

# Government Subsidies, Market Socialism, and the “Public” Character of Chinese Television: The Transformation of Chongqing Satellite TV

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## Abstract

In March 2011 Chongqing Satellite TV was made a public-interest channel and discontinued advertising, losing 0.3 billion yuan in revenue. The shortfall is to be partially made up by annual government subsidies of 0.15 billion yuan. The transformation of Chongqing Satellite TV is very much related to the widely debated reform of governance in Chongqing (the so-called Chongqing model), and thus is inevitably controversial. It has attracted critical commentary from academia, the advertising industry, and netizens, while the TV station and the Chongqing municipal government have not mounted an effective defense. Often, the two sides in the debate have been at cross-purposes and have spoken past each other. This article attempts to move beyond rigid binary oppositions, such as official/civilian and academic/political, and to look at the arguments of both sides in the debate with an eye toward promoting a clearer understanding of public media in China.

## Keywords

Chongqing Satellite TV, public TV, public-interest TV, Chongqing model, media reform, market socialism

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On March 1, 2011, it was announced that Chongqing Satellite TV 重庆卫视 would become a public-interest channel and that it would receive annual government subsidies of 0.15 billion yuan while eliminating advertising revenues of 0.3 billion. It is difficult to dissociate the transformation of Chongqing Satellite TV from the political-economic Chongqing model, which has been widely debated recently. This connection has helped put the transformation of Chongqing Satellite TV in the national spotlight and has attracted critical commentary from academia, the advertising industry, and netizens. So far the response from Chongqing Satellite TV and the Chongqing municipal government has not been effective. Often, the two sides in the debate have been at cross-purposes and have spoken past each other. This article attempts to move beyond rigid binary oppositions, such as official/civilian and academic/political, and to look at the arguments of both sides in the debate with an eye on a clearer understanding of public media in China.

## Government Subsidies and Public TV

At the “two conferences” (the National People’s Congress and the Chinese Political Consultative Conference) this year, Chongqing mayor Huang Qifan 黄奇帆 publicly spoke about the reform of Chongqing Satellite TV, stating that there was considerable precedent for public-interest TV 公益电视台 not dependent on advertising revenues, such as NHK in Japan, BBC in the UK, and PBS in the United State (Chen, 2011).<sup>1</sup> Here, Huang put the emphasis on “public-interest” 公益 not just “public” 公共, but the TV stations he mentioned are indeed examples of public broadcasting services elsewhere in the world.

Countering this, an article in a March 2011 special issue of *NetEase Review* (on the website NetEase 网易) asserted that

Public broadcasting services such as NHK and the BBC rely heavily on subscription fees, rather than financial allocations. All commercial advertisements are forbidden on Chongqing Satellite TV, and it survives entirely on government subsidies of 0.15 billion from taxpayers. This means not only a return to the era of the planned economy, but also serious difficulty in ensuring freedom and independence of the press. (Wang, 2011)

Even not considering organizational questions, what the article fails to recognize is that it would not be practical to operate a public broadcasting

service by subscription fees because the Chinese public will not accept a mandatory payment system. In this sense, Chongqing Satellite TV is not equivalent to BBC. Instead, we should ask, could a public broadcasting system be established in China without BBC-style subscription fees? And more important, how should one construe the nature of the “public?”

In fact, public broadcasting services commonly rely on government subsidies, the mode of financing public television in many countries (such as Australia, Belgium, Canada, and the United States) (PTSF, 2007: 234–35). The ABC (Australian Broadcasting Corporation), for example, received government subsidies amounting to AUD 0.827 billion in 2006, 78 percent of its total revenues of AUD 1.059 billion (78). In Belgium, the three public TV stations (broadcasting in Flemish, German, and French respectively) have received large government subsidies of various kinds (100–102). License fees were abolished by the CBC, the public broadcasting system in Canada, in 1953. Due to Canada’s vast territory and sparse population, and deeply influenced by no-fee commercial television from the United States, it was hard to collect license fees. Hence the CBC has lived mainly on funding from the Canadian parliament (Liao, 2007: 78). In 2006, nearly 60 percent (which is in fact higher than what Chongqing Satellite TV is to receive from the government—50 percent) of the annual income of the CBC totaling CAD 1.66 billion came from the Canadian parliament (PTSF, 2007: 234–35). In the United States, the Public Broadcasting Act of 1967 authorized the establishment of the CPB (the Corporation for Public Broadcasting) as a supervisory agency in charge of appropriation and management of public broadcasting systems throughout the country. With fiscal support from the U.S. Congress, a public broadcasting service similar to those in other Western countries was established. The PBS (Public Broadcasting Service) is also subsidized by state and municipal governments (Liao, 2007: 105). Even though every public TV station has had its own sources of funds, subsidies from the federal government have been vital. Beginning in the Reagan administration, the fiscal budget of American public TV has been repeatedly cut, creating great difficulties for public broadcasting. The BBC World Service is also financially supported by the government. Still another example of government support for public TV comes from Taiwan. According to the Public TV Law in Taiwan, promulgated in 1998, in the first year, government contributions to PTS (Public Television Service) would be up to TWD 1.2 billion, with subsequent annual reductions of 10 percent until the sixth year, when government contributions would stand at 50 percent—in other words, equivalent to government subsidies to Chongqing Satellite TV in its

first year. The outcome in Taiwan, after some struggle, was that the government's contribution was in fact not reduced after the third year, but was leveled off at TWD 0.9 billion, with an additional contribution of TWD 0.1 billion per year from the CBTDF (Cable Radio and Television Development Foundation). Since New Year's Day of 2007, PTS has added additional channels: Taiwan Indigenous TV, Taiwan Hakka TV, and Taiwan Macroview TV (directed especially at Overseas Chinese), all of which are officially budgeted, at TWD 1 to 1.1 billion per year (PTSF, 2011: 48, 96, 134, 144).

The above examples demonstrate that government subsidies to public television do not imply loss of independence, but rather assistance to public TV, in a market environment, so that it can achieve mainstream status or simply survive. One can thus see an internal logic to worldwide public TV systems, whether funded through license fees or government subsidies: non-marketization or de-marketization, with an aim to provide maximum guarantees of promised democracy through media and media systems, and thus to protect media democracy from the negative effects of capitalist marketization.

### **Cross-Subsidies and Media Reform under Market Socialism**

Returning to the Chinese situation, there has been cutthroat competition among provincial satellite TV stations for a long time, resulting in highly homogenized TV programming, rampant plagiarism, and a trend toward vulgarization. None of these problems has yet been surmounted. The notorious reality show *Falling in Love at First Sight*, which aired on Chongqing Satellite TV, was publicly criticized and banned by SARFT (the State Administration of Radio, Film, and Television) in 2007. Media marketization and industrialization, with their dog-eat-dog competition, suggest a pressing need for media reform. As for Chinese public TV or the public character of TV, this is an issue that Chinese scholars have discussed for years, but that has neither led to any articulation of theory nor to any perceptible change in the programs that are actually broadcast.

It is in this context that the reform of Chongqing Satellite TV has to be understood. It has been carried out in a unique way, opening up an alternative road to a reasoned critique of the market fundamentalism that has dominated Chinese media reform in recent decades, producing a historic moment for drawing attention to and debating the nature of media reform. The question of whether or not public TV is needed in China is a crucial one. Yu Guoming,

of Renmin University, has recently repeated a common argument against public TV:

Nowadays, Chinese people watch TV for free because advertisers pay for it. If TV stopped commercial advertising, TV would require funding from the government or subscription fees, or ultimately from taxpayers. It would be ridiculous to force Chinese people to pay for TV whether or not they agreed. (Yu, 2011)

By this logic, all public TV around the world—not to speak of China—would be illegal or unnecessary. This rejection of public TV and advocacy of media commercialization deserves analysis. First, one should begin with the present situation of the Chinese media industry. Feng Chien-san (Jiansan), of National Chengchi (Zhengzhi) University in Taipei, has described the situation clearly:

Although it is in the process of transformation, only in China, with its still stable central and local media systems and structures, has the logic of capital not fully taken hold. Because of this, it is still possible for the Chinese media to be constituted according to (market) socialist principles, although there is little time and space for this. Still, the scholarly community can provide a framework for media reform, pointing out how to orient Chinese media in the direction of market socialism. (Feng, forthcoming).

It is not possible for Chinese media to reproduce the public broadcasting service models in the capitalist developed West. Rather China must find its own mode of development of public TV within the context of the existing social and political environment. The media pattern of market socialism, or liberal socialism, as Feng suggested in his review of Yuezhi Zhao's *Communication in China* (2008), could provide a focus for considering the reform of Chongqing Satellite TV. In fact, market (or liberal) socialism itself is at the heart of socioeconomic and political reform under the Chongqing model. As Philip Huang notes, it is through the *third hand*, or the application of *third finance*, that income from state-owned enterprises is invested in infrastructure and public facilities, allowing the Chongqing municipal government to budget more for social security, education and health services, and public services. These steps are crucial for socialist market economic reforms in Chongqing, and are also why the reform of Chongqing Satellite

TV has received fiscal and other support from the Chongqing municipal government. In this sense, the reform of Chongqing Satellite TV should be considered an integral part of the Chongqing model.

Advocating the non-marketization of Chinese public TV should not be seen as the total negation of China's market economy but as a step toward market (liberal) socialism. Of all the criticisms of Chongqing Satellite TV, those of Yu Guoming have been most influential, and also typical:

In the process of developing a market economy and an advertising industry, we should not thoroughly repudiate advertising or the market economy just because there have been some problems. This would be a step backwards. Banning advertisements on TV is reminiscent of the stringent restrictions on shipping in the Ming dynasty. This closed-door policy would ultimately cut us off from the world, and leave us behind the rest of the world. . . . Therefore, the idea of anti-advertising or anti-commodity economy is a departure from our current economic policy as stated in the basic state policy of concentrating on economic construction. (Yu, 2011)

This mode of thinking, as well as the arguments that buttress it, cannot stand up to analysis. The Chongqing model is in fact a highly marketized model; otherwise Chongqing would not have been named by *Fortune* magazine on July 7, 2011, as among the fifteen best new cities for business. However, the Chongqing model is not equivalent to any model of capitalist development, as Philip Huang and Cui Zhiyuan have elaborated; rather, it has distinctive Chinese and socialist characteristics. Based on the ideas of James E. Meade, Nobel Prize winner for economics, Cui argues that the profits and added value from state assets as realized in the market should be fully used for public services, which is exactly a tenet of liberal socialism and which has been exemplified in the Chongqing model. As a matter of fact, the reform of Chongqing Satellite TV is only an attempt to establish a single public channel. Huang Qifan explains:

There are 12 channels in the Chongqing Broadcasting Group, one is public and the other 11 channels can be marketized. Also, we are entering into a new era of media convergence in which TV, the press, and the internet all converge. Assets can be reorganized by many means, and media convergence can be profitable, so why should we depend on advertising revenues of a single channel for leveraging? I can state that

of the total revenue at 0.3 billion [yuan], 0.15 billion derives from the combined turnover of the Chongqing Broadcasting Group, and the remaining 0.15 billion is of course from the government. (Chen, 2011)

Along with government subsidies, cross-subsidies have guaranteed the operation of public TV, which, as Feng Chien-san points out, is typical of market (liberal) socialism (Feng, forthcoming).

In short, the reform of Chongqing Satellite TV has nothing to do with isolationism, a return to the Cultural Revolution, or a departure from China's national economic policy. Furthermore, considering marketization and advertising as the only path toward media development hardly seems tenable, since it disregards the fundamental relationships between media, social democracy, and freedom.

Government subsidies themselves are not problematic for public TV; the problem is how to make use of those government subsidies and cross-subsidies, and how to produce programs. In other words, one should ask, how can subsidies transform or embody the "public" character of TV? Here, the reform of Chongqing Satellite TV provides an answer. However, we do not claim that this reform has succeeded; it is far too early to tell. But in the course of the reform process, we should evaluate the reforms from the perspective of their "public" character. In doing so, it is possible to foresee, looking beyond the case of Chongqing Satellite TV, that the reform of Chinese media could promote socialist democracy and progress, strengthen socialist equality, and guarantee the right to public participation. Feng Chien-san concurs,

It is a positive achievement that there is one satellite TV service in every province, be it rich or not, and that in almost every city and county, there are established TV stations or channels. If this structure remains, it could potentially, with the development of productive forces, provide the local inhabitants with better and more media. (Forthcoming).

Chinese broadcasting and TV's provision of services to the people instead of kowtowing to capital should be the standard for measuring the "public" character of Chinese TV. There is not necessarily any single practice that will characterize the reform of all public-interest media. Reform could, for example, take the form of banning or limiting advertising, rather than allowing viewers to be exploited by advertising. Public TV around the world has dealt with this question in a variety of ways.

## The “Public Character” of Chinese TV as “Social Process”

Another source of controversy surrounding Chongqing Satellite TV is its association with “red culture.” We should make it clear that the red culture movement did not originate with Chongqing Satellite TV. Singing red songs is above all a mass movement 群众运动 that had already emerged in many cities prior to the reform of Chongqing Satellite TV. In city parks or other public spaces around the country, many people have spontaneously assembled to sing red or classic songs at the top of their voices. This has gone on for some time. And thus the red culture promoted by Chongqing Satellite TV is just an appropriation of mass culture. The red song culture is, on the one hand, a legacy of the socialist revolution, and on the other hand, it can be viewed as the powerfully symbolic dialogue between revolution and reality, mirroring many social problems, including relations between the party and the masses. Critics who equate Chongqing Satellite TV with red culture and who criticize its reform as a restoration of the Cultural Revolution, do not or are not willing to recognize the social reality behind the reform. The legitimacy of the reform is deeply rooted in the social base that supports it. Therefore, as the reform unfolds, it will be important to watch whether it can be sustained or whether it will degenerate into a formalism empty of content.

Official reports by the Chongqing media use the term “public-interest TV” instead of “public TV.” The terminology is not important; what matters is how to tap the potential of the media to voice democratic demands. Here, Vincent Mosco’s view is of vital significance. He criticizes the widely referenced concept of the “public sphere” proposed by Habermas as one that leads us to consider it as an actual entity occupying a particular space—which, of course, is phantasmatic. However, the critique of public sphere does not aim to deny the public:

One can avoid both the idealism of the phantasm and the false materialism of the public sphere as a space to be defended by defining the public as a set of social processes that carry out democracy, namely advancing equality and the fullest possible participation in the complete range of economic, political, social, and cultural decision-making. . . . The value of thinking in process terms is that, while there may be greater likelihood that equality and participation adhere to some institutional forms and spaces rather than others, it does not rule out, by definition, any structural embodiment or location. The



latter are better viewed as contested terrains, whether the state, the marketplace, or those structures, such as social movements, that manage to distance themselves from state and market, in which the processes of commodification and equality and participation contended. (Mosco, 1996: 169–70)

Public broadcasting service in itself cannot guarantee this sort of public character. The goal of democracy and public character cannot be reached once and for all, but must be constantly pursued through an unstable process. There is a long road ahead for Chinese media reforms, but this means that we should energetically pursue this path rather than give up. As Yuezhi Zhao, of Simon Fraser University, has emphasized,

in the course of reporting people-oriented social practices, the media can function as a forum for open and participatory debate and discussion, to encourage various social groups and subjectivities to participate in debates on future society and politics, and on this basis to guide the populace in consolidating socialist values and cultural awareness. (2011)

If the media succeed in these respects, this will ensure the success of the reforms.

I would like to conclude with another passage from Vincent Mosco about the public media:

What we call the public media is public not because it occupies a separate space, relatively free from market considerations, but because it is constituted out of a particular patterning of processes that privilege the democratic over commodification. To the extent that it does not, the expression public media diminishes in value. (Mosco, 1996: 172)

The reform of Chongqing Satellite TV has just begun. Intellectuals and practitioners should welcome vigorous debate about the direction of the reforms and their implications for media reform throughout China.

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## Note

### 1. Huang Qifan stated:

Whether you call public-interest ads (公益性的广告) red TV or public-interest TV doesn't matter; but the fact is they follow international practice. Sometimes that is overlooked. There is a precedent in TV stations in various countries, such as PBS in the U.S., BBC in the UK, and NHK in Japan. You see, there is not a single minute of advertising on the screen the whole day long. If capitalist countries exist in a system exclusively for profits, and if there are also lots of media which, when they publish propaganda announcements or social activities, although marketized, can avoid advertisements, why can't we? (quoted in Chen, 2011)

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