chevrolet. Securing ad sponsorships from Dongfeng Peugeot, Hewlett-Packard, and Motorola, Tudou collaborated with CFG in co-producing the web serial Mr. Lei. Usually, video sites would only embark on web soap projects with confirmed sponsorship. This is particularly true if soaps are based on originally developed scripts. The aforementioned history of web soap is a factor. It also partly results from the financial constraint video sites experience. While the online advertising market is exploding in recent years, video sites are still struggling to make profits due to the high cost in various aspects. As web soaps develop, video sites begin to buy off copyrights of popular online novels and adapt them into web soaps instead of developing original scripts. According to Hua, as popular online novels usually have a large fan base, web soaps adapted from them can always attract huge traffic and ensure monetization. In that case, web soaps are less dependent on product placements.

Youku and Tudou’s pioneering attempts were quickly overshadowed by a wave of in-house initiatives induced by other market players in 2011. Sohu Video launched its long-term in-house project with the release of Qian Duoduo Wants to Get Married (qian duoduo jiaren ji) and Crazy Office (fengkuang bangongshi). LeTV announced its “LeTV Productions” initiative and planned to invest RMB120 million in developing both web soaps and shows. Baidu iQiyi
announced to invest RMB200 million in producing mainly entertainment programs such as talk shows and reality shows. Tencent Video, too, established a film/televison investment fund of RMB500 million in buying shares into Huayi Brothers and building a “Tencent Presents” platform covering originals, webs soaps, microfilms, and short video. Today, web soaps such as Sohu Video’s Diors Man (figure 6) and Tencent Video’s The Darker (figure 7) have all become hit productions comparable to hit domestic serials in terms of popularity.

Meanwhile, the SARFT’s constant regulation of the traditional television screen throughout the 2000s also fueled the development of video sites including their web soap initiatives. For instance, in October 2011, the SARFT issued “Opinions on Further Strengthening the Regulation of Television Programs on General-Interest Satellite Channels” (guanyu jinyibu jiaqiang dianshi shangxing zonghe pindao jiemu guanli de yijian) to limit excessive commercial development [in a relational sense] of the country’s 34 satellite channels, mainly those more developed ones. Informally known as the “restraining entertainment order” (xianyu ling), the order allowed no more than nine entertainment programs such as dating shows, talent shows, confessional/therapeutic shows, game shows, variety shows, interview-based talk shows, and other reality shows on any single day on national satellite channels between 19:30 and 22:00, and reduced the number of such shows on each channel to a maximum of two each week. Moreover, for each channel, the show aired on any single day between 19:30 and 22:00 must not exceed 90 minutes. In place of entertainment programs, television stations should place at least two hours of news programs on their satellite channels between 6:00 and 24:00, and at least two in-house news programs, running for a minimum of 30 minutes each, must be broadcast between 18:00 and 23:00. In addition, each channel must produce one “morality building” program to promote
Chinese traditional virtues and socialist core values, despite that in reality many channels already had such programs.\textsuperscript{141}

Following the “restraining entertainment order”, the SARFT issued the “Supplementary Provision on <The Measures for Radio and Television Commercials>” (\textit{guangbo dianshi guanggao bochu guanli banfa} de buchong guiding) in October 2011.\textsuperscript{142} Informally known as “restraining commercials order”, the Notice required all television stations in China including CCTV, terrestrial, cable, and satellite to ban any forms of advertising during television dramas, allowing them to air only back-to-back between programs.\textsuperscript{143} Being part of the continuous attempt to maintain television as an ideological and cultural instrument under commercializing pressures, these regulations were widely seen by industrial practitioners and observers as a lucky break for video sites. It was believed that the limit imposed on both entertainment programs and commercials on state television stations would result in a diversion of cultural talent, audience attention, and consequently advertisers from television stations to video sites. It was estimated that television stations would in total lose at least RMB20 billion of advertising revenue each year.\textsuperscript{144} These observations reveal that video sites at the time had already emerged as a significant other to state television stations not only in the self-positioning rhetoric of the industry itself, but also in the transforming mentality of the wider cultural industry.

While video sites were said to benefit from the “Clean up the [television] Screen” initiatives by the SARFT,\textsuperscript{145} their in-house productions could barely compete with traditional television production in terms of resources and capacities, especially at the beginning. According to Hua, while traditional televisions dramas cost as high as RMB1 million per episode to produce, the production cost of web soaps only accounted for about 10% to 20% of traditional production: “We cannot really compete with finely produced dramas in terms of quality…For instance,
supposedly the *Good Man from the Tang Dynasty* should be set in the Tang dynasty, but it was set in the Qing dynasty because of a limited budget.”\footnote{146} Being highly aware of this, video sites never produced web soaps and entertainments shows in traditional ways, and have consciously differentiated web soaps from traditional television serials in terms of both form and content.

In fact, web soap is a new genre with distinct features growing out of Internet culture. First, while traditional television serials run for 45-60 minutes per episode, web soaps run for only 10-20 minutes. They are produced for audiences to consume the small pockets of time in everyday life. In particular, urban professionals and workers could watch web soaps during lunchtime or bus/subway waiting. In this sense, the popularity of web soaps is technologically enabled by the prevalence of mobile digital devices. Spatially and temporally, video sites’ in-house productions work to enclose contemporary social life which traditional cultural flows fail to encompass. Second, for consumption in fragmented and mobile condition, these programs are oftentimes quirky enough to grasp immediate attention and light-hearted enough to watch with a grin. To critics, web soaps best represent the cheap Internet fast food culture in contemporary China. Third, in addition to the form, web soaps also ideologically differ from traditional television serials. Like the import of foreign content, video sites’ in-house productions are also set up against state television stations. Exploiting a lax regulatory regime over video sites’ self-made content, which I will turn to soon, video sites mainly produce what television stations are not allowed to broadcast. As Hua put it: “We are disadvantaged in terms of the production cost, but we do have an advantage. That is, we are not subject to censorship. Therefore, we can have more elements and wider yardstick (*chidu*) than television dramas. We basically shoot what [traditional] television dramas not allowed to shoot. If we make the same thing, it is doomed to be a losing game; we cannot compete with them in terms of cast and quality. So we must make
our productions more interesting and challenging than television dramas to attract audiences.”

This comment was echoed by Fan Heng (henceforth Fan), a producer who ever worked at a prominent television station and Sohu Video and is now working at another prominent video portal. Therefore, the logic moulding cultural production at video sites is precisely the logic guiding the selection of foreign content.

Positioning themselves against state television stations, video sites’ productions cater to popular tastes, which cannot be entirely satisfied by the state provision. They first excessively exhibit violence, crime, psyche, horror, conflict, absurdity, sex, privacy, hedonism, extravagant lifestyles, or to put briefly, all kinds of “vulgarity” falling outside the mainstream value system to attract eyeballs. If entertainment programs limited on state televisions stations are considered excessively vulgar, online content must have largely intensified the vulgarity defined by transitional standards. They also mediate transforming social relations and sociocultural practices massively emerging during the process of marketization over the past decades such as sex-related bribery/corruption, extramarital affairs, cooperative marriage, etc. More or less involving sexuality, these kind of socially and morally challenging topics, which cannot be explicitly represented on television, can always successfully attract numerous eyeballs online. In addition, video sites’ self-made content also capitalizes on social discontent against abuse of power, fraud, corruption, official-businessmen collusion, hypocrisy, excessive commercial logic, etc. to win public attention.

For instance, Youku’s 2012 popular talk show Morning Call (Xiao Shuo) hosted by the liberal-minded songwriter and music producer Gao Xiaosong (henceforth Gao) oftentimes contains poignant allusions to the Communist regime. In one episode on the rise of Singapore as a modern city-state, Gao effusively admires its founding father Lee Kuan Yew: “In those
turbulent moments [in the history of Singapore], he was indeed the lucky charm to this country and its people…Historically, we can see that a lot of countries in fact also bet their fates on one political party and one person, but very few succeeded. I am not going to give examples here…”¹⁵⁰ The comment here implicitly alludes to the failure of single-party politics and Mao Zedong in China.

Youku’s hit web soap Absolutely Unexpected (wanwan meixiangdao), which features the unlucky fate and embarrassing life of a diaosi called Wang Dachui (henceforth Wang) with a wooden face but rich internal monologues, also oftentimes smuggles in critical reflections on the absurdity of the society (figure 8). In one episode, Wang appears as an inept yet honest young man who is continuously bullied by different kinds of people. To change his life, he decides to join one of the local gangs, which alludes to different social groups in reality formed along different resources, interests, and capital. Unfortunately, the gang he registers is so weak that its claimed territory, an abandoned warehouse, is occupied by a film crew. Wang is then assigned to extort money, euphemistically called protection fee (baohu fei), from the crew. Unexpectedly, representatives from various local gangs line up to apply for protection fees from the crew. The reversed relationship between gangsters and the supposed subordinate constructs a sense of absurdity one could frequently encounter in contemporary China. Moreover, the crew staff begins to interview gangsters by imitating a venture capitalist: “Do you bring the business proposal? …We need a business proposal from you concerning how your gang is going to protect us; PowerPoint would also work…if you have nothing, why should we give you the protection fee? …Why should I give the fee to you instead of others? …The industry nowadays is so competitive. You should think about what is your selling point, what special advantages do you have…” The incorporation of the logic and format of angel investing here explicitly mocks
the prevailing capitalist ideologies and practices in reality. Moreover, as Wang eventually decides to seize the film director as a hostage, the project manager casually says: “Alright, let’s use another director.”151 This line seems to satirize the standardization and industrialization of cultural production constituted by variable and interchangeable elements. However, while the web soap satirizes excessive commercial logic, as a commercial production one must recognize it as part of the logic it mocks. Meanwhile, while it satirizes the mode of cultural production, in that particular episode, it incorporates a promotion to a coming film in which the actor of Wang plays a part. Recognizing the economic base of the in-house production, one thus must be aware of the ambiguous nature of the representational politics to avoid naive romanticization of any radical potential.

Back to the discussion here, with all these limitations, web soaps do open up some new discursive spaces online. In this sense, they somehow appear to be an institutionalized form of online parody culture surveyed in the preceding chapter. In fact, ever since sharing sites’ professional turn, companies such as Youku and Tudou have been exploiting the vast UGC content they host through institutions such as video festivals and competitions. For instance, the annual Tudou Video Festival since 2008 has become an effective platform for Tudou to discover UGC talent and incorporate them by providing multi-faceted financial, technical, and marketing support.152 This trend has also been mutually constituted by the ongoing transformation of UGC per se. In an increasingly commercialized online environment, more and more UGC producers begin to consciously promote their productions so as to translate their online fame into more lucrative and sustainable success. Not surprisingly, many of them end up with imitating commercial and professional operations. This process thus somehow converges with video sites’ in-house initiatives. The producer of Absolutely Unexpected Yi Zhenxing (net name JoyShow)
was in fact a former UGC player who has transformed into a PGC maker and Youku’s content partner through various institutions including video festivals.\textsuperscript{153}

By and large, video sites take on all kinds of content that might satisfy popular tastes developing under the shadow of a heavily politicized state cultural provision largely through unofficial cultural processes - above all, piracy. The aesthetics and ideological orientations of video sites’ in-house productions in fact bear the heavy imprint of a piracy-based evolving Internet culture directly and jointly shaped by forces of both commerce and popular participation, of which they are also constitutive. In addition to the incorporation of UGC talents as their in-house producers, the connection between video sites’ in-house production and a “pre-existing” Internet culture could be further revealed through video sites’ strategies in scripts. As said earlier, to ensure market success, video sites usually choose to buy rights of popular online novels and adapt them into web soaps instead of developing original scripts. For instance, LeTV acquires about 24 popular online novels each year. Scripts adapted from online novels account for about 70-80\% of LeTV’s scripts reserve. Online literary websites such as qidian.com and jjwxc.net were all seen by Hua as “huge resource centers” to exploit.\textsuperscript{154}

Online literature constitutes a substantial part of the Chinese Internet culture. My conversations with video site users from different social classes tell me that Chinese Internet users’ online cultural experience is mainly structured along three forms of cultural consumption: reading online novels, watching videos, and listening to music. This is confirmed by statistics revealed by the CNNIC.\textsuperscript{155} The emergence and development of Internet literature is precisely a result of popular participation in the production and sharing of literary works in the digital environment.\textsuperscript{156} Being a kind of UGC in textual form, Internet literature resembles parody video culture in terms of its history, institution, and user practices. For instance, qidian.com, a full-
fledged commercial portal for popular literature my informants frequently referred to, emerged in 2001 as a fan forum for users to share their works of fantasy fiction. Similar literary portals and forums such as hongxiu.com and jjwxc.net emerged around the same time. Some veteran writers pushed the history of online novels back further to the mid-1990s when BBS first appeared on the Chinese Internet as a platform to share opinions and in many cases literary creations. Relatively technologically unsophisticated, BBS forums and popular literary portals preceded blogs and video sharing sites in fulfilling social needs for cultural expression in the late 1990s and early 2000s. Again like video UGC, over the years, the “prosumption” of popular literature has been commercially institutionalized, leading to a rather exclusive commercial model in online literary production. Today, Shanda Literature, a subsidiary to the online game giant Shanda, conglomerates major literary websites in China and manages popular works for publishing and other forms of marketing operations such as copyright sales and online game development.

Today, Shanda Literature, a subsidiary to the online game giant Shanda, conglomerates major literary websites in China and manages popular works for publishing and other forms of marketing operations such as copyright sales and online game development. The burgeoning private publishing industry provides an alternative to state-run publishing houses. According to Hou Xiaoqiang, the CEO of Shanda Literature, quoted in the Economist, Shanda’s websites have far less interventions from censors than traditional publishing houses. Given this regulatory loophole or perhaps conscious tolerance of online publishing practices, Internet literature covers a wide range of genres including science fiction, fantasy, horror, detective, martial arts, officialdom novels, and romance, among which socially and even politically engaged works are not rare. The most prominent example might be Murong Xuecun’s novels, which tell tales of officialdom corruption. Shao Yanjun, a literary scholar at Peking University, argues that online novelists, with a deep feeling of the depressing reality, create a second world through writing where they could project their discontents and desires. Video
sites’ connection to popular online novels thus indicates a cultural and ideological convergence between the commercial video industry and a “pre-existing” Internet culture simultaneously shaped by commercial and social forces.

Incorporating fansub groups (in foreign import), UGC, and online novels in different ways, video sites’ strategies in professional content thus result in a network of non-state cultural resources with video sites functioning as major nodes. This formation begins to be perceived and recognized throughout entertainment and cultural industries in greater China. Fan told me an interesting industry anecdote. She was responsible for developing and producing documentaries and talk shows when she worked for Sohu Video. For a daily news talk show Small Words, Big Thoughts (weiyan dayi) introduced in 2011, the production team invited Dong Lu (henceforth Dong), a CCTV host, to manage the show on a part-time flexible basis. When Dong hosted shows for Sohu Video, he oftentimes treated online video as an outlet for creative energies he was not allowed to release at CCTV. As Fan recalled, “he always came into the studio saying that he was unable to address a topic to the full on television and wanted to finish it here.”

In addition to current producers/hosts from television stations, video sites also recruit on a project-by-project basis freelance media personalities, celebrities, and former television producers/hosts who resign to gain more personal and artistic freedom in the seemingly pluralistic and liberal cultural environment. For instance, Huang Jianxiang, a famous former CCTV sport host, joined LeTV in 2013 to run a sport talk show called Huang Says (Huang duanzi). In 2014, iQiyi established three in-house studios under the name of three media personalities: Gao; Liu Chun, a former producer from Phoenix TV; and Ma Dong, a former CCTV host. These people cooperate with state television stations, video sites, and other cultural institutions on a contractual basis, and there are reasons to believe that the sense of dual
operations exemplified through Dong also applies to them. For instance, for some web soaps it produces, LeTV would find ways to sell them back to state television stations to maximize the value. One of its productions, Behind the Aura (guanghuan zhihou), produced and supervised by Jacky Wu, a Taiwanese host, producer, and celebrity who also often participates in entertainment shows produced by state stations, failed to make its way to television because, borrowing Hua’s description, “the yardstick is too wide.”167 This might be an example showing that industrial practitioners like Jacky Wu are in fact aware of and could easily transfer between the two sets of discourses and practices.

All these operations in video sites developed under a loose regulation. As Hua put in a simplistic way, “We don’t have contacts with the SARFT. We make the scripts by ourselves, shoot them by ourselves, and air them on our own platforms.”168 This description points to a weak presence of the state in the process of cultural production at video sites. The actual process has more nuances and contingencies than Hua described, but video sites’ in-house productions are indeed a much less regulated field. According to the Decree No.56, video sites involved in self-made web programs should apply for the Radio and Television Programs Production and Operation Permit (guangbo dianshi jiemu zhizuo jingying xukezheng), a very preliminary permit applied to any institution specializing or participating in the business of radio and television program production including private film/television production companies. Otherwise, there were no more specific rules regarding video sites’ in-house productions as a new cultural form before 2012. Video sites performed the basic self-censorship mobilized after the promulgation of the Decree No. 56 in 2008.169 However, as an industry practitioner at the time revealed: “Self-censorship can barely effectively regulate video sites. They [video sites] again and again challenge the bottom line to attract eyeballs.”170 As web soaps rose as a prominent cultural
phenomenon, speculations of tightening regulations emerged in the industry as told from the industry new articles of the time. These speculations grew stronger with the release of racy serials such as LeTV’s violent web soap Once Upon a Time in Dongbei (dongbei wangshi) and iQiyi’s explicitly sexy entertainment show Enough Love? (ai gou le mei?). In 2012, as expected, the SARFT announced the “Notice on Further Strengthening the Regulation of Online Audiovisual Programs such as Web Soaps and Microfilms” (guanyu jinyibu jiaqiang wangluoju, weidianying deng wangluo shiting jiemu guanli de tongzhi), which is commonly known as Decree No. 53. According to the Notice, the new regulation was necessitated by perceived low taste and excessive vulgarity, violence, and sex in newly emerging web soaps and microfilms. This implicitly indicates that self-censorship or perhaps non-censorship in reality had in fact allowed video sites to push for much bolder programs than those allowed by the SARFT. Yet, the new regulation didn’t impose an external censorship to video sites. Instead, it required audiovisual service providers to “censor [programs such as web soaps and microfilms] before airing” (xianshen houbo) based on the principle of “whoever runs the website takes the responsibility”. This basically reemphasized the importance of self-censorship which was already mobilized in the industry, albeit of unsatisfactory effectiveness.

While the principle of self-censorship was mainly inferred from instead of explicitly stated in previous official documents, Decree No. 53 made a definite articulation of it. Meanwhile, while self-censorship was practiced in reality on a speculative, discrete, and uneven basis prior to the new regulation, Decree No.53’s reemphasis and articulation of self-censorship was followed by a set of specific rules, which attempted to institutionalize the process of self-censorship. In general, it introduced two operational mechanisms: the censor mechanism (shenheyuan zhidu), and the registration of programs (bei’an). To practice the former, the
SARFT would authorize and instruct a social organization called China Netcasting Services Association (CNSA) (zhongguo wangluo shiting jiemu fuwu xiehui) at both central and provincial levels to organize training workshops for staff from video sites. The training workshop, first organized in 2012 summer and held twice a year since then, requires each video company to send in two to three content-related staff. Fan attended the first such workshop in 2012 when she worked at Sohu Video. The one-week closed training was held at the training center of CCTV. Recalling this, Fan bantered the workshop by suggesting the political connotation of the location: “It was at CCTV, so you can roughly image the general background.”173 The workshop included various lectures given by SARFT officials, SARFT’s in-house researchers, Professors of Marxism and Leninism from People’s University of China (rennin daxue), which is jokingly known as the second “Central Party School”, and relevant senior managers from video sites. In terms of the content of the lectures, Fan told me that: “Basically, the training told you what you are allowed and not allowed to post online…for instance, what kind of content endangers national interests, and what kind of content harms the health of the minor.”174 Thus, the training workshop reiterated those ten items of forbidden content repeatedly mentioned in various kinds of cultural policies including Decree No. 53. After attending all the lectures, trainees had to pass an examination to obtain the qualification as a censor.

Only qualified censors could operate an in-house registration system introduced by the SARFT following the promulgation of Decree No. 53. According to the new regulation, audiovisual programs such as web soaps, microfilms, and documentaries should be examined by three censors and registered in a SARFT system before going online. To register, censors will need to provide the basic information of the program including the title, length, host information,
program synopsis, and program screenshots on a specially designed SARFT website. After filling the online form, censors print it off and sign it. Each program requires three physical signatures from trained censors. After that, censors scan and upload the form into the system as an attachment. Once this step is completed, the system will generate a specific serial number for the program, which must be included in the credit title. The logic of serial numbers here is no different from that in “Television Drama Distribution Permit” and “Permit for Film Screening”, both of which are numbered and attached to the show, except that the latter is handled by the SARFT.

While the introduction of all these specific rules suggests the SARFT’s efforts to reestablish self-censorship as an institution in a more systematic, specific, and precise fashion, self-censorship as a more permissive form of censorship per se seems to render these efforts null. The key point here is if and to what extent do the trained censors censor each program. Fan told me that: “Theoretically speaking, all three censors are supposed to screen the video…[However,] the mechanism [jizhi] is one thing; [the operation is the other]…On the operational level, it is just a staging show [zou guochang]. No one really does the censorship. We [censors] don’t strictly apply those [SARFT] rules to censor stuff. We only do the gatekeeping procedurally, [and] go through the procedure to get a serial number. It is just like wearing shoes. It [SARFT] gives you a pair of small shoes [in a relative sense], but you burst them out.” The permissiveness of self-censorship might well be told from the industrial response to the release of Decree No. 53. With its release, industry news articles of the time described video sites as “eventually breathing a sigh of relief”, which on the one hand suggests video sites’ anxious anticipation of self-censorship as opposed to an external one, and on the other hand confirms the larger manipulable space allowed by self-censorship.
Within this context, video sites produced in-house programs in a relatively freewheeling fashion, and took bold moves to produce whatever state television stations are not allowed to broadcast. Echoing Hua, Fan mentioned several times that state television stations were the other for the video industry: “Internet is always a supplement to the information control in television. When you really do the programs, you rarely think about other stuff. You only think about if it is interesting enough…We of course would like to touch the line a little bit because it could draw viewers…We want to fill in all the blanks [left by television], in terms of both subjects and forms…When we brainstorm for topics, we always ask what is not allowed on television.”

Thus, the talk show Small Words, Big Thoughts (weiyan dayi) she produced aimed to reach the angry young generation (fenqing) such as college students and lower middle classes who are discontent with the society. In addition to this talk show, she also produced a documentary Sohu Wide Angle (souhu shipin dashiye) that oftentimes addressed historical events and political figures.

As these programs are more socially and politically engaged in relation to other soft entertainment and thus more likely to draw attention from the SARFT, Fan’s sense of self-censorship probably represents the highest degree of the kind in the video industry. Yet, it is still incomparable to that prevailing in traditional television. As a former television producer, Fan’s story could provide compelling evidence: “You cannot make talk shows in television stations as you do with the Internet. The script cannot be written in the same way. Oftentimes you censor yourself when you write a script because I know that even though I write it in my own way it cannot be broadcast. There are still people above you who will censor it…When I first began producing weiyan dayi, I was still quite cautious by copying the set of standards from television stations. When I saw other people’s scripts, I thought they must be problematic. But they
[colleagues] told me that it was the Internet, and would be fine. Several times later, you just learned the rule.”

Within this context, online content appears to be bold and racy in general. As Fan exaggeratedly teased, “All the programs online are disqualified according to the standards set by the SARFT. We can show nothing if we follow the SARFT rules. But actually we are still fine [safe] after showing all those.”

Fan’s comment points to another aspect of the content regime, which accounts for the boldness of video sites, that is, an equally relatively lax ex post facto censorship. In fact, a delegation of censorship powers to video sites (i.e., self-censorship) already suggests a relatively lax regulatory regime over cultural production in the digital context, which is unlikely to generate a harsh and all-encompassing ex post facto censorship. And the fear created by ex post facto censorship, if any, is translated less into the process of production than scheduling. For instance, for the program *Sohu Wide Angle*, Fan revealed that they produced everything as long as it is not extremely politically sensitive. Once the production was completed, as a SARFT-highlighted program, they made tactical use of scheduling to circumvent the ex post facto censorship. For instance, during the sensitive periods of each year - above all, “lianghui”, June 4, and unexpected social unrests - when the entire system of media and culture is more closely monitored, they would release relatively less bold content to avoid direct confrontations, and hide provoking content already published from the public view. As Fan put it, “We won’t hit the bottom line hard during these periods. At those moments, we put up some lukewarm content.” They chose to release racy and bold episodes during normal periods. If unluckily caught by the SARFT, there were certainly cases of entire removal in severe occasions. In less fatal cases, they chose to hide the programs and re-release them when political attention dissipated. Oftentimes, as Fan recalled, they were actually prepared to be warned before they
uploaded the video. Yet, they still went ahead just to try out and lower the bottom line. This “cat and mouse” game even lasted after a severe incident in which the program was almost canceled because of an episode on the betrayal of the Communist leader Lin Biao during the Cultural Revolution. The constant tactical energies from the industry somehow attest to the revealed signs of relenting in the light-touch varieties of cultural regulation in the digital context.

Therefore, video sites’ in-house initiatives show that self-censorship supplemented by ex post facto censorship operates in a much less effective fashion than external censorship performed directly by the SARFT. The inherent inertia, uncertainties, and contingencies existing in self-censorship make it incomparable to external censorship in any form. Given the feasibility of exercising external censorship to video sites’ in-house productions, the designation of a self-censorship mechanism somehow indicates a relative lack of will of the SARFT in imposing stronger constraints on video sites. Although the introduction of a set of specific rules on self-censorship might reveal the SARFT’s attempt to strengthen the mechanism, it only means more regulation compared with the laissez faire scenario. So far, it is rather clear that cultural censorship in China needs to be understood as a spectrum. In a relational configuration, strengthened self-censorship still means less regulation compared with traditional television given the nature of self-censorship. Therefore, while LeTV’s Once Upon a Time in Dongbei was taken offline due to an excessive exhibition of violence, video sites are still flooded with racy content. As Fan put it, “The SARFT regulation of video sites is certainly more strict than that in foreign countries, but is for sure much more lax than television stations.”

UGC’s Professional Life

With video sites’ transformation toward professional content, UGC, which once fueled the entire
industry in the mid-2000s, went through similar changes. As of today, the once popular UGC is more properly termed PGC, which constitutes another pillar of video sites’ professional provision. This part will detail the process in which UGC is increasingly subject to the corporate regime. Video sites’ abandoning of UGC as a corporate strategy around 2008 didn’t necessarily suggest a closure of the portal to users. Transforming video sharing sites retained their UGC operations, although their professional turn did suggest dwindling efforts in fostering UGC. Vernacular UGC began to be commercially tainted, and this process already began before sharing sites’ professional turn. For instance, after Hu built up his reputation through the hit steamed bun video, advertisers began to sponsor and place products in his subsequent productions between 2006 and 2008.\textsuperscript{184} Moreover, advertisers/agencies began to approach him, attempting to use his creativity to achieve similar viral effects for their products. Hu shot his first viral video ad for Alibaba in 2009, and since then he has lived on producing viral video ads for various companies.

He made this transformation for survival considerations. As he admitted, “Shooting ads is for money, not for expression.”\textsuperscript{185} However, he enjoyed this job, as there were no better jobs. Taking viral ad production as a circuitous way to his initial as well as ultimate dream, he told me that his dream job is to make films: “But filmmaking needs a lot of money and long-term preparation. I still need to make a living for the time being.”\textsuperscript{186} Hu’s story shows the struggles ordinary young people experience in fully embarking on their creative and cultural journeys in a rapidly commercializing environment. In addition to product placements and viral video ads, UGC makers are also sought as informal labor for outsourced projects from various intermediaries. All these combined economic opportunities are transformed into the impetus for individual creation. Believing that good/sensational works will bring them fame, which will
eventually be monetized in this or that way, UGC makers’ initial “innocent” intention has been increasingly fused with other considerations.

This could be more specifically told through the story of another UGC maker Luo Xiong (henceforth Luo). Luo came from a small city/town in a well-known agricultural province in North China. His immersion in Internet culture began with his yearlong experience in writing online novels during college. After graduation in 2008, he first began as a worker in a Chinese electronic home appliances manufacturing company in Guangdong province in South China. With a lingering dream of writing, he quit the dreary factory life, looked for jobs in writing-related companies, and eventually settled down in a private film/television production company in the capital city of his home province after doing several casual jobs as a PR and ad copywriter. During these few years, he began to be attracted by the wildly ongoing video culture online. He first began as a songwriter for music video spoofing. One of his early productions at the time, “My Dad is Li Gang”, ridiculed the Li Gang case in 2010 in which a drunk young Volkswagen driver in Baoding in Hebei province committed a fatal hit, tried to speed away, and warned security guards intercepting him by shouting out “My dad is Li Gang,” the Deputy Director of the Baoding Public Security Bureau. The slang “My dad is Li Gang” quickly popularized on the Internet, being used to satirize the corrupt and manipulative privileged classes in China. The music video was produced amid the “My Dad is Li Gang” meme. Appropriating the rhythm of a popular song I am Xiao Shenyang (woshi xiao shenyang), Luo replaced the original lyric with his own, and his collaborator Yin Bao (henceforth Yin) was responsible for the performance, music-making, and video editing. According to Luo’s online presentations of the time, this production was motivated by extreme anger:

“Yesterday, I read the news about a second generation government official running over people and causing one death. I was very angry. Earlier on, we have the “70m” case about
second-generation rich, now we have another case about second-generation official. He did not care about the girls he crashed into, but blamed them for damaging his car. I am so angry. A living being is nothing compared to his vehicle. The indifference of this second generation official is inhumane. What’s more, after he crashed the two girls, he continued to drive to the dormitory to pick up his girlfriend without any sense of guilt. When he was stopped by the school security, the moron yelled out “my father is Li Gang!”

In our conversation, he re-narrated this process and insisted that while UGC at the time was increasingly commercialized his first production was driven by pure desire to express opinions instead of any other considerations. It is difficult to find out if the collaboration between Luo and Yin resulted from pure enthusiasm or more than that, i.e., an enthusiasm/interest-based strategic alliance for overnight fame, or even a pure strategic alliance to build online fame. The boundary between the two has perhaps become too blurry to draw the line. Moreover, carrying the UGC label, Luo tended to intuitively hide any impure motives. Yet still, he revealed these less “noble” thoughts somewhere in our talk. In 2011, with the overnight popularity of the Li Gang music video, small advertisers began to approach Yin for product placements and viral video production. While the song was written by Luo, the public seemed to be more impressed by Yin as he was the singer and producer. When a small menstrual pain relief brand contacted Yin, he teamed up with Luo again to make viral songs. The project brought Yin an income of several thousands of CNY, and as the contractor he paid Luo and other collaborators several hundreds of CNY. It was this perceived unequal distribution of fame and economic interests out of the collective work that made Luo’s subliminal utilitarian motives dominant. The unsung hero grumbled: “I wrote the lyrics for him, but people only remembered him…and he can also make money…He is just like a contractor [baogong tou]. I was thinking that if I could use the software and do the editing, I could also do the same thing as him.”

Rather than criticizing the commercial logic, Luo seemed to be eager to join the game by replicating the core competency of his collaborator. He then began to teach himself basic video editing skills using a textbook on
Adobe Premiere Pro. At this point, one could tell rather obvious and strong practical motives that sustain Luo’s further and perhaps past engagement with amateur video production.

Having equipped himself with basic production skills, Luo, teaming up with his collaborators, produced a long list of videos in 2011 and 2012, which engaged with various ongoing social and cultural events. This kind of nearly free labor investment was supposedly sustained by the “deferred fantasies of opportunities.” In late 2012, Luo released a self-titled parody video 2012 Micro Spring Festival Gala (2012 wei chunwan), which satirized the annual mainstream variety show produced by CCTV in celebration of the Chinese New Year. The success of this video brought Luo instant and wide fame online. After that, he quit his job in the television production company in early 2013 and began to live on online short video production. The success of the chunwan video was perhaps the initial moment when he felt that he could, borrowing his terms, “gain both reputation and money” (mingli shuangshou) in producing amateur video.

As Luo began to devote himself entirely to UGC/PGC, the old mode of production went through a mini process of industrialization including expansion of the production team, division of labor, and serialization. The “Tianjin Girl Joking Around Series” (tianjin niu’er tucao xilie) and “Dongbei Girl Joking Around Series” (dongbei niu’er tucao xilie) are the most famous series his team produces. These series mainly profit through product placements. However, platform providers such as Youku disapprove of these commercial operations. Rhetorically speaking, these former sharing sites still bear the discursive burden of its UGC history. Economically, they also fail to achieve a satisfactory product placement revenue-sharing deal with UGC/PGC providers. As a tactic, Luo accepts product placements from film, television drama, and entertainment production companies. In this relatively softer and thus more covert form of
product placements, the *tucao* series promotes new movie releases and coming reality shows produced by all kinds of cultural institutions including CCTV by incorporating them into their satirical narratives of the ad-supported viewership rating-oriented cultural industry and its superficial outcomes. Both positive and negative comments of placed cultural products might have the effect of manufacturing controversies in a fiercely contested “eyeball economy”, and eventually bring audiences to theatres or television screens. For this purpose, negative comments might work even better. As another PGC producer Bai Cong (henceforth Bai) commented, in an Internet culture known for “subversion”, “sarcasm” and “rebellion”, companies, especially Internet companies, don’t really care about this alternative advertising strategy as long as it could bring effectiveness. ⁱ⁹²

The strategic placement of cultural products tells us that in a more pro-industry operation, the once anti-establishment stance which helped establish the reputation of UGC makers in public life gradually transforms into rhetorical legacies these former amateur producers exploit to fulfill their interest in the professional context. Yet, like to video sites, the rhetorical legacies oftentimes also become rhetorical burdens the so-called UGC makers like Luo have to deal with in ways such as limiting the use of product placements so as to maintain the UGC identity as perceived by the consumer public. From evolving corporate entities such as Youku, which see anti-capitalist discourses as a marketing opportunity, to emerging PGC players, which manipulate anti-establishment sentiments for product placements, both cases might prove what Nicholas Garnham argues that the maintenance and expansion of capitalist logic does not necessarily require a dominant ideology. Rather, within a capitalist mode of production, media and cultural enterprises would produce anything that could make profits. ⁱ⁹³ In this sense, transformed UGC makers reach a tacit collusion with the dominant cultural economy.
Transformation of the UGC culture also demonstrates the sweeping logic of commerce, which seems to swallow any kinds of political subjectivity. In addition to egao video series, Luo’s team also contracts corporate identity video production, wedding videography, and other video-related businesses. From self-teaching Adobe Premiere Pro to internalizing the industrial logic of cultural production, the transformation of Luo’s very identity as an early UGC player, “especially the self-actualization of the individual through/towards the development of skills, techniques, and entrepreneurial initiatives,” represents a formative process of entrepreneurial subjectivity among amateur producers in a post-socialist environment proliferated by commodity fetishism, unequal social relations, and relative autonomy. 194

Luo must be one of the many UGC makers who gradually transform into content producers in a more professional sense. In addition to UGC-transformed PGC, there are also cultural professionals who join the PGC wave in order to exploit the huge potential lying at the intersection of culture, entrepreneurship, and video technology. Bai, one of the founders of a PGC brand UFO Talk (feitie shuo), is such a case. 195 Born into an intellectual family in a traditionally affluent province in the eastern China, Bai completed his bachelor’s degree in Digital Arts and Design in 2006. Being a professional precisely trained for the booming cultural and creative economy, he first worked in a stated-owned animation film studio in Shanghai for half a year and then worked for a few other private animation production companies after that. Later he moved into a private educational service provider where he worked on online educational products production, as the company began to heavily invest in online education. Believing that video will be the main media form in the future, Bai was ambitious enough to think of an online video encyclopedia based on South Park-style 2D computer graphics while he was in the education company in 2010.
Bai’s entrepreneurial planning largely incorporated his industry experience in both animation and online education. Today, while carrying the label of PGC which is often conflated into UGC because of the historical connection between the two, Bai is very frank in admitting that the making of UFO Talk was guided by a very specific business plan from the outset. At the time, there were already a few other private media companies testing the 2D computer graphics on an irregular basis. However, Bai believed that online communication must successfully create user habits by providing serialized and standardized cultural products on a regular basis. He also believed that the show must be operated like a brand. Before the parent brand UFO Talk officially opened its market, he already had a clear timeline of rolling out more affiliated brands such as UFO One Minute (feidie yifenzhong) and video derivatives. Moreover, his focus on the encyclopedia was also a calculative choice in relation to market-based principles, as the encyclopedia form would allow it to absorb all kinds of product placements. Bai firmly believed in the market potential of a video encyclopedia, which quickly proved to be true. He attributed his accurate business sense to his familiarity with the advertising industry. Before the UFO Talk project, Bai already experimented with cultural entrepreneurship on a part-time basis by starting up an advertising agency. His second trial of the business world demonstrates his strong entrepreneurial motivations.

In fact, being calculative, resourceful, determined, active and decisive, Bai embodies much more obvious entrepreneurial traits than Luo. While Luo’s commercial engagements appear to be basic, rough, and grassroots-oriented, Bai’s model is apparently more sophisticated, delicate, and gentrified. Thinking in terms of Pierre Bourdieu, Luo and Bai’s different class backgrounds perhaps determine their differentials in all forms of capital and thus their
capabilities to play the game of cultural economy. On the other hand, their cases also tell of a proliferation of entrepreneurial subjectivities across different social classes in China.

At the beginning of the development, Bai and his partner decided to stay secluded from any sort of commercial connections for one year and focus entirely on video production. Their goal was to produce “extraordinarily interesting stuff” to draw public attention. Again, the “deferred fantasies of opportunities” came into play in the early stage of fame accumulation. They begin to roll out videos on a weekly basis on Youku starting from September/October 2012. In the third week, their production reached a daily page view of one million, and Youku publicized it on its homepage. In early 2013, they received the first product placement request at a price of RMB30,000. Since then, they began to recruit people, standardize the process of production, and expand the scale. Today, the price for one product placement in UFO Talk reaches as high as RMB300,000. Yet, advertisers line up for ad spaces. Given the series’ robust market performance, Bai adopts a rather tough stance in accepting requests from advertisers by setting monthly and weekly limits on the number and frequency of product placements so as to maintain, in Bai’s terms, “artistic/creative dignity.”

As an encyclopedic program, UFO Talk could cover any topic. Most of its early issues addressed sensational topics such as sex. Bai believes that this is the fastest way to aggregate fame within a short time. As the show gains popularity among the public, Bai quickly reshaped the topic orientation. Today, he has developed four major principles to guide topic selection and content production at UFO: sex, egao, anti-common sense, and others’ pain. At the most basic level, proposed topics must deeply engage with current issues. In addition, it must address at least one of the four principles. To Bai, sensational topics such as sex always sell. The “anti-common sense” principle requires the proposed topic to challenge the existing parameters of
dominant social views and mainstream values. To some extent, this principle overlaps with the *egao* principle, as the latter is oftentimes used to challenge the political economic establishment. The principle of “others’ pain” refers specifically to alternative bodies and lifestyles that are often disavowed and scorned in dominant discourses such as obesity and singleness. Ironically, this principle somehow contradicts with the “anti-common sense” one.

Thus, UFO’s content production, like other PGC, is not unified under a common ideology. Being keen to social injustice structured along class division and less sensitive to a wider range of social oppression structured by hierarchies of gender, sexuality, and ethnicity, UFO Talk seems to embody a Han-Chinese bourgeois heterosexual male politics. However, its politics is in flux. Or to be precise, it does not actually have any politics. For instance, while it scorns singleness, it simultaneously produces issues such as How to Fight the Anti-Forced Marriage War (*fan bihun gong fang zhan*), which reviews a set of popular strategies for young singles to counter the prevailing social forces that push them to get married. Therefore, UFO Talk is not necessarily tied up to a specific and fixed ideology and politics. Instead, its rhetorical repertoire undergoes constant and situated changes, which results in a hodgepodge of heterogeneous and sometimes contradictory representations, ideologies, and values. The unchanged in this ever-changing and slippery adjustment might be the ultimate principle of attracting viewers and thus making profits. Bai closely and constantly monitors the Internet culture to determine which topic and position might achieve the most desired communication effect. This, again, points to his calculative disposition that defines entrepreneurial subjectivity committed to entrepreneurial success.

The increasing incorporation of ephemerally-existent social energies into the corporate regime as seen through Luo’s story and the simultaneous rise of a more delicate form of
neoliberal entrepreneurial subjectivity in the cultural industry as seen through Bai’s story coincide with the video industry’s recollection of the “UGC” strategy since 2011. At the time, the copyright war dragged video sites into the predicament of cash-burning and homogenous competition, and video sites, especially those former sharing sites, began to mine increasingly monetizable UGC/PGC resources to increase their uniqueness and thus user adhesiveness. Yet, the authenticity of UGC then was already diluted away as it transformed into PGC. Video sites’ recollection of so-called “UGC” thus in fact facilitated the development of PGC. Video sites with a UGC history began to survey the vast UGC/PGC uploads, select premium content, and highlight/recommend them on the homepage. Other video sites engaging less with UGC historically began to survey sites like Youku for UGC/PGC content and contact the author to have the production redistributed on their sites. In early 2012, iQiyi created a space for the so-called “UGC”. While in the name of UGC, the program entirely privileged professional production companies and individuals. So the return of video sites to UGC was in fact a strategy on PGC. Tencent Video also opened a “V+” page to attract the so-called “high-end UGC content providers”, which alludes to PGC makers. In addition, video sites developed various strategies to retain existing content providers and attract new ones. For instance, Ku6 rewarded exclusive content providers with RMB300 for each production. In 2012 and 2013, major video sites also successively developed advertising revenue-sharing programs to attract promising content providers. This part of income was in fact insignificant to PGC makers compared with their revenues from product placements, but the sharing program indeed suggested a supportive attitude of video sites toward PGC.

Based on the advertising revenue-sharing program, Youku developed a more sophisticated model of cooperation called the Photosynthesis Initiative (guanghe jihua) to
articulate PGC resources (figure 9). With this initiative, PGC players could choose to more deeply engage with Youku by moving beyond advertising revenue sharing. In that case, content providers choose Youku as the exclusive online platform to publish their work, and Youku helps to nurture them by providing support in sponsorship solicitation, publicity, brand building, etc. Following this agreement, content producers have to divide their revenues from product placement with Youku.\textsuperscript{206} According to Bai, Youku mainly aims to take a share from promising PGC teams through this initiative.\textsuperscript{207} However, moving beyond Youku’s economic motives, this initiative as an incubation project indeed accelerates the development of PGC. Meanwhile, through this initiative, Youku could also incorporate PGC teams as its outlying in-house productive networks that could benefit its in-house initiatives in a mutual way. Thus video sites’ strategic refocus on professional content, especially its in-house initiatives, also fuels the development of PGC in a mutually constitutive manner.

Today, according to Luo, there is a community consisted of several dozen PGC production teams of which his is a part.\textsuperscript{208} This industrial entity has been more and more referred to as PGC instead of UGC in industrial discourses. While there is still habitual usage of “UGC”, it must be understood as an “empty” signifier in the changing industrial context. This is a productive community temporarily leeching on to video sites. The numerous PGC production teams scattering across the country are connected to each other through a QQ group hosted by content/page editors from video sites as well as other voluntarily formed SNS groups.\textsuperscript{209} They share industrial information, resources, talents, and political knowledge through these online communications. In the QQ group, for instance, Youku’s editors would suggest topics to PGC makers and stimulate production by promising that they would greatly promote videos on suggested topics. Meanwhile, they also convey political messages during sensitive periods. For
instance, during the North Korea nuclear crisis and the Bo Xilai case in 2013, PGC makers all received briefings from Youku editors which discouraged videos on these topics.\textsuperscript{210}

Like video sites’ in-house productions, videos uploaded by PGC makers are subject to a similar self-censorship and ex post facto censorship regime. I have detailed the relative ineffectiveness embedded in the institutional practices of this regime from the perspective of in-house producers/censors. Here I will explore the presence of the state in PGC productions from the perspective of PGC producers. Messages from the Youku editor are the major and most frequent form of communications PGC makers have with the SARFT. While this layer of political connection, Bai felt that the degree of autonomy they enjoy in cultural production was much higher than imagined.\textsuperscript{211} The SARFT concerns itself most about political and sexual content, but UFO Talk did not actually consciously avoid these topics. As Bai put it, “We still try to address political topics because there are user demands. If I [we] don’t do it, there are still other people who will do it.”\textsuperscript{212} In fact, with the logo of “questioning is a form of concern; science popularization is a form of power”, UFO Talk ever picked up quite a few controversial topics. For instance, during the Ya’an earthquake in 2013, UFO Talk made an issue titled What Does the China Earthquake Administration (CEA) Do? (zhongguo dizhenju zai ganma?), which questions the bureau for under-spending on earthquake prediction and disaster relief, and overspending on bureaucratic functioning by citing comparative governing practices in Japan and US (figure 10).\textsuperscript{213} Heavily relying on scientific evidences and Western experience, the video embodies an anti-statist liberal sensibility and reasoning.

The key to address political topics, according to Bai, is to “grasp the yardstick” (bawo chidu): “In fact, most of our content is a little [sensitive]…but we grasp the yardstick well. For instance, we made videos on the CEA, the State General Administration of Sports, the SARFT,
and so on. All were exposed by us. We will not touch topics that challenge the core interests of the Party…But in fact it is OK to expose corruption of some not extremely important and politically sensitive state departments.” The term “yardstick” (chidu) was frequently mentioned during my conversations with producers from various sectors of the cultural economy. It appears to be a highly relational concept depending on different political and institutional context. To Bai, apparently, the yardstick in the emerging digital cultural economy refers to content that is not extremely politically sensitive, an understanding largely echoing other industry practitioners from video sites. Thus, like video sites’ foreign import and in-house productions, the yardstick guiding PGC productions might not be as wide as that desired by the so-called liberals (ziyou pai), but is definitely wider than state television stations. As Bai put it, “The level of openness is not that high, but meanwhile, it is not that rigid as imagined.” And this is again sustained by a relatively lax regulatory regime over the video industry. As Bai recalled, among the several hundreds of issues they produced, there were only two issues being hidden from the public: one on North Korea’s nuclear test, and the other on sex.

Compared to a tight regulatory regime in traditional television, the relatively loose one in the digital context not only creates a relatively higher degree of creative autonomy, but more importantly also enables a less politically charged discursive and institutional environment. In particular, there is a weaker presence or in fact an absence of an encompassing mechanism of political socialization to which industrial practitioners in traditional television are subject to. Compared with television producers and screenwriters who are linked to the SARFT in various ways, producers in the video industry, especially PGC makers, are remotely, loosely, and indirectly linked to the state, which allows for more autonomy and choices in dealing with ideological state apparatuses (ISAs). For instance, Bai told me that during the lianghui period,
the State Council Information Office (SCIO) once called in hope that UFO Talk could make an introductory video on these two political conferences. Yet, Bai politely refused to do so. As he explained, “I don’t want to have any kind of relationship with the government. First, I do not particularly identify with its political values. Second, the value of the Internet fundamentally conflicts with the state. If I produce a video on lianghui, all the comments I receive from viewers would be ‘five dime’ (wumao), ‘five dime’, ‘five dime’…” While Bai’s self-narration appeared to be heroic and applaudable, one must critically recognize the naive liberalism embedded in his discourse. While he defended the social and public nature of the Internet by shielding it from encroachment by the state, this seemingly heroic deed was eventually mobilized by the logic of capital to save corporate image, and furthermore, he ignored the potential collusion between the state and large corporations even in the Internet context. However, with all these defects, his refusal to SCIO does demonstrate that PGC makers are much less subject to ISAs, which further attests to a relatively lax regulatory regime in the digital environment.

Like video sites’ in-house productions which articulate what I term “non-state cultural resources”, emerging PGC companies also function as a network of more remotely, widely, and unevenly dispersed individuals and resources which are otherwise difficult to approach and mobilize by state cultural institutions and larger cultural enterprises in the booming cultural economy. Most immediately, as an institution evolving from or closely associated with UGC, PGC teams constantly incorporate former UGC makers from different backgrounds. For instance, UFO Talk’s screenwriters include former hotel receptionists and Foxconn workers. This fact echoes with my observations derived from my fieldwork on urban migrant workers and Internet/mobile video usage that the urban working class, especially the younger generation working class, constitutes a significant part of Internet cultural consumption and to a lesser
extent production in China. Within the heterogeneous makeup of the urban working class, there are some workers who have loved writing during high school and continue their interests when they move into urban cities. Changing jobs, locations, and thus dormitories/rentals frequently, they in general lack access to television, a furniture media commonly considered by migrant workers as a symbol of an immobile and stable lifestyle. Urban net cafes, VCD/DVD rentals, and video kiosks evolved from rentals played an important role in workers’ cultural life. This subaltern cultural space is now gradually being replaced with the prevalence of smart mobile phones. While more evidence is needed to substantiate the argument, one must recognize that urban workers participate in the formation and transformation of the contemporary Chinese Internet culture in various degrees.

The cultural experience of Luo, positioned between the lower-middle class and the urban working class, could be an example. Furthermore, UFO Talk’s two screenwriters, according to Bai, used to publish writings in online forums. Bai, whose personal history of cultural consumption was heavily defined by pirate culture, also actively participated in amateur cultural production online such as publishing film reviews for a long time before he embarked on the UFO Talk project. Bai met his current employees through this common cultural experience. As Bai recalled, “We knew each other online. They are talented, and their writings are very good.”

Bai told that he was looking for employees with “Internet sense.” Contextualizing it against the history of Chinese Internet culture, its connection with cultural piracy, and the entire video industry’s commercial strategy to capitalize on social discontent, “Internet sense” could perhaps be understood as anti-political economic establishment and anti-common sense sentiments in the broadest sense among the middle and lower classes of the society. The two
cases of migrant workers’ joining in UFO Talk presumably mark the incorporation of working class sentiments and sensibilities into a nascent bourgeois-oriented cultural institution. These former workers might reach a cross-class consent with its bourgeois colleagues on some political and social agendas, while diverging and being repressed in others. Or, they might go through a process of self-rewriting to become a member of the middle class. Either way, however, these two cases do point out that, as an entity somewhere between UGC and more established corporations, PGC companies such as UFO Talk function as a network of less approachable social resources and individuals.

The recruitment of talent with “Internet sense” constitutes the connection between PGC teams and the social realm on the end of production. There is another layer of connection on the consumption end. As a popular PGC brand, UFO Talk has developed a large audience base of nearly one million. It strategically mines and exploits audience resources as well. According to Bai, UFO Talk has about 50,000 active fans across different SNS groups such as Weibo, QQ, and WeChat. In addition to a weekly feedback sessions, UFO Talk mobilizes the wisdom of the masses by asking for ideas, thoughts, and clues from audiences. For instance, when UFO Talk produced an issue titled The Love and Hate of Taxi Drivers (chuzuche siji de aihen qingchou) and needed to talk to taxi drivers, many fans in the SNS groups referred their fathers, uncles, and other relatives to UFO. This mode of fan economy has been widely adopted by other popular PGC brands such as the social-issue talk show Logical Thinking (luoji siwei) produced by a former state television station producer Luo Zhenyu and Gossip Maker (guan’ai bagua chengzhang xiehui). Fan economy like this thus easily and effectively mobilizes and incorporates dispersed social knowledge and resources into a more formal cultural economy.
Conclusion

This chapter reviewed three content strategies developed by video sites. Each content strategy developed by video sites has its specific history, institutional form, and unique trajectory in the broad cultural economy. Like early video sites which were complexly intertwined with (digital) piracy, the more recent stage of industrial development is also deeply associated with piracy and all kinds of energies, practices, and sensibilities developing from the piracy culture. With the development of these content strategies, video sites have transformed from a technology of distribution into a technology of production. The rise of video sites as a productive technology has resulted in a network of production, which articulates various kinds of resources, labor, and subjectivities generally falling outside state cultural institutions. By articulating Hollywood majors, fansub groups, online novelists, and other more dispersed individuals, video sites widen the scope of and restructure the post-socialist cultural economy. Always taking state television station as the other, this productive network thus creates a cultural sphere that is distinctively different from the one created by traditional television. It is most evident in the racy and bold content produced and distributed through video sites, and the entire ideologies and industrial practices that sustain the production of this kind of content.

Most importantly, the operation of this cultural sphere exists with the relenting of the SARFT. This chapter reviewed the configurations of the state in each of the three content strategies. Interestingly, a common and defining feature running through all three content strategies is that all are subject to a relatively lax regulatory regime developed by the SARFT in the digital context. As discussed, the key to this regulatory regime is the operation of the self-censorship mechanism coupled by an ex post facto censorship. Compared with an external censorship performed directly by the SARFT, a self-censorship based regulatory regime allows
for much more contingencies and variations. Moreover, while the formation of a lax regulatory regime in the earlier period appeared to be a process prominently though not entirely driven by social forces, in the recent period it seems to be largely sustained by a top-down willingness to relatively loosen ideological control over cultural processes in the digital context.
1. Personal interview with Wen Man, April 29, 2014.
5. Liao Qingsheng, “Wangluo shipinye xian liyi zhizheng, jiasu hulianwang hangye xipai” (Competition accelerates in the video industry, leading to industrial restructuring), Telecommunications Information News, September 23, 2009; Personal interview with Hao, April 16, 2014.
7. Baidu’s video sector qiyi.com was established after the promulgation of the Decree No. 56 in 2008. As discussed in the preceding chapter, qiyi.com should be ineligible to apply for the “Online Audiovisual Broadcasting License” required by the SARFT. In reality, qiyi.com in fact operated for nearly two years without the required license. Instead, it shared the license number 0110516 assigned by the SARFT to Baidu Video, Baidu’s video search feature. In early 2011, SARFT officials reportedly had internal discussion over qiyi.com’s violation but didn’t issue any orders to suspend qiyi.com’s operation. See: “Qiyi xian xukezheng kun jing: guangdian zongju cheng zheng taolun zhenggai shiyi” (The license dilemma of qiyi.com: SARFT officials were following up), SINA Tech, accessed January 20, 2015, http://tech.sina.com.cn/i/2011-01-18/16165104419.shtml. The most practical solution for qiyi.com, according to industry observers, was to acquire a company holding the audiovisual license. In late 2011, qiyi.com announced its strategic upgrade by launching a new brand name iQiyi and a new domain name iqiyi.com. Simultaneously, the new site also released a new audiovisual license number 0110544, which was formerly owned by the 56671.cn of the Beijing Xinlian Xinde Advertising Media Corporation. This proved the practical solution raised by industry observers. According to the head of the Internet Regulation Office (wangluo guanli chu) of the Beijing SARFT quoted in Securities Market Weekly, iQiyi’s use of the new license number marked the end of its violation history. As for the change of the domain name, it was suggested by SARFT officials and also widely believed by industrial practitioners/observers as a flagrant way of punishment to qiyi.com’s two-year violation, although qiyi.com refused to comment on this and tried to reframe it as a strategic move in branding. See: “Qiyi qidong xin yuming beihou: jiejue shiting xukezheng yiliu wenti” (The story behind qiyi.com’s new domain name), Sohu Tech, accessed Jan 20, 2015, http://tech.sina.com.cn/i/2011-11-28/17256394603.shtml. Thus apparently, qiyi.com’s solution of its license dilemma and the subsequent rename was a carefully designed agreement or compromise between the capital operation and the SARFT regulation. The violation history of qiyi.com, the compromising solution, and the existence of a few other “naked” video sites without licenses as mentioned in the preceding chapter all point to the relatively lax enforcement of the SARFT regulations over the video industry. In this chapter, Baidu’s video venture is referred to as qiyi.com before the strategic upgrade in late 2011, and iQiyi.com after that.
10. Li Juan, “Shipin wangzhan de weilai: rongru dachuanmei geju”.

14. Sun Jin, “Sannian silun rongzi cheng shipin wangzhan shouli; wei yingli youku zaiqi diwulan”. 


29. Personal interview with Hao, April 22, 2014.

30. Gao Chunyan, “Qianwan yu jiushu reboju; wei qiang dipan shipin wangzhan sha hongyan” (Video sites dogfight over hot television serials), China Information World, August 1, 2011.

31. Ibid; Personal interview with Hao, April 22, 2014.

32. Zhang Xuwang, “Shipin wangzhan shangshi hou ‘kuangshua’ banquan jiage” (Listed video companies fiercely refresh copyright records), Beijing Business Today, August 31, 2011; Personal interview with Hao, April 22, 2014.

33. Personal interview with Hao, April 22, 2014.

34. Zhang Tao, “Sanwang ronghe jiasu; ciji shipin wangzhan yingli moshu qiubian” (The acceleration of three network convergence pushes video sites to transform), Shanghai Securities News, September 17, 2010.

35. Personal interview with Hao, April 22, 2014.
36. Zhang Tao, “Sanwang rongh jiasu; ciji shipin wangzhan yingli moshu qiubian”.
37. Gao Chunyan, “Qianwan yuan qianggou reboju; wei qiang dipan shipin wangzhan sha hongyan”.
40. Personal interview with Hao, April 22, 2014.
42. Ibid.
44. The SMG Research and Development Office, “Zhongguo fufei dianshi huanman tuji; ruhe dapo fazhan jiangju” (The slow development of paid TV in China requires solutions), Satellite TV and Broadband Multimedia, 2008.
45. Personal interview with Hao, April 22, 2014.
46. Jiang Mengwei, “Yingyuan shipin wangzhan boyi dianying ‘chuangkouqi’”.
47. Personal interview with Hao, April 22, 2014.
50. Personal interview with Hao, April 22, 2014.
51. Ibid.
52. Toby Miller et al., Global Hollywood 2.
53. Personal interview with Hao, April 22, 2014.
58. Personal interview with Hao, April 22, 2014.
61. Personal interview with Hao, April 22, 2014.
62. According to Hao, the purchasing price of a specific movie is determined by its box office revenues in North America. Usually, it costs several thousands of dollars to purchase one movie. Personal interview with Hao, April 22, 2014.
63. Ibid.
64. Ibid.

65. “Sohu shipin yu FOX hezuo shengji; 420 bu pian deng zaixian shipin” (Sohu Video upgrades the cooperation with FOX; 420 titles land online soon), Sohu IT, accessed Feb 2, 2015, http://it.sohu.com/20110914/n319300119.shtml.
68. “How China’s Movie Distribution System Works, Part 1.” According to Robert Cain, most buyout movies are handled by privately operated local film distributors in China. In practice, local distributors seek foreign films via international film festivals, or oversea producers seeking cooperation offer their films to local distributors. Local distributors then submit the film to CFG or Huaxia for import license.
69. Yu Sui, “Yinian qianbu guize fuza; zhongguo dianying jinkou xianzhuang jiem".
70. Ibid.
72. Yu Sui, “Yinian qianbu guize fuza; zhongguo dianying jinkou xianzhuang jiem".
73. Ibid.
74. According to Yu Sui, the statistics she provided on video sites were an estimate. As she revealed, several persons in video sites she contacted for information declined her requests due to the “sensitivity of the topic.” The statistics she eventually compiled were based on information provided by industry practitioners who requested to be anonymous. Cross-checking this number with industry news articles of the time and my conversation with Hao, I consider the statistics as within the valid range.
75. Yu Sui, “Yinian qianbu guize fuza; zhongguo dianying jinkou xianzhuang jiem".
76. Personal interview with Hao, Apr. 22, 2014.
77. Personal interview with Hao, Apr. 16, 2014.
78. Ibid.
79. Ibid.
80. In recent years, video hall as a declining cinematic space amid technological innovations in distributions finds its second life in suburbs on the outskirts of big cities like Beijing where rural migrant workers gather. According to Sun Wanning, video halls in this new context are considered mundane or even abject as a cultural place. See Sun, Wanning. Subaltern China: Rural Migrants, Media, and Cultural Practices (Lanham: Rowman & Littlefield, 2014).
81. Personal interview with Hao, April 16, 2014.
82. Ibid.
83. Ibid.
86. Personal interview with Hao, April 22, 2014.
87. Ibid.
88. The SARFT, “guanyu jiaqiang hulianwang shiting jiemu neirong guanli de tongzhi” (Notice on Strengthening the Content Regulation of Internet Audiovisual Programs), accessed May 15, 2014, China InfoBank.


90. Yu Sui, “Yinian qianbu guize fuza; zhongguo dianying jinkou xianzhuang jiemi”.


92. Personal interview with Hao, April 22, 2014.

93. Ibid.


95. Personal interview with Hao, April 22, 2014.


97. Personal interview with Hao, April 22, 2014.


100. Personal interview with Hao, April 22, 2014.

101. Cai Xiaowei, “Shipin wangzhan xin haiwai banquan yao shouyi” (How do video sites test the water on copyright; how long can the free meal last?), China Culture Daily, March 10, 2011.

102. Personal interview with Nan Mei, July 20, 2014.

104. Cai Meng, “Duojia shipin wangzhan shishui zhengban yingshiju tongbu bochu, mianfei dacan keyi chi duojiu?” (Video sites test the water on copyright; how long can the free meal last?), China Culture Daily, October 10, 2013; Personal interview with Hao, April 22, 2014.

105. Personal interview with Nan Mei, July 20, 2014.

106. Ibid.

107. Ibid.

112. Personal interview with Hao, April 28, 2014.

113. Jin Wenjie, “Meiju hefa rujing hou de zimuzu: bei shoubian, buzai qiang shoufa” (Fan sub groups after the official import of US television series), Shanghai Morning Post, June 16, 2014.

119. Personal interview with Hao, April 11, 2014.
120. Ibid.
121. Ibid.
123. Cai Meng, “Duojia shipin wangzhan shishui zhengban yingshiju tongbu, mianfei dacan keyi chi duojiju?”
125. Personal interview with Hao, April 22, 2014.
129. Ibid.
130. Personal interview with Hua Shan, April 24, 2014.
131. Personal interview with Hao, April 22, 2014.
136. Personal interview with Hua Shan, April 24, 201
137. Ibid.
139. Wu Yongyi, “‘Shuangxian ling’ huo dailai 2baiyi guanggao, wangluo shipin youwang yinglai ‘di’er chun’” (Two restraining orders expected to bring the second spring to video sites), Communication Information News, December 7, 2011.
142. Wu Yongyi, “‘Shuangxian ling’ huo dailai 2baiyi guanggao, wangluo shipin youwang yinglai ‘di’er chun’”.
144. Ibid.
145. Bai Ruoyun and Song Geng, Chinese Television in the Twenty-First Century: Entertaining the Nation.
146. Personal interview with Hua Shan, April 24, 2014.
147. Ibid.
148. Personal interview with Fan, April 18, 2014.
149. Cooperative marriage refers to the marriage between gays and lesbians who face intense heteronormative pressure.
152. Liao Qingsheng, “Shipin wangzhan zoushang nerong chanyehua dadao, baituo banquan zhigu jiasu yingli bufa” (Video sites’ content strategies help relieve pressure from copyright), *Communication Information News*, April 21, 2010.
154. Personal interview with Hua Shan, April 24, 2014.
155. The number of netizens in China who participate in Internet literature reached 248.37 million, and Internet literature was the eleventh most popular online activity by June 2013. (CNNIC, 2013: 28).
157. Ibid.
159. Ibid.
163. Since the reform, it has been a common practice for industry practitioners to moonlight outside state cultural institutions. In popular discourses, this practice is also called *zouxue*. According to Nimrod Baranovitch, *zouxue*, which literally means “going into a cave or a dark place”, refers to the emerging trend of people moonlighting outside their *danwei* or taking an unofficial second job to make extra money in an emerging market economy. In the early days of the reform, in the media and cultural sector, especially in the realm of music, with the emergence of the activity *zouxue*, singers and artists, who belonged to state-owned cultural institutions, were no longer obliged to produce and perform only official sanctioned music. They had much more freedom in choosing where, what, and how to perform as more and more took up second jobs and invitation outside of the official sphere. And some singers and musicians began to entirely leave their *danwei* and embarked on private careers in the hope of becoming richer and gaining more personal and artistic freedom. Among them, as Jones Andrew documents, some did work on a freelance basis for the state-owned cultural institutions, and others became private entrepreneurs who worked with commercial managers or agents to sell their musical services by performing on a contractual basis for local and national cultural events and touring the country. These practices predated the trend in state television stations in which producers moonlighted outside or left television stations to embark on their own businesses. Nimrod Baranovitch, *China’s New Voices Popular Music, Ethnicity, Gender, and Politics, 1978-1997* (Berkeley: Univ. of California Press, 2003). Jones, Andrew F. *Like a Knife: Ideology and Genre in Contemporary Chinese Popular Music* (Ithaca, NY: East Asia Program, Cornell University, 1992).
164. Personal interview with Fan, April 18, 2014.
167. Personal interview with Hua Shan, April 24, 2014.
168. Ibid.
170. Ibid.
171. Ibid.
172. The SARFT, “guanyu jinyibu jiaqiang wangluoju, weidianying deng wangluo shiting jiemu guanli de tongzhi” (Notice on Further Strengthening the Regulation of Online Audiovisual Programs such as Web Soaps and Microfilms), accessed May 17, 2014, China InfoBank.
173. Personal interview with Fan, April 18, 2014.
174. Ibid.
175. Ibid.
176. Ibid.
178. Personal interview with Fan, April 18, 2014.
179. Ibid.
180. Ibid.
181. “Lianghui”, literally translates to “two meetings”, refers to the annual meeting of the National People’s Congress (the NPC) and Chinese People’s Political Consultative Conference (the CPPCC). They are held in Beijing every year in March.
182. Ibid.
183. Ibid.
185. Ibid.
186. Ibid.
196. Ibid.
197. Ibid.
198. Ibid.
204. “Shipin boke guanggao fencheng qubian, zhuli UGC yewu lunwei zitai” (The effectiveness of ad revenue sharing remains unclear), TechWeb, accessed Feb 28, 2015. 
210. Ibid.
212. Ibid.
215. Ibid.
216. Ibid.
217. Personal interview with Bai, July 27, 2014. “Five dime” is a pejorative term coined by Chinese Internet users to describe online commentators hired by the party-state to post pro-government comments in an attempt to shape online public opinion. It also generally refers to people in blind support of the government.
218. Ibid.
219. Ibid.
220. Ibid.
221. Ibid.
Epilogue: An Operation of a Dual Cultural Sphere

In a random week in July 2014, after talking with numerous industry practitioners, I began a small casual experiment to compare and feel out the two cultural spheres, the one created by traditional television and the other created by video, on the most superficial level, that is the textual level. To conduct the experiment, I first selected three provincial satellite TV stations to present the national television market based on public statistics on their market performance (e.g., market share, advertising revenues, purchasing capability) and my conversation with Xin, the distributor at the Beijing Television Arts Center quoted in Chapter One: Zhejiang Satellite TV from the first tier of the national television market, Sichuan Satellite TV from the second tier, and Gansu Satellite from the other tiers. In the particular week I randomly sampled, I downloaded the day-to-day schedule of the three television channels from the online TV guide tvmao.com, switched among the channels to watch various programs (mainly popular programs such as television serials and entertainment-related shows) from 7am to midnight except lunchtime, and quickly jotted down any emerging critical reflections. During the process, I also marked any actual changes to the announced schedule. When certain programs were missed due to conflicting schedules, I tried to find available copies online thereafter and revisited them. Meanwhile, during all the “breaks” (e.g., broadcast time of television news programs, commercials, multiple episodes broadcasting), I visited the five major video sites, browsed their content, and paid particular attention to those fresh programs getting online during the time I visited so as to make a direct reference to the televisual flow I was tracking. Oftentimes, sounds and images from these two cultural spheres interacted and converged in the same physical space. The key to this experiment was to treat myself as an ordinary Internet user
and immerse myself in the cultural environment so as to develop a general sense of the textual difference between the two cultural spheres.

The most immediate difference I noticed was the format of cultural presentation. Traditional television both as a technology and as a cultural form, as Raymond Williams suggests, is defined by a sequenced flow of programs, which creates a temporal viewing experience.\(^1\) According to Raymond Williams, what is being offered on television is a planned flow in which a sequence of program is “transformed by the inclusion of another kind of sequence, so that these sequences together compose the real flow, the real ‘broadcasting’.\(^2\) In the commercial context, commercials replace “natural breaks” to fill up the intervals between programs, yet are still able to contribute to the sort of consistent messages running throughout the very planned process of flow.\(^3\) Online video seems to deconstruct the flow model because it offers, as William Uricchio points out, “a set of equivalently accessible alternatives at any given moment.”\(^4\) This reminds me of what one of the video users told me: “To me, video site is like a combination of a newspaper and a library.”\(^5\) The mobile concept of “flow” raised by Raymond Williams to theorize television programming and scheduling has been debated by many television theorists. For instance, John Corner argues that the theorization of flow as a defining feature of television is haunted by the “problem of essentialism, whereby use of the idea of flow, wittingly or not, produces in the analysis an essential television artifact along with its related experience.”\(^6\) Consistent with this observation, recent scholars argue that household television is experienced less as a flow in reality, and that online viewing experience begins to resemble that of traditional broadcasting, as YouTube-like video portals transform into professional Web-content providers.\(^7\) Emphasizing the trajectory of flow within audiences, these counterarguments all sound valid. Yet, I still find Raymond Williams’ theorization of flow per se vital to our
understanding of television and the post-television technological formation, especially when we contextualize his original construction of the concept in relation to the so-called “discrete” media forms preceding television such as books and newspapers. Raymond Williams suggests that earlier kinds of communications are distinguished from television as a miscellany including discrete items and events. The ready availability of a wide range of content at any given moment precisely embodies the kind of internal miscellaneity characterizing print media. If the emergence of television reorganizes social and cultural life shaped by experience of discrete events, then the rise of video technology destabilizes television as a flow object. If watching television constructs a particular temporal experience, the surfing experience of a video site should probably be understood spatially.

Another related difference between television and online video, from the perspective of user experience, might be that: television gives viewers a window on the world and thus a sense of mobility in the privacy of their self-sufficient family home, a quality termed by Raymond Williams as “mobile privatization.” Online video, with its transition from computer to mobile devices, however, releases viewers from home and transmits formerly private viewing activities outdoor. The individual attachment to mobile devices in public spaces thus probably speaks to what Lynn Spigel calls “privatized mobility.” All the different experience associated with watching television and online video (i.e., temporal vs. spatial, mobile privatization vs. privatized mobility) shows that cultural zoning is not only defined by the logic of production but also sustained on the consumption end.

Moving beyond the format of cultural presentation, the two spheres also diverge in terms of ideologies, aesthetics, and values. There are certainly discrepancies among the three television channels. For instance, the more marketized Zhejiang Satellite TV apparently incorporates more
popular elements than Gansu Satellite TV, and is thus much closer and at times overlaps with the digital cultural sphere. However, the cultural sphere more heavily regulated by the SARFT is in general more conducive to political stability and social harmony. The most prominent ideological presence in the television sphere was the “Chinese dreams” themed music series running through all three television channels in that week. Following the political ideologies “Three Represents” put forward by Jiang Zemin and “Harmonious Society” coined by the Hu-Wen Administration, the “Chinese dreams” has become the new ideological driver for the Communist Party under Xi Jinping’s leadership. As industrial practitioners quoted in Chapter One revealed, televisions drama production in 2014 was already required to promote the theme of “Chinese dreams”. The incorporation of music series on “Chinese dreams” by state television is apparently part of the dream-themed propaganda manufactured by the Communist Party. Dream-themed songs I heard over state television included The Glory and the Dream (guangrong yu mengxiang) produced by the Opera Troupe of the General Political Department of the People’s Liberation Army, March of the Beautiful China (meili zhongguo jinxingqu), and Building a Chinese Dream Together (gongzhu zhongguomeng), etc. Interestingly, Zhejiang TV in fact aired more such songs at a higher frequency than Gansu TV and Sichuan TV in the week. Compared with the consistent ideological campaign on state television, none of the video sites carried or promoted these songs, except in the cases where video sites streamed the CCTV Spring Festival Gala or other state media festival galas which contained these songs.

Like the music series, television dramas broadcast by state television stations are also ideologically more conservative than that on video sites. Except news and information programs, domestic television drama is the main popular provision for state television stations most of the day in a normal week. As expected, the less marketized, the more ideologically laden. For
instance, the primetime television serials broadcast on Gansu TV were *My Three Mothers* (*wo de sange muqin*), a 2010 production, and *The Poor and Rich Life* (*pinfu rensheng*), a 2009 production. As a financially inept satellite television channel, Gansu TV cannot compete with its counterparts in acquiring hit serials, and can only rebroadcast sub-run serials. *My Three Mothers* narrates the story between a teenager and his three mothers. Ke Li (henceforth Ke), a young urban female sent to the countryside for socialist reeducation during the Cultural Revolution, has to leave her newly born son to a local woman, Dong Huan (henceforth Dong), upon her return to the city. The kid is since then successively adopted by Dong and Zhang (Ke’s another friend), and eventually reunites with her mother after many years of struggles. Through the narration of life trajectories and personal struggles of three women who are deeply connected to each other through a kid, the serial promotes the greatness of a mother’s love and sisterhood. Like *My Three Mothers*, *The Poor and Rich Life* narrates a family melodrama of a repentant couple who accumulates a considerable amount of personal wealth during the reform yet fails to keep a harmonious family. The desperate wife, who is also diagnosed with cancer, eventually sells her companies to cut off all greedy desires brought about by money and uses her remaining life to transform her rebellious son into a promising youth. Both serials highlight characters embedded in strong moral and social relationships, and promote social roles, family values, and moral codes. It can be seen to exemplify the ongoing political attempts in recent years to redefine the socialist value system by incorporating universal human values and traditional Confucian virtues such as benevolence, friendship, solidarity, devotion, etc. The discursive construction of historically legitimized values like caring for others and adherence to received social roles in these serials thus works to serve the moral authority of the party-state, persuade the public of the value of familial harmony and social stability, and legitimize the leadership of the Communist
Party in the face of current changes in the fabric of the Chinese society like individual self-realization, competition, and social disintegration driven by a market economy. Sichuan TV broadcast anti-Japanese serials such as The Perpetual Electric Wave (yong bu xiaoshi de dianbo) and Fake Heroes (maopai yingxiong) for its nonprime time, especially daytime. The Perpetual Electric Wave narrates the operation of Communist Party undercover agents in Shanghai in 1939 against the Japanese. And Fake Heroes tells an inspiring story of an ordinary man who transforms into a real hero under the leadership of the Communist Party during the anti-Japanese war. These serials thus carry strong political and ideological connotations. It is worthy to note that Sichuan television stations’ preference for war and crime serials is also partly shaped by its revolutionary history and regional culture. For primetime, Sichuan TV broadcast Trial Marriage (jiehun qian guize), an urban light romance which narrates how pairs of young couples/lovers learn to live and manage a married life. While the serial incorporates numerous popular elements to appeal to young audiences, its promotion of social and family values is no less weak than the two family melodramas reviewed above. Except television serials, entertainment shows broadcast by these two channels are also more political and socially conducive. For instance, Gansu TV’s A Good Man (haoren zai shenbian) is a program designed to document admirable deeds of ordinary people and convey warmth and empathy in society. Likewise, Sichuan TV’s China Positive Energy (zhongguo zheng nengliang) is a talent show documenting how ordinary talented people combat difficulties (e.g., disability) to survive life, convey positive energies, and inspire the community.

Compared with Gansu TV and Sichuan TV, Zhejiang TV is more marketized and thus closer to the digital cultural sphere constructed by video sites. Unlike the former two which rely more heavily on television serials to fill up their scheduling, the top-performing Zhejiang TV
produces its own branded entertainment shows which often require expert knowledge of television formats, recruitment of celebrities as judges/guests, and thus a higher level of capital investment. On the textual level, one can see the assiduous efforts made by the channel to balance its political obligations and market imperatives. In general, it succeeds in containing its commercial pursuits within the desired political orbit. For instance, its star talent show Voice of China (zhongguo hao shengyin), while presenting a much higher degree of market aesthetics and sensibilities in terms of format, setting construction, and celebrity cast in comparison to China Positive Energy, still finds political and social relevance by telling the personal struggles and inspirations of each contestant. One episode of Absolutely Unexpected in 2013 in fact satirizes moral hypocrisy constructed in the show, which somehow demonstrates the success of the show in sustaining its non-market obligations. In contrast, the serials broadcast by Zhejiang TV in that week were less mobilized to serve political and social stability. It broadcast a Korean romantic comedy My Girlfriend is a Legend (wo de nvyou shi chuanshuo) in the daytime and a domestically produced urban romance Meet My True Love (zhen’ai yudao ta) in primetime. Indeed, as LeTV’s copyright director Hao said, top-performing provincial satellite television’s content orientation is more likely to echo video sites. The heavy incorporation of the dream-themed music series by Zhejiang TV was probably designed to balance the overall orientation of the channel.

We can transit from Zhejiang TV as a buffer zone to explore the textual features of the digital cultural sphere. Except the overlaps with the television sphere—above all, the syndicated domestic serials and reality shows - video sites stream numerous foreign content, in-house series, and PGC productions that are mostly unavailable on state television, and racier. While there are hundreds of thousands of content on video sites, I particularly focused on those newly released
programs/episodes in that week. Popular US televisions series major video sites simultaneously streamed at the time included *Perception, Mistresses, Masters of Sex, Agents of S.H.I.E.L.D., Blacklist, 2 Broke Girls*, etc. Ideologies embedded in US television series seem to constitute a direct confrontation with the harmonious sphere constructed and sustained by state television stations. For instance, *2 Broke Girls*, which narrates a cross-class alliance between a working-class girl and her demoted upper-class peer in starting a cupcake business, seems to displace class conflict with the affirmative ideology of the American dream. This seems particularly true when we contextualize the show within the context of the ongoing economic recession in the post-financial crisis US. Rather than performing a critical reflection on the system, the show upholds values of individual effort, accumulation, and upward social mobility, the very ideology the American dream posits. While the show might reckon with the prevailing economic and social cultural practices in real life in the Chinese society as an increasing number of the population is mobilized for entrepreneurial success, it apparently counters the rhetoric promoted by the state which still emphasizes socialist collectivist ethics in official occasions. Another series, *Mistresses*, is characterized by its depiction of scandals, ambiguity, betrayal, secrets, and trickery involved in relationship and marriage, which challenges the received social roles and moral relationships characterizing Chinese family melodramas. Korean dramas appear to be a mixed existence. On the one hand, there are traditional Cinderella-style urban romance centering on pure/faithful love without overt sexuality, as well as family serials promoting gender hierarchy and patriarchal authority. On the other hand, in recent years, more and more Korean urban serials begin to challenge the moral limits of relationship, love, and sexuality in extreme scenarios. For instance, in the hit Korean serial, *Temptation (youhuo)*, streamed by Youku in that week, a Korean couple goes bankrupt in Hong Kong, and at that point, a rich Korean woman
who comes to Hong Kong for a hotel acquisition offers to buy three days of the penniless husband for one billion. The serial thus depicts the unpredictable entanglements between men and women involved in the deal. These racy and controversial productions often win wide attention online.

The in-house productions of video sites also show two trends. On the one hand, some of their in-house web soaps and shows render tabloid tastes, extravagant lifestyle, consumerism, and hedonism which conflict with traditional Chinese virtues and socialist ethics. On the other hand, others converge with online parody culture in satirizing all kinds of establishments and mainstream values. Like the *Absolutely Unexpected*, these series often center on the so-called diaosi figures in the society and make allusion to social reality through the bizarre experience of the protagonist who is usually male. For instance, LeTV’s hit series *Good Man from the Tang Dynasty (tangchao hao nanren)* narrates how a young bank clerk, who suffers from the high price of urban real estate and all related social pressure, travels back to the Tang Dynasty and lives a prosperous life there by mobilizing his modern knowledge. Sohu Video’s hit series *Diors Man* is a collage of different segments in which the same actor, Dapeng, plays roles from different classes and occupational backgrounds and sometimes even historical or fictional figures in each episode. In one of the segments of the episode from the week I sampled, the protagonist acts as an office worker who plans to propose to her girlfriend in a restaurant and arranges various musical bands during the dinner. The woman, after denying classic, rock, and rap bands one after another, got surprisingly excited by a rustic performing art form originating from the Northeastern countryside called “Two-Person Rotating” (*dongbei er’renzhuan*). The segment seems to satirize the pretentious urban middle class, who, while learning to appreciate various
Western high and pop cultures, eventually exposes its incorrigible taste of the indigenous “low” culture.¹⁵

All this online content that is unavailable on the state television constitutes a contested and heterogeneous cultural space in the digital context. Its logic might not always but indeed oftentimes contradict to the one created by traditional television. Unlike the television sphere, which serves political and social stability, the digital sphere somehow appears to be politically and socially disturbing. While this forming digital cultural sphere renders different degrees of bias against class, gender, sexuality, and ethnicity, as an important supplement to the television sphere, it still works to articulate the diversifying experience of the “postsocialist modernity” of Chinese people the state cultural institutions fail to contain.¹⁶

A rough reading of the ideological features of selective state television and video sites does point to an operation of a dual cultural sphere in contemporary China. As said, the dual cultural sphere is not simply a textual formation; neither is it a recent formation. Instead, the formation of the dual cultural sphere is a historical process involving complex political, economic, technological, and social forces. It is substantiated and sustained first and foremost by different political economic mechanisms, institutions, and industrial practices. In general, the television sphere is historically mainly invested in by domestic media capital and more heavily regulated by the state—above all, the SARFT, whereas the digital sphere is dominated by transnational/foreign capital and less regulated by the SARFT. The formation of a flexible regime over the digital sphere is a both top-down and bottom-up process driven by social forces. The top-down political process is not always an actively constituted arrangement. In some instances, it is a passive choice in relation to capital and technology. For instance, the laissez-faire style treatment of the financial structure in the Internet sector, which largely helped
establish the economic basis of the entire video industry, was not legally constituted. Rather, it was passively formed through weak or non-enforcement of existing regulations in face of prevailing economic practices in reality, which eventually appeared as a financial oversight. However, while a passive formation, the political non-action, or the tacit acquiescence, still already suggests a relative political laxity toward the Internet economy. The formation of the flexible content regime also incorporates bottom-up elements. For instance, the establishment of a self-regulatory mechanism in the early stage of the industrial formation might well be caused partially by a lack of regulatory capability of the Chinese state in face of a vast amount of UGC. However, getting to the bottom of the issue, the operation of social forces might still be ultimately resulted from a top-down willingness to relax the ideological control on the digital sphere which eventually prevents the party-state from maximizing the political cost to put the digital sphere under the same level of control as seen in traditional television. To summarize, a differentiated political economic setup in traditional television and video industries suggests that the party-state views the cultural formation around technologies of television and video differently. In other words, the postsocialist Chinese state strategically configures the cultural realm into multiple zones of development delineated by technological forms.

This configuration shows that the “zoning technology”, once raised by Aihwa Ong to refer to flexible state strategies to reconfigure national territory into multiple political economic zones to better accommodate transnational capital, is now seen in culture.\textsuperscript{17} Considering the set of national policy initiatives on the development of “cultural industries” and “Internet industries”, the logic of neoliberal exception evoked in the formation of the digital cultural sphere is apparently to let market conditions more effectively drive cultural activities. In general, the digital cultural sphere is made much easier for market-driven operations and commercial
activities, and the cultural processes there are generally dominated by an economic logic instead of a political one. Like the zoning technology in the political economic realm, which is considered by Ong as a set of flexible state strategies that legitimize capitalist transformation without jeopardizing the political legitimacy and socialist order, zoning in the cultural realm also displays a flexibility in creating a more capital-oriented cultural sphere to accommodate needs in relation to transnational forces while simultaneously retaining socialist legacies through the state media.

However, the formation of the digital cultural sphere is not the first time the logic of neoliberal exception has been evoked in the cultural realm. The “dual-track system” reform in arts and performance troupes implemented by the Chinese state in the late 1980s already suggested a zoning logic. In core state media and cultural sectors, this logic of duality was more obviously demonstrated through the “shiye danwei, qiyehua guanli” (public service units managed as enterprises) arrangement which constituted a powerful legal, institutional, and discursive basis for the expansion of market relations in the state sector in the first two decades of the media reform. Thus, I must point out the relative nature of the zoning technology here. While state media is generally categorized as a zone of normality, or an exception to the digital cultural sphere as a neoliberal exception, the zoning logic could still be applied within this sub-zone to conceptualize in-house editorial/political functions (exception to neoliberalism) and non-political activities such as entertainment and leisure (neoliberal exception). The official discursive distinction on cultural undertaking and cultural industry in the early 2000s, by which the private television production industry was largely constituted, embodied the same kind of duality. Again, within the television zone, the private television drama production is defined as “cultural industry”, or neoliberal exception, compared with the political function of traditional
television. However, the recent cultural developments driven by the capital-technology nexus apparently make the privately dominated digital cultural economy a better-justified cultural industry, or neoliberal exception, than the more heavily regulated private television drama production industry. As I said at the end of Chapter One, the private television production industry in fact appears more as a “cultural undertaking” in comparison to cultural processes in the digital context. Therefore, the discursive status of a specific sector varies in a relative conception of cultural zoning. A relative conception of cultural zoning also teaches us that the zoning logic was developed within the state sector, and expands more widely and extensively as the market reform deepens, especially as the private sector grows. Cultural zoning is thus basically a response of the post-socialist regime to market imperatives in the cultural realm. To some extent, one could argue that the whole process of media and cultural reform in China was from the outset structured along the zoning logic.

The exclusion of television from a comparable process of capital accumulation to video sites firmly confirms its status as a political medium, even in the context of accelerated marketization. This could be most evidently told from the SARFT regulation of the smart TV. As mentioned earlier, the so-called media convergence project (e.g., the IPTV project) developed slowly in China due to bureaucratic factors. In recent years, the smart TV (or Internet TV) project seems to break through the current impasse in media convergence. However, the SARFT establishes a rigorous control mechanism over smart television services. First, it authorizes seven license holders to operate the over-the-top (OTT) services, all of which are subsidiaries of state-owned broadcasting groups including CCTV’s Internet television endeavor CNTV, SMG’s new media arm BestTV, and the Wasu Digital TV Media invested in by the Zhejiang Broadcasting Group. Smart TV set manufacturers or set-top box makers have to collaborate with license
holders to obtain the individual serial numbers that must be attached to each device. Moreover, the content aggregated and streamed via smart television must be provided only by 14 licensed content providers authorized by the SARFT, which are again all from the broadcasting system including provincial state television stations. This prevents gadget-makers from aggregating content from third party providers such as Sohu Video, Tencent Video, and other publicly available sites. Accordingly, this prevents television viewers from watching the vast amount of Internet content directly in their living room. However, in practice, license holders and their collaborative partners oftentimes smuggle in unauthorized preinstalled video streaming apps in smart TVs and set-top boxes to attract buyers. This situation existed for a short period of time. In June and July 2014, the SARFT waged a severe campaign against violators for providing politically incorrect and pornographic materials via smart TV. Thus, Wasu Media, which teamed up with Alibaba in manufacturing the Tmall Box, was required to cut access to programs from online video providers such as Youku, Sohu, and iQiyi.\textsuperscript{18} This move was to limit the content and to some extent software/OS choices to those provided by state players. However, the real issue is that Chinese viewers could still easily turn to video sites and mobile apps for removed content. As an Internet user quoted by \textit{Global Times} confusingly complained, “I really do not understand the logic of the SARFT. Why can we watch television programs on PCs, tablets or smartphones, but not on TV sets?”\textsuperscript{19}

Thus, the question here is not so much the nature of content as the ways in which the content is delivered. Apparently, SARFT doesn’t want those politically incorrect and pornographic materials to appear on television screens, albeit they are still easily available online. While it is certainly also an attempt to protect the economic interests of the traditional broadcasting sector, the removal of politically incorrect and sexual content also clearly signals
the status of traditional television as a political and moral medium. Watching television in the traditional sense refers to a relatively passive social experience of “waiting inside the home for the outside world to be ‘transmitted into one’s private life’, “20 which “in effect electronically links families to the central state.”21 The invasion of online content into the living room disrupts the political relationship constructed between viewers and the party-state through a planned flow, and thus impairs the status of traditional television as a political media. The consolidation of the OTT market thus shows the SARFT’s attempt to restore the political relationship, and make the living room back under its supervision. The exclusion of traditional television from the operations taking place in the Internet sector, like the SARFT’s other constant “Cleaning Up Screen Initiatives” over the years, suggests the SARFT’s protection of the political and social function of traditional television to serve larger purposes.

While traditional television and the video industry create two distinct cultural spheres, it does not necessarily mean the two spheres are isolated and imporous. As Aihwa Ong argues, there is always an overlap in the workings of neoliberal exceptions and exceptions to neoliberalism.22 Likewise, the television sphere and digital sphere overlap and interact with each other in many aspects including capital operations, production practices, labor, and content. When video technology still worked more as a distributive technology, the video sphere mainly overlapped with the television sphere on the textual level (i.e., hit domestic series and reality shows syndicated by television stations and video sites). The handful of top-performing satellite television channels lie at the intersection of the two spheres with Hunan TV, the most commercialized satellite channel, probably being at the forefront. It is still true today. As video technology transforms into a productive technology, the video sphere begins to form structural integration with the television sphere. In a television economy where “production is separated
from distribution” (zhibo fenli) yet still complicatedly intertwined with distribution, the private television production sector, which operates in a semi-independent mode, becomes another enclave within the general television sphere that is most adjacent to the video sphere. For instance, iQiyi and Huace jointly established the Huace-iQiyi Film and Television, which aims to provide high quality web soaps and shows for iQiyi. This alliance moves the cooperation between the private production industry and the video industry beyond discrete projects to institutionalized forms. In addition, there are trans-zone flows of cultural objects, labor, and practices. This appears more as a one-way flow from the television sphere to the digital one. However, while most of the online content fails to make its way to television screens, especially after the revocation of pre-installed apps on set-top boxes, video sites still occasionally successfully sell some of its web soaps back to state television in the form of short programs (lanmu). For instance, LeTV sold Good Man from the Tang Dynasty (tangchao hao nanren) to Yunan TV. The trans-zone labor flow is also common in the aforementioned section on video sites’ in-house productions. While in most instances this kind of flow is subject to the respective knowledge regime of the two spheres, the increasingly frequent interaction between the two, especially the counter-flow from video sites to state television stations, might well bring a boundary shifting.

Therefore, the two cultural spheres are a dynamic formation constantly in flux. Moreover, the changes at the political economic level induced by changing political rationality, calculation, and action might also transform the boundary of the two spheres. Starting from 2014, the new Communist leadership under Xi Jinping seems to practice a perceivable tightening restriction on the entire cultural realm including television, film, literature, and entertainment. Xi’s talk at the Beijing Forum on Literature and Art in October 2014, which has widely drawn comparisons with
Mao’s Yan’an Talk on Art and Literature in 1942, reemphasized that literature and art should promote socialist core values and morality so as to serve the Communist Party and the people. In particular, the talk stated that “literature and art cannot become slaves of the market, and must not be stained with the stink of money.”\textsuperscript{25} The reiteration of the political, social, and moral function of the media and culture seems to correspondingly suggest an undermining of entrepreneurial dynamism and market-oriented operations in the cultural realm. While the talk has generated a great deal of discussions, much of what Xi said was in fact standard party lines on culture that are regularly cycled in official discourses.\textsuperscript{26} The real question is whether the reemphasis of the party line suggests a long-term plan in tightening ideological control with substantial measures or merely a customary practice characterizing the beginning of each new administration which would eventually translate into a long-term policy pattern of “song yi duan, jin yi duan” (loose for a time, tight for a time).\textsuperscript{27}

With the tightening, the video industry will apparently be more heavily influenced than traditional television, as the latter has already been diligently making a balance between the political obligation and market imperative. Echoing the spirit of Xi’s speech, the new head of the SARFT emphasized in his speech at the 2014 Online Audiovisual Industry Conference in Shanghai that programs that are not allowed to be shown on traditional media should be equally removed from new media.\textsuperscript{28} On the one hand, this comment marked an official acknowledgement of the existence of a zoning logic in the SARFT’s regulation of the cultural sphere by 2014. On the other hand, it also rhetorically declared an ending of the zoning logic thereafter. Earlier in September, the SARFT issued “The Notice on Further Implementing Relevant Regulations on Overseas Films and Television Series Online” (guanyu jinyibu luoshi wangshang jingwai yingshiju guanli youguan guiding de tongzhi), which required video sites to
register foreign films and TV shows with the SARFT and get approval before streaming them. Before the SARFT releases any specific rules to actually guide the implementation of the new regulation, it might still be early to judge if and to what extent it will transform the boundary of the digital sphere. Key questions remaining to be asked include: Will it introduce an external censorship mechanism performed by the SARFT itself or a self-censorship/registration mechanism as already practiced in the regulation of video sites’ in-house web soaps? If it is an external censorship, will it apply the same set of screening criteria practiced in traditional television and film, or use new criteria specially designed for the new media environment? As zoning by nature is a comparative and relative formation, the discussion of it is thus not so much about whether or not the ideological control is tightened as to what extent is it tightened in comparison to traditional media-above all, state television stations. Given all the uncertainties, it is still too early to evaluate the influences of the recently emerging official rhetoric and policies in transforming the boundary of digital cultural sphere created by video sites.

However, these emerging signs of tightening do suggest that cultural zoning is an ongoing process. As a technology of governance, it is ultimately part of the political rationality constantly mobilizing neoliberal calculations to make adjustments and thus achieve political optimization. If cultural zoning by 2014 was made to develop cultural industries as a new pillar of the national economy and satisfy the growing cultural needs of the Chinese people, the tightening, if it turns out to be true, is then to regulate the ideological consequences of the laxity so as to maintain political and social stability. The fact that the rapidly growing new media industry might eat into the economic interests of state television stations who, while attempting to take a share from the booming digital economy, still largely fall behind, might also constitute a factor. The revocation of zoning is in fact also part of the calculative logic, which enables
zoning. Anyway, we must recognize cultural zoning as an important and flexible state strategy on popular media and culture during the reform era, which enables us to better understand the complexities and intricacies of cultural processes in contemporary China.
5. Personal interview with Li Ziqiang, June 27, 2014.
12. Personal interview with Wei, April 20, 2014; Personal interview with Xin Jing, April 21, 2014.
24. Personal interview with Hua Shan, April 24, 2014.
27. Ibid.

29. SARFT, “guanyu jinyibu luoshi wangshang jingwai yingshiju guanli youguan guiding de tongzhi” (The Notice on Further Implementing Relevant Regulations on Overseas Films and Television Series Online), accessed March 30, 2015, China InfoBank.
TABLES AND FIGURES

Table 1. List of US television series streamed by the five Chinese video sites in fall 2013

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Youku</th>
<th>iQiyi</th>
<th>Sohu Video</th>
<th>Tencent Video</th>
<th>LeTV</th>
<th>Series not imported</th>
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<tbody>
<tr>
<td>Sept.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Boardwalk Empire</td>
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<tr>
<td>Sept.11</td>
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<td></td>
<td></td>
<td>Sons of Anarchy</td>
</tr>
<tr>
<td>Sept.14</td>
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<td></td>
<td>Haven</td>
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<tr>
<td>Sept.17</td>
<td>Bones; Sleepy Hollow</td>
<td>Bones; Sleepy Hollow</td>
<td>Sleepy Hollow</td>
<td>Sleepy Hollow</td>
<td>Sleepy Hollow</td>
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<tr>
<td>Sept.18</td>
<td></td>
<td>New Girl</td>
<td></td>
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<td></td>
<td>The Mindy Project; Dads; Brooklyn Nine-Nine</td>
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<tr>
<td>Sept.21</td>
<td>Neighbors</td>
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<td>Neighbors</td>
<td>Last Man Standing</td>
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<td>2 Broke Girls</td>
<td>The Blacklist</td>
<td>2 Broke Girls</td>
<td>The Blacklist; Mom; Hostages</td>
<td>2 Broke Girls</td>
<td>The Blacklist; Mom; Hostages</td>
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<td>Sept.26</td>
<td>Criminal Minds; Modern Family</td>
<td>Criminal Minds; Modern Family; Revolution</td>
<td>Criminal Minds; Modern Family; Revolution</td>
<td>CSI; Modern Family; Revolution</td>
<td>Criminal Minds; Modern Family; Revolution</td>
<td>The Middle; Law &amp; Order; Nashville; Back in the Game</td>
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<td>Grey’s Anatomy; Elementary; The Crazy Ones</td>
<td>Grey’s Anatomy; Elementary</td>
<td>Big Bang Theory; Elementary; The Crazy Ones</td>
<td>Grey’s Anatomy; Elementary</td>
<td>The Crazy Ones</td>
<td>Two and a Half Men; Glee; Parks and Recreation; Parenthood; The Michael J. Fox Show</td>
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<td>Date</td>
<td>Hawaii Five-0</td>
<td>The Good Wife; Homeland; Once Upon a Time; Revenge; Masters of Sex</td>
<td>The Good Wife; Homeland; Once Upon a Time; Revenge; Masters of Sex</td>
<td>The Good Wife; Homeland; Once Upon a Time; Revenge; Masters of Sex</td>
<td>Blue Bloods</td>
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<tr>
<td>Sept.28</td>
<td>The Mentalist; Eastbound &amp; Down; Hello Ladies</td>
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<td>Sept.30</td>
<td>The Good Wife; Homeland; Revenge; Masters of Sex</td>
<td></td>
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<td>Blue Bloods</td>
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<td></td>
<td>The Good Wife; Homeland; Revenge; Masters of Sex</td>
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<td>The Good Wife; Homeland; Revenge; Masters of Sex</td>
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<td></td>
<td>The Good Wife; Homeland; Revenge; Masters of Sex</td>
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<tr>
<td>Oct.1</td>
<td>We Are Man</td>
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<tr>
<td>Oct.3</td>
<td>Super Fun Night (P)</td>
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<tr>
<td>Oct.4</td>
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<td>The Millers; Sean Saves the World</td>
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<td>The Originals; Scandal</td>
<td>The Originals; Scandal</td>
<td>The Originals; Scandal</td>
<td>The Millers; Sean Saves the World</td>
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<td>The Originals; Scandal</td>
<td>The Originals; Scandal</td>
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<td>The Originals; Scandal</td>
<td>The Originals; Scandal</td>
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<td>The Millers; Sean Saves the World</td>
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<td>Witches of East End</td>
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<td>Beauty and the Beast</td>
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<td>Arrow; American Horror Story; The Tomorrow People</td>
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<tr>
<td>Date</td>
<td>Show 1</td>
<td>Show 2</td>
<td>Show 3</td>
<td>Show 4</td>
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<td>Oct.11</td>
<td>Once Upon a Time in Wonderland</td>
<td>Once Upon a Time in Wonderland</td>
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<tr>
<td>Oct.14</td>
<td>The Walking Dead</td>
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<tr>
<td>Oct.18</td>
<td>White Collar; Reign</td>
<td>Reign</td>
<td>White Collar</td>
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<tr>
<td>Oct.23</td>
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<td>Akward</td>
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<td>Grimm</td>
<td>The Carrie Diaries</td>
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<td>Nov.9</td>
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<td>Raising Hope</td>
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<td>Nov.11</td>
<td></td>
<td></td>
<td>Lost Girl</td>
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</tbody>
</table>

Note:
1. The scheduling is based on Beijing time.
2. The series in green refer to the new fall premieres.
3. The series in red refer to exclusive resources of a specific video site.
4. The series in red ending with (P) refer to exclusive premieres.
Figure 1. Huace’s showcase at the 20th Shanghai Television Festival (Source: Photo taken by the author)

Figure 2. The national television ad revenue and its growth rate in China, 1995-2009
Figure 3. The general business model of online video (Source: Author research)

Figure 4. The number of foreign films China imported in 2011
Figure 5. LeTV’s page for *Agents of S.H.I.E.L.D* (Source: LeTV)

Figure 6. Sohu Video’s page for its hit web soap *Diors Man* (Source: Sohu Video)
Figure 7. Tencent Video’s page for its hit web soap *The Darker* (Source: Tencent Video)
Figure 8. The promotion poster for Absolutely Unexpected (Source: Youku)
Figure 9. Youku’s PGC page (Source: Youku)

Figure 10. A screenshot from UFO Talk’s issue on CEA (Source: Youku)
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