

RESEARCH INTO CHINESE MEDIA ORGANISATIONS

THE CASE OF XINHUA SHANGHAI BUREAU XIN XIN

Abstract

This article examines the impact of media marketisation in China upon organisational structure and journalistic practices of Chinese news organisations. It aims to assess to what extent market factors have weakened the centralised control over local journalistic practices in the last two and a half decades. This paper focuses on Xinhua Shanghai Bureau, a local division within a central news organisation, Xinhua News Agency, which is headquartered in Beijing and operates nationwide. This article looks not only at the news institution itself, but also at how news organisations interrelate with other institutions. In other words, the paper explores structural and journalistic changes in connection with a set of relations, which a Chinese news organisation has to deal with, existing relations within and outside the organisation.

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Introduction

This article examines the impact of media marketisation in China upon organisational structure and journalistic practices of Chinese news organisations. It focuses on Xinhua Shanghai Bureau, a local division within a central news organisation, Xinhua News Agency, which is headquartered in Beijing and operates nationwide. In this study, Xinhua as a whole is a symbol of centralised media control in China. Its Shanghai Bureau is a local force for the headquarters as well as a central force for other local media outlets based in Shanghai – a showcase of China’s economic reforms and openness. The status of Shanghai bureau can be understood from the following statement of a Shanghai-based media scholar:

Xinhua [Shanghai Bureau] operates in an independent kingdom. It has less contact with local media, but keeps a peculiar relationship with the local government. It is beyond the administrative control of the local government. The professional ranks (zhicheng) of all Shanghai journalists are examined by a panel chaired by the Propaganda Department of Shanghai Committee of the Party. The director of Xinhua local bureaus is also a member of the panel. However, the ranks of Xinhua journalists based in Shanghai are decided by Xinhua itself.¹

Regarding the autonomy of the bureaus in terms of personnel management, the scholar assumed that “Xinhua cannot go too far away from the local government, which is always very careful in dealing with the central media.” Here Xinhua Shanghai bureau represents a member of the central media. If the “national” is taken as the basic level, then the “local” is the level below the “national.” In China, the notion of “local” has to be understood in relation with the tiered administrative bureaucracy under the control of the central government. In terms of media, the “local” mainly includes provincial, municipal and county establishments (ZGXWNJS 2003, 268). They are affiliated to the local authorities and responsible for protection of local interests, which may be in conflict with national interests (Chan 2003, 159-176).

This paper aims to assess to what extent market factors have weakened the centralised control over local journalistic practices in the last two and a half decades. For some scholars, local media are the force which weakens or subverts the centralised political and ideological control (White 1990; Yu 1990). The proliferation of local newspapers in China between 1979 and 1997, for example, is taken as an indicator of media “decentralization, socialization and marketization” (Wu 2000, 47). The rise of local newspapers and the decline in circulation of Party organs, such as Renmin Ribao,² as suggested by Lynch (1999, 160) illustrate the tendency towards pluralisation of news sources, once monopolised by Xinhua and Renmin Ribao. In line with this argument, market factors are assumed to be the driving force behind the decentralisation of state, economics and culture. In turn, this process of decentralisation is hoped to create the conditions for media liberalisation (Berger 1985).

This article looks not only at the news institution itself, but also at how news institutions “evolve in relationship with other social institutions” (Schudson 2000, 175). In other words, the paper explores structural and journalistic changes in connection with a set of relations, which a Chinese news organisation has to deal with

more or less, existing within and outside of the organisation. This approach, which requires research into news organisation(s), has proved useful to study a number of Chinese news organisations (see He 2000; Pan 2000; Rosen 2000; Lee, He and Huang 2006) and international news agencies (Boyd-Barrett, 1980). Research into media organisations, though difficult to undertake because of access, is essential for understanding the main influences on news production and the way in which journalism is exercised in reality (McQuail 2005, 276). The major influences that affect what media messages are produced come from society, media markets (owners, advertisers and audiences) as well as from internal relations, conflicts and problems encountered by the media organisation (p. 276). Moreover, these influences are intertwined with “a number of different relationships within and across the boundaries of the organization” (McQuail 2005, 280-281). These relationships, as McQuail (2005, 281) has suggested, are “often active negotiations and exchanges and sometimes conflicts, latent or actual” and have to be tackled by any investigation into media organisations and occupations. On the one hand, almost all media organisations, no matter whether based in liberal-democratic or authoritarian societies, have to think about how to deal with government, their main news sources, organised pressure groups and clients/audiences (McQuail 2005). On the other hand, there is “a diversity of function of many media organizations,” and within the boundaries of each organisation there are “different interests competing for status and finance” that can be “a source of latent conflict” (McQuail 2005, 297).

In the Chinese context, media marketisation implies diversification of forms of financing, proliferation of local media outlets, intensifying competition for advertising and audience and commercialisation of media operations (Herbert 2001; Pan 2000; Polumbaum 1994; Wu 2000; Zhao 1998). The diversification of forms of financing has been characterised most notably by the rise of advertising and other forms of financing rather than state subsidies (Polumbaum 1994, 115). Media marketisation in China started in the early 1980s and has been accelerated since 1992 after a few years of reorganisation because of the Tiananmen movement in 1989.

In terms of the impact of market journalistic practices, the optimistic view of a number of authors suggests that marketisation means decentralisation and liberation. However, most studies have painted a mixed picture: on the one hand, after nearly three decades of marketisation, Chinese media have been transformed from a pure propaganda apparatus into a semi-industrialised sector. The emerging market has been opened to international competitors (Curtin 2005; Guo 2003; Hu 2003; Lee, He and Huang 2006; Weber 2003; Zhao 2003). The development of media and consumer markets has to a certain extent eroded the Party journalism ideology and has served to nurture the spirit of journalistic professionalism for objective reporting and press freedom (He, 2000; Pan and Chan 2000; Pan and Lu 2003). During the process of media marketisation, “the yearning for content diversity and the desire for ideological laxity might have begun to take shape in the minds of journalists” (Chang, Chen, and Zhang 1993, 20). At the same time, “the assumption that the Chinese journalists often act in unison needs to be reconsidered” (p. 20).

On the other hand, journalistic practices in China, particularly news collection and distribution, remain subject to still tight political and ideological control of the Community party (Chan 1993; Chen and Chan 1998; Zhao 1998; Pan 2000; Lee 2003). Although Chinese journalists are allowed or even encouraged from time to

time to criticise wrongdoings of Party officials, there are still many restrictions (de Burgh 2003; Zhao 2000). Few investigative reports “criticize or expose corruptions of high ranking officials” (Hong and Cuthbert 1991, 8). Moreover, Chinese news organisations predominantly remain state-owned or party-owned, although they have begun to generate revenues by themselves in an increasingly market-driven environment (Zhao 1998). This version of marketisation is distinctively different from the one observed in UK and other Western European countries. In Western Europe, marketisation has been defined as those “policy interventions” designed to “increase the freedom of action of private corporations” (Murdock and Golding 1999, 118). However, there is no sign indicating the change to the ownership of Chinese news organisations, which are still owned, though not necessarily funded, by the Party-state. Chinese news organisations as mixtures of governmental and business sectors are mostly directed according to administrative orders and temporary regulatory measures rather than by statutory legislation (Lee 2000). Their corporate goals and organisational procedures remain ambiguous and are far from being institutionalised as is the case in many European countries (Lee 2000).

Most existing literature on the marketisation of Chinese media focuses on newspapers and television stations. Very few studies research into Xinhua, one of the most influential news organisations in China. The study of the impact of marketisation on the Chinese media structure has also largely excluded the case of Xinhua. This agency still holds the privilege granted in Mao’s era in terms of reporting politically sensitive events and foreign news supply, although its monopoly of news sources has been challenged by intensifying media competition (Xin 2006a). Xinhua headquarters and all local bureaus located nationwide started various business activities in the early 1980s and opted for financial independence by the end of 1999. This marketisation path that Xinhua went through in the 1980s and the 1990s had an impact on the relations between the headquarters and local bureaus, between local bureaus and local governments, between local bureaus and other local media. The continuities and discontinuities of the set of relations listed here are essential to understand dynamics of media marketisation and its impact upon central-local relations and journalistic practices. For all these reasons, this paper aims to fill the gap by researching into Xinhua.

Financial Autonomy from 1997 to 2003

Xinhua is the only legitimised national news agency in China. Xinhua has 31 domestic local branches spread across the major cities of the country, such as capitals of provinces and autonomous regions, and municipalities, including Shanghai. There are sub-divisions affiliated to some provincial bureaus. Local provincial bureaus function as representatives of headquarters. The implication of this is twofold: First, local bureaus were given the same political status as that of headquarters. After Xinhua became a centralised national news agency in the early 1950s, all local bureaus, including Shanghai bureau, were detached from direct administration of local governments. They all represented the interests of the central government as well as functioned as central media institutions at local level. They should be supported politically and journalistically by, cooperate with and supervise local governments according to the directive of the Central Committee of the Party released in the 1950s (Xinhua 2002). Second, all local bureaus

were under headquarters' editorial, personnel and financial control. Shanghai Bureau is Xinhua's biggest local division in terms of permanent members of staff (Xin 2006a; Xin 2006b).

In 2005 Shanghai Bureau had 71 permanent staff members treated as cadres and over 100 contract employees, working for facility and service sectors. The bureau was among the first financially self-sufficient divisions of Xinhua in the 1990s, when the whole agency was struggling for more financial independence. The division made its first significant profit by publishing and trading directories of Chinese enterprises. Between 1992 and 1996 the bureau diversified its business by trading economic news and information, running *Shanghai Securities* daily and entering the advertising, public relations, publishing, real estate businesses and foreign trade. *Shanghai Securities* daily became profitable in 1997 and was then turned into a corporation engaging in advertising, public relations, publishing, consultancy, TV production, Internet services and other businesses. Subsequently, the newspaper became the major financial source of the bureau, contributing 12-14 million RMB per year.³ In addition, the bureau earned 5-6 million RMB per year from letting offices and several millions RMB by selling repacked news and information products.⁴ Since 1997, the bureau along with eight counterparts began to cover most expenditure from self-generated income apart from staff's basic salary. Until 2003, Shanghai bureau enjoyed substantial financial autonomy.

More financial autonomy, however, also meant more pressure. First, there were labour costs. The proliferation of economic units within the bureau resulted in a rapid growth of contract workers in addition to permanent members of staff. The division was under increasing pressure to keep salary high in order to meet its staff's expectations for constant bonus rises. In 1998 the average annual income of an editor of middle professional rank in Shanghai Bureau was 100-120 thousands RMB, about 10 times more than the level at Xinjiang Bureau (in North-West China). Second, there were costs for maintaining non-profitable companies. As Xinhua is a not-for-profit organisation, its business affiliations were not allowed to go bankrupt. Most employees laid off from any company had to be re-employed within the bureau.⁵ Third, there were costs for maintaining office buildings and updating communication facilities. Last but not least, the bureau was under increasing pressure to compete with other local bureaus for economic and editorial performances in order to keep its leading position. In 1998, Shanghai Bureau was in second place after Guangdong Bureau for self-generated revenues (Xinhua 1998, 502). The performance of local bureaus was closely connected with the promotion of their chiefs.

Journalists' Concerns

Meeting news reporting quotas allocated by headquarters was the major concern of each local bureau during the period of financial independence. The quota varied from year to year and from bureau to bureau. In 1997 the yearly quota for Shanghai Bureau included 1,000 pieces of general news, 200 reports for "internal references" and more than 600 news photos. Each journalist of the bureau was allocated an individual news quota, which was calculated on a seasonal or monthly basis and varied according to journalist's professional ranks (junior, middle and senior). The completion of quotas was linked to the bonus salary income of each

journalist. In order to complete news quotas, all local bureaus utilised financial incentives (such as increasing bonus for extra work) to motivate journalists to work harder. Originally, in the late 1980s, news quota was designed to increase Xinhua news reporting capacity in order to compete with Western counterparts. This can be seen as a reflection of headquarters' tight centralised editorial control over local bureaus. In addition, each bureau was required to respond to a number of planned news events and to be ready for unexpected events, such as the death of Deng Xiaoping in 1997. In the same year planned news events included Hong Kong's handover, the 15th congress of the CCP and the 8th National Sports Games (Xinhua 1997, 416). Journalists at local bureaus were required to follow the directions of headquarters to cover these events and encouraged to discuss ideas and news strategies with editors based at headquarters. Completion of news quotas was important for local bureaus to legitimise their business activities.

Journalists were also required to engage in business activities. This was partially due to scarce labour. But it was also aimed at taking advantage of the relations between journalists and news sources, particularly local officials. Journalists in general attempted to keep good contacts with local political and economic authorities for news sources and for personal reasons (e.g. networking). Xinhua journalists based in Shanghai and elsewhere were responsible for reporting accomplishments achieved by local authorities as well as investigating their misbehaviours in "internal references," which are circulated only among Party cadres. They functioned as a bridge between local and central governments. This multiple role of Xinhua journalists, combining journalistic with business tasks, was considered as an "advantage." Many journalists thus became negotiators between Xinhua and local political and business authorities. They were required to distribute headquarters' publications, such as *Reference News* and *Xinhua Daily Telegraph*, and trade news and information products. Collecting newspaper subscription fees from governmental departments and other institutions became a part of the job that journalists at local bureaus, including Shanghai division, had to do. Journalists engaged in various business activities, including selling economic news and information products, public relations, advertising, foreign trade and real estate. A small group of journalists became full-time businessman, but the majority were doing both an editorial and a business job. The role of journalists changed, so did their relations with local governments.

Relationship with Local Governments

In the pre-reform age the relationship between Xinhua and local governments was journalism-driven but politicised as well. Local governments were a major news source of Xinhua. News reporting and being reported were taken as political missions. As representatives of the central government, Xinhua local bureaus were required to investigate the misbehaviours of local authorities, reporting their problems in "internal references."

However, Xinhua's privileged status began to be challenged in the 1990s, especially in big cities where local authorities gained substantial autonomy to control local budgets and local media outlets boomed. This is the case of Shanghai. Its political significance was highlighted by the fact that several leaders of the central government and the Central Committee of the Party came from Shanghai, for

example Jiang Zemin, Zhu Rongji, Huang Ju and Wu Bangguo. The autonomy of Shanghai resulted in tightening control over local media outlets. An informant pointed out: "The more open [economically] Shanghai is, the tighter is the control [over Shanghai-based media] exercised by the local government. They [local officers] are afraid that local media might cause damage to their career."⁶

Xinhua was exempted from the control of local governments according to a notice released in the 1950s for ensuring Xinhua's privilege to access local official sources. The document is still valid, but many Xinhua journalists claimed that it was getting harder for them to access Shanghai local authorities, especially regarding "negative things" about the city. Press officers in Shanghai preferred to provide media outlets with standard news reports about topical issues, including cultural fairs such as Beijing Opera Festival held in Shanghai. Local media outlets were required to go along with the lines set by local authorities, and sometimes were urged to release them without any editing. Xinhua journalists, representing the central government and reporting news from a national perspective, did not have to follow the rules made by local authorities.⁷ Xinhua journalists were responsible for checking on local authorities on behalf of the central government and the general public. However, local authorities tried to provide Xinhua journalists with the least "negative" news. Sometimes Xinhua journalists were not invited for press conferences in relation to local happenings. Many journalists claimed that they were treated as "outsiders" in contrast to their colleagues working for local media who were considered as "insiders." An informant observed that: "Local officials dare not talk to Xinhua people about faults in their fields. They do not talk about negative things, or talk very little about them."⁸ This, as explained by the journalist, was partly related to the local culture, which saw "face value" more important than "truth." Any faults, disadvantages, mistakes and errors might damage not only their political careers, but also "face values" (*mianzi*).⁹

Local authorities treated local media outlets more favourably than Xinhua's Shanghai bureau. The former were informed earlier and were provided with more detailed information about local happenings. An informant pointed out: "Xinhua [Shanghai bureau] is central media. [Xinhua] is not their [local governments'] own child. They tell us [Shanghai bureau] less, or don't tell us at all about some local things."¹⁰ Similar views were expressed by a number of Xinhua journalists interviewed for this research.

Shanghai governmental departments were Xinhua's important clients, subscribing to the agency's wire news, newspapers, news magazines and "internal references." Shanghai bureau developed 3,500 news and information subscribers in Shanghai by the end of 2001. The majority of them were governmental institutions and state-owned enterprises. The bureau made about 6 million RMB profit out of subscription fees.

In reality, the relations between Xinhua bureaus and local governments were more complicated than a combination of agency-source and agency-client relationships. They were tied up together by a set of social networks connecting the agency's executives and journalists with political and economic elites. This was particularly true in the 1990s when the bureau was fighting for financial independence and Shanghai was undergoing rapid economic development highlighted by the rise of its new economic zone – Pudong. In this period Shanghai was opening up to the

outside world, and local authorities needed timely, accurate and comprehensive information for decision-making. Most importantly, they needed an official conduit like Xinhua to inform central authorities of their achievements. In order to become financially independent, Shanghai Bureau needed more business opportunities. This created a common ground for the two sides to develop more pragmatic relations based on mutual benefits. Good personal contacts of the bureau's former leader made such relations possible in the 1990s. Shanghai bureau benefited from the support of local authorities to gain more business opportunities. For example, the bureau was given an approval by local authorities to develop real estates in Pudong.¹¹ Xinhua, in exchange, released a series of "positive reports" about the development of the zone.

This had an impact upon journalistic practices. First, Xinhua journalists reported more about accomplishments of local governments and more positive news stories about the municipality. Second, journalists were reluctant to investigate misbehaviours of local authorities. The bureau was criticised by headquarters several times for the small quantity and poor quality of investigations circulated as international references among Party cadres. Journalists found it difficult to criticise local authorities whilst trying to sell news products to them. A journalist explained: "The fact that they [local authorities] buy our stuff means doing us a favour. We know that some [of them] are not interested [in Xinhua news products] ... they want something in return."¹² The journalist sometimes wrote favourable news stories about local governments upon their request. He pointed out: "I had to agree [with their requests], because I need their help as well. I hate to be a newspaper seller, but there is nothing I can do. The headquarters forces us to do this."¹³ The journalist also admitted: "They [local officials] are nice to me. They are buying things from us. I feel embarrassed to criticise them again." Meanwhile, it was getting harder for Xinhua to sell newspapers in an increasingly competitive media market. The rise of local media posed more challenges to the agency.

Relationship with Local Media

Liberation Daily and *Wenhui Daily* were the main local newspapers which carried Xinhua releases for free before 1980. Without economic motivations Xinhua only wanted its news wires published by local press. The situation changed when Shanghai bureau began to charge newspapers a subscription fee in the late 1980s. However, the incomes generated from subscription fees from local media contributed little to the bureau before 2003.

Shanghai-based newspapers were used by Xinhua as second-hand news sources. Local media carried Xinhua news wires when they were obliged to do so. These mainly concerned news about significant national events and official documents released by the central government. They sometimes quoted Xinhua wires when they were not sure about the issues concerned. Local newspapers carried the agency's international news and news about other regions of the country, using Xinhua news wires as background materials or a source for further investigation. Local newspapers tended to use more general news reports produced by their own journalists as competition intensified within China.¹⁴

The competition between Xinhua and local media was subtle but could not be ignored. Xinhua newspapers, *Shanghai Securities* and *Xinhua Daily Telegraph*

(based in Beijing but distributed in Shanghai), competed with local counterparts for advertising revenues and subscribers. The *Securities*' circulation was three hundred thousand copies in 2002 and had over 10% of the advertising market share in Shanghai.¹⁵ The *Telegraph* had much less circulation in Shanghai, but competed with local newspapers for readership and advertising revenues as well. Besides, Xinhua journalists competed with their colleagues at local media for news sources and newspaper publishing space.

The collaboration between Xinhua and Shanghai local media mainly applied to informal news exchanges between journalists. As discussed earlier, local journalists were better informed by local officials, but had less autonomy to decide content of coverage, while Xinhua journalists gained more autonomy to cover local issues and an advantage to access central government. The two sides tried to benefit from each other by exchanging news sources. Local newspapers sometimes published Xinhua's reports on those local issues, which were too sensitive to cover by themselves.¹⁶

Reorganisations in the Early 2000s

In 2002 Xinhua decided to turn to the central government for more subsidies, taking back financial control over local bureaus (Xin 2006b). An extra year was given to Shanghai Bureau to reorganise its business activities before its financial independence ended in 2004. Meanwhile, an investigation of the "economic problems" of the bureau's chiefs took place, focusing on the "mismanagement and bribery" of the former managers Wu Mingfei and Pu Xiaojiang. After both were removed from leadership positions, new chiefs were appointed. *Shanghai Securities* daily was separated from the bureau's administration and began to be managed directly by headquarters. The bureau was required to close down non-profitable companies. Local managers were concerned that the closure of unprofitable companies which, however, were growing up might cost Xinhua more in the future. They were worried that the ongoing reorganisation set the agency back to the command economy period, arguing that what Xinhua was doing in the early 2000s led to the opposite direction of the economic reforms.¹⁷

Meanwhile, a new evaluating mechanism, designed to assess journalistic and business performances of all divisions, was introduced within Xinhua in order to help the recentralisation of financial control over local bureaus. Each division was given a certain amount of editorial and business tasks. The business tasks included helping with marketing news wires and newspapers. Completion of these tasks was the precondition for receiving a certain amount of bonus salary for the members of staff of each department or bureau. Only a small gap in bonus salary between different divisions of the agency was allowed. The evaluating mechanism was criticised by rich local bureaus, such as Shanghai and Guangdong, which were able to provide staff with higher bonus salaries in the 1990s.

Shanghai Bureau was seen as a victim of such reorganisations initiated by the headquarters as its major revenue source, *Shanghai Securities* and the autonomy to control its own expenditure were lost. Moreover, staff's incomes were reduced dramatically in comparison with the level in the 1990s. Only 60 thousands RMB for bonus salaries per head per year was allocated to the bureau in 2004.¹⁸ This was about the same level as that in Xinjiang Bureau, which used to be 10 times less than the standard of Shanghai Bureau 10 years ago. Shanghai Bureau's managers were

worried about whether they could keep talented journalists to stay for long with less salary. The same problems were faced by other bureaus which enjoyed greater financial autonomy in the 1990s. A manager of Shanghai Bureau saw the reorganisations as a setback for Xinhua in its quest towards marketisation. He suggested that financial autonomy was not the fundamental cause of the bureau's "economic problems," such as "black accounts," bad debts, corruptions, and overexpansion of real estate businesses. For him, the problem was that:

Xinhua managers did not know how to develop market economy, using command economy methods to solve new problems. Once an enterprise got problems, the problems were not seen as a result of mismanagement but as a problem of doing business. They [Xinhua's top managers] forgot Shanghai bureau contributed to Xinhua 400 million RMB in total during 1997-2003. They thought what we did was totally wrong and caused them only troubles.¹⁹

Continuities and Discontinuities

The reorganisations also led to the reconstruction of the relationships of Shanghai Bureau with local governments, local media and headquarters under the new evaluating mechanism. Both continuities and discontinuities apply to the relationships with Shanghai local governments and media. The relations between Shanghai bureau's leadership and local authorities became less close than before. The new chief came from another province and had less local contacts than his predecessor.²⁰ The bureau became less dependent on local governments for business opportunities and tried to focus on news-oriented businesses.

Local governments remained an important news source of the bureau. In comparison with other local media outlets, the bureau found access to local officials less easy but had more autonomy to cover "negative things" about local authorities.²¹ It was getting more difficult for Xinhua journalists to access local officials, particularly about "negative" news. A Xinhua journalist by chance got access to a meeting between local authorities for discussing the problems of "complaint-lodging work" (Xinfang).²² The journalist's investigation of the problems with the "Xinfang" system was later published as an "internal reference." After Shanghai local authorities read the report, they began to treat Xinhua journalists more cautiously. In fact, a journalist working for a local newspaper *Xinmin Evening News* gained similar materials but dared not disclose them in order to avoid displeasing local authorities.²³ On the other hand, local governments remained important consumers of Xinhua, subscribing to its "internal references," newspapers and wires news.²⁴ To a certain extent local governments became even more important to Xinhua for marketing its news and information products.

The agency-source relationship with local media remained in place. Local newspapers remained an important news source of Xinhua about local happenings. Xinhua journalists still exchanged news sources with local media, which sometimes turned to the agency's news wires about sensitive political issues for reference. Xinhua drew more attention to news and information marketing, treating its media clients more seriously than before. The news provision model "1+X" was also applied to Shanghai-based media clients.²⁵ Competition between journalists for news sources and publishing space with local media still existed. *Shanghai securi-*

ties, although it was separated from Shanghai bureau, continued to compete with local newspapers for advertising revenues and readership. *Xinhua Daily Telegraph* and *Reference News* also attempted to increase their market shares in Shanghai. There were more continuities applying to the relationship of the bureau with local newspapers. A noticeable action was Xinhua's collaboration with Dragon TV with little involvement of Shanghai bureau.

Collaboration between Xinhua and Shanghai Dragon TV

On 20th November 2003, Xinhua's headquarters released a "Notice on Issues Relating to Collaboration with Shanghai Dragon TV." The document required all news departments of headquarters, domestic and overseas bureaus to coordinate with Shanghai Dragon TV for news reporting. The coordination included: (1) Xinhua news divisions to invite Dragon TV journalists to join the agency's actions of reporting important events; (2) Xinhua journalists to provide interviews via telephone and other means for Dragon TV when unexpected events took place on sites near to Xinhua bureaus (both domestic and overseas); (3) Xinhua domestic bureaus to assist Dragon TV to access news sources outside Shanghai; (4) Actions taken by Xinhua divisions in coordination with Dragon TV to be assessed by the new evaluating mechanism. Xinhua Audio-video News Centre based at headquarters took charge of the news production in collaboration with Dragon TV – the Shanghai-based satellite TV channel. Shanghai bureau according to the document should work together with the Centre to coordinate the collaboration.

Shanghai bureau was not satisfied with such a supplementary role as well as disappointed by the not-for-profit mode of collaboration with Dragon TV. A manager of the bureaus stated: "There are no [economic] benefits for us; we are just a bridge between the Audio-video centre and the TV station."²⁶ Initially, the bureau suggested establishing a news production company in collaboration with Shanghai TV station. However, the proposal was not approved by headquarters, which did not want the bureau to get involved and took over the negotiation with Dragon TV. Xinhua's top leaders considered the collaboration as a good opportunity to improve the agency's TV news production and distribution as well as for branding the agency (Ju 2004).

For understanding this collaboration, it is necessary to briefly review Xinhua's TV business. The agency's TV services started by setting up an Audio-video news centre in Beijing in the early 1990s. After a decade of development, its TV news production remained undeveloped. It "was not recognised by TV stations and was not known by the general public" (Ju 2004). The centre used to produce documentaries and news packages with little concern to "timeliness." Staff lacked adequate professional training and expertise.²⁷

The agency's desire to expand its TV business can be traced back to the early 1990s when the agency applied for a licence to run a TV station. However, the application was rejected by the former Ministry of Radio, Film & Television (now State Administration of Radio, Film & Television). In 2000 the former head of this TV regulatory body was appointed as Xinhua's President (Tian Congming). Xinhua soon made its second application, which was rejected again. The rejection was claimed to be based on the decision made by the former minister, Mr. Tian. There are underlying meanings for this. First, the main reason for rejecting the agency's

application was to protect the national TV broadcaster CCTV.²⁸ Both Xinhua and CCTV were key central players allowed to collect and distribute news nationwide and worldwide. Both had exclusive rights to cover politically sensitive events, though in most cases CCTV had to follow Xinhua's tone for reporting special occasions. Xinhua in comparison with CCTV had an advantage in terms of widely spread news collection and distribution networks. If Xinhua was allowed to run a news channel, it would unavoidably pose a challenge to CCTV.²⁹ In this case, collaborating with Dragon TV seemed a better choice (Ju 2004; Ma 2003). Dragon TV could provide what Xinhua was looking for (Ma 2003).

Xinhua preferred to adopt a non-commercial mode of collaboration: Dragon TV gained free news footages supplied by the agency, whilst Xinhua journalists gained free training offered by Dragon TV. The agency agreed to help the TV station to access news sources outside Shanghai as well as with news production. In return, Xinhua's news was allowed to "land" in the TV channel. This non-commercial mode seemed to the agency's managers less troublesome than the profit-oriented module adopted for running Xinhua TV services before.³⁰ Xinhua tried to learn lessons from previous experiences of running the TV centre. A manager of Xinhua gave the following explanation:

Originally, Xinhua audio-video centre was considered as a "Money machine," but was managed badly. Its divisions based at local bureaus were also driven by making profits. Many business activities they were involved in did not bring Xinhua enough profits but damaged the agency's reputation. Many TV journalists adopted "Paid journalism" as well (Ju 2004).

The not-for-profit collaboration with Xinhua was the best deal that Dragon TV could expect to have. The predecessor of Dragon TV was Shanghai satellite TV channel launched in 1998. It used to transmit programmes made by terrestrial channels for local audiences. The satellite channel was not very popular both within and outside Shanghai. Its advertising revenue was only 56 million RMB in 2002, which was even lower than other provincial satellite TV channels, such as provinces Yunnan and Shanxi (Zhu, Huang and Zhou 2004, 195-226). Later, the Satellite channel was merged with SMG and began to modify its services. The channel aimed to play a leading role for projecting Shanghai's image to the outside world, functioning as a "business card" for the city. It also aimed to compete with CCTV and Phoenix TV which were popular within China and among overseas Chinese audiences. Most importantly, the channel needed to make profits urgently. For all these reasons, Dragon TV decided to brand itself a channel providing news programmes of good quality.

Dragon TV needed a strong partner to collaborate with in order to overcome regulatory and financial constraints. In China there were and still are regulatory constraints on cross-regional news collection, particularly for local media organisations, including Dragon TV. Xinhua, CCTV and a few other central media players are exempted from such restrictions. Local protectionism also limited cross-regional news collection of local media outlets. Dragon TV had influence in Shanghai and nearby areas in Yangzi river delta, but faced difficulties to expand news production and distribution in other regions³¹. In addition, scarce human and financial resources increased difficulties for Dragon TV to establish its own news collection networks nationwide. A manager of the TV channel admitted:

*We set up a correspondent station in Beijing, but our own resources are not enough to build up our own [nationwide news collection] network. It took at least 3-5 years to build one. We very much value the authority of Xinhua and its nationwide and worldwide news networks. Also, we are not competing with each other [in terms of advertising revenues and audience]. We are supplementing each other although this might not be proper to describe our relations with such a national news agency.*³²

Therefore, there were mutual benefits. Xinhua helped Dragon TV report important domestic and international issues. Xinhua journalists began to be interviewed “on the spot” for free by Dragon TV. Before that they accepted interviews only by CCTV. Xinhua supplied TV footages and textual reports about breaking news, such as earthquakes in Gansu province, coal mining accidents in Jiangxi, Beijing and Hebei provinces. There were news sites which Dragon TV journalists were not allowed to access, but Xinhua local journalists could.³³ On these occasions, the TV channel relied on Xinhua for accessing news sources. In return, Dragon TV carried Xinhua’s brand name, broadcasting the agency’s news reports. Between 10th and 15th June 2004 Dragon TV broadcast 46 Xinhua news reports, including 26 telephone interviews and 20 TV news bulletins.³⁴ Besides, the TV station ran free training courses for Xinhua journalists.

The collaboration between Xinhua and Dragon TV has demonstrated that the negotiation and collaboration between the national and the local have helped both national and local players to overcome regulatory constraints. In addition, it is an indication of the rise of local media players which have become more capable of negotiating with national players. However, the not-for-profit mode of the collaboration seems to run counter to the common argument that Chinese media are becoming increasingly market-driven.

Centralised Editorial Control and Local Worries

Xinhua’s headquarters relaxed its *financial* control over local bureaus in the 1980s and the 1990s, but tightened it again in early 2000s. Throughout, they never give up its centralised *editorial* control over local bureaus. For local journalists, the relationship with editors at headquarters remains one of their major concerns. Most of them did and still do both “propaganda” and “investigative journalism.”

Xinhua’s centralised editorial control system was established in the 1950s and was considered as the core of news management of the agency. It appeared to the agency’s leaders more important than the financial control. The centralisation of editorial control was reinforced by personnel management. For example, headquarters appointed heads of local bureaus, and the number of permanent members of staff at each bureau was also controlled by headquarters.

Editorial control was exercised in three main ways: (1) local journalists had considerable autonomy to collect and write general news stories, but editors based at headquarters made the final decision on whether the news stories should be accepted. Generally speaking, editors at headquarters were “superior” to local journalists, though the latter might be more senior in terms of professional ranks and working experience; (2) headquarters’ editors were responsible for suggestions to local journalists about coverage of significant local events. They also worked together with local bureaus to report the important events; (3) the editorial board

and news departments of headquarters initiated reporting plans and allocated news tasks to local bureaus. For example, 80% of news reporting topics of Guangdong bureau was allocated by headquarters.³⁵

The local worries mainly concerned the relationship of bureaus' journalists with editors of headquarters. Local journalists discussed their works with editors at headquarters before finalising reports if time permitted. Discussions seemed particularly necessary when it came to long reports. This was adopted by local journalists as a strategy to manage their "professional risks." However, this unavoidably would affect timeliness of news reports.

Local journalists also worried about conflicts between their own news tasks and extra works allocated by editors at headquarters. Each journalist was responsible for several beats and had to balance their time and energy to cover important events. A journalist admitted that he sometimes wrote non-newsworthy stories, which were mainly based on the materials provided by press officers. He did this for keeping press officers happy or completing news quota, although he wanted to produce some "valuable new reports." He took pride in his investigation about a family worker-girl who came from a poor village but got injured in an accident and had an operation. Neither she nor the family where she worked could afford the medical expenses that raised an issue about the inadequacy of the social insurance system which excluded the rural population. This report was initially published in Xinhua's column as well as circulated as an "internal reference," and then republished by other media outlets. The story aroused attention of central and local authorities and the general public. The injured girl subsequently gained financial support from the public. Later, local authorities carried out a new policy for improving the social insurance system in Shanghai. The journalist claimed that producing such reports gave him satisfaction to function as a professional journalist, but his busy daily schedule always forced him to produce something "dull and not newsworthy at all."³⁶

Conclusions

This paper has examined how news production at Xinhua Shanghai Bureau between 1980 and 2005 has been influenced by changes in the bureau's financing and organisational structure. It has explored a set of relations of Shanghai Bureau with the headquarters, local government and local media. There are some conclusions which can be drawn from the above discussion.

First, the rise of market forces resulted in financial decentralisation. This is the case of Shanghai Bureau, which obtained considerable financial autonomy from 1997 to 2003. Second, the rise of market forces resulted in a certain degree of personnel decentralisation. For example, Shanghai Bureau began to be allowed to employ contract workers. Third, the increase in financial autonomy in the case of Shanghai Bureau did not weaken the centralised editorial control. Instead, the headquarters tightened their control over all journalists by using news quotas. However, the rise of local media based in Shanghai and the difficulties faced by Xinhua Bureau signalled the weakening of centralised editorial control.

Fourth, the rise of market forces had a huge impact on the role of journalists and their relations with news sources. Journalists were forced to play multiple roles and faced more pressure than before. Journalists became aware of and were willing to do both propaganda and investigative journalism. However, they had

to negotiate their journalistic ethics with the pressure that they were facing. The mixed organisational goals, multiple roles of journalists and their competing tasks and interests have resulted in a mixed picture of journalistic practices within the local bureau. Journalists adopted a pragmatic approach to negotiate journalism norms with their own concerns and organisational rules. Therefore, there was a mix of “Party journalism,” “watchdog journalism” and “paid journalism.” This also is the result of “active negotiations and exchanges and sometimes conflicts, latent or actual,” as suggested by McQuail (2005, 281). Under economic pressure Shanghai Bureau’s relations with news sources became more commercialised. Local governments were and still are the main news sources and important clients of Xinhua news products.

Fifth, the reorganisation of Xinhua in the early 2000s has also demonstrated the countervailing force of Chinese media marketisation. The changes to Xinhua’s organisational goals in the early 1980s and in the early 2000s respectively were all followed by structural and operational shifts. However, they directed Xinhua to opposite directions. Changes in the early 1980s resulted in Xinhua becoming more market-driven. Shifts in the early 2000s brought Xinhua back to a situation of more direct financial dependence on governmental subsidies. The more recent changes to Xinhua along with the not-for-profit mode of the collaboration between Xinhua and Dragon TV provide counter-evidence to arguments that Chinese media are becoming more and more market-driven. Although the nature of Xinhua as a traditional national news agency and an important Party-organ seems to make this case study quite unique, the problems and challenges that the organisation encountered in dealing with its internal conflicts and competing interests within the boundaries of the organisation as well as with government, news sources and clients are quite common among Chinese media. The setbacks of Xinhua in becoming financially independent provide a good illustration of the countervailing forces constraining efforts by Chinese media to become fully commercialised or more financially independent. In turn, the influences of the setbacks on journalistic practices cannot be easily assessed according to analyses based on the liberal model of journalism.

Sixth, the collaboration between Xinhua and Dragon TV also challenges the dominant view on the impact of marketisation which should result in further intensifying competition between different media players, particularly between national and local media. In the context of China there were and still are regulatory constraints in limiting cross-regional expansion of local media and cross-media expansion of Xinhua. Yet, the conditions for application of conventional or normative principles, which proved to work well in societies based on the optimal combination of liberal-democratic system and market economy, remain absent. In order to overcome regulatory constraints, Xinhua and Dragon TV opted for a pragmatic collaboration instead of competition. However, the challenge faced by Xinhua Shanghai Bureau in the local media market somehow has echoed the dominant argument.

To sum up, the case of Xinhua has shown that more financial independence did not necessarily result in more editorial independence and journalism modifications. In the Chinese context, media marketisation was accompanied by more competing tasks allocated to journalists, more “paid journalism” and managerial misbehaviours and more conflicting interests between local bureaus and headquarters within Xinhua. Market factors weakened the centralised financial control over local media.

However, there was no obvious sign of weakening of the centralised ideological control. Market competition caused conflicts between central and local media at the local level, but also forced negotiation and collaboration with each other for overcoming regulatory constraints.

Although it is impossible to make any generalisation drawing on a single case, Xinhua is definitely a valuable starting point to understand the complexity of the impact of Chinese media marketisation. Moreover, it serves as a good example to analyse the main forces that might affect what news is produced in a non-Western context and provides an original case study for further comparison of journalistic practices in different social, political and organisational backgrounds.

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Notes:

1. Interview No. 57, see Appendix I.
2. Renmin Ribao (or People's Daily) dropped from 7 million copies per day in 1979 to 1,65 million in 1993 (Wu 2000: 161).
3. Interview with a business manager, Xinhua, Shanghai, 01/12/2004.
4. Interview with a senior manager, Xinhua, Shanghai, 01/12/2004.
5. Interview with a business manager, Xinhua, Shanghai, 01/12/2004.
6. Interview with a reporter, Xinhua, Shanghai, 29/11/2004.
7. Interview with a reporter, Xinhua, Shanghai, 03/12/2004.
8. Ibid.
9. Ibid.
10. Interview with a reporter, Xinhua, Shanghai, 03/12/2004.
11. Interview with a business manager, Xinhua, Shanghai, 01/12/2004.
12. Interview with a reporter, Xinhua, Shanghai, 26/11/2004.
13. Ibid.
14. Ibid.
15. Interviews with a senior manager and a business manager, Xinhua, Shanghai, 02/12/2004.
16. Interviews with a reporter, Xinhua, Shanghai, 29/11/2004.
17. Interviews with a business manager, Xinhua, Shanghai, 01/12/2004.
18. Interview with a business manager, Xinhua, Shanghai, 02/12/2004.
19. Interviews with a business manager, Xinhua, Shanghai, 01/12/2004.
20. Interviews with a manager, Xinhua, Shanghai, 01/12/2004.
21. Interview with a reporter, Xinhua, Shanghai, 03/12/2004.
22. Interview with a reporter, Xinhua, Shanghai, 29/11/2004.
23. Interview with a business manager, Shanghai, 01/12/2004.
24. Interview with a business manager, Shanghai, 01/12/2004.
25. Here the 'X' implies the flexible part of the services, which can be designed for media clients according to their requirements and at acceptable prices (He 2002, 15).

26. Interview with a senior manager, Xinhua, Shanghai, 26/11/2004.
27. Interview with a manager, Dragon TV, Shanghai, 03/12/2003.
28. Interviews with a scholar, Renmin University, Beijing, 13/01/2005; two scholars, Fudan University, Shanghai, 30/11/2004.
29. Interview with a scholar, Renmin University, Beijing, 13/01/2005.
30. Interview with a vice-president, Xinhua, Beijing, 04/11/2004.
31. Interview with the managing editor, Dragon TV, Shanghai, 03/12/2004.
32. Ibid.
33. Ibid.
34. Archive of Xinhua, accessed in Beijing, November 2004.
35. Interview with a manager, Xinhua, Guangdong, 13/12/2004.
36. Interview with a reporter, Xinhua, Shanghai, 03/12/2004.

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