

**THE LOCAL POLITICS OF CREATIVE INDUSTRIES POLICIES IN CHINA.  
AN ANALYSIS OF CHINESE MUNICIPAL CREATIVE INDUSTRIES  
POLICIES FROM DIFFERENT REGIONS. THE CASE OF BEIJING, HARBIN  
AND GUANGZHOU**

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The local politics of creative industries policies in China. An analysis of Chinese municipal creative industries policies from different regions. The case of Beijing, Harbin and Guangzhou.

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#### Abstract

One of the central debates about the development and adoption of the ‘creative industries’ policy discourse in the UK has been about whether it is best understood as neoliberal. China imported the policy discourse of ‘creative industries’ from the UK in the 2000s and neoliberalism may also be one important characteristic of Chinese creative industries policies. However, the Chinese context is different from that of the UK in terms of state control, local autonomy, regional inequality, all of which have an influence on the interpretations and applications of the creative industries in China. This research advances the understanding of the development of Chinese creative industries policies through an analysis of the municipal creative industries policies from different regions, including Beijing, Harbin and Guangzhou. It draws on data from policy documents, extensive interviews with local policy makers and official data to provide a multi-dimensional analysis of policies from the three cities during 2001-2013.

In summary, this research argues that since policy makers began to make local creative industries policies, they have increasingly displayed a commercially and digitally oriented trend in promoting the marketisation of culture in an authoritarian context. The Chinese creative industries policies have not simply followed the understandings of British creative industries policies, and different cities emphasise neoliberal elements, authoritarian elements and welfare provision to different extents. The policies cannot be simply described by ready-made terms like neoliberalism, or ‘neoliberalism with Chinese characteristics’, but must be studied in local context to reveal their variety and specificity.

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## **List of abbreviations**

CASS--- Chinese Academy of Social Science  
CCI---Cultural and Creative Industries  
CCP---Chinese Communist Party  
CCTV---China Central Television  
CETV---China Entertainment Television  
CPC---Communist Party of China  
DCMS---Department of Culture, Media and Sports  
ESRC---Economic and Social Research Council  
GDP---Gross Domestic Product  
GLC--- Greater London Council  
ICT---Information and Communication Technology  
ILAM---Institute of Leisure and Amenity Managers  
NPM---New Public Management  
NTES---NETEASE (wang yi) Chinese Internet Company  
OGI---Open Government Information  
PRC---People's Republic of China  
QUT---Queensland University of Technology  
RAA--- Regional Arts Association  
RAB--- Regional Arts Board  
RDA--- Regional Development Agencies  
SARFT--- State Administration for Radio, Film and Television  
SME---small and medium enterprises  
SOE---State Owned Enterprises  
SPPA--- State Press and Publication Administration  
UK---the United Kingdom  
UNESCO---United Nations Educational, Scientific, Cultural Organization  
VA---value added  
WTO---World Trade Organization

# 1. Introduction

“Excessive commercialisation is making our culture encounter with crowning calamity” (Zhao, 2011, p.5).

Since the policy discourse of ‘creative industries’ was exported to China from the UK in the beginning of the 2000s (Flew and Cunningham, 2010), the central state and an increasing number of Chinese cities have focused their attention on the economic benefits of cultural products (Yang, 2011). Since 2004, the annual average growth rate of Chinese creative industries’ value added (VA)<sup>1</sup> (15%) has surpassed that of the GDP (9.5%) (ibid). In 2011, the Minister of the State Cultural Department, Caiwu, announced an ambition to make creative industries one of the 10 pillar industries<sup>2</sup> and to increase their contribution to the GDP from 2.78% in 2010 to 5% in 2016 (Keane, 2013). However, the increasing economic contribution of newly defined creative industries has been accompanied by increasing criticism concerning perceived negative effects of the commercialisation of culture. Scholars have argued, for example, that the “cultural market is fraught with vulgar rubbish” (Zhao, 2011, p.5); audience rates and box office earnings have become the dominant criteria to measure the quality of culture; and cultural heritage has been threatened by over-emphasis on commercial value (Zhao, 2011; Ren, 2012).

Alfredo Saad-Filho and Deborah Johnston (2005) state that “we live in the age of neo-liberalism”, and “neo-liberalism is the dominant ideology shaping our world today” (p.1). In the UK, the New Labour’s third way approach has been repeatedly criticised as neoliberal (Anderson, 2000; Dixon, 2005; Hall, 2011). Indeed, the extent to which

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<sup>1</sup> In China, all the cities used the value added (zengjia zhi) to measure the economic contribution of local cultural industries. The value added of cultural industries = the total industrial output value - intermediate input (including the purchase of resources, services from other places, transportation fees and the training fees for talents) + added-value tax (UNESCO, 2009).

<sup>2</sup> There is no uniform understanding of the term ‘pillar industries’, but it is generally understood as the industries which develop quickly and play an important and leading role in certain stages of economic development, which occupy more than 5% of the GDP, and could guide and promote the development of the whole economy (Xiong and Wu, 2003). The other nine industries include the real estate, petrochemical, bioengineering, energy conservation, automobile, non-ferrous metals, steel, textile, and manufacturing industries (Yang, 2011).



creative industries policy discourse can be characterised as neoliberal is a key subject of debate (McGuigan, 2004; Freedman, 2008; Miller, 2009; Hesmondhalgh et al., 2015). While the Chinese central government claims that the state is going down the road of ‘socialism with Chinese characteristics’, there is also much debate about the extent to which China is adopting policies best described as neoliberal (Wang, 2003; Harvey, 2005; Arrighi, 2007; Kipnis, 2007; Nonini, 2008). Neoliberalism is therefore an analytical focus of debates on Chinese creative industries policies. However, the Chinese context is different from that of the UK in terms of state control, local autonomy and regional inequality, all of which have an influence on the understandings and applications of creative industries in China. This research thus advances the understanding of Chinese creative industries policies through an analysis of the municipal creative industries policies from different regions. It draws on data from policy documents, extensive interviews with policy makers and official data to provide a multi-dimensional analysis of different ways that the discourse of creative industries has been taken up, understood and applied in the very different social, economic and political environment of the Chinese state. This chapter will first introduce the rationale for carrying out the research, then the aims of the research, and finally the structure of the thesis.

## **1.1. Rationale for the research**

### **1.1.1 The significance of analysing Chinese municipal creative industries policies**

China has a distinct context for developing creative industries; therefore, it is a captivating case study for analysing the transfer of British creative industries policies. Michael Keane (2013) argues that although China increasingly places emphasis on commercial profit, “the policies underpinning China’s cultural and creative industries are far from what constitutes a free market in liberal democracies” (p.14). The first characteristic of the Chinese context is its authoritarian control. China is still “an authoritarian one-party state” (ibid). State control and censorship are not specially considered by scholars in analysing British cultural policies, but these aspects cannot be ignored in the Chinese context. Since the 1980s, the state has gradually loosened control

and relaxed censorship on cultural production (Zhao, 2008), but they are still much stronger than those in the UK and have an influence on the development of Chinese creative industries. The features of Chinese authoritarianism will be further discussed in the literature review.

The second important characteristic of the Chinese context is local autonomy, which is the reason for focusing on municipal creative industries policies. In terms of local autonomy (discussed in more detail in chapter 2), creative industries policies are carried out at both national and local level in China. However, Yumin Sheng (2008) argues that “research focusing on the state-society dichotomy or intra-elite rivalry has mostly neglected the territorial dimension of challenges to authoritarian rule” (p.73). The municipal creative industries policies cannot be ignored in understanding the characteristics of Chinese creative industries policies for several reasons. From the perspective of national policies, David Goodman (1984) states that in China, the central government only sets very general objectives, and all the specific operations are at the local level. As national policies are not specific enough, different cities have various interpretations of the national policies and operate in a way that is suitable for the local situation and potentially facilitates local development. Keane (2001) argues that in western policy traditions, “policy is formulated as rules and legal regulations that are precise and specific” (p.10). However, in the Chinese context, Michael Keane and Elaine Jing Zhao (2014) argue that the national cultural policies only play a guiding role, and “policy is deliberately vague and open to interpretations” (p.157). Justin O’Connor and Xin Gu (2012) further make the argument that “city policy-makers are much more directly involved in detailed operational decisions ‘on the ground’ and – in contrast to the more ‘abstract universal’ interventions at national level – stand directly to benefit, to suffer, from their consequences” (p.289).

From the perspective of local governments, Sebastian Heilmann (2007) describes the industrial policy making pattern in China as “experimentation under hierarchy” (p.1). This means that local governments are provided with spaces to adopt innovative strategies to improve the efficiency of public sectors and promote local economy in an authoritarian environment. Meanwhile, the central government “avoids reformist leaps

in the dark by injecting bottom-up initiative and local knowledge into the national policy process” (Heilmann, 2007, p. 1). This pattern tends to prioritise local practices before national policies (White and Xu, 2012). Yongnian Zheng’s (2013) opinion is that in theory, local governments in China are thought only to strictly follow national policies, but in practice, wealthy cities may have greater power to bargain with the central government while poorer cities do not have enough power to follow national policies at local level. Sheng (2008) further explains that local places that are “vital revenue bases for the central government” are “potentially more politically restive”<sup>3</sup> (p.74). Shaun Breslin (2006) also summarises that “what happens at the local level, can, and indeed sometimes does, conflict with the priorities and policies of national-level elites” (p.124).

Existing policy literature suggests that Chinese cities have greater local autonomy than might commonly be assumed, when it comes to promoting creative industries, in several aspects. Firstly, Chinese cities demonstrate greater flexibility in using the terms ‘cultural’ or ‘creative industries’, perhaps more so than in the UK. Specifically, in the UK, different regions often follow the national (DCMS) definition and classification of ‘creative industries’, though these regions are sometimes criticised for taking a ‘cookie-cutter approach’ to local development (Oakley, 2004). Some UK regions do not have enough previous activity, or economic and human capital to apply national strategies and promote concentration of the full range of creative industries (ibid.). However, in China, the terms ‘creative industries’, ‘cultural and creative industries’, ‘cultural industries’ are used more chaotically by various cities. Several cities even have their own definition and classification of local cultural or creative industries<sup>4</sup>.

Secondly, Chinese municipal governments play more decisive roles in allocating government expenditure for culture. Specifically, although British local governments

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<sup>3</sup> The famous example was the governor of Guangdong, Ye Xuanping, who “was publicly opposed to centre-initiated fiscal recentralisation and insisted upon continued fiscal autonomy for Guangdong in the early 1990s” (Shirk, 1993, p.194).

<sup>4</sup> Appendix 1 contains a table that maps the different uses of the terms “creative industries”, “cultural industries” and “cultural and creative industries” by different cities in China. The table reflects that the cities use the terms disorderedly. The cities that are at the same level (vice-provincial level, prefecture-level, municipality directly under the central government) use different terms in their policy documents. The cities in one region also use different terms. In addition, Beijing has its own definition and classification of cultural and creative industries policies, and Guangzhou has its own definition and classification of cultural industries.

have already spent more on culture than the central government since 1989 (Belfiore, 2007), various kinds of other agencies were also involved in the decisions about the allocation of government expenditure during the New Labour period. In 1999, the Department of Culture, Media and Sports (DCMS) set up regional cultural consortia<sup>5</sup> (RCCs) in different regions to help local government and relevant agencies to make targeted strategies to promote local creative industries (Pratt, 2004). The Regional Development Agencies (RDAs) were established in 1998 (and cut in 2010) to strategically prioritise the promotion of different industries (Work Foundation, 2012). The Arts Council itself is independent of government, operating under the ‘arm’s length principle’ (Hughson and Inglis, 2001). David Lee et al. (2014) argue that “all cultural funding bodies, be they ACE, the DCMS or a local authority, are essentially involved in taking investment decisions” (p.28). It suggests that the scene of British cultural funding system is more complex than local government funding. In contrast, China does not have a variety of agencies. 89.47% of the government expenditure for supporting cultural industries is from local finance rather than the central government, and local government expenditure is decided by the local government (Liu et al., 2014, p.59).

Thirdly, different Chinese cities fail to exert the same extent of censorship on cultural production. As Yuezhi Zhao (2008) argues, “the party-state’s post-1989 disciplinary power has become much more dispersed, localised and internalised by each level of the propaganda hierarchy” (p.33). Keane (2001) also illustrates with the example that the television series *Chicken Features*, which describes the constant struggle of a worker at the bottom of the social hierarchy, was forbidden to broadcast in Beijing but could be broadcast in Shanghai. The television drama *Dwelling Narrowness*, which was concerned with officialdom’s corruption, was also forbidden in Beijing while broadcast in other cities (Yu, 2011). In addition, in 2011, the Chongqing broadcasting station was required by the municipal government to stop showing all commercial advertisements, and was only allowed to broadcast songs that advocate the Communist Party (Li, 2011). More details about the variations in local control of cultural production

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<sup>5</sup> All the regional cultural consortia were shut down in 2008, and their responsibilities were transferred to “existing bodies such as Arts Council England, Sport England, English Heritage and the Museums, Libraries and Archives Council” (Smith, 2008, para2).

will be discussed in the case studies of the three Chinese cities.

Chinese municipal governments exhibit more variety than their British counterparts in using the terms ‘cultural’ or ‘creative industries’, and more direct powers in terms of allocating significant expenditure, as well as exerting censorship on cultural production. Chinese cities are the main actors in promoting creative industries and municipal policies also demonstrate local and contextual specificities that cannot be obtained from national policies.

Besides local autonomy, regional inequality should also be regarded as significant in shaping Chinese creative industries policies. David Harvey (2005) argues that since the 1980s, “though China may have one of the world’s fastest-growing economies, it has also become one of its most unequal societies” (p.142). The inequality between different regions is one important reflection of an unequal society (Huang et al., 2003). In the 1980s, President Deng Xiaoping emphasised that “some people and some regions should be allowed to prosper before others” (Deng, 2001, pp.155). Under this assumption, cities in the southern coastal areas have been encouraged to develop the market economy and open to foreign investment (Fan, 1997). Jr-Tsung Huang et al. (2003) argue that “the central government’s promises of opening up in all directions and favouring the development of interior regions, by and large, fell on deaf ears throughout most of the 1990s” (p.274). With geographical advantages, the southern coastal areas originally had more opportunities than the northern inland cities in communicating and trading with foreign countries (Zheng, 2013). Under regional development prioritisation, the cities in the southern coastal area are more open and have more financial revenue and economic strength than the northern inland cities. Cindy Fan (1997) argues that “Deng’s uneven development policy has led to a widening development gap between the coastal areas and the interior” (p.620), and “deteriorating economic disparity among the provinces” (Sheng, 2008, p.78). Chengfei Peng (2000) contends that the southern coastal cities fully supported the promotion of private enterprises and the market while the northern inland cities were still influenced by the shadow of a planned economy and supported government interventions. As David Harvey (2005) states,

“regional inequalities have also deepened, with some of the southern coastal zone cities surging ahead while the interior and the ‘rust belt’ of the northern region have either failed to take off or floundered badly” (p.144).

With the contrast between the north and south of China, the cities influenced by the market economy and the remaining vestiges of the planned economy<sup>6</sup> may have different attitudes and strategies in balancing the relationship between government intervention and the market. In addition, the contrast between cities in the two areas also took place in the cultural field. In 1979, cultural enterprises in the coastal cities of Shanghai and Guangzhou first started producing audio-visual products to make a commercial profit, and in March 1979, Guangzhou also opened the first private commercial music café in China, which signalled “the emergence of a cultural market in Southern China” (Su, 2014, p.7). Thereafter, an increasing number of private cultural enterprises in other cities gradually began to produce commercial cultural products (Zhang, 2006). Since the state began promoting the reform of the ‘cultural system’ (wenhua tizhi) in 2003, cities in the southern coastal areas (including Shenzhen, Lijiang and Guangdong province) have again moved in the first instance in promoting reform and, since 2006, reform policies have gradually spread to other cities in China (Keane, 2013). The southern coastal cities always develop faster than other Chinese cities in promoting cultural development. The formation of a cultural market in China also started from cities in the southern coastal area and then spread to the whole country (Keane, 2000). Neil Brenner and Nik Theodore (2002) argue that “the contextual embeddedness of neoliberal restructuring projects [...] have been produced within national, regional and local contexts defined by the legacies of inherited institutional frameworks, policy regimes, regulatory practices” (p.351). From this point, the contexts of local autonomy and the uneven erosion of the state in China have an influence on the precise form of neoliberalisation in different cities. This research explores, evaluates and compares the determinants of these different understandings and applications of

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<sup>6</sup> By using the phrase ‘planned economy’, the thesis means that the city policy makers paid little attention to the market competition and market profit, and managed the state-owned institutions as puppets that had no autonomy but complied with government dictates and depended on government support (Lin, 2004).

creative industries policies.

### **1.1.2 The importance of policy makers in the research**

Previous research studies on cultural policies have conducted interviews or surveys with local cultural producers without providing information from the local authorities (Ren and Sun, 2011; Gu, 2014; Zheng, 2010, 2016; Fung, 2016), while some scholars focus on the critiques of policies through analysing policy documents (White and Xu, 2012; Shan, 2014; Su, 2014). Besides analysing policy documents, this research is based on extensive interviews with policy makers in order to facilitate an understanding of the written policies. The research suggests that policy documents are not enough in understanding the policy field and that the understandings of policy makers should not be ignored. To be specific, firstly, although policies demonstrate the goals that the government aims to achieve, there are always attitudes, thoughts and beliefs that are not explicitly revealed in the policies (Mulcahy, 2006). Mark Schuster (2002) also argues that “much of cultural policy is the result of actions and decisions taken without expressed policy intention” (p.9). Similarly, David Hesmondhalgh et al. (2015) argue that “public policy cannot be understood without reference to political beliefs and values” (p.5). In China, both the central and local governments are often criticised for a lack of transparency, and policy making is frequently based upon many hidden assumptions and regulations (Bergsten et al, 2008; Keane, 2013). Furthermore, without understanding the perspectives and actions of policymakers themselves, and the values that inform and underpin policymaking practice, it is impossible to fully understand the totality of the policy field. For this reason, the accounts of policy makers will facilitate the understanding of the often-unexpressed rationale behind the policies. Secondly, there is a time interval between policy making and the implementation of policy, especially in China, and primary local policy documents are usually produced for guiding the direction of local development over periods of five years (Zhang, 2006). In this case, policy makers need to carry out adjustments at certain points in the policies on some occasions. In addition, written policies are not always specific in certain points, and policy makers are responsible for explaining these points and directing the

implementation of policies. These explanations and intentions are not reflected in written policies, but they are indispensable in deepening our understanding of the policy field. As Pete Alcock (2004) perceptively argues, “day-to-day practice actually constructs policy” (p.34), and “implementation must be seen as part of policy-making” (Hill, 1993, p.213). As one of the policymakers interviewed for this study stated, “I think you cannot understand the policies if you only see the policies. The important thing is what we do in practice” (policy maker 3, Guangzhou, 2014). The perspectives and understandings provided by policy makers should not be ignored. The methodology chapter provides more details of the policy-making process in China and the way I have chosen to analyse it.

### **1.1.3 The distinctive contribution of this thesis to the extant research**

Research carried out by Keane (2000, 2001, 2007, 2009a, 2009b, 2013, 2016) and O’Connor (2006, 2009a, 2011, 2012, 2014) keep up with the development of Chinese creative industries. Keane (2007) displays the shift from culture purely as propaganda work towards culture as a pillar industry under the headline of China’s new ‘great leap’. He further argues that the use of ‘cultural industries’ in China on the one hand reflects the state’s aspiration to develop cultural sectors for commercial profit, while on the other hand it maintains ideological control over cultural content. He also provides details about the development of creative industries in television, design and art industries (Keane, 2013). O’Connor’s (2009c, 2011) research focuses on the influence of cultural industries on the modernisation of China. He criticises Will Hutton’s (2007) research, which argues that Chinese creative industries cannot fully develop in the same way as western countries without transforming into capitalism and democracy. O’Connor (2011) does not argue for “democratic institutions and civil society as necessary preconditions for the knowledge economy or creative industries” (p.115). In contrast, he argues that creative industries may be the ‘Trojan Horse’ that causes economic and social change in China (O’Connor, 2011, p.112).

Besides Keane’s and O’Connor’s research, Jing Wang (2004) provides empirical evidence to contend that China’s cultural industries are “a different animal” from that of



the Western countries (p.16). Wang argues that censorship and state control will restrict the development of Chinese creative industries. However, it has to be noted that the evidence she uses is from the pre-2000s period, before China officially began to use the term ‘creative industries’. A decade has passed since the publication of her article, and the time and context has changed. Wendy Su (2014) examines the evolution of the policy discourse of cultural industries in China from a historical perspective and argues that China promotes culture as “a public service provider, a market profit contributor, and an essential builder of the ‘socialist core value system’” (p.1). However, the argument of this thesis is that, given the contexts of local autonomy and regional inequality, the development of Chinese creative industries is not monolithic, but locally-specific and uneven. It therefore requires more geographically specific and situated scrutiny.

To my knowledge, only a small number of existing studies focus on creative industries policies in China at a municipal level. Justin O’Connor and Xin Gu (2012, 2014), Xin Gu (2014, 2015) and Jane Zheng (2010; 2016) provide detailed analyses of the Shanghai context and focus on the development of cultural SMEs<sup>7</sup> (small and medium enterprises), creative clusters and the trajectory of the development of the creative industries in Shanghai. They argue that creative industries play an important role in Shanghai’s economic agenda. O’Connor and Gu (2012) further argue that “the way in which the Shanghai government has put western cultural policy norms and techniques to work for itself reveals a truth about these policy norms in the West. That is, their own very real ability to accommodate the programme of neo-liberalism” (p.299). Andrew White and Sujing Xu (2012) also focus on Shanghai and argue that cultural policy has become only one part of the economic policy that simply treats cultural industries as a resource to promote the local economy. Xuefei Ren and Meng Sun (2011) study creative clusters in Beijing and argue that Beijing municipal government is in a dilemma between the control and promotion of the cultural economy. Beijing is selected because it is where the central government is located (ibid), and for O’Connor and Gu

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<sup>7</sup> In China, according to Regulations about zoned standards for SMEs, cultural small and medium enterprises refer to the enterprises, which have fewer than 300 cultural workers, or those enterprises, which have less than 0.1 billion yuan annual turnover (Development and Reform Committee, 2011).

(2014), Shanghai is selected because it is the financial centre in China as well as being a global commercial centre. Its speed of commercialisation always ranks in first place among Chinese cities. The possible limitation is that it is difficult to generalise the conclusions about one city to understand all Chinese municipal creative industries policies.

All the research studies above focus on either national cultural policies or the cultural policies specific to one city. Their analyses cover two main aspects: one is that cultural policy is commercial-led in order to achieve economic growth; the other is that the restricted Chinese context disturbs the development of creative industries. The research studies above mainly focused on the analyses of municipal policies from Shanghai or Beijing.

Keane (2009, 2013) mentions different cities in his analyses. For example, in his analysis of TV production, he uses Wuxi and Hunan radio and television as examples; in his analysis of creative clusters, he mentions Beijing, Shenzhen and Tianjin. However, these examples are fragmented, and he has not provided comprehensive and detailed analyses of the policies of a certain city. Given the seriously uneven development in China, the analyses of municipal policies from different regions are needed in order to provide a more comprehensive and deep understanding of Chinese creative industries policies.

In Chinese-language literature, there is also little research on Chinese municipal creative industries policies. The literature reflects on a number of perspectives: the formation of cultural policies concerning the protection of intellectual property and talent training in promoting the development of Shanghai's and Beijing's creative industries (Gao, 2007; Wang, 2012); the extent to which workers are satisfied with the creative industries policies in Fuzhou (Chen, 2013); the effectiveness of cultural policies in bettering the industrial chain and promoting the development of creative clusters (Zhou, 2008; Huang and Tang, 2012; Dai et al, 2011). These studies are not concerned with understanding the characteristics of the policies. In the authoritarian context, it is still difficult for scholars in China to relate the study of creative industries to sensitive issues such as censorship or neoliberalism. Chinese language research studies on

creative industries mainly focus on economic analysis rather than the more critical approach in comparison with the Western cultural industries tradition.

The above brief review of the existing literature demonstrates that there are gaps in the study of Chinese creative industries. Specifically, previous studies pay little attention to the differences between municipal creative industries policies that are influenced by local autonomy and regional inequality. Secondly, although there is debate about whether China is taking a neoliberal road, the relationship between Chinese creative industries policies and neoliberalism<sup>8</sup> is complex and unclear. This thesis aims to fill these gaps through analysing municipal creative industries policies from different regions.

Through analysing and evaluating how local policies and policy makers balance the competing demands of censorship and the marketisation of culture, this research aims to explore the relationship between municipal creative industries policies and neoliberalism, and the extent to which Chinese municipal creative industries policies can be characterised as neoliberal. If the creative industries policies are more complex than simply a neoliberal cultural policy, then what is the nature of these complexities in the Chinese context? How are the characteristics of Chinese municipal creative industries policies described? Based on the analyses of these questions, the research aims to explore how Chinese municipal policy makers apply the imported policy discourse of creative industries and provide an evaluation of Chinese municipal creative industries policies.

This research argues that there is a lot of evidence to suggest that much of the development of Chinese creative industries adopts understandings of culture and cultural policy that are neoliberal in character. However, there are also important qualifications to this argument that demonstrate the variable and incomplete nature of the development of neoliberal cultural policy. It is argued that these variations are

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<sup>8</sup> Taylor Boas and Jordan Gans-Moore (2009) argue that “neo-liberalism is not exclusively a bad word, but one rarely sees it used as a good word” (p.140). Neo-liberalism is associated negatively with “the radical goal of creating a free-market economy” (Weyland, 2002, p.13), and “increasing not only income inequality, but also insecurity in the labour market and poverty rates” (Urio, 2012, p.204). In cultural policy, neo-liberalism is also perceived to have a negative influence on culture and to impede cultural development. More criticism about the negative influence of neo-liberalism on culture will be discussed in the literature review.

explained by a number of important factors: authoritarian control, local autonomy, and regional inequality.

## **1.2. Structure of the thesis.**

The thesis proceeds in the following six chapters:

Chapter 2: Literature Review. This chapter lays the theoretical basis for the analyses. Firstly, it confirms the definitions of the key terms, ‘culture’ and ‘neoliberalism’, and proposes that neoliberalism has a negative influence on culture because it erodes the distinctiveness of culture. Based on these definitions and the criticisms, it reviews the debate about whether the British creative industries policies are neoliberal and argues that British creative industries policies are a hybrid of neoliberal and social democratic policies. Secondly, it reviews the trajectory of the Chinese policy context for developing creative industries, neoliberal debate in China and the possible characteristics that may have influence on an understanding of Chinese creative industries policies. It indicates that neoliberalism may also be an important characteristic of Chinese creative industries policies. However, influenced by the distinct characteristics of the Chinese context, the understandings of the British creative industries policies cannot be directly applied in understanding Chinese policies. Thirdly, the research establishes an analytical framework to explore and evaluate Chinese municipal creative industries policies.

Chapter 3: Methodology. This chapter illustrates the methods used to collect and analyse data. This data comes from policy documents and official data compiled between 2001 and 2013 and from semi-structured face-to-face interviews with policy makers. Three Chinese cities—Harbin, Guangzhou and Beijing—are selected as case studies. The thesis triangulates data from various sources in order to provide a multi-dimensional analysis of municipal creative industries policies. The thesis adopts a critical realist position in analysing cultural policies. It focuses not only on the policy discourses concerning creative industries but also the material existence of the development of creative industries (including their economic contribution and industrial structure, and merging of cultural enterprises) that may constrain or produce the

discourses.

Chapter 4: The Case of Beijing. This chapter evaluates Beijing's cultural and creative industries policies via the analytical framework that is established in chapter 2. It argues that, on the one hand, driven by the public demand for cultural products, the requirement of 'Scientific Outlook of Development' and the goal to establish a 'Humanistic Beijing, Green Beijing and High-Tech Beijing', the Beijing municipal government displays a commercially and digitally-oriented trend in the use of government funding and even adopts neoliberal elements in promoting commercial entrepreneurship. On the other hand, as the seat of the central government, Beijing has provided more censorship and guidance than the national regulations on the entry of non-public capital and censored productions. The municipal policy makers are promoting marketisation and authoritarian control simultaneously. Beijing municipal policy makers actually promote cultural industries as an alternative economic sector that does not destroy the environment and facilitates technological development, as well as being an instrument for ideological control and nation branding.

Chapter 5: The Case of Harbin. As a northern inland city, which has experienced a longer period of transition from planned economy to market economy than the southern cities, Harbin has been more heavily influenced by the planned economy. It moved comparatively slowly towards the marketisation and privatisation of culture. Similar to Beijing, cultural products also need to pass censorship regulations but Harbin municipal government only follows the national regulations and has not provided extra or less censorship and guidance on cultural production. In addition, it is characteristic for Harbin that it specifically focuses on the support of commercially weak cultural SMEs through tax deduction and increases government funding for public welfare performances. The chapter argues that Harbin municipal government followed national policies in exerting local cultural control and moved too slowly to explicitly reflect neoliberal characteristics. Similar to Beijing, Harbin municipal policy makers also understand culture as an economic resource and an instrument for ideological control, although the policy makers also emphasise culture as an important resource for welfare provision.

Chapter 6: The Case of Guangzhou. As one of the first cities to promote the market economy, the southern coastal city Guangzhou displays both the commercially and digitally-oriented cultural policy trends in supporting culture since it commenced local creative industries policies. Guangzhou municipal government continues to focus on commercial profit and the decrease of state capital. Furthermore, the municipal government also promotes the entry of more non-public capital than stated in the national regulations. Guangzhou's policies are more commercially-oriented together with less authoritarian control and without the more moderating cultural welfare provisions found in other cities. The chapter reflects that Guangzhou municipal policy makers understand cultural industries as instruments for city branding and less for ideological control. In addition, the municipal policy makers also understand cultural industries as the important driver for the development of tertiary industries and the development of manufacturing production of cultural derivative products.

Chapter 7: Conclusion. The final chapter of the thesis draws together the key comparative elements of the proceeding chapters in order to make a more general argument about the development of Chinese creative industries policies, and the global spread of creative industries policy discourse. It is argued that Chinese creative industries policies cannot be understood as a direct transfer from the UK to China. Chinese cities from different regions display a high degree of variation in their strategies of promoting local creative industries. The thesis argues that David Harvey's (2005) term 'neo-liberalism with Chinese characteristics' is not nuanced enough to explain these variations in municipal creative industries policies. The policies cannot be simply described with ready-made terms like neoliberalism, or 'neoliberalism with Chinese characteristics', but must be studied in local context to reveal their variety and specificity.

## **2. Literature review**

Since the 1980s, both the UK and China have been the subject of debate about the extent to which the state can be described as neoliberal. As has been stated in section 1.1, there is much debate about the extent to which the New Labour creative industries policies are characterised as neoliberal, but the relationship between Chinese creative industries policies and neoliberalism is still blurred. The literature review discusses previous research studies on the relationship between British creative industries policies and neoliberalism. Due to the differences between the British and Chinese context, conclusions drawn from previous research studies on British creative industries policies cannot be directly applied to the Chinese context. The literature review is divided into the following three parts: (i) a discussion of the key terms ‘culture’, ‘neoliberalism’ and ‘creative industries’ and the relationship between British creative industries policies and neoliberalism; (ii) a discussion of the Chinese characteristics that influenced the import of British creative industries policies; and (iii) the analytical framework used to understand the Chinese municipal creative industries policies.

### **2.1 Understandings of key terms and the relationship between British creative industries policies and neoliberalism**

#### **2.1.1 Understandings of culture**

There is no official definition of the term ‘culture’ and there is no unified understanding of culture in the academic field. This thesis argues that Raymond Williams’ (1983) understanding of culture as a “whole way of life, whether of a people, a period, a group or humanity in general” (p.90) is too expansive for analyses, because it “obscures important and useful distinction between that which is principally cultural and that which is not foremost about meaning and signification” (McGuigan, 2003, p.23). Therefore, it follows the understanding of Jim McGuigan (2003) that culture

“refers specifically to the practices and institutions that make meanings, practices, and institutions where symbolic communication is usually, by definition, the main purpose and even an end in itself” (p.24). Cultural activities concern the “production and circulation of symbolic ideas” and “play a central role in the freedom of human expression” (Galloway and Dunlop, 2007, p.21). Mark Banks (2015) further argues that culture is the ‘intrinsic good’ that provides human beings with the capacity to generate symbolic meaning, to “discover, disclose and distribute their creativity” and evaluate “the prevailing order of life” (p.40).

Previous influential scholars provide different arguments on how to balance the relationship between culture and commerce. In the 1940s, Theodor Adorno and Max Horkheimer’s (1944) classic work on culture industry criticised the commodification of culture<sup>9</sup>, and criticised the culture industry for producing only standardised mass culture for profit (Louw, 2001). The limitation of the culture industry theory lies in its over-emphasis of the difference between mass culture and high arts. Post-Adorno scholars argue that the boundary between mass and high culture keeps changing and some mass culture can also be meaningful, beneficial or good (Sontag, 1966; Levine, 1988). Pierre Bourdieu (1989) argued that the autonomy of culture provides the conditions of “ethical integrity and competence”, which lays the basis for “a politics of purity” (p.101). Artists and intellectuals must fight for the “separation from heteronomous producers” (ibid.), and creation that is based on the free “spontaneity of innate inspiration” should be protected from the pressure exerted by the government and the market (ibid). However, Bourdieu focuses on literary and art but seldom considers mass culture. David Hesmondhalgh (2013) further suggests that Bourdieu may be radical and polarises the relationship between culture and commerce. It may be overly extreme to argue that all cultural products that are against commerce are excellent.

Richard Caves (2000) further criticises the commercially-oriented trend in creative industries, “the way in which creative producers derive non-economic forms of satisfaction from their work and creative activity, are reliant upon the performance of

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<sup>9</sup> The commodification in this research points to “the process of taking goods and services which are valued for their use, and transforming them into commodities which are valued for what they can earn in the market place” (Boyd-Barrett, 1995, p.187).



more ‘humdrum’ activities (for example, basic accounting and product marketing) in order for such activities to be economically viable” (p.3). However, Hesmondhalgh (2013) maintains that current creators all need an audience and need “the help of technological mediation and/ or the support of large organisations” (p.82). Hesmondhalgh (2013) displays the complex relationship between culture and commerce and does not simply extol the virtues of non-commercial culture. Yet he also criticises that cultural producers are increasingly under the commercial pressure to carry out work in which they cannot experience ‘good work’ or meaningful and autonomous creativity. Similarly, this research does not argue that cultural products should be entirely isolated from commercial imperatives and it may be wrong to suggest that all commercial culture is bad. As Mark Banks (2015) argues, cultural industries “concern us doubly – culturally and economically” (p.35). Cultural industries should not simply be measured by economic value. Banks (2015) argues that the cultural aspects of cultural industries cannot be ignored for two main reasons. Firstly, the pursuit for cultural value in cultural work “exists as a foundational organizing principle” (p.40), which is not only held by individuals, but also embedded in “the various forms of state and community support for arts and culture, and (less markedly) in commercial endeavours” (p.40). Secondly he argues that “the cultural industries are suspended on a tension between providing cultural workers with cultural and artistic freedom and curtailing and managing that freedom” (p.41). It is within the tension “between culture and economy, management and freedom” that cultural products are made (ibid, p.41). Economic value and cultural value are both indispensable in valuing cultural industries. However, this thesis goes against the high priority of economy in the cultural industries because the cultural aspects of the creative industries are vital to value and theories (Banks, 2015). Graeme Turner (2015) supports this argument and contends that the creative industries policies focus on the “entrepreneur, the commercial industry, and the individual consumer, through the range of services or products offered for sale” (p.539), but ignore “the nation, the community, and the citizens” (ibid). However, the nation should not be ignored as it provides the political legitimization for supporting cultural activities. The community is also important in justifying the value of cultural industries from ethical

and social perspectives. This thesis argues that cultural policies should not be dominated by the commercial value and the importance of cultural products should not be measured only by monetary value. The evaluation of the British and Chinese creative industries policies in this thesis are based on this argument.

## **2.1.2 Understandings of neoliberalism and its negative influence on culture**

### **2.1.2.1 Understanding of neoliberalism<sup>10</sup>**

The term ‘neoliberalism’ frequently appears in literatures on creative industries policies, but the definition and understanding of the term is seldomly clarified. The term was originally used as a critique for the Keynesian approach, which boosts “economic activity and secure wellbeing through public investment and welfare provision<sup>11</sup> for all” (McGuigan, 2004, p.2). The influential and widely used definition of neoliberalism is from David Harvey (2005), who defined it as

“a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterised by strong private property rights, free markets and free trade” (p.2).

The understanding of neoliberalism is closely related to the relationship between the state and market and the exertion of state power in promoting the free market. In brief, neoliberalism is a doctrine that pushes the market to an extreme position (Fuchs,

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<sup>10</sup> The formation of the term ‘neoliberalism’ experiences the development from liberalism to new liberalism and subsequently to neoliberalism. In the 18<sup>th</sup> century, liberalism objects the regulatory duty of the government (Dardot and Laval, 2013). However, the new liberalism “sought to control economic forces in order to avoid social and political anarchy, reformulating the question of the agenda and non-agenda in a way conducive to political intervention” (ibid, p.39). The term ‘neoliberalism’, which began to be used in 1938, is treated as kind of resurgence of liberalism, and “an alternative to the kinds of economic interventionism and social reformism advocated by ‘new liberalism’” (p.47). Peter Evans and William Sewell (2013) further explain the use of neo-liberalism as “economic liberalism [that] had to be altered to fit a landscape of states, firms, and economic actors very different from that of the nineteenth-century world in which liberalism had initially flourished” (p.2).

<sup>11</sup> Rodney Lowe (1999) argues that in the post-war UK the welfare state guaranteed the provision of public services including education, health, housing and a minimum income. Currently, “the term welfare state can be understood in its broadest definition as the transfer of resources by the state, the underlying rationale was the prevention of exploitation of the weakest members of an unequal society” (Goodin et al., 1999, cited in Hartman, 2005, p. 61). Since the 1930s, the welfare state has been implemented in various Western countries, though to different extent (Urio, 2012). However, the arrival of neoliberalism in the 1980s does not mean the disappearance of the welfare state, as Urio (2012) argues, “an attack on the Welfare State had difficulties in dismantling what had been realised before, even if several serious regressions were realised following neoliberal prescriptions” (p.177).

2008). Colin Crouch (2011) argues that

“at the centre of the neoliberal project stands a portrayal of the qualities of the market, in particular a contrast between efficient, customer-sensitive firms and incompetent, arrogant public services” (p.25).

Neoliberalism elevates the market as the “principal standard of judgment for virtually all institutions, amorality spreads right across social life” (ibid, p.25). Similarly, William Davies (2014) argues that “neoliberalism is the pursuit of the disenchantment of politics by economics” (p.4) as it views the world “‘like’ a market” (ibid, p.21) and displays hostility to the public by aiming to promote the privatisation and marketisation to the maximum extent. Calin Cotoi (2011) further explains that “neo-liberalism displaces established models of welfare provision and state regulation through policies of privatisation and deregulation” (p.111).

However, it should be noted that a number of literatures tend to conflate market-oriented policies with neoliberal policies, which are not completely synonymous (Thurton, 2012). Elizabeth Thurton (2012) argues that market-oriented policies (e.g. market extension, privatisation and deregulation) “can also be pursued strategically” rather than extremely (p.182). Market-oriented policies in particular can be employed “selectively to harness the disciplinary power of market-based competition (to encourage efficiency and competitiveness) whilst being combined with other interventions designed to manipulate the market in line with particular economic, social or political objectives<sup>12</sup>” (ibid, p.182). Under this circumstance, a market-oriented policy cannot be simply equal to a neoliberal policy because the strategical government interventions distort the aim of a free market that is advocated by neoliberals.

In summary, neoliberalism is understood as a doctrine that extremely pursues the free market without considering any other political, social or cultural priorities. In the pursuit of a free market, however, it is too simple to directly link neoliberalism to the

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<sup>12</sup> Include “full employment, promotion of manufacturing sector or creating indigenous technological leadership in a particular industry” (Thurton, 2012, p.183).

bare minimum of state intervention (Jessop, 2008; Davies, 2014). Andrew Gamble (2006) supports the argument by stating that

“the market has primacy, but all neoliberals recognise that a market order requires a particular kind of state to secure it. A free economy requires a strong state, both to overcome the obstacles and resistance to the institutions of a free economy, which constantly recur, and also to provide the non-market institutions, which are necessary for the market to be successful and legitimate” (p.22).

Admittedly, neoliberalism requires the government to reduce intervention on the welfare provision and public services, but “it also aims to enhance state intervention to ‘roll-forward’ new forms of governance that are more appropriate for a market-driven globalizing economy” (Jessop, 2002, p.454). Jamie Peck (2008) thus argues that there is a contradiction here, as “neo-liberalism’s curse has been that it can live neither with nor without, the state” (p.39). Thus, the government intervention in the market cannot be directly treated as the antithesis of neoliberal policies. Neoliberalism does not reject the government interventions that facilitate market competition.

In addition, Hesmondhalgh et al. (2014) argue that because of the variation of practices of actually existing neoliberalism and the “misunderstandings and simplification” of the concept (p.2), the term has been over-used to point to “almost any political, economic, social or cultural process associated with contemporary capitalism” (Nonini, 2008, p.149). Scholars such as Watkins (2010) and Hall (2011) tend to criticise the worth of using the term ‘neoliberalism’. However, they cannot reject it entirely because “some term is needed to describe the macro-economic paradigm that has dominated from the end of the 1970s until – at least – 2008” (Watkins, 2010, p.7). Hesmondhalgh et al. (2014) also argue that “there are views and practices that can usefully be defined as ‘neo-liberal’, that these originated in the mid-twentieth century and gained remarkable hegemony in government from the 1970s onwards, and that policies based on such perspectives increased inequality and restricted the freedoms of

millions, while proclaiming to provide greater liberty” (p.2). Therefore and despite the risk of over-use, neoliberalism should not be completely ignored.

#### **2.1.2.2. The negative influence of neoliberalism on culture.**

Neoliberalism is criticised for focusing too much on the commercial profit of culture. Pierre Bourdieu’s (1998a) later works focus on the intrusion of neoliberalism on cultural production. His understanding of neoliberalism emphasises the “economic fatalism” that defines “standards for all practices” (Bourdieu, 1998a, p.125). This is “a return to a sort of radical capitalism answering to no law except that of maximum profit” (ibid). In his understanding, making money is the “gauge of all things” and the “sole criterion” for measuring culture (p.128). Bourdieu (1998b) criticises neoliberalism because it causes “the progressive disappearance of the autonomous worlds of cultural production” (p.102). Admittedly, it is indeed a conundrum for cultural policy makers to measure the value of cultural products (O’Brien, 2014). Tyler Cowen (2006) highlights the problem of commensurability, such as an evaluation of Shakespeare’s dramas or the comparison of a poem and a drama in their value. However, this cannot be an excuse for policy makers to simply judge the value of cultural products through monetary terms. McGuigan (1996) further highlights the defect in using the market price of cultural products to measure their value, stating that “its fundamental flaw is the reduction of all value, which is so manifestly various and contestable, to one-dimensional and economistic logic, the logic of free market” (p. 31).

This criticism of neoliberalism is also related to the idea of market failure. It points to the situation in which perfect competition is damaged, and the market is monopolised by only one or several producers (Hartley et al., 2013). Neoliberalism underscores market fundamentalism and rejects state interference on market failure (Hickel, 2012; Brenner and Theodore, 2002). Tyler Cowen (1998), as the advocate of neoliberalism, even argues that “the state does best in promoting the arts when it acts as simply another customer, patron, or employer, rather than as a bureaucracy with a public mandate” (p.37). However, he is to some extent overly optimistic about the market function without carefully considering the importance of public interventions. O’Connor (2009b; 2016) argues that market failure is detrimental to culture. He argues that many

traditional arts and heritages<sup>13</sup> are no longer commercially viable, but their historical value cannot be replaced by contemporary culture.

The market fails to consider this and O'Connor (2016) further criticises that "our system of collective and individual meaning-making has been given over to a market-machine for the capture of 'profit without production', whose dominating logic is financialisation and the battery of digitised metrics that goes along with it" (p.30). As a result, the survival of these non-commercial viable traditional arts and heritages are threatened, which also erodes the cultural diversity<sup>14</sup> (O'Connor, 2013). According to the UNESCO Universal Declaration on cultural diversity (2002), cultural diversity is important in order to ensure that all people have the cultural rights to freely express themselves and conduct their cultural practices, which cannot be separated from the "respect for human dignity" (UNESCO, 2002, p.12). Secondly, promoting cultural diversity facilitates the participation of citizens, which guarantees "social cohesion, the vitality of civil society and peace" (ibid, p.12). Thirdly, cultural diversity is "the common heritage of humanity and should be recognized and affirmed for the benefit of present and future generations" (ibid, p.13). Thus, it is necessary for cultural policies to protect cultural diversity from the damaging intrusion of neoliberalism. In addition, Keat (2000) further argues that

"people's ability to develop their own sense of what is valuable, and of the relative value of different life activities, will be enhanced by their access to cultural practices in which the tensions and conflicts between various conceptions of the good for humans, and hence of their well-being, are thematised and explored in both discursive and non-discursive ways" (p.47).

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<sup>13</sup> According to UNESCO (2011), the term 'cultural heritage' includes not only tangible cultural heritages such as monuments and objects, but also intangible cultural heritages, which point to "traditions or living expressions inherited from our ancestors and passed on to our descendants, such as oral traditions, performing arts, social practices, rituals, festive events, knowledge and practices concerning nature and the universe or the knowledge and skills to produce traditional crafts" (p.3). The intangible cultural heritage is "an important factor in maintaining cultural diversity" (ibid, p.3).

<sup>14</sup> The UNESCO Universal Declaration on cultural diversity (2002) states that culture "takes diverse forms across time and space. This diversity is embodied in the uniqueness and plurality of the identities of the groups and societies making up humankind" (p.13). Tony Bennett (2001) identified the sources of diversity including "'sub-or multinational', 'autochthonous', 'diasporic' and 'indigenous'" (p.20).

A neoliberal governance cannot guarantee to provide such significant cultural practices. Government intervention is needed to guarantee the provision of the non-commercially viable historical culture and the significant cultural practices.

In addition, John Holden (2006) argues “much of the rationale for the public funding of culture rests on an appeal to its effectiveness in achieving instrumental aims” (p.16). The neoliberal impact-driven and evidence based policy making focuses too much on consistent measurable outcomes, but culture is fluid, and Holden (2006) further argues that “data is not knowledge; and [...] even the best objective data fails to account fully for why culture should be funded” (p.21). As McGuigan (2003) argues, the primary *raison d'être* of culture is culture itself rather than the means to achieve other goals. This characteristic distinguishes cultural products from other commodities, such as food and transport, which are means to sustain life rather than “ends in themselves” (p.11). However, under the neoliberal trend, a government uses culture as a tool to achieve ancillary benefits, especially commercial profit, leaving the main purpose of cultural products to a subordinate status. Culture has only become a means rather than an end. Admittedly, policies are made by the government, and Melissa Nisbett (2013b) contends that it is natural that the aim of government expenditure on culture is to achieve certain political objectives, “otherwise there would be no policy” (p.10). However, different policies have their own functions. McGuigan (2004) argues that originally the rationale for making cultural policies is to save the market failure and “for practices deemed to have a cultural value” (p.1). Instrumental value is inadequate to describe the cultural value (Holden, 2006). O'Connor (2016) further argues that “the various practices of art and culture give texture and shape to our individual and collective lives, and how we relate to the world around us”. Cultural policy makers should not allow these intrinsic benefits of culture to be removed by neoliberalism.

In summary, under a neoliberal cultural policy, cultural production is only governed by market profit, which hampers cultural development because it erodes the variety and distinctiveness of culture as well as its political potential (O'Connor and Oakley, 2015). The notion of culture as autonomous artistic self-development and the “authentic individual experience” have been “overruled by abstract machines of market

efficiency and return on investment” (O’Connor, 2016, p.31). The autonomous cultural expression is degraded and damaged (but is never completely destroyed) by neoliberalism (Banks, 2010). This thesis does not argue that we cannot have commercial cultural production, and it is necessary that cultural industries policies are related to both culture and economy. Therefore it rejects that the value of cultural economy is “defined exclusively by economists” (O’Connor, 2016, p.31). In addition, a neoliberal cultural policy does not necessarily equal to a commercially-oriented cultural policy. Particularly, in a commercially-oriented cultural policy, profit plays an important role in cultural production, but not necessarily excludes other political and social considerations. Turner (2015) specifies such kind of policy by stating, “ [...] the cultural economy as a means of not only incorporating the new elements that have come with the digital era, but also of dealing directly with the wider, political and ethical, consequences of the operation of the market across the cultural industries” (p.543). Hesmondhalgh (2013) also notes that some local authorities “with a genuine desire to promote new and interesting forms of cultural activity within an area and provide support for struggling entrepreneurs and practitioners, could persuade local government to provide funding by talking about the regenerative possibilities of cultural industries’ development” (p.167). Given their opinions, if a commercially-oriented cultural policy is combined with government interventions for other political, social or cultural goals, it cannot be equal to a neoliberal policy. In addition, from a Foucauldian perspective, Flew (2012) argues that there is difference between a neoliberal cultural policy and a new mode of cultural governance which addresses different institutional orders and focuses on the critique of “whether there is too much or too little government involvement in a vastly expanded range of policy domains” (p.180). Policy, for example, elevates the importance of certain cultures; on the other hand, it applies a strict performance management and audit that limit its development. Another example shows that the policy is increasingly guided by the commercial profit and marginalizes the subsidy for the non-commercial viable culture (Flew, 2012). For Flew (2012), such paradoxes are more related to the critique about “poorly designed or managed government support” than a simply neoliberal cultural policy (p.181).



### 2.1.3 Understandings of the concept of creative industries

‘Creative industries’<sup>15</sup> is not a term created from nowhere, but derives from the long development of a process that arguably began with ‘culture industry’ theory, through to the social democratic cultural industries policies of the post-WWII era, and subsequently onto the more recent knowledge economy, neoliberal and now ‘third way’ creative industries policies of today. In the trajectory of the development of creative industries policies, the representative social democratic cultural policy was developed by the (Labour Party controlled) Great London Council in the early 1980s (1983-1986). On the one hand, the Great London Council (GLC) funded “contemporary cultural forms like photography, video, pop music” which are not included in previous cultural policies (Bianchini, 1987, p.108); on the other hand, it adopted cultural industries strategies to set up “community recording studios, black publishing house and radical book distribution” (ibid, p.112). The GLC not only supported activities that “can rarely be commercially viable” but also advocated that “most people’s cultural needs have continued to be met through the market” (ibid, p.112). The policy “was not to celebrate commercial production, but simply to recognise its centrality in modern culture” (Hesmondhalgh, 2013, p.167). The policy thinking did not only embrace the elitist notion of art but “urged greater investment in the cultural industries as part of a more democratic, inclusive approach to culture and cultural policy” (Bilton, 2007, p.165).

In 1986 the Thatcher government stopped the GLC and relevant policies were not finally implemented (Hesmondhalgh and Pratt, 2005). The cultural industries policies that followed GLC policies under the UK Thatcher and Major Governments lost the democratic edge and are identified as neoliberal cultural policies because the state criticised subsidised traditional high arts as ‘spoiled’, and decreased the total amount of government expenditure on culture (Bilton, 2007, p.165); on the other hand, it promoted the ‘hollow state’ (Frederickson et al., 2012, p.195), and diminished the role of the state

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<sup>15</sup> The creative industries were officially defined as “those activities which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property”, including: advertising, architecture, arts and antique markets, crafts, design, designer fashion, film and video, interactive leisure software (electronic games), music, performing arts, publishing, software and computer services, television and radio (DCMS, 1998).

in public cultural provision through outsourcing (Boyd-Barrett, 1995).

After the Conservative Government gave way to the New Labour Government in 1997, it was claimed that the state is going a ‘third way’ between Thatcher-era free market and traditional social democracy (Giddens, 1998). In this context the term ‘creative industries’<sup>16</sup> was created as a more intermediate (i.e. both market-led and social democratic) policy discourse to replace ‘cultural industries’<sup>17</sup>. However, the ‘third way’ was not accepted by all scholars. Stuart Hall (2011) in particular criticised the third way because it was actually “a New Labour variation of neo-liberalism” (p.714). Perry Anderson (2000) agrees that ‘the Third Way’ of New Labour politics “is the best ideological shell of neo-liberalism today” (p.90). The debate about whether creative industries policies were attached to a neoliberal agenda initiated in this context.

One of the main opponents of neoliberal creative industries policies is McGuigan (2015). He contends that between 1997 and 2010, the New Labour Government had not adopted a ‘third way’ in promoting creative industries, but “the long term neoliberalisation of culture and policy was not interrupted for a moment. In fact, neoliberalism in the cultural field was advanced further” (p.67). Similarly, Toby Miller (2009) argues that “neo-liberalism is at the core of creative industries” (p.270) and Des Freedman (2008) maintains that “the rise of creative industries discourse in the United Kingdom as a part of a larger project of ‘the neo-liberalisation of media policy’” (p.224). On the other hand, Hesmondhalgh et al. (2015) argue that it may be inexact to conclude that the New Labour’s creative industries policies are simply characterised as neo-liberal, and that the reality is more complex than straightforwardly describing current interventions as ‘neoliberal’ policies. The following section discusses how

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<sup>16</sup> Besides the classical definition of the DCMS 13, Potts et al (2008) argue that the official definition of creative industries treats it as a kind of industry, but creative industries is different from other industries because it produces novel and innovative products that have uncertain consumption. The individual cultural consumption is heavily influenced by other people’s choice and feedback in the network. They thus understand the creative industries from the perspective of social network market, and defines it as the “the set of agents in a market characterised by adoption of novel ideas within social networks for production and consumption” (p.170). The creative industries focus on the interrelation between the agents, network and enterprises, which is not considered by the official definition. However, the limitation of this definition lies in its heavy focus on the products that establish the network (ICT products, advertising) and the content that create value in the network (film, television, radio), but the cultural heritage and high arts are ignored by this definition. In addition, the understanding from the perspective of social network market has not reflected the policy implication and this research focuses on the policy analysis. Thus, it is not adopted in this research.

<sup>17</sup> Scholars have different opinions about the use of the term “cultural industries” and “creative industries”, which will be further elaborated in the end note 1.

various scholars analyse the relationship between creative industries policies and neoliberalism and argues that the creative industries policies are more complex than McGuigan and others might assume.

#### **2.1.4 Are British creative industries policies neoliberal in character?**

Freedman (2008) understands neoliberalism from the political economy perspective and argues that creative industries policies promote the accumulation and expansion of private capital while damaging the justification of the public provision. The policies are not designed to balance public intervention and the market relationship but simply to facilitate the marketisation of culture. Miller's (2009) understandings of neoliberalism are rooted in Michel Foucault's (2008) work. He contends that:

“neo-liberalism understood people exclusively through the precepts of selfishness. It exercised power on people by governing them through market imperatives, so that they could be made ratiocinative liberal actors with their inner creativity unlocked in an endless mutual adaptation with the environment” (Miller, 2009, p.271)

Miller (2009) further treats the market as the “interface of government and the individual” (Foucault, 2008, p.253). In his understanding, neoliberalism emphasises the intervention of government in the name of non-intervention and the government aims to motivate citizens to be inspired by the market imperatives and release their inner creativity by themselves (Miller, 2009, 2014).

Garnham (2005) criticises the creative industries policies as neoliberal because the computing, software and other digital industries were included in the classification of creative industries. Thus, the creative industries policies simply put the media and arts sector under ‘knowledge economy’ (Garnham, 2005), thereby inflating the figures and making art and culture appear secondary, or simply minor parts of a ‘high-tech’ and ‘creatively-driven’ sector. As the economic growth of creative industries mainly appeared to depend on ICT products, the creative industries were criticised for their sole

focus on digital products for commercial profit, rather than on cultural values and the diverse richness of social and economic models as well as priorities inherent to the sector (O'Connor, 2016; Flew and Cunningham, 2011). In the UK, since 2008, software industries have been removed from the statistics of the creative industries (and returned), but the previous classification had already had an influence on other countries (O'Connor and Oakley, 2015), and ICT products are also strongly promoted in the name of creative industries in China. This characteristic will also be considered in the analysis of Chinese creative industries policies.

McGuigan (2005) explores the application of neoliberal globalisation in cultural policies. His analyses refer to Jeremy Rifkin's (2000) theories about cultural capitalism and criticises the commercialisation of culture. He insightfully argues that the role of the public sector is residual in cultural policies from various perspectives. For example, public culture has been violated by deep corporation sponsorship, and this is closely related to the new public management strategies, which require the government to run like a business in order to improve the efficiency of public sectors. Another argument is that cultural policies do not focus on culture in particular and the latter is dominated by the "market-oriented mentality" (p.229).

Hesmondhalgh et al. (2014; 2015) refer to McGuigan's (2005) work and identify three circumstances under which cultural policies might be characterised as neoliberal, and then they analyse the policies according to the three categories: 1. "A shift in the prevailing rationale for cultural policy, away from culture, and towards economic and social goals: 'competitiveness and regeneration' (McGuigan, 2005, 238), 'an implausible palliative to exclusion and poverty' (ibid)"; 2. "An increasing emphasis on running public sector cultural institutions as though they were private businesses" (Hesmondhalgh et al., 2015, p.30); 3. "The increasing corporate sponsorship of culture that might previously have been funded by public subsidy" (ibid). The result of their analyses indicates that neoliberalism is an important characteristic of the cultural policy, but the policy is hybrid of neoliberal and the problematic social democratic approach in decreasing regional inequality and promoting democratisation of culture.

Although not all the scholars come to the unified answer that the creative industries

policies are simply characterised as neoliberal, none of these scholars denies that neoliberalism is one important characteristic of creative industries policies. Hesmondhalgh et al. (2014) could persuade with their various aspects of policies and deconstruction of “neo-liberalism into the different doctrines and ideas which compose it, and relate them to particular practices and political projects” (Gamble, 2001, p.134). In addition, their analyses consider the continuity of policies over different periods covering not only the New Labour period but also tracing the trajectory of social democratic cultural industries policies from the GLC. Banks (2015) commented that those policies were more “in the interests of enhancing the democratic polity” than the economy (p.38). O’Connor (2013) further argues that “they were to protect against the market failure—not the failure to achieve market success, as it became, but the failures intrinsic to the market mechanism per se” (p.174). Given the trajectory, Hesmondhalgh et al. (2015) then argue that it may be too absolute to entirely ignore the influence of social democracy in cultural policies (Hesmondhalgh et al., 2015). Gamble (2001) agrees and argues that although European social democracy is influenced by neoliberalism, it may be too simple to treat it as “an expression of neo-liberalism”, which is “politically paralyzing” (p.134). Due to these considerations, the stance of this research is that neoliberalism is one important characteristic of British (and Chinese) creative industries policies, but the policies are more complex than simply being ‘neoliberal’ policies because of the residual effects and significance of national and local histories and the specific social contexts which shape how policies are both designed and implemented.

Therefore, since New Labour creative industries policies are better described as a hybrid of neoliberal and social democratic cultural policies, it remains to ask how creative industries policies are adapted in the authoritarian country China, which has a different political system and social democratic tradition? In addition, because of a distinctive context, the descriptions of the British creative industries policies cannot be directly applied to the Chinese context, which will be discussed below.

## 2.2 Creative industries from the UK to China

Clive Gray (2007) contends that “globalization [...] has been identified as being a generic account of what has been affecting many policy areas, including that of cultural policy” (p.207). Globalisation itself, “is driven by neo-liberal doctrine” (Kotz, 2000, p.76). East Asian countries, as argued by Dal Yong Jin and Nissim Otmazgin (2014), also “have experienced a revolutionary transformation amid neo-liberal globalisation” (p.43). It is within this context of neoliberal globalisation that the policy discourse of ‘creative industries’ has been exported to China from the UK (Flew, 2012). With the debate about whether China is taking the neoliberal road (see section 2.2.2), the question of whether Chinese creative industries policies are also neoliberal in character is a key subject. This is an important question, both for an understanding of culture in China, and for the general scholarly understanding of the creative industries policy formation. As James Curran and Myung Park (2000) argue, societies in different countries have different characteristics, and western theories may fail to cover all the phenomena worldwide. For example, Paolo Urio (2012) argues that China and the UK “are at different stages of their development” (p.63), because Western countries have “practically completed [their] economic modernisation<sup>18</sup> (some consider that [they have] entered into the post-modern era), whereas China is still in the process of modernisation” (ibid). The precise interpretation and application of the creative industries policy discourse under the very different conditions of Chinese cities can tell us a lot about the political-economic character of the creative industries more generally.

McGuigan (2003) argues that cultural policy concerns regulations, but “its meaning should not be restricted to an ostensibly apolitical set of practical operations that are merely administered and policed by governmental officials” (p.24). The political economy of China should be considered in analysing Chinese creative industries policies. The development of the Chinese cultural policies before importing the policy discourse of creative industries policies is necessary in understanding the continuity or change of previous policies and their relationship to the creative industries

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<sup>18</sup> Modernity provides an important context within which the creative industries are embedded, but the term is problematic and is criticised in both Western countries and China. See also footnote 2.

policies. Besides this, the Chinese characteristics such as authoritarianism and local autonomy may also have influence on the characteristics of creative industries policies, and these characteristics will be discussed in the following sections.

This part will first analyse the trajectory of the development of Chinese cultural industries, and subsequently discuss the characteristic of the Chinese context that may have an influence on the understandings of creative industries policies. The debate on whether China is taking the neoliberal road will lead into a discussion of the analytical framework in analysing Chinese creative industries policies.

### **2.2.1 Development of Chinese cultural policies**

This section traces the trajectory of the development of Chinese cultural industries policies and argues that, unlike the UK, China has neither experienced the trajectory from culture industry to creative industries policies nor evidenced the same particular hybrid of neoliberal and social democratic cultural policies. Before the 1980s, cultural production in China was entirely controlled by the central government. Since then and comparatively later than the UK, China has just begun to have a commercial cultural market. Both countries share their increasing promotion of the commercialisation of culture in creative industries policies but how it is played out is quite different.

Before moving to the development of cultural policies, Confucianism needs to be understood. It “formed the bedrock of the social infrastructure of culture” in China (Keane, 2013, p.51). The philosophy of the Chinese politician and philosopher Confucius has had an influence on the behaviour and value of the Chinese people since 400 B.C. (Wen, 2014). For Confucius, the state exists when the social order is secured, in which fathers are respected by sons and kings are respected by ministers (Muller, 2016). Moreover, Confucian thoughts educate people to gain knowledge about “rite, justice, honesty, shame, humanity, love, loyalty and filial piety” in their daily conduct (Analects XII, p.11). It guides people to obey the hierarchical control, and respect authorities, elders and parents (Muller, 2016). Ross (2009) argues that the Confucian ethos has a deep influence on the Chinese educational system, which is problematic in facilitating free expression in China, because “learning in the form of repetitive drills

and rote memorisation is deemed conducive to an obedient citizenry and a disciplined workforce capable of following orders or replicating other cultures, but it is recognised as inadequate for stimulating original acts of creativity” (p.61). Influenced by the Confucian ethos, the Chinese are traditionally educated to comply with authorities and free creation is not encouraged. The development of Chinese cultural policies over different periods also reflects that the central government keeps emphasising the function of culture to educate people and to advocate the leadership of the Party, but fails to encourage the freedom of individual cultural expression.

#### **2.2.1.1 Chinese cultural policies engineer model**

Between 1949 (the establishment of the People’s Republic of China) and 1978 (China started to shift from a planned to a market economy), the central government controlled cultural production and culture was used as a political and educational tool for securing the leadership of the Chinese Communist Party and the socialist civilisation (White and Xu, 2012). During this period, the understanding of culture followed the theory of President Mao Zedong, who emphasised that “a given culture is the ideological reflection of the politics and economics of a given society” (Mao, 1940/1967, p.369). In this context, culture should “take the class stance of the Proletariat” (Su, 2014, p.5), and serve the “workers, peasants, soldiers and urban petty bourgeoisie [...] the broadest masses of the people” (Mao, 1942/1975, p. 77). Cultural activities that are “non proletariat” should be forbidden (Su, 2014, p.5). The differences between mass and high culture were not considered, and there were no cultural industries or cultural market; culture was produced by government owned cultural institutions (shiye danwei), which were isolated from commerce and depended on public subsidy (Chen, 2003). Shi-lian Shan (2014) further argues that “cultural producers were the ‘national cadres’ in the propaganda system” (p.116), and cultural institutions “were part of the public service system, comparable to public service organizations in other countries” (Su, 2014, p.5). Michael Keane and Weihong Zhang (2008) define the policy model during this time period as the engineer model, which emphasises that the state engineered “an ‘official culture’ under this kind of administration cultural work that is sanctioned by the minister of culture, cultural



workers are employed by the state, and content and form are subject to monitoring by officials and censors” (p.255). The problem is that there was no competition between different cultural products, and the limited number of cultural products could not satisfy the demand of the audiences (Long, 2012). In addition, the existing free expression was also seriously damaged. For example, Simon Zhen (2015) notes that between 1949 and 1976 in China, “around 550000 citizens were persecuted” because their speeches or activities were pro-capitalist (p.3).

#### **2.2.1.2 Chinese cultural policies in the 1980s and 1990s**

Keane (2013) argues that the engineer model “describes the cultural system that prevailed in China from the 1950s to the end of Mao’s tenure as paramount leader”<sup>19</sup> (p.18). During the 1980s, when the Thatcher Government was influenced by the neoliberal trend and promoted the commercialisation of art, China also began to establish a cultural market. In 1978, the third plenary session of the 11<sup>th</sup> Communist Party of China Central Committee for the first time emphasised that China would treat economic development as the central task (before 1978 it was ‘class struggle’) (Deng, 1982). The state began to promote the shift from a planned<sup>20</sup> to a market economy and changed the administration methods of cultural production (White and Xu, 2012). Specifically, previous cultural institutions (*shiye danwei*), which functioned for public service, were gradually allowed to register as enterprises and make a commercial profit (*ibid*). Cultural products were produced by publicly or privately owned cultural enterprises, and public cultural institutions (Shan, 2014). The state during this time began to realise the economic attributes of culture, however, the ideological nature of culture still could not be ignored. President Deng Xiaoping (tenure 1978-1989) put forward ‘Four Cardinal Principles’ in 1979, namely “adherence to the socialist direction, to proletariat dictatorship, to the absolute CCP leadership, and to Marxism and Maoism”

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<sup>19</sup> Mao’s tenure as the paramount leader lasted from 1949-1976.

<sup>20</sup> At the founding of the PRC in 1949, China promoted a planned economy until the end of 1978 (Lin, 2004). Jean Oi (1995) argues that during the period of planned economy, “every factory was told which products were to be made and in what quantity, what materials should be used, where the materials should come from, how much they should cost, and where these products should be sold and for how much” (p.1134). Consumer choice was strictly limited. The shift from a planned to a market economy in China was not accomplished in one action. Yifu Lin (2004) argues that it takes a numbers of years to promote the privatisation and the “the development of market supporting institutions, such as legal and financial systems, will take years, even decades” (p.6). Therefore and no matter in which country, the transition from a planned economy to a market economy is “a gradual process” (*ibid*, p.2).

(p.27). Deng's successor Jiang Zemin (tenure 1989-2002) also stated that "we must adhere to the direction of serving the people and serving socialism [...] All those activities that poison the people, pollute the society and oppose socialism are strictly prohibited" (Jiang, 1991/ 2002, p.3). In the process of promoting market economy, increasing numbers of private producers joined the cultural market competition. However, the autonomous cultural creation was still seriously censored, especially the cultural production related to the critique or irony of the government, which could not be exhibited to the public, and could not be promoted via television, radio or publications (Feng, 2004). Under the censorship, radical artists exhibited their work in basement and struggled to survive (e.g. 'Da Xiang Wei' Group, which is made up of artists Tan Xu, Juhui Liang, Shaoxiong Chen, focuses on producing installation art that criticise the problems of transportation congestion, human migration, environment pollution caused by excessive urbanisation in Guangzhou) (ibid).

Both the UK and China promoted the development of cultural market this time. However, in China, the term 'cultural industries' was not used in policy documents, and even the term 'cultural market' was not used in policy documents until 1988 (Chen and Hu, 2009). The development of China's cultural policy reflects that since the 1980s, the understanding of culture began to shift its role "from ideological propaganda apparatus to the dual role of propaganda apparatus and profit maker" (Zhang, 2006, p.300).

### **2.2.1.3 Chinese cultural industries policies 2001-2013**

The policy discourse of 'cultural industries' was officially used for the first time in the *State's 10th Five Year (2001-2005) Plan about the Development of National Economy and Society* (State Council, 2001). National official policies divided the cultural sector into two parts: cultural undertakings (wenhua shiye) including cultural institutions and public cultural services<sup>21</sup> and the cultural industries, which were defined as "business industries that produce cultural products and provide cultural services" (National Ministry of Culture, 2003). Cultural industries comprise 10 sectors<sup>22</sup>:

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<sup>21</sup> Public cultural services point to the cultural centre in communities and television cables coverage in rural places, the constructions of libraries and museums (National Ministry of Culture, 2003)

<sup>22</sup> In 2003, when the central government initially provided a definition of cultural industries, it only stated that cultural industries contained "performance, film and broadcasting, entertainment, cultural tourism, internet, publishing, the heritage sector, art training and works of art" (National Ministry of Culture, 2003). In 2004, the State

(i) press, publishing and distribution including books, journals, newspapers, music and video; (ii) broadcasting, film and television; (iii) cultural and arts service, including museums, studios and performances; (iv) communication of cultural information including the internet; (v) creativity and design including advertisement and software; (vi) cultural entertainment including the management of landscapes, dancing halls and amusement parks; (vii) arts production including crafts, decoration and gardening; (viii) auxiliary cultural productions such as auctions of cultural commodities, exhibition and ticket services and cultural agencies; (ix) stationery commodity production including music instruments, paper and television; (x) equipment production including lightening and projectors (State Statistic Bureau, 2009).

Since 2003, the state has paid increasing attention to the economic significance of cultural industries. Facing serious industrial pollution<sup>23</sup>, the Chinese president Hu Jintao put forward the term ‘Scientific Outlook on Development’, which aims to create an overall, harmonious, sustainable outlook on the coordination and balance of the relationship between human beings and the environment (Xinhua, 2012). This urged policy makers from different cities to change economic developing pattern and explore environmentally friendly alternatives for economic growth. Beijing explicitly emphasised the importance of cultural and creative industries in response to the ‘Scientific Outlook on Development’ and its preparation for the Olympic Games (see the case study of Beijing). The state has started to promote a reform of the ‘cultural system’ (wenhua tizhi), namely transforming public cultural institutions into commercial cultural enterprises (Tang, 2009), which “is best illustrated by a widening of commercial forms of management and financing” (Keane, 2013, p.13). Public funded cultural institutions including cinemas and artistic performance organizations are required to transform into enterprises (State Council, 2009); the advertising, publishing

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Statistic Bureau carried out a first classification of cultural industries (stats.gov, 2012). However, the state only began to promote the development of cultural industries and the cultural system reform. Therefore and as scope of cultural industries keeps changing, the version of 2004 was not applicable. Various cities also have their own classification and definition of cultural industries. In 2012, the State Statistic Bureau updated the classification of cultural industries and included new cultural activities (e.g. games, animation). Cities such as Guangzhou and Harbin have begun to follow the national classification since this time.

<sup>23</sup> Industrial pollution has become one of the most prominent problems in China. The amount of pollutant emission has already surpassed the carrying capacity of environment (People.com, 2006). In 2004, the economic loss due to pollution has reached 511.8 billion yuan, 3.5% of the GDP. The costs for curbing environment pollution have reached 287.4 billion yuan, 1.8% of the GDP (Ba, 2011).

and distribution sections in television and radio stations are allowed to be independent (ibid). In 2005, the *Opinions Concerning Support and Guidance on the Development of Non-public Economy (No.3)* further emphasised that the state allowed private capital to invest in non-profitable and profitable industries including education, culture, and sports (State Council, 2005). In 2011, national policies continued the transformation, and the reform is still underway (State Council, 2011). Different cities promote the cultural system reform in a different chronological order and have their own plans for transforming various kinds of public cultural institutions (see the relevant case studies).

In addition, the state is also digitally oriented in the promotion of cultural industries. In order to mitigate the concussion of the international financial crisis in 2008/2009, the central government made the decision to vigorously promote the development of high-tech industries to optimise and upgrade the industrial structure and stimulate more market demand for high-tech products (State Council, 2009). The central government in 2009 carried out the policy *Opinions of the State Council on Realising the Supportive Role of Science and Technology in Facilitating the Rapid and Steady Development of National Economy (State Council No.9)*. It highlighted the supportive role of high-tech in the expansion of domestic demand and enhancing economic growth (ibid). This policy document also has an influence on the development of cultural industries. It emphasised that local governments should increase support for burgeoning industries including animation, software and games in order to create new economic development and facilitate employment (State Council, 2009). In response to the national policies, local governments paid increasing attention to the development of ICT industries and adopted various strategies for their support.

However, despite the commercially and digitally oriented trend in promoting cultural industries, the ideological attribute of culture cannot be ignored. The president Hu Jintao (tenure 2002-2013) stated that the cultural development “is a matter of the realization of the goal of building a moderate well-off society, a matter of the overall arrangement of building socialism with Chinese characteristics, and a matter of the great rejuvenation of the Chinese nation” (Hu, 2010, para 2).

The brief overview of the development of the Chinese cultural industries policies

reflects that the Chinese central government has gradually realised the economic value of cultural products since the 1980s. Culture is no longer only promoted as educational and propaganda tools but also as commodities. The central government has also gradually diminished the role of the state in cultural provision and allowed more cultural products and services to be produced by non-public producers. The development of cultural policies also shows that the Chinese cultural industries “integrated economics and ideology” (Keane, 2009, p.434-435), and have paid increasing attention to ICT products, but have not encouraged free individual cultural expression, which damages the existing autonomous cultural expression.

Chinese governments have not claimed that they are adopting neoliberal thinking in promoting the commercialisation and marketisation of culture but claimed that they are embracing socialism with Chinese characteristics. The following sections will first argue that the term ‘socialism<sup>24</sup> with Chinese characteristics’ is problematic and discuss the debate on whether China is taking the neoliberal route.

## **2.2.2 Neoliberalism Debate in China**

### **2.2.2.1 Socialism with Chinese characteristics or neoliberalism with Chinese characteristics**

China is politically unique in the world, because it is one of five countries claiming to be a socialist country<sup>25</sup> – the only one “that has been economically successful” (Ringen and Ngok, 2013, p.2). The national and municipal policy documents keep emphasising the insistence of the socialist core value system<sup>26</sup>,

“utilise the latest result of localisation of Marxism in China to educate the

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<sup>24</sup> There is no unified understanding of the term socialism and there are various forms of socialism, but Scott Arnold (1994) summarises that various understandings emphasise the common features of socialism, including social ownership (collective, public, or cooperative ownership or the combination of them rather than private ownership), democratic control of the means of production.

<sup>25</sup> The other four countries are: “Cuba, Laos, the Democratic People’s Republic of Korea and Vietnam” (Ringen and Ngok, 2013, p.2).

<sup>26</sup> The socialist core value system was established in 2012 and it points to a system of objectives for the development of the society, including thriving and powerful, democratic, civilised, harmonious, free, equal, impartial, jural, patriotic, dedicated, righteous, friendly (People’s Daily, 2014).

citizens, and use the common ideal of socialism with Chinese characteristics<sup>27</sup> to get people together. Use the national spirit with patriotism as the core and use the spirit of the time with reform and innovation as the core to inspire citizens. Use Socialism Outlook for Honor and Dishonor to guide the society, and form unified guiding thought and common ideal through the use of these spirit and value systems<sup>28</sup>” (General Office of State Council, 2011).

All these policy discourses are to educate and guide citizens to advocate the Communist Party. Cultural products are also promoted as the instruments to secure the socialist ideology (more details are in the case studies). However, this section argues that the term has its problem.

Martin King Whyte (2012) argues that China has carried out the socialist revolution since 1949, which “was aimed at transforming China from a very unequal, petty capitalist society into a centrally planned socialist economy modelled after the Soviet Union.” (p.229). He demonstrates that

“all private ownership of businesses and other productive assets disappeared after 1956, and all production and employment were organised into state-owned or state-controlled firms subject to bureaucratic rather than market regulation [...] Upon completing school, urban youths were bureaucratically assigned to jobs, and with each job came a bureaucratically designated ladder of wage grades, a package of benefits, and often assignment to subsidised housing, with access as well to dining, child care, recreational, and other facilities. Such facilities frequently were organised within work unit compounds, many demarcated by walls with gatekeepers” (p.230).

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<sup>27</sup> The latest result of localisation of Marxism in China points to the scientific outlook on the development and common ideal of socialism with Chinese characteristics is the faith to believe the Communist Party, the faith to go the road socialism with Chinese characteristics (General Office of the People's Government in Beijing, 2012).

<sup>28</sup> The Socialism Outlook for Honor and Dishonor points to the ‘eight honors and eight dishonours’ (barong bachi) that was put forward by the central government in 2006. The eight honors include: love the motherland, serve the people, respect science, diligent not indolent, unity and mutual aid, honesty and trustworthiness, observe law and discipline, live plainly not wallow in luxuries. The eight dishonours are the opposite of the honors (General Office of the People's Government in Beijing, 2012).

Therefore it could be argued that from 1956 to the 1980s, the state reflected the socialist elements. Stein Ringen and Kinglun Ngok (2013) further argue that “comprehensive welfare packages were provided for workers through *danweis*, which refers to state-owned enterprises, state agencies, government departments, and other organisations in the public sector” (p.5). Since the 1980s, President Deng Xiaoping has brought the market economy in China, and the state gradually began to have various kinds of ownership (Whyte, 2012). The comprehensive welfare package also broke down, and the guaranteed jobs for graduates have ended (Ringen and Ngok, 2013). Deng stated that the socialism in practice is not stable but keeps changing in different contexts, and ‘socialism with Chinese characteristics’ was thus coined to understand Chinese society (Deng, 1993). However, the term was problematic in the academic field and has received much criticism since its creation. Firstly, the state still seemed to contain socialist features in maintaining the dominant role of the public ownership in the 1980s, nevertheless, many social problems cannot be explained by socialism. Whyte (2012) criticises the “hukou system<sup>29</sup> that aggravates China’s largest and most inequitable cleavage, between city and countryside” (p.234). Eddie Girdner (2004) also criticises the “dismantling of the Iron Rice bowl of social welfare”, “Economic polarisation, rampant corruption and structural dislocation” (p.137). Deng’s central argument is that a socialist society cannot impoverish people as its ultimate goal is emancipation of the productive force and the achievement of common prosperity (Deng, 1993, p.372). However, the problems above “undermined socialism” and make the socialist regime “be completely bankrupt” (Girdner, 2004, p.136). Girdner (2004) thus further contends that “Deng Xiaoping has used neoliberal policies under political authoritarianism to insert China into the contemporary global economy” (p.143).

Secondly, although the central government never uses the term ‘neoliberalism’ or ‘neoliberalism with Chinese characteristics’, Hui Wang (2003) points out that the government is “evidently afraid of the extent to which candid discussion concerning the

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<sup>29</sup> The hukou system, which was used by the Government in the 1950s, “is a household registration system in China” (Deng and Huang, 2004, p.220). “Every Chinese is born with a hukou”, either urban or rural, according to their birthplace. Only the citizens with the urban permanent hukou “are qualified for state welfare benefits, such as subsidised housing, free medical care and pension” (ibid)

fundamentals of political economy will rock the boat of the fragile social assent it has gathered for its economic policies” (p.29). It reflects that socialism with Chinese characteristics is only used to mask the notion that the state is taking the neoliberal road. Girdner (2004) even criticises that “socialism with Chinese characteristics is actually neo-liberalism with Chinese characteristics” (p.144).

This section also argues that China does not have the social democratic traditions like the Western countries. Colin Crouch (2013) defines social democracy as “political movements and parties that have as their historical mission the representation of [...] working people, including, prominently, trade unions, by seeking major changes in the operation of a capitalist economy and the inequalities and social damage that they perceive it to produce” (p.2). The social democratic parties, which have their root in socialism, aim to achieve equality, “universal suffrage and education, better working hours and labour conditions, and better health care and welfare support” (Hesmondhalgh et al., 2015, p.16). However, He Li (2015) argues that in China, the dream of having social democracy was actually crony capitalism, which was controlled by the powerful and the rich. China is always the one-party authoritarian country, which is very different from social democracy. Li (2015) further argues that “without democracy there is no true socialism” (p.70). In addition, the state has not provided better labour conditions, increasing health care and welfare support as the social democratic parties had provided.

Given the criticisms above, scholars therefore use the term state capitalism<sup>30</sup> to describe the Chinese state (Zhao, 2008; Hall, 2011; Wong, 2012). Stuart Hall (2011) explains that “China’s ‘state-capitalism’ version combines a one-party, repressive, dirigiste state with strategic, highly sophisticated interventions in un-reregulated world markets and currency manipulation” (p.708). Hong Yu (2011) argues that the state emphasises a socialist harmonious society in China, “anti-capitalistic and anti-imperialistic social evolution” to avoid the “moral bankruptcy of the still self-described ‘socialist’ state” (p.314), but “the popular socialist consciousness has

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<sup>30</sup> State capitalism refers to the economic system, in which the state governed the economic activities through the dominance of state owned enterprises (Williams, 1983).



ironically generated a widely felt social resistance” (Zhao, 2007, p. 31). The next part will then discuss the debate about to what extent the state is described as neoliberal.

#### **2.2.2.2 Debates about neoliberalism in China**

Andrew White and Sujing Xu (2012) argue that China has the political system “which presently is a centralised and authoritarian one-party-state” (p.249). Clive Barnett (2000) comments on David Harvey’s (2005) understanding of neoliberalism and argues that “neo-liberalism is [...] highly flexible and can be implemented by both liberal democratic and authoritarian regimes” (p.4). However, influenced by authoritarian control, the understanding of neoliberalism in China may be different from that in the liberal democratic Western countries. This section and the following one will thus discuss the debate about whether China is taking the neoliberal road and its influence on the understandings of creative industries policies.

The Chinese economic development pattern tends to follow the Western understanding of neoliberalism in promoting privatisation, downsizing the state (Harvey, 2005). However, unlike Western countries, there is much inherent tension in understanding ‘neoliberalism’ in the Chinese context. Firstly, unless Chinese central government admits to being a capitalist country, it cannot openly promote privatisation. Chinese leadership on the one hand officially claims that the state is a socialist country that represents the interest of workers and peasants, on the other hand breaks the welfare provision and imposes unemployment that damages their interest (Chu and So, 2010). Secondly, the state on the one hand follows the tenets of Western neoliberalism in promoting market competition and market-domination, but on the other hand maintains state-domination in the industries related to ideology and energy industries (ibid). In this situation, the development of the free market in those state-dominated industries is dampened. Under authoritarian control, the market competition in China can never be as deregulated as the Western countries.

Given the tensions above, it is undeniable that the authoritarian control in China prevents the country from “a well-established neoliberal plan, fully laid out, based on normative principles” (Rofel, 2007, p.8). Aihwa Ong (2007) argues that “China is deviant because neoliberal policies are combined with state authoritarianism” (p.4).

Donald Nonini (2008) and Giovanni Arrighi (2007) even question the existence of neoliberalism in China. Nonini (2008) in particular identifies a strong version of neoliberalism, which “promotes all four claims mentioned above – markets are excellent, state controls over them are horrible, globalisation and free trade are best and rational selfish market actors are best – within a cultural configuration of discursive logics, rhetoric and practices that is hegemonic in a society” (p.155). He argues that since the 1980s, the privatisation and denationalisation of enterprises have been promoted and the dispossession through accumulation has taken place. In addition, the state has increasingly incorporated market-oriented elements under the governance. Nonini explains that the market is not fair and workers in state-owned enterprises are treated better than workers in private enterprises. However, he argues that “the strong version of neo-liberalism does not exist in China as a hegemonic project” (ibid, p.168), because the “‘anchor’ of socialist values within the CPC, and a concern about social stability and order, has slowed down the movement of the ‘ship’ of privatisation and liberalisation” (Nonini, 2008, p.159), and the state will never agree that the market is excellent (ibid). Arrighi (2007) maintains that it is a myth that China adopted neoliberal doctrines to increase its economy. He observes the privatisation process but contends that the process in China is slower than that in western countries, and “deregulation and privatisation have been far more selective, and have proceeded at a far slower pace, than in countries that have followed neo-liberal prescriptions” (p.356). Nonini (2008) and Arrighi (2007) question the existence of neoliberalism but have not stated the route that China embraces.

This thesis argues that neoliberalism should not be ignored in analysing the development of China for several reasons. Firstly, neoliberalism should be understood as a trend rather than a static state (Hall, 2011). Although Nonini (2008) and Arrighi (2007) both argue that the CCP’s control makes the process of privatisation in China move slower than that of the Western countries, neoliberalism is understood as a process rather than the speed of privatisation or marketisation. The slower speed of privatisation is not persuasive enough to refute the influence of neoliberalism in China. In contrast, Harvey (2005) understands neoliberalism as a process. He argues that although the state

and SOEs still dominated the market, their percentage in the market has decreased during the 1980s-2000s. In addition, the central government gradually embraces the entry of previous censored private and foreign capitals and their percentage in the market is on the rise. The amount of foreign direct investment has risen “from virtually zero in 1978 to a cumulative \$480-billion by the end of 2003” (Cheng, 2004, p.3). The SOEs also changed their previous welfare model and began to participate in market competition and imposed unemployment (Harvey, 2005). In addition, the development of the market economy in China has increasingly created huge inequality, with the “power and wealth [...] monopolised by a small elite class of party cadres (ganbu) and associates, while a large number of peasants and workers are deprived of land, employment, welfare and rights” (Xu, 2011, p.1). Harvey (2005) provides a summary of the development of enterprises in the Chinese context that

“while there are several aspects of Communist Party Policy that were designed to frustrate capitalist class formation, the party has also acceded to the massive proletarianisation of China’s workforce, the breaking of the ‘iron rice bowl’<sup>31</sup>, the evisceration of social protections, the imposition of user fees, the creation of a flexible labour market regime, and the privatisation of assets formerly used in common. It has created a social system where capitalist enterprises can both form and function freely” (Harvey, 2005, p.150).

Harvey (2005) does not deny the existence of authoritarian control, but he demonstrates the increase of privatisation and inequality together with the gradual decrease of state domination. He thus contends that China has taken the route of ‘neoliberalism with Chinese characteristics’ since the 1980s, namely since the state increasingly adopted neoliberal elements under state control (p.120). Although the term ‘neoliberalism with Chinese characteristics’ needs more scrutiny in terms of its application in understanding local specificity (see the relevant case studies), it proves

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<sup>31</sup> The “iron rice bowl” is a set phrase in the Chinese language, which means that the workers have a stable salary regardless of how much they do each month (Ross, 2009).

the existence of a neoliberal process within gradually loosened authoritarian control.

Secondly, from the perspective of a state – market relationship, Yin-wah Chu and Alvin So (2010) argue that despite authoritarian control, it is the communist party-state that actually “take[s] the driving seat to propel neoliberalism forward” (p.49). As the capitalist market was suppressed before the 1980s there were almost no private enterprises (ibid). However, the problem was that “there was no alternative accumulation space within the state system” (Wu, 2008, p.1094), which led to idle labour and low productivity (ibid). In that case, the state adopted neoliberal thinking to bring in “market discipline, creating an internal space for accumulation, the ‘open door’ policy indeed opened a door to the space of external expansion” (ibid, p.1094). The state emphasised that “development is the hard truth (fazhan caishi ying daoli)”, and the hard truth is indeed governed by the market principles (Wu, 2008, p.1094). In this situation, the “economic models, concepts, and values have become the guiding rationality for governance and operate today as a default, commonsense rubric for policy debate and action” (Dahl and Soss, 2012, p.4). Fulong Wu (2008) argues that “the Chinese case shows that neoliberalization is the trajectory to establishing a market society” (p.1093).

Thirdly, Hui Wang (2003) emphasises that China is still in the transition period, “it presupposes a necessary connection between the process of current inequality and an ultimate ideal. Because of this, to use the existence of state interference as a way to avoid recognizing the hegemony of neoliberalism is complete beside the point” (p.43). He argues that China is taking the neoliberal route because,

“under the continuation of the system of state political power, Chinese society has pushed forward a process of market extremism, and under the guidance of state policy has become an active participant in the world economic system. The dual nature of this combination of continuity and discontinuity has defined the nature of Chinese neoliberalism” (p.43).

It is reasonable for Wang (2003) to argue that China is in the transition period. In

addition to the influence of authoritarian control and neoliberal globalisation, it could be difficult for China to immediately and completely turn socialism into neoliberalism without any remnant of socialism (Urio, 2012). Moreover, Lisa Rofel (2007) argues that while the state has already begun to shift from the planned to market economy, it still has “an intimate involvement” with the planned economy to some extent (p.7). Given the complexity, it may be difficult to simply say China is entirely neoliberal without any variations.

In this transition period, the Chinese state prefers to use the term ‘market socialism’ to emphasise that “China was still socialist because it had a dominant public sector and the party-state was still in control of the strategic sector (or the commanding height) of the Chinese economy” (Chu and So, 2010, p.54). However, with the dismantling of the welfare provision and the severe inequality between urban and rural places (Wu, 2008), it is incorrect to describe China as a socialist country from the 1980s. Since the 1990s, the state has adopted more strategies that cannot be explained by socialism, including the privatisation and corporatisation of SMEs, unemployment of workers, commoditisation of public services (e.g health and education) (Chu and So, 2010). These strategies facilitate the “rapid accumulation of wealth for the capitalist and ruling elites” (ibid, p.60), which are more amenable to the neoliberal principles than market socialism.

Given the three reasons above and due to the authoritarian control and the other possible influential factors, it may be premature to directly define China as a neoliberal society. Wang (2003) argues that there is not a ready-made model to explain the transition period, however, there should be a basic transitional orientation in which neoliberalism is playing a guiding role<sup>32</sup>.

### **2.2.2.3 Influence of the neoliberal debate on Chinese creative industries**

Scholars have different opinions about whether Chinese authorities adopt a neoliberal approach to media and culture. Hong Yu (2011) argues that neoliberalism underpins the commercialisation of media in China and the development of the transnational media corporation group. Yuezhi Zhao (2008) uses neoliberalism to

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<sup>32</sup> Neoauthoritarianism and neoconservatism do not contradict the use of neoliberalism (see endnote 4).

explain the privatisation of state-owned media enterprises and argues that television programmes are increasingly commercialised. In contrast, although Keane (2013) argues that the cultural system reform in China is an expansion of the commercialisation of culture, he continues that neoliberalism is problematic in defining Chinese creative industries because “while media industries are pushed towards the market and while thousands of independent design and media service companies have emerged in the past decade, the state remains highly interventionist” (Keane, 2013, p.18). He additionally states that although the state has attracted large amounts of non-public capital, “the key planning processes always involve Chinese communist Party actors” (p.18). He maintains that “definitional ambiguity, combined with a government predilection for intervention, make it [neo-liberalism] ill suited to describe media and cultural sectors” (p.16). He uses authoritarian liberalism rather than neoliberalism to describe the characteristics of the development of China’s media and creative sectors.

This research does not follow Keane’s (2013) argument and contends that his argument is not persuasive. The first reason is that Keane (2013) identifies the heavy state interventions on cultural production and the entry of non-public capital, but has not explained why Harvey’s (2005) term ‘neo-liberalism with Chinese characteristics’ is “found wanting” (Keane, 2013, p.29). Secondly, in terms of the definitional ambiguity, Hall (2011) argues that “neo-liberalism has many variants. It is not a single system” (p.708). The term neoliberalism has never had a unified definition in both China and the UK. However, it cannot be the reason to avoid researching neoliberalism. Finally, Keane (2013) understands authoritarian liberalism as the commercialisation of culture under the authoritarian control. However, neoliberalism does not only point to the commercialisation of culture. As discussed in previous sections, neoliberalism is understood from various perspectives and is also related to the accumulation of wealth, and the inequality between different regions (Harvey, 2005). These points cannot be explained by the term ‘authoritarian liberalism’. Keane’s (2013) work provides an overview of the Chinese creative industries, and it covers various aspects including the development of art, design and media industries. The term to describe the development of China’s media sector is only one small section in the whole book. The evidence in the

small section may not be enough to prove neoliberalism is not applicable, and given the points above, the stance of this research is that neoliberalism should not be ignored in the Chinese context and may also be an important characteristic of Chinese creative industries policies. However, the other characteristics of the Chinese context: authoritarianism, local autonomy and regional differences and inequality are clearly powerful explanatory forces that are central to the evaluation of creative industries policies, and should also be considered. The policy may be complex and is difficult to be described by normative definition of neoliberalism.

### **2.2.3 Characteristics of the Chinese context that may have influence on the evaluation of creative industries policies**

This study aims to explore the extent to which Chinese creative industries policies are characterised as neoliberal. Gray (2007) argues that “significant changes in cultural policies are clearly related to broader changes within societies themselves” (p.205). The specificity of a certain place may have an influence on the development of the policies. Local autonomy and the authoritarian context will be considered in the evaluation of the creative industries policies in order to provide a comprehensive understanding of the policies.

#### **2.2.3.1 Authoritarian control**

An authoritarian state points to a political system that suppresses personal freedom and maintains domination of state capital. The ultimate goal of the state is not political liberalism but to maintain the one-party rule and the absolute power (Stockmann, 2013; Link and Kurlantzick, 2009).

James Curran and Myung Park (2000) argue that in Britain, the media “have relative autonomy and institutional separation from the state” (p.18). However, in China, O’Connor (2011) argues that “the Chinese state has the means and the legitimacy to intervene in the cultural commodity market to an extent far beyond what is possible in the West” (p.119). Anthony Fung (2014) further argues that “political censorship plays a crucial role in reinforcing the state’s hegemonic influence nationally” (p.53). This section reviews the development of state control on cultural production and argues that

state control and censorship in China are always much stronger than of the UK, and have an influence on the development of Chinese creative industries.

Between 1949 and 1978, President Mao Zedong and his regime adopted various techniques to control cultural production, e.g. newspapers in terms of editorial content and broadcasting media in terms of the selection of “‘models’ to be emulated” (Shambaugh, 2007, p.26); they also developed “a nationwide system of loudspeakers that reached into every neighborhood and village” “for the purpose of ‘brainwashing’” (ibid).

In the 1980s, with the proliferation of updated media and cultural products, the “nationwide system of loudspeakers” was no longer promoted, and the state was no longer able to control all content of newspapers, broadcasting media and television programmes (Shambaugh, 2007). Thus, government control was gradually loosened and the techniques for regulating cultural production were also changed. Especially, after cultural products were allowed to be produced by non-public owned cultural enterprises in the 1980s, China established the State Administration for Radio, Film and Television (SARFT) and the State Press and Publication Administration (SPPA) for regulating and licensing the production of audiovisual and print media<sup>33</sup> (Keane, 2013). Yuezhi Zhao (2008) further argues that the Party “fortified the state’s entire propaganda apparatus and elevated the propaganda and ideology portfolio within the party leadership” (p.22). In the 1990s, the state provided more details about the censorship and put forward “seven forbidden content categories” for media production<sup>34</sup> (Zhao, 2008, p.66).

In the 2000s, the state continued to loosen control, as argued by Zhao (2008), “the process of government censorship has evolved from the old totalitarian control mechanism to a new, looser system with some room for manoeuvring”, resulting in a situation of “expanded space under more refined control” (p.36). For example, Keane (2009) observes that governors in Beijing Songzhuang art district began to allow the

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<sup>33</sup> The two organisations were merged into one single organisation called the State Administration of Publication Press Radio Film Television (SAPPRFT) (Chu, 2016)

<sup>34</sup> The forbidden content categories include “harmful to national unity, sovereignty, and territorial integrity, harmful to national security, honor and interest, inciting national division and damaging national unity, disclosing state secrets, slandering and libel, promotion of obscenity, superstition, and violence, and other content prohibited by laws and administrative orders” (Zhao, 2008, p.66).



“exhibition of visual art expressing unconventional political views” (p.437). Jiguo Teng (2014) demonstrates that the Chinese central television channel has largely loosened the number of imported foreign television dramas since the 1980s. Their numbers between 1980-89, 1990-99 and 2000-10 were 55, 133 and 255 respectively. Compared with the Maoist censorship, cultural producers have gradually been provided more space for their production. However, the gradual loosening of control does not mean that control could be ignored. Yuezhi Zhao (2004) points out that the state refuses the entry of private and foreign capital in the party organ and news production related to current politics while “accommodating domestic and international capital in other areas of media operation, including the production of entertainment, business and technical information” (p.204). Aihwa Ong (2007) also argues that “in China, pro-market policies are interwoven with a socialist state, private enterprises flourish alongside repressive laws” (p.6).

Therefore, although the control was gradually loosened, it “remains an important part of Chinese political and cultural life” (Shambaugh, 2007, p.27). Authoritarianism impedes the cultural development because it limits the freedom of cultural creation. UNESCO (1982) states that

“culture gives man the ability to reflect upon himself. It is through culture that man expresses himself, becomes aware of himself, recognises his incompleteness, questions of his own achievements, seeks untiringly for new meanings and creates work through which he transcends his limitations” (p.190).

In addition, besides focusing on the pressure from the government control, Daniel Lynch (1999) and Chin-chaun Lee (1990) both argue that it was the commercialisation of media that drove the decline of Chinese government control. From another perspective, Anne-Marie Brady (2006) argues that the commercial culture could also be utilised by the Chinese government to exert ideological control. These arguments reflect that the relationship between commercialisation of media and government control may be complex. On the one hand, commercial media under political pressure may be

compromised to the government control; on the other hand, the commercialisation of media may in turn be responsible for the decline of government control. The selected cities adopt different strategies in balancing government control and commercialisation of culture, which will be discussed in the case studies.

### **2.2.3.2 Local autonomy**

Yash Ghai (2000) defines local autonomy as “a mechanism or device to allow local people, ethnic or other groups claiming a distinct identity to exercise direct control at their own will over affairs of special concern to them” (p.8). Dan Wei (2009) argues that the local autonomy<sup>35</sup> should be considered in specific context. In China, the local governments are divided into four types, including ordinary local governments (the three cities selected for this research are all ordinary local governments); governments of special economic zones (e.g. Shenzhen); self-governments of ethnic autonomous areas (e.g. Ningxia); and governments of special administrative regions (e.g. Hong Kong). These four kinds of governments entitle autonomy to different extent<sup>36</sup>. Prior to 1978, Shrawan Archarya (2005) notes that “central budgetary allocations were the only source for finance investments” (p.229). However, since the state began to promote the market economy in 1978, “the forces of decentralisation, marketisation and political legitimisation have transformed the country’s local governments into local states with a strong interest in economic development” (Liu et al., 2008, p.313). The local government has played an increasingly important role because China needs decentralisation to promote economic liberalisation (Liu et al., 2005).

However, promoting local autonomy does not mean the central government can be ignored. The state is still unitary and the culture of Confucianism is still dominant in all the cities (Wei, 2009). O’Connor and Gu (2012) further argue that “overarching national

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<sup>35</sup> Dan Wei (2009) summarises that the local government’s responsibilities mainly include “the examination and approval of projects and issuing of licenses to newly established firms; delivery of goods and materials; resource allocation; investment with self-financing; use of foreign investment; delegation of control of State-owned Enterprises; autonomy to set prices of commodity; and profit sharing with central government”(p.585).

<sup>36</sup> In terms of the special economic zones, they provide greater autonomy than ordinary local governments in lowering the tax rate; the ethnic autonomous areas enjoy more autonomy than previous two kinds of local governments in terms of local election of the leader. The leader could be elected from the local minorities and does not have to be assigned by the central government like the other two kinds of governments. In addition, these areas have the autonomy to enact regulations especially for local minority cultural characteristics and protect local languages. Finally, for the special administration regions, the central government allows them to maintain the capitalist system and they have the autonomy to manage all the local activities except for defence affairs and foreign affairs (Wei, 2009).

narratives do not disappear at city level, but they are inflected by local narratives rooted in specific histories and circumstances” (p.289). Since 1982, the Constitution has regulated that “ [...] the division of functions and powers between the central and local state organs are guided by the principle of giving full play to the initiative and enthusiasm of the local authorities under the unified leadership of the central authorities” (State Council, 1982). However, the regulation about specific discretion that local governments have was unclear. O’Connor and Gu (2012) explain that compared with the central government, current municipal governments “tend to have more direct contact with domestic and international intermediaries who, representing a wide range of different interests, bring very concrete experiences and perspectives, concepts and techniques to the policy-making process”(p.289). Archarya (2005) further argues that local governments have become “the managers of the local economy, allocating land resources, running enterprises, and planning for the social and economic well-being of the people” (p.229). Besides these, the dynamism between the central and local government does not go against the authoritarian state, but matches the understanding of ‘fragmented authoritarianism’, which means that “while the system may be pluralist in terms of interests and highly fragmented with each level having to negotiate horizontally and vertically, it is certainly not a democratic process” (Lieberthal, 1992, p.30).

The local autonomy should not be ignored in analysing policies. Shaun Breslin (2006) argues that local governments play essential roles in promoting economic development, and “in considering the relationship between neoliberalism and the Chinese state, it is essential to move away from a purely national-level analysis and acknowledge the role of the local state” (p.123). In addition, section 1.1.1 has also demonstrated that influenced by the regional inequality, the cities in the southern coastal area and northern inland area may have different strategies in balancing the relationship between the state and market. Richard Hill (2007) further argues that neoliberalism is an uneven and contingent process, and,

“the scope and influence of the neoliberal project varies among countries, and

among regions of the world. The various kinds of neoliberal projects—system transformation, regime change, policy adjustment—have different social implications and different records of success and failure” (ibid, para 15).

Neoliberalism thus hinges on the institutional situation in different cities. Andrew Kipnis (2007) further argues that it may be misleading to use the term neoliberalism in a unspecific way to depict the general scope such as neoliberal China, and it is necessary to particularise the term to identify which policies are neoliberal. These characteristics justify the reason to analyse neoliberal characteristics of the cultural policies in different cities from various regions.

Given the above section, China does not have a social democratic tradition similar to the Western countries, and Chinese creative industries thus cannot be described as a ‘third way’ (or other subsequent) hybrid of neoliberal and social democratic policy similar to the UK. However, influenced by authoritarianism and a higher than expected local governmental autonomy, municipal creative industries policies from different regions may be more complex than being straightforwardly ‘neoliberal’ in cultural policy. The next part will move on to establish an analytical framework to evaluate Chinese creative industries policies and explore to what extent they are characterised as neoliberal.

### **2.3 Analytical framework for analysing Chinese municipal creative industries policies**

How to analyse Chinese creative industries policies? There was no existing research on how to analyse the relationship between neoliberalism and Chinese creative industries policies. This research refers to the analytical framework that Hesmondhalgh et al. (2014, 2015) established for the analysis (more details in section 2.3.2). In particular, this research also draws upon insights from cultural geography<sup>37</sup> in order to

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<sup>37</sup> During the 1960-70s, scholars Harvey, Castells, and Lefebvre studied the city from the perspective of political economy (Scott, 2008), and focused on industrial production, capital accumulation and power relations in different places (Flew, 2012). Cities are treated as the sites of the uneven distribution of public investment and the uneven allocation of “the collective consumption goods (public housing, transport infrastructures, educational facilities, etc.) that compose much of the physical groundwork of modern cities” (Scott, 2008, p.756). Since the 1990s, it began a

understand the spatial dynamics of the adoption of creative industries policies in China, in which the contexts within specific municipal areas are considered significant. This part will first discuss the relationship between city and creative industries and then move on to establish an analytical framework to analyse the Chinese municipal creative industries policies.

### **2.3.1 The relationship between the creative industries and cities**

This research analyses creative industries policies at the city level, and as argued by Terry Flew (2010), the relationship between cities<sup>38</sup> and creative industries is ‘symbiotic’ (p.86). On the one hand, cities, especially the larger ones, provide hard infrastructure and play important roles in gathering cultural production, cultural talents and head offices of cultural enterprises (Bell and Oakley, 2014; Florida, 2002; Landry, 2000; Scott, 1997). On the other hand, the investments on local cultural resources help cities to induce more investment and obtain more commercial return. Masaguki Sasaki (2010) explains this through a virtuous circle that “cultural investment in the city→upgrade of cultural capital in the city→attracting and training of creative & knowledge people→flexible production with high technology & creativity→intra-regional circulation of incomes→cultural investment in the city” (p. S4). However, the problem in this virtuous circle is that culture is primarily emphasised as an instrument to attract more investment rather than an end in itself.

Likewise, Andy Pratt and Thomas Hutton (2013) emphasise the significance of culture in promoting the economic development and solving social problems in cities. They summarise five approaches to understand the relationship between a creative economy<sup>39</sup> and a city: (i) global cities have influence on a creative economy regarding

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“cultural turn” which considered the meaning of the output in the industrial production, and culture played an important role in differing one place from another (Flew, 2012).

<sup>38</sup> Allen Scott (2008) argues that the city is understood as “a dense, polarised system of interacting social and economic phenomena (transport facilities, factories, offices, shops, houses, workers, families, ethnic groups and so on)” (p.756). The system is the collectivity of “myriad individual decisions and actions” but is also “a major site of policy initiatives and collective co-ordination” (ibid, p.756). When it comes to the urban, it is understood as “a social phenomenon”, and the urban policy is designed to remedy the dysfunctionality brought by the urbanisation, and facilitate the “efficiency, workability and livability” of a city (ibid, 759).

<sup>39</sup> Creative industries is an important component of creative economy but not equal to it (Shan, 2014). Pratt and Hutton (2013) argue that “the concept of the creative economy takes in a broader scope that includes not-for-profits, informal and public funded activities, as well as for-profit, formal, and private sector activities; moreover, it includes the production systems and value chains necessary to sustain such products” (p.87). There is not a specific

the “dispersal of the production”, “spatial concentration of management and regulation functions” (p.90); (ii) the local heritage sector and museums play an important role in generating income from tourism; (iii) the unique culture in cities attracts investment; (iv) culture is to “ameliorate social tensions, to improve the health and welfare of people” (p.91); (v) “there are approaches that have intrinsic focus on the cultural and creative industries” (p.91), which treats cultural policy as an industrial policy.

Pratt and Hutton (2013) argue that “the dominant modality of relationship between the creative economy and the city has been expressed through the lens of the ‘creative city’<sup>40</sup>” (p.86). However, Justin O’Connor and Kate Shaw (2014) provide a critique on Pratt and Hutton’s (2013) research, especially their fifth approach, because the intrinsic value has been related to the aesthetic value which is against the instrumental economic goal. Thus, “Pratt and Hutton seem to be reversing these traditional polarities” (O’Connor and Shaw, 2014, p.165). Pratt and Hutton (2013) claimed that they adopted the non-instrumental approach, however, according to the five approaches, the problem is that there is no policy space for the non-instrumental approach (O’Connor and Shaw, 2014). There is no uniform understanding of the term ‘creative city’ as it is related to various disciplines including urban studies, urban planning, cultural and economic geography (Hartley et al., 2013). However, it should be able to provide a strong cultural infrastructure for the development of creative sectors. The term is endangered in losing its meaning when it is simply dominated by the economic payoff (ibid).

O’Connor and Shaw (2014) do not deny the importance of creative economy to cities, however, in terms of the understanding of a creative city, it should not be a superficial policy but should contain content that brings a range of social, cultural and economic benefits to the creative sectors. Promotion of the creative economy should

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classification for it.

<sup>40</sup> There is no unified concept of the term ‘creative city’ (Hartley et al., 2013). It has been treated as a concept and was researched by scholars in 1988, which was understood at that time as the “global movement reflecting a planning paradigm for city” (Landry, 2000, para 1). The ‘creative city’ requires a city to “create conditions for people to think plan and act with imagination” (ibid, para 2). A creative city needs to provide not only hard infrastructure (e.g. arts buildings), but also soft infrastructures, including “atmosphere, regulatory regimes, highly skilled labour, dynamic thinker” (ibid, 2). In the 2000s, Florida (2002) was the first to establish the relationship between a creative city, creative class and the creative economy. He argues that creative class are attracted to “large cities and regions that offer variety of economic opportunities, a stimulating environment and amenities for every possible lifestyle” (p.11). Furthermore, the entry of the creative class will also drive the development of the creative economy. As Florida (2002) argues, “you attract these people and you attract the industries that employ them and the investors who put money into the companies” (p.221).

combine the cultural and industrial policies and should not be simply reduced to “the combination of finance and real estate” (p.170). In China, the ‘creative city’ has not been emphasised by the selected large cities. However, these cities have paid increasing attention to the development of local creative industries and aimed to establish hard and soft infrastructure to facilitate the development of creative industries. This thesis argues that the cultural development is as much important as economic growth for cities, and city policy making should not be dominated by economic growth. Based on this argument, this thesis criticises another phenomenon regarding the relationship between creative industries and city, which is the normative idea of ‘creative clusters’.

Flew (2010) argues that the understanding of the relationship between creative industries and cities cannot be disassociated from clusters<sup>41</sup>. O’Connor (2010) observes that “in the last few years the central driving force behind cultural and creative industries policies has been the idea of ‘cluster’” (p.3). The creative cluster seemingly “does not involve the central government, and is thus suitable for examining the role of the local state” (Zheng, 2010, p.145). According to Michael Porter’s (1998) theory, creative clusters are important as they could provide various kinds of benefits including enhancing productivity, facilitating innovation, promoting competition. Creative clusters, which geographically gather different enterprises, help to facilitate the cooperation between different companies, create a competitive environment and help to attract more talents from other places (Scott, 2009; Montgomery, 2003). In China, Jane Zheng (2010) argues that the “authoritative state plays a leading role in deciding the direction and pace of (re)development and in shaping urban forms in China” (p.143). Decentralisation increased the freedom of local governments in planning and administering local land use<sup>42</sup> (Xu and Ng, 1998), which has provided local governments the chance to promote the development of real estate and generate more revenue through the land (ibid). Fulong Wu (2002) also observes that more derelict industrial spaces have been allowed

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<sup>41</sup> Cluster is defined by Porter (1998) as “geographic concentrations of interconnected companies and institutions in a particular field” (p.78)

<sup>42</sup> Land in China has not been entirely marketised, and within the national land administration system, the local municipal government also has a local land leasing and permission system. Developers have to obtain a land leasing certificate from the local Land Bureau (Wu, 2002). Subsequently the price of land price became an instrument of local governments to compete for investment and a new source of government revenue (ibid).

by the local authorities to be transformed into creative clusters, and the cultural enterprises rent a space inside the cluster for their own cultural creation. National policies are too general to cover the negotiations between the land owners and leaseholders of a certain place (Wu, 2002). Creative clusters are increasingly promoted by more and more Chinese cities to generate more revenue through land leasing and facilitate local economic growth (Shan, 2014). Admittedly, Xin Gu (2014) argues that creative clusters could be treated as “a remedy for both old infrastructure and new economic growth” (p.129). However, O’Connor and Shaw (2014) argue that the spaces that should be used for creative production have increasingly been squeezed for the benefit of real estate developers. This thesis does not go against the existence of creative clusters, but suggests that the promotion of creative clusters should not only be dominated by commercial goals.

In a brief summary of this section, the thesis does not deny that creative industries (and clusters) to some extent may help cities to generate financial revenue. However, it argues against the neoliberal or market-driven way of promoting creative industries for economic growth and real estate development at the expense of damaging cultural development of a diverse kind. The evaluation of the municipal policies follows this argument. The following analytical framework will provide specific perspectives on how to analyse the relationship between municipal creative industries policies and neoliberalism.

### **2.3.2 Towards a framework for analysing Chinese municipal creative industries policies.**

This research refers to the analytical framework that Hesmondhalgh et al. (2014, 2015) established for analysing the neoliberal characteristics of cultural policies. While many scholars have discussed the relationship between neoliberalism and British cultural policy (Freedman, 2008; Miller, 2009), they either focus on the privatization of culture, or the governing strategies on cultural production. In contrast, Hesmondhalgh et al.’s (2014, 2015) analyses covered privatisation, new public management and instrumentalisation of culture. Compared with other research studies that only discuss



the relationship between neoliberalism and cultural policy from one perspective, Hesmondhalgh et al.'s (2014, 2015) analysis could provide a more comprehensive analysis and provide more evidence from various perspectives to make their argument more convincing.

This section discusses how the framework analyses the relationship between cultural policy, state and neoliberalism, the negative influence on culture and how it could be applied in analysing Chinese municipal creative industries policies. It argues that the lenses that Hesmondhalgh et al. (2014, 2015) adopt under the framework are important for analysing cultural policies but promotion of cultural SMEs, authoritarian control and the above discussion about the relationship between creative industries and cities should also be considered. This thesis agrees with Hesmondhalgh et al.'s (2015) conclusion that the creative industries policies are more complex than neoliberal cultural policies, which will also be further discussed in this section.

### **2.3.2.1 Instrumentalisation of culture**

The first focus is the instrumentalisation of culture, which is argued by McGuigan (2005) as “a distinctive yet seldom mentioned feature of neo-liberal development” (p.238). Cultural policies “cease to be specifically about culture at all” (ibid), and focus on various non-cultural goals such as social inclusion, employment, economic growth, urban regeneration (Belfiore, 2007). However, research studies have demonstrated that creative industries were problematic in ameliorating social exclusion (Oakley, 2006; Belfiore, 2002), and the ostensibly social aims were directed towards economic ends such as productivity and economic growth (Oakley, 2006). Belfiore (2002) argues that culture was previously funded for “the preservation, diffusion, and promotion of ‘high quality’ culture in the name of the citizens’ welfare was considered a matter of course” (p.95). However, funding for culture since this time has increasingly become investment for non-cultural goals<sup>43</sup>. Kate Oakley (2006) argues, the “‘good life’ thus became rather thin in conception and when yoked to a neo-liberal economics policy, rather fragile in execution” (p.255). The policies targeting social inclusion are finally still justified in

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<sup>43</sup> Belfiore (2002) argues that “indeed, the thesis proposed in this paper is that current policies focusing on the arts as a tool towards social inclusion are in fact rooted in the instrumental notion of the arts and cultural policies that affirmed itself in the 1980s” (p.96).

“value for money” terms (Belfiore, 2002, p.97). This has a negative influence on cultural development because as criticised by Oakley (2006), it “results in an under-nourished version of the ‘real value’ of culture which could lead to unmanageable pressures on arts organizations, poor investment decisions and the weakening of the cultural realm” (p.256). In addition, this section argues that cultural policies for urban regeneration<sup>44</sup> are also for the economic rather than cultural goal. Culture has been related to urban planning since the term ‘culture-led regeneration’ started to be used as a policy concept in the 1980s (Montgomery, 2003). The culture-led regeneration treats “culture as catalyst and engine of regeneration” (Evans, 2005, p.968), and the regeneration plan may be caused by an arts project<sup>45</sup> (Evans and Shaw, 2004). However, Graeme Evans (2005) argues that the term culture-led regeneration itself is problematic because it is difficult to measure the extent to which urban regeneration is led by culture. The planning about urban regeneration is always fraught with various concerns including previous planning mistakes, political pressure, and unpredictable social problems (Evans, 2005). Influenced by these concerns, the evidence to prove the contribution of culture is always problematic and weak (Vickery, 2007). Thus, the culture-led regeneration emphasises the dominant contribution of culture to regeneration but cannot prove it. In addition, Klaus Kunzmann (2004) argues that “each story of regeneration begins with poetry and ends with real estate” (p.2). John McCarthy (2002) even argues that the culture-led regeneration is actually used by the government to mask its “leisure-retail led regeneration” (p.25). Their arguments both reflect that in the culture-led regeneration, culture is only promoted as an instrument to realise economic goals. In a brief summary, the arguments about cultural policies for urban regeneration, social inclusion and employment criticise that the dominant force behind promoting cultural development is still linked to economic rationales.

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<sup>44</sup> Jonathan Vickery (2007) argues that “‘regeneration’ is a term used to refer generally to urban transformation through the redesign, reconstruction and often re-allocation of urban land” (p.13). Originally, the term only referred to the reclamation of the land to save the urban decay, but its meaning has been broadened since the 1980s and more often used to point to various issues including the de-industrialisation, restoration of the national heritage and is closely related to urban policy making. Compared with the term ‘regeneration’, ‘urban regeneration’ is concerned more about the “communities and social-cultural infrastructure” (ibid, p.14). Thus, urban regeneration “has a suitable breadth of stakeholders – from property developers to cultural institutions to creative industries business people to local government” (ibid, p.15).

<sup>45</sup> Vickery (2007) summarises four main categories of the culture-led urban regeneration including “flagship culture facilities; landmark sculpture; innovative structure engineering; unique performance, events or festivals” (p.19).

Banks (2015) argues that cultural industries matter for two important reasons: not only the economic reason related to the production and distribution of resources, but also the cultural reason concerning the discovery and exploration of inner creativity. However, the intrinsic benefits of culture have been damaged and become the adjunct of the instrumental cultural policy (Jowell, 2004; Hesmondhalgh, 2013). Clive Gray (2007) further argues that the instrumentalisation of culture “effectively led to a commoditisation of public policy through the creation of the ideological conditions within which exchange-value becomes increasingly favored over use-value in the creation, implementation and evaluation of policies” (p.204). This thesis argues that creative industries policies should not be “seen as the panacea of all ills” (Kong, 2014, p.601). It agrees with McGuigan’s (2003) criticism because,

“what tends to get lost, though, is the specifically cultural, culture as communication and meaning, practices and experiences that are too complex and affective to be treated adequately in the effective terms of economic and bureaucratic models of policy” (p.38).

As Gray (2007) argues, the increasing emphasis on the use of culture as instruments to achieve non-cultural goals not only happen in the UK but also spread globally. Chinese public policies since the 1980s have also been criticised to be “couched mainly in the language of instrumentalism” and “enacted explicitly to achieve the immediate policy objectives of the regime” (Potter, 2011, p.10). The research will also analyse whether the Chinese municipal cultural policies are also instrumental and increasingly promote culture as a means to achieve economic goal; whether the local creative clusters are promoted for real estate development rather than cultural creation (as section 2.3.1 criticised).

As for the analysis of instrumentalisation of culture, Hesmondhalgh et al. (2014) do not deny that instrumentalism is related to neoliberalism, but they think that the analysis of instrumentalisation of cultural policies should not be separated from the socio-cultural context in which the policy is made. This thesis agrees with their opinions

because various countries and places have their own context, which may also be the causes of instrumentalism besides neoliberalism. The specific context of selected cities will be considered in the analyses of Chinese municipal policies.

### **2.3.2.2 New public management**

The second focus is concerned with the fact that “public sector organisations themselves have been required increasingly to perform like private businesses, a practice in Britain known as ‘the new public management’” (McGuigan, 2015, p.66). Here, while government departments were not argued to be run as private businesses, the ideology of the new public management (NPM) <sup>46</sup> questioned the efficiency of the public sector and gradually transformed the bureaucratic mechanism of the government with an aim to establish a more cost-efficient, entrepreneurial and internally competitive government (Osborne and Gaebler, 1992), one which is ‘mission-driven’ and pays much more attention to securing investment than spending money. Christopher Pollitt (2007) and George Frederickson et al. (2012) argue that NPM is understood as the rhetorical construction of the government and partner organisations. Frederickson et al. (2012) further argue that

“organisations are moved or changed by adjustments in meanings and understandings, usually brought about by changing patterns of rhetoric. In management theory, the New Public Management doctrines are the contemporary ‘winning arguments’ concerning how to manage government agencies” (p.128).

NPM does not have a unified model, and numerous scholars have their own understandings of NPM strategies (Hood, 1991; Osborne and Gaebler, 1992; Frederickson and Smith, 2003; Pollitt, 2007; Lapsley, 2009; Frederickson et al., 2012). However, they all emphasise the following points including: (i) A preference for a

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<sup>46</sup> Bennett (2004) shows that “the origins of the term ‘New Public Management’ are difficult to pin down. However, it is now widely used to refer to a systemic change in the management of public services that has been taking place around the world since the mid-1980s.” (p.245). It is defined as “an influential set of management techniques drawing on private sector performance criteria and practices” (Lapsley, 2009, p.1).

“visible hands-on top management” (Lapsley, 2009, p.3); (ii) Greater emphasis on using quantitative indicators to describe goals and targets of achievements; (iii) Greater emphasis on linking the allocation of rewards and resources to measurable performances; (iv) Greater emphasis on the replacement of previous monolithic management with corporatised units around products; (v) An emphasis of more use of term contracts and competition between service providers; (vi) Greater emphasis on moving away from the strict rules in public service and be more flexible in managing and rewarding (vii) Greater considerations about saving on cost. Pierre Dardot and Christian Laval (2013) argue that the postulate of them is that “private management is always more efficient than public administration; that the private sector is more reactive, more flexible, more innovative, and technically more effective because more specialists, less subject to statutory rules, than the public sector” (p.230). The NPM “has become the key word of the new neoliberal norm globally” (ibid, p.218).

In addition, Michael Peters (2000) argues that “neoliberalism’s managerial virus invaded the arts ecosystem, infecting creativity and risk taking with numbing degree of accountability” (p.19). Raewyn Connell et al. (2009) further argue that “both organisations and individuals are required to make themselves accountable in terms of competition” (p.334). Public sectors need to show what they intend to achieve and whether they have accomplished it (Hesmondhalgh et al., 2014; Frederickson and Smith, 2003). Eleonora Belfiore (2007) links it to the audit society<sup>47</sup>, which Mary Bowerman et al. (2000) think is not sufficient to describe what public sectors operate. Besides auditing, the public sectors also adopt various performance measurement including “techniques of inspection, benchmarking, self-assessment, strategic planning, target setting, key performance indicators and service agreements” (Hesmondhalgh et al., 2014, p. 10). Despite the debate about auditing society or performance management society, they both criticise that the subsidised culture continues to be audited and has to show the evidence that it could produce more profit with limited resources, and it could achieve the “ultimate goal-value for money” (Belfiore, 2007, p.196). As criticised by

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<sup>47</sup> Auditing here is about the “checking or monitoring a (not necessarily financial) account of an activity” (Power, 1997, p.3).

John Clarke (2001), “NPM is based on the notion that the universality and superiority of the market as the ultimate decision-making mechanism” (p.5).

NPM is criticised because culture, as argued by Dave O’Brien (2014), “with its roots in ideas of cultivation of perfection, resists this managerial tendency and is seemingly in opposition to what management means” (p.9). However, the NPM only uses auditing strategies and various kinds of benchmarks to measure the costs and benefits in supporting culture, which are often argued to be unquantifiable and immeasurable. Zygmunt Bauman (2004) further argues that “culture cannot live in peace with management, particularly with an obtrusive and insidious management, and most particularly with a management aimed at twisting culture’s exploring/experimenting urge so that it fits into the frame of rationality the managers have drawn” (p.65). The NPM strategies have managed cultural products similar to other manufacturing products without considering the distinctiveness of culture. In addition, a nuanced approach is needed in applying the NPM strategies. Although NPM emphasises efficiency and audit culture, Hesmondhalgh et al. (2015) argue that

“one does not have to be neo-liberal to recognise the importance of efficiency and accountability in government, and it would be absurd to portray social democratic parties (of the ‘Old Labour’ kind) as inherently hostile towards them” (Hesmondhalgh et al., 2015. p.93).

In this situation, if a policy only emphasises efficiency and auditing culture, it does not necessarily mean it adopts NPM strategies or its policy is neoliberal.

Michael Power (1997) argues that not only in the UK, but increasingly globally, governments adopt quantitative outcomes to measure the performances of cultural project or products. Oliver Bennett (2004) contends that the rhetoric in different countries about NPM is not the same, but the general goals of NPM are the same, namely to “enhance the responsiveness of public agencies to their clients and customers” (Boston et al., 1996, p.2), improve government efficiency and the accountability (ibid). Paolo Urio (2012) further argues that NPM is the “armed wing of

neoliberalism” (p.11), and “the legitimate son of neoliberalism” (p.204). This study will also analyse whether and how the Chinese municipal governments adopt NPM strategies to promote cultural development. However, it should be noted that, due to a change of context, the implementation of NPM in China may be different from that of the West. On the one hand, Urio (2012) traces the development of NPM in China and argues that since the 1980s, the NPM tenets have guided the China’s development from the bureaucratic mechanism to market mechanism. The Chinese Premier Zhu Rongji (tenure 1998-2003) is the most representative figure that explicitly started making NPM policies (Luo, 2005). As Shaun Breslin (2006) argues,

“Zhu Rongji began to perceive China’s long-term economic interests as best served by removing the protection previously offered by the state, accepting neoliberal tenets and creating a more market efficient economy through domestic and international competition” (p.127).

In this process, Juan Du (2007) concludes that “there is no single universally-applicable model by which all public sector management reforms can be categorised. The claim that any NPM reforms can be ideally located in one type/mode of NPM is seriously incomplete” (p.263). In China, the implementation of various NPM models are on a local basis, but their ultimate goal is to achieve the 3E goals, economy, effective and efficiency (Urio, 2012). The typical techniques include the “privatisation, contracting out, decentralisation, financing auditing and performing management” (ibid, p.48).

On the other hand, despite the similarity of strategies at the operational level, it does not mean that “the Chinese experiment with NPM is a trivial carbon copy of the Western one” (Urio, 2012, p. 107). The distinctiveness of the NPM in China lies in its implementation under the control of political leadership. As Xudong Zhang (2002) argues, Chinese governments aim to “build a public administration that is conducive to the market economy and yet within the limits of the existing political system” (p.131). The scholars David Osborne and Ted Gaebler (1992), Christopher Hood (1995), Irvine

Lapsley (2009) provide models of NPM for explaining the government management in British and American contexts, but their analyses have not considered the control of the Party, which should not be ignored in the Chinese context. Thus, in the authoritarian context, if the Chinese municipal creative industries policies also follow the NPM tenets similar to the Western countries, they may be characterised as neoliberal policies influenced by authoritarian control, rather than simply neoliberal policies. This research will analyse how local governments adopt the NPM tenets to audit cultural production, monitor the performance of cultural projects and improve the efficiency of cultural production under political control.

### **2.3.2.3 Privatisation of culture**

The third focus is privatisation<sup>48</sup> of culture. Raewyn Connell et al. (2009) criticise that “the most dramatic form of commoditisation is the privatisation of public assets and institutions.” (p.332). It not only points to the transfer of ownership from public to private, but also the “partial forms of privatisation like outsourcing, private finance initiatives (PFI-the Tory term), public-private partnership (PPP-the New Labour term for roughly the same thing)” (McGuigan, 2005, p.236). Public institutions are important because they “can achieve such public goods as creating trust and mutual respect among citizens, enhancing the public realm, and providing a context for sociability and the enjoyment of shared experiences” (Holden, 2004, p.17), however, “state owned institutions that would promote better cultures have been individualised under neo-liberalism” (Doizer, 2013, para 15). Many countries have nearly lost their institutional culture (ibid). Bauman (2001) argues that neoliberalism weakens the institutions in limiting the negative influence of neoliberalism on culture. It produces and promotes new culture “that are in-line with the commodities in the markets” (p.32). This research goes against the excessive privatisation and argues that the public interest of citizens should be secured. Public cultural institutions treat people as citizens rather than consumers, and they have the responsibility to serve the citizens’ public interest (Croteau and Hoynes, 2006). Their public interest is enhanced “by a media system that

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<sup>48</sup> Privatisation is understood as “all initiatives designed to increase the role of private enterprises in using society’s resources and producing goods and services by reducing or restricting the roles that government or public authorities play in such matters” (von Weizsäcker et al., 2005, p.4).



presents a diversity of views and stories, giving citizens a window on their world that is multicultural and offers many different perspectives” (ibid, p.35). The corporate interest focuses on profit and the market demand (ibid). The latter, however, does not entirely equal to social needs. Public cultural institutions should provide citizens with diverse information, education and cultural products (rather than simply profitable culture) that “they need to be active participants in social and political life” (ibid, p.29).

In addition, Jin-tsao Wu (2002) argues that “the promotion of privatisation itself depended in part on government intervention and subsidies, albeit in contradiction with free market ideology” (p.6). Government interventions should not be ignored in the analyses of privatisation. Although Newsinger (2012) argues that “in practice neo-liberalism has not been opposed to public subsidy per se” (p.116), it is reasonable that the central government should be able to save more expenditure on culture with the entry of increasing private sponsorship. Conventional neoliberals are against the increase of government expenditure on culture (Narsiah, 2002). In this situation, if the central government simply follows the neoliberal cultural policy and aims to decrease support on culture, it is reasonable to decrease the amount of government expenditure, especially after the financial crisis in 2008 (Hesmondhalgh et al., 2014). Nonetheless, the government expenditure on culture during New Labour period has not decreased but *increased*. In Hesmondhalgh et al.’s (2014) opinion, the increasing percentage of corporate sponsorship together with the increasing government expenditure on culture suggest that the policies may be more complex than being ‘pure’ or ‘straight’ neoliberal policies, though it depends on where the increase of government expenditure is allocated. In their analyses, the increase of government expenditure mainly went to the big cultural projects (often funded through sources such as the National Lottery), which may have aimed to provide cultural service, but also often proved to be a cultural disaster (e.g. Millennium Dome) or prefigure cultural and financial bankruptcy (e.g. Sheffield’s National Centre for Popular Music, which cost £11 million but closed down in 2000) (Hesmondhalgh et al., 2014). Thus, the increase of government expenditure was not simply for stimulating commercial profit and market-initiatives, but for (sometimes) unsuccessful cultural services. At the same time there were many

successful projects funded in this way. The New Labour policies can therefore be characterised as an uneven hybrid of neoliberal and a (sometimes problematic) social democratic approach. Both the UK and China<sup>49</sup> are influenced by the global financial crisis in 2008-2009. In this situation, if the Chinese municipal government promoted the privatisation of culture together with the increase of government expenditure after 2008, the policies may be more complex than neoliberal policies, and this study also needs to scrutinise the allocation of public spending.

#### **2.3.2.4 Promoting cultural SMEs.**

Besides the three focuses in Hesmondhalgh et al.'s (2015) analyses, one characteristic related to the three focuses should also be considered, namely the individual entrepreneurship<sup>50</sup>, which is closely related to promoting cultural SMEs. John Hartley et al. (2013) argue that “smaller businesses tend to depend far more on entrepreneurial endeavour than larger businesses simply because they are less able to compete on advantages of scale and scope” (p.93). Terry Flew and Stuart Cunningham (2013) maintain that the discussion about markets and competition is not a new concept in cultural policy, because the policies since the 1970s have already been shifted from the artistic focus to the consumer demands in cultural markets. The distinctive characteristic of creative industries policies is the increasing focus on cultural SMEs (ibid). Thus, the creative industries are treated as a break with the art and cultural industries and it represents a more democratic shift from the top-down public subsidy to the promotion of bottom-up culture, which provides more space for small cultural producers and challenge the role of the big cultural corporations (Cunningham, 2006; Hartley et al., 2013). However, this understanding does not reflect the critique of creative industries, which signals “a radical shift from the cultural to the economic end

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<sup>49</sup> In China, the basic economic system is that the public ownership is the main form, and diverse forms of ownership could develop side by side (Liu, 2014). However, the mainstay status of public ownership does not mean the public ownership dominates in all the cities and all the industries. Public ownership monopolised railway, energy (coal, petroleum, lumber and cement), and cultural industries are not necessarily included (Cheng, 2004).

<sup>50</sup> The term entrepreneur, originally derived from French in the 15<sup>th</sup> century, and translated to English-speaking countries in the 19<sup>th</sup> century, pointing to “a person who takes upon himself the immediate responsibility, risk, and conduct a concern of industry” (Say, 1971 [1821], p.78). The term ‘entrepreneurship’ has no unified understanding, but it is commonly understood that it emphasises the freedom of innovation. Hartley et al. (2013) summarise that “the entrepreneur (the agent) or entrepreneurship (the process) is the action of doing new things in the market context of uncertainty with respect to existing value-seeking to create and realise new value.” (p.92). The entrepreneurs seek new opportunities and make efforts to realise them. The creative industries therefore are “a highly entrepreneurial sector ... because they are a key driver of the innovation process” (ibid).

of the policy value spectrum” (O’Connor, 2011, p.110). This thesis argues that promoting cultural SMEs may be related to two criticisms about neoliberalism. Firstly, Kipnis (2007) criticises the disingenuous pursuit of the individual entrepreneurial freedom and argues that neoliberalism is actually to facilitate the competition mechanism and profit accumulation of big cultural corporations, and its final aim is still for commercial profit.

Secondly, neoliberal policies promote the commercial entrepreneurship and the development of commercial cultural SMEs. However, Colin Williams and Sara Nadin (2012) argue that “not all the entrepreneurs are commercial-driven” (p.295). Carlos Moore et al. (2000) further argue that besides the commercial entrepreneurs who are dominated by for-profit logics, there are also social entrepreneurs, which “usually does not mean that one is no longer concerned with making money – financial gain is just one of an expanded set of goals sometimes referred to as the ‘triple bottom line’ because they focus on people, profit and the planet” (p.51). Social entrepreneurs care more about whether the work could express their identities (ibid). Social entrepreneurs that start cultural businesses also have other pursues besides commercial profit, but a neoliberal policy cares much about the commercial entrepreneurs rather than the entrepreneurs who only treat profit as one expanded goal.

In China, promoting cultural SMEs should also be considered. Firstly, from the ideological perspective, Yongnian Zheng (2007) argues that the Chinese Communist Party “traditionally only represented the interests of workers, peasants, soldiers, and government officials” (p.4), and the capitalists were treated as the enemy of the other classes. However, since 2001, the President Jiang Zemin has put forward the new term ‘three represents’<sup>51</sup>, which emphasises that the Party represents “different social and economic interests” (ibid). The policy change this time “officially admits people from

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<sup>51</sup> ‘Three represents’ was the theory presented by the Chinese President Jiang Zemin in 2000. It stated that the future role of the Party is “a faithful representative of the requirements in the development of advanced productive forces in China, the orientation of the advanced culture in China, and the fundamental interests of the broadest masses of the people in China” (Chineseposters. net, 2000, para1). To develop ‘the advanced culture’ means to “to develop national, scientific and popular socialist culture geared to the needs of modernization, of the world and of the future so as to provide the spiritual and intellectual support for the national economic development and social progress” (Su, 2014, p.6).

the new private sector as new members of the party<sup>52</sup>” (Klein, 2010, p.43). In addition, one evidence that Girdner (2014) adopted to argue for neoliberalism and against socialism is that “an emerging entrepreneurial bourgeoisie and liberal middle class intellectuals are demanding greater space in civil society” (p.144). This thesis will question whether the municipal government promotes the development of cultural SMEs in order to improve the civil and economic power of private entrepreneurs. In addition, it will also analyse whether the municipal governments only promote the neoliberal and instrumental cultural policies, whether the predominant rationale of promoting cultural SMEs is commercial profit, or if the municipal policies are more complex and also pay attention to supporting social entrepreneurs.

The analyses on instrumentalisation, NPM and privatisation are interconnected with each other. The allocation of government expenditure is related to the analyses of privatisation, NPM strategies and the instrumentalisation of culture<sup>53</sup>. Promoting cultural SMEs is related to the redistribution of capital and the instrumentalisation of culture. The creative industries policies cover various discrete interventions, which are related to more than one of the three aspects that Hesmondhalgh et al. (2014) focused on in their analytical framework. So rather than analysing how each is reflected in the policies, Hesmondhalgh et al. (2014, 2015) focus on the policy interventions via the concepts of instrumentalism, NPM and privatisation. This study follows their approach and in part analyses the allocation of government expenditure and promotion of cultural SMEs in selected cities via the ideas of instrumentalism, NPM and privatisation. The analyses will explore whether there are any differences between municipal governments from different selected cities in their accommodation of the privatisation and commercialisation of culture; and whether the development of the municipal creative industries policies are consonant with neoliberal ideology.

#### **2.3.2.5 Authoritarian control**

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<sup>52</sup> The new private sector “comprises the new private owners and capitalists” (Klein, 2010, p.43).

<sup>53</sup> For example, the NPM strategies link the uses of public spending to quantitative indicators and also audit the government expenditure; when promoting the privatisation of culture, government expenditure is used to leverage private investment and conventional neoliberals also advocate the decrease of government expenditure on culture; the analyses of the predominant rationale behind the allocation of government expenditure are to explore whether the local creative industries policies are instrumental.

Hong Yu (2011) argues that “although the Chinese state has transformed itself into a ‘market state’ and has contradicted its socialist principles to develop a capitalist economy, the state is nevertheless determined to maintain its singular hold on power” (p.313). Xudong Zhang (2002) also argues, “the centuries-long tradition of centralised bureaucratic rule was one of China's most extraordinary accomplishments” (p.131). The ‘authoritarian centralised control’ is the Chinese characteristic that should be considered in understanding creative industries policies in the Chinese context.

In China, the scope of government control extends into “virtually every conceivable medium which transmits and conveys information to the people of China”<sup>54</sup> (Qiao, 2001, p.676). The bureaucracy of the system for government control is huge. The Central Publicity Department is principal in the system, but the other central departments<sup>55</sup> also play a role. Together these departments formulated the guidelines for publicity work (including government control, censorship, regulations for cultural production) in the whole country. Local governments subsequently refer to the guidelines and regulate local cultural production.

Various kinds of crackdown have been conducted by local governments in order to secure government control such as “cases of forced closure, investigations, intimidations, persecutions, arrests, prosecutions, imprisonments, even deaths, are well documented in a report by exiled investigative journalist He Qinglian (herself an employee-turned-victim of the propaganda-state)” (Shambaugh, 2007, p.29). Given the huge numbers of cultural products in China, it is impossible for large cities such as Beijing to routinely monitor the content of all local cultural products. In this case, the local government carried out policies and subsequently had to rely on the self-censorship of cultural producers (Link, 2002). Some artists, journalists and

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<sup>54</sup> The scope of the government control includes “newspaper offices, radio stations, television stations, publishing houses, magazines, and other news and media departments; universities, middle schools, primary schools, and other vocational education, specialized education, cadre training, and other educational organs; musical troupes, theatrical troupes, film production studios, film theaters, drama theaters, clubs, and other cultural organs, literature and art troupes, and cultural amusement parks; cultural palaces, libraries, remembrance halls, exhibition halls, museums, and other cultural facilities and commemoration exhibition facilities” (Qiao, 2001, p.676).

<sup>55</sup> The State Council Information Office (guowuyuan xinwenban) has the responsibility to monitor the content of domestic news; the Minister of Culture plays a role in monitoring the content of art, museums, theaters and museums; the Ministry of Information has the joint responsibility to monitor the internet; the SARFT is responsible for overseeing the content of television programmes, radio broadcasting and film production. The State Council General Administration of Press and Publication also plays a role in monitoring the publishing industry (Shambaugh, 2007).

filmmakers in particular are scared of a crackdown and “have an innate sense of breaching established strictures and taboos” (Shambaugh, 2007, p.29). In addition, the leaders of local television and broadcasting stations and newspaper are forced by local governments to vet their content. They self-censor their own content in order to avoid persecution by local governments. Furthermore, government control is also exerted through limiting the entry of non-public capital. Yuezhi Zhao (2004) argues that the Chinese Party state is “carefully accommodating private and foreign media capital, while limiting their areas of operation and trying to politically contain them” (p.204). Crackdowns, policies and the censorship around non-public capital serve to “enforce (or, more accurately, attempt to enforce) the ‘Party line’ (Dang de luxian) and attempts to control the media and other publications in China” (Shambaugh, 2007, p.30). In this situation, the ideological control and the guidance on cultural production may hamper free creation and content production in the cultural industries (Song and Zhang, 2010). This study will analyse how cities from different regions censor cultural production. The analyses of the municipal policies concerning the financial control of non-public capital and the content control will reflect the extent to which the policies are also characterised as authoritarian.

## **2.4 Conclusion**

The literature review has first confirmed the understandings of culture and neoliberalism that have been adopted here and argued that:

1. the primary *raison d’être* of culture is symbolic communication; and that cultural industries are concerned with both economic and cultural purposes and rationales;
2. neoliberalism has a negative influence on culture because it erodes the distinctiveness and intrinsic goods of culture, undermining its cultural purposes and meaningfulness beyond economic rationales.

Given these arguments, the chapter has reviewed the trajectory of creative industries policies and the debate about whether the New Labour cultural policies are

neoliberal. It argued that British creative industries policies are described as the hybrid of neoliberal and social democratic cultural policies. The policy discourse of ‘creative industries’ has been exported to China from the UK, and China and the UK have both been influenced by the neoliberal trend since the 1980s. There is also debate about whether China is taking the neoliberal route, which this chapter has highlighted. Given the characteristics of the Chinese context, this chapter argues that the Chinese creative industries policies may also be characterised as neoliberal, but may be more complex than straightforwardly neoliberal cultural policies. Referring to the analytical framework that Hesmondhalgh et al. (2014, 2015) established and the distinctive Chinese context, this research will now analyse the allocation of government expenditure, promoting local cultural SMEs, and creative clusters in Chinese municipal creative industries policies in the authoritarian context via the instrumentalisation of culture, NPM, and privatisation. The next part will discuss the selected methodologies to collect and analyse relevant data.

### 3. Methodology

The development of creative industries cannot be separated from the nurture and support of relevant cultural policies (Oakley, 2004). Cultural policy, as one branch of public policy<sup>56</sup>, is understood as the “sum of government activities in relation to culture, or what governments choose to do or not to do in relation to culture” (Bell and Oakley, 2014, p.46). Gray (2010) further argues that cultural policy is still a broad concept that contains various issues<sup>57</sup>, and creative industries policy is actually only one part of the cultural policy under public policy.

The study of cultural policies cannot be separated from considerations of the place in which they are produced. As Bell and Oakley (2014) argue, the geographical “scale works as a handy device to organise and think through cultural policy” (p.8), and policy is understood “as a territorial or spatial concept” (Volkering, 2001, p.440). This research agrees with Bell and Oakley’s (2014) opinion and studies cultural policies at the municipal level. It aims to provide an evaluation of the Chinese municipal creative industries policies and to explore to what extent the policies can be characterised as neoliberal. Based on the discussion of the differences between a critical and applied approach to cultural policies (Scullion and Garcia, 2005; Bennett, 2004) as well as the similarities and differences between positivist, interpretivist and realist perspective to cultural policies (Gray, 2010), this study adopts a critical approach to cultural policy research and a realist theoretical perspective to the study of cultural policies.

This chapter is based on the four categories that Bell and Oakley (2014) identified in cultural policy studies, namely policy as discourse, text, process and practice. It compares the scope of application of each category and argues that policy as discourse

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<sup>56</sup> Hesmondhalgh (2007) defines that “government or public policy refers to the plans of action adopted and undertaken by governments” (p.312).

<sup>57</sup> The issues include “community cultural development, cultural diversity, cultural sustainability, cultural heritage, the cultural and creative industries, lifestyle culture and eco-culture, planning for the intercultural city, cultural planning per se, support for national languages, ‘currently controversial issues in the wider society’, ‘the cultural wars’ in the USA, ‘the production of cultural citizens’ as well as being concerned with ‘representation meaning’ and interpretation, and being a ‘trans-historical political function’” (Gray, 2010, p.218).



is more appropriate for this study. It subsequently moves on to the discussion of the selection of cities, policy documents and policy makers. The study then confirms the selection of policy documents that were issued between 2001 and 2013 from three Chinese cities: Beijing, Harbin and Guangzhou. It is also based on semi-structured interviews with policy makers in the three selected cities. The collected research data was integrated with data from policy documents and statistics to provide a comprehensive understanding of Chinese municipal creative industries policies.

### **3.1 Cultural policy research**

Cultural policy research is generally treated as an interdisciplinary project (Bell and Oakley, 2014), which focuses on various questions from many different contexts, and is tackled by different research methodologies (Scullion and Garcia, 2005). This section will discuss the approaches to cultural policy research and how cultural policies are analysed by using different methodologies.

#### **3.1.1 Approaches to cultural policy research**

Cultural policy research is generally divided between critical and applied approaches. Justin Lewis and Toby Miller (2003) argue that research for critical cultural policy studies “must concern itself with progressive politics and take its touchstone as much from social movements as from policy infrastructure” (p.8). Research studies carried out under this approach are usually qualitative and tend to focus on “representation, meaning and interpretation” (Scullion and Garcia, 2005, p.116). The critical approach is also strongly influenced by Foucauldian governmentality (Miller and Yudice, 2002). Kevin Mulcahy (2006) illustrates that the “cultural policy [...] sees public involvement in the cultural domain through the prism of ‘governmentality’; that is, the process by which the state comes to manage individuals” (p.320). Culture, from the Foucauldian perspective, is defined as “a historically specific set of institutionally embedded relations of government<sup>58</sup>” (Bennett, 2004, p.26) that directs the conduct of

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<sup>58</sup> As Mitchell Dean (1999) argues, government is “any more or less calculated and rational activity, undertaken by a multiplicity of authorities and agencies, employing a variety of techniques and forms of knowledge, that seeks to

individuals by transforming their thoughts. Cultural policy is then understood as “the organizational principles and objectives governing the activities of those agencies – governmental and private – active in the sphere of culture” (Bennett, 1989, p.10). Cameron McCarthy and Cathryn Teasley (2008) further argue that culture has become part of governmental programmes and the instrument of government to shape the conduct of citizens. The research questions related to the critical approach are about interpretations of cultural policies concerning the governance of culture.

In contrast to the critical approach, the applied approach focuses on ‘data mediation’, which concentrates on relevant empirical data and links them to the analyses of policies (Schuster, 2002). However, cultural theories, the ideological context, and political cultural histories are not considered within the applied approach. Applied cultural policy research focuses on collecting qualified data “with the aim of affecting policy”<sup>59</sup> (Schuster, 2002, p.20), while the critical approach focuses on the meaning and rationale behind the policies.

Oliver Bennett (2004) argues that the two approaches represent two worlds, which were also referred to by Adorno as ‘torn halves’, and cultural policy research cannot be both critical and applied (Bennett, 2004). Adrienne Scullion and Beatriz Garcia (2005) do not deny that there is a connection between the critical and applied approach, but there is a huge challenge in combining the two approaches with their different attitudes towards the policy development and cultural theories. Within the methodological frame of the research for this thesis, the critical approach is more appropriate because it aims to explore the relationship between neoliberalism and cultural policies, which is closely related to the ideological context and governmentality.

Yik Chan Chin (2011) summarises that many previous research studies focused on one phase in the policy making process, either the formulation or the implementation. In response, Chin (2011) argues that

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shape conduct by working through our desires, aspirations, interests and beliefs, for definite but shifting ends and with a diverse set of relatively unpredictable consequences, effects and outcomes” (p.11).

<sup>59</sup> Schuster (2002) argues that “it would be a mistake to suggest that it is possible to separate completely statistics gathering from statistics interpretation” (p.17). Instead of focusing on how to collect data, more attention should be paid to the use of data for cultural policies.

“dividing a complex policy process into discrete stages and confining the research scope to a single stage, without reference to other stages, could suffer from the inability to identify a set of actors that drive the entire policy process” (p.194).

Policy implementation may also have an influence on the current policy adjustment and future policy making (Zhou, 2007). It is important, therefore, not to simply focus on the formulation or implementation of one policy, but the development of the policy, which will then be linked to the analyses of the neoliberal trend.

### **3.1.2 Theoretical perspectives related to cultural policy research**

Clive Gray (2010) identifies three kinds of methodologies used by different disciplines to analyse cultural policies: many of the economic analyses of cultural policies are positivist; interpretivist methodologies are largely used in the analyses of cultural studies; many of the sociology and political science analyses are from realist positions. This classification is debatable <sup>60</sup>(Gray, 2010), but still necessary for cultural policy studies for several reasons. Firstly, this classification provides “an indication of broad similarities and differences within and between disciplines rather than as a definitive statement of the methodological propensities of each discipline” (p.224). It suggests that research studies on cultural policies should not casually pick out methodologies without clarifying the similarities and differences between different disciplines. Secondly, although the three disciplines share commonalities about the core understanding of culture<sup>61</sup>, it does not mean that different disciplines do not have other understandings in addition to the core understanding. Gray (2010) further argues that the variations between different disciplines in understanding culture should not be ignored, because they “point to quite distinct ideas about what a culture is and what it

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<sup>60</sup> Specifically, Gray (2010) argues that there is an overlap between different disciplines in analysing cultural policies. For example, in terms of the research studies on economic policies on culture and arts, “it explicitly raises concerns about the underlying value-systems that can be used to justify, or not justify, state action in the field” (p.224). However, this concern is not only raised in economic analysis but also in political science.

<sup>61</sup> Gray (2010) argues that all three kinds of disciplines focus on cultural policies, and the commonality of these three is their core understanding of culture as “in each of them, a view of culture as a form of social glue that provides a common framework of understandings for the members of society to organise and interact around is present” (p.221).

does, and how it may be used or lived in human terms” (p.221). These various methodological approaches thus provide the basis for studying cultural policies.

This study discusses cultural policy analyses under each discipline and argues that the realist position is more appropriate. Specifically, in the case of an economic analysis, the focus is on utilising economic tools to analyse the specific economic policies (e.g. taxation policies) for cultural arenas (Towse, 2003). From the perspective of cultural studies, cultural policies are treated as texts that “are subject to the interpretations of the individual analyst rather than a set of concrete organisational practices to be analysed” (Gray, 2010, p.222). From the perspective of political science, the research on the one hand focuses on the policies as texts, and discovers the underlying values that governments support; on the other hand, it also treats cultural policies as the range of specific actions that governments take and that have an influence on the cultural arena (Gray, 2010).

The concerns of this thesis are best addressed through the adoption of a critical realist position. On the one hand, they are based on the material existence of the creative industries as a model of cultural production and distribution that exists independently of research. On the other hand, this thesis is also concerned with the construction of reality by policy makers (Crotty, 1998). Thus, this research adopts the critical realist position and utilises data from various sources including interviews, policy documents, and statistics to provide a comprehensive understanding of the municipal creative industries policies (Gray, 2014).

### **3.1.3 Methods to analyse creative industries policy**

Melissa Nisbett (2013b) notes that there is a significant lack of methods for analysing cultural policies. She argues that “cultural policy research which claims to conduct document analysis omits empirical and methodological detail” (p.87). David Bell and Kate Oakley (2014) support Nisbett’s (2013b) opinion by stating that “it is more that methodological discussion can be backgrounded, relegated to a footnote, or excluded altogether” (p.62). For the above reasons, the methodologies to analyse cultural policy have been summarised neither clearly nor systematically in previous

research. Bell and Oakley (2014) review recent publications on cultural policy studies and summarise the methodological approaches into discourse, text, process and practice. Although they argue that it is not a tidy categorisation, it provides support for the research design of current cultural policy studies.

This study analyses policy as discourse. The following paragraph discusses the application of the other three analytical approaches and argues that they are not suitable for the present research. Particularly, with regard to policy as process, it focuses on two aspects: the production and dissemination of cultural policies (see Abigail Gilmore, 2004)<sup>62</sup>, and the people who develop cultural policies and their roles in the policy making process (see Nisbett, 2013a)<sup>63</sup>. However, neither of the two aspects focuses on the content of policy documents. This study has explained the policy making process in China in the methodology chapter, and it focuses on the analyses of the content of policies rather than the process. In terms of the study of policy as practice, it highlights projects that are managed by cultural policies as case studies to evaluate cultural policies (a typical case is the Millennium Dome)<sup>64</sup>. It triangulates data from various sources, including policy documents, reports and surveys. However, by studying the projects or activities, the research studies under this category focus more on the effects of policies than the content of policies. Therefore, this study does not analyse policy as practice because the focus on one project cannot provide a comprehensive understanding of the municipal policies, which cover various discrete interventions.

The studies of policy as text and discourse both focus on the written policies. Thus, there is an overlap between the two fields of study. For example, they both argue that

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<sup>62</sup> Gilmore (2004) displays the key stages in the policy making process: how the key policy documents such as white paper local leaderships, Local Government Act and Creating Opportunities encourage and inspire the production of local cultural strategies; how different local authorities adopt the models from the DCMS guidance information; how to take advantage of various consultant and polling agencies; how to organise cultural strategies and disseminate policies. Her work provides an overview of the policy making process, but all information comes from the documents, and thus it is difficult to know whether the actual process strictly follows the stages.

<sup>63</sup> Nisbett (2013a) takes the policy World Collections Programme as a case study to show “how the cultural organizations opportunistically and proactively led the way in generating the WCP as a new policy, justified in instrumental terms” (p.568). She interviewed not only institutional staff such as museum directors, museum curators and arts managers, but also independent artists and advisors. Nisbett adopts the thematic analyses of the interview data and reflects on how “the museums initiated, advocated and lobbied for a new policy, which was based on their organizational needs” (p.571).

<sup>64</sup> McGuigan and Gilmore (2000, 2002) highlight the Millennium Dome as a relevant example. Their research explores how the Millennium Dome project was a “disaster” (p.16). Their research triangulates the data from various sources, including DCMS policies, reports conducted by the Culture, Media and Sport Committee and National Audit Office, interviews with audiences to study the corporate sponsorship, sources and uses of the government expenditure, and operation strategies for the Dome.

“texts are polysemic – they have multiple and varied meanings” (Lockyer, 2008, p.865). The study of policy as text also treats policy as “an actual, material document, with words and pictures” (Bell and Oakley, p.65), which is not to explore the literary meaning of a certain sentence, but to reveal the story within the policy (see Gilmore, 2004)<sup>65</sup>. Policy discourses are not simply languages but refer to a system of languages that construct the world (Parker, 1989). They are not neutral but related to the institutions that policy makers aim to establish (Nisbett, 2013b). This study focuses on whether municipal policy makers follow the neoliberal principles and establish institutional support for the privatisation of culture and market-domination through policies. The analyses of policy discourses thus facilitate the understandings of the institutions that policy makers aim to establish, which are thus more appropriate than the other three categories for this research.

The term ‘discourse’ is used in different disciplines, and there are various forms of discourse analysis (Mills, 1997). The common point of various kinds of discourse analyses is their “focus on language and text, and their constructive potential” (Ballinger and Payne, 2000, p.566). For Foucault, discourse is defined as “practices that systematically form the objects of which they speak” (Foucault, 1972, p.49), and the meaning of certain statements or words is closely related to the context in which they are expressed. Thus, the analyses of Chinese municipal creative industries policies cannot be separated from the local socio-cultural context. Furthermore, Claire Ballinger and Sheila Payne (2000) argue that the problem with discourse analysis is that its operation “was a craft or skill which was difficult to describe, like riding a bike or sexing a chicken” (p.568). None of the various kinds of discourse analysis clearly illustrates how to operate it (ibid). Jonathan Potter and Margaret Wetherell (1994) summarise that different traditions of discourse analysis share their focus on “discourses as resources, with which dominant understandings of the world are constructed and

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<sup>65</sup> Abigail Gilmore (2004) studied the development of local cultural strategies in England since 1999. Specifically, she covers various themes that are derived from the narratives of local cultural strategies, including the understanding of culture, the role of culture in economic and social fields and flexibility of the local government. In her analyses, she directly summarises the content of the policies instead of analysing particular policy discourses. For example, in terms of understanding the culture in local cultural strategies, she does not focus on a specific policy on how different places describe the understanding of culture, but directly summarises that West Sussex and Leicester follow Raymond Williams’s (1983) understanding of culture as a way of life.

sustained and through which power is mediated and exercised” (p.567). It has been discussed in the analytical framework that neoliberal cultural policies promote privatisation of culture; the predominant rationale behind cultural policies lies on various non-cultural goals, especially commercial profit; greater emphasis is placed on the 3Es (economy, efficiency and effectiveness) (McGuigan, 2005). Given these perspectives, in order to analyse the extent to which these cultural policies can be characterised as neoliberal, the research aims to discover whether they apply an elaboration of languages to elevate the discourses related to neoliberalism such as privatisation, efficiency, commercial profit while overshadowing discourses of the significance of public and non-profitable culture. It investigates whether the policy discourses related to neoliberalism structure “the way in which policy actors perceive reality, define problems and choose to pursue solutions in a particular direction” (Hajer and Laws, 2006, p.260).

The following sections will move on to explain the methodology for case studies and the selection and collection of data from municipal policy documents and policy makers.

### **3.2 Case studies**

A case study is “a research approach in which one or a few instances of a phenomenon are studied in depth” (Blatter, 2008, p.68). Thus, its purpose is to adopt various methods to obtain a detailed understanding of a phenomenon over a certain period (Bloor and Wood, 2006). In an aim to use different methods of data collection regarding the development of Chinese municipal creative industries policies and to study the policies in depth, the present research provides a detailed understanding of city-level policy making during a certain period. Thus, the case study approach is useful to achieve the aim of the research.

In order to analyse how the different municipal policy makers apply local creative industries policies, a selection of cities had to be made. In addition to a range of hundreds of Chinese cities, there is also a sharp contrast between cities in different regions in balancing government interventions and market relations, which may have an

influence on the evaluation of the municipal creative industries policies. David Gray (2014) argues that in the selection process, “it makes sense to choose those that are polar or extreme types. This helps to ensure that the entity under investigation is transparently observable” (p.271). Therefore, research should not avoid contrasting cities, and multiple cases rather than a single case, are thus needed in order to provide a more comprehensive understanding of the Chinese municipal creative industries policies. The cities selected will be introduced in section 3.4.2.

The case study approach has its limitation, particularly around reliability and generalisation. However, this limitation does not mean that case study research is not useful. Researchers who adopt a case study approach focus more on “adding to understanding, extending experience, and increasing conviction about a subject” than generalising (Gray, 2014, p.266). The advocates Yvonna Lincoln and Egon Guba (2002) also argue that it is not always necessary to obtain general conclusions and the case study has its special function in providing “a depth and richness of description that are indispensable to the social science” (p.30). Roger Gomm et al. (2000) also contend that “general conclusions can be drawn from case studies by means of theoretical inference through comparative analysis” (p.29). The present research provides an in-depth analysis of each case study. General conclusions are subsequently drawn from the comparison of the three cases, which will reflect whether the evaluation of the municipal creative industries in different regions are the same or not.

### **3.3 The selection of cities**

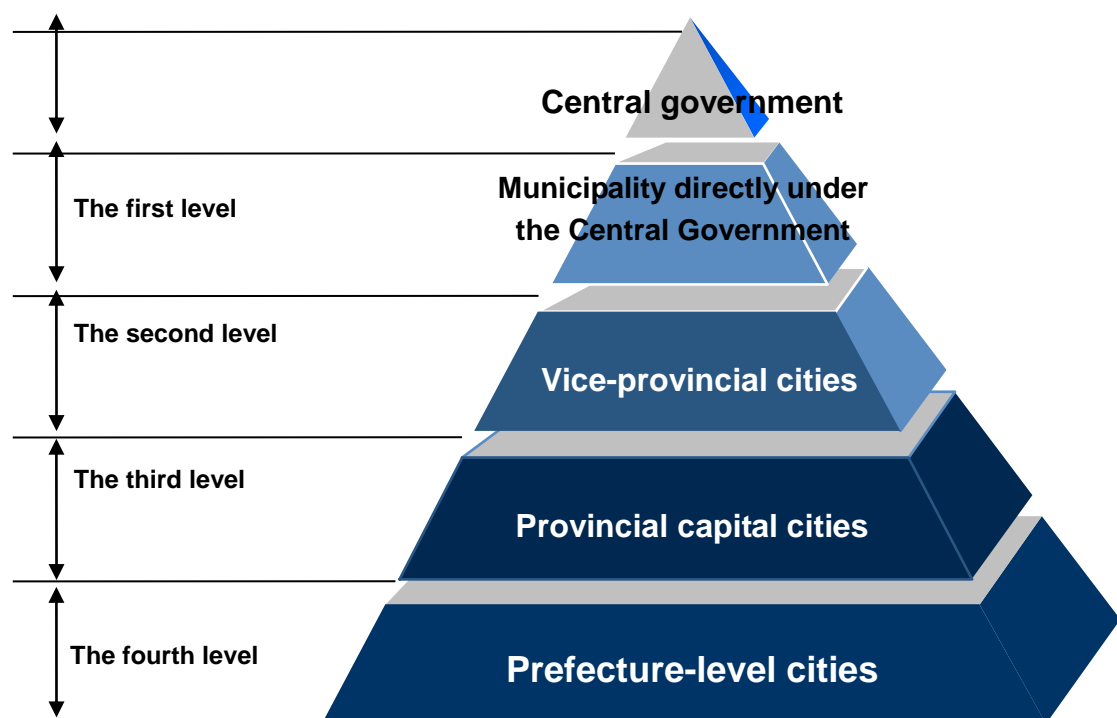
Before moving to the selection of cities, the meaning of a city for this thesis needs to be confirmed. Ulf Hannerz (2004) treats “a reasonably large and permanent concentration of people within a limited territory [as] the common characteristic of all cities and other urban places” (p.107). Max Weber (1958) summarises that a city should have a market, a fortification, an administrative and legal system, and “a form of association reflecting the particular features of urban life” (p.10). In China, the understandings of a city meet the above criteria. According to the *City Planning Law of the People's Republic of China (No.23)*, a city is the place where non-agricultural



industries and a non-agricultural permanent population are concentrated (Standing Committee of the National People's Congress, 1989). A city comprises a residential area, a commercial district, and an administrative and legal system. A small city must have a population of at least 20,000 inhabitants (ibid). In 2008, the second edition of this law further regulated that the size of non-agricultural permanent population. A middle-sized city has to have at least 0.5 million inhabitants, and a large city must have a population of over 1 million (Standing Committee of the National People's Congress, 2008). A rural area has a population of less than 20,000, and the main activities are farming and ranching (ibid). All cities selected for this research are large cities.

The selection of the cities is influenced by two factors: the level of the city and its geography. These two factors will be considered separately in the following analyses.

Diagram 1 classification of city levels in China



(This diagram is created by the author himself)

According to their importance to the central government, Chinese cities are officially divided into four different levels. The first level refers to the municipality

directly under the Central Government, including Beijing, Shanghai, Tianjin and Chongqing (Zhang, 2011). The second level comprises 15 vice-provincial cities<sup>66</sup> (ibid.). These cities are either provincial capitals or regional centres. The third level refers to another 17 provincial capital cities, which are not included in the second level; all remaining cities are prefecture-level cities on the fourth level (ibid.). According to national policies, it is the responsibility of the municipal governments on the first two levels to take actions and develop local policies first. These cities are either capital cities or regional centres, and their policies and operations will also set an example to cities on other levels (ibid.).

The central government and the municipal government both issue official five-year guidelines for the economic, social and cultural development (State Council, 2001). The general development direction for the next five years will follow this five-year plan. Within the framework of this research, the term ‘cultural industries’ had been used in Chinese national policies for only 13 years, between 2001 and 2013. During these years, the general development of cultural industries follows the 10<sup>th</sup> five-year plan (2001-2005), the 11<sup>th</sup> five-year plan (2006-2010) and the 12<sup>th</sup> five-year plan (2011-2015). However, this does not mean that all Chinese cities had local cultural/creative industries policies for 13 years, because different Chinese cities developed their creative industries at different times. In the case of a city that just began to have creative industries policies in the latest five-year plan (2011-2015), or did not even have a policy document for local creative industries, it will be difficult to analyse the policy development. Thus, I selected cities that had already put forward at least two five-year plans for the local cultural industries. To this day, all municipal governments on the first two levels have carried out creative industries policies since the 11<sup>th</sup> five year plan (2006-2010) (Yang, 2011), which meet this requirement. Many cities on the third and fourth level, however, still fail to meet it. For these reasons, the cities for this research were selected from the 19 cities on the first two levels, and the policy makers in these cities are expected to have more abundant and deeper interpretations of the

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<sup>66</sup> These include Harbin, Shenzhen, Shenyang, Dalian, Chang Chun, Nan Jing, Hang Zhou, Ningbo, Xia Men, Ji’nan, Qing Dao, Wu Han, Guangzhou, Chengdu and Xi’an (Zhang, 2011).

creative industries policies than those of other cities.

Diagram 2 The map of China



(Source: Bontenbal, 2005)

It has also been discussed in the introduction that the market economy was initially promoted in southern coastal cities in China and followed by cities in the middle area and finally northern inland cities. The cities in the southern coastal area and the northern inland area represent two ends of China in terms of government intervention in promoting the market development. Therefore, the research was based on cities from these two areas in order to provide a comprehensive understanding of creative industries policies: Guangzhou, Harbin and Beijing.

Guangzhou and Harbin are vice-provincial cities. As an important southern coastal port city, Guangzhou's "convenient and advanced waterway system has enabled commerce and trade to flourish in the city for decades" (Yang, 2004, p.191). Guangzhou has historically been the commercial centre and one of the most open cities in trade since 1978 (Yang, 2004). Its financial revenue has always ranked in the top three of all Chinese cities, and Guangzhou has always been the first in the promotion of the development of cultural markets and the cultural system reform, even ahead of the

relevant national policies (Zhang, 2012). Harbin, as the northernmost inland vice-provincial city, has always ranked bottom of all vice-provincial cities in terms of financial revenue, and has always fallen behind national policies in promoting cultural or creative industries (Harbin News, 2012). From a geographical perspective, Beijing is part of the northern inland area, but with more than 3000 years as a city and over 800 years as the capital city of China, Beijing has accumulated more cultural resources than any other Chinese city and is officially treated as the national cultural centre (Party Congress of Beijing, 2004) and one of the top cities in promoting the cultural system reform. In addition, the central government is located in Beijing making the city also the political centre and thus a special case that cannot be ignored.

All three cities set the goal of establishing themselves as a cultural capital during the selected period and promoted the development of local creative industries<sup>67</sup>. However, there is huge gap between them in terms of their VA of cultural industries and their shares of the GDP (see table 1). This research will use these differences as a basis for comparison to understand Chinese creative industries policies at the municipal level.

Table 1 The VA of local cultural industries and its share of GDP in the three cities in 2005 and 2011<sup>68</sup>

	Share of GDP (%)		VA of cultural industries (billion yuan)	
	2005	2011	2005	2011
Beijing	9.70%	12.00%	67.4	193.86
Guangzhou	5.07%	8.37%	30.82	115
Harbin	2.83%	4.20%	4.938	17.9

(Source: Zhong and Liu, 2012; Yin and Su, 2012, B03; Harbin news, 2012, Para 5)

<sup>67</sup> Harbin traditionally aims to establish itself as the ‘new technology-science city’, ‘big industrial city’ and ‘commercial and trade metropolis’. Since it commenced the local cultural industries policies, the municipal government added the ‘national-level cultural famous city’ together with the previous three as the goals, and has put increasing attention to the local cultural industries (Harbin Municipal People’s Government General Office, 2011). Guangzhou has historically promoted itself as the ‘central city’ of China, and in 2011, the city began to make plans to establish itself as the ‘world’s cultural famous city’, and aimed to make full use of the local cultural resources to improve its local competitiveness on the global market. Beijing has traditionally been treated as the political and cultural centre of China, and world’s famous ancient capital (Guangzhou Municipal People’s Government, 2011). During the selected period, it also set the goal of establishing “the capital of socialist advanced culture with Chinese characteristics” (Beijing Development and Reform Committee, 2006).

<sup>68</sup> Beijing uses ‘cultural and creative industries’ while Harbin uses ‘cultural industries’ and they have different classifications. In order to make a comparison, the table does not display the data under local statistics, but under the national classification of cultural industries.

The State Statistic Bureau carried out the policy document *Measures for calculating the value added for cultural and related industries* in 2012, which stated that the VA of cultural industries = the total industrial output value (the industrial output value of certain cultural enterprise = its industrial output x price, and the total industrial output value is the aggregation of industrial output value of all the cultural enterprises) – intermediate input (including the purchase of resources, services from other places, transportation fees and the training fees for talents) + added-value tax (State Statistic Bureau, 2012).

### **3.4 The selection of policy documents**

Written cultural policy documents are important in showing what governments choose to do or not to do in relation to culture (Gray, 2010). Several factors should be considered in selecting relevant policy documents, including the release date of the policy documents and their content. How these factors were approached will be discussed individually in the following paragraphs.

#### **3.4.1 Release date of the policy documents**

The evaluation of the creative industries policies aims to explore the relationship between the policies and neoliberalism; the latter is a process that cannot be studied in one policy document. Hall (2011) argues that “we are talking here, then, about a long-term tendency and not about a teleological destination” (p.708). Moreover, Yik Chan Chin (2011) argues that “policy making is not a static but an ongoing and continual process” (p.194). Thus, policy studies should not focus on one point in time only but a certain period. Whether in the UK or China, policies are continually being updated. Therefore, this study could only focus on creative industries policies within a certain period.

In the UK, policies are updated with the change of political parties. Research concerning creative industries policies follows the policies under different political parties. Unlike the UK, China has been a one-party state and led by the Chinese

Communist Party (CCP) since its establishment, and the creative industries policies have never been made by any other party than the CCP. The research thus only studies the policies under the CCP. In addition, in terms of the release date of policy documents, the UK began to adopt the policy discourse of ‘creative industries’ in 1997, but it has had policies for ‘cultural industries’ since the early 1980s. Unlike the UK, China did not have any policies for the cultural market before 1988 (White and Xu, 2012). The concept of ‘cultural industries’ was first officially used in China in the *State’s 10th Five Year (2001-2005) Plan about the Development of National Economy and Society* (State Council, 2001). This research focuses on the Chinese policy makers’ adaption and application of the imported policy discourse of ‘creative industries’. However, policy documents before 2001 do not contain a policy discourse and thus cannot demonstrate how it is constructed. Therefore, this study investigates policy documents that have been issued since 2001 and up to 2013, the start of the research project.

The policy discourse of ‘creative industries’ originated in the UK and was exported to China during the New Labour period (Flew and Cunningham, 2010). O’Connor and Gu (2006) further argue that in China “it was hard for both local and national governments to resist the pull of the creative industry discourse, with its strong links to individual initiative and technological innovation” (p.275). Thus, this research refers to the British creative industries policies in the literature review. The years of 2011-2013 were not included in the New Labour’s governance period <sup>69</sup>. This thesis argues that the inclusion of the policy documents compiled between 2011 and 2013 does not influence the analyses. As China issues general guidelines for the nation’s development every five years, 2011-2013 are included in the 12<sup>th</sup> five-year plan (2011-2015), which was laid out before 2011. Admittedly, between 2010-2015, the UK was under the governance of the Conservative-Liberal coalition rather than New Labour. However, there is very limited research currently about the understandings of the creative industries policies under the coalition, and the debate about the characteristics of creative industries policies is still mainly focused around the legacy of New Labour policies. Compared to New Labour

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<sup>69</sup> The years 2003-2013 were under the leadership of President Hu Jintao and prime minister Wen Jiabao. Nearly all policy documents from the three selected cities were revealed during their tenure.

cultural policies, the coalition adopted severe austerity policies, challenging the budgets of local authorities and cultural organizations, and overall decreasing funding for culture (Hesmondhalgh et al., 2015). They were criticised for promoting the commercialisation of culture and neoliberalism is still an important character of the conservative-liberal policies (O'Connor and Oakley, 2015). The section below will move on to confirm the ways to select relevant policy documents.

### **3.4.2 The selection of municipal creative industries policy documents**

Some policy documents do not mention cultural or creative industries in their title. This does not mean that these policy documents do not concern creative industries. Jeremy Ahearne (2009) argues that cultural policies do not only point to 'explicit' or 'nominal' cultural policies, "what it proclaims that it is doing for culture through its official cultural administration" (p.144), but also point to the "'implicit' or 'effective' cultural policies", "the effective impact on the nation's culture of its action as a whole, including educational, media, industrial and foreign policy etc." (ibid). Ahearne (2009) further argues that "'explicit' cultural policies will often identify 'culture' quite simply with certain consecrated forms of artistic expression" (p.144). The distinction between explicit and implicit cultural policies reminds us that the scope of cultural policies may be broader than the local explicitly cultural strategies. However, the analyses of British cultural policies have already criticised that the so-called explicit cultural policies actually treat culture as commodities rather than artistic expression, and it is already difficult to separate cultural policies from economic policies (McGuigan, 2004, Newsinger, 2012). In addition, the meaning of culture has been broadened and related to various aspects of human life. Thus, it is difficult to identify the 'implicit' cultural policies because every policy may contain the 'cultural side effects' (Ahearne, 2009, p.144). Given these points, the division is problematic. However, this division is a reminder that it may be one-sided to only focus on policy documents that have 'culture' or 'creative industries' in the title. Cultural policies cannot be completely separated from the other policies such as economic policies and welfare policies.

Given the analytical framework for studying the relationship between

neoliberalism and Chinese creative industries policies (section 2.3.2 provides more details), this study focuses on the analyses of policies related to the promotion of cultural SMEs, the allocation of government expenditure on culture, the structure of ownership, and the censorship of cultural production. The municipal policy documents issued between 2001 and 2013 with a focus on the aspects mentioned above are relevant policy documents for this research<sup>70</sup>. In addition, the analyses of local policies will also refer to national policies, because they provide general guidelines and goals for the nation's cultural development. Eugene McCann and Kevin Ward (2011) argue that "policy making must be understood as both relational and territorial" (p.xv). It requires the analyses to be relational and considered across scales (Bell and Oakley, 2014). The policy analyses will discover whether the municipal policies from a certain city follow or challenge national policies. Subsequently I will investigate the differences between policies in different cities. Beijing, Harbin and Guangzhou, for example, exert authoritarian control over culture to different extents. Within the same period Beijing added more control than national policies; Harbin followed national policies whereas Guangzhou exerted less control than national policies. National policies therefore provide a basis for the comparison of municipal policies from different cities.

The selected Chinese cities and the central government have official government websites. A navigation bar at the top of the homepage guides the public to government information and policies. 'Policies' lists all policy documents in chronological order and a downloadable MS Word format. To prevent missing implicit cultural policies for the research, I scanned the content of the policy documents listed in the national and local official government websites. Finally, 52 policy documents<sup>71</sup> produced by national and municipal governments were selected (for a summary of the content of selected national and municipal policy documents see appendix 2). Relevant creative industries policy documents were downloaded from corresponding official websites and saved in different files according to the places to which they belong.

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<sup>70</sup> Unlike the British DCMS (1999), the Chinese national and local cultural policies have never mentioned the use of health, crime or education as indicators to measure the performance of the development of creative industries.

<sup>71</sup> The policy documents comprise 15 national policy documents, 14 Beijing municipal policy documents, 12 Harbin municipal policy documents and 11 Guangzhou municipal policy documents.



Various national and local policy documents are discrepant in their significance. Three levels can be identified (Keane, 2013). The first level of national policy documents represents the national five-year plan for the economic and social development, a blueprint for the national development over the next five years (Keane, 2013). The plan covers more aspects than other policy documents, but it only provides general guidance and is not specific enough (Keane and Zhao, 2014). Moreover, “state organs, departments, offices and bureaus” set up additional “regulations (fagui), rules (bumen guizhang), policies (zhengce)” (Keane, 2013, p.20), which are equally important to national plans. However, in contrast to national plans, these regulations, rules and policies only set normative regulations and tasks for specific areas (e.g. policies for the cultural system reform or rules for files confidentiality) (ibid). On the second level, the central government occasionally will also promulgate opinions (yijian), decisions (jueding) and notices (tongzhi) as a complementary for the national plan, the policies and regulations (e.g. Opinions about Promoting the Development of Animation Industries). On the third level, the central government puts forward provisional measures (banfa) and instructions (zhidao), in order to direct the implementation of policies (Keane, 2013). In addition to the national policy documents, the local governments compile their local policy documents, which are also divided into these three levels. Compared with the national policy documents, the local counterparts are more targeted to the local situation. However, as different cities have their own situation, the local governments have the flexibility to make their own policy documents.

### **3.5 Methods to obtain information from policy makers**

The policy documents from the selected period provide the basis to understand what the government chooses to do, but policy documents alone are not sufficient. Interviewing policy makers is essential for this research as Chinese policy making is frequently based on hidden regulations, assumptions and local and practical forms of implementation. Without understanding the intention and actions of policy makers, it is impossible to fully understand the policy field (see section 1.2). This section explains the understanding of policy makers and the method to obtain information from them.

### **3.5.1 The identification of policy makers**

The term ‘policy maker’ has been mentioned by various researchers in policy studies but is not clearly defined. Hajer and Laws (2006) note that “policy makers are supposed to analyse situations and determine how to act” (p.252). Thus, policy makers do not only have the potential to draw written policies, but also direct the governmental operation during a certain period. The policy making process varies in different countries, and this section will first outline the process in China and then confirm how policy makers were identified for interviews.

The meaning of ‘policy makers’ is not the same in the UK as that in China because the policy making process in the two countries is not the same. In the UK, Hesmondhalgh et al. (2015) show that the key actors in cultural policy making are the government departments (Department for Culture, Media & Sport, Department for Business, Energy & Industrial Strategy, HM Treasury, Department for Education), and opposition parties. Parliament and think tanks also play important roles in policy making. Hesmondhalgh et al. (2015) further explain that “each political party in a modern democracy draws on advice from various actors who represent the interests of relevant groups with sufficient power to cause trouble for the politicians if their voices are not heeded” (p.46). The policy groups (local government, heritage industries, arts organisations, information technology sector, and cultural industries) have their own interests, which sometimes overlap. These groups seek attention from the Government and opposition parties and aim to obtain more subsidies, support or recognition from the Government in order to place themselves in positions of power and influence. Unlike the UK, Fred Bergsten et al. (2008) argue that it is characteristic of Chinese policy making to be “a monolithic, top-down policy making process” (p.59). Chin (2011) further contends that “China’s authoritarian political system has not provided an open space for involving both legitimatised platforms and transparent procedures for different interest groups to contribute to policy process” (p.196). Since the People’s Republic of China was established in 1949, the Communist Party has adopted ‘deliberative democracy’, which means that China’s eight ‘democratic parties’ enjoyed a brief

power-sharing relationship. These democratic parties were “persecuted during the antirightist campaign” and were rehabilitated in order to prevent international criticism about the lack of democracy in China (Bergsten et al., 2008, p.59). Democratic parties play a supervisory role, but in the non-democratic context, the status of the democratic parties in China cannot be compared to that of the opposition parties in the UK in influencing the ultimate decision-making. After the 17<sup>th</sup> Party Congress in 2007, China produced the first white paper about the political system, which emphasised that “the CPC (Communist Party of China) always plays the role as the core of leadership in directing the overall situation and coordinating the efforts of all quarters in legal construction” (ibid, p.61). The officials working in the central and local governments are all members of the Communist Party. Cultural industries policies, heritage industries policies and information technology policies are also made by them.

In contrast to the range of influential non-governmental actors in the UK, policy makers in the non-democratic system of China work for the authorities of the national and local governments. It does not mean that local governments do not seek advice from cultural enterprises and academics, but that these actors do not play substantive roles in the policy making process (Chin, 2011). Local governments are still responsible for the ultimate decisions. During an interview, policy maker 8 from Harbin municipal government stated that the municipal government has previously contacted experts in the field of creative industries to join them in the development of policies. However, “their work is bujie diqi (not accorded with the reality), inane and unspecific, and is sometimes difficult to understand. For our city, we really cannot use their work” (Policy maker 8, Harbin, 2014). Decision-making power is much more concentrated in the local government.

Chinese national cultural industries policies provide the general direction in the development of cultural industries, and provide references for the local policies. However, the central government has not provided local government specific models for developing local culture like the British DCMS and the Institute of Leisure and Amenity Managers (ILAM) have done (Gilmore, 2004). In addition, different cities have their own contexts, and local authorities develop local policies that are suitable for these

specific conditions.

The policy making process in China is not clearly revealed to the public, and different cities have their own situations. Therefore, it is difficult to know exactly which department is responsible for the creative industries policies prior to an interview. Municipal creative industries policy documents indicate that some documents are issued by the Financial Bureau, or the Publicity Department, or the Development and Reform Commission. It was expected that officials from these departments were the makers of the creative industries policies. However, after these departments were contacted, it was clear that creative industries policies are never made by only one department in the government. Generally, the officials from the Chinese municipal Publicity Department (in Beijing the Cultural and Creative Industries Promotion Centre) play the main role in the policy making process (Policy maker 4, Beijing, 2014). They invite officials from many other departments to form a temporary policy making group for creative industries. This group is responsible for making creative industries policies based on their previous investigation and discussion. It is confirmed that the group in each city includes officials from the Publicity Department, Financial Bureau, Statistical Bureau, Development and Reform Commission and Institute of Technology Information Commission<sup>72</sup>. In addition, as the organizations in different cities are not the same, the other members of these groups are different per city<sup>73</sup>. Given the content of the policies decided upon, officials from corresponding departments are responsible for drafting the policies, receiving feedbacks from the other group members and subsequently implement further changes (Policy maker 4, Beijing, 2014). After policies are agreed by all group members, they will be examined and approved by the Standing Committee of the Municipal People's Congress. Finally, the policies will be revealed to the public in

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<sup>72</sup> In addition to the five departments mentioned above, each city group also has officials from the cultural relics bureau, the tourism bureau, the environment protection bureau and the urban planning bureau. The latter concerns the transportation and planning of greenbelts, while the environmental bureau monitors industrial pollution. These departments are not related to the research questions about the allocation of government expenditure, the promotion of SMEs and the cultural system reform. Thus the interviews did not include officials from these departments.

<sup>73</sup> In contrast to the other cities Beijing has a cultural and creative industries promotion centre, and state-owned cultural assets supervision and administration office; Beijing has a cultural bureau, Guangzhou, on the other hand, a bureau called 'cultural broadcasting, television, press and publication bureau'; Harbin has a 'cultural press and publication bureau'. In Guangzhou, the official from the economic and trade commission is also a member of the group, but the other two cities do not mention that. Policy makers in these departments and centres were selected as interviewees.

the name of certain department or the Municipal People's Government General Office (ibid). Officials from the policy making group are then responsible for going back to their own departments to direct the implementation of the policies.

In China, a government official is a permanent job unless they are caught for corruption or they leave their job voluntarily. Transfers between different positions happen and one interviewee from Harbin was transferred from the Cultural Bureau to the Publicity Department during the selected period, but is still in the policy making group, which does not influence the research. Policy makers are all high level officials in the governments, and with the exception of the interviewee from the newly established Beijing State-owned Cultural Assets Supervision and Administration Office, all interviewees have been in the policy making group since the city began to make cultural/creative industries policies.

### **3.5.2 Semi-structured interview**

Interviews are an important tool in the research of contemporary policy making. They can help to understand “the social actor's experience and perspective” and gather “information about things or processes that cannot be observed effectively by other means” (Lindlof and Taylor, 2011, p.173). There are various kinds of interviews, and each of them has their own characteristics. Given the structure of interview questions, an interview can be divided into structured, semi-structured and non-structured elements (Flick, 2009). The structured interview is similar to a questionnaire. The same questions are asked to different interviewees without any changes and the interviewer strictly follows the order of interview questions (Deacon et al., 2007). Semi-structured interviews usually resemble normal conversations between the interviewer and interviewees. The interviewer still has a framework of questions prior to the interview, but the questions may be changed according to the backgrounds and responses of certain interviewees and the context of the interview (ibid). In addition, the interviewer can change the order of questions flexibly and delete or add questions temporarily. Both interviewer and interviewees may feel relatively free in this kind of interview, and it is easier for the interviewer to establish a relationship with interviewees in a

semi-structured than a structured interview (Beatty, 2003). A non-structured interview is not based on a framework of questions, as “it is the interviewees who dictate the form and direction of the exchange, essentially following the train of their thoughts” (Deacon et al, 2007, p.68). This kind of interview is seldom used in research.

For this study, interviews were conducted with policy makers in different cities to facilitate the understanding of the policy making process. The interviews were guided to a certain degree by an analysis of policy documents from different cities. Therefore, the questions were not exactly the same for the different interviewees. The interview questions can be delivered in different ways such as telephone, online and face-to-face interviews. Especially, in a telephone interview, it is difficult to avoid being overheard and to record the interview (King and Horrocks, 2010). Moreover, it is not easy to show the identity of the interviewer or “build[ing] a relaxed rapport with a distant and disembodied voice” (Deacon et al., 2007, p.67). An online interview can solve the problems of recording and/or being overheard, but this kind of interview would heavily depend on the condition of the chosen computer software. Moreover, it remains difficult to help participants concentrate fully on the interview. In addition, Nigel King and Christine Horrocks (2010) argue that internet service providers could always have access to different records, so one could never promise to be absolutely “confidentiality and anonymity to participants” (p.100). Compared to the former two kinds of interviews, a face-to-face interview is not as convenient because it requires more time and funding, but personal contact can help the interviewees concentrate better on the research questions. In addition, this kind of interview will not be disrupted by technical problems of telephones and computers (Deacon et al., 2007). As for this research, some Chinese policy makers also do not accept interviews via telephone or online software. Therefore, given the above, semi-structured face-to-face interviews were chosen for this research.

### **3.5.3 Access to policy makers**

Different departments may have different responsibilities in the policy making process. Therefore, the aim of the research is to interview at least one policy maker in each department mentioned in section 3.5.1, and policy makers from six departments in

Harbin, eight departments in Beijing and seven departments in Guangzhou. In some departments, more than one policy maker agreed to be interviewed. Finally, 30 policy makers were interviewed (see appendix 4 for their departments).

Educational and personal contacts were used to enquire policy makers for interviews. Most of the interviewees did not want to be interrupted by phone calls. They preferred either short mobile phone text message or emails in order to arrange an appointment. In addition to the 30 policy makers, three policy makers in Beijing initially accepted the invitation but finally refused because of time conflicts.

Without any professional experience and no practical experience of government operations, my knowledge of Chinese policy making only came from literature and media. This resulted in a disadvantage of understanding some terms which are frequently used by policy makers but largely unknown to civilians. Such situations required additional time for clarification. However, the benefit may be that it is less likely for me to mix working experience with the data that I obtained in illustrating the meanings behind the phenomena.

This research was granted ethical approval on July 22<sup>nd</sup>, 2014, and interviews were arranged and carried out with policy makers in Harbin. 11 interviews were conducted between 23<sup>rd</sup> July and 1<sup>st</sup> September 2014. Subsequently interviews with 10 policy makers in Beijing were arranged and completed on 15<sup>th</sup> October 2014. The interviews with the nine policy makers in Guangzhou were finished on 20<sup>th</sup> November 2014.

#### **3.5.4 The complexity of the empirical work and the procedures to tackle the challenges**

The process of conducting interviews with Chinese municipal policy makers is complex and full of challenges in the process of identifying, locating, contacting and interviewing participants. The paragraphs below describe the details of the complexity and challenges in the process and the procedures that this research follows.

The first challenge is to identify and get access to policy makers for the research. In China, citizens are not informed about the policy making process inside different municipal governments due to a lack of transparency of government information and the

absence of relevant media coverage and literature (Keane, 2013). In addition, according to the official websites of the selected municipal governments, the departmental structures of different municipal governments vary from each other<sup>74</sup>. The written policy documents are revealed to the public in the name of the municipal people's government or Publicity Department (or Cultural and Creative Promotion Centre in Beijing). However, it is not transparent whether a certain policy has been made exclusively by these departments or had other departments involved. As I had no working experience in governments nor direct contacts with any policy maker for the creative industries, I depended on middlemen in order to identify one certain government official (that participated in the policy making process) from Publicity Department in Harbin and Guangzhou each, and one from Cultural and Creative Industries Promotion Centre. These middlemen are in direct contact with the selected government officials and supported me in approaching them. Initial questions were communicated to the government official in each selected city via telephone or email. They comprised enquiries such as which departments and government officials are involved in the policy making process. Subsequent to their responses about the policy making process in different cities (more details in section 3.5.1), I confirmed the departments and the officials for the interview. In a second step, these officials from the Publicity Departments in Harbin and Guangzhou as well as the one from the Cultural and Creative Industries Promotion Centre from Beijing in addition to my middlemen helped me in approaching the relevant policy makers and arrange appointments prior to my arrival at Harbin, Guangzhou and Beijing to conduct interviews.

The second challenge lies in arranging appointments with policy makers. Outreach is rarely part of a policy makers' job, and thus, interviews came second after other priorities such as urgent meetings and business trips. Given the expenses for accommodation and transportation, I had to guarantee that I could interview at least one policy maker in each department during my stay in Beijing and Guangzhou (my hometown is Harbin). Under these circumstances, I tried to arrange interviews with

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<sup>74</sup> The 'Cultural and Creative Industries Promotion Centre' and state-owned 'Cultural Assets Supervision and Administration Office' are exclusive to Beijing. Beijing has Cultural Bureau' while Harbin has a 'Cultural, Press and Publication Bureau', Guangzhou has a 'Cultural, Broadcasting and Television, Press and Publication Bureau'.



more than one policy makers in each department, in case some of them suddenly refused the interview (e.g. three policy makers in Beijing previously agreed to interviews but finally missed them due to unexpected business trips during my stay in Beijing). In an aim of efficiency, I attempted to arrange appointments in local proximity to each other.

The third challenge covers the gain of trust prior to an interview. The policy makers from different cities had agreed to interviews due to their relationship with my middlemen without knowing me personally. Worries about the impact responses could have on their political career are deeply embedded in the authoritarian political system. In order to create a relaxed atmosphere and provide more information, I provided my student ID and my consent form from university prior to each interview. The consent form clearly stated that I would closely follow ethical regulations (see section 3.5.4) and keep their information confidential. The interviewees were anonymised as ‘policy maker 1, 2, 3...’ according to the order in which they had been interviewed. All of them signed the consent form before the interview.

The fourth challenge is to improve my credibility. Thus, I studied both the creative industries policy documents of the selected cities between 2006 and 2013 and the historical context of their development in Harbin, Guangzhou and Beijing. When asking questions and responding to answers, I included information that I had prepared in order to show that I am familiar with the context of each city and its written policy documents. I also provided some information from previous interviews in order to demonstrate my knowledge of the field. The information from different sources also helped me to cross verify its credibility.

In a brief summary, this research provides interview experience for other researchers, especially those that have neither working experience in policymaking nor direct contact with policy makers. The procedures for conducting a semi-structured face-to-face interview with Chinese policy makers of municipal creative industries include the following steps: (i) identify the potential officials and departments in the policy making process through consulting one certain policy maker from the municipal Publicity Department. (ii) Despite acceptance of interviews, policy makers will not

prioritise the interview when facing other working demands. It is therefore better to aim for appointments with more than one policy maker in each potential department. (iii) Personal identification and confidentiality are essential to gain trust from policy makers and create a relaxed atmosphere. (iv) It is necessary to prepare information about a certain city and read relevant policy documents to demonstrate a professional demeanour and increase the reliability of the interview.

### **3.5.5 Ethical issue**

Steina Kvale (2007) argues that “interview research is saturated with moral and ethical issues” (p.23). In China, policy makers in municipal governments announced that they are allowed to give interviews to media and academic researchers (Guo, 2013). However, influenced by the self-censored environment, policy makers may still have defensive feelings and be reluctant to accept interviews or to be cooperative in the interview. In order to tackle these potential problems, the researcher took a series of procedures as below.

I followed the university code of practice: before the interview, the interviewees were precisely informed about the nature and purpose of the study (University of Leicester, 2005). I emailed potential relevant interviewees the framework of the interview questions and informed every interviewee that the researcher would keep absolute confidentiality of their information and anonymise all information in order to protect their identities. I also stated this in the consent form, and the interviewees needed to sign this consent form before the interview started.

In China, policies are revealed to the public in the name of certain departments of the government rather than specific policy makers. In big cities such as Beijing and Guangzhou with populations over 10 million, and Harbin with over five million inhabitants nearly a hundred officials from various departments from the CPC and local governments are involved in the “policy cycle: emergence, formulation, implementation and evaluation” (Paquette, 2015, p.25). Citizens are only informed about several speakers from different agencies or departments in the governments (Zhang, 2012). With the exception of these few speakers, the names and positions of all other

government officials are not revealed to the public. If the names of interviewees remain anonymous, the audiences cannot identify a specific person through the content of the interview.

Nearly all interviewees have their own offices, which are quiet and the conversation in the room is entirely private without external interruption. For those few policy makers who share offices, the government has a reception office, which is used by officials to individually meet interviewers during office hours. This room needs to be booked by the officials themselves in advance. After gaining permission from the policy makers prior to the interview, I used my voice recorder to record the interview with them. After the interviews, all recordings of the interviews on the voice recorder were moved to a password-protected laptop, and the content of the voice recorder was deleted.

During the interview, I avoided mentioning the roles or special information that may reveal the identification of interviewees (such as department and position, salary, gender, marriage, hometown, address, etc.). Where an interviewee spontaneously mentioned potentially identifying information such as their role, it was deleted from the transcript. In addition, the policy makers were informed before the interviews that the data they provided may be directly quoted as evidence. Some of their original sentences may show up in the thesis, and some of them may be paraphrased. Some of the policy makers clearly stated that they could never provide certain information in the interview, such as how much money the municipal government spent on certain culture in certain years and the specific schedule by which the government promoted the transformation of certain cultural institutions. The information is related to government secrets and can never be revealed to others.

In each selected city, I numbered the participants according to the time order in which they accepted the interviews rather than directly mentioning their names and positions of them. For example, “policy maker 1 in Harbin” was used rather than “head of certain department in Harbin” in the analysis. In addition, I kept electronic files to store the original interview documents and the transcribed texts, and took great care of the documents of each interviewee to guarantee their confidentiality. The name and

personal information of each interviewee were saved in a hidden folder, and was not saved together with the transcripts. Relevant personal information was not revealed in the transcripts and the information was not transferred to any third party. The research guarantees the “integrity and security of research data” (ESRC, 2010).

These procedures were taken to ensure that interviewees and the interviewers were not exposed to any risk and the careers of the interviewees would not be influenced.

### **3.5.6 The interview experience**

Fortunately, the policy makers who finally accepted the invitation to be interviewed were cooperative and not perfunctory. If they knew the answers to questions, they would tell me directly. When they were not familiar with some parts, some of them would just tell me that they had no idea about the questions, and some of them were enthusiastic and even provided me with advice about which department I should contact to find the answers. In addition to the interviews, the policy makers in Beijing provided me with two brochures, which were circulated inside the municipal government. Though the content was not quite useful for the research, I still feel thankful to them.

Semi-structured interviews are challenging because I could never know how the policy makers may respond to the questions and needed to react immediately to their responses. Although I sent the interviewees the framework of the interview questions, some of them still could not understand some of the questions, and some of them did not have time to read them before the interview. Therefore, preparation for explaining every question was necessary before each interview. In addition, as the interview is not part of each policy maker’s work, they could not switch off their mobile phones during the interviews and unplanned meetings or tasks interrupted the interviews and even made some interviews stop for a while. There was difficulty in making appointments with those policy makers to have face-to-face semi-structured interviews. Although they had already agreed to have interviews in advance, they themselves could not predict what would happen one day or one hour later. In Harbin, the task and problems for the policy makers to hold the national cultural exhibition were more complex than their

expectations, and the original schedule for interview had to be delayed for half a month because the policy makers did not have time to do anything else during that period. In Guangzhou, two policy makers were suddenly asked to attend meetings and training in other places two days before the interview. Dengue fever spread very fast in Guangzhou in October 2014 and policy makers in different departments were asked to work overtime to develop plans for various aspects of virus control. As people were being infected by the virus on a daily basis, policy maker were unable to find spare time for any kind of interview. In Beijing, the policy makers have many more tasks than policy makers do in other places. In addition, many academic researchers from the social sciences field select Beijing as a typical case, and they are already waiting in a queue to ask policy makers various kinds of academic questions. In summary, it was challenging to gain access to policy makers in a short period of time.

The policy makers were informed about the interviews and the framework of the questions and they all signed the consent form. However, they still had different reactions towards the questions during the interview. For example, some policy makers had worked for many years and given many interviews, and they wanted to say as much as they could about the questions. They did not care much about whether their information was anonymous or not, because they thought their city needed to be promoted. Policy makers who were in early stages of their career tended to be more conservative and thoughtful during the interview. They hesitated for a long time before answering questions. After the interview they revealed that they hesitated because they needed time to think about whether their expression would cause others misunderstand the meanings. The third kind of policy makers always wanted to obtain some benefits during the interview, specifically, they did not like to only to speak, and they wanted to exchange information. They first asked me what British policy makers did to promote creative industries before they told me how they approached certain issues. The situation in different cities and the reactions of different interviewees provided valuable experiences.

### **3.5.7 Interview questions**

As discussed in the literature review, a number of thematic foci were identified as central reference points in order to provide an evaluation of the Chinese municipal creative industries policies. These included the instrumentalisation of cultural policies, the use of new public management strategies, the privatisation of culture, the promotion of ICT products, the promotion of cultural SMEs, and the issue of state control on culture. The analyses under these themes are interconnected with each other and the research aims to analyse the discrete interventions in different selected cities via these themes. The municipal creative industries policy documents cover the following aspects including the classification of cultural industries, the promotion of cultural enterprises, the allocation of government expenditure and financial support on culture, the regulations and guidance on cultural production, and the promotion of the cultural market. Privatisation, instrumentalisation and new public management are not directly mentioned in the policies, and analyses under these themes are linked to the analyses of the promotion of cultural enterprises, allocation of government expenditure and the promotion of cultural market. Policy makers had no knowledge of the meanings of 'instrumentalism' or 'NPM'. Therefore, the interview questions and their subsequent analysis did not mention these terms but were concerned with the aspects that were covered by the policies.

The aim of conducting interviews is to facilitate the understanding of policies. McGuigan (2004) argues that "by definition, policy always comes with a rationale" (p.64). The interview helps to discover implicit rationale of the policies. For example, what is the rationale behind the promotion of local cultural or creative industry policies? What are the policy makers' considerations for prioritising various kinds of culture when allocating government expenditure in different periods? If the municipal policies do not emphasise the promotion of cultural SMEs, or censorship on culture, does that mean they are unnecessary for the Government? For what reason are some industries emphasised more than others? Chinese municipal creative industries policy documents provide more information than national policies about the guidance on the development of local cultural industries, but they are still not specific and do not provide enough detail and reasons to understand the practice of the policies. All interviews together with

the policy documents aim to demonstrate how the policy makers apply the creative industries policies, and provide a more comprehensive understanding of the policies.

The contexts of the selected cities and the situation for the interviewees are different. Therefore, it was required to change the order of questions and add some probing questions or delete other questions temporarily. Appendix 3 provides a basic framework of interviewing questions.

The responsibility of different government departments in making creative industries policies is not revealed to the public. As Keane (2013) argues “policy making in China is a confusing domain even for seasoned scholars” (p.19). The “extensive cross-alliances, tangled matrices of authority, numerous organizations lacking institutionalisation” lead to structured uncertainty inside the government (ibid, p.22). Before interviewing certain policy makers in selected cities, I was not able to definitely confirm the responsibility of a policy maker in the policy making group. According to the name of the department, it is natural to expect a policy maker from the Financial Bureau to talk about the allocation of government expenditure on culture and the financial strategies in promoting creative industries; and expect a policy maker from the Statistics Bureau to be familiar with the classification of creative industries. However, as stated, the creative industries cross various fields and policy making is related to various departments. It is difficult to be sure that the responsibility of a policy maker in one department is entirely separate from one in another department. Given this consideration, the questions for interviewees were not only designed according to their departments. Therefore, I covered all the themes in each interview. Thus, the policy maker from the Financial Bureau was asked about not only financial strategies, but also other aspects such as cultural regulations, SMEs, classifications, by parity of reasoning. If the policy maker was not responsible or not familiar with certain questions, I moved on to the next one.

This way of asking questions brings benefits because it helps to discover that some departments are responsible for more tasks than expected. For example, one interviewee mentioned that the Publicity Department in Harbin is mainly responsible for the allocation of government expenditure on culture. The policy maker from the Publicity

Department provided more information and examples about the allocation of government expenditure on culture than the policy maker from the Financial Bureau. In Beijing, an interviewee told me that the newly established State-owned Cultural Assets Supervision and Administration Office is gradually taking the responsibility of allocating government expenditure and leveraging market investment in promoting the development of creative industries. The policy maker from this department thus provided more examples about the allocation of government expenditure on culture than expected. This also shows that some departments are not responsible for the tasks as expected. Specifically, in Guangzhou, policy makers from the Cultural Bureau had little to say about the promotion of cultural SMEs because that was the Guangzhou Economic and Trade Commission's responsibility.

The policy makers' accounts of their understandings of the policies are indispensable in evaluating the policy field as a whole. The account cannot be read off from policy documents and cannot be obtained from other sources. In this case, I took measures to improve the credibility and reliability of the interview. Firstly, I made efforts to gain the interviewees' trust through middlemen, who introduced me, my purpose and their relationship with me to the interviewees. On meeting the interviewees, I showed my student ID and ethic form, which matched the introduction of the middlemen to improve my credibility. Secondly, before the interviews, I collected information about the city's cultural and creative industry policies and official data. During the interviews, I displayed the information when asking relevant questions and responding to certain questions to show a professional demeanour. Starting from the second interview, I also displayed some information provided by previous interviewees when asking relevant questions. They are to hint to the interviewees that I also have knowledge of the field. In addition, the account of the policy makers about what they did or the numbers they provide are not directly used as evidence. For example, as for the policy maker's account that the municipal government provides 0.5 billion yuan annually for Beijing's cultural and creative industries, the thesis is not to confirm whether it was really 0.5 billion yuan or not. It is insightful that the policy makers aimed to use examples to illustrate that they pay much attention annually to supporting



the local cultural and creative industries.

### **3.6 Integrative analysis**

This study has two main kinds of data generated from interviews and policy documents. The two kinds of data are not independent but logically interrelated to each other. This research adopts the triangulation of data, which helps to strengthen the findings and establishes a comprehensive understanding of the municipal creative industries policies (Flick, 2009). Besides the data from interview and policy documents, official data such as the statistical information from the Statistics Bureau or Financial Bureau or reports from social science institutions may also be relevant and useful in analysing the policies. However, the problem in China is that the degree of transparency cannot compare with that of the UK. The Regulation on Open Government Information (OGI) was carried out in 2008 and identified information that should be publicised (Caragliano, 2012). However, according to the report from the Chinese Academy of Social Science (CASS) in 2014 about the transparency of 55 state council departments and 49 city authorities, the majority had not responded to the request to reveal relevant information or revealed it on time (Zhu, 2014). China is in the process of improving its transparency, but even in 2014, the central and local governments had not reached the standards they have set. David Caragliano (2012) explains that compared with Western countries, the OGI has just started in China, with many problems regarding the process. For example, regulations state that the government does not have to respond to the same request of the same citizen more than once. Some applicants find that the information provided is irreverent and after requesting the information again, the bureau rejects the application. In addition, the regulation still needs more detailed explanation about the information that can be revealed. State secrecy is still an excuse for many government agents for not revealing relevant information. With regard to this research, official data of the three selected cities is not sufficient. Official data, for example, shows the amount of government expenditure on culture, but fails to provide more details such as how much government expenditure has been allocated to certain cultural projects during a certain period, or how much private capital has been embraced in the previously

public-funded culture.

The aspects covered by the analyses have been identified in section 3.5.6, and the policies, interview transcripts and official data were closely read and thematically coded. The aim was to break down the original data and then reorganise them under certain categories according to the main idea of the policy or transcript. This was done in order to “enable the research to examine the data in a structured way” (Gibbs, 2009, p.39).

After all the relevant data were categorised, they were re-read to check whether they were related to certain categories. Then, the data under each category were organised chronologically to aid an understanding of the development of policies between 2001 and 2013.

### **3.7 Challenges in translating**

I translated all policy documents and interview transcripts into English prior to the analyses. The translations are valid for examination. However, the differences between the meaning and use of words in the two kinds of languages made it difficult to directly translate some Chinese sentences into English. For example, the *Plan for the Development and Construction of Humanistic Beijing in the 12th Five Year Period* wrote that the municipal government will firmly reject the trend of ‘Yongsu, Disu, Meisu’ (General Office of the People's Government in Beijing, 2011). In the Chinese language, the three terms have different meanings, and ‘Yongsu’ points to the content that encourage people to focus on building relations with superior leaders and fawning but neglect working hard. ‘Disu’ refers to the content that promotes pornography, violence, maltreating others, and deals between power and money or power and sex. ‘Meisu’ means the phenomenon that producers cater too much to the low taste of consumers in order to gain more commercial profit. Dictionaries translate all three terms as vulgar in English. If they are translated in a direct way and state that the government firmly rejected the vulgar trends, the three directions to which the terms point are not clearly reflected through the term ‘vulgar’. There are numerous such examples in the translation process, and in this research, the translation cannot strictly follow the dictionary and translate each Chinese word into a corresponding English word. The

direct way of translating will fail to represent the meaning of the policy in some occasions.

### **3.8 Conclusion**

This chapter began with the review of the tradition of cultural policy research, and confirmed that the research adopts a critical approach to cultural policies and the realist perspective in viewing cultural policies. Policies are treated as discourse and multi-dimensional analyses are needed to provide a comprehensive evaluation of the policies. The study adopts qualitative research focusing on three case studies to analyse the creative industries policies in three different Chinese cities.

Finally, the vice-provincial capital cities of Harbin and Guangzhou, which are located in the northern inland and southern coastal area respectively, and the capital city of Beijing were selected as case studies for the examination of policy documents compiled between 2001 and 2013. In addition to policy analyses, the researcher also carried out interviews with local government officials in the three selected cities. In the next three chapters, the thesis will triangulate data from policy documents, interviews and public records to provide an evaluation of the creative industries policies in Beijing, Harbin and Guangzhou respectively.

## 4. The case of Beijing

Beijing's cultural and creative industries are made up of nine sectors, including craft and performing art; press and publication; television, broadcasting and film; software, internet and computer services; advertisement and exhibition; trade of artwork; design service; tourism; entertainment (Yao, 2008, p.313). Among the nine sectors, the software, internet and computer services sector is the uppermost contributor to the economic growth of Beijing's cultural and creative industries (it occupied 49.9% of the VA of Beijing's cultural and creative industries in 2010), followed by press and publication (10.1%) and television, broadcasting and film (8.2%). The economic contributions from the other sectors are below 5% (Zhang, 2011, p.49). This chapter analyses Beijing municipal cultural and creative industries policies from various angles including the promotion of ICTs, the promotion of the cultural SMEs, the allocation of government expenditure and the promotion of cultural system reform. It argues that on the one hand, driven by the public demand for cultural products, the central government's requirement for 'Scientific Outlook on Development', and the influence of Olympic Games (all of which will be elaborated in section 4.1), Beijing municipal government displays a commercially and digitally oriented trend in the use of government funding, and tends to adopt neoliberal elements in promoting cultural entrepreneurship. On the other hand, as the seat of the central government, Beijing municipal policies have provided more censorship and guidance than national regulations on the entry of non-public capital and on what cannot be produced. As Q.S.Tong and Ruth Hung (2012) argue, "what we see here is the concurrent operation of the cultural market and the state, in their separate attempts to manage, shape or influence cultural work" (p.273). The existing autonomous cultural expression and practice are hindered by both authoritarian control and commercial imperatives. However, this does not mean Beijing municipal government only pays attention to the economic value of culture and totally ignores its intrinsic benefits. It is characteristic of

Beijing that the municipal government also emphasises the support of non-profitable culture related to soft power (e.g. the Bird's Nest Attraction).

#### **4.1 Instrumental application of creativity**

The development of Beijing's cultural and creative industries policies are influenced and driven by several factors. Specifically, in 2003, the slogan 'Scientific Outlook on Development', which was put forward by the Chinese President Hu Jintao, required policy makers at central and local level to change the economic development pattern to protect environment (Xinhua, 2012). Policy maker 6 from the Development and Reform Commission in Beijing stated that, "it is the cultural and creative industries that help the municipal government find another economic growth point without destroying the environment" (Policy maker 6, Beijing, 2014). In 2006, the GDP per capita in Beijing reached USD 5400<sup>75</sup>, and the public demand for spiritual and cultural products has largely increased since 2006 (Zhang, 2006, p.198). This urged Beijing municipal government to actively promote local cultural industries in order to meet the increasing public demand for cultural products. In addition, the promotion of Beijing's cultural and creative industries was also stimulated by the Beijing Olympic Games in 2008. Specifically, in preparation for the Olympic Games, Beijing municipal government aimed to establish a 'New Beijing, Great Olympics' by placing emphasis on three concepts: 'Green Olympics, High-Tech Olympics, and Humanistic Olympics' (Beijing Foreign Affairs Office, 2008). Specifically, in order to achieve the 'Green Olympics', the host city Beijing focused on industries that do no harm to the environment and took measures to improve the local "ecological environmental standards" (Beijing Foreign Affairs Office, 2008, para 3). When it comes to the goal of 'High-Tech Olympics', Beijing municipal government placed much attention on improving its "capacity in high-tech innovation", and "the application of high-tech achievements in production" (ibid). The municipal government treated the Olympic Games as an opportunity to display Beijing's technological achievements (People.com,

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<sup>75</sup> Guojun Chai (2015) reflects that "according to the development law of international cultural industries, when the GDP per capital reaches 5000 USD, the consumption of cultural products and services will be continually doubled" (p.488).

2009). As for the ‘Humanistic Olympics’, the municipal government sought to facilitate the cultural exchange between China and foreign countries, and thus focused much on organizing cultural activities and local cultural production (ibid).

Given the influential factors above, Beijing municipal government has put much focus on the promotion of local cultural and creative industries since 2006, especially the industries that contain high-tech elements such as ICT industries. This is because cultural and creative industries facilitate economic growth, do not harm the environment and could also meet citizens’ cultural needs. The promotion of ICT products also facilitates technological innovation. Furthermore, after the Olympic Games, Beijing municipal government still aimed to take advantage of its influence by transforming the Beijing Olympic Games’ slogan for Beijing’s development, emphasising ‘Humanistic Beijing<sup>76</sup>, High-Tech Beijing, Green Beijing’, which has been constantly accentuated by municipal policies (General Office of the People's Government in Beijing, 2011). Cultural and creative industries are thus still the main focus in Beijing’s development even after the Olympic Games.

Influenced by these factors, Beijing municipal government highlighted the economic significance of cultural and creative industries and focused much on ICT products. As such, Beijing has its own definition of cultural and creative industries<sup>77</sup>, defined as a:

“cluster of inter-linked industries which use creativity and innovation as basic methods, treat cultural content and creative production as core values, treat the achievement and consumption of intellectual properties<sup>78</sup> as transaction

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<sup>76</sup> The goal of humanistic Beijing is to secure and better people’s livelihoods. Specifically, the Beijing municipal government aims to better the education system, the health system and the transportation system. It also aims to vigorously promote the development of cultural and creative industries in order to meet the increasing cultural demand of citizens, and improve the soft power of Beijing (General Office of the People's Government in Beijing, 2011).

<sup>77</sup> Beijing municipal government did not officially use the term ‘cultural industries’ in policy documents and did not have a clear understanding of the definition and classification of cultural industries before the 2000s (Kong, 2011).

<sup>78</sup> Intellectual property is understood as an intellectual product that was born through creation and contains commercial value (Hartley et al., 2013). With intellectual property, cultural producers have the right to turn intellectual products into commodities and, according to the definition, cultural and creative industries are primarily about the transaction of intellectual properties. Creativity is economically important because without creativity, there would be no intellectual products or the transaction of intellectual property. As Thomas Stewart (1997) argues, it is “intellectual material – knowledge, information, intellectual property, experience –that can be put to use to create wealth” (p.x).

characteristics, and provide the public with cultural experience” (Beijing Municipal Statistical Bureau, 2006).

Policy maker 3 from the Municipal Financial Bureau further emphasised the importance of creativity for its more competitive edges than repetitive products in gaining more market benefits,

“creativity is the core of cultural and creative industries [...] we should pay much attention to supporting originality, because our creative ability is weak and 90% of our cultural products are still only repetition and copy. The products have to have creativity in order to attract attention and gain market benefits [...]” (Policy maker 3, Beijing, 2014).

However, the importance of creativity should not lie in gaining market profit, but “entails a kind of ‘artistic’ sensibility and practice – breaking the rules, ‘thinking outside the box’, ‘coming from left field’, etc.” (O’Connor and Gu, 2012, p.273). Charles Landry and Franco Bianchini (1995) also emphasise “creativity as an alternative to instrumental thinking” (p.16). The core understanding of the term is the ability to produce new thoughts and ideas rather than commercial profit. Oakley (2006) criticises the use of the term ‘creativity’ in British policies because it is only linked to economy, and there is not “a clear enough notion of what ‘creativity’ constitutes in economic terms” (p.257). The Beijing municipal policy and policy maker follow British policies in using this problematic term, which focuses on how to monetise creativity and achieve commercial profit.

Compared with those cities that only use the term ‘cultural industries’ and have not used the term ‘cultural and creative industries’ (such as Guangzhou and Harbin), it seems that the Beijing municipal government pays greater attention to creativity in the sense established in international policy discourse (including in the UK). However, Beijing municipal policies failed to explain how to encourage the free creative novelty or aesthetic innovation of individuals. Rather, the use of ‘cultural and creative

industries' reflects that the municipal government has shifted the focus in creativity from media and arts to industrial production of ICT products (Garnham, 2005). Previously, after 1990, despite the lack of clear classification and understandings of cultural industries, Beijing started to highlight the importance of audio industries, television and broadcasting industries and publishing industries, which could perhaps be treated as the origin of the development of Beijing's cultural industries policies (Kong, 2011). However, since Beijing municipal government began to promote cultural and creative industries, it has paid major attention to ICT products for their greater contribution to economic growth. Policy maker 2 from the Statistic Bureau stated that computer and software industries now play a major role in promoting the development of local cultural and creative industries. Their contribution in terms of the industrial VA has already passed 55% (Policy maker 2, Beijing, 2014). Policy maker 5 from the Cultural Bureau further stated that,

“the computer and software industries develop powerfully and have become the most important support for cultural and creative industries [...] their contribution is still on the rise” (Policy maker 5, Beijing, 2014).

Terry Flew and Stuart Cunningham (2010) argue that the creative industries focus on 'new' products, which are profitable and made by digital technology. However, they criticise that this is one-sided because it ignores the cultural ecologies, which link the commercial and public funded cultural products; the ICT and the media and art sectors, and are more complex than the production of digital and profitable products. Beijing's use of the term 'cultural and creative industries' also reflects this one-sided focus and its aim of promoting creativity is linked to economic growth and ICT products. This instrumental application of cultural and creative industries neglected the other wider, non-instrumental possible connotations of culture and creativity, such as individual and collective expression and novelty. It is also manifested in the promotion of cultural SMEs and allocation of government expenditure, which will be criticised separately in this chapter.



## **4.2 More authoritarian control on cultural production**

Besides the influence of public demand, ‘Scientific Outlook on Development’ and the Olympic Games, another characteristic of the Beijing context is that it is the political centre which is directly under the supervision from the central government. This section argues that although Beijing municipal government emphasised the economic significance of creativity, it also heavily controlled creativity through authoritarian control (Fung and Ho, 2016). Authoritarian control inhibits free cultural creation and imposes limits on the entry of non-public capital, and this is displayed by both central and local government in China. However, as the “home to national regulatory agencies impacting on culture and audio-visual sectors such as SARFT and the Ministry of Culture” (Huang, 2013, p.63), Beijing exerts more control and censorship on cultural production than is required within the more general context of national policies.

Specifically, Beijing provides more limitations and prohibition on the entry of non-public capital than the standard requirements of national government policies. In terms of limitation on broadcasting, television and film, the state required that foreign capital is only allowed to be invested in television and movie production in the form of joint capital, with state capital holding more than 51% of the shares (National Ministry of Culture, 2009). On this basis, Beijing municipal policy further regulated that the non-public capital is only allowed to invest in the broadcasting and television advertising companies in the form of joint capital, with state capital holding more than 51% of the shares. Non-public enterprises are also required to obtain a license before entering the music and sound production (Beijing Development and Reform Commission, 2006). As for the prohibition of specific activity in news publishing and copyright services, broadcasting and television and film, and art, Beijing municipal policies forbade the entry of both foreign and non-public capital in publishing, importing and distributing books and newspapers, journals, producing news programmes, news interview programmes, and literature TV specials, and music production, and investing in artistic performance groups and state owned museums. The national policies only explicitly forbade the entry of foreign capital in these fields

(Beijing Development and Reform Commission, 2006; National Ministry of Culture, 2009).

The comparison between the national and Beijing municipal policies reflects that Beijing municipal government provides more limitations and prohibitions for the entry of non-public capital in the fields of broadcasting, television and film, press and publishing and performing art, which engender more ideological concerns (Su, 2014). Influenced by these limitations and prohibitions, non-public capital crowded into the software, internet and computer services industries, advertisement and exhibition industries and design service industries. These three industries were less related to the ideological control and were not tightly censored by the municipal government (Guo, 2013). In 2008, the number of non-public owned enterprises (including private and foreign enterprises) occupied 95% of all the enterprises in these three industries (Guo, 2013). The number of non-public owned cultural enterprises occupied more than 50% of all the cultural enterprises in Beijing. However, in the industries (broadcasting, television and film, performing arts and press and publishing) which were under more ideological control, the number of non-public owned cultural enterprises still occupied less than 50% of the total number of cultural enterprises (ibid). Among the 3000 local journals in Beijing, only 200 of them obtained private investment, and nearly 100 brought in foreign investment (Yao, 2008). In this situation, Beijing municipal government's limitations and prohibitions actually lead to more competition in the industries that are less related to ideological control, and "inadequate investment in markets that are not open, resulting in insufficient supply" (Zhang, 2016, p.110). Under stricter censorship, the marketisation of culture in Beijing has been disturbed due to tension with authoritarian control. Compared with national regulations, Beijing's greater regulatory measures dampen the development of industries which are more related to ideological concerns.

The Chinese central government is located in Beijing, which is an important factor in the increase of control. As policy maker 5 explained,

"we could only say that, compared with other cities, Beijing's management is

more normative. After all, we are at the foot of the emperor, and no one dares to be unbridled” (Policy maker 5, Beijing, 2014).

In addition, the national and Beijing municipal policies both oversee the content of cultural products in order to protect people “from messages that were deemed to be negative or contrary to the goals of the Chinese Communist Party as the representative of the masses” (Flew, 2012, p.48). However, Beijing’s characteristic is that it has more stringent guidance and regulations than the standard national regulations regarding the content of cultural products, partly due to its visible centrality and political significance as the leading city of the Chinese state.

On the one hand, Beijing municipal policies follow the national policies and emphasise that social benefits should come first in cultural production (General Office of the People's Government in Beijing, 2011). The term ‘social benefits’ (shehui xiaoyi) is not only targeted in the cultural field and was originally put forward by President Deng Xiaoping in 1985, who asserted that “social benefits should be the top priority for the cultural, education and health sectors” (Deng, 1987, p.145). National and local policy documents mentioned the social benefits of cultural products without clarifying the understanding of them. Scholars also provide different understandings of the term: specifically, Lixu Chen (1998) argues that it points to aesthetic and entertainment pleasure, education on how to identify good and bad, social cohesion, and political and ideological control. In addition to these aspects, Yan Ge (2014) argues that the social benefits also include cultural soft power and public cultural provision. Elena Meyer-Clement (2016) argues that by using the term, the Chinese leaders “placed a particularly strong emphasis on education and on political control” (p.73). None of these definitions are related to autonomous cultural expression. This thesis follows Meyer-Clement’s (2016) opinion and uses the term ‘social benefits’ to point to the benefits that facilitate education and ideological control because the policies and policy makers in the selected cities mentioned much about social benefits in censoring cultural production, but did not specifically emphasise it in other aspects. Specifically, policy maker 5 from the Literature and Art Office in the Cultural Bureau further explained the

understanding of social benefits of cultural products as that,

“the projects or enterprises in cultural industries, first of all, cannot go against the government or the Party, and they cannot guide citizens to do harm to the society [...] censorship is still necessary; for example, we should not allow products which have negative attitudes towards the hero, distort history, and confound right and wrong to circulate in the market” (Policy maker 5, Beijing, 2014).

Policy makers paid great attention to the state-defined ‘social benefits’ as well as the likely economic benefits of any cultural production. As stated by policy maker 5, if the cultural products could bring economic benefits yet cannot meet the demands of censorship, or provide acceptable social benefits, they are not allowed to be produced. Policy maker 8 from the Publicity Department further stated that,

“If the cultural products are not healthy or positive in the content, they may get temporary economic benefits ... When they are caught by us, they will still be punished and need to stop showing or producing anymore. At that time, they still cannot get more economic benefits” (Policy maker 8, Beijing, 2014).

Policy maker 8 further stated that as Beijing’s cultural market is directly under the supervision of the central government, the media and cultural producers themselves are usually more cautious in vetting their content. Generally, media and cultural producers (especially the leaders of the mainstream news agencies and newspapers such as Xinhua News Agency and Guangming Daily) in Beijing would not produce certain content if they cannot explicitly judge whether it is safe or sensitive, and “no one wants to be the first to take a risk” (policy maker 8, Beijing, 2014). Cultural productions that tend to criticise or satirise the sensitive political activities (e.g. the painting produced by Rui Huang, which criticises that China’s Cultural Revolution (*wenhua da geming*) persecuted numbers of innocent people by portraying the President swimming in a pool

of blood) are banned immediately after being discovered by government officials (policy maker 5, Beijing, 2014). In this case, cultural producers are only allowed to perform or display previous products that have been checked by the municipal government.

On the other hand, in addition to national regulations Beijing municipal government also provided more specific guidance for cultural productions that were not stressed by other cities. Specifically, the municipal government aimed to,

“increase the support for cultural products on the ‘patriotic’ theme, ‘Beijing’ theme, ‘reality’ theme, ‘rural area’ theme, and ‘youngsters’ theme, and make policies and capital inclined to support the creation of cultural products on these themes” (General Office of the People's Government in Beijing, 2011).

By promoting these products<sup>79</sup>, the municipal government promotes the spirit of patriotism, and advocates products that reflect social progress, national unity, and people’s happiness and speak highly of the workers who work hard to achieve a good life (ibid). Simon Zhen (2015) argues that the promotion of patriotism “gave censorship a positive connotation” (p.3), because it “helped convince Chinese citizens that those who contradicted the overarching ideology of the Communist Party were unpatriotic and did not love the country” (ibid). Hesmondhalgh et al. (2015) further argue that the guidance and support of the production of a ‘politically correct’ culture is also a kind of censorship, which is identified as ‘soft censorship’ (p.10). As the seat of the central government, Beijing municipal policy makers focused more on soft censorship and exerted more control on the entry of non-public capital. Policy maker 4 from the Cultural and Creative Industries Promotion Centre further explained that “unlike Shanghai and the other southern cities, the primary task of which is economic

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<sup>79</sup> For example, one important reason for the drama ‘Tian Anmen’ in 2012 to be prioritised in getting the government funding is that its content highlighted the long history and abundant cultural resources that Beijing contains. The drama aimed to guide the citizens to improve their sense of pride as Beijing’s citizens (Policy maker 5, Beijing, 2014). Besides this, Beijing municipal government also frequently hosted various Painting and Calligraphy Exhibitions related to patriotism, including commemorating the anniversary of the establishment of the Chinese Communist Party, commemorating the anniversary of the birth of President Mao, extolling the valiant and gallant spirit of the previous CCP officers in the battle with Japan in the 1930s (ibid).

development, Beijing is the political centre, and our primary task is *weiwén* (to maintain social stability)” (policy maker 4, Beijing, 2014). This explains why Beijing municipal policy makers have to be more sensitive with cultural expression that may threaten the stability of social order and government control than those of other cities.

John Hartley et al. (2013) argue that the outcome of cultural policy is closely related to the interest and the political priority of the authorities. In Beijing, the control and censorship of cultural production reflects that the municipal government prioritises support for products which advocate the Communist Party and the central government, and culture is used as a tool by the Chinese Communist Party to “condition people’s thinking in line with that of the leadership” (Zheng, 2016, p.523). Under more authoritarian control of the entry of non-public capital, the development of different cultural industries was more uneven, which more seriously damaged equal competition. In addition, increased censorship on the content of cultural products brought more limits to creative potential. Authoritarian control is one characteristic of cultural industries policies that cannot be ignored, especially in Beijing. The municipal government is promoting both authoritarian control and marketisation of culture simultaneously.

### **4.3 Promotion of cultural enterprises**

Since Beijing began to make cultural and creative industries policies to support culture in 2006, municipal policy makers have mainly focused on two aspects: cultural products that have both social and economic benefits as well as unprofitable cultural products related to the national image and soft power. On the one hand, the municipal government increasingly tends to adopt neoliberal elements to support commercial and digital culture. On the other hand, it did not subject all the cultural supporting strategies to the instrumental commercial imperatives, which made the policies more complex than neoliberal policies in the Western sense.

#### **4.3.1 Considerations of social and economic benefits**

Section 4.2 has demonstrated that as the political centre, Beijing exerted more authoritarian control on cultural production than other cities. Beijing municipal policy

makers treat social benefits of cultural products as the precondition for cultural production (Policy maker 5, Beijing, 2014). The municipal government has not increased emphasis on social benefits, but it is one factor that cannot be ignored in supporting culture. In addition, driven by public demand and the intention to establish ‘Humanistic Beijing, Green Beijing, High-Tech Beijing’, the municipal government keeps promoting the development of local cultural and creative industries, which is treated as an alternative economic development point that does not destroy the environment (Policy maker 6, Beijing, 2014).

In this situation, among culture that has social benefits, the municipal policies primarily focused on profitable cultural products, SMEs and clusters. Specifically, in terms of support on cultural products, the policy document *Policies About the Promotion of Beijing Cultural and Creative Industries* stated that the municipal government applied government expenditure as a special fund (zhuanxiang zijin)<sup>80</sup> during 2006-2008 for supporting products or projects “which are independent innovations, and which have development prospect and guiding significance and proprietary intellectual property rights” in the form of subsidy, rewards and loans with discounted interest. The maximum amount provided for certain projects or enterprises is 2 million yuan (Beijing Municipal Financial Bureau, 2006). All the enterprises that apply for the special fund have to obtain registered assets over 1 million yuan (ibid).

Policy maker 4 corresponded the main focuses of government support to the measurable standards that,

“they need to have social benefits and originality, [...] and in terms of the development prospect, the enterprises that apply for the fund have to run for more than two years, because only in that situation could we check their development situation. Then, according to their cost, budget and operational revenue, we could measure their growth potential. A cultural project has to be at least 20% completed before applying for the special fund, and it should be

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<sup>80</sup> Special fund is from the government finance. The fund could only be used in the directions that are mentioned in the policy, and cannot be used anywhere else (Beijing Development and Reform Committee, 2006).

able to confirm that it could be totally finished on time” (Policy maker 4, Beijing, 2014).

For example, the drama ‘The Clown Emily (xiaochou aimeili)’, which was produced by the private-owned media company Happy Twist, got 2 million yuan of special funds in the form of a grant. The reasons are that: 1. its content does not challenge the government or the Party, does not guide citizens to do harm to the society and has passed government censorship; 2. the drama was created by the company itself, and there is no dispute related to its intellectual property; 3. the company had steady business income for more than 2 years and the drama has been performed more than 100 times and earned 12 million yuan commercial profit (Li, 2009). In addition, Feng Xiaogang’s New Year greeting film produced by Huayi Brother Media Company got 1 million yuan in special funds in the form of a loan with discounted interest, because it passed the examination of the censors. Having received a loan from Beijing bank a year previously, the project had already repaid more than 20% of the loan before applying for the special fund. The company has steady income revenue since 2005 (Zhang, 2006). The allocation of special funds is thus governed by quantitative standards, including 1 million yuan in registered assets, to be 20% completed, and two years of corporate operation. The autonomous non-profit culture, which does not meet these quantitative criteria, is excluded from the special fund.

In addition, Beijing municipal government also followed the pace of developed countries and began to link the media and art sectors to the ICT field (Cunningham, 2007). In 2009, in response to the national policy document *Opinion of the State Council on Realising the Supportive Role of Science and Technology in Facilitating the Rapid and Steady Development of National Economy (State Council No.9)*, which emphasised the importance of high-technology in mitigating the negative influence of international financial crisis, Beijing municipal government carried out the policy document *Action Plan for ‘High-Tech Beijing’*. The latter aimed to actively promote the ‘High-Tech Beijing’ policy and emphasised that the promotion of ‘High-Tech Beijing’ will facilitate the development of ‘Humanistic Beijing’ and ‘Green Beijing’



(Beijing Municipal Government, 2009). Specifically, the policy document prioritised the support of the burgeoning industries (digital television, mobile multimedia, internet and software) and key software creative clusters (Zhong Guancun software independent innovation zone) in order to expand market demand for high-tech products and facilitate the economic growth (ibid). During 2009-2013, Beijing municipal government has placed increasing emphasis on ICT products. Among all the cultural products or activities that have social benefits and meet the main focuses mentioned above, the municipal government prioritised funding for profitable animation videos and internet games, which are competitive in the market and have a strong outlook for export earnings (Cultural and Creative Promotion Centre, 2009).

This commercially and digitally oriented policy is also reflected in supporting cultural SMEs and clusters. Hesmondhalgh (2007) argues that despite a small market share, cultural SMEs are important in their contribution to creativity, innovation and diversity. However, Beijing municipal policy makers fail to consider these characteristics and prioritise the pursuit of extrinsic economic goals. Specifically, if a certain cultural SME aims to obtain government financial support in the form of subsidies or tax breaks, it has to prove that it can make a greater economic contribution. The policy document *Policies on the Promotion of Beijing's Cultural and Creative Industries* reflected this point:

“The profitable cultural and creative enterprises which have just started and have been identified as *profitable high-tech enterprises* in Beijing Zhong Guancun technology clusters (including the Zhong Guancun software creative cluster in Haidian district, the Zhong Guancun high technology cluster in Dongcheng district, and the Zhong Guancun information communication cluster), will not be charged enterprise income tax in the first two years, and will be charged only 15% of the total enterprise income tax after two years” (Beijing Development and Reform Commission, 2006).

In addition, policy makers measured the importance of a certain creative cluster by

calculating the aggregate economic contribution of all the enterprises in the cluster. Market profit is the uppermost factor when deciding on the support for creative clusters. Policy maker 9 complained that there are already more than 140 creative clusters in Beijing and the operation cost of one creative cluster is more than 1 million yuan annually. Policy maker 9 further stated that,

“the amount of government funding is very limited to support all the clusters, and in this situation, as a general rule, the municipal government manages the creative clusters like this: if the spontaneously born creative clusters can operate well and make a profit for a certain time period, the municipal government will identify it as a formal creative cluster and support and manage it” (Policy maker 9, Beijing, 2014).

As stated by policy maker 9, Beijing municipal government has only supported 30 creative clusters. Others have been totally left to the market without government support (Policy maker 9, Beijing, 2014). The intrinsic purpose of cultural products, namely unruly cultural expressions, is rarely, if ever, considered and the creative clusters have increasingly become an economic source for municipal policy makers to develop real estate. In 2004, for example, Beijing municipal government identified the famous creative cluster ‘798’ (originally a derelict factory located in the Chaoyang District of Beijing) as an official creative cluster and allowed cultural enterprises and artists to rent spaces to conduct their cultural creation (798district.com, 2009). It now contains more than 300 cultural enterprises, including design companies, art galleries, and artist studios (ibid). However, policy makers have already observed the problem that increasingly more enterprises in ‘798’ such as ‘Hi’ store and Asian Art Centre did not conduct cultural production. Instead, they became freeholders and sublet their spaces in order to gain more commercial profit. The people who rented spaces from these cultural enterprises still failed to focus on cultural creation but sublet the space to a third party in order to earn higher rent. In this situation, spaces in ‘798’ are not for cultural creation

but for earning rent<sup>81</sup>. The creative clusters are increasingly occupied by freeholders, and the real artists cannot afford the high rent (artron.net, 2014). This phenomenon has increasingly taken place in more creative clusters in Beijing (e.g. Maoyuan creative cluster, San Jianfang animation cluster) (Policy maker 9, Beijing, 2014). Policy makers received advice from experts that the municipal government is supposed to take measures to regulate the creative clusters and stop the spread of this phenomenon. However, policy maker 9 stated that the municipal government was very hesitant because,

“under the intervention and regulation, the creative cluster will lose the freedom and it will finally die” (policy maker 9, Beijing, 2014).

Jane Zheng (2010) argues that in China, “local governments wear two hats – one of the official and one of business – embarking on profit-seeking and risk-taking endeavours by investing in real estate” (p.147). Beijing municipal policy makers demonstrate the two hats in managing the commercial cultural SMEs that could pass government censorship. Policy maker 9 only stressed that the municipal government did not want the creative clusters to lose ‘freedom’, but the statement failed to clarify whether it is the ‘freedom’ to gain more profit or the ‘freedom’ to carry out cultural creation. The policy makers underscored the freedom of creative clusters but the phenomenon in 798 reflected that they actually paid more attention to the freedom of cultural enterprises to earn rent and to increase land and property values rather than the freedom to create or innovate.

The Beijing municipal policies reflect that the municipal government provided financial support for cultural products or projects, profitable cultural SMEs and clusters, but failed to provide equal support for existing autonomous cultural expression. The artists thus clustered in suburbs which have low rent and spontaneously formed their own art zones (e.g. Suo Jiacun, Chuangyi Zhengyang, Changdian No.4, and Beigao),

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<sup>81</sup> The rent in 798 was originally 3.5 yuan per meter per day, and as more artists want to rent a space here, the rent has been raised to 5 yuan per meter per day. When the freeholders sublet to a third party, they charge 10 yuan per meter per day (artron.net, 2014).

however, the zones have been forcibly dismantled by the municipal government in the promotion of land urbanization (artron.net, 2014). Between 2007 and 2010, more than 20 art zones disappeared in this process (ibid).

Policy maker 6 explained that the reason behind the increasingly commercially-oriented use of government expenditure is that they have not found a way to judge which cultural content is worth supporting. Beijing municipal government never uses mass or high culture to decide the allocation of government expenditure, and policy maker 3 from the Financial Bureau explained that,

“it is really hard to identify which culture is superior. The standard for differentiating between high and mass culture is also not dependable [...]” (Policy maker 3, Beijing, 2014).

Policy maker 6 from the Development and Reform Commission further explained the thoughts behind the use of funding:

“we actually always think about whether we need to highlight that the municipal government allocated government expenditure on cultural and creative industries [...] We are advised not to directly offer funding to cultural enterprises because government expenditure on culture will disturb the market order. There are already 50 thousand cultural enterprises in Beijing and among them, more than 8000 cultural enterprises could make more than 5 million yuan each year. Which one should get the money? Should the government expenditure be equally distributed?” (Policy maker 6, Beijing, 2014)

Gray (2009) argues that the aesthetic quality and the effects of cultural products are difficult to measure. However, cultural policy is originally designed “as a defence of art against commercialisation, industrialisation and commodification” (Hesmondhalgh, 2013, p.159). Cultural policy makers are responsible for supporting non-profitable cultural products, which are of high aesthetic quality. Belfiore (2012) argues that

cultural policies during every time period may contain some instrumental elements, but “the collapse of the distinction between ‘high’ and ‘low’ culture” has become a reason for policy makers to defend an instrumental view of culture (p.110). However, as O’Connor (2016) argues, “culture was also about self-development, it asked questions about authentic individual experience and the infrastructure required for its extension” (p.30). This intrinsic value of culture cannot be measured by commercial profit and the collapse between ‘high’ and ‘low’ culture cannot be used as an excuse to avoid supporting autonomous cultural expression. In Beijing, the development of municipal policies reflects that the municipal policy makers avoid the task of evaluating the aesthetic quality and intrinsic goods of cultural products and simply focus on the measurable commercial outcomes to decide on the allocation of government funding. Beijing municipal policy makers follow this defensive instrumentalism and use the absence of an evaluation system to defend their commercially-oriented use of government expenditure, which damages existing autonomous cultural expression.

In addition, influenced by the commercially-oriented trend, many kinds of non-commercially viable, intangible cultural heritages have also reached the edge of disappearance. For 10 traditional Beijing cultural practices (including lianzhu clapper, silk figurine, and wax fruit), there now exists only one craftsman for each that knows how to perform or produce it, and 30 intangible cultural heritages now have less than 3 inheritors (Dai, 2016). Without government funding and protection, these inheritors are self-funded to buy material and tools for their production and practices. However, they have no money to promote their products or rent a place to perform these cultural practices. The excessive commercially-oriented policies have caused serious market failure and threatened the cultural diversity of Beijing. According to UNESCO (2005), cultural diversity should be cherished because it concerns “the uniqueness and plurality of the identities and cultural expressions of the peoples and societies making up humanity” (p.2). The commercially and digitally oriented Beijing municipal policies were poorly designed from this point because they failed to protect the expression and rights of those not-for-profit cultural producers.

#### 4.3.2 Neoliberal policies?

This section argues that, besides commercial culture, the municipal government also supported non-profitable culture related to the national image. As stated by policy maker 7, the Publicity Department still directly supports big cultural projects such as Grand National Theatre and the drama entitled ‘Bird’s Nest Attraction’ which was performed in the Bird’s Nest<sup>82</sup>. The primary reason to support these projects was not for commercial profit. Taking the ‘Bird’s Nest Attraction’ as an example, it was a 70 minute-long drama about the harmonious co-existence of human beings and the environment, which was specially performed in Beijing’s ‘Bird’s Nest’ Olympic Stadium (and was also performed in another of Beijing’s Olympic Stadiums, the Water Cube, in 2016) (Zhang, 2016). Policy maker 7 stated that the municipal Publicity Department was the investor and also participated in the production of this drama (Policy maker 7, Beijing, 2014). The expenditure for facilities, water and electric fees in the Bird’s Nest was huge. The producers condensed a lot on the cost but the drama still lost a lot of money (ibid). However, the municipal government still paid the cost and policy maker 7 stated that it should be supported because it was performed in the stadium for the Olympic Games:

“compared with other dramas, this one was special because it was closely related to the national image, and it showed that our country made good use of the Olympic stadium. So even though the revenue [of this drama] cannot meet the cost, we still need to keep funding it” (Policy maker 7, Beijing, 2014).

It needed to attract the attention of audiences from home and abroad; otherwise, the stadium in Beijing would have been neglected (Policy maker 7, Beijing, 2014). Similarly, another non-profitable cultural project, the Grand National Theatre started to be constructed in 2001 and was completed in September 2007, at a cost of 2.8 billion

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<sup>82</sup> The construction of the Grand National Theatre started in 2001 and was accomplished in Sep 2007. The construction of the Bird’s Nest started in 2003 and was completed in 2008. The ‘Bird’s Nest Attraction’ was a drama specially produced to be performed in the Olympic Stadiums (including the Bird’s Nest and the Water Cube), and was first performed in 2012 (Zhu, 2013).

yuan (Liu, 2013). Its special structure caused much attention; it was named ‘Giant Egg’ by citizens (ibid). Despite the gradually increasing number of tourists since 2008, the revenue of the theatre still cannot cover the huge cost of daily operation. The municipal government has to subsidise 0.12 billion yuan each year for it to survive (Zhu, 2013).

The Grand National Theatre and the Bird’s Nest in the capital city are both landmarks that represent the national image, and the financial support for these projects aims to improve the attraction of these landmarks and the attraction of the city. Lluís Bonet (2003) argues that cultural resources are important for developing local tourism because “they have a high profile, a quality label which will give prestige, a positive image and publicity to cities” (p.480). Cities thus invest in symbolic, historical local resources to attract visitors. Christopher Laws (1992) argues that it is difficult to measure the contribution of these art resources to economic regeneration, but it works in guiding tourists to stay longer in a city and increasing their potential for spending more on other amenities in the city.

In addition, the culture here was promoted as an instrument for fulfilling state glorification (Gray, 2009). As policy maker 7 stated, “they (Grand National Theatre, Bird’s Nest, and Water Cube) are the manifestation of our cultural soft power” (Policy maker 7, Beijing, 2014). Soft power is generally understood as “the ability to get what you want through attraction rather than through coercion or payment” (Li, 2009, p.59). China depends on this attraction to show its cultural influence, attract investment and achieve economic growth (ibid). Though the term was created before 2000, it was first used by the Chinese President Hu Jintao in the 17<sup>th</sup> People’s Congress in October 2007 (Su, 2014). Hu emphasised that culture has increasingly become the significant factor in improving comprehensive national power, and the state thus has to improve its cultural soft power (ibid). Keane (2013) and Wendy Su (2014) argue that the Communist Party since this period has explicitly treated cultural industries as “a source of soft power to manoeuvre” (Su, 2014, p.12). The Beijing municipal policy makers follow the national policies and aim to promote culture to improve its cultural attraction and develop its soft power.

The development of these municipal policies reflects that Beijing municipal

government underscores social benefits and commercial profit as well as soft power when allocating government expenditure. The municipal government on the one hand tends to adopt neoliberal commercially-oriented policies that sideline and ignore questions of intrinsic cultural value or culture outside of commercial relationships. On the other hand, this does not mean that Beijing municipal government ignores the cultural aspects of cultural industries. Rather, the municipal government still focuses on culture in relation to national prestige and soft power. Beijing municipal policies are increasingly commercially-oriented but are more complex than neoliberal policies.

#### **4.4 Privatisation of culture**

In 1998, the term ‘cultural industries’ was not used in national and local policies, and the cultural field was dominated by government-affiliated cultural institutions, which were public funded and did not participate in market competition (Zhang, 2006). However, in the face of large numbers of weak cultural institutions, Beijing municipal policy makers began to emphasise that the municipal government should rethink local cultural development, and make cultural production match the development of market economy (Zhang, 2011). While cultural institutions were still publicly funded and had not been left to the market, the municipal government encouraged them not to simply wait and depend on government support but to try to make a profit (*ibid*). Since 2006, the municipal government has begun to promote freer market competition by improving the power of private entrepreneurs and promoting the privatisation of culture. It also closely followed the NPM strategies in transforming more previously publicly funded cultural institutions into commercial cultural enterprises solely in order to save government cost. This section argues that the municipal government is mainly guided by neoliberal thinking in the promotion of cultural system reform, which caused serious market failure and damage to public cultural provision.

##### **4.4.1 Increase of the power of private entrepreneurs**

As argued by John Hartley et al. (2013), the prime mechanism of the market is not to set prices but to promote competition, and for neoliberals, the core is more for the



competition mechanism than free commercial exchange. Since Beijing municipal government began to make local cultural and creative industries policies in 2006, the municipal policies have followed neoliberal tendencies in promoting individual entrepreneurship and market competition within the limits of authoritarian control.

In response to the public demand for cultural products, the ‘Scientific Outlook on Development’ and Beijing’s goal for a ‘Humanistic, High-Tech and Green Beijing’, Beijing municipal policy makers placed emphasis on the government enabling the growth of cultural SMEs (that pass government censorship) over SMEs in other industries. Policy maker 9 from the Institute of Technology and Information Commission also explained that the general principle ‘zhuada fangxiao’<sup>83</sup> (grasp the big enterprises and set free the small enterprises)’ is not necessarily beneficial to the start-up of cultural SMEs. This principle requires the medium and small enterprises to develop by themselves, but it is often more difficult for cultural SMEs rather than other industrial SMEs to obtain investment to start businesses, certainly without government intervention (Policy maker 9, Beijing, 2014). That is because cultural SMEs often only use their own ideas and cultural products rather than fixed capital or assets (such as machines in other industrial enterprises) as guarantees to obtain investment, but the uncertainty about the profit of cultural products has become an obstacle for many conventional financial institutions to provide investment (ibid.).

The development of Beijing municipal policies reflects that the municipal government has not simply left cultural SMEs to the market. Since Beijing municipal government began to have cultural and creative industries policies, it has started to guide local financial institutions to support the start-up of SMEs in various ways. This displays a focus on the development of cultural SMEs, especially ICTs. As the policy document *Policies on the Promotion of Beijing’s Cultural and Creative Industries* states:

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<sup>83</sup> One problem in China’s promotion of market economy is that there are only a few big corporation groups and too many weak small enterprises, which impedes the development of national economy (policy maker 9, Beijing, 2014). In 1995, there were 215 conglomerates, 6201 big corporations, 16591 medium enterprises and 7.319 million small enterprises (Stats.gov, 2001). These small enterprises were fragmented, repetitive and not competitive (ibid). In order to turn the scale, the state adopted the principle ‘zhuada fangxiao’ (policy maker 9, Beijing, 2014), which means that the state will focus on supporting and promoting the development of big corporations and leave medium and small or mini enterprises to market competition (ibid).

“(The municipal government) will *support and guide* guarantee agencies to provide guarantees for cultural and creative SMEs, *especially high-tech SMEs in their financing*, and encourage guarantee agencies to launch pilots for cultural and creative enterprises to use intellectual property mortgages” (Beijing Development and Reform Committee, 2006).

***The Opinions about How to Promote the Development of Cultural and Creative Industries in the Capital City through Finance (No.144)*** further stressed that,

“All the banks *should increase* the innovation of financial products for cultural SMEs, and *increase the support* on those cultural SMEs which meet the credit conditions” (Beijing Municipal Financial Bureau, 2009).

Besides these policies, the municipal policy makers stated that the municipal government also mobilised various kinds of market resources to support the start-ups of cultural SMEs. Specifically, policy maker 9 stated that the municipal government also encouraged banks to consider intangible assets such as the brand, logo, and intellectual property as a pledge to provide a loan for cultural SMEs (Policy maker 9, Beijing, 2014). Policy maker 4 from the Cultural and Creative Industries Promotion Centre (which is one sub-sector of the Publicity Department) further stated that the Centre communicated with the Beijing bank, the Beijing branch of the transportation bank, the Beijing branch of the construction bank, and the Beijing branch of the agricultural bank, which all agreed to take the lead in providing loans for cultural SMEs, and also encouraged financial institutions<sup>84</sup> (e.g. Beijing ShouChuang capital investment and guarantee co. ltd and Beijing ZhongGuancun sci-tech financing guaranty co. ltd) to provide guarantee and investment on cultural enterprises and provide loan with discounted interest, though the result did not match their expectation<sup>85</sup> (Policy maker 4, Beijing, 2014).

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<sup>84</sup> Financial institutions point to the private or public owned financial intermediaries, including banks, insurance companies, trust companies, foundation companies. They are all included in the financial system (Zhai, 2009).

<sup>85</sup> As reflected by policy maker 4, the private investment agencies and banks still prefer those big enterprises, which

The financing problem for the start-up and development of cultural SMEs has been a conundrum since Beijing began to make municipal cultural and creative industries policies. Policy maker 9 stated that there are still many problems in the operation such as how to evaluate the commercial value of intellectual property or cultural products and how to guide a cultural enterprise in the use of intellectual property to obtain a pledge (Policy maker 9, Beijing, 2014). However, despite these problems, the municipal policies and statements of policy makers reflect that Beijing municipal government does not simply sit back but keeps encouraging greater market investment to help with the start-up of cultural SMEs and facilitate the civil power of private entrepreneurs.

However, as Kipnis (2007) argues, neoliberalism underscores the promotion of individual entrepreneurial freedom but is disingenuous in the implementation of protecting their interest. The development of Beijing municipal policies follows this argument. Rather than focusing on how to protect the interests of cultural SMEs in mergers or reorganisations, Beijing municipal policy makers place much emphasis on improving government efficiency. The *Plan for the Development and Construction of Humanities Beijing in the 12th Five Year Period* stated that,

“(The municipal government) encourages the merging and reorganisation of cultural enterprises and groups [...] (The municipal government) will make the cultural enterprise stronger and bigger, and establish several big cultural corporation groups that have assets and business over 10 billion yuan” (General Office of the People's Government in Beijing, 2011).

Policy maker 9 further illustrated that,

“[...] it is difficult to coordinate different resources in such a big city. The cultural resources are managed by many departments and it rather hinders the development of the cultural industries. Many small cultural enterprises are thus

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may have stable reimbursement ability. For those many medium and small enterprises, their problem in raising money is not largely settled (Policy maker 4, Beijing, 2014).

merged or purchased (by big cultural enterprises) after they reach a certain scale. For example, only last year, there were more than 90 mergers, and the capital involved was more than 50 billion yuan” (Policy maker 9, Beijing, 2014).

As Burchell (1996) argues, neoliberalism replaces the “natural and spontaneous order characteristic of Hayekian liberalism with artificially arranged or contrived forms of the free, entrepreneurial and competitive conduct of economic-rational individuals” (p.23). The final aim to promote the start-up of SMEs is to facilitate the competition mechanism (Kipnis, 2007). Specifically, although the Beijing municipal policies place more emphasis on cultural SMEs than other industrial SMEs, it mainly focused on facilitating the freer market competition, which caused the redistribution of capital from SMEs to small numbers of big corporations (e.g. the large internet corporation Baidu since 2007 has merged more than 10 internet and software small and medium companies<sup>86</sup>; the public owned Beijing tourism group also absorbed three media SMEs including shiji huoban, xinghe, and qunxiang). In 2013, the number of cultural SMEs has reached 141,000, which has occupied 96.6% of the number of all the cultural enterprises in Beijing (Xinhua.net., 2015). However, their contribution to the VA of Beijing’s cultural industries was 42.8% (ibid).

#### **4.4.2 Reduction of the role of the municipal government in cultural provision**

Since Beijing began to make local cultural and creative industries policies in 2006, the municipal government has followed neoliberal thinking, which aims to replace welfare provision with the market-domination mechanism (Cotoi, 2011). The *11<sup>th</sup> Five Year Plan for the development of Beijing’s Cultural Industries* stated that,

“(the municipal government) will transform the government function, and *strengthen the dominant role of market*, actively establishing a fair, open and

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<sup>86</sup> Including hao123, sky software, Dianxun, Anjunke, PPS video, Qunaer Website Company, 91 wifi, trustco, Zongheng, yoku fashion website, and youbu (Yi, 2013).

impartial environment for the development of cultural and creative industries”  
(Beijing Municipal Government, 2006).

Policy maker 10 approved of the transformation because the government-affiliated institutions limit the development of cultural producers:

“The transformation from institutions to cultural enterprises could [...] help them [these cultural institutions] to emancipate the productive forces” (Policy maker, Beijing, 2014)

Policy makers stated that most of the transformation took place in the field of artistic performance organizations<sup>87</sup>, and policy maker 8 provided the example of the government-affiliated China Oriental Performing Arts Group to illustrate how artistic performance organizations emancipate productive forces in their transformation. Specifically, before the cultural system reform, stage costumes and stage property were only parts of the group. They only served the group and did not generate their own revenue. After the transformation, they are required by the group to operate independently as companies and make money by renting their resources to other artistic performance organizations in the market (Policy maker 8, Beijing, 2014). These independent units therefore cannot rely on support from the group and need to make their own plans for budget and expenditure. This follows the NPM prescription in operation, which indicates “a shift towards greater disaggregation of public organizations into separately managed ‘corporatised’ units for each public sector ‘product’” (Hood, 1995, p.95). The municipal government aims to provide the transformed cultural enterprises with greater flexibility to take advantage of their resources and make more commercial profits. In this process, Beijing municipal

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<sup>87</sup> Artistic performance organizations refer to those performance organizations which have registered in relevant government cultural departments, and specialize in various kinds of artistic performances, including drama troupe, opera troupe, song and dance troupe, acrobatics troupe, and circus troupe (National Ministry of Culture, 2003). According to policy maker 8, the distinctiveness of the capital city Beijing is that it also contains artistic performance organisations that are not managed by the departments of the municipal government. For example, the “Bayi” theatre belongs to the Chinese People’s Liberation Army, and its transformation needs to refer to the requirements of the Army. This research only studies the artistic performance organisations that follow the Beijing municipal policies.

government also aimed to gradually decrease financial support for these previously government-affiliated institutions. Policy maker 8 from the Publicity Department further stated that,

“the money will be stopped in a few years’ time [...] Under this circumstance, the transformed cultural enterprises need to brain-storm to make money in order to survive and pay workers’ salaries” (Policy maker 8, Beijing, 2014).

In this situation, Beijing municipal government focused much on the privatisation of culture. Policy makers paid much attention to the entry of non-public capital and state that the municipal government keeps encouraging and attracting private and foreign capital to support transformed cultural enterprises. One primary way is the corporatisation of cultural institutions, which “has its origins in neoliberal politics” (Lynch, 2006, p.3), and advocates that the market can replace the role of the state in cultural provision (ibid). Those previous cultural institutions have been restructured with the entry of non-public capital. Policy makers stated that the entry of non-public capital brings benefits to both the transformed cultural enterprises and the investors. Specifically, as illustrated by policy maker 8, after the transformed China Oriental Performing Arts Group received investment from the private heavy industry enterprise group Jiangsu RongSheng, which occupied 49% of the whole capital,

“[...] the Group has accumulated many cooperative relationships with different enterprises under the help of RongSheng. *The decrease of government funding and the transformation does not have influence on it* [the economic growth of the group]. After the transformation and the resource integration, the company *even gained more commercial profit* and earned about 0.2 billion yuan in 2010” (Policy maker 8, Beijing, 2014).

On this basis, the municipal government further encouraged the participation of private capital in cultural system reform through various forms such as investment and

shares. *Beijing's 12th Five Year Plan for the Development of National Economy and Society* stated that,

“(the municipal government) will make both the government and the market provide public cultural products and services” (General Office of the People's Government in Beijing, 2011).

In addition, the municipal policy makers also follow the principles of the NPM, and utilise private enterprises to undertake the government's task in managing transformed cultural enterprises, which “allows government to sidestep some expensive and time-consuming procedural and accountability issues” (Frederickson et al., 2012, p.229). Specifically, as stated by policy maker 6, the municipal government negotiated with the private company Poly and provided 5-10 million yuan annually for Poly to manage local theatres, which were previously started and managed by the municipal government. In this way, the municipal government saved on cost to manage the theatres, and Poly needed to use the limited amount of money to leverage greater investment for the theatres to survive (Policy maker 6, Beijing, 2014).

Beijing municipal policy makers advocate the entry of private capital in order to improve efficiency. Policy maker 8 stated that the publicly-owned big cultural enterprises, which were started by the municipal government, have many cultural resources but are not efficient. Policy maker 10 further stated that,

“these previous cultural institutions have no knowledge of how to operate an enterprise, [...] We need to bring in more private capital, not only to bring in money but also to help the institutions to change their mind about how to operate” (Policy maker 10, Beijing, 2014).

Since Beijing municipal government began to promote the cultural system reform, it has gradually adopted the NPM prescriptions to actively decrease the government cost to deliver public services (Osborne and Gaebler, 1992), and encouraged more

previously publicly-funded culture supported by the non-public capital. Beijing municipal policy makers keep elevating the importance of non-public capital in providing public services. The number of private cultural enterprises keeps increasing and they have played an increasingly important role in the local cultural and creative industries. In 2004, the 27,652 private cultural enterprises occupied 48.65% of the total number of cultural enterprises in Beijing. Their operational revenue contributed to 11.6% of all cultural enterprises (Yao, 2008). In 2012, there were 8,334 cultural and creative enterprises which could gain 20 million yuan operational revenue annually, and 82.93% of them were private owned and contributed to 79.2% of the entire operational revenue of all these enterprises (Chen, 2013). Chen and Yin (2009) further display that more than 2% of all the non-public enterprises in Beijing are in the cultural and creative industries and that cultural and creative industries have become the dominant industries in the private economy (p.17).

McGuigan (2004) argues that private sponsorship is never “innocent or disinterested” (p.45) and it always has the purpose of advertising and profit. This is also reflected in the case of Beijing. Specifically, the municipal government put too much focus on promoting the corporatisation and privatisation of culture, without paying adequate attention to protecting non-profitable cultural production. Non-public capital is only attracted to the transformed cultural enterprises that could make a profit. Policy maker 8 stated that the Beijing Puppet Art Theatre, Beijing Song and Dance Theatre, and Beijing Children’s Theatre still do not have market investment and are struggling to survive, because their market is limited. In addition, the transformed cultural enterprises that are sponsored by private capital redefine citizens as consumers. Rather than considering what the cultural institutions should provide for the public, the cultural production was then governed by the demand of consumers (Peters, 2000). As a result, in competing for consumers, most of the 194 artistic performance organizations produce homogenized content (Zhang, 2005). However, with decreased government funding, it is difficult for the only non-profitable performance organizations that produce Ju Zhuang Drama, and several other non-commercially viable performance organizations that produce Kun Drama (kunku, one of the oldest Chinese dramas that was originated



in the 14<sup>th</sup> century and integrates music, martial art and dance) to survive (ibid).

David Croteau and William Hoynes (2006) argue that consumers cannot be equal to citizens. Specifically, consumers are not equal to each other because they have different buying power and purchase various products for personal demand. However, citizens are equal “regardless of their consumer capacities” (Croteau and Hoynes, 2006, p.224), and they “are connected to communities and participate in ongoing deliberations that constitute shared civic life” (p.224). Citizens are in need of access to diverse culture and information, which will facilitate their involvement in the “process of debate, compromise, and decision making that affects their communities” (ibid, p.224). The public cultural institutions are responsible for securing cultural diversity for the citizens. Beijing municipal policy makers adopt neoliberal thinking and pay much attention to promoting market domination and decreasing the role of municipal government in public cultural provision, but fail to take measures to protect the cultural diversity, which has violated the public interest of citizens.

The municipal policies have not put forward strategies to tackle the problem, but only focus on ideological control. The *Plan for the Development and Construction of Humanities Beijing in the 12th Five Year Period* regulated that current political newspapers and news websites remain as government-affiliated cultural institutions that are funded by the municipal government. The cultural production of the transformed cultural enterprises still needs to pass government censorship (General Office of Beijing People's Government, 2011). In the process of the privatisation of culture, the municipal government considers the control of politically sensitive culture, but fails to adequately consider the function of culture in bettering citizens' spiritual life, and improving their well-being (Keat, 2000). The commercially-oriented market fails to guarantee the culture that is needed by various citizens (O'Connor, 2009b).

#### **4.5 Conclusion**

This chapter argues that, as the seat of the central government, Beijing municipal government put more focus on keeping society stable and thus exerted more censorship on the entry of non-public capital and the content of cultural products, which has caused

underdevelopment of the industries related to ideological control. Within the limits of government censorship, however, Beijing municipal government displays a very commercially and digitally-oriented trend to the economic development of cultural industries. The municipal government also tended to follow the neoliberal tendency in promoting the commercial entrepreneurship and the cultural system reform, which threatened cultural diversity and free cultural expression. The Beijing municipal policies cannot be equal to neoliberal policies because the municipal government has not totally made all the culture subject to market forces. It still maintains the non-profitable culture related to national image and soft power, and culture related to ideological control. Beijing municipal policy makers actually promoted cultural industries as an alternative economic growth point as well as an important instrument for ideological control and an instrument for promoting soft power.

David Harvey (2005) argues that China is taking neoliberal elements in the authoritarian context, however, his analysis is not targeted in the cultural field and does not consider the guidance and censorship on the content of cultural products. In addition, his analyses focus on state control, but fail to consider the differences between national and local control. Beijing has greater control than national policies in terms of entry of non-public capital. Given the points above, neoliberalism with Chinese characteristics is also not applicable to describe the Chinese cities' creative industries policies.

Beijing is geographically a northern inland city, but it is a special case for policy analysis. Firstly, as the central government is situated in Beijing, its local control on cultural production is stronger than that required by national policies. Secondly, as the capital city, it has not fallen behind southern coastal cities in promoting the market economy. The next chapter moves to another typical northern inland city, Harbin, which is not the seat of the central government, and is heavily influenced by planned economy. It argues that Harbin has not exerted extra authoritarian control other than national regulations and has moved slowly in promoting the marketisation of culture.

## 5. The case of Harbin

In Harbin's cultural industries, the press and publishing sector, television, broadcasting and film sector, and performing arts sector have always been the primary contributors to the economic growth of local cultural industries (they occupied around 44% of the VA of Harbin's cultural industries annually between 2006 and 2012) (Zhang, 2012, p.96-97). The economic contribution of the advertising and design sector, cultural exhibition sector, and the computing, software and animation sector also gradually increased, but still fell far behind the former three primary contributors (ibid.). The context for developing Harbin's cultural industries was different from Beijing and the southern coastal cities regarding two aspects. Firstly, as the industrial base of China<sup>88</sup>, the northeastern cities put much focus on heavy manufacturing industries, raw material industries, and mineral industries but paid little attention to the cultural market before 2005<sup>89</sup> (Guan and Li, 2007). In this situation, Harbin has just recently begun to pay increasing attention to the local cultural development, distinctly later than Beijing and the southern coastal cities. Secondly, the northern inland vice-provincial city Harbin was among the first group of cities that entered the planned economy, but was the last to shift into the market economy<sup>90</sup> (Guan and Li, 2007). Compared with the southern

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<sup>88</sup> When the People's Republic of China was established in 1949, "the Chinese government inherited a war-torn agrarian economy in which 89.4 percent of the population resided in rural areas and industry consisted of only 12.6 percent of the national income" (Lin, 2004, p.8). In order to turn the scale, China learnt from other developing countries, such as India, and paid attention to promoting the development of heavy industries (Lin, 2004). China was involved in the Korean War in the 1950s, which led to a trade embargo by Western countries. It urged China to further develop national heavy industries and improve national economic power. After "recovering from wartime destruction in 1953", China learnt from the Soviet Union's experience in the 1930s, and prioritised the development of heavy industries (Lin, 2004, p.8). Compared with the southern coastal areas, which were the frontier of national defence during that time, the northern inland area could provide a more stable and safer environment for developing heavy industries (Wu, 2001). In addition, the northeastern cities contain abundant resources for the development of heavy industries (nearly all of the petroleum resources are in this area) (Wu, 2001). They therefore are promoted as the industrial base of China (Guan and Li, 2007).

<sup>89</sup> Between 1958 and 1977, these cities played important roles in contributing to the economic development of the whole country (ibid.). However, since 1978, China has begun to transform its industrial structure and place more emphasis on the information industries. As a result, the northeastern cities began to lose their advantages and gradually fell behind the southern coastal cities. In 2004, the central government for the first time emphasised "zhenxing dongbei (revitalise northeastern China)", which encouraged Harbin and the other important northeastern cities to transform their industrial structure (Peng, 2000).

<sup>90</sup> Compared with the southern coastal cities, the northern inland cities provide a more stable and safer context for national defence and more abundant resources (coal, wood and petroleum) for developing heavy industries. The state thus promoted them as the industrial base by first establishing a planned economy system in these cities in 1953 and

coastal area, Harbin has been more influenced by the pre-existing ideas of planned economy, which paid little attention to market competition and rather focused on public cultural institutions in order to meet public demand (Liu, 2010). Influenced by these contextual factors, Harbin municipal government started later and moved more slowly than Beijing and the southern coastal cities in promoting the commercialisation and privatisation of culture.

## **5.1 Meaningless use of creativity**

Jing Wang (2004) argues that forms of ‘creativity’, which represents free expression and is the “least problematic” in the democratic western countries, may be a huge problem in the authoritarian Chinese context (p.13). Keane (2013) further argues that the problem of the authoritarian context has not disappeared, but “creativity is harmonised, stripped of the profane elements, and turned into economy” (p.2). Specifically, he argues that “creativity is a value espoused by proponents of neoliberalism” (p.51), and what attracts policy makers is the “dividends of economic creativity” (p.54). Thus creative industries are attached more importance for economic significance than freedom of creation or the ‘good’ things they produce. However, Keane’s (2013) argument does not consider the specificity of different cities, and there are clear differences in the ways that the economic significance of creativity is emphasised. These differences are significant in our evaluation of creativity in Chinese cultural policy. Influenced by the remainder of the planned economy<sup>91</sup> and previous focus on heavy manufacturing industries (Harbin municipal Publicity Department, 2008), Harbin municipal policy makers did not heavily stress the economic significance of culture and the importance of ICT products in the same way as their Beijing and

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then gradually in the southern coastal cities until 1956 (Guan and Li, 2007). In 1978, the state began to promote the transformation from planned economy to market economy, and first promoted market economy in the south coastal cities in order to lower the risk of damaging the development of an industrial base in the northern inland cities (ibid).

<sup>91</sup> Policies during the planned economy period followed “a planned allocation for credit, foreign exchange, and other materials” (Lin, 2004, p.7), which suppressed market competition. The “profits ceased to be the measure of an enterprise’s efficiency” (ibid, p.10). These state-owned cultural institutions were deprived of autonomy and “dictated by mandatory plans and furnished with most of their material inputs through an administrative allocation system” (Lin, 2004, p.10). Yifu Lin (2004) treats them as puppets because “they did not have any autonomy over the employment of workers, the use of profits, the plans of production, the input of supplies, or the marketing of their products” (p.10). Wen Liu (2010) further argues that in the planned economy period, the local authorities did not divide the cultural institutions and cultural industries because all cultural development was always regulated and supported according to the government plan.

Guangzhou counterparts. This section argues that the use of ‘creativity’ in the Harbin municipal government makes no particular policy sense and is only used to superficially adorn the range of pre-existing or new cultural activities. Specifically, since Harbin began to make local cultural industries policies<sup>92</sup>, the terms ‘creative industries’, ‘cultural and creative industries’, and ‘cultural and art creative industries’ have been used haphazardly and casually in the local policy documents to point to different industries under the grand concept ‘cultural industries’. Taking the term ‘cultural and art creative industries’ as an example, policy makers failed to highlight the economic significance, intellectual property or autonomous creation and:

“it [cultural and art creative industries] actually just points to those students in the Harbin Normal University who open advertisement companies, and produce some design products” (Policy maker 6, Harbin, 2014).

Harbin municipal policies have not provided a definition of creative industries, and policy makers cannot explain the significance of using ‘creativity’<sup>93</sup> in policies. Harbin municipal policy makers simply copied the use of ‘creative industries’ and ‘cultural and creative industries’ from Beijing’s policy documents (Policy maker 6, Harbin, 2014), but they failed to understand the meaning of creativity. The term ‘creative industries’ or ‘cultural and creative industries’ did not point to the industries that pay more attention to monetizing creativity or free cultural creation, and had no relationship with neoliberalism.

In the UK the important intellectual rationale behind creative industries policies is the knowledge economy (Garnham, 2005; Hesmondhalgh et al., 2015). Information technology industries play a major role in contributing to the economic growth of creative industries (ibid.). Turner (2015) further argues that the label ‘creative industries’ matters because it “displaces a concern with cultural politics and constructs

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<sup>92</sup> Harbin municipal policies simply follow the national definition of cultural industries, which points to “business industries that produce cultural products and provide cultural services” (National Ministry of Culture, 2003).

<sup>93</sup> In the interviews, they cannot explain the differences between ‘creative and design industries’ and ‘design industries’, or the difference between cultural and creative industries and creative industries.

in its place an opportunistic pragmatism that is legitimized by its discursive connection to the projected potential of the digital economy” (p.541). If this is correct, Harbin did not have creative industries policies during the selected period, because ICT products have not played a dominant role in driving the economic development of local cultural industries. Unlike Beijing and Guangzhou, where ICT products have contributed to more than 50% of the VA of local cultural industries, the percentage contribution of ICT products (internet, software, online games) to the industrial VA of Harbin’s cultural industries was less than 24.5% in 2006, and less than 26.7% in 2012<sup>94</sup> (Harbin Municipal Bureau of Statistics, 2012). Hesmondhalgh (2013) argues that the information society plays an important role in the neoliberalisation of cultural policy because it treats ICT products as the bases for creative industries, and drives the marketisation of ICT products to promote economic growth. Harbin municipal cultural industries policies did not explicitly demonstrate neoliberal characteristics from this angle. As the introduction states, the economic growth of Harbin’s cultural industries is primarily driven by the press and publishing sector, television, broadcasting and film sector, and performing arts sector rather than by ICT products. These sectors were previously public cultural institutions that are dictated by government plans. The percentage contributions of ICT products and the other industries (press and publishing sector, television, broadcasting and film sector, and performing arts sector) reflect that Harbin municipal cultural industries policies fail to realise the dominant role of ICT products and mainly promote the marketization of previous public cultural institutions, which were far from being neoliberal.

## **5.2 Authoritarian control on cultural production**

Harbin and Beijing municipal policies both underscore the importance of authoritarian control. It is characteristic for Harbin that the municipal government does not place significantly more or less authoritarian control over cultural production or

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<sup>94</sup> The percentage contribution of cultural entertainment (including visual services, dance hall services, and amusement park management and services), internet and software, cultural services (including museums, decorations, and gardening) and design and advertisements was 24.5% in 2006 (Harbin Municipal Bureau of Statistics, 2012). From this point, the contribution of ICTs was less than 24.5%.

regarding the entry of non-public capital than national policies recommend. As stated in *Opinions about the Implementation of Supporting the Development of Non-public Owned Cultural Enterprises (Harbin No. 8)*:

“Non-public capital can enter the cultural field unless they are prohibited by national laws and regulations” (Harbin Committee General Office, 2011).

Harbin municipal government also followed the national regulations about what can or cannot be produced, as stated by Policy maker 10 from the Publicity Department:

“[...] Of course, the products which are promoting pornography and superstition and going against government leadership, and the products which are advocating heresy should be forbidden” (Policy maker 10, Harbin, 2014).

Harbin municipal policies follow the national guidance that cultural products should not go against the leadership of the Communist Party or socialism (Harbin Municipal People’s Government General Office, 2007), and need to be “close to reality, close to life, and close to the audiences” (Harbin Committee General Office, 2011). Policy maker 11 further stated that:

“cultural productions, state owned and private owned, are never uncared [for] [...] we are mainly responsible for grasping the direction [of their cultural production]” (policy maker 11, Harbin, 2014).

Specifically, according to policy maker 11, Harbin Municipal Cultural, Press and Publication Bureau organized two days of training every November for the principals of local theatres and editors of newspapers, magazines and television broadcasting stations. In the training, the officials from the Publicity Department, Cultural, Press and Publication Bureau and experienced editors of national mainstream newspapers like *Renmin* will introduce issues about how to vet the content of cultural products, how to

guide the public, and what content the central government advocates (policy maker 11, Harbin, 2014). In addition, private cultural enterprises can develop plans about what to produce for the general public. Prior to production, plans are sent to the Department of Literature and Art. The department will assign certain staff to be responsible for checking the plans and making decisions within five days about whether or not it can be produced. After the plans are approved, the result will be revealed on the official website of Harbin municipal government. If a certain cultural product is found to be promoting pornography, violence or superstition or to be against the Party by audience members, the corresponding staff member who approved the plan will be criticized. The cultural producers will receive a warning from a government official and their production or performance will be suspended. Another government organization, the Literature and Art Association, is responsible for monitoring the production process and providing suggestions (Policy maker 11, Harbin, 2014). For the dramas that are produced in Harbin but finally performed in other cities, they still have to pass censorship in Harbin. After certain cultural production has been approved, the municipal government will not limit the production quantity, or the number of and venue for performances (policy maker 11, Harbin, 2014). Policy maker 11 gives the following example:

“SongLei is a private cultural enterprise for performing dramas that decides what to produce for the audiences. Its famous drama the ‘Butterfly’ has been performed more than 60 times and ‘Fall in Love with Deng Lijun’ already over 200 times in many other cities at home and abroad. However, they were originally checked by us before being shown to the public” (policy maker 11, Harbin, 2014)

The censorship is to check whether the ideological attributes of the cultural products go against the national cultural regulations and guidance. Policy maker 11 from the Publicity Department stated that



“the ideological attributes make the cultural products different from other commodities, because they (the cultural products) contain the thoughts and spirit of the producers and will influence audiences’ behaviours and thoughts” (Policy maker 11, Harbin, 2014).

Cultural products that cannot pass censorship are excluded from the market and gaining profit. Unlike Beijing, Harbin municipal policies have not provided more stringent regulations than national policies (General Office of the People's Government in Beijing, 2011). Policy maker 6 from the Cultural and Press and Publication Bureau stated that Harbin municipal government indeed also aimed to provide more guidance on cultural productions because it worried that they would be increasingly driven by commercial profit and vulgarized. However, according to policy maker 6, if the municipal government exerts more censorship of cultural products, it will need more government officials to monitor them. Furthermore, if the municipal government needs more party and government advocating cultural products like Beijing does, it will need to provide more funding to stimulate cultural enterprises or artists to produce them. Policy maker 6 stated that:

“we don’t have enough funds to support good creation, and the cultural producers have to first think about commercial profit in order to survive” (Policy maker 6, Harbin, 2014).

Similar to Beijing, authoritarianism is also a characteristic of Harbin municipal cultural industries policies. However, unlike Beijing, Harbin has not reflected that the marketisation compromised in the tension with authoritarian control. The statements from Harbin municipal policy makers demonstrate that the shortage of government funding has curbed the potential increase of government censorship on local cultural production.

Since the policy discourse of creative industries was exported to China, Jing Wang (2004) has already argued that it cannot go far in China, because the active state

surveillance is a huge challenge to autonomous creation. This challenge exists in all Chinese cities, though to differing extents. Ross (2009) also argues that creative industries policies are expected to support individual creativity, but the PRC (People's Republic of China)'s intervention has become an obstacle to free creation. The policy makers highlight the necessity of censorship and aim to increase local control over cultural production. Harbin's authoritarian control is also an obstacle and may be an increasing challenge to the creation of culture. Creation must obey a series of cultural regulations, and passing censorship is the precondition for cultural products to be supported by the government. The following sections aim to argue that Harbin municipal policy makers slowly began to promote the commercialisation and marketisation of culture (which has passed local censorship).

### **5.3 Characteristics of Harbin's government spending on culture**

As stated in the beginning of this chapter, Harbin municipal government placed more emphasis on heavy manufacturing industries and did not have relevant policies to support local cultural industries before 2005. Consequently, apart from the ice and snow culture (including ski resorts, ice rinks and snow and ice sculptures and have been supported by the municipal government since 1986), the update of the Hei Longjiang Provincial Museum and Peking Opera Theatre and the restoration of Sun Island, commercial culture was not specially promoted (Harbin municipal Publicity Department, 2008). This section reflects that between 2006 and 2010, the policies and policy makers still focused on the need for government support and did not explicitly promote the economic factor as the decisive factor. Since 2011, they have paid increasing attention to the high added value profitable cultural products.

Between 2006 and 2007, the municipal policy makers began to offer a Special Fund for Promoting Cultural Development (xuanchuan wenhua fazhan zhuanxiang zijin). However, influenced by the previous long-term planned economy, the municipal government still played the role of a sponsor for culture during this period. Specifically, the Special Fund was allocated in two main directions (Harbin Municipal people's Government's General Office, 2007). The first was for "cultural products which

excavate the history of Harbin's culture, carry forward Harbin's cultural life" (ibid.). The products, as explained by policy maker 5 from the local Cultural, Press and Publication Bureau, include those that originated in Harbin<sup>95</sup> or the resources that embody Harbin's characteristics and are competitive in the market<sup>96</sup> (Policy maker 5, Harbin, 2014). The second direction was for "the creation of increasing numbers of excellent cultural programmes" (Harbin Municipal people's Government's General Office, 2007). Policy maker 5 further explained that there are no quantitative standards by which to judge which culture could better embody Harbin's characteristics, and the decisions about the allocation of the Special Fund were thus made based on the policy makers' subjective judgment<sup>97</sup> (Policy maker 5, Harbin, 2014).

Besides the previous two main directions, between 2008 and 2010, the municipal government also actively reacted to the national policy *Opinions about Promoting Development of Animation Industries*<sup>98</sup>(*State Council No.20*)<sup>99</sup>, which emphasised that more policies should be made to provide financial and institutional support for their development (State Council, 2006). The Harbin municipal government paid much attention to animation industries and highlighted the need to increase government expenditure on them for the following reason (Harbin Municipal People's Government General Office, 2007). Specifically, computer science and animation software application in Harbin's Institute of Technology ranked top among Chinese universities (Harbin Institute of Technology, 2007), and the universities in Harbin such as the Harbin Institute of Technology, Hei Longjiang University and Harbin Engineering

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<sup>95</sup> For example, fishskin painting, gourd carving and Manchu's yangko (folk dance), which are created by the national minorities in Harbin (policy maker 5, Harbin, 2014)

<sup>96</sup> Policy maker 5 also mentions ice and snow resources because Harbin is the only city in China that can hold the world-class ice and snow art festival (policy maker 5, Harbin, 2014).

<sup>97</sup> Policy maker 5 did not want to mention, but he still stated that there were indeed cases that some cultural producers were funded because they had a relationship (guanxi) with the policy makers. Policy maker 5 stated that it was a problem and therefore more measurable criteria are needed for anti-corruption (Policy maker 5, Harbin, 2014).

<sup>98</sup> Animation industries are defined as industries which "treat creativity as the core, and utilise animation and cartoon as patterns of manifestation. It includes the exploration, production, distribution and sales of all books, newspaper, films, television programmes videos, dramas and internet communications related to animation and cartoon. It also included the production and sale of the costume, toys, electronics, games (online and offline) related to animation and cartoon" (State Council, 2006).

<sup>99</sup> Since the 1990s, the slow development of animation industries in China has increasingly fallen far behind the increasing market demand (State Council, 2006). In 2004, the total output of cartoons in China was 29 thousand minutes while the market demand was 268 thousand minutes (Xue, 2010, p.245). 60% of the Chinese animation market has been occupied by Japanese cartoons (Han, 2014). Animation products have deep influence on the thoughts and behaviour of the youth. In order to improve the competitiveness of Chinese animation industries and cultural security, in 2006, the central state issued the *Opinions about Promoting Development of Animation Industries* (*State Council No.20*) in 2006.

University all offer a major in animation (Policy maker 4, Harbin, 2014). These universities cultivate talents in animation production, which could contribute to the development of Harbin's animation industries (ibid). Given this reason, the central government also assigned Harbin as the host for the Chinese annual animation festival in 2006, which aimed to facilitate communication and trade between Harbin's animation enterprises and talents and those from other cities (Han, 2014). This urged Harbin municipal government to pay more attention to the development of animation industries (ibid).

Rather than promoting the profitable animation products, the municipal government focused on allocating government expenditure for subsidising and rewarding original animation products<sup>100</sup> and constructing infrastructure in the creative cluster (ibid.). Policy maker 4 stated that the municipal government invested a lot in the creative cluster:

“[...] during that time it [the animation creative cluster] was not afraid of losing money, and the municipal government was supporting them” (Policy maker 4, Harbin, 2014).

Between 2006 and 2010, the rate of cultural consumption in Harbin has increased in the areas of computer software, television and broadcasting programmes, animation products and tourism, and Harbin's per capita GDP reached USD 5,583 in 2010 (Harbin Municipal People's Government General Office, 2011). According to policy maker 10 from the Publicity Department, this means that the consumption of the whole society upgraded from the basic living level to the spiritual and cultural level (policy maker 10, Harbin, 2014). In this situation, since 2011, Harbin municipal government has sought to make local cultural industries become stronger, and make the VA of cultural industries increase by 25% annually (Harbin Municipal People's Government General Office,

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<sup>100</sup> Local animation products which are broadcasted on local television channels, CCTV or exported to foreign countries will be rewarded 300, 800 and 1000 respectively (Harbin Municipal People's Government General Office, 2007). The animation products which could take away a prize at local level, national level or international level will be awarded 0.05 million yuan, 0.15 million yuan, and 0.5 million yuan respectively (ibid.).

2011). Correspondingly, the municipal government started to explicitly care about the efficiency of government expenditure and display a market-oriented trend in the following aspects. The first aspect is that the municipal government ceased to subsidise animation industries (Harbin Municipal People's Government General Office, 2011). Policy maker 8 explained that "the animation industries have developed from nothing" and the number of animation enterprises in Harbin increased from only a few in 2006 to over 300 (including the enterprises that came from other cities) in 2014. The municipal government cut the funding because the market demand for animation products was not as high as that of 2006, and the municipal government did not need to stimulate the proliferation of animation products or the entry of more animation enterprises into the market (Policy maker 8, Harbin, 2014). The animation products are not simply economic goods, and *Opinions about Encouraging and Supporting Animation Industries* in 2007 stated that the promotion of animation industries is important not only because it is "in favour of adjusting the economic structure and cultivating a new economic growth point" but also because it "is to the benefit of improving the city's cultural taste [...] and enriching citizens' spiritual lives" (Harbin Municipal People's Government General Office, 2007). However, the statement of policy maker 8 above reflects that the development of animation industries was only decided by market supply and demand. The cultural taste and spiritual life of citizens were no longer counted as rationales behind the change of government expenditure on animation industries in 2010. Without government subsidy, small animation enterprises in Harbin cannot afford the cost to broadcast their products. Consequently, more and more cartoons for children (e.g. *Di Qiucun*, *Longwa*) have to be broadcasted in the middle of the night (when children are asleep) (Harbin Institute of Technology, 2007). Policy makers and municipal policies failed to mention whether the increase of the number of animation enterprises was necessarily equal to the improvement of the city's cultural taste and enrichment of citizens' spiritual lives. They tend to embed the non-economic aspects of animation products in the economic animation products and pay inadequate attention to the non-economic aspects. However, Banks (2015) argues,

“culture is not able to be simply absorbed into economy, since it is an independent and co-existent order of worth, capable of being both complementary and antithetical to an economic imperative – a contingency that remains vital to the cultural industries as the cultural (or indeed the creative) industries” (p.42).

The second reflection is that the municipal government began to explicitly emphasise the commercial profit and the high added value of burgeoning industries. *Opinions about Supporting the Development of Non-public Owned Cultural Enterprises* stated that “the proportion of the special fund will be increased on promising projects or products produced by non-public cultural enterprises” (Harbin Municipal People’s Government General Office, 2011). The policies did not specify how to identify the promising projects or products, but policy makers focused on two aspects. Firstly, policy maker 10 from the Publicity Department stated that the municipal government aimed to improve the efficiency of the government expenditure and avoid spending on repetitive constructions. Secondly, the commercially-related factors were also explicitly emphasised:

“[...] The contribution of the projects and the enterprises to increasing tax revenue and raising financial revenue will also be prioritised” (Policy maker 10, Harbin, 2014).

In 2013, policy makers continued to focus on commercial profit. Policy maker 10 stated that the municipal government also added greater government expenditure and used it as a Leading Fund<sup>101</sup> for Cultural Industries (wenhua chanye yindao zijin), which focused on the enterprises that integrate cultural and technological elements, and

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<sup>101</sup> After a cultural enterprise succeeded in applying the Leading Fund, the Leading Fund was not directly given to it, but went to the Harbin City Enterprise Credit Financing Guarantee Service Centre, which was established and managed by the municipal government. With the Leading Fund, the government-owned Centre represented funded cultural enterprises or projects to obtain loans that were 5 to 10 times greater than the amount of Leading Fund from banks and small loan companies (Policy maker 10, Harbin, 2014). The fund was used in two directions. One was for the loan guarantee, and the other direction was for subsidisation of bank interest (Harbin Municipal Financial Bureau, 2013). The aim is to allow the project or enterprise to obtain loans without providing anything as pledge and also to obtain loans with discounted interest (ibid.).

have a broad market (Policy maker 10, Harbin, 2014). Policy maker 2 further stated that the funded enterprises were mainly from burgeoning industries including animation, video making, software exploration, clouding computing and new media:

“Cultural industries are originally high added value industries, and the cultural products which integrate culture and technology must have higher added value than the other cultural products” (Policy maker 2, Harbin, 2014).

Although the municipal policies still mentioned supporting art exhibitions that carry forward Harbin’s life and culture this period (Harbin Municipal People’s Government General Office, 2011), the policies and the statement of policy makers have focused more heavily on supporting the high added value profitable cultural products in order to make local cultural industries become ‘stronger’.

Despite a slower movement than the southern cities and Beijing in displaying a commercially-oriented trend, Harbin municipal policies have paid increasing attention to making the government expenditure more efficient and focused more on burgeoning industries since 2011. In addition and similar to Beijing, Harbin municipal policy makers this time also began to emphasise the importance of cultural industries as an alternative economic growth point that does no harm to the environment and solves unemployment (Harbin Municipal People’s Government General Office, 2011). The municipal government has also focused too much on the economic aspects of animation products, which downplayed the non-economic aspects of animation products. However, the development of Harbin municipal policies did not simply follow the account of neoliberal creative industry policies provided by O’Connor and Oakley (2015), which are nihilistic, “providing no grounds for deciding what should be valued or why, only what is innovative and productive of new commercial value” (O’Connor and Oakley, 2015, p.9). Harbin municipal policies have not neglected to support local culture, and, unlike Beijing and Guangzhou, have not generated criticism about severe market failure. From this point, Harbin municipal policies are increasingly commercially and digitally oriented, but cannot simply be equal to the neoliberal policies.

## **5.4 Interventions in the privatisation of culture**

This section argues that, influenced by the remaining vestiges of the planned economy, Harbin municipal government paid little attention to market competition in the cultural market. It started later and moved slowly in improving the civil power of private entrepreneurs and promoting privatisation. In addition, attention on the corporate welfare for cultural SMEs and the increase of government expenditure on transformed cultural enterprises made Harbin municipal policies not that neoliberal.

### **5.4.1 Late and slow promotion of cultural entrepreneurship**

Beijing municipal policies have encouraged local financial institutions to support the start-up of cultural SMEs since 2006, while Harbin did not have pertaining policies prior to 2011. Policy makers stressed the difficulties in starting cultural SMEs and their dissatisfaction with the banks, but did not mention how to settle the problem. The lack of financial institutions, the absence of an evaluation system for judging the commercial viability of cultural products and the blurred responsibilities of different government departments all make it difficult to start a cultural enterprise (policy maker 4 and 6, Harbin, 2014). Instead of tackling the difficulties in all cultural industries, the municipal government only placed emphasis on the start-up of animation enterprises before 2011. As stated in section 5.3, the Harbin municipal government has made policies to fund the start-up of enterprises in the animation industry and provided tax deduction to newly opened animation enterprises since 2008 (Harbin Municipal People's Government General Office, 2007). In addition, policy maker 6 stated that the municipal government encouraged all entrepreneurs from animation industries to start their businesses in the Pingfang Animation Industries Creative Cluster, which was established by the Institute of Technology and Information Commission in 2007 (Policy maker 6, Harbin, 2014). It provided zero registered assets, subsidies for electricity fees and purchased cloud computing and 3D printers, which were worth millions for SMEs in the cluster<sup>102</sup>

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<sup>102</sup> Generally, if entrepreneurs want to register and start a company, they are required to show the local Industrial and Commerce Bureau that they already own assets of at least 30 thousand yuan (GBP 3000). However, in the cluster, the entrepreneurs are not required to show that (Policy maker 6, Harbin, 2014). In addition, the municipal government also subsidised the electricity fees of enterprises. With the subsidy, the enterprises in the cluster pay less than 10 yuan



(Policy maker 6, Harbin, 2014). Policy maker 6 further stated that:

“Without government support, these cultural enterprises themselves definitely cannot start business because they cannot afford the equipment to make animations” (Policy maker 6, Harbin, 2014).

Policy maker 4 from the Institute of Technology and Information Commission also stated that:

“The creative cluster is really helpful for the development of animation companies, especially those small and mini enterprises, because the government invests a lot” (Policy maker 4, Harbin, 2014).

In Beijing and Guangzhou, the municipal cultural policies since 2006 have demonstrated neoliberal characteristics to support the civic and economic participation of private entrepreneurs, which were criticised for damaging existing autonomous free cultural expression in their promotion of commercial entrepreneurship. Compared to them, Harbin municipal government did not explicitly reflect neoliberal characteristics at this time. Heavily influenced by the previous planned economy, Harbin municipal policy makers this time still focused on government support in facilitating the private entrepreneurship in animation industry. Compared to the other two selected cities, Harbin lacked a tradition of promoting cultural development. The municipal government started to pay attention to cultural development later, which led to a later beginning and slow movement in promoting individual entrepreneurship in various cultural industries before 2011.

As stated in section 5.3, the level of public cultural consumption increased between 2006 and 2010. Harbin municipal government therefore aimed to make local cultural industries become ‘stronger’, and increase the VA of cultural industries (Harbin Municipal People’s Government General Office, 2011). In this situation, the municipal

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per hour for the electricity fees which should normally be several hundred yuan per hour (ibid.).

policies since 2011 have paid greater attention to the development of local cultural and creative industries and emphasised the increase of support for cultural SMEs by mobilising market forces to encourage entrepreneurship. Specifically, the municipal government stressed expanding the scope of items that non-public cultural enterprises could use to obtain loans, including land use rights, exclusive right to use trademarks, patent rights, and intellectual property (Harbin Municipal People's Government General Office, 2011). Besides this, the municipal government also encouraged various kinds of financial institutions to increase credit support for cultural SMEs, not only in the animation industry, but also in various other industries (ibid., 2012). Driven by the increase in the number of non-public cultural enterprises in the animation industry, the digital publishing industry, and the film and television industry, the number of non-public enterprises in Harbin increased from 9403 to 15600 between 2007 and 2012, and the number has already surpassed that of public enterprises (Harbin Municipal Statistic Bureau, 2012).

Neoliberals elevate the importance of individual entrepreneurs that are driven by self-interest and economic imperatives (Peters, 2001). The development of Harbin municipal policies since 2011 may be guided by neoliberal thinking and increasingly improve the civil power of private entrepreneurs and market competition. However, unlike Beijing and Guangzhou municipal policies, the following paragraphs demonstrate that Harbin municipal policies are not neoliberal for two reasons.

Firstly, unlike the other two selected cities, Harbin's characteristic is that the municipal policies not only emphasised saving on government cost by encouraging more financial institutions to support the launch of cultural enterprises, but also paid attention to supporting cultural SMEs which may not be profitable. For example, *Opinions about Supporting the Development of Non-public Owned Cultural Enterprises (Harbin No.8)* stated that:

“The municipal government will not collect business tax, urban construction tax, or additional education tax for individual households who operate cultural business with revenue less than 5000 yuan per month in urban areas, or less

than 4000 yuan per month in rural areas” (Harbin Municipal People’s Government’s General Office, 2011).

By highlighting this tax support, policy makers, policy maker 1 stated that:

“We have calculated, 5000 yuan is the breakeven point [...] they [the weak cultural enterprises] will not survive after the imposition of tax [...] This [the support] is just to maintain the minimum subsistence” (policy maker 1, Harbin, 2014).

The municipal policy demonstrates that Harbin municipal government aimed to provide corporate welfare<sup>103</sup> by indirectly rescuing weak enterprises through tax breaks. The provision of corporate welfare does not mean Harbin municipal policies are welfare policies because the comprehensive welfare package in China was dismantled in the 1980s (Ringen and Ngok, 2013). However, the policy about corporate welfare reflects that the municipal government has welfare considerations besides commercial profit in promoting cultural SMEs, which is against the understanding of a neoliberal cultural policy defined in chapter 2.

In addition, unlike Beijing and Guangzhou municipal policies (which provided more freedom for the mergers of cultural SMEs by large cultural corporations), Harbin municipal policies did not emphasise the merging of large corporations. Policy maker 6 from the Cultural, Press and Publication Bureau stated that Harbin fell far behind the other vice-provincial cities in terms of both the revenue of an individual corporation group and the scale of the local large cultural corporation groups. Policy maker 6 took the newspaper group as an example: the annual revenue of Harbin’s largest newspaper group reaches up to 0.3 billion yuan, while that of Guangzhou is 2.5 billion yuan. However, Guangzhou has several such large newspaper groups while Harbin has only one (Policy maker 6, Guangzhou, 2014). Instead of underscoring the importance of the

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<sup>103</sup> Corporate welfare is broadly understood as “those efforts made by the state to directly or indirectly subsidise, support, or rescue corporations, or otherwise socialise the cost and risk of investment and production of private profits and capital accumulation and corporations” (Glasberg and Skidmore, 1997, p.2).

merger of cultural SMEs, policy maker 6 stated that:

“In order to promote the development of local cultural industries, we should form a system in which the big cultural enterprises and corporation groups play the leading role and guide the development of cultural SMEs” (policy maker 6, Harbin, 2014).

Although Harbin municipal policies gradually strengthened the civil power of private entrepreneurs, the municipal government has not explicitly demonstrated neoliberal characteristics in promoting commercial entrepreneurship or encouraging a freer market for the profitable accumulation of large cultural enterprises. The policies are increasingly market-oriented but pay more attention to a degree of welfare provision, which cannot be considered exactly equal to neoliberal policies.

#### **5.4.2 Late start and slow movement in downsizing the state**

Influenced by the remaining vestiges of the planned economy, Harbin municipal policy makers had not paid attention to the significance of the economic attributes of cultural products before 2006 (Harbin municipal Publicity Department, 2008). This section demonstrates that Harbin municipal policies since have increasingly paid more attention to government efficiency and the importance of non-public capital. However, with low cultural consumption and the limited number of financial institutions, Harbin municipal policies cannot embrace adequate non-public capital and decrease government expenditure. Harbin municipal policies cannot be labelled as neoliberal policies from this point.

In response to national policies about the promotion of the cultural system reform in 2003 (National Ministry of Culture, 2003), Beijing municipal policy explicitly showed intent to promote the cultural system reform in 2006. Meanwhile Harbin still focused on funding public cultural institutions, including broadcasting and television stations, Harbin Daily, artistic performance organizations, museums, libraries and cultural relics (Harbin Development and Reform Committee, 2006). Policy maker 5

stated that the cultural institutions at that time were not engaged in market competition and were also required by the municipal government to contribute one or two original dramas “which could have the ability to compete for the ‘National Top Five Projects Award’ and the ‘Wenhua Prize’<sup>104</sup>”(Harbin Development and Reform Committee, 2006). Neither of the awards focused on the economic benefits of the products and they only stressed that the products be close to real life and could combine ideological content with artistic features (Ministry of Culture, 2002). Harbin municipal policy makers this time focused on winning prizes rather than the market profit of these cultural institutions.

Since 2007, the municipal government has begun to make policies to promote the transformation from public-funded cultural institutions to commercial cultural enterprises. *Opinions on Deepening Cultural System Reform (Harbin No.18)* stated that bookstores, publishing houses, journals for culture, art and science and cinemas would be directly transformed into cultural enterprises; the Harbin Daily Newspaper, Harbin People’s Radio Station, and Harbin Television Station are still public cultural institutions, but the advertising, publishing and distribution sections “are allowed to be independent from these cultural institutions and become cultural enterprises” (Harbin Municipal People’s Government, 2007). Artistic performance organisations and institutions for arts creation remained as cultural institutions, but will finally be transformed into enterprises (ibid.). However, Harbin moved more slowly than Beijing and Guangzhou in promoting the transformation, for reasons articulated below. Specifically, Harbin lacked a tradition for developing a cultural market, and the cultural consumption was at a low level<sup>105</sup>. In this situation, it was also difficult to attract the entry of non-public capital to support the transformed cultural enterprises because their potential commercial profit was not high enough (Policy maker 5, Harbin, 2014). As a

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<sup>104</sup> The ‘National Top Five Projects Award’ and ‘Wenhua Prize’ are awards established by the central government in 1992 and 2004 separately. Specifically, the former refers to one drama, one TV series, one film, one book (restricted to social science) and one theoretical paper (restricted to social science). One song and one radio drama have also been included since 1995. The Wenhua prize is held every three years to specially reward stage arts, including drama, opera, dance, and acrobatics.

<sup>105</sup> According to the development experience of other Chinese cities at the same level, if the GDP per capita is 2000 USD, the cultural consumption per capita can be over 20% of the overall consumption. In that case, Harbin’s cultural consumption per capital is expected to be 1700 RMB. However, in reality, the number was only 523 RMB in 2006. On the one hand, the cultural consumption of Harbin citizens is low, but on the other hand, the cultural market is not diverse enough to meet the demands of the citizens (Harbin municipal Publicity Department, 2008).

result, the transformed cultural enterprises (e.g. Harbin Peking Opera Theatre, Pingju Theatre) without government funding and market investment would not be able to survive. These factors declined Harbin's pace in promoting transformation. By 2011, the artistic performance organisations, newspapers, radio stations and television stations had already been transformed into commercial enterprises in Beijing and Guangzhou, but they were still cultural institutions in Harbin (policy maker 9, Harbin, 2014).

Despite the comparatively late start and slower movement in promoting the reform than Beijing and the southern coastal cities, this section argues that Harbin municipal policy makers are still guided by NPM-esque techniques, which advocates that "a competitive and efficient marketplace is always better than wasteful public provision" (McGuigan, 2014, p.225). Harbin continued to emphasise the promotion of the efficient market and the reduction of wasteful public provision in the following aspects. The first aspect is that for the cultural institutions that could make a profit and have still not been transformed into cultural enterprises, such as television and broadcasting stations, the municipal government implemented "quasi-market mechanisms and corporate management techniques" in operating them (Urio, 2012, p.69). Policy maker 9 underlines that these institutions are managed like enterprises:

"we no longer yangren (support workers)<sup>106</sup> and only yangshi (support projects and performances)" (Policy maker 9, Harbin, 2014).

In this enterprise style, the municipal government aims to decrease welfare provision (the iron rice bowl) for the cultural workers. It places "greater emphasis on 'performance', especially through the measurement of outputs" (Pollitt, 2007, p.110), and seeks to allocate government expenditure decided by performance rather than the salary of the cultural workers. As explained by policy maker 11:

"It depends on their actual output [...] For example, the municipal government

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<sup>106</sup> Before the transformation, the payload (expenditure for the salary of cultural workers) already occupied 85.9% of the whole government expenditure for Harbin's cultural institutions (Wang, 2006, p.25).

released a standard for how much to pay for each performance in a theatre. If it could be performed 20 times per month, the government will only pay for the 20 performances” (Policy maker 11, Harbin, 2014).

Secondly, policy makers also promoted the reduction of repetitive cultural institutions in order to save on government cost. Policy maker 9 from the Publicity Department stated that Harbin merged the music hall and the symphony orchestra, Chinese Folk Art Theatre and opera house, and merged the Harbin Peking Opera Theatre and Pingju Theatre with their provincial counterparts. The municipal government sought to put these scattered theatres under one large corporation group. For example, it established the Harbin Art Corporation Group, which included the Children’s Arts Theatre, the Modern Drama Theatre and the reorganised Opera House and Symphony Orchestra, because it “could help to increase the competitiveness of the corporation group” (Policy maker 9, Harbin, 2014). In addition, similar to Beijing, the cultural institutions concerning current politics in Harbin have not been transformed into enterprises because they are required by the municipal government to display the positive image of the government and the Party (Harbin Municipal People’s Government, 2007).

Despite the later start and slower movement in the cultural system reform, Harbin municipal policy makers are also guided by the management techniques of the NPM model in downsizing repetitive public cultural institutions and improving the efficiency of management. However, unlike Beijing municipal policies, which decreased government support and promoted the deregulation of the cultural market, Harbin’s government support still played a major role in supporting cultural institutions. The development of Harbin municipal policies shows that since 2007, within authoritarian control, the municipal government has increasingly brought in the quasi-market mechanism in order to improve the efficiency, but it cannot be directly linked to neoliberal policies.

#### **5.4.3 Harbin’s characteristics in promoting the privatisation of culture**

William Meginson and Jeffry Netter (2001) argue that neoliberals advocate market mechanisms and criticise SOEs for restricting the freedom of individuals in business. Gamble (2001) also argues that neoliberalism requires that the cost should be shifted from the state to the market. The development of Harbin municipal policies is guided by these neoliberal principles and the municipal government has gradually encouraged non-public capital to enter the cultural field. However, it may be too simple to conclude that Harbin municipal policies are neoliberal policies because the municipal government also keeps increasing government expenditure.

Harbin municipal policies welcomed the entry of non-public capital to support transformed cultural enterprises. However, unlike Beijing and Guangzhou municipal policies, Harbin's characteristic is that it specially emphasised securing the advantage of state capital before 2011. As *Opinion on Deepening Cultural System Reform in Harbin (Harbin No.18)* stated:

“(The municipal government) will keep increasing the enthusiasm of social forces to participate in the cultural construction [...] (the municipal government) encourages and supports non-public capital entering cultural industries [...] at the same time ensures the ascendancy of the state cultural capital in gross” (Harbin Municipal People's Government's General Office, 2007).

The municipal policy makers did not explain how to embrace market investment on cultural enterprises but stress the dependence on government expenditure. Specifically, policy maker 7 stated that

“[...] the amount of funding is too small to promote the development of cultural enterprises. It is the biggest bottleneck for developing cultural industries in our city [...] the amount we have in the cultural industries is ‘beishui chexin’ (using a cup of water to put out a burning cart)” (Policy maker 7, Harbin, 2014).



The municipal policy maker used the Chinese idiom ‘beishui chexin’ to emphasise that the power is too limited to solve the problem. It underscores that Harbin has too little funding to promote the development of local cultural industries. The municipal policies deliberated the intention to bring in non-public capital, but had not provided corresponding strategies to attract the market investment to support culture prior to 2011.

Since 2011, the municipal government has no longer focused on the advantage of state capital and has begun to highlight the role of the market. *Outline of Harbin’s Cultural Development Plan* stated that the municipal government would “follow the market economy regulations and give full play to the basic role of market forces in allocating resources” (Harbin Municipal People’s Government’s General Office, 2011b). It sought to lower the barriers and simplify the process for the entry of non-public capital (ibid., 2011a). The municipal government further encouraged non-public organisations to provide charitable ‘giving’ for public cultural services, including Peking opera, modern drama, dance, symphonic music, folk culture, and also libraries, museums and art galleries, stating that “the municipal government will deduct corporate income tax or individual income tax for these donors” (ibid., 2011c).

Although Harbin municipal government started later than Beijing and the southern coastal city Guangzhou in providing strategies to facilitate the entry of non-public capital, increasing numbers of cultural products in Harbin are now supported by non-public capital rather than government expenditure. Until 2012, the contribution of the VA of non-public cultural enterprises and public cultural enterprises were 70.87% and 29.13% respectively (Wang, 2012). The number of public enterprises also decreased from 3,897 in 2007 to 900 in 2012 (Statistic Bureau, 2014). Both the number and the VA of non-public cultural enterprises have already surpassed those of the public ones. The development of the municipal policies reflects that Harbin municipal policies increasingly promote privatisation and marketisation “through active policy interventions, [...] in ways that [are] compatible with a market ethos” (Davies, 2014, p.5). However, the section below shows that the municipal policies cannot simply be

equal to neoliberal policies, because government expenditure still increased.

Specifically, Hesmondhalgh et al. (2015) argue that the increase of government expenditure has not been proven to go against neoliberalism, though many neoliberals advocate the cutting of funding. However, with greater non-public capital entering in the cultural field, Harbin should be able to save more government costs. Raewyn Connell et al. (2009) also argue that “the expansion of market relations allows, in theory, a lower level of public spending” (p.333). Instead of emphasising the decrease of government support, Harbin aimed to increase it. In 2011, the *Outline of Harbin’s Cultural Development Plan (Harbin No.7)* stated that:

“On the basis of the 40 million yuan Special Fund for Promoting Cultural Development (xuanchuan wenhua fazhan zhuanxiang zijin), (the municipal government) aims to increase the amount alongside the increase of financial revenue” (Harbin Municipal People’s Government’s General Office, 2011).

The policies and statements of policy makers demonstrate three main ways in which the Harbin municipal government did not promote the decrease of public spending on culture.

Firstly, the municipal government has highlighted the increase of government expenditure as the Leading Fund for leveraging greater market investment to support commercial culture since 2011 (Harbin Municipal Financial Bureau, 2013). The municipal policies also indicated that the majority of the increased government expenditure was used for the Leading Fund.

Secondly, policy makers stated that it was difficult to decrease the government expenditure on transformed cultural institutions, because the market investment in Harbin was not sufficient to support the transformed cultural enterprises. As policy maker 5 stated:

“We would indeed like private capital to support cultural institutions and transform cultural enterprises, but it is difficult to realise. Until now, little

private capital has come in” (Policy maker 5, Harbin, 2014).

Policy maker 9 from the Publicity Department also explained that it is a conundrum for Harbin to encourage private capital to enter the transformed cultural enterprises because the level of cultural consumption in Harbin is still low and the potential commercial return is not enough to attract greater investment. Specifically,

“The Harbin citizens, if you could provide them free tickets, would like to go to theatres to watch the dramas. However, if they have to buy the tickets, they will prefer to watch television at home rather than go to the theatre” (Policy maker 9, Harbin, 2014).

Policy maker 6 from the Development and Reform Commission further stated that private capital did not come into the transformed cultural enterprises because they need to see the potential commercial profit (Policy maker 6, Beijing, 2014). In the interviews, policy makers treated the Small Modern Drama Theatre as a positive example, because as a transformed cultural theatre, it could make a profit through selling tickets without government support. In all three cities, the municipal governments have increasingly embraced market investment to enter the previously public-funded cultural market. The defect is that the investment is commercially-oriented and goes towards profitable cultural enterprises, so it is difficult for the transformed cultural enterprises with low cultural consumption to attract the market investment needed to survive. Doyle (2013) argues that government intervention is sometimes required to offset the defects of the deregulation of the market. Compared with the other two selected cities, Harbin municipal policy makers more strongly focused on solving the defect of the market and the importance of government intervention. Policy maker 9 further stated that:

“Our transformed cultural enterprises, with the exception of only a few, *all still need government support*, and the percentage of operational revenue and private sponsorship is very low” (Policy maker 9, Harbin, 2014).

The statements of the municipal policy makers reflect that, on the one hand, they aim to reduce the number of cultural institutions and link the allocation of government expenditure to measurable performance. On the other hand, they aim to secure the public cultural provision. Policy maker 8 from the Publicity Department further explained that:

“[...] We can also say that cultural institutions are to cost money while cultural industries are to earn money” (Policy maker 8, Harbin, 2014).

The third direction was for welfare provision. Specifically, the *Outline of Harbin's Cultural Development Plan (Harbin No.7)* stated that government expenditure for artistic performance organisations will not decrease because these transformed enterprises are also needed to perform charity shows for the disabled, retired soldiers, children of migrant workers, and orphanages (Harbin Municipal People's Government's General Office, 2011). As stated in section 3.3, Harbin's cultural industries consistently ranked last out of all vice-provincial cities in terms of the VA of cultural industries (Harbin News, 2012). However, Harbin performed nearly 200 charity shows each year, the number of which “ranked in the forefront nationwide” (Harbin Municipal People's Government's General Office, 2011). The *Outline of Harbin's Cultural Development Plan (Harbin No.7)* further stated that “the municipal financial sectors will continue to support these performance organisations through fiscal subsidies. The amount of subsidy will not decrease, and the strategies will not change” (ibid.).

In Hesmondhalgh et al.'s (2015) analysis of the privatisation of culture, they conclude that the New Labour creative industries policies are more complex than just being neoliberal since they also blend with existing social democratic policies. They do not argue that the increase of public spending on culture is definitely the antithesis of neoliberalism. However, they come to the above conclusion because they trace the tradition of British social democratic history and find that the increase of funding for public cultural services is related to social democratic goals. In the case of Harbin, the

increase of government expenditure indicates that the policies are also more complex than neoliberal policies. It has been stated in Literature Review section 2.2.2.2 that China is in a transition period. Despite the guidance of neoliberal ideas, economic development in China is also influenced by many factors, including the remnants of the planned economy, the possible remaining vestiges of socialism, and authoritarian control (Wang, 2003). Due to geographical factors, Harbin was more heavily influenced by the pre-existing ideas of the planned economy. The planned economy treated government as the only organisation that provide public cultural provision, and the government-affiliated cultural institutions paid little attention to the market demand but provided public cultural services that were dictated by government (Yu, 2012). In this situation, Harbin municipal government paid more attention to the protection of public cultural institutions and welfare provision than other cities.

## **5.5 Conclusion**

Although Harbin and Beijing are both large cities in the northern inland area, Harbin is not the seat of the central government and does not have as developed a tradition of cultural industry production, or the same economic and cultural resources. The neoliberalisation of Harbin municipal cultural policies is different from Beijing and it was mainly influenced by three factors. Firstly, northern inland cities were the first to enter the planned economy in China but the last to shift into the market economy. As the northernmost inland provincial city, the influence of the planned economy on Harbin lasted longer than in other cities (Peng, 2000). Secondly, as a vital industrial base for China, Harbin paid much attention to manufacturing industries but paid little attention to new cultural industries and local cultural development before 2005. Thirdly, influenced by geographical disadvantages, Harbin has much less financial revenue and fewer financial institutions than Beijing and the southern coastal cities (Huang et al., 2003).

Under these circumstances, Harbin municipal cultural policy makers did not explicitly demonstrate neoliberal characteristics before 2010. They still placed emphasis on public cultural institutions when they began to make cultural industries policies in

2006. They also did not pay attention to the economic significance of ‘creativity’, but simply used it to adorn the existing cultural activities. In 2008, influenced by national policies on the promotion of animation industries, Harbin municipal government began to pay attention to cultural industry economic goals and improving the power of private entrepreneurship in the animation industries. Between 2006 and 2010, the growth of local cultural consumption in the areas of computer software, television and broadcasting programmes, animation products, and tourism also drove the municipal government to pay more attention to the commercialisation and marketisation of culture. Since 2011, the municipal government has paid more attention to the efficiency of the government and encouraged the entry of more non-public capital. However, the policies still cannot be characterised as neoliberal because the municipal government has not ignored supporting local non-profitable culture and has not decreased government expenditure for supporting their (allegedly) transformed cultural enterprises. It also paid attention to providing corporate welfare for weak cultural enterprises and stressed the need to support charity performances. In addition, cultural production also needs to pass the government’s censorship and standard authoritarianism checks, which is also a characteristic that cannot be neglected. However, due to their small amount of financial revenue, Harbin municipal policy makers followed national regulations and did not exert more control on cultural production.

This chapter reflects that, like in Beijing, cultural industries in Harbin are understood as economic resources and an instrument for ideological control, but Harbin municipal policy makers also understand culture as a resource for welfare provision. The case studies of Harbin and Beijing manifest that municipal policy makers of these two cities promote marketisation and authoritarian control to different extents. Influenced by geographical factors, cultural consumption and the amount of financial revenue, the erosion of the state is uneven in different regions of China, which will also influence “the universalisation of the neoliberal project” (Albo, 2000, p.46). Therefore, it is too general to study neoliberalism in China as a monolithic entity.

## **6. The case of Guangzhou**

As the commercial centre and one of the most open cities in trade in China, the southern coastal city Guangzhou has always been more market-oriented than the northern inland cities (Yang, 2004). The advertising sector is the primary contributor to the economic growth of local cultural industries (49.05%), followed by software, internet and computer services (23.38%). The contribution of other sectors (press, publication and distribution; broadcasting, television and film; design services; software, internet and computer services; cultural exhibition; entertainment; craft and performing art; advertising; stationery production) are all below 10% (Zhang, 2012, p.512). Compared with the capital city Beijing and the northern inland city Harbin, the southern coastal city Guangzhou promotes the need for market-activity more actively and encourages private and foreign investment to play a dominant role in supporting cultural enterprises. This commercial pressure also contributes to the decline of Guangzhou's authoritarian control. This chapter argues that Guangzhou municipal policies adopt neoliberal thinking in the promotion of commercial entrepreneurship, which damages the existing autonomous self-creation. However, the policies are more complex than neoliberal policies with less authoritarian control, because the non-profitable culture related to national image has not been subject to economic evaluation. This chapter argues that in Guangzhou, culture is understood as the instrument for city branding, and is less understood as an instrument for ideological control (than Beijing), and also an important economic driver for the development of tertiary sector and the development of manufacturing production of cultural derivative products.

### **6.1 Problematic application of creativity**

Banks and O'Connor (2010) criticise and doubt the practical use of policies under the broad classification of cultural industries. Their argument is that the government tends to label everything 'cultural', but the specificity and the value of the cultural

products in the cultural industries are not reflected. Guangzhou municipal policies mirror this criticism. The disordered classification of Guangzhou's cultural industries before 2012 reflects that the municipal government only promoted the commoditisation of nearly everything and failed to realise the differences between cultural and other industries. Specifically, since Guangzhou municipal government began to mention 'cultural industries' in local policies in 2003, the municipal policies and the municipal government promoted other products that are quite different to media and art in the name of cultural industries. As stated by *The Plan for the Cultural Construction between 2004 and 2010 (Guangzhou No.16)*, cultural industries include science and technology (biotechnology, the development of new materials, photo electronics and electronic information), sports, education, medical treatment and health care, tourism, media, publication and distribution, music, animation, information services, cultural entertainment and exhibitions (Guangzhou Municipal People's Government, 2004). In 2010, *Guangzhou's Plan on the Reinvigoration of the Cultural Industry* further stated that the city took full advantage of local cultural resources (including drama, building, bonsai, catering, arts and crafts, painting and calligraphy, music) to improve the competitiveness of local cultural industries (ibid, 2010). In 2011, the policy document *Layout Plan for Strengthening the City through Culture and Establishing the World Famous Cultural City* included the logistics industry, the exhibition of the natural environment and the promotion of tea culture under local cultural industries (Guangzhou Municipal People's Government, 2011). The science and technology industries, education, medical treatment and health care and catering, however, are never included in the national, Beijing's or Harbin's cultural industries, thus Guangzhou is marked out as distinctively different and independent in its definition of the cultural and creative industry sector.

As a port city with intensive contacts and communication with Western capitalist countries, the southern coastal city Guangzhou is more heavily influenced by capitalist systems and has always paid more attention to the economic benefits of market culture (Feng, 2004). The economic development-oriented thinking is also manifested in the promotion of local cultural industries. Hui You (2010) argues that cultural industries



play an outstanding role in driving the development of the manufacturing of cultural products and the information economy. Specifically, Guangzhou is China's primary manufacturing base for producing cultural products (including toys, television, audio and video equipment) (Hui, 2010). With the broad classification of cultural industries, Guangzhou municipal policies actually facilitate the industrial linkage between cultural industries and the manufacturing industries. In Guangzhou's three economic sectors<sup>107</sup>, the percentage contribution of the first sector (includes agriculture, forestry, husbandry and fishery), the second sector (mining industry, manufacturing, electric heating, gas and water production and supply as well as construction industry), and the tertiary sector (including catering, information technology, cultural industries, sports, education, medical treatment and health care, logistics and real estate) to local economy was 3: 43.4: 53.6 in 2003, and the ratio was 2.11: 39.48: 58.41 in 2007 (Zhao, 2010, p.145). Guangzhou's economy has been increasingly driven by the tertiary sector. In this situation, Guangzhou aims to further adjust the industrial structure of the three economic sectors and carried out the *Policy about 'tuier jinsan'* (retreat from the second sector and promotion of the tertiary sector) in 2008 (Guangzhou Municipal People's Government, 2008). Given these factors, Guangzhou municipal policy makers failed to recognise the cultural aspects of cultural industries when adopting the broad classification. The broad classification of cultural industries is in favour of facilitating the industrial linkage between cultural industries and the manufacturing production of cultural products and driving the development of the tertiary sector.

In 2012, Guangzhou municipal government for the first time provided its official definition of cultural industries, and the *Plan for the Development of Guangzhou's Cultural Industries in the 12th Five Year Period* defined that

“‘cultural industries’ in the policy is used to point to the clusters of industries which treat innovation and creativity as their core, supported by digital technology and protected by intellectual property. They possess a productive service function and are capable of meeting the spiritual and cultural demand of

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<sup>107</sup> The National Statistics Bureau divided the national economy into three sectors (stats.gov, 2013).

the citizens” (Guangzhou Municipal People’s Government, 2012).

Terms such as ‘creativity’, ‘innovation’ and ‘intellectual property’ are also emphasised by other cities’ policies. It is characteristic of Guangzhou municipal policy, however, that it especially emphasises the significance of digital technology, which plays a supportive role in the cultural industries. The policy document *Implementation of Opinions about Cultivating the World Famous Cultural City* further emphasised that the city would quicken the cultivation and development of the cultural and creative industries, including “digital publishing, digital television, online animation, mobile TV, online music, e-commerce, cultural tourism” (Guangzhou Municipal People’s Government, 2012). Guangzhou municipal policies placed greater emphasis on ICT products than other cities, and the policy makers highlighted the economic motivation behind their promotion. Specifically, policy maker 1 from the Statistic Bureau demonstrated that Guangzhou’s cultural industries are divided into three different layers, the percentage contribution of the core layer (including press and publishing sector, broadcasting and television sector, and art sector), the periphery layer (comprises internet, advertising, animation, and exhibition) and the correlation layer (cultural facilities, production of toys, stationery, and light-acoustics) to the GDP is about 2:6:2, and policy maker 1 explained the rationale for the promotion of periphery layer is that “in our city, the periphery layer contributes more to the GDP” (Policy maker 1, Guangzhou, 2014). Policy maker 7 from the Publicity Department also stated that the municipal government’s financial support order is periphery layer first and “then the traditional competitive industries” (Policy maker 7, Guangzhou, 2014). In the periphery layer, policy maker 2 from the Development and Reform Commission further stated that the municipal government pays increasing attention to digital technologies:

“previously, the industries such as automobile, commerce and trade were always the competitive industries. However, the finance and digital technology industries that have big potential in contributing to the tax and GDP are now becoming the new developing direction” (Policy maker 2, Guangzhou, 2014).

The primary developing direction of the municipal government is to promote the new fields in digital industries such as mobile newspaper, mobile media, digital printing, and animation that combine high technology with culture (Policy maker 2, Guangzhou, 2014). The policies and statements of policy makers reflect that since 2012, policy makers have kept focusing on the promoting ICT products for economic growth. In Guangzhou, municipal policy never uses the term ‘creative industries’, but the policies actually manifest the standard criticism of the understanding of ‘creative industries’ which tends only to emphasise the virtues of economic growth and the positive rise of information and communication technologies (Garnham, 2005). However, this interplay of complex and diverse forms of symbolic communication *with* the priority of economic growth makes cultural products different from other industrial products (Galloway and Dunlop, 2007) and is the main rationale for making cultural products (McGuigan, 2003). In the Guangzhou municipal policies, however, the primary *raison d’être* of culture has been subordinated to the demands for economic growth.

## **6.2 Less authoritarian control on cultural production**

McGuigan (2004) argues that the “state intervention and its cost in terms of public ownership and regulation of markets were considered by neoliberal economists to have suppressed the free play of market forces to the detriment of the economy” (p.2). Neoliberals advocate less state intervention and greater freedom of the market, Guangzhou municipal policies from this point explicitly follow the neoliberal tenets to provide less censorship than national policies on cultural production.

The *Opinions on Quickening the Development of Guangzhou’s Cultural Institutions* in 2003, the *Decisions about Promoting the Development of Cultural Industries and Cultural Undertakings* in 2008 and the *12<sup>th</sup> Five Year Plan for the Development of National Economy and Society* in 2012 emphasised that the municipal government aimed to guide non-public capital to enter the cultural field to optimise the industrial structure. Therefore, it would provide the equal policy treatment for both public owned and non-public owned cultural enterprises (Guangzhou Municipal

People's Government, 2003, 2008, 2012). The municipal government continued to welcome the entry of non-public capital in the cultural field, and policy maker 5 from the Publicity Department further stated that

“we aim to establish a marketisation, diversification and open industrial mechanism [...] if the state has not clearly rejected the entry of certain capital in a certain field, we all welcome (them to come into the cultural field)” (Policy maker 5, Guangzhou, 2014).

In the statement, policy maker 5 explicitly highlighted the marketisation and open market environment, which is not emphasised by the policy makers from the other two selected cities. In addition, it is characteristic of Guangzhou that the municipal government is more open than national policies to the culture produced or invested by non-public and foreign capital. Policy maker 5 illustrated this with the example of television programmes, specifically, after China joined the WTO in 2001, the Star TV channel under Rupert Murdoch's news corporation was allowed to broadcast only in Guangzhou rather than other provincial capital cities. Moreover, in the following years, several other television channels from Hong Kong and Macao, including Macao Asia satellite television, CETV were also allowed to broadcast in Guangzhou, the only provincial city that is entitled to the right (Policy maker 5, Guangzhou, 2014). Guangzhou municipal policy makers placed much emphasis on the market demand behind such operations, as stated by policy maker 5 that Guangzhou is more influenced by the Hong Kong and Macao culture because of the geographical factor, and the audiences in Guangzhou prefer the content produced by the Hong Kong, Macao and foreign television stations to the inland programmes. In addition, because of the geographical advantages, Guangzhou could always receive more stable television signals than other inland places. If those television programmes are not broadcasted in Guangzhou, the audiences will still find them online or use satellite dishes to watch them (ibid).

Shambaugh (2007) argues that with the proliferation of cultural products, and

Chinese audiences have demand for “more diversified and pluralistic media content” (p.55), and the increasing demand for more diverse cultural products gradually undermine the bottom line of government control (ibid). The censorship in Guangzhou explicitly manifests this point and the demand of Guangzhou’s audiences has thus become a pressure for Guangzhou municipal government to provide fewer regulations and greater freedom than national policies to the market competition between public and non-public cultural producers. The process of removing regulations and censorship was advocated by neoliberals, which was “often intended to advance the marketisation of cultural production” (Hesmondhalgh, 2007, p.310). Driven by the relatively more loosened government control, more capital that is non-public crowded in Guangzhou cultural industries. In 2012, the number of private enterprises occupied 76.97% of the total number of cultural enterprises, and the number of public owned cultural enterprises only occupied 4.61%. Over 65% of all the cultural employees worked in private and foreign owned enterprises (Yin et al., 2013).

As for the censorship on the content of cultural products, the municipal government has also emphasised the conventional understanding of culture’s necessary ‘social benefits’ with policy maker 5 from the Publicity Department explaining that cultural products have an important influence on the audiences’ behaviours. Cultural products should not contain content that goes against the central government or society, break the national unity, and cannot advocate porn, violence or greed for money (Policy maker 5, Guangzhou, 2014). Similar to the other two selected cities, policy maker 7 from the Publicity Department stated that the content produced by private and public owned cultural enterprises are all still under government supervision. Guangzhou has wenwei (Cultural Commission) to supervise the process of cultural production. Specifically, the cultural producers first need to submit a general introduction of their content to the wenwei before circulating it in the market. If they are found by the government officials or are accused by the audiences that the content is against the social benefit, the products will be forbidden to disseminate. All the revenue gained through the products that go against the municipal regulations will also be confiscated (Policy maker 7, Guangzhou, 2014).

However, unlike Beijing, Guangzhou has not tried to provide *more* guidance than national policies for cultural producers, and have a more relaxed approach in certain areas. Guangzhou municipal policies and policy makers have not tried to derail the aim of profit maximizing in order for certain national prizes to be won or to produce certain themes. Guangzhou municipal policy makers have not weakened the importance of the economic benefits when emphasising social benefits. Policy maker 5 further stated that

“[...] for us, we do not want the producers to recklessly produce vulgar culture for market profit, but we still need to gain market profit” (Policy maker 5, Guangzhou, 2014).

Guangzhou municipal policy makers emphasised that the municipal government focuses on the products that are both profitable and not against the national regulations. Policy maker 4 from the local Cultural Bureau illustrated with the example that the Guangzhou Television Station has invested in many popular and profitable television series concerning important historical issues and the advocacy of the party leadership such as *Liangjian* (story about how Chinese Communist Party resisted Japan’s aggression in the 1930s), *Qianfu* (story about how a spy gives up his task and begins to work for the Communist Party), *Wuxing Hongqi* (story about how a famous scientist makes contribution to the Communist Party). The cultural production here harvests economic benefits without going against national regulations.

In addition, within the limits of national regulations, Guangzhou municipal government aimed to provide a relatively freer context than the other two selected cities in overseeing cultural production. Influenced by the free speech environment in Hong Kong and Macao, Guangzhou’s influential newspapers Nanfang Daily, Guangzhou Daily and Yangcheng Evening Paper often contained editorials concerning the constitutional government, the governance of the army or the relationship between mainland China and Taiwan, which were at the edge of ‘sensitive content’ and might even be treated as such by other municipal governments (Huang, 2010). Shambaugh (2007) argues that influenced by the technological updating of media products and

globalisation, citizens are no longer content with safe information from the ‘state media organs’ (p.57). From this point, compared with newspapers that only contained uncontroversial safe content, the Guangzhou counterparts are more competitive in the competition for readership. The revenue of Nanfang Daily, Guangzhou Daily and Yangcheng Evening Paper are ranked the first ten amongst all the newspapers in China (Yin et al., 2013). The total revenue of Guangzhou’s newspapers industry is always the first in China, which occupies one fourth of the revenue of newspaper industry in China (Dong, 2006). It is undeniable that the relative free context in Guangzhou facilitates the commercial achievement of newspaper industries to some extent.

Harvey’s (2005) understanding of the term ‘neoliberalism with Chinese characteristics’ considers the loosened state control on the entry of non-public capital, but it fails to consider censorship on the content of cultural products. Donald Nonini (2008) argues that the considerations about socialist values and political interest have disturbed the process of privatisation and liberalisation. The censorship on the content of cultural products should not be ignored in understanding neoliberalism in China. In Guangzhou, the municipal policies did not disregard the considerations about the social benefits of cultural products. The supervision and the considerations still had influence on the freedom of cultural creation and production. However, unlike the other two cities, in the tension between marketisation and authoritarian control, Guangzhou municipal government declined control under commercial pressure from the market. The term ‘neoliberalism with Chinese characteristics’ cannot demonstrate the variations between cities in terms of their control on cultural production. The following sections reflect that under the gradual loosened control, Guangzhou municipal policy makers display an increased commercially and digitally-oriented trend to promote culture that could pass the censorship of the municipal government.

### **6.3 Allocation of government expenditure on culture**

As has been stated in section 6.1, Guangzhou municipal policy makers failed to recognize the distinctiveness of cultural industries when they began to develop cultural industries policies. They promoted a broad classification of cultural industries in order

to facilitate the industrial linkage between cultural industries and the manufacturing production and improve the development of the tertiary sector (You, 2010). Influenced by this thought, Guangzhou mainly measures the importance of cultural industries in economic terms. Specifically, although Guangzhou's GDP and financial revenue always ranked the first three among all the Chinese cities (Lin, 2014), the municipal government has not allocated more government expenditure on culture. Policy maker 6 from the Financial Bureau stated that its expenditure on culture has just occupied 1% of the entire government expenditure, which is the lowest percentage required by the state (Policy maker 6, Guangzhou, 2014). Policy maker 2 from the Development and Reform Commission further explained that the expenditure is related to the importance of the industries. The 10 most important industries in Guangzhou are automobile manufacturing, fine chemical engineering, equipment manufacturing, telecommunications, biotechnologies, the development of new materials and renewable energy, commerce and trade, finance and insurance and logistics. Cultural industries and other industries compete for government expenditure (Policy maker 2, Guangzhou, 2014). As policy maker 2 explained that,

“these are according to their economic contribution, and the cultural industries fail to be in the front” (Policy maker 2, Guangzhou, 2014).

The municipal government prioritised different industries according to their economic contribution, but fails to consider the differences between cultural industries and other industries. Government expenditure has been used as investment for maximising commercial return for the municipal government in promoting the animation industries and cultural SMEs. Specifically, as for the promotion of animation industries, section 6.1 has stated that Guangzhou is the main manufacturing base for producing cultural products such as toys, games, television, audio and video equipment (You, 2010). In this situation, Guangzhou was more active than other cities in response to national policies about promoting animation industries because it could drive the development of Guangzhou's manufacturing production of animation derivative



products (Policy maker 8, Guangzhou, 2014). In addition, policy maker 8 also stated that Guangzhou's financial revenue is higher than that of many other cities and has attracted many cultural talents from different places to Guangzhou for a higher income. These talents will contribute more to the animation production. Guangzhou's resources and the industrial development encouraged policy makers to promote animation industries since 2007. From this point, the rationale behind policies for supporting animation industries is primarily extrinsic benefit. The *Decisions about Supporting the Development of Software and Animation Industries* stated that

“(the municipal government) aims for 5-10 years for the breakthrough and improvement of the competitiveness of animation and software industries”  
(ibid).

Karl Aiginger (2006) summarises the meanings of existing definitions of the term ‘competitiveness’ and argues that the key points in understanding the term are measurable productivity and the ability to create wealth. The municipal policy from this point focuses on the productivity of the animation industries. Besides this, policy makers even compare the animation industries to the automobile industries. Policy maker 8 from the Institute of Technology and Information Commission explained that the automobile industry has always been the most important industry in Guangzhou and the output value of Guangzhou's automobile industry ranked the first in the country (Policy maker 8, Guangzhou, 2014). Since 2007, the slogan of the municipal government has been “to promote the animation industry as much as it promotes the automobile industry” (policy maker 8, Guangzhou, 2014). In this comparison, they only compare the market value of the two kinds of industries and fail to realise the distinctiveness of animation products. Guangzhou and the northern inland city Harbin both allocated government expenditure for the animation and software industries. However, in contrast to the Harbin municipal government, which aimed to support all the enterprises in the Pingfang animation creative cluster, Guangzhou's characteristic is that the allocation of government expenditure in the animation and software industries

hinges on the explicit and measurable achievements of the enterprises (see table 6).

Table 2 The conditions for using government expenditure on animation industries

Condition	Investment (yuan)	Period of funding	Percentage of investment	Maximum funding (yuan)
Local enterprises	more than 10 million	over 5 years	5% of their investment	3 million
National big software or animation industries with headquarters in Guangzhou	more than 30 million		6% of their investment	5 million
Individuals from other cities	more than 3 million		subsidy in buying a house	0.05 million
Guarantee agencies		more than one year	1% of their guarantee	0.5 million
Original animation video broadcasted in China Central Television (CCTV)			2000 yuan reward/ min	2 million

(Data obtained from policy document revealed in 2006 named *Decisions about Further Supporting the Development of Guangzhou's Software and Animation Industries No.44*)

Municipal policy and policy makers fail to understand how to measure the quality of an animation product. The above measurable standards have become the decisive factor when supporting animation enterprises. In addition, the policy makers' consideration behind the allocation of government expenditure lies always on the return of investment. Policy maker 8 further explained that the precondition for funding is that

“we need to consider the continuity of the project and also need to consider whether we can see the result of the investment in a short time” (Policy maker 8, Guangzhou, 2014).

As a result, animation films and series (e.g. Yongchuang Tianxia, Shentan Weiwei Mao) produced by local enterprises and widely acclaimed by the animation industries were not able to receive funding because their investment did not reach the criteria set by the policy (Yan, 2008). In addition, the municipal government funded animation products by minutes, which has caused enterprises increasingly focus on rather tedious animations (e.g. Xi Yangyang has over 530 episodes) than those of high quality (Jing, 2015). Admittedly, cultural products need to contain an exchange value to function as cultural commodities. However, O'Connor (2010) argues that besides economic profit, governments have to realise that the cultural and creative industries also focus on quality, which cannot be measured by short-term commercial return. Guangzhou municipal policies are poorly designed regarding this aspect and largely promote animation industries as pure economic products. The objective and rationale in promoting animation industries is for commercial profit, which damages the animation products' quality.

The municipal government also fails to recognize the distinctiveness in supporting cultural SMEs and clusters. Specifically, unlike Beijing and Harbin, Guangzhou municipal government has not had specific policies for cultural SMEs and expenditure has been targeted towards the economically most profitable (rather than culturally distinctive or valued) SMEs. Policy maker 6 from the Financial Bureau stated that between 2008 and 2009, the municipal government had allocated 40 million yuan for the technological innovation of SMEs (Policy maker 6, Guangzhou, 2014). In 2010, the municipal government began to expand the scale of the guarantee agencies and required each of them to provide guarantee for more than 100 SMEs (ibid). In 2011, the *12th Five Year Plan for the Development of Guangzhou's Economy and Society* stated that (the municipal government) will annually screen the first 300 private enterprises and SMEs “which have good potential for growth and are competent, and mainly support

these enterprises in terms of tax rewards, fiscal support, financing services, land use and cultural talents” (Guangzhou Municipal People’s Government, 2011). In 2012, the municipal government further aimed to allocate government expenditure for the construction of a service platform for private enterprises and SMEs, technological transformation and innovation and for enterprises that contribute more to the local economy (Guangzhou Municipal People’s Government, 2011). During the selected period, the cultural SMEs and SMEs in other industries competed for government support. In order to obtain government funding, cultural SMEs need to demonstrate technological innovation and contribution to the local economy. As for the promotion of creative clusters, municipal policy makers are still paying too much attention to the achievement of commercial profit through the clusters and the saving of government cost through identifying and supporting only 10<sup>108</sup> out of 60 creative clusters and leaving the remaining ones to the market. Those clusters (e.g. Beian, Xingfang 60) that are not identified by the municipal government face the risk of being moved or dismantled because of the changing urban construction plan (Policy maker 4, Guangzhou, 2014). In addition, the rent for creative clusters is too high for many grassroots artists or cultural producers and small-scale enterprises move from one cluster to another in order to enjoy preferential treatment provided by clusters in entering a certain cluster (ibid). Policy makers admitted these problems and policy maker 4 stated that

“many creative clusters actually do not demonstrate a cultural element, and they mainly contain many cafés, restaurants, shopping centres or beauty studios that can afford to pay the rent” (Policy maker 4, Guangzhou, 2014).

John Montgomery (2003) argues that the basic precondition for the creative cluster is “the presence of cultural activity” (p.296), and the essential cultural activities include

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<sup>108</sup> The 10 creative clusters include Yang Cheng creative cluster, Guangzhou Chang Long tourism, Guangzhou music and audio cluster, Guangzhou Xinyi cluster, Guangzhou high-tech Huang Huagang creative cluster, Guangzhou TIT costume creative cluster, Guangzhou CongHua Animation cluster, Hua Chuang animation cluster, Fozi creative cluster and Guangzhou animation cluster (Zhang, 2011).

the “availability of workspaces for artists and low-cost cultural producers [...] Art in the environment [...] Stable arts funding” (p.297). However, the policies and statements of policy makers never show a consideration of these basic cultural activities but demonstrate that cultural SMEs and creative clusters are promoted for boosting the local economy.

Since 2007, the policies for government expenditure on animation industries, cultural SMEs and clusters have been economic policies rather than cultural policies, or as Newsinger (2012) criticises that it is already difficult to separate cultural policy from economic policy. Policy maker 3 also emphasised that

“the aim should be on the profit and should be considered when investing in cultural industries, because we need the whole chain in cultural industries to help us to gain profit. All strategies should be useful in helping to drive the development of the cultural industries and make more money. If the strategies cannot facilitate the cultural industries in gaining greater profit, they will be changed” (Policy maker 3, Guangzhou, 2014).

Artistic organizations that are spontaneously formed by groups of artists in Guangzhou (e.g. HB Station was formed in 2012) focus on their unruly creation about the critique and irony of social reality (e.g. the excessive urbanisation) (Feng, 2014). Their works do not meet the current public demand for entertainment and abstract work, and cannot achieve commercial profit or obtain stable investment. In this situation, they are not capable of receiving government funding and cannot afford the rent in creative clusters (ibid). Such kinds of autonomous cultural production are marginalised in Guangzhou municipal policies. Banks (2015) argues that the distinctiveness of cultural industries lies within the “zone of permissibility – between culture and economy, management and freedom – that cultural goods (of all kinds) are precisely made” (p.40). From this point of view, it is impossible for cultural autonomy to be completely destroyed, but the autonomy should not be downplayed. The problem of Guangzhou municipal policies is that they focus too much on profit while degrading the existing

autonomous cultural expression.

Unlike Beijing and Harbin municipal policies, which increasingly prioritised the profitable products in the cultural industries, Guangzhou counterparts even promote the competition between cultural enterprises and enterprises of other industries for government funding. Guangzhou municipal government fails to realise the distinctiveness of cultural industries. Policy maker 3 from the Cultural Bureau attributes this to a management issue because the Economic and Trade Commission is particularly responsible for supporting the development of SMEs (Policy maker 3, Guangzhou, 2014). The Commission conducted a dynamic management and annual review of the funded enterprises and made a comprehensive assessment of the enterprises in terms of their economic benefits (Guangzhou Municipal People's Government, 2008). Policy maker 5 from the Publicity Department also blamed the blurred responsibility inside the municipal government, noting that

“the competent department in promoting the development of cultural industries is always unclear. The development of cultural industries needs the systematic coordination between different departments, but we are still on the way to achieve this goal” (Policy maker 5, Guangzhou, 2014).

However, this blurred responsibility cannot mask the truth that the “‘intrinsic’ values of culture – the way in which culture might be valued for its own sake – were being subsumed” in exchange value (Hesmondhalgh, 2013, p.176). During the selected period, Guangzhou municipal government adopted neoliberal thinking in promoting the animation industries, cultural SMEs and clusters. However, Turner (2015) argues that the economic development of cultural industries should not distract us from the political, cultural and social aspects of culture, without which we would lose “a valuable asset that can serve as a rallying point for the advocacy for investment in cultural activities, and as a basis from which to critique and analyse cultural policy initiatives that have been proposed or implemented” (p.541).

Although, this section criticises the municipal policies for their focus on the

economic value of animation products and degradation of considerations of the autonomous creation, this does not mean the policies totally ignored culture during the selected period. Guangzhou municipal government still focused on non-profitable culture related to the national image. The Guangzhou TV Astronomical and Sightseeing Tower, for example, was built as the image project of Guangzhou before the Asian Athletes Championships in 2010. It cost 2.948 billion yuan in total for its construction from 2005-2009 (Chen and Lu, 2008). The 600 meters high television tower is the highest tower in China and the world's third highest tower (Chen and Lu, 2008). However, after the tower had been opened to the public in 2010, it has not attracted as many tourists as expected, and the municipal government has paid 0.17 billion yuan in total between 2010 and 2012 in subsidies (Hong, 2014, A2). The Tower has increasingly raised the price of admission tickets, but it still relies heavily on government subsidy (ibid). The government expenditure on supporting Guangzhou Canton Tower is not for commercial profit. As the landmark not only represents the city's image but also the national image, the government expenditure on the Tower is more related to the city branding. Correspondingly, policy maker 7 from the Publicity Department stated that the authorities would like to make achievements that have the potential to be seen by the citizens and their successors, "[...] some of the investment is indeed more related to the visible achievements of government" (Policy maker 7, Guangzhou, 2014).

The allocation of government expenditure in Guangzhou during the selected time period shows that Guangzhou municipal government is on the one hand influenced by neoliberal ideas and overemphasises market evaluations in promoting animation industries, which marginalises the autonomous creation in the animation products. On the other hand, government funding has not ignored all non-profitable cultural sectors. In summary, Guangzhou municipal policies are more commercially oriented in promoting culture than their counterparts Beijing and Harbin. However, the policies are still not entirely equal to neoliberal policies as the municipal government still focuses on cultural aspects related to the city's image and visible achievements of government, which are not replaced by economic evaluation.

## **6.4 Privatisation of culture**

As the central city in south China, Guangzhou has been characterised by its traditionally greater attention to the cultural market than other inland cities. Particularly, since the 1990s, the municipal government has encouraged the co-existence of private and non-private owned cultural enterprises to prosper the cultural market, and encouraged the Cantonese Opera Group to seek cooperation with the private medicine company He Jigong, and the beverage company Jian Libao (He, 2013). It has already encouraged cultural enterprises to become bigger and develop into conglomerates. They have even established the first newspaper group in China since 1992. It also took full advantage of its function as a port city to keep embracing foreign advanced technology in order to improve the efficiency in television making and publishing. Thus, prior to the promotion of the cultural system reform, Guangzhou's Broadcasting Station was already independent from government support. Its revenue in 1998 was already 34.85 million yuan, while the government support comprised only 7.96 million yuan (Cao et al., 2000, p.65). This section argues that Guangzhou's cultural industries policies in the 2000s further promoted the marketisation trend. With more financial institutions, Guangzhou municipal policy makers are more market-oriented and aim to provide a more liberal market environment for competition, which caused market failure and threatened the development of certain kinds of cultural enterprises such as the Cantonese Opera and acrobatics troupe.

### **6.4.1 Increase of the civil power of private entrepreneurs**

The state plays an important role in promoting neoliberalism, and Harvey (2005) argues that neoliberalism needs the state to create institutional support, under which individual entrepreneurship can be realised and various kinds of enterprises can compete freely with each other. Daniel Stedman Jones (2012) also notes that "the free market ideology based on individual liberty and limited government that connected human freedom to the actions of the rational, self-interested actor in the market place" (p.2). John Hartley et al. (2013) further argue that the cultural SMEs cannot compete



with big enterprises in terms of economic power and scale, and the success of SMEs depends much on entrepreneurship. Guangzhou municipal policy makers have kept an eye on encouraging entrepreneurship and the start-up of small businesses since they commenced cultural industries policies. Specifically, policy maker 3 from the Cultural, Broadcasting and Television, Press and Publication Bureau stressed that:

“[the] cultivation of cultural entrepreneurship and creation of environment for the development of cultural enterprises is our starting point to promote the cultural development” (Policy maker 3, Guangzhou, 2014).

Policy maker 2 from the Development and Reform Commission further stated that Guangzhou already has the environment for nurturing entrepreneurship because it is China’s ‘shiyen tian (experimental field)’ in promoting the reform and open policies:

“[...] its marketisation process is much faster than other cities and the entrepreneurial spirit has already ‘shenru renxin’ (enjoyed popular support)” (Policy maker 2, Guangzhou, 2014).

Policy maker 2 further stated that influenced by the loosened market environment, Guangzhou citizens have much enthusiasm in starting their own businesses and the number of SMEs now comprises 75% of the total number of all cultural enterprises (Policy maker 2, Guangzhou, 2014). The large number of SMEs has been a characteristic of Guangzhou (ibid). In this situation, the municipal government continued to encourage the start-up of SMEs and attracted various kinds of capital to support entrepreneurs. In 2007, the *Policies about Further Quickening the Development of Private Economy (No.42)* stated that the municipal government encouraged citizens to start their own business. The policy is for businesses in all industries rather than only cultural industries (Guangzhou Municipal People’s Government, 2007). Hartley et al. (2013) argue that the neoliberal policies require the state to promote market competition, which is reflected through the “high levels of

entrepreneurship and innovation” (p.148). The development of Guangzhou municipal policies manifests the argument and keeps encouraging a higher level of entrepreneurship with large numbers of SMEs and the citizens’ enthusiasm in opening businesses.

Compared to other provincial capital cities, it is characteristic of Guangzhou that it has more financial institutions<sup>109</sup>. For this reason, unlike Harbin and Beijing municipal government, which emphasised the function of the government intervention in linking the market and culture, Guangzhou municipal policy maker placed more emphasis on the efforts of cultural enterprises. Policy maker 3 stated that

“in order to solve the problem of receiving investment, cultural SMEs cannot only depend on government support, but should also improve their credit worthiness and actively contact various kinds of financial institutions rather than only banks” (Policy maker 3, Guangzhou, 2014).

Policy maker 7 from the Publicity Department further stated that the municipal government has cooperated with more than 20 corporations to form a foundation of 10 million yuan to support the start of projects or businesses around design, new media, e-commerce and architectural design within the start-up hub (Policy maker 7, Guangzhou, 2014). It is characteristic of Guangzhou that the municipal government seeks to improve the market investment in playing a more important role than the government interventions in supporting cultural enterprises. All three selected cities are in the process of facilitating the market competition between various kinds of cultural enterprises, but with more financial institutions, Guangzhou increasingly underscores

<sup>109</sup> Guangzhou and Harbin are both vice-provincial cities; cf. Table 3 for a comparison of the number of financial institutions in Harbin and Guangzhou.

	Harbin	Guangzhou
Domestic banks that establish branches here	13	15
Foreign banks that establish branches here	7	27
Foundation companies that establish branches here	3	6
Security companies that establish branches here	21	42

(data obtained from gzjr.gov., 2015., zwgk.harbin.gov.cn., 2015, policy maker 7, Guangzhou, 2014)

the importance of the market in supporting individual entrepreneurial freedom. In addition, section 6.3 has demonstrated that Guangzhou municipal policy makers only focused on supporting profitable SMEs rather than the development of cultural SMEs.

Bell and Oakley (2014) further argue that neoliberal creative industries policies focus more on the market supply than the demand, and intervened in stimulating the development of SMEs. However, the stimulation will not disturb market competition or go against the profit accumulation of those dominated corporations. The development of Guangzhou municipal policies reflects this argument. The policy makers on the one hand encourage more SMEs to participate in the market competition, on the other hand they also encourage growth of big cultural enterprises through mergers. Specifically, since 2003, Guangzhou municipal policies have encouraged cultural enterprises to merge with weak businesses and formed a big cultural enterprise. During this process, the municipal government would not support cultural enterprises that have long-run losses and could impose bankruptcy on them (Guangzhou Municipal People's Government, 2003). In 2008, the *Policies about Promoting the Development of Cultural Industries and Undertakings (Guangzhou No.5)* further supported big cultural enterprises to merge or reorganize across regions to form the backbone to enterprise in cultural industries (ibid, 2008). In 2011, the municipal government continued to encourage local large cultural enterprises (including the Guangzhou Media Holding, Ltd., Guangzhou Radio and Television Media Group. co. Ltd., Guangzhou Xinhua Publishing and Distribution Limited Liability Company, Guangzhou Zhujiang Digital Media Group.co.ltd) to operate across different regions and industries to become the media industries group that has over one billion yuan assets (Guangzhou Municipal People's Government, 2011). Policy maker 4 from the local Cultural, Broadcasting and Television, Press and Publication Bureau emphasised that it is an important task for the municipal government to develop large cultural enterprises, because the number of these enterprises, which have a huge influence and economic power such as wangyi (NTES), manyou (ComicFans), youshi (UC) occupied only less than 10% of the number of all the cultural enterprises:

“Our attitude is still to cultivate skeleton cultural enterprises, and cultivate the state owned cultural enterprises which have core competitiveness.[...] The big cultural enterprises have leading function in promoting the development of cultural industries and creating a thriving market” (Policy maker 4, Guangzhou, 2014).

Hartley et al. (2013) argue that “neoliberals proposed that the state must continually act to generate policies that produce competition” (p.145). The neoliberal government provides freedom for the market in which the competition could take place (Hesmondhalgh, 2007). In genuine competition, there should be winners and losers and weak enterprises will be merged with large cultural enterprises (McGuigan, 2014). Guangzhou municipal policies follow these arguments and they kept embracing new entrants in the cultural market and also facilitating mergers and reorganizations. However, in this process, the municipal government fails to protect the individual creativity in the market competition.

#### **6.4.2 Reduction of state capital**

Osborne and Gaebler (1992) argue that the thought behind neoliberal governance is the following: enterprises will never consider making money or competing in the market, if they are always financially supported. In order to save on costs, the municipal government should not make the enterprises depend on government expenditure and should facilitate their participation in a competitive market. This section argues that Guangzhou municipal government adopts the neoliberal thinking and moves earlier and faster than the central state and the other two selected cities in diminishing the role of state and bringing in private capital within the control of local political leadership, which is less than national regulations.

Since 2003, the municipal government has started promoting the cultural system reform and the *Opinions about Quickening the Development of Guangzhou Cultural Institutions (Guangzhou No.12)* has stated that the municipal government will gradually decrease the state capital and bring in social capital in the transformation of

cultural enterprises (Guangzhou Municipal People's Government, 2003). The *Plan for the Cultural Construction Between 2004 and 2010* further stated that

“(the municipal government) will break the monopoly of the government and the boundary between system of ownership, and will establish and better a market entry system, and encourage all kinds of ownership composition, enterprises and institutions, social capital to directly enter the cultural field” (Guangzhou Municipal People's Government, 2004).

Beijing and Harbin municipal policies also gradually embrace the entry of non-public capital in supporting culture, but they have not stressed the decrease of state capital or break the monopoly of government and have not emphasised the decrease of the total amount of government expenditure on culture. In addition, Guangzhou municipal policy makers only paid much attention to how quickly they complete the transformation without adequate cultural considerations. Policy maker 7 from the Financial Bureau emphasised that all 26 business operative institutions and eight artistic performance organizations have been transformed into cultural enterprises since 2009 (Policy maker 7, Guangzhou, 2014). Unlike Harbin, which did not decrease government expenditure on the transformed cultural enterprises, Guangzhou municipal government focused on pushing more culture to the market competition, and “to a larger extent realise the fundamental function of market in allocating the cultural resources” (Guangzhou Municipal People's Government, 2008). Policy maker 7 further emphasised the importance of the market and that

“the issues related to the market should be decided by the market itself” (Policy maker 7, Guangzhou, 2014).

Policy maker 10 further emphasised the significance of free market, that

“compared to Beijing and other cities, our Publicity Department is very

cautious [...] the funding will also break the balance of the market, and cause unequal competitions between cultural enterprises [...] Guangzhou actually aims to leave the market more free spaces to develop” (Policy maker 4, Guangzhou, 2014).

Guangzhou municipal policy makers placed much focus on diminishing the role of the state, which improved the government efficiency at the expense of damaging cultural quality and cultural diversity. Specifically, policy maker 5 provided one example about the Guangzhou Opera House, for which the municipal government adopted the strategy ‘zero subsidies’ after it was left to the market. In this situation, the Opera House mainly depended on renting space to survive and received much criticism from citizens because fast-food restaurants such as KFC and McDonald’s occupy too much space, and they are not aligned with the artistic atmosphere in the Opera House. However, due to unsatisfactory attendance and heavy daily expenditure (0.5 million yuan each day), the revenue from tickets cannot cover the huge expenditure, and the Opera House has to operate in this way. Policy makers stressed that the municipal government should not make transformed cultural enterprises dependent on government expenditure but need to stimulate the enterprises to think of ways to survive by themselves. As policy maker 5 stated that

“the Opera House in the neighbour city Shenzhen does not use this strategy to operate, but the municipal government needs to use at least one million (yuan) each year to subsidise the normal operation of the Opera House. *...a vicious circle*” (Policy maker 5, Guangzhou, 2014).

In another example about the Cantonese opera troupes, policy maker 4 from the local Cultural Bureau stated that with the limited government expenditure, the revenue of the Cantonese Opera cannot cover the huge cost in creating new dramas, building scenes, fees for water and electrics or renting stages. However, the policy maker further stated that

“after all, government support is not a long-term solution. The managers of these troupes have to think of solutions by themselves” (Policy maker 4, Guangzhou, 2014).

The development of the municipal policies and the statement of the policy makers demonstrate that Guangzhou municipal government does not welcome the dependence of the transformed cultural enterprises. The various strategies provided by policy makers in saving on costs are much guided by new public management strategies. As Hood (1995) argues, the neoliberal government exerts “greater stress on discipline and parsimony in resource use and on active search for finding alternative, less costly ways to deliver public service” (p.97). Compared with Beijing and Harbin, Guangzhou municipal policy makers focus more on facilitating greater competition between the transformed cultural enterprises and the private enterprises. The market is playing a greater role than the government in public cultural provision.

Guangzhou municipal policy makers pay more attention to saving on government costs. Moreover they emphasised that Guangzhou could save on much government costs because local culture could receive investment from various kinds of private foundations. Policy maker 6 from the Financial Bureau illustrated with the examples that Guangzhou Cultural Art Development Foundation exists to support the development of cultural and art institutions; the revitalisation of Cantonese Opera Foundation exists to support the creation of Cantonese Opera; Guangzhou Overseas Chinese Cultural Development Foundation is mainly to promote traditional Chinese culture among the overseas Chinese (Policy maker 6, Guangzhou, 2014). Policy makers 7 from the Publicity Department further illustrated with the example that in 2011, the municipal government established a cultural investment group that raised 1 billion yuan for the internet company ShanGou only in one year, which can never be achieved by government expenditure (Policy maker 7, Guangzhou, 2014). Although Guangzhou municipal policy makers and policies have not provided specific data about how much non-public capital has been brought in the previous public funded culture, they keep

emphasising the decrease of public interventions and depend more on private capital. In this situation, the fate of the transformed cultural enterprises is mainly at the mercy of the private foundations. However, as Dexiong Zeng et al. (2015) demonstrate, private foundations focus on the commercial potential of cultural enterprises and cannot guarantee stable financial support for the non-commercial viable culture. The Zhuangyuan Drama, which originated in Guangzhou 100 years ago, was reaching the edge of extinction. The inheritors of the drama could not afford to rent a venue and did not have money to promote it (Peng, 2016). Similarly, the other non-profitable Baizi Drama, Zhengzi Drama, Huazhao Drama also faced the same difficulties. The one to two inheritors of each drama did not own enough money to protect the scripts of these dramas or to promote them (Guo and Tang, 2010). The low-level cultural consumption of them cannot cover their huge expenditure and these enterprises cannot guarantee a stable salary for cultural workers. The municipal government's overemphasis on privatisation thus has already caused serious market failure and severely threatened cultural diversity. As criticised by Russell Keat (1999), the problem is "that various kinds of cultural goods, to which considerable value is attributed, are likely to be 'lost' and 'displaced' by other lesser value" (p.94).

With large numbers of financial institutions, the municipal government since 2003 has adopted neoliberal thinking to push more previous public funded culture to the market, and made them operate like private enterprises. In addition, the municipal government rejected the transformed cultural enterprises to depend on government expenditure and kept embracing private capital to support them. The development of the policies exemplifies Newsinger's (2014) argument about the neoliberal characteristics of creative industries policies that it "allowed the private sector to increasingly determine the organisation and management of the cultural sector, with the market assuming a much greater proportion of the role of cultural commissioning and authority than had been the case previously" (p.3). The public cultural provision has been threatened in the process of excessive marketisation of culture.



## 6.5 Conclusion

As one of the most open cities in China (Yang, 2004), the southern coastal city Guangzhou is more market-oriented among the three selected cities in promoting local cultural industries. The high degree of marketisation in Guangzhou also has pressured municipal government to decline authoritarian control to some extent. Guangzhou moves earlier than other cities in developing local cultural market, however, the municipal policy makers fail to recognize the distinctiveness of cultural industries. The municipal government adopted neoliberal thinking in many ways. Specifically, the municipal policy makers adopted a broad classification that nearly contains all the industries in the tertiary sector in order to drive the industrial linkage between cultural industries and manufacturing production of derivative cultural products (such as toys, audio equipment and games). The municipal policy makers only use the economic contribution as the standard to support SMEs, regardless of cultural or industrial SMEs. They promote the animation industries largely as an economic product and promote excessive marketisation of culture with the decrease of public support. These strategies severely threatened cultural diversity and autonomous individual meaning making. Among the three selected cities, Guangzhou has the least authoritarian control and the most market-oriented policy. However, the understandings of neoliberal policies cannot be applied to explain the government support of the non-profitable culture like Guangzhou Canton Tower. In Guangzhou, the municipal policy makers on the one hand are guided by neoliberal thinking and subject individual self-cultural expression to the commercial imperatives. On the other hand, the municipal government supported the non-profitable culture related to national and city image, which make the policies more complex than neoliberal policies. In this situation, Guangzhou municipal policies are close to neoliberal policies with less influence of authoritarianism in many ways, but are more complex than neoliberal policies.

## 7. Conclusion

Based on the critiques and analyses of McGuigan (2005) about neoliberal cultural policies and Hesmondhalgh et al.'s (2015) critiques and analyses of McGuigan's (2005) work, this research identified three main perspectives in analysing to what extent Chinese municipal creative industries policies are neoliberal in character. These are the privatisation, instrumentalisation and the new public management of culture. The thesis analysed the municipal creative industries policies through three case studies – Beijing, Harbin and Guangzhou – between 2001 and 2013. In this concluding chapter, the first section will answer the research questions, the second section will discuss the potential contribution of the research study, and the final section will outline the potential limitations.

### 7.1 Answers to research questions

#### 7.1.1 To what extent are the Chinese municipal creative industries policies characterised as neoliberal?

The policy makers of all three selected cities are to different extents guided by neoliberal thinking in promoting the marketisation and commercialisation of culture. However, none of the three cities' policies could be equated to neoliberal policies in any pure or ideal sense.

According to the political imperatives behind privatisation, Harvey Feigenbaum et al. (1998) divide it into three types: pragmatic, tactical and systemic. Pragmatic privatisation is simply worked as one government administration strategy for immediate social problems but it fails to consider ideological factors. Tactical privatisation tries to meet short-term election goals in order to show constituencies that the government reduces the budget deficit. Systemic privatisation is “intended to reshape the entire society [...] seeks to lower people's expectations of what government can and should be held responsible for, reduce the public sector's oversight and enforcement infrastructure

[...]” (p.43). Within the limits of the ideological control, the ultimate goal of the three case studies cities is the promotion of systemic privatisation. The political imperative behind the privatisation is to decrease the government responsibility for operating cultural enterprises and to increase culture supported by non-public capital. Harbin started later and moved more slowly than the other two cities. Unlike them, where the attraction of non-public capital has damaged public cultural provision and even threatened the development of certain non-commercial viable culture, Harbin has not decreased the government expenditure during the selected period. Therefore, Harbin municipal policies do not explicitly demonstrate neoliberal characteristics.

Given the new public management strategies on culture, within the limits of government control, all three cities increasingly focused on the incorporation of strategies from various NPM models in cutting red tape, linking the allocation of government expenditure to quantitative indicators and saving on government costs. However, scrutiny is required in the analysis of NPM models. The municipal governments of Beijing and Guangzhou both promote high priority of commercial culture, which damages the existing autonomous cultural expression. However, they did not link the allocation of government expenditure to quantitative indicators in all cultural industries but focused on non-profitable culture related to the national image. Harbin municipal government paid increasing attention to quantitative indicators, but did not ignore the cultural development. Harbin municipal government also paid increasing attention to the improvement of government efficiency. However, Hesmondhalgh et al. (2015) note that it is too absolute to argue that a social democratic government does not care about government efficiency, and the focus on government efficiency cannot be directly linked to neoliberalism. In summary, Beijing and Guangzhou municipal governments partly adopted NPM techniques and it is not confirmed that Harbin adopted NPM strategies.

With regard to the instrumentalisation of culture, the three cities promote culture for various goals including economic growth and solving unemployment. Municipal governments in all three selected cities increasingly consider culture as a driver for economic growth. As Flew and Cunningham (2010) note, “cultural policy is moving

from arts subsidy and advocacy to the centre stage of economic growth policies” (p.118). However, the policies in the three cities are more complex than instrumental policies because the culture of ideological control is maintained.

Municipal policy makers from different regions have different thoughts and underscored various strategies in promoting local cultural and creative industries. One common trend of all three cities is increasingly commercially and digitally-oriented, as Keane (2009) stated, “economic tail wagging the cultural dog” (p.432). However, the analyses of all three perspectives show that the municipal policies did not simply follow NPM strategies and instrumental policies. Although all three cities are increasingly commercially-oriented, the policies have not ignored the culture related to ideological control and the national or city’s image.

**7.1.2 If the creative industries policies are more complex than neoliberal policies, then what is the nature of the complexity? Which term could be used to describe the policies in this case?**

The thesis also argues that the Chinese municipal creative industries policies cannot be characterised simply as neoliberal in a Western sense. All three cities promoted the state-backed, authoritarian transformation of the public-owned cultural institutions into commercial cultural enterprises, but in this process, they all aimed to remain bound by the ideological control of the culture related to the current politics. As stated by Shi-lian Shan (2014), “aspiration towards profitable cultural industries did not remove the political propaganda and ideological functions of culture” (p.116). Gan Li and Weiqing Song (2015) further argue that the cultural production in China is distinctive because “it is both highly commercialised and constrained by political doctrines and discipline” (p.364). The precondition for the existence of a *certain* culture is that it passes government censorship. Daniela Stockmann (2013) further summarises that the Chinese state needs to delicately balance the marketisation of culture and guarantee of Party control. All three cities pay greater attention to commercial culture within the authoritarian control. However, culture is not absent in this policy context, but refracted through an authoritarian Chinese state cultural policy – a ‘top down’ culture that stands

in contrast to the kinds of liberal freedoms and ‘bottom up’ culture usually associated with Western creative industries.

As has been discussed in the literature review (section 2.2.2.2), China is in a transition period with various competing influential factors, including neoliberalism, authoritarianism, the remaining vestiges of planned economy and the remaining ideological influence of socialism. In this situation, it may not be reasonable to conclude that the Chinese society is simply a neoliberal society. The municipal policies of the three case studies are increasingly influenced by neoliberalism but remain tied to authoritarianism to different extents. Influenced by geographical and historical factors, the strength of the existing sectors, the number of financial institutions and the size and shape of the existing cultural economy, the three cities are different from each other in terms of the neoliberalisation of cultural policies.

Beijing in particular, as the capital city located in the north inland area, has more economic and cultural resources than all other inland cities. In addition, the city shifted earlier than its counterparts in this area towards a market economy (Party Congress of Beijing, 2004). Driven by the increase of public demand for the cultural products, the advocate of the central government to facilitate economic growth without damaging environment, and the stimulation received from Olympic Games to establish a ‘Humanistic Beijing, [a] Green Beijing, [and a] High-Tech Beijing’, Beijing municipal government actively displayed a commercially and digitally oriented trend in promoting local cultural and creative industries. In addition, as the political centre of China, the Beijing municipal government focuses greatly on the stability of the society. As a result, Beijing on the one hand promotes commercialisation of culture and on the other hand upholds greater authoritarian control over cultural activity than is required by national regulations. The neoliberalisation of Beijing municipal policies is disturbed by authoritarian control. The municipal government adopted neoliberal thinking in promoting cultural system reform and creative clusters which disturbed the existing free cultural expression, but the municipal policies are more complex than neoliberal policies influenced by authoritarianism. This is because the municipal government has not completely ignored culture, but still supported and controlled culture related to

ideological control and national image.

As a typical northern inland large city, Harbin displays a different manifestation of cultural industries policies from Beijing. To be specific, as one of the first cities that entered the planned economy and one of the last to shift into market economy, Harbin is more heavily influenced by the planned economy than Beijing and southern coastal cities (Guan and Li, 2007). Due to its remote location, Harbin had much fewer financial institutions and less financial revenue (Huang et al., 2003). Furthermore, as one of the important industrial bases in the northern inland area, Harbin has a lack of tradition and a less developed history of cultural production. For these reasons, Harbin municipal policies did not explicitly reflect neoliberal characteristics in actively promoting the commercialisation and marketisation of culture, but still emphasised the significance of public cultural institutions and government intervention before 2010. Due to the improvement of the cultural consumption level, since 2011, Harbin municipal government has just begun to explicitly promote commercialisation and marketisation of culture. However, limited by the low financial revenue and the small number of financial institutions, Harbin municipal government has not decreased government expenditure for local cultural development. It followed national policies in exerting local cultural control and moved slowly in explicitly reflecting neoliberal characteristics.

In contrast to the northern inland cities, the southern coastal city Guangzhou displays a more market-oriented trend in promoting local cultural industries. As one of the first group of cities to enter market economy, Guangzhou was amongst the first to promote the cultural market and the cultural system reform (Zhang, 2011). As a port city, Guangzhou also has more commercial opportunities than the northern inland cities to garner more financial revenue from overseas (Yang, 2004). In contrast to the northern inland cities, Guangzhou traditionally promoted the development of cultural markets before making cultural industries policies. Thus, Guangzhou explicitly adopted neoliberal elements in promoting commercial entrepreneurship and the animation industries, and actively emphasised the commercialisation and marketisation of culture since the city began to implement local cultural industries policies. The high level of

commercialisation even pressured the local government to reduce government control. Furthermore, with more financial institutions, Guangzhou actively made policies to leverage more market investment in the cultural industries with a reduction of government expenditure. Guangzhou is geographically situated near Hong Kong and Macao, which makes it easy for citizens to obtain access to television signals from those areas outside the mainland China. Guangzhou is also allocated more freedom in embracing non-public and foreign cultural production. Compared with the municipal policies of the northern inland cities, Guangzhou municipal policies are thus more commercially-oriented and of less authoritarian control. Compared to Harbin, Guangzhou is more cosmopolitan, accessible and linked to a wider range of liberal commercial tastes and markets. The city has more easily and readily embraced the development and commercialisation of different cultural industry sectors.

In summary, the three cities are influenced by neoliberal ideas and authoritarian control to different extents. All three cities' cultural industries policies increasingly promote the commercialisation and marketisation of culture, but none could simply be characterised as 'neoliberal' policies in any standard sense. The case studies reflect that in China, geographical differences, historical factors, patterns of cultural production and consumption levels, and the number of financial institutions and support mechanisms have influence on the manifestation of local cultural policies. Neoliberalism and authoritarianism are present, but cannot account for all of the specific differences between these cities' policies. More scrutiny about the balance between marketisation and authoritarian control is needed to fully understand the policies in each case. As argued by O'Connor and Gu (2012), "the question of culture and its governance in China cannot be viewed as the on-site assembly of a pre-fabricated system, or as a gradual approach to a norm-whether this be tardy, or chaotic, or with local idiosyncrasies" (p.288).

Harvey (2005) coined the term 'neoliberalism with Chinese characteristics', which means that policy makers increasingly adopt neoliberal elements under authoritarian control. The thesis argues that Harvey's (2005) term is not specifically revealing in understanding particular Chinese creative industries policies. Firstly, he does not

provide a sufficient explanation of the term ‘authoritarian’, since he only focuses on the censorship of the entry of non-public capital without considering the specific suppression on the cultural production and creation. However, in the three selected cities, the municipal governments not only exert restrictions on the entry of non-public capital, but also censor the content of cultural products. Therefore, Harvey’s (2005) analysis of authoritarianism is one-sided from this point. Secondly, although Harvey (2005) mentions authoritarian context and uneven development between different regions, his analysis still follows the western model and treats neoliberalism in China as a monolithic entity. The specificity of different places is thus neglected. Harvey’s term does not show that municipal policies exert authoritarian control over the content of cultural products to different extents. Beijing, Harbin and Guangzhou all show different and contrasting relationships with censorship and state-management of cultural industry organisations and their products. Some are simply more liberal (and neoliberal) than others, and each shows different potential for more ‘autonomous’ cultural production to thrive (e.g. HB station in section 6.3). None of the three cities’ policies could be described as ‘neoliberal with Chinese characteristics’ in any singular or uniform way, therefore.

The literature review has demonstrated that influenced by Confucianism, which guides people to comply with hierarchical control and follow orders (Muller, 2016), the Chinese cultural policies focus more on the ideological control but usually ignore the exploration of individual creativity and what UK analyses would value as critical cultural politics. The case studies reflect that the municipal cultural industries policies tend to focus on economic growth and ideological control, but ignore the free autonomous creation that already exists (see the case of Beijing and Guangzhou). However, Banks (2015) argues that cultural industries matter not only for economic but also cultural reasons. The cultural aspect of cultural industries should not be ignored because “cultural value is intrinsic to the works of freely acting, autonomous authors and creators tend to allow (some) cultural workers an unusual degree of workplace freedom” (p.41). This cultural value cannot be simply embedded in economy (Banks, 2015), and it is necessary for policy makers to treat the intrinsic benefits of culture as



important as the economic value in promoting cultural industries. In China, this freedom is more inhibited, but not entirely absent, and appears to different extents in each of the three chosen cities.

### **7.1.3 The ‘structure of feeling’ for each city**

Raymond Williams was the first to use the concept ‘structure of feeling’ in *A Preface to Film* (1954), and then developed it in *The Long Revolution* (1961), and further elaborated it in *Marxism and Literature* (1977) (Buchanan, 2010), which referred to “a common set of perceptions and values shared by a particular generation, and is most clearly articulated in particular artistic forms and conventions” (Williams, 1961, p.65). The ‘structure of feeling’ for a city points to the sense of culture, atmosphere or style of a certain city during a particular period (Taylor et al., 1996). Ian Buchanan (2010) further summarises the understanding of the concept and argues that “the different ways of thinking vying to emerge at any one time in history. It appears in the gap between the official discourse of policy and regulations, the popular response to official discourse and its appropriation in literary and other cultural texts” (p.455). This section summarises the ways in which the creative industry policies in the three cities reflected their contrasting characters/ ‘structures of feeling’, followed by an evaluation of whether they could be described as successful and why.

There is no research that directly answers the question of how to identify a successful municipal creative industries policy, but current research studies have provided an understanding of their nature and identified as well as criticised their specific issues. O’Connor and Oakley (2015) argue that culture is an economy but cannot be equal to other industries because of its non-utilitarian values and immaterial intrinsic benefits including self-development, individual and collective meaning making, citizenship, education, authentic individual experience and cultural autonomy. These are more than the instrumental economic world (O’Connor, 2016). This thesis criticises creative industries policies that reduce culture to economy, because they marginalise the distinctiveness of culture and damage cultural autonomy. However, it does not mean the policies must retreat to the pure art form. As Banks (2015) argues, cultural value and

economic value are both indispensable to the creative industries. It is a challenge for not only the UK but also for China to seek a balance between economic and cultural priority. In addition, O'Connor (2011) criticises the claim of Cunningham (2007) and Hartley et al. (2013), who treat creative industries as a democratic approach to promote bottom-up culture and even challenge elite cultural conglomerates. According to Yasheng Huang's (2008) investigation of entrepreneurship in China, the state has squeezed the development of SMEs to secure the interest of political and economic elites since the 1990s.

Given the discussion above, this thesis argues that it is problematic to treat profit and sales as the basis for culture and marginalise or sideline its intrinsic benefits. In addition, it is problematic if creative industries policies ignore the creativity, innovation and diversity of entrepreneurs but instead exclusively focus on profitable cultural conglomerates. Cultural economy is the important foundation for establishing a creative city, but the dynamics, imagination, civilisation and non-economic public interest of a city should not be marginalised or ignored (O'Connor and Shaw, 2014). The following paragraphs summarise the contrasting characters that are reflected in creative industries policies from each city. Subsequently I argue that none of them can be described as successful policies.

As the state's capital, Beijing positioned itself as the political and cultural centre of China (Beijing Municipal People's Government, 2011), the municipal policy makers continued to focus on supporting commercial and digital culture. The promotion of local cultural SMEs and cultural corporations has been exclusively governed by profit, which is problematic and unsuccessful, as space and funding that should have been allocated for autonomous cultural creation have been squeezed for profit and real estate. Although the municipal policies supported the start of cultural SMEs, they failed to protect their interest but encouraged big cultural conglomerates to merge and absorb SMEs. Thus, Beijing still promoted 'zhuoda fangxiao (grasp the big and let go the small)' to secure the interest of political and economic elites. The local theatres and artistic performance organizations treat the audiences as consumers rather than citizens and also produce homogenous products, which damages the public interest of citizens.

The Beijing municipal government has not made all the culture subject to market forces but also supported non-profitable cultural projects such as the Grand Theatre and the Bird's Nest Attraction, which are more related to soft power and the national image. However, these soft power strategies are not successful, as they have not generated much financial return (Shambaugh, 2016). China's domestic and foreign favourability rates have decreased by 20% between 2009 and 2015 (ibid). In addition, the policies also fail to capture the special sense of culture in Beijing. Chao Li and Xing Gao (2012) summarise that the literature and artistic representations have displayed a different picture of Beijing. For example, the famous drama *Teahouse*<sup>110</sup> reflects the preference of traditional Beijing citizens to get together in teahouses and talk about politics in their spare time. The popular novels *ShiNian (Ten Years)*, *ChengJi (Story of the city)*, *Zhonggu Lou (The Building Zhonggu Lou)*, *Chengnan Jiushi (My Memories of Old Beijing)*<sup>111</sup> focused on stories of the lives in Hutong and the evanescent Hutong lifestyle (Hutong was a type of narrow street or alley, most typically in Beijing. It was formed by siheyuan. Four or more neighbourhoods live in one siheyuan and share the courtyard). The popular storybook *Beijing Ye (Beijing citizens)* offers various jokes that need to be told by using Beijing dialects (Li and Gao, 2012). These books or dramas display the precious memories or feelings of the Hutong culture, the teahouse lifestyle or the Beijing dialects, which reflected a more complex city image than the policy discourses but was ignored by the commercial-oriented policies. From the 1980s to 2003, 40% of Hutong disappeared (Yi and Xu, 2015). The unsuccessful commercial oriented policies not only hinder the development of Hutong, but also the memories and atmosphere related to Beijing.

Harbin represents a typical northern inland city, which had previously been the industrial base for China and experienced a longer period of planned economy. Therefore, Harbin has been more influenced by the latter and moved slowly in promoting the marketisation of culture. Harbin municipal government traditionally aims

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<sup>110</sup> Teahouse was written by Chinese famous writer LaoShe, and the drama was also adapted for television.

<sup>111</sup> ShiNian (Ten Years), ChengJi (Story of the city) were written by a previous journalist Jun Wang in 2003 and 2005 separately, Zhonggu Lou (The Building Zhonggu Lou) was written by a famous writer Xinwu Liu in 1992, Chengnan Jiushi (My Memories of Old Beijing) was written by Haiyin Lin in 1983 (Li and Gao, 2012).

to establish itself as the ‘new technology-science city’, ‘big industrial city’ and ‘commercial and trade metropolis’. Since it commenced the local cultural industries policies in 2006, the municipal government added the ‘national-level cultural famous city’ together with the previous three as the goals, and has put increasing attention to the local cultural industries (Harbin Municipal People’s Government General Office, 2011). In practice, on the one hand, the city paid more attention to the support of publicly owned cultural institutions than Beijing and the cities of the southern coast; on the other hand, it increasingly focussed on commercial culture and the efficiency of government funding. This marginalised the support for cultural creation (e.g. animation enterprises or the Harbin Pingju Theatre that cannot survive without public funding). Although its level of marketisation and commercialisation of culture was much lower than in Beijing and the south, Harbin’s creative industries policies still cannot be treated as successful. The policy makers still failed to pay enough attention to public culture and support for the creativity and innovation of entrepreneurs. As Harbin lacked the tradition for cultural development, it has not generated much literature or artistic products. The only one influential storybook on Harbin was *Harbin Ren* (Harbin Citizens), which displayed the life of Harbin citizens (Cheng, 2014). It reflected that Harbin’s culture was heavily influenced by Russia due to geographical proximity. As a post-70s generation, the native writer Cheng described the special memories and sense of Harbin, including the steam whistle of the old Russian style trains, the horses stepping on cobble roads, and stroll on the road surrounded by Russian style buildings or churches. However, the old Russian style trains have already disappeared and 15 of the Russian styles buildings are seriously damaged and cannot be recovered (Wang, 2010). In the promotion of local cultural industries, Harbin municipal government paid increasing attention to commercial culture and also failed to protect the local culture related to its special sense and memories.

As one of the most open southern coastal port cities, Guangzhou has developed its cultural market much earlier than cities from the northern inland area. Due to its location close to Hong Kong and Macao, Guangzhou has been increasingly influenced by their capitalist system and is thus more market-oriented. Guangzhou began to make plans to establish itself as the ‘world’s cultural famous city’ in 2011, and aimed to make full use

of the local cultural resources to improve its local competitiveness on the global market. However, the industry policy for its cultural industries are largely based on commercial profit as cultural and other industries are competing for government support. Cultural industries have been mainly promoted as the economic driver for the development of tertiary industries. Guangzhou's policy has not been successful as it erodes the distinctiveness of culture. Contrary to the commercial trend, Guangzhou also supported the non-profitable Canton Tower, which has been perceived as a representation of the national image and visible achievements of policy makers. However, it failed to earn profit and has thus been criticised by citizens as a waste of money (Hong, 2014). In addition, the novels and dramas, as well as the television series<sup>112</sup> about Guangzhou mainly focused on embracing immigrants, its trade and connection with Western countries (Wang, 2012). For example, the popular novel *Dongshan Shaoye (Elites from East Guangzhou)* is based on the history of Dongshan District, which was previously occupied by America, and has established many churches. After the district was liberated, increasing numbers of the Chinese who had emigrated overseas, came back to start businesses (ibid). In particular, its writer Fenglian Liang provided the real names of all the prestigious ports for foreign trade (e.g. Tianzi, Xihao kou), scenic spots (e.g. Xihu arcades, Lude Chapel), as well as the Cantonese songs that time to help people recall their precious memories. However, the churches, Lude Chapel and arcades have been demolished in the urbanisation (Wang, 2012), and the related special memories and atmosphere of Guangzhou have also been damaged in the promotion of the commercial and digital culture.

The three cities plan to establish themselves as cultural centres or as a cultural capital in China or in the world. However, they have all increasingly adopted a commercially and digitally oriented approach to culture, which damages local cultural diversity and cultural creation. It also marginalises public interest and the special sense of a city. Margaret Mead (1978) argues that “a city must have a soul...A city must be a place where groups of women and men are seeking and developing the highest things they know” (p.189). It requires a city not only to contain the aspects of a ‘hard city’ (e.g.

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<sup>112</sup> e.g. Dagong Mei (Female Migrant Workers), Gongguan Xiaojie (Public Relation Girls) (Wang, 2012).

commercial culture, facilities), but also the aspects of a ‘soft city’ (e.g. memory, aspiration, imagination, histories) (Hill and O’Connor, 1996). The problem of the three cities is that they focus too much on the former while ignoring the latter. The three case studies demonstrate that – influenced by geographical factors, historical circumstances, policy regimes and regulatory practices – the three cities reflect contrasting characters of CI policies in different ways. The lessons learnt from the Chinese creative industries policies overall is that policies should be studied at a local level to reveal their diversity and specificity. In summary, Chinese municipal creative industries from different regions are generally characterised as a hybrid of neoliberalism and authoritarianism, influenced by remnants of socialism and pre-existing planned economy to different extents as well as local history and circumstances. In all three selected cities, creative industries were primarily promoted for economic growth instead of cultural considerations. This thesis does not deny that cultural economy has significance in terms of direct productive forces, but local policy makers should not promote creative industries at the expense of damaging or even ignoring autonomous expression, citizenship and cultural diversity.

#### **7.1.4 How Chinese municipal policy makers apply the imported policy discourse of creative industries**

Due to the different contexts of various countries and regions, Andy Pratt (2009) always doubts whether it was ‘a feasible prospect’ to import or export cultural policies wholesale. He thus argues that “what is required is closer analysis and understanding of the operation of the CCI” (p.19) *in situ*. Jing Wang (2004) denies that “the discourse of creative industries travels well” from the UK to China, because the creation is under active state surveillance (p.10). This thesis agrees that the understandings of British creative industries policies cannot be directly transferred to China. State control is one criticism, but another is the complexity of the local contexts. The two sections above have demonstrated that the three selected cities adopt the neoliberal and authoritarian elements to different extents.

Keane (2009) proposes four possible approaches to view creativity in China. The first one is that ‘creativity’ is just a word that is used everywhere, but the producers did

not have this much freedom in reality. The second one is that the policy makers fail to correctly understand the meaning of ‘creativity’, and heavily promote culture that has ideological elements, as well as being under state supervision. The third one is that on the one hand, the creative producers learn to be compromised, and on the other hand, some places have started to change and have tried to provide a freer atmosphere for creativity. The fourth one is that the arrival of creative industries totally changed the authoritarian context in China, though Keane (2009) thinks that it is a utopian assumption. This thesis argues that the arrival of the creative industries in China has not made the whole country grant more freedom for liberal, or autonomous, cultural creation. The selected Chinese cities have different (but limited) understandings of the potential embedded in the term ‘creativity’ itself. Harbin municipal policy makers simply use ‘creativity’ as a word to adorn various existing industries, but have not provided greater intellectual or creative freedom to individuals involved in creation. Beijing counterparts tend to emphasise how to monetise creativity while exerting or upholding norms of censorship at the same time. Only Guangzhou municipal policies provide greater relative freedom to cultural producers by exerting less censorship than national regulations on culture, and encouraging more experimental cultural productions. In terms of the dominant role of ICT in the cultural industries (which has been criticised for artificially inflating the ‘new’ economic significance of cultural industries), this also failed to be manifested in all Chinese cities. Although all three cities show increasing attention on ICT products, Harbin’s cultural industries still primarily depended on the broadcasting and television industries. Beijing’s and Guangzhou’s cultural industries, however, rely more on lucrative ICT products, which have become the primary contributor to economic growth.

Table 4. Summary of the characteristics of cultural industries in the three cities

Cities	Characteristics of policies	Public spending for culture	Level of censorship	Key sectors	Number of employees (in 2011)	Total number of cultural enterprises (in 2011)	Ratio of private enterprises: public enterprises
Beijing	Commercialisation under more authoritarian control	Gradually decrease	Strong (more so than national policies)	Software and computing	1,841,230	127,339	48.65%
Harbin	Commercialisation under normal authoritarian control	Keep increasing	Standard (follow national policies)	press and publishing; television, broadcasting and film, and performing arts sector	186,460	10,956	70.87%
Guangzhou	More commercialized with less authoritarian control	Keep decreasing	Weak (more loosened than national policies)	Animation; computing and software; advertising	640,644	31,872	76.97%

(Data obtained from: Guo, 2013; Yin, 2014; Zhang, 2012)

With regard to the promotion of cultural SMEs, all three cities adopt various strategies to promote the start-up and development of SMEs in different time orders. Beijing municipal government has provided corresponding strategies to bring in market investment to support the cultural SMEs. Harbin has begun to focus on the SMEs in animation industries since 2008 and has subsequently spread the promotion to all of the cultural industries since 2011. Guangzhou does not have relevant policies uniquely targeting cultural SMEs, but focuses solely on the profitable SMEs in any sector. Thus, cultural SMEs and the SMEs in other industries compete for government support. The national policies advise cultural SMEs to develop in four directions, namely ‘specialism (zhuan), boutique (jing), particularity (te) and novelty (xin)’ (National Ministry of Finance, 2012). The policies advise SMEs to focus more on intellectual property, production of boutiques, rejection of duplication, and production of innovative and



original products. However, none of the selected cities emphasises these directions when promoting cultural SMEs. While they all pay increasing attention to the SMEs, they downplay their significance as the main sources of cultural creation. Despite the different strategies, cultural SMEs in the three cities have been promoted as instruments to tackle unemployment, adjust industrial structure and facilitate economic growth.

Chinese creative industries policies have never been a duplication of the British creative industries policies and the three selected cities apply creative industries in their own ways. Specifically, Beijing municipal policy makers promote cultural industries as an alternative and environmentally friendly economic resource that facilitates technological development, and as an instrument for ideological control and nation branding. In Harbin, municipal policy makers slowly realise the economic attribute of culture, and also gradually promote the cultural industries as the economic growth point and instrument for ideological control. In addition, Harbin municipal policy makers also pay attention to the importance of culture in welfare provision. Guangzhou municipal policy makers also understand cultural industries as an instrument for ideological control (but less than the other two cities) and city branding, in addition, the municipal policy makers also understand cultural industries as an important driver for the development of tertiary industries and the development of the manufacturing production of cultural derivative products.

## **7.2 Potential contribution of the thesis**

This research provides a different insight into the understandings of Chinese creative industries policies by evaluating local municipal policies from different regions. It is based on McGuigan's (2005) analyses and Hesmondhalgh et al.'s (2015) critiques on the relationship between neoliberalism and British cultural policy, but it expands the analyses and critiques and re-contextualises them in analysing cultural policies in the Chinese authoritarian context. It deepens the understandings of municipal policies by interviewing policy makers, which is seldom conducted by other research studies. The research study provides the argument and specific evidence that the national creative industries policies cannot display. It argued that national creative industries policies

alone cannot reflect all characteristics of the Chinese creative industries policies and the specificity of municipal policies should not be ignored. Thus, the thesis identified the influential factors on the formation of cultural industries in the three cities and displays the differences between them in balancing the relationship between marketisation and authoritarian control.

In a broader field, this research adds nuances to the current debate about whether China is taking the neoliberal route. The analyses of Chinese municipal creative industries policies demonstrate that neoliberalism is one important characteristic of Chinese policies but China is not simply taking one (or one only) neoliberal road. This research reminds researchers to further nuance the term ‘neoliberalism with Chinese characteristics’, which they may take for granted when applying it to describe China’s current path.

### **7.3 Limitations of the research**

The first possible limitation is that the research focused on the policy makers and has not provided data from cultural producers. The research focused on the relationship between municipal creative industries policies and neoliberalism, and the “state is a powerful instrument of neoliberalism” (Davies, 2014, p.5). Keane (2013) also argues that “institutions that govern market behaviour in China cannot be regarded as transparent” (p.14). For scholars studying cultural productions and cultural producers in Chinese cities, this original, institution-focused and policy-based thesis plays to their strength and facilitates their understanding of the context. Yue Zhang (2014), for example, focuses on the marginalisation of artistic clusters in Beijing and argues that the displacement of artistic creative clusters has disturbed the artistic creation in these clusters. This thesis then could facilitate the understanding of this phenomenon from the institutional perspective. According to the analysis of the Beijing municipal policies, the municipal government never equally supports all the cultural and creative industries. In response to the requirement of ‘Scientific Development of Outlook’, and the intention to establish ‘Humanistic Beijing, Green Beijing and High-Tech Beijing’, since 2006, Beijing municipal government has promoted cultural industries for economic growth

and technological development and focus on ICT products. In this situation, the municipal government displays a commercially and digitally-oriented trend to develop cultural and creative industries. As it has a limited amount of government funding, it prioritises support for profitable clusters that focus on ICT products, which caused the marginalisation of artistic clusters.

The second limitation is that the thesis has not focused on one specific industry. Different Chinese cities have different classifications of their own cultural or creative industries, and demonstrate different focuses on different timescales. In the case studies, some sections regularly mentioned the animation industries or artistic performing organizations because policy makers and policies highlight them in a certain time period. Therefore, the entire thesis rather operated on a macro-level of the creative industries. It explored how policy makers prioritised different industries in the name of creative industries and the general rationale behind their strategies.

The third limitation is that because of the lack of transparency in China, the research could not provide much official data. Due to the reasons including government secrecy and political context, the policy makers could not provide all the detailed information that the research required. In order to remedy the limitation, the researcher has tried his utmost to find as much as evidence as possible from various resources including news reports or annual reports of local creative industries by research centres to make the arguments stronger.

In summary, this research argued that since policy makers began to make local creative industries policies, they have increasingly displayed a commercially (and digitally) oriented trend in promoting the commercialisation of culture in an authoritarian context. The Chinese creative industries policies have not simply followed the understandings of British creative industries policies, and different cities emphasise neoliberal elements, authoritarian elements and welfare provision to different extents. The policies cannot be simply described by the ready-made terms like neoliberalism, or ‘neoliberalism with Chinese characteristics’, but must be studied in context to reveal their variety and specificity.

This research focused on the development of policies between 2001 and 2013, and policies are constantly being updated, but within the distinct context, China can never directly or wholly ‘import’ the understandings of western creative industries policies currently or in the near future. In this situation, O’Connor (2009) contends that “creative China must find its own Path” (p.1). Finally, as argued by Jana Mudronova (2012), “the only apparent characteristics of the China model that authors seem to agree on, is its propensity for continuous experimentation and learning, expressed in the Chinese saying ‘crossing the river by touching the stones’” (p.1).

## Note

1. Compared with cultural industries, a majority of the industries and activities that form the creative industries are not new (Jones et al., 2004), and cultural economists often use these two terms interchangeably (Towse, 2003). Andy Pratt (2005) also argues that the two terms point to nearly the same activities, and ‘creative industries’ is “of little analytical value per se” (p.33). He further argues that the New Labour Party replaced ‘cultural industries’ with ‘creative industries’ in order to “position itself as political centrist” and “distance itself from what is regarded as electoral disadvantages”, namely the cultural industries policies which “tainted with left-leaning ‘old’ Labour values” (p.31). Hesmondhalgh (2013) argues that the term ‘creativity’ became necessary because it “had a set of benign connotations, derived from the high status attached to creativity and knowledge in many societies and civilizations” (p.170). In contrast, Lily Kong (2014) contends that the term is problematic and “is an ambiguous concept with different conceptions of what constitutes creativity” (p.596). Rather than focusing on the linguistic meaning of the term cultural and creativity, the research focuses on whether the shift from cultural to creative industries bring changes to the previous neoliberal cultural industries policies. This research thus follows the argument of Nicholas Garnham (2005) that, the two terms cannot be easily interchanged because they may relate to different economic strategies. Specifically, Garnham (2005) argues

that the change from ‘cultural industries’ to ‘creative industries’ “did not come out of the blue” (p.20), but was motivated by the “impact of information and communication technologies (ICTs) and digitalization and the relationship between the deployment and of new communication networks and the products and services carried over them” (ibid, p.20). Different from ‘cultural industries’, the ‘creative industries’ policies could only be only be understood “within the wider context of information society policy” (ibid, p.15).

2. The thesis mentioned ‘cultural workers’ a lot, but the use of similar terms such as artists, creative class, and creative labours is disordered in various literatures. The following paragraphs will clarify the use of the terms in this research.

Richard Florida (2002) treats the rise of human creativity as the key factor in economy and society. The UK analyst John Howkins (2001) also argues that in contemporary background, “people who own ideas have become more powerful than people who work machine, and in many cases more powerful than people who own machines” (p.58). These people who own creative ability make up a new class which is identified by Florida (2002) as the creative class. This definition about creative class is not clear or specific because all the industries contain some work with creative elements (Smith and McKinlay, 2009). Therefore, it is hard to identify people who belong to the creative class. Florida (2002) thinks that the creative class includes “a great many knowledge workers, symbol analysts and professional and technical workers” (p.68), and they “dressed in relax and casual clothes and worked in stimulating environment” (ibid, p.12-13). Their creativity can produce economic value (ibid). For these kinds of people, Oakley (2009) argues that “the standard economic model does not work, and satisfaction or a desire to work in their chosen field generally motivates them more than financial reward in another area” (p.49). Given the descriptions about creative class, creative labours working in creative industries are actually included in the scope of creative class, and the scope of creative class is larger than that of creative labours. The thesis does not use the term ‘creative class’ because its scope is too broad and is not specific enough to point to work in creative industries.

Work in other industries also has creative elements, but creative labour is often used to point to workers who are involved in symbol-making in creative industries. They are “involved in the creation and dissemination of very particular kinds of products, ones that are mainly symbolic, aesthetic, expressive and/ or informational” (Hesmondhalgh and Baker, 2011, p.9). Cultural workers and creative labours are not different from each other in this analysis and as Chinese policies adopt the translation of cultural workers (wenhua gongzuo zhe), this research will mainly use the term ‘cultural workers’ to avoid misunderstanding. However, ‘cultural worker’ cannot be replaced by ‘artists’ or ‘artistic labour’, which may mislead readers to only consider about the production and creation about art (Hesmondhalgh and Baker, 2011). Creative industries produce things more than the arts, and the term ‘artistic labour’ or ‘artists’ fail to cover all the labours working in the creative industries. The characteristics of creative labours/ cultural workers meet the descriptions of the creative class. They know the precarious condition of creative industries, but they are still willing to work in these industries.

3. As a term originated in Western countries, there is no consensus about the understanding of the term ‘modernity’ (O’Brien, 2014). Stuart Hall et al. (1992) provide a useful summary of the understanding of the term, emphasising that its origin is closely related to the Enlightenment, which was prevailing around the 18<sup>th</sup> century and emphasised emancipating thoughts of individuals. The term is inherently contradictory and ambiguous in the following aspects. Firstly, Gerard Delanty (1999) argues that it reflects a conflict between individuals and the social orders, which forms the context for contemporary policy making. Specifically, although the Enlightenment emphasises that “humanity would be free from the forms of constraints” (O’Brien, 2014, p.21), the individualisation in modernity is actually “not a totally free, autonomous self able to create a biography from the air into which the solid structure of modernity have melted” (ibid, p.21). Secondly, O’Brien (2014) argues that in modernity, the “new economic and social relationships are mediated by monetary exchange, as property ownership and market relations become the norm” (O’Brien, 2014, p.17). It does not point to a certain economic system, but refers to a complex system, including post-industrialism,

post-Fordism, neoliberalism, etc.

As for the understanding of modernity in China, Hutton (2007) argues that “the main modernisation evoked by the current Chinese leaders will be a chimera without a final bout of western-inspired political and cultural modernisation” (O’Connor, 2009c, p.184). He criticises that suppression of the Chinese Communist Party generates corruption and cronyism, limits democracy and economic pluralism. These problems disturb the development of knowledge-intensive creative industries and Chinese modernity. Hutton’s (2007) work is over western-centric and fails to consider whether there could be an alternative modernity in non-western countries. He keeps emphasising the superiority of Western capitalism and tends to put China in the category of backwardness. However, the term ‘backwardness’ cannot portray the complexity of the development of such a big country with a rich history. To encapsulate modernity, a country does not have to become that of Western modernity (O’Connor, 2009c).

There is no consensus about the understanding of modernity in Western countries and China. The Western understanding of modernity is not applicable in the Chinese context (O’Connor, 2009c), but it is not clear how to define and identity Chinese modernism.

4. Since the early 1990s, neo-authoritarianism was prevailing in China, which emphasised “the need for strict governmental political controls to ensure the success of the economic reforms against any democratic protests at its injustices” (Wang, 2003, p.28). Mark Petracca and Mong Xiong (1990) argue that “both neo-authoritarians and democrats believe that democracy<sup>113</sup> should be the final goal of Chinese political development” (p.1112). The neo-authoritarianism emphasises the importance of market economy in promoting democracy, facilitating the political equality and limiting corruption. In addition, neo-authoritarians also advocate reforms in economic and political fields, including promoting the development of productivity force; establishing “the planning and property autonomy of economic units”; decreasing government

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<sup>113</sup> Democracy is defined as “institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people’s vote.”(Schumpeter, 1976, p.269)

intervention “in the macroeconomic activities of individual economic units”; increasing intervention in removing bureaucratic red tapes and improving efficiency of government operation; encouraging the “plurality of academic ideas” within national limits (Petracca and Xiong, 1990, p.1110). In summary, the neo-authoritarianism advocates the market economy under the authoritarian rules. Neo-authoritarianism and neo-conservatism emphasise “the use of state authority and elites to further the radical expansion of the market” (Wang, 2003, p.28), and neo-conservatism aims to avoid sudden revolution or dismantle of the government intervention, but advocates the gradual progress of the development of the society (He, 2001). However, during the globalisation process, the dominant classes need to internationalise their vested interest, and they realise the role of the state in setting limits to the globalisation, so they no longer only depend on government to expand the market but also use domestic and transnational capital to restructure the market development (ibid). The embodiment of the policies this time is more related to neoliberalism. Yuhai Han (2004) argues that “neo-authoritarianism, neo-conservatism and capital liberalisation together form the main content of neoliberalism” (para 4). Hui Wang (2003) further explains that neo-authoritarianism, neo-conservatism and neoliberalism share the same goal in promoting economic development, and “the legitimization crisis that threatened this market extremism was expressed as ‘neo-authoritarian’ and neo-conservatism, which also appeared as neoliberalism from the perspective of the movement for a transnational market” (p.28). From this point, neo-authoritarianism and neo-conservatism are not completely new terms that are separated from neoliberalism. These terms are closely related to each other.



# Appendices

## Appendix 1 Mapping of the use of cultural and creative industries in China

Table 1 Mapping the use of the term ‘creative industries’, ‘cultural industries’ and ‘cultural and creative industries’ in China

term	city level	Places use this term
creative industries	municipality directly under the Central Government	Tianjin, Chongqing
	vice-provincial cities	Changchun
	provincial capital cities	Fuzhou, Shijiazhuang, Hohhot, Nanning
	prefecture-level cities	Zengcheng (Guangdong province)
	municipality directly under the Central Government	
cultural industries	vice-provincial cities	Chengdu, Dalian, Guangzhou, Harbin, Nanjing, Ningbo, Qingdao, Shenyang, Wuhan, Xiamen, Jinan,
	provincial capital cities	Taiyuan, Changsha, Lanzhou, Haikou, Guiyang, Lhasa, Xining, Yinchuan,
	prefecture-level cities	Baoji, Benxi, Changzhi (Shanxi province), Guangze (Fujian), Huangshan city (Anhui province), Jiangyin (Jiangsu), Jinling, Kunshan (Jiangsu province), Lianyungang, Linyi, Luoyang, Mudanjiang (Heilongjiang province), Pingdu (Qingdao), Qufu, Ruian (Zhejiang), Shaoxing (Zhejiang), Suzhou, Wujiaochang (Jiangsu province), Wenling, Wenzhou, Yuyao (Zhejiang province), Zibo (Shandong province), Zhangjiakou,
	municipality directly under the Central Government	Beijing, Shanghai,
	vice-provincial cities	Hangzhou, Shenzhen, Xi'an, Urumchi,
cultural and creative industries	provincial capital cities	Zhengzhou, Kunming, Hefei, Nanchang, Zhengzhou,
	prefecture-level cities	Changzhou, Dali, Fuyang (Zhejiang province), Suzhou, Yangzhou, Qinhuangdao, Wuxi,

(Data aggregated from the official websites of these municipal governments)

## Appendix 2 Summary of the content of selected policy documents

Table 2. Summary of the aspects that national policy documents cover

	title of the policy documents	aspects that the policy documents cover	time and No.
	1. State's 10th Five Year (2001-2005) Plan about the Development of National Economy and Society	Definition of cultural industries	2001
	2. Opinions about Supporting and Promoting the Development of Cultural Industries	classification and definition of cultural industries; division between cultural industries and cultural institutions,	2003
	3. Opinions Concerning Support and Guidance on the Development of Non-public Economy	Encouragement of the entry of non-public capital in the cultural industries	2005 No.3
	4 Opinions about Promoting Development of Animation Industries	Support and Promotion of animation industries	2006 No.32
	5 Outline of the National Program for Long- and Medium-Term Scientific and Technological Development (2006-2020)	Encouragement of the integration of culture and technology	2006
	6 Investment Guidance of the Cultural Industries	Censorship and guidance on the entry of non-public capital in cultural industries	2009 No.42
	7 Opinion of the State Council on Realising the Supportive Role of Science and Technology in Facilitating the Rapid and Steady Development of National Economy	Promotion of ICT products	2009 No.9
	8. National Planning about the revitalization of cultural industries	Use of public funding and other strategies to support cultural industries. Transformation from cultural institutions to cultural enterprises	2009
	9. Instructions about Supporting the revitalization and prosperity and development of cultural industries through finance	Fiscal support on cultural industries	2010 No.94
National Policies			

10. Decisions of the CPC Central committee on major issues pertaining to deepening reform of the cultural system and promoting the great development and flourishing of socialist culture.	Use of public funding; governance of cultural workers; support of SMEs; creative clusters; classification of cultural industries;	2011
11.State's 12th Five Year Plan (2011-2015) about the Development of National Economy and Society	classification of cultural industries; public funding; cultural system reform; meaning of culture	2011
12. Classification of Cultural and Related Industries	Classification of cultural industries	2012
13. Ministry of Culture's Plan for the Cultural Reform in the 12th Five Year Period.	meaning of culture; public funding; cultural system reform; governance of SMEs; Governance of cultural workers	2012
14.Notice about the application of special fund of cultural industries	public funding; support of SMEs	2013 No.4

Table 3. Summary of the aspects that Beijing municipal policies cover

city	title of the policy document	aspects the policy documents cover		time and No.
		meaning of culture;	marketisation and privatisation of culture	
	1 The urban master planning of Beijing (2004-2020)			2004
	2 Policies about the promotion of cultural and creative industries in Beijing	Use of public funding and fiscal support on cultural industries		2006
	3 Investment guidance category of Beijing's cultural and creative industries	censorship; classification of cultural and creative industries; guidance of the development of cultural industries		2006
	4 The administrative measures about special fund on the development of cultural and creative industries	classification of cultural industries; use of public funding;		2007
Beijing	5 Measures for managing the venture capital leading funds in Beijing's cultural and creative industries	Fiscal support on the development of cultural and creative industries		2009 No.7

6	Opinions about how to promote the development of cultural and creative industries in capital city through finance	Fiscal support on the development of cultural and creative industries	2009 No.144
7	Action Plan for “High-Tech Beijing”	Promotion of ICT products	2009
8	Plan for the development and construction of humanities Beijing in the 12th five year period	meaning of culture; balance between public intervention and market relations; classification of cultural industries	2011
9	Outline of Beijing’s 12 <sup>th</sup> five year plan for the development of national economy and society and core indexes for the economic development	meaning of culture; marketisation and privatisation of culture; classification of cultural industries; regulations on cultural production;	2011
10	Development plan for building of Beijing’s modern industries in the 12th five year	classification of cultural industries; governance and guidance of the development of cultural enterprises; use of public funding;	2011
11	Opinions about promoting the development of Beijing’s cultural and creative industries through finance	meaning of culture, public funding, marketisation and privatisation of culture	2012 No.270
12	Opinions about how Beijing plays the role of the cultural centre to quicken the construction of an advanced socialist cultural capital with Chinese characteristics	promotion of SMEs, marketisation and privatisation of culture, public funding, regulations on cultural productions	2012
13	Opinions about doing a good cultural financial work to support Beijing to establish an advanced socialist cultural capital with Chinese characteristics	use of public funding and other strategies to support the development of cultural industries	2012
14	Policies about further encouraging and guiding private capital to invest on cultural and creative industries	public funding; meaning of culture; marketisation and privatisation of culture	2013 No.52

Table 4. Summary of and aspects that Harbin municipal policies documents cover

city	title of the policy document	aspects the policy documents covers	time and No.
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	Marketisation and privatisation of culture; public funded cultural institutions;	
1. Plan for the development of Harbin's cultural industries	regulations on cultural production; public funding	2006
2 Some policies about supporting the development of cultural industries and cultural system reform	public funding, marketisation and privatisation of culture, public funded cultural institutions	2007
3 Implementation opinion for deepening the cultural system reform in Harbin	marketisation and privatisation of culture	2007 No.18
4 Opinions about Encouraging and Supporting Animation Industries	Promotion the development of animation industries	2007 No.20
5 Harbin's 12 <sup>th</sup> five year plan for the development of national economy and society and core indexes for the economic development	Marketisation and privatisation of culture; public funded cultural institutions; regulations on cultural production; creative clusters; classification of cultural industries	2011
6 Opinions on the implementation of building a famous cultural city	meaning of culture; marketisation and privatisation of culture; classification of cultural industries; regulations on cultural production;	2011
7 Outline of Harbin's cultural development plan	meaning of culture; marketisation and privatisation of culture; classification of cultural industries; regulations on cultural production	2011 No.7
8 Opinions about implementation of supporting the development of non-public owned economies	support on private cultural enterprises	2011 No.8
9 Measures about the donation programmes for the public cultural undertakings	support on public funded cultural institutions	2011 No.16
10 Measures about statistical survey of the cultural industries	marketisation and privatisation of culture	2011 No.20
11 Opinions about supporting the development of cultural industries through finance.	Fiscal support on the cultural industries	2012 No.16

	creative clusters, public support on cultural institutions, support of big corporation group	2013
12 plan for the development of modern service industries		
13 Measures for the management of Harbin's cultural industries Leading Fund	Use of public funding	2013

Table 5. Summary of the aspects that Guangzhou policy documents cover

city	title of the policy document	aspects the policy documents covers	time and No.
	1 Opinions about the policies on quickening the development of Guangzhou's cultural institutions	support on cultural institutions, marketisation and privatisation of culture	2003 No.12
	2 Plan for the cultural construction between 2004 and 2010	meaning of culture; regulation on cultural production; marketisation and privatisation of culture	2004 No.16
	3 Decisions about Supporting the Development of Software and Animation Industries	Promotion of animation and software industries	2006 No.44
	4 Policies about Further Quickening the Development of Private Economy	Encouragement of the entry of non-public capital in cultural industries	2007 No. 42
	5 Decisions about Promoting the Development of Cultural Industries and Cultural Institutions	Marketisation and privatisation of culture. Regulation on cultural production	2008 No.5
	6 Opinions about retreat from the second sector and promotion of the tertiary sector	Promotion of the development of cultural industries in order to drive the development of tertiary sector	2008 No.8
Guangzhou	7 Guangzhou's plan on reinvigoration of the culture industry	meaning of culture; marketisation and privatisation of culture; classification of cultural industries; governance	2010

	on cultural workers;	
8 Layout plan for strengthening the city through culture and establishing the world famous cultural city 2011-2020	meaning of culture; marketisation and privatisation of culture; classification of cultural industries; governance on cultural workers;	2011
9 12 <sup>th</sup> five year plan for the development of Guangzhou's economy and society	meaning of culture; marketisation and privatisation of culture; classification of cultural industries; governance on cultural workers; promotion of SMEs	2011
10 Implementation of opinions about cultivating world famous cultural city	meaning of culture; marketisation and privatisation of culture; classification of cultural industries; governance on cultural workers; classification of cultural industries	2012
11 Development plan for Guangzhou's strategic burgeoning industries	classification of cultural industries; governance on cultural workers; use of public funding	2012
12 12th Five Year Plan for the development of Guangzhou's Emerging Development Zone	Promotion of ICT industries	2013

### Appendix 3. The themes that the interviews cover and a basic framework of the interview questions

Theme1: understanding of the term creative industries

Questions:

1. Are there any categorizations of culture in this city's cultural industries, mass culture, high culture, excellent culture? If so, would you mind telling me the standards for identifying the categorization?
2. What is your understanding of cultural industries and creative industries? Are there any differences between the two terms?
3. Why you used cultural and creative industries rather than cultural industries in the policies (for Beijing policy makers)?

4. What is the standard to measure the development of cultural/ creative industries?

#### Theme 2: regulation on cultural production

##### Questions:

1. How are the cultural productions regulated? Do you have special regulations on cultural productions? If so, why? Would you please provide me an example to illustrate this?
2. Which kind of cultural products are under censorship, why?

#### Theme 3: cultural SMEs

##### Questions:

1. Are there any changes in the government's attitudes towards the importance of cultural SMEs? If so, why? Would you please provide me an example to illustrate this point?
2. Do you have some special strategies in promoting the development of cultural SMEs; are there any challenges in promoting the SMEs? What are the changes in regulating the development of cultural SMEs? Would you mind providing some examples to illustrate these points?

#### Theme 4: use of public funding

##### Questions:

1. How is the public funding distributed in city's cultural industries, which industry got the most public funding, why?
2. Are there any changes in allocating the public funding on cultural industries? What are the factors that influence the allocation of the public funding? What are the characteristics (in the selected cities) in using the public funding? Would you please provide me examples to illustrate these?
3. Besides public funding, what other strategies do you use to promote different cultural industries? Would you please provide me an example to illustrate the strategies?

#### Theme 5: culture and commerce

##### Questions:

1. What is your understanding of culture?
2. Are there any changes in promoting the development of culture? Would you



please provide me an example to illustrate this?

#### Appendix 4 List of interviewees for each city

city	No.	department
Harbin	policy maker 1	Development and Reform Commission
	policy maker 2	Statistics Bureau
	policy maker 3	Financial Bureau
	policy maker 4	Institute of Technology and Information Commission
	policy maker 5	Cultural Industries Department in the Cultural and Press and Publication Bureau
	policy maker 6	Cultural Industries Department in the Cultural and Press and Publication Bureau
	policy maker 7	Taxation Bureau
	policy maker 8	Cultural Industries Department in Development and Reform Commission
	policy maker 9	Cultural System Reform and Cultural Industries Office in Publicity Department
	policy maker 10	Publicity Department
	policy maker 11	Art Department in Publicity Department
Beijing	policy maker 1	Financial Bureau
	policy maker 2	Statistics Bureau
	policy maker 3	Financial Bureau
	policy maker 4	Cultural and Creative Industries Promotion Centre
	policy maker 5	Literature and Art Office in Cultural Bureau
	policy maker 6	Development and Reform Commission
	policy maker 7	State-owned Cultural Assets Supervision and Administration Office
	policy maker 8	Publicity Department
	policy maker 9	Institute of Technology and Information Commission
	policy maker 10	Publicity Department
Guangzhou	policy maker 1	Statistical Bureau
	policy maker 2	Development and Reform Commission
	policy maker 3	Cultural, Broadcasting and Television, Press and Publication Bureau
	policy maker 4	Cultural, Broadcasting and Television, Press and Publication Bureau
	policy maker 5	Publicity Department
	policy maker 6	Financial Bureau
	policy maker 7	Publicity Department
	policy maker 8	Institute of Technology and Information Commission
	policy maker 9	Economic and Trade Commission

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