Global processes, national responses: Chinese film cultures in transition

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Global Processes, National Responses:
Chinese Film Cultures in Transition

By
Ti Wei

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Abstract

Today's processes of cultural globalization involve three major trends: (1) the global expansion of transnational communications conglomerates; (2) the global implementation of market-oriented cultural policies; and (3) the global diffusion of new communication technologies. These processes have set in motion complicated consequences and prompted a range of national responses. Both China and Taiwan, the two locations which embody the Asian region's largest cultural formation, have experienced major shifts in their internal political and economic organisation and been significantly influenced by these interlinked global processes since the early 1980s. Taking the national film industries in both locations as a case study, this thesis examines the impact of globalisation on the organisation of national cultural production and distribution, and explores the uses of film in representing shifting conceptions of national culture and identity.

Key Words: globalisation, national culture, national cinema, film policy, Chinese cinema, Taiwanese cinema, China, Taiwan.
A Note on Romanisation

The transliteration system used to romanise Chinese in this thesis is *pinyin*, which is applied in mainland China and most international literatures. However, some names of people and places associated with Taiwan (such as Lee Tenghui, Hou Hsioahsian, Ang Lee) and Hong Kong (such as Tsui Hark) are kept in their original forms of romanisation, which are commonly used in these two locations and known internationally. All Chinese films mentioned in this thesis are named by their officially released English titles. The romanisations through *pinyin* system of these names and film titles are provided in their first appearances.
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Ti Wei
August 2002
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You, O king, live beyond the confines of many seas; nevertheless, impelled by your humble desire to partake of the benefits of our civilisation, you have despatched a mission respectfully bearing your memorial...To show your devotion, you have also sent offerings of your country’s produce. I have read your memorial; the earnest terms in which it is cast reveal a respectful humility on your part which is highly praiseworthy.

Swaying the wide world, I have but one aim, namely, to maintain perfect governance and fulfil the duties of the state. Strange and ingenious objects do not interest me. I have no use for your country’s manufactures. It behoves you, O king, to respect my sentiments and display even greater devotion and loyalty in future, so that by perpetual submission to our throne, you may secure peace and prosperity for your country. Tremblingly obey and show no negligence.

(Qianlong, quoted in The Economist, December 31st 1999, Millennium Special Edition, p. 76)

In 1792, the British King George III sent a trade mission to China. The Emperor Qianlong apparently was not impressed by the visit and the gifts. He gave King George’s envoy the message quoted above to take back. For Qianlong, and many other Chinese people at that time, China was at the centre of the world. All foreigners were peripheral and barbarian. The Chinese had no interest in knowing or understanding foreign people and cultures.

About one hundred years later, the British returned, bringing other ‘strange and ingenious objects’- warships and cannons. This time, they came from the new world empire, and along with other Western empires, had no intention of submitting to the old Oriental emperor’s throne. Instead, they intended to conquer and exploit the vast Chinese Empire by means of their overwhelming modern military and technological forces. Modern imperialisms almost destroyed the old Empire. Since then, the Chinese people embarked on a long journey of national revival and modernisation with Chinese characteristics, a journey that at the same time has been profoundly influenced by Western styles of modernity.

This journey is not over yet. The civil war of 1949 divided the country into two separate political entities, one located on the mainland and the other on Taiwan Island.
The exile Nationalist (KMT) government in Taiwan survived by accepting military and economic support from the world’s new post-War empire, the US. Although the US ‘betrayed’ Taiwan eventually and normalised its relationship with the People’s Republic of China (PRC), established by the Chinese Communist Party (CCP), the ever-present connections between the island and the world capitalist system together with its dependent relationship on the US have been firmed up and deepened. On the mainland, the CCP chose its own path to modernisation, which proceeded, after the break with Moscow, in isolation from other major powers, but it was not successful. Since the late 1970s however, the country has reopened its doors and re-entered a world system where Western capitalism has become increasingly dominant. As a consequence, current encounters in politics and economy seem more intense, while at the same time, Chinese culture, one of the major cultural formations in the world, has been unavoidably in transition.

**Chinese Film Cultures in Transition**

The recent consolidation of Western communications conglomerates and the erosion of national borders by satellite system and computer networks, has been widely seen as a central infrastructure support for a contemporary globalisation processes in relation to which national governments are powerless to intervene. Much general debate around this issue however fails to take proper account of recent power shifts within states while much cultural and communications analysis ignores changes in the nature and scope of state intervention in the cultural sphere.

At the same time, there is no doubt that the accelerating transnational distribution of cultural products has had a significant impact on the structure and content of national cultural production, on the maintenance and protection of local cultures, and on the redefinition and reassessment of what constitutes ‘national culture’. These cultural dynamics are increasingly becoming central issues in debates around globalisation. Some commentators assert that what we are witnessing now is the latest episode in the familiar narrative of cultural imperialism and cultural homogenisation. Others argue to the contrary, that globalisation has brought much more diversity, variety, and cultural choice. However, whatever its political attractions for both critics and celebrants of market dynamics, free floating speculations is no substitute for
detailed investigation of what exactly the consequences of increasing encounters between global and local cultures are in particular concrete situations.

Since the early 1980s, both mainland China and Taiwan have experienced major shifts in both their internal political and economic organisation and in their relations to the global economic and cultural system. Taking the film industry as a particular focus, the research aims to shed new light on current economic and cultural transitions in the two locations by developing detailed comparative analyses of:

(1) the impact of multinational enterprise on the organisations of one of the region’s major cultural industries;
(2) the development, rationale and implementation of national film policies;
(3) shifts in the construction of national identity as indexed by themes and representations in a sample of recent locally produced films.

**The Structure of the Thesis**

The thesis begins with a critical review of the general debates around 'globalisation', focussing especially on the cultural dimension and on the crucial role of multinational cultural corporations in global transformation processes. By critically examining different theorists of the core dynamics addressed in the thesis, I aim to establish a workable analytical framework for empirical research. In Chapter 2 I then focus the theoretical inquiry on the controversial issues of the changing role of the nation-state in the globalisation process. The accompanying debates around the redefinition and reassessment of national culture and national identity are also examined in this chapter. Based on this inquiry into the question of national culture and national identity in the global age, in Chapter 3, I deal with the topic of national cinema. The conceptual reassessment of the notion of national cinema is illustrated by examples taken from a variety of contemporary national cinemas. In Chapter 4, I analyse the different ways in which states intervene in cultural and media systems, looking particularly at the case of cinema. By investigating examples of the contrasting film policies pursued in different countries, I aim to build a general typology of forms of state intervention in cinema. I also attempt to identify the basic trends in national film policies in the current conditions of globalisation. These discussions provide an essential context for the later, detailed discussion of film policies in China and Taiwan.
Before analysing the film industries and film cultures of China and Taiwan, however I provide, in Chapter 5, general descriptions of the key political, economic and cultural transformations in these two locations in the global era (particularly since 1980). This material functions as a bridge between the general theoretical inquiries that begin the thesis and the detailed case study research that follows.

In Chapter 6 I begin the analysis of the two case study situations by tracing the history and the contemporary dynamics relating to the distribution and consumption of foreign movies (mainly Hollywood movies) and the patterns and practices of the major transnational film corporations in China and Taiwan.

In Chapters 7, 8, 9, and 10, I deal with the three main dimensions to national responses to global trends in the film industry and film culture. Chapter 7 focuses on national film policies and state intervention in cinema. The organisations of the two local film industries and relevant recent changes are addressed in Chapter 8. While in Chapter 9 and 10, I explore continuities and shifts in representations of national identity by examining the thematic organisation and key images of key recent films produced in China and Taiwan. The aim of these four core empirical chapters is to analyse the impact of globalisation on local cultural productions and to explore how societies respond to these dynamics in three inter-linked domains — the political, economic and ideological.

In the light of the empirical findings, the conclusion returns to the general issues raised by: (1) encounters between global and local cultures, (2) the changing role of the nation-state, and (3) transformations in the articulation of national identity in popular cultural products.
Imagine for a moment that you are on a satellite, further out and beyond all actual satellites; you can see 'planet earth' from a distance and, unusually for someone with only peaceful intentions, you are equipped with the kind of technology which allows you to see the colours of people's eyes and the numbers on their number plates. You can see all the movement and tune in to all the communication that is going on. Furthest out are the satellites, then aeroplanes, the long haul between London and Tokyo and the hop from San Salvador to Guatemala City. Some of this is people moving, some of it is physical trade, some is media broadcasting. There are faxes, e-mail, film-distribution networks, financial flows and transactions. Look in closer and there are ships and trains, steam trains slogging laboriously up hills somewhere in Asia. Look in closer still and there are lorries and cars and buses, and on down further, somewhere in sub-Saharan Africa, there's a woman — amongst many women — on foot, who still spends hours a day collecting water (Massey, 1994: 148-149).

In this quotation Doreen Massey vividly depicts the heaven and the hell — both of them real — which characterise the contemporary phase of globalisation. The complexity and ambiguity of this process has prompted heated and prolonged debate in academic, political, economic, and societal spheres around a series of key questions. What is globalisation? What does it bring us exactly? Is the future going to see a harmonious cosmopolitan world or a world full of injustice and unfairness? And, of particular importance for this thesis, 'What global transformations are taking place in the sphere of culture? 'What are the cultural consequence of globalisation and how are nations responding?

The objective of this chapter is to answer these questions and to outline a general explanatory framework within which the case studies of China and Taiwan that occupy the second half of this thesis can be placed.

1.1 Globalisation: Debates and Issues

The first use of the term 'globalisation' can be traced to the 1960s, but public discussions of the conception increased enormously after the mid-1980s not only among academics but also in the discourses of the mass media, the speeches of
politicians, and the strategic reports of business interests\(^1\). As a consequence, as Beck points out, globalisation has been 'the most widely used — and misused — keyword in disputes of recent years...but it is also one of the most rarely defined, the most nebulous and misunderstood, as well as the most politically effective' (Beck, 2000[1997]: 19).

Why is it so difficult — at least in terms of academic use — to define globalisation? It is perhaps because different scholars offer such different accounts of every aspect of globalisation from its causes to its consequences and from its origins to its current transformative trajectories. Consequently, to arrive at a workable general definition and a proper theoretical base for the research that follows, it is necessary to examine current debates on globalisation in some detail.

1.1.1 Globalisation debates

Held and McGrew have gone to a great deal of effort to map the major academic debates on globalisation. In their comprehensive study of the subject (Held et al., 1999), they propose three ideal typical positions on globalisation. The hyperglobalisers 'define a new era in which people everywhere are increasingly subject to the disciplines of the global marketplace'. In contrast, the sceptics argue that 'globalisation is essentially a myth which conceals the reality of an international economy increasingly segmented into three major regional blocs in which national governments remain very powerful'. Finally, the transformationalists assert that contemporary globalisation is a process in which states and societies across the globe are experiencing profound changes as they try to adapt to a more interconnected but highly uncertain world (pp. 2-10).

Later on in their discussion however, Held and McGrew revise (or simplify, in my view) their typology later, into a dichotomy: the sceptics and the globalists (Held and McGrew, 2000). Giddens also uses the terms 'globalists' and 'sceptics' to label the two main currents of thought in the globalisation debate (Giddens, 1999), while Scholte divides the major positions into 'the globalists' and 'the ultra-sceptics' (Scholte, 2000). To some extent these polarised distinctions are helpful in clarifying the main contours of the debate on globalisation. But as political economists, Paul Hirst and Grahame Thompson, the scholars who are most often labelled as 'sceptics',

point out in the second edition of their influential book, 'those who see extreme
globalisers as one pole of the debate and see people who deny globalisation as the
other, putting themselves conveniently in the sensible middle ground, are thus doing
us and the issue a disservice' (Hirst and Thompson, 1999: xiii).

The most important shortcoming of this kind of dichotomous discussion is that it is
centred solely on one question: Do you agree with the globalisation thesis? As a
consequence, anybody who doesn't agree with the thesis or rejects to use the term is
cast as someone who is unable to arrive at a proper judgement and explanation of
current global trends. The globalisation thesis therefore becomes the only 'correct'
theoretical framework for interpreting global shifts. Because it denies the validity of
other positions, either intentionally or unintentionally, this position is not helpful for
furthering our understanding of current transformations.

The dichotomous distinction also blurs the ideological and political lines dividing
different accounts. Held and others claim that their typology does not correspond to
traditional ideological positions, and point out that neither Marxists nor neo-liberals
agree among themselves on how to describe and account for globalisation and that
there are surprising communalities of though across this historic political division.
(Held et al., 1999: 2-3). However, this is something of a slight of hand since their
typology take no account of the intentions behind different accounts, their political
and societal consequences, or the appropriate projects for responding to globalisation.
Therefore, it confuses rather than clarifies the map of the debate. For example, in their
view, Marxists accounts cross all three categories of thought they describe. In fact, in
debates on the changing role of the nation-state and the issue of class and social
movements (see Amin, 1997; Wood, 1997a; 1997b; Du Boff and Herman, 1997; Tabb,
1997b), leftists consistently focus on the core capitalist dynamics of globalisation
(even though some of them dislike the term or the conception), the problem of
depening world inequality, and the new politics of emancipation. Putting the
Marxists and neo-liberals into one category obscures this and produces confusion.

Thirdly, the dominant typology presumes that the sceptics, globalists, and
transformationalists will retain a consistent view on different aspects of globalisation.
For example, Held and others claim that hyperglobalisers of various kinds predict the
homogenization of the world under American popular culture or Western
consumerism (Held et al., 1999: 325). But this account seems to be held primarily by
Marxists whom are described as crossing line dividing the hyperglobalisers and the
sceptics. In contrast although they too are often labeled as hyperglobalisers, neoliberal commentators obviously do not take the same view on the cultural globalisation but assert that the technological 'revolution' in communications has brought diverse cultural and informational exchange and mixture across the globe (see, for example, Ohmae, 1990; de Sola Pool, 1990). This rhetoric is indeed much closer to what they call the transformationalist thesis of globalisation.

In sum, the use of polarised distinctions, which takes approval of the globalisation thesis as the sole criteria of classification, is little help in clarifying the complexity of current global transformations. Instead, taking a critical look at some major accounts on globalisation is probably a more productive strategy.

1.1.2 What is globalisation? Some major accounts

Basically, the various accounts of the issues surrounding globalisation are based upon different definitions of the origin of the process, what exactly is going on, and its significance. The discussion presented below introduces some major scholars' viewpoints on the general definition of globalisation and serves as a basis for the further discussion on major issues in the globalisation debate.

*The Globalisation of capitalism*

Marx and Engels argued over one hundred years ago, in the *Communist Manifesto*, that 'The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country'. They point out that national industries 'are dislodged by industries that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe'. (Marx and Engels, 1967: 83-84). Some scholars have followed this proposition in the study of contemporary globalisation issues. The editors and main contributors of North American leftist journal ‘*Monthly Review*’ (Paul Sweezy, Ellen Meiksins Wood, Harry Magdoff, and William K. Tabb) are prominent representatives of this current of argument.

In the February and March 1992 issues, the *MR* editorial titled ‘Globalisation – To what end?’ announced formally the editors’ position on globalisation supported by plentiful data. Firstly, they assert that ‘the recent splurge of globalisation’ is part of an
ongoing process of capitalist expansion that has lasted for a couple of centuries. Secondly, they argue that this new stage of globalisation has introduced ‘new’ and ‘distinct’ economic and political features in the countries of both the periphery and the core. In the periphery, foreign capital has penetrated more widely and deeply than ever before. In the core, credit creation, international flows of money capital, and speculation has extraordinarily enhanced the world’s key money markets. Thirdly, the consequence of this accelerating globalisation is not world harmony but increasing contradictions caused by the widening of the gap between the core and periphery nations. Fourthly, they see recent globalisation rhetoric as playing a prominent role in contemporary capitalist ideology. In sum, as Sweezy notes, globalisation is not itself a driving force, rather, the transformations labelled in this way are produced by *the always expansive and often explosive capital accumulation process* (Sweezy, 1997: 4, emphasis added).  

In common with the *MR* editors, Paul Hirst and Grahame Thompson (although they take a position closer to Keynesianism) also see globalisation as a myth. For them, the globalisation thesis is a myth because it is empirically untrue rather than because it ideologically conceals the truth about the uneven development of capitalism. In their widely quoted book (Hirst and Thompson, 1996; 1999), they provide comprehensive evidence to argue that there is no such a thing as a ‘global economy’ but there is a highly internationalised economy. They emphasise that national and international governance of economic activities is not as some globalisation theorists maintain impossible, but still has many possibilities. Though they point out that international trade, investment, and financial flows are concentrated in the Triad of Europe, Japan and North America, they are not particularly concerned about the consequent pattern of world inequality and treat the available evidence simply as an empirical counter to the globalisation thesis.  

*World-system theory*

In the same basic academic and political camp as the *MR* editors, Immanuel Wallerstein, probably the first significant scholar to emphasise the transnational nature of the modern world, has developed a consistent theoretical framework based

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3 Hence, both of these two groups take a negative view on globalisation. I would argue that Hirst and Thompson is ‘sceptical’ while MR editors and other Marxist scholars are better described as ‘critical’.
on the notion of ‘the world-system’. In this conception, the modern world-system is rooted in the capitalist world-economy which originated in the sixteenth century in Europe (Wallerstein, 1974; 1979) and gave primacy to the accumulation of capital, ‘rewarding those who do it well and penalising all others’ (1979: 272). This dynamics shapes the system into a three-fold structure, the centre, the semi-periphery, and the periphery, and the progress of the capitalist world-economy enlarges the economic and social distances between these different spaces. The other consequence is that the capitalist economy extends geographically beyond national boundaries to penetrate the entire world over time.

Despite this emphasis on the longueur of history in one of his recent works (Hopkins and Wallerstein, 1996), Wallerstein agrees that ‘a whole series of institutional domains have been constructed and reconstructed in the years 1945-1990’. He (with Hopkins) uses Kondratieff’s theory of ‘long waves’ to argue that the period 1945-90 is in a cycle in which 1967/73 is the turning point from the A phase to the B phase. In the A phase, after the successful reconstruction of the infrastructure which had been destroyed in the Second World War, the world-economy entered into a period of unprecedented expansion. The USA played the central role in this process ‘as a generator and promoter of the world-wide economic expansion’ and its transnational corporations (TNCs) accounted for the overwhelming majority of foreign direct investment (p. 210).

By 1973 however, the expansion of the capitalist system started to slow down the rate of profit declined, and the world economy entered into the B-phase. The decline in the rate of profit in the production sector had three structural consequences. First, corporations try to relocate production in semi-peripheral and peripheral areas to reduce cost. Second, there was a considerable shift of investment from productive activities to the financial sphere in the search for profit. Third, some countries, mainly the USA, started to increase their military expenditure as a counter-cyclical Keynesian strategies (pp. 212-3). Wallerstein however asserts that, this period (which other have seen as the distinctive origin of modern globalisation) was ‘merely the latest period in the long history of the modern world-system, a historical social system which originated in the sixteenth century’ (p. 2, emphasis added).

Another Marxist scholar, Samir Amin, shares a similar view to Wallerstein. He also sees recent acceleration of globalisation as the latest stage of capitalist development, though he has not developed a grand theoretical framework to explain
the shifts. He argues that the new globalisation is indeed a process of global polarisation which deepens the inequality between the centre and the periphery and erodes the efficiency of economic management by national states (Amin, 1996; 1997).

What distinguishing Wallerstein and Amin from the MR editors is that the former present a holistic view which combines different social dimensions to explain the current transformations while the later mainly focus on the economic sphere and see economic factors as determinant. Wallerstein proposes that there are six distinguishable but not separable vectors that form the modern world-system: the inter-state system, the structure of world production, the structure of the world labour force, patterns of world human welfare, the social cohesion of the states, and structures of knowledge. These are not autonomous forces but interdependent, ‘any transformation within any one of them or among them affects all the others’ (Hopkins and Wallerstein, 1996: 2). Similarly, Amin points out that there are ‘five monopolies’ of the centre that enhance the present trend to global polarisation. They are technological monopoly, financial control of worldwide financial markets, monopolistic access to the planet’s resources, media and communication monopolies, and monopolies over weapons of mass destruction (Amin, 1996: 4-5). He argues that these five monopolies, ‘taken as a whole, define the framework within which the law of globalised value operates and become the new foundation of polarisation’.4

From imperialism to Empire

Also standing firmly in the Marxist camp, Antonio Negri and Michael Hardt provide a significantly different view of globalisation from the two groups introduced above (Hardt and Negri, 2000). They insist on the continuing relevance of a perspective that foregrounds class struggle and historical materialism, but argue that there have been some substantial recent changes. Unlike many Marxist critics who refuse or are reluctant to adopt the key terms in the globalisation theorists’ terminology like postmodernisation, hybridisation, deterritorisation, and informatisation (see below),

4 There are another two variant Marxist accounts should be noted here. Ankie Hoogvelt (1997) takes a poststructuralist version of Gramscianism to argue that previous global integration was driven by the economic logic of capital accumulation, but today it is the unification of the human condition that drives the logic of further capital accumulation. David Harvey, in his influential book (Harvey, 1989), also provides a Marxist analysis on late capitalism and proposes a significant concept of time-space compression. The concept influences many other scholars on theorising globalisation, including Giddens who will be discussed later. Taking a non-Marxist position while focusing on the global
Negri and Hardt are happy to use these theoretical concepts practically within a framework of Marxism to develop a set of new arguments. The present global economy, they argue, is not a continuous or latest period in the on-going cycles of capitalism, the view the MR editors and Wallerstein hold (ibid.: 239). Instead, they stress that there is a break, epistemologically as well as ontologically, between the present global order (Empire) and past imperialisms. Today's Empire they argue is neither an imperialist project executed by the US nor the outcome of the victory of capitalist corporations over the state (pp. 305-310).

The corresponding change in production to this new imperial sovereignty is the movement from modernisation to postmodernisation or from industrialisation to informatisation. The rise of services, in which knowledge, information and communication play a central role, in dominant countries means that industrial production needs to be exported to subordinated countries and regions. This in turn forms new networks within the world market, in which all of the forms of production exist, under the domination of the informational production of services (p. 288). However, this decentralisation and global dispersal of productive processes and sites, 'provokes a corresponding centralisation of the control over production', using the new global information infrastructure (p. 297).

The networks of the new information infrastructure are a combination of oligopolistic and centralised mechanisms (such as broadcast systems) and democratic and deterritorialised mechanisms (such as the Internet). Along with the mergers and expansions of transnational information and entertainment corporations, the promise that ICTs will create new forms of democracy and promote social equality have in fact created new lines of inequality and exclusion (p. 300). Indeed, for Negri and Hardt the quasi-monopoly of communication is central to the ideological maintenance of Empire. As they put it, 'communication is the form of capitalist production in which capital has succeeded in submitting society entirely and globally to its regime, suppressing all alternative paths' (p.347).

As Marxists, the ultimate concern of Hardt and Negri's conception of Empire is the question of revolution. In their model alternatives and contestation emerge from the contradictory constitution of Empire. To capitalise on these fissures they propose that 'the multitude' (which they see as made up of a coalition of exploited groups and inequality caused by globalisation comes from scholars of international relations, for example, Hurrell
as the successor to the industrial masses) make three political demands of Empire. Firstly, mobility of labour powers to enable the multitude to claim global citizenship. Secondly, a social wage and a guaranteed income for all. Thirdly, the transfer of control over linguistic sense making and over the networks of communication to the multitude (pp. 396-407).

The consequence of modernity

Although both Wallerstein and Amin stress that social factors and economic factors have interdependently formed present world conditions, they still take capitalist economic dynamics as the primary driving force. By contrast, sociologist Anthony Giddens proposes a multi-dimensional explanatory framework that follows his theory of modernity. He criticises the sceptics of globalisation for only focusing on the economic dimension of the global and argues that the world capitalist economy is only one of the dimensions of globalisation (Giddens, 1990).

Giddens argues that modernity is inherently globalising and regards globalisation as one of the consequences of modernity. In his schema there are four dimensions of globalisation: the world capitalist economy, the nation-state system, the world military order, and the international division of labour / global information system, which correspond to the four principal institutions of modernity: capitalism, surveillance, military power, and industrialism. These four institutions he argues, have facilitated the spread of modern institutions across the world.

In the modern era, the level of time-space distanciation is much higher than any previous period, and ‘the relations between local and distant social forms and events become correspondingly “stretched”’. Giddens thus defines globalisation as ‘the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa’ (p.64). The definition encapsulates the two major features of Giddens’ account of globalisation. Firstly, that the transformation of time-space relationship is the central feature rather than economic shifts. Secondly, that the globalisation process is a dialectical one in which ‘local transformation is as much a part of globalisation as


5 Giddens switches these two terms in different sources. He uses ‘the global information system’ in his Nation-State and Violence (1987) and uses ‘international division of labour’ in The Consequences of Modernity (1990). He does not put more explanations on that, yet these two systems both connect to the development of industrialism.
the lateral extension of social connections across time and space' (also see Giddens, 1991; 1994; 1999).

Another significant sociologist who shares much the same view as Giddens on contemporary society generally as well as on globalisation, is Urich Beck. Beck also emphasises the multi-dimensionality of globalisation and the dialectical relationship between ‘the local’ and ‘the global’ in the globalisation process. He also relates the present globalisation phenomenon with the development of modernity although in a slightly different way. He argues that the central premise of the modernity project is ‘the idea that we live and act in the self-enclosed spaces of national states and their respective national societies’ (Beck, 2000: 20). This he calls ‘the first modernity’. Globalisation calls this premise into question because it ‘denotes the processes through which sovereign national states are criss-crossed and undermined by transnational actors with varying prospects of power, orientations, identities and networks’ (p.11). Beck therefore argues that we are now entering into ‘the second modernity’.6

One more important work which should be noted here is Manuel Castells’ book on the ‘network society’ (Castells, 1996) which also provides a multidimensional analysis on present global transformations. Castells centres his analysis on the role of information technology. He argues that it is only in the late twentieth century that the world economy was able to become truly global on the basis of the new infrastructure provided by information and communication technologies. The new global economy, which he calls the informational economy, is characterised by the instantaneous flow and exchange of capital and information and leads to greater productivity and efficiency, given the right conditions of equally dramatic organisational and institutional changes (p. 67). Information technology also helps to achieve cultural diversity because the integrated communication system weakens the dominant symbolic power of traditional senders and transforms space and time (pp. 374-5). While Castells’s analytical account of global transformations is quite similar to the sociologists introduced above, his attitude to this process is far more positive and closer to the position of the neo-liberals that will be discussed later. Full of optimism and enthusiasm for the informational global economy, Castells argues that when

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6 Besides, Held and McGrew (1999; 2000) and Scholte (2000) also hold a similar view on globalisation that emphasises the multidimensionality, time-space compression, and global / local interaction.
critics point out that that the trends he identifies are not yet fully realised, his answer is that is ‘only a matter of time’ (p. 97).

**Global consciousness**

In contrast to scholars such as Giddens and Beck who propose a multidimensional framework which links the globalisation process with the development of modernity, Roland Robertson, among others, focuses more on the cultural transformation set in motion by globalisation processes. Robertson argues that alongside global interdependence, there is another no less important core aspect of globalisation: the emergence of global consciousness (Robertson, 1990: 22) or the world image (Robertson, 1992: 75). He criticises other authors for ignoring the cultural issue (like Wallerstein) and conflating these two processes (like Giddens). His own emphasis on the role of culture and agency in the making of the global system turns the structural approach of world-system theory ‘on its head’ (Robertson, 1990: 28).

Unlike Giddens he does not see the global system as an outcome of processes that are basically intra-societal in origin. Rather, for him the globalisation process has a general autonomy and logic which operates relatively independently of strictly societal and other more conventionally studied sociocultural processes. He proposes a ‘minimal phase model of globalisation’ which predates the rise of capitalism or modernity to the early fifteenth century. The latest phase began in the 1960s when global consciousness was markedly extended. (pp. 25-27).

Another key feature of globalisation emphasised by Robertson is the interaction between the global and local. He uses the concept of ‘glocalisation’, original a marketing term, to argue that globalisation and localisation are two sides of the same process. The global itself must be localised in order to be effective, while local conditions are transformed by globalising process.

Following Robertson’s accounts, Waters defines globalisation as: *A social process in which the constraints of geography on social and cultural arrangements recede and in which people become increasingly aware that they are receding* (Waters, 1995: 3). He recognizes both the structural and the cultural / ideological aspects of globalisation but focuses on the later. He notes that material exchanges in the economic sphere tend to tie social relationships to localities, political exchanges in the political sphere tend to be international, and symbolic exchanges in cultural sphere liberate relationships from spatial referents and tend to be global. He thus argues that
economic and political spheres will only become fully globalised when they are ‘culturalised’ (p.9).7

A prosperous globalised world

The accounts discussed so far, however they interpret and define globalisation, are all agreed that a macro world transition in current in process. However, there is also a version of the globalisation thesis that believes that a globalised world has already been accomplished. For example, Kenichi Ohmae identifies four key trends (which he calls the 4 “I”) within the global economy: (1) investment is no longer geographically constrained; (2) industry has a far more global orientation than ten years ago; (3) the movement of both investment and industry has been greatly facilitated by information technology; and (4) individual consumers have become more global in orientation because they have better access to information about lifestyles around the globe (Ohmae, 1995: 3-4).

In this newly created ‘borderless world’ (as he calls it) information and financial flow transcend national borders, ‘stateless’ transnational corporations (TNCs) become the major players, and nation-states are increasingly powerless to govern economic activities within their territories (Ohmae, 1990). Future forecaster John Naisbitt also notes that ‘as the global economy gets lager, the component nation players get smaller and smaller’ and ‘as we move toward linking up millions of host computer networks, countries will become irrelevant and begin to fade away’ (Naisbitt, 1994: 51).

The most important feature of this variant of the globalisation thesis is that it considers globalisation a benign process by which leads the world to prosperity and harmony. Further, this process is presented as inexorable and government attempts to to intervene will either be useless or counterproductive. Ohmae even claims that ‘global solutions will flow to where they are needed without the intervention of nation states...moreover, they flow even better precisely because such intervention is absent’ (1995:4).

Despite the conspicuous lack of supporting evidence and systematic analysis, this extreme version of globalisation thesis has been closely related with and widely accepted by right-wing politicians and businessmen over the past two decades. Beck labels usefully labels this view ‘globalism’ which he defines as ‘the view that the

7 For the works that basically follow Robertson’s thesis and emphasise the prominence of cultural
world market eliminates or supplants political actions – that is, the ideology of rule by the world market, *the ideology of neo-liberalism* (Beck, 2000: 9, emphasis added).

This neo-liberalist view of globalisation is also the main target for critical political economists. The *MR* editors, and Marxist political economists, contend that the neo-liberal globalisation thesis serves the interests of capital and conceals the reality of highly uneven development. Hirst and Thompson also claim that ‘this economic liberal view is *pernicious*’ (1999: xii, emphasis added). Not only because the thesis is founded on a largely erroneous series of factual claims, but also because the policies it demands are ‘in favour of market-based increases in growth that will prove illusory’.

### 1.1.3 Global issues in debate

The contest between the different definitions of globalisation introduced above has provoked fierce debate on a number of on-going processes. Three are particularly relevant to the present context: the integration of world economy, the fate of the nation state, and the process of cultural globalisation.

**An integrated world economy?**

Most scholars agree that world economic activity has increasingly transcended national boundaries and become more comprehensively organised on a global scale through overseas production, foreign direct investment and financial flows, the immigration of labour, and the rise of transnational corporations. However, they disagree sharply on the consequences of these processes. As mentioned above, there is a clear opposition between neoliberals and critical political economists with the sociologists introduced above, generally taking a more indeterminate position on the consequence of economic globalisation. Some sociologists simply mention the global inequality caused by uneven economic globalisation and then leave the issue behind or emphasise that there are emergent opportunities for the countries outside the centre in the new global context (for example, Giddens, 1999). Others like Robertson basically ignore economic dynamics and mainly focus on the cultural dimensions of globalisation (for example, Robertson, 1992). Hence, they not only underestimate the power of economic forces and capitalist dynamics, but by ignoring the issue of justice and equality in the global context they also in effect support the neoliberal view. In components in globalisation process, can also see Tomlinson (1999) and Featherstone (1990; 1995).
particular, Giddens in a recent speech (Giddens, 1999) claims that although the problem of increasing global inequality is worsening, it is useless to blame wealthy Western countries. Because globalisation is accompanied by decenterisation, he argues, its impact on the Western countries is as severe as on less developed countries. By emphasising the general global – local dialectical processes while ignoring the very different nature of the impacts on different countries he in effect denies the responsibility of the countries of the center for initiating the processes that are deepening global inequality.

*The end of the nation-state?*

As we noted above, neoliberals argue that in the new global economy, the nation-state is powerless to govern international and transnational economic activities. Ohmae even claims that the traditional ‘middleman’ role of nation-state is obsolete, and that we are witnessing ‘the end of the nation state’ (Ohmae, 1995: 5). Despite not taking such an extreme position, most of authors agree that the sovereignty and legitimacy of nation-states are to some extent challenged and eroded in the global age. Nonetheless, as Giddens points out, no matter how great the economic power transnational corporations have within the world economy, the nation-states are still the only political / legal entities having control of the means of violence and administration within a given territorial area (Giddens, 1990: 71).

It has been claimed that thinkers on the Left refuse to admit that nation-states are experiencing a crisis (see Held et al: 6-7). In fact, their opposition focuses not on the empirical reality of growing corporate power (which they accept) but on the rhetoric that claims that nation-states are becoming ‘irrelevant’ (see Wood, 1997; Tabb, 1997; Amin, 1997: Ch. 4). They see the expansive nature of capitalist development generating a deepening contradiction between economy and politics. As Wallerstein puts it, the capitalist economy is ‘primary a “world” structure but political activity takes place primarily within and through state structures whose boundaries are narrower than those of the economy’ (Wallerstein, 1979: 273). In the content of globalisation, the logic of the interests of dominant capital requires that priority be given to globalised economic management, ‘at the expense of the functions of the national state’ (Amin, 1997: 32). Consequently, the weakening of nation states is a consequence of policy choices designed to benefit capital implemented under the pressure imposed by global capitalism rather than an inexorable process. At the same
time, these choices also demonstrate that the nation-state has the unique power to regulate and intervene in economic activities and that in the global market, 'capital needs the state' (Wood, 1997: 12).

This conclusion echoes the argument advanced by Held and his colleagues, who contend that the power of nation-state is not necessarily diminished by globalisation but is being 'reconstituted and restructured' (Held et al., 1999: 9). However, views on how to reconstitute and restructure the role of nation-state are sharply divided. Scholars like Held, Giddens, and Beck propose a project of global governance based on the construction of new forms of both the supra-national and sub-national democracy. In contrast, commentators on the Left tend to reclaim the significance of the state and entrust states with new functions (see Wood, 1997; Amin, 1997).

Global cultural homogenisation or diversity?
The crisis of nation-state stems not only from the economic sphere. The rise of new communication technologies, such as satellite, cable, and the Internet, and the increasing volume of international flows of cultural products are influencing national identities and national cultures. Debate on these processes centers on the question of influence. Do global cultural flows create a global environment of multilateral cultural exchanges and facilitate cultural diversity? Or, is the world cultures become more homogenised, and for the non-Western countries more Westernised? Or, are the consequences is too variable to make a general evaluation?

The ‘cultural imperialism’ thesis argues strongly that the present structure of international cultural exchange and global communications serves to sustain the imbalances in the world-system and threaten the development of national culture (for example, Schiller, 1969; 1979)\(^8\). In contrast, cultural theorists who share Robertson’s concept of ‘glocalisation’ argue that the globalisation process diminishes national cultural control and liberates the various local cultures to interact on a global scale creating enhanced cultural diversity and hybridity (see Appadurai, 1990; Tomlinson, 1997; 1999; Lull, 1995; Featherstone, 1990).

\(^8\) In fact, Wallerstein himself has been trying to propose a more complex account on culture. He also emphasises the ideological function of culture but rejects a mechanical perspective on the relationship between culture and political economic structure. He argues that the culture area is the ‘ideological battleground’ of modem world-system in which there is a pair of contradictory ideologies – universalism and particularism – compete with each other. For Wallerstein, the culture force has its autonomy, but it is for constraining us rather than giving us ability to escape these constraints (Wallerstein, 1990a; 1990b; also see the collections in Wallerstein, 1991).
However, after being under attack for decades (see Tomlinson, 1990), some critical communication theorists have been working on reconsidering and adjusting the cultural imperialism thesis (see for example, Golding and Harris [eds.], 1997; Thussu [ed.], 1998). They maintain the strong emphasis on uneven development and Western domination in the global cultural sphere (see for example Herman and McChesney, 1997; Boyd-Barrett, 1997; 1998; D.Schiller, 1999) and point out that the globalisation thesis's shortcomings mean that it is unable to grasp the complexity of current global cultural trends properly. Firstly, it detaches cultural changes from their structural imperatives. Secondly, it underestimates the persistence of the nation-state as both a political form and an economic entity. Thirdly, national identity and national culture are still securely rooted—in established forms of life rather than withering away (Golding and Harris, 1997: 7-8).

1.1.4 Assessing globalisation theses

Taking an overview of major accounts on globalisation introduced above, it seems that all authors agree with the proposition that there is an emergent process, or set of processes, of global transformation. The operations and influences of these processes involves all societies and *transcends nation-state boundaries*.

Globalisation is a *multidimensional* process. Even those scholars who focus on economic globalisation acknowledge the political, cultural, and societal dimensions of global transformations. The key dispute concerns the original driving force of globalisation. Some Marxists argue that globalisation is the latest stage of capitalist development and that the momentum of capital accumulation of capital is the dominant driving force. Other globalisation theorists emphasise that the present structures of globalisation are formed not only by capitalism but also by the international state system, the rise of information technology, and the international military system (i.e. Giddens, 1990). Others again, assert that cultural dynamics and agency play a central role (i.e. Robertson, 1992). However, as Wallerstein notes, 'emphasising "culture" in order to counterbalance the emphases others have put on the "economy" or the "polity" does not at all solve the problem' (Wallerstein, 1990b: 65). Globalisation is an emergent phenomenon and it might be too early to assert any definite answer to the key questions. Ignoring or devaluing any major dimension of
change is likely to make a comprehensive understanding of today's global transformations more difficult.

Globalisation is a *dialectical process* which generates four sets of contradictions (see Beck, 2000: 49-51; also Hardt and Negri, 2000): (1) universalism and particularism; (2) connection and fragmentation; (3) centralisation and decentralisation; (4) conflict and balance. Because globalisation involves the structuring and restructuring of power relations at a distance and the organising and reorganising of complex networks of various social entities, the flow of global transformations is by no means one way. Nevertheless, the extent of the variation in these shifts is conditioned by the power relations and political economic structures.

In sum, if it is to be worthwhile, research on globalisation must address four basic issues. Firstly, it must examine the interactions and contradictions between the global trends and operations of national or local organisations and institutions. Secondly, the specific history and conditions of the society being studied should be taken fully into account in examining local responses to global trends. Thirdly, research must consider the power relations between the location being studied and other significant societies or countries and situate the location being studied in the global system.Fourthly, the research should be a multidimensional and investigate the complex interactions between economy, politics, and culture. For example, when studying the issue of cultural globalisation, it is necessary to consider not only the formation of global media markets and the rise of transnational media corporations (the economic dimension) but also inter-governmental negotiations on cultural issues (the political dimension). Similarly, research on national economic transitions could hardly be successful if it not pay attention to the global diffusion of neoliberal ideology as well as to the operations of inter-national organisations. The multi-directional relations of local and global social dimensions in the global age could be depicted in Figure 2.1.

Finally, one more point is often ignored by the globalisation theorists and worth noting here. That is, the study of global transformations and local transitions should not focus on globalisation as the sole global trend at work. As Scholte argues, globalisation is not the only, or always the most significant trend in today's society. He notes that globalisation 'unfolds alongside — and is closely interlinked with — other major social forces, like shifts in structures of production, governance, community and knowledge'. (Scholte, 2000: 18) It is thus more useful to see the problem for
research as one of untangling the interactions between relevant global trends and local / national organisations, institutions and cultural formations

Figure 2.1 A relational framework of major social dimensions of globalisation

1.2 Culture, Media and Globalisation

The importance of culture as one of the dimensions of globalisation is argued at length in John Tomlinson’s work (Tomlinson, 1999). Culture, which Tomlinson defines as ‘existentially significant meaning construction’, matters for globalisation because cultural signification and interpretation constantly orients people individually and collectively towards particular actions and therefore underpins the dialectics of globalisation processes. Conversely, globalisation also matters for culture because it undermines the thinking through which culture and fixity of location are paired.

Media, as Tomlinson points out, ‘form only part of total process by which symbolic meaning construction proceeds and only one of the forms in which globalisation is experienced culturally’ (p. 20). Nevertheless, media culture is widely conceived as a main source and vehicle of cultural globalisation. At the same time media technologies, particularly computer systems, satellites, and fibre optic networks, also supply the essential infrastructural support for globalising processes in the
economic and political spheres (see Harvey, 1989; Castells, 1996; Boyd-Barret, 1997). In researching this key issue and dimension of globalisation, the first task is to map the problematics of cultural globalisation.

1.2.1 The problematics of cultural globalisation

After examining the range of current positions on the cultural dimension of the globalisation process, Held et al. rightly conclude that 'cultural globalisation is transforming the context in which and the means through which national cultures are produced and reproduced'. But, they continue, 'its particular impact on the nature and efficacy of national cultures – on the hold and influence of their messages, values and content – is, as yet, harder to decipher' (Held et al., 1999: 328). The key problem is understanding the specific contexts in which and the means through which national cultures are produced and reproduced and how these contexts and means are transformed in the global age. From our discussion of globalisation theses presented above, and the multidimensional principle of analysis advocated in the previous section, several important issues for research on these dynamics emerge.

Global media and global media markets

As in the economic sphere more generally, transnational corporations operating in the communications sector are stretching both the scale and scope of their exploitation of global media markets. According to Hamelink, communication, broadly construed, accounted for $350 billion or 18 percent of world trade in 1980. By 1986, the annual output of world communication industries was valued at $1,600 billion and was growing rapidly (Hamelink, 1994: 33). The media and communication sector has now become one of the core components of the global economy along with financial markets.

This newly developing global media system is dominated by 20-30 large transnational corporations which have their home bases in the advanced capitalist countries, mostly in the US. All of these corporations have expanded by diversifying into a wide range of communication sectors. The latest trend in this process of integration is the growing convergence between computing, telecommunications, the Internet, and content industries (see Herman and McChesney, 1997; Held et al., 1999: Ch7).
These tendencies in communications are basically market driven. As Robins points out,

As in the wider economy, global standardisation in the cultural industries reflects, of course, the drive to achieve ever greater economies of scale...the global cultural industries are increasingly driven to recover their escalating costs over the maximum market base, over pan-regional and world market. They are driven by the very same globalising logic that is reshaping the economy as a whole (Robins, 1991: 30).

However, the marketing of standardised cultural products is only one side of the global management strategy of these global media corporations. They also try to incorporate local cultural features and repackage them into new commodities for the global market. This is the process Robertson and Giddens describe as 'glocalisation' or 'global -local dialectic process'. Yet, it is not a process without constraints and limits. As Robins puts it, 'the so-called world culture may reflect a new valuation of difference and particularity, but it is also very much about making a profit from it' (Robins, 1991: 31). Indeed, the global media corporations' pursuit of profit is explicitly based on serving differentiated markets and customising products for specific market segments.

New communication technology

New communication technologies, particularly digital technology, have been playing an essential role in the globalisation process. But there is a considerable debate around the distinction between carriage technologies and the content transmitted by them. Castells basically conflates the two and claims that digital technology and media convergence will lead to diverse messages and messages uses and herald the end of mass audiences (Castells, 1996). In contrast, Tomlinson argues that culture should be distinguished from its technologies and defines culture strictly as meaning construction. He argues that while communication technologies are as the transmitters of instrumental symbolisation for all dimensions of globalisation they are only one source of a globalised cultural experience (Tomlinson, 1999: 20-21).

These two accounts however misunderstand the implications of the convergence between carriage and content in the communications industry. Tomlinson separates meaning construction process from the infrastructure that facilitates this production
and therefore ignores the question of how the control over infrastructural resources may influence or constrain meaning production. Similarly, although Castells notes that infrastructure and content production are now converging within a single corporation, by failing to recognise the market driving forces and cost reduction pressures behind the multimedia corporations he ignores their tendency to provide more of the same (with minor customised modifications) rather than greater diversity. Thus, we need to consider how new communication technology simultaneously provides the media industry and media culture with new opportunities as well as new constraints. As Murdock argues, 'new technologies create new opportunities, but before corporations can take full advantage of them there has to be a change in the political context which extends their freedom of action'. Consequently, we should 'be careful not to overstress the importance of technological innovation or to assign it an autonomous and determining role in the process of corporate developments' (Murdock, 1990:2-3).

**Nation-state intervention and international politics**

As we have noted, it is widely suggested that the rise of transnational communication corporations and the erosion of national borders by satellite systems and computer networks, is rendering national governments increasingly becoming powerless to intervene effectively. However, this argument ignores the fact that a government's decision to pursue *laissez-faire* policies is itself a very active intervention. It also neglects the many instances where national governments have tried to regulate the progress of global cultural exchanges. Many of these initiatives have been developed in response to mounting international pressure to relax regulation in the interests of 'free' exchange. Over the past two decades, one of primary tasks of the US government was (and is) to impose pressure on the developing countries to open their domestic cultural product markets by attempting to secure more favourable terms in bilateral trade and intellectual property rights negotiations and using other economic and political measures to penalise non-compliance (see Miller, et al., 2001). In these circumstances it is more useful to see the power of nation-state as being restructured and reconstituted, as Held argues, rather than diminished.

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9 There are also authors working on criticising the 'innocent optimist version' of the emergence and development of the Internet. For example, Golding points out that despite ever existed some sort of
Of course, the dynamics of international politics and the position a country occupies in the inter-state system largely influences what a nation-state can do about cultural regulation within its territory. The multi-directional relationships between national government, the governments of other significant countries, domestic capital, and foreign or transnational capital, always presents a very array of possibilities which range from competition and conflict to cooperation, and negotiation. Consequently, the detailed context of any particular case need careful examination.

**The transformations of national cultural industries**

The formation of local cultural industries is shaped both by global conditions and the regulations implemented by the local government. It also depends on the nature of local cultural institutions—are they public services, private enterprises, or the mixture of the two and on local capacity in relation to new communication technologies. The organisational formation and operation and of these industries significantly influences both the processes and outcomes of cultural production. They simultaneously empower and constrain producers and creators. Their relative autonomy to decide what to create is always restricted by the operational logic of the industry. This is what Pierre Bourdieu calls ‘artistic position-takings’, the structured set of the manifestations of the social agents involved in the field of artistic or literary works (Bourdieu, 1993). A similar argument is put by Raymond Williams in his insistence that a work of art should be seen not only as an object or text, but also as a set of practices shaped by the social conditions of production (Williams, 1980).

Research on the cultural industries therefore plays as a key mediating role between the macro structural factors and the micro cultural consequences but is often ignored by many cultural theorists. For example, in the case of film studies, scholars typically either attribute the defining features of film text to the film’s authors / directors, or they relate the film text directly to general societal conditions by-passing any analysis of the organisation of film production institutions.10.

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10 For example, Graeme Turner, in his book *Film as Social Practice* (Turner, 1988), though includes one chapter of film industry but does not link this factor with the following analysis on the signification practice and ideology of film. The concrete study with this shortcoming could be seen in Will Wright’s study on American western movies (Wright, 1975), and White (1987) and Flitterman-Lewis (1987).
The contradictory cultural consequences of globalisation

There is no predetermined consequence of the encounter between the global and the national/local. If we take the dialectical features of the cultural exchanging process into account, it is clear that the cultural consequences of globalisation in any specific location present a complex array of possibilities. Nonetheless, these processes cannot be satisfactorily analysed without considering the political and economic forces that underpin them or the deepening imbalance of relations in the global cultural sphere.

The most evident cultural consequence of globalisation is that a few large transnational communication corporations, mostly from the West and mainly from the US, squeeze the space and resource available for the development of national communication industries by maintaining a highly asymmetric trade in cultural products. What Herman and McChesney call 'media globalisation' is very real and threatening to the majority of countries in the world which are relatively weak in cultural production and trade. Cultural globalisation threatens the stability of previously constructed national identities and national cultures and prompts three possible shifts. Firstly, imported cultures bring new elements into the national cultural sphere and set in motion complex re-alignments. Secondly, they provoke resistance to the ensuing crisis of national unity which takes the forms of fundamentalist movements for reviving 'tradition'. Thirdly, regional or sub-national cultures are released from past national control and reorganise the constituents of national culture. Once again however, the salience of these options in any particular instance is strongly conditioned by the economic logic of the global market and the political logic of international power relations (Robins, 1991).

Global trends in communications

There are two important global trends associated with the current process of globalisation in cultural and communication sphere: the marketisation of communication institutions and communication technology innovation, particularly digitalisation (see Ferguson, 1990a; 1990b; Murdock, 1990; Murdock, 2000). The process and implication of digitalisation has been discussed previously so I will confine my remarks here to the issue of marketisation. As Murdock defines marketisation as, 'all forms of public intervention that increase the size of the market sector within the communication and information industries and give entrepreneurs operating within it increased freedom of manoeuvre' (Murdock, 1990: 9). The process
of marketisation is a multidimensional movement with four distinct components. The first, de-nationalisation involves selling shares in public companies to private investors. It reinforces and extends the power of leading communication corporations rather than dispersing it or creating new sources of countervailing power. Secondly, liberalisation is aimed at introducing competition into markets that were previously served solely by public enterprise. Thirdly, the commercialisation of public sector opens these to commercial activities. Fourthly, de-regulation entails a shift in the rationale of policy making away from a defence of the public interest and towards the promotion of corporate interests. The cumulative result of these shifts ‘has been to strengthen and extend the power of the leading corporations and to pose more sharply than ever the dilemma that faces a liberal democratic society in which most key communications facilities are held in private hands’ (pp. 9-15).

In sum, there are three interconnected trends in the process of cultural globalisation: the formation of global media markets and rise of transnational communication conglomerates, the spread of market ideology and widespread adoption of liberalisation policies, and the innovations in infrastructure, production and consumption introduced by new communication technologies. As a consequence, as Ferguson argues, ‘any analysis of contemporary systems of public communication therefore requires that they be located within this context of evolution in the media environment’ (Ferguson, 1990: ix).

1.2.2 A framework for analysis

Although the analytical framework for research adopted here is differentiated from the major accounts introduced above, it still critically and reflexively draws someone the useful insights they have generated. It opposes the neoliberals’ optimistic view of cultural globalisation and adopts a critical stance to examining the relevant issues. At the same time, it pays more attention to the complex uncertainty and reflexivity of the encounter between global trends and national cultural practices than cultural imperialism theorists. Finally, it takes the idea of multidimensional analysis and a dynamic view on cultural globalisation from mainstream globalisation theorists, but corrects their neglect of economic forces and emphasises the exercise of political economic structural factors and power relations in the global context. Accordingly, the main issues to be investigated are:
Global conditions and local history
The first task is to compile a map of the specific conditions and history of the location being studied in the global context. This work should particularly focus on (1) the history of cultural exchanges between local, foreign and global actors; (2) the current situation relating to the distribution and consumption of foreign cultural products in the local market.

Local cultural regulation
The second research task is to investigate the local regulatory environment of the cultural industries. It focuses on (1) how national governments have responded to global cultural trends and particularly to growing Western domination in domestic cultural product market and the pressure from international trade negotiation on cultural issues; (2) the rationale underpinning cultural policy making and how they may have shifted over time.

The formation of the local cultural industry
The third task is detail the transformations that have taken place in local cultural industries under the influence of uneven global cultural exchange, shifts in state regulation, and the changing political and social dynamics of local society. This exercise provides the basis for an account of the local media system that examines (1) patterns of ownership and control (2) the productivity and revenue of the major industries; (3) the rationale of strategies for resource allocation; and (4) the shifting balance of autonomy and constraints imposed on producers and creators.

The output of the local cultural production
Media artefacts (in our case, feature films) simultaneously articulate imaginative responses to macro social changes and provide evidence of the impact on local cultural production of global trends. Analysis needs to focus on: (1) what kinds of films are produced, what kinds of themes are selected, and what range of discourses particular cultural forms allows into play; (2) how the available discourses are handled within the text, through the way the story is told and the ideological implications it carries (see Golding and Murdock, 1991). In the research presented here, the analysis of these two main questions will centre on the transformation of national image construction.
The general framework of the research is summarised in Figure 2.2. However, before we proceed to develop the concrete case studies, there are two general issues that require further discussion both theoretically and practically: the transformation of national culture and national policy responses to cultural globalisation.

Figure 2.2 A framework for the research
Chapter 2 Nation-States and National Cultures in Transition

There was once this Englishman who worked in the London office of a multinational corporation based in the United States. He drove home one evening in his Japanese car. His wife, who worked in a firm which imported German kitchen equipment, was already home. Her small Italian car was often quicker through the traffic. After a meal which included New Zealand lamb, Californian carrots, Mexican honey, French cheese and Spanish wine they settled down to watch a programme on their television set, which had been made in Finland. The programme was a retrospective celebration of the war to recapture the Falkland Islands. As they watched it they felt warmly patriotic, and very proud to be British (Williams, 1983: 177).

The story Williams tells here vividly represents the complexity and ambiguity of ‘national identity’ under contemporary conditions of increasingly ‘diverse’ and ‘multi-national’ cultural exchanges and global interactions.¹ The recent transformations in the world capitalist system, the nation-state system, and the global communication and information system, have destabalised established understandings of national identity and national culture and altered their significance in people’s everyday life. What exactly has happened and what the implications of these changes are has become one of the centre issues in the debate on globalisation and is the topic of this chapter.

2.1 Nation, Nation-state, and National Culture / Identity

Nationalism theorist Ernest Gellner has noted that in contemporary human society having a nation has come to appear as an inherent attribute of humanity. ‘A man must have a nationality as he must have a nose and two ears’ (Gellner, 1983: 6). What are

¹ Interestingly, what Williams not mentioned in the story is that all the ‘national’ cultural products and practice involved are all from the ‘centre’ of the world capitalist system. Intentionally or not, it expresses a crucial point that the majority number of countries in the world are very likely to be absent in the so-called ‘plural’ or ‘diverse’ cultural exchange and interaction in the global age. Many accounts ignore the specific situations of many non-centre, or post-colonial, nation-states and attempt to
the features of nation and nationalism? Why are nation and nationality so important to humans? To discuss these issues, first of all, we should distinguish between nationalism, nation-state, and nation.

2.1.1 Nationalism, nation-state, and nation

Nationalists tend to claim that nations and nationalist sentiment are natural and universal in human societies. However, a number of influential commentators have convincingly argued that rather than being the common fate of human societies both nations and nationalism are socially constructed under specific social conditions (Gellner, 1983; Anderson, 1983; Hobsbawn, 1990; Giddens, 1985). They point out that nationalism and nation are distinctively modern productions which accompanied the rise of industrialisation and the introduction of universal education systems promoting a standardised literate culture ('high culture', Gellner, 1983: 35-38), and the spread of capitalism and print media (Anderson, 1983: Ch.3).

Nationalism, according to Gellner, 'is primarily a political principle, which holds that the political and national unit should be congruent'. As a consequence 'nationalism is a theory of political legitimacy, which requires that ethnic boundaries should not cut cross political ones, and, that ethnic boundaries within a given state should not separate the power-holders from the rest' (Gellner, 1983: 1; see also Hobsbawn, 1990). Nationalism is primarily psychological, Giddens also notes, it is 'the affiliation of individuals to a set of symbols and beliefs emphasising communality among the members of a political order' (Giddens, 1985: 116). Briefly speaking, the nationalist thesis argues that cultural similarity is the fundamental principle of solidarity in social relationship and that all members of the same culture should belong to the same group, namely the 'nation' (Gellner, 1997: Ch.1).

Following Max Weber's account, the state is widely regarded as an institution or set of institutions specifically concerned with the enforcement of political order. It monopolises the legitimate use of violence to maintain order within a given territory. However, as Giddens points out, although 'all traditional states have laid claim to the formalised monopoly over the means of violence within their territories, it is only within nation-states that this claim characteristically becomes more or less successful' generalise the experiences of the developed Western countries (including Japan). The alternative perspective that concerns the difference will be noted in the chapter and afterwards.
For Giddens, a nation-state is ‘a bordered power-container’, and ‘the pre-eminent power container of the modern era’. It is the administrative monopoly over a territory with demarcated boundaries which makes the distinction between the traditional state and modern nation-state (see also Giddens, 1981: 90).

Accordingly, Giddens defines a nation as ‘a collective existing within a clearly demarcated territory, which is subject to a unitary administration, reflexively monitored both by the internal state apparatus and those of other states’. Both the nation and nationalism, he adds, ‘are distinctive properties of the modern state’ (1985:116). For Giddens, ‘a nation only exists when a state has a unified administrative reach over the territory in which its sovereignty is claimed’ (ibid.:119).

By investigating the history of the emergence of modern nation-states, Hobsbawm also points out that in order to maintain their legitimacy, states in the nineteenth century tried to mobilise the symbolic and psychological power of nationalism to create ‘nations’ as a focus of affiliation (1990: 89-92). He thus argues that ‘nations do not make states and nationalisms, but states and nationalisms create nations’ (ibid.: 10).

Gellner also argues that nationalism ‘invents’ nations (1983: 48-9), but suggest that the relationship between nation-states and nations is more complicated. He notes that both nations and states are a contingency, but they are not the same contingency. It is nationalism that claims that nation and state were destined for each other and that either without the other is incomplete and leads to tragedy. In fact, Gellner asserts that nations and states emerge independently, ‘the state has certainly emerged without the help of nation’, and ‘some nations have certainly emerged without the blessings of their own state’ (1983: 6). He thus concludes that it is debatable whether the modern sense of the nation presupposed the prior existence of the state (ibid.: 6).

Gellner emphasises the cognitive dimension to the idea of nation. He proposes two contingent conditions for forming a nation: (1) Two men[sic] are of the same nation if and only if they share the same culture, where culture in turn means a system of ideas and signs and associations and ways of behaving and communicating; (2) Two men[sic] are of the same nation if and only if they recognise each other as belonging to the same nation. Hence, Gellner argues that ‘a mere category of persons becomes a nation if and when the members of the category firmly recognise certain mutual rights and duties to each other in virtue of their shared membership of it’ (ibid.: 7). It is this
recognition rather than other shared attributes that turns them into a nation and separates members from non-members.

Pursuing the same line of thinking, Anderson focuses on people’s imagination of the nation. He has famously defined nation as ‘an imagined political community’. It is imaged because ‘the members of even the smallest nation will never know most of their fellow-members, meet them, or even hear of them, yet in the minds of each lives the image of their communion’ (Anderson, 1991: 6). Anderson however points out that Gellner conflates ‘invention’ with ‘fabrication’ and that by posing the category of a ‘true’ community implies that there can be ‘false’ variants. Communities, Anderson argues, are to be distinguished not by their falsity / genuineness but by the style through which they are imagined.

Gellner, Hobsbawn, and Anderson all emphasise the constructed nature of nationalism and nation. They are collectively categorised as modernist theorists of nationalism and nations by Anthony D. Smith, another leading author in the field. Smith basically agrees that the nation and nationalism is a modern phenomenon, but he points out that the modernist view fails to grasp ‘the continuing relevance and power of pre-modern ethnic ties and sentiments in providing a firm base for the nation-to-be’ (Smith, 1995: 40). He thus argues that building the modern nation involves reconstructing the traditions, customs and institutions of a specific ethnic community or communities as the basis of the nation rather than of inventing or imagining traditions (see Smith, 1993).

Summarising the above discussion, though there are of course differences between the authors, four important common elements of their conceptualisations of nation and nationalism can be noted here.

(1) The emergence of nationalism and nations is a modern phenomenon. As Hobsbawn puts it, ‘the nation is not a primary nor as an unchanging social entity. It belongs exclusively to a particular, and historically recent, period’ (Hobsbawm, 1990: 9).

(2) Nation is a social construct rather than a natural entity. The formation of a nation involves the imagination of a category of persons that recognise each other as fellow-members belonging to the same community. However, this construction is by no means an arbitrary invention. It relates to the specific history and concrete social context of the community.
Nationalist sentiments are real and important, though formed through a process of imagining and constructing. They are rooted in people’s minds and have had profound and wide influence (Gellner, 1997: Ch2). The sense of fraternity that accompanies national imagination is so real that, as Anderson writes, ‘makes it possible, over the past two centuries, for so many millions of people, not so much to kill, as willingly to die for such limited imaginings’ (Anderson, 1991: 7).

Nations should be distinguished from nation-states. Given the preconditions of ‘common imagination’ (Anderson) or ‘mutual cognition’ (Gellner), there can be ‘nations without a state’, or ‘multi-national states’. This obliges us to look more carefully at the important issue of national identity and national culture which is the focus of next section.

2.1.2 Nation and national identity

The concept of national identity is notoriously difficult and slippery but perhaps the best way to grasp its meaning is to analyse the two words separately. Since the idea of the ‘nation’ has already been discussed we turn here to the concept of ‘identity’.

Social identity is basically a mental map which enables someone to know where he/she is, how to act properly, and helps him/her to escape from uncertainty or seek for security. In other words, one is willing to belong to somewhere or some group and accept the behavioural principles that accompany this belonging. As Bauman writes,

One thinks of identity whenever one is not sure of where one belongs; that is, one is not sure how to place oneself among the evident variety of behavioural styles and patterns, and how to make sure that people around would accept this placement as right and proper, so that both sides would know how to go on in each other’s presence. ‘Identity’ is a name given to the escape sought from that uncertainty (1996: 19).

In addition, according to Alberto Melucci, ‘identity’ also involves both the notion of the permanence of a subject or an object through time and a unity which establishes the limits of a subject or object and which allows it to be distinguished from any other. Thus, identity implies ‘a relation between two elements which may be recognised as identical’ (quoted in Schlesinger, 1991: 154). Taken together, the imputation of continuity and unity allows someone to distinguish himself/herself from ‘the other’ (see also Larrain, 1994: 143).
Identity is not born with the subject. As Castells argues, from a sociological perspective, all identities are constructed and the real issue is ‘how, from what, by whom, and for what’ (Castells, 1997: 7). Though the construction is a process of individuation and internalisation, it is not completely autonomous. As Castells notes,

The construction of identities uses building materials from history, from geography, from biology, from productive and reproductive institutions, from collective memory and from personal fantasies, from power apparatuses and religious revelations. But individuals, social groups, and societies process all these materials, and rearrange their meaning, according to social determinations and cultural projects that are rooted in their social structure, and in their space/time framework (ibid.).

For a given individual, or for a collective actor, Castells argues, there may be a plurality of identities. ‘Such a plurality’, he adds, ‘is a source of stress and contradiction in both self-representation and social action’ (Castells, 1997:6). Similarly, Hall also asserts that a subject does not have a ‘fixed, essential or permanent identity’. Rather he argues, ‘identity is formed and transformed continuously in relation to the way we are represented or addressed in the cultural systems which surround us’. There is more than one potential identity co-existing within a person and they may contradict each other (Hall, 1992: 277, see also Hall, 1990; Schlesinger, 1991; Larrain, 1994).

According to the discussion of nation and identity above, we can define national identity as the disposition to recognise oneself as a member of a national political and cultural community and to share the same culture together with other people whom he/she recognises as the fellow-members of the same political community.

Nationalists not only claim that national identity is natural but also argue that it must transcend all other identities. Against this recent theorisations have asserted that national identity is in principle the same as other identities (based on gender, religious, racial, and class) in being constructed by employing symbolic materials derived from official history, collective memory, rituals and customs. They have also emphasised that national identity is not necessarily more important than other identities in influencing people’s behaviours and sentiments. Thus it is possible for a person to change his/her national identity and to own a national identity which does not coincide with his/her official nationality.
At the same time, it is widely accepted that national identity does play a vital role in establishing and maintaining the integrity of nation-states. As Giddens notes, one of the distinctive properties of the nation-state is that it enjoys an administrative monopoly over a bordered territory. But this bordered unity 'cannot remain purely administrative'. The formation and maintenance of that unity also involves cultural homogeneity. He thus argues that a nation-state is a 'conceptual community' in a way which traditional states were not. For Giddens, nationalism is 'the concomitant of the co-ordination of administrative power within the bounded nation-state' (Giddens, 1985: 219).

However, as Schlesinger points out, Giddens seems to conflate nationalism and national identity (1991: 168). He asserts that nationalism as a doctrine tends to carry the sense of a 'community mobilised' in the pursuit of a 'collective interest'. By contrast, national identity 'may be invoked as a point of reference without thereby necessarily being nationalistic'. In other words, whilst nationalism is based on a set of relatively constant principles, national identity can be constituted in a range of variants (ibid.: 173).

2.1.3 National culture and national identity

If national identity is a socially constructed psychological map that allows people to make sense of their membership of a nation, then national culture is the primary source for constructing the identity. As Hall argues, national identity is not something we are born with, it is 'formed and transformed within and in relation to representation'. National cultures construct identities by producing meanings about 'the nation' with which we can identify (Hall, 1992: 292-3).

National culture and national identity is always presented as a unity by nationalists, but, Hall argues this cannot be the case for at least three reasons. Firstly, most modern nations consist of disparate cultures which were only unified by a lengthy process of violent conquest, that is, 'by the forcible suppression of cultural difference'. Secondly, nations are always composed of different social classes, and gender and ethnic groups. Thirdly, modern Western nations were the centres of empire or of neo-imperial spheres of influence, exercising cultural hegemony over the cultures of the colonised (Hall, 1992: 296-7). Hall thus concludes that,
Instead of thinking of national cultures as unified, we should think of them as constituting a discursive device which represents difference as unity or identity. They are cross-cut by deep internal divisions and differences, and 'unified' only through the exercise of different forms of cultural power (ibid.: 297).

Therefore, the formation of national cultures involves an ongoing process of selection, competition, negotiation, exclusion and incorporation between different social actors and cultural elements. As Schlesinger argues, national cultures should 'be approached as sites of contestation in which competition over definitions takes place' (Schlesinger, 1991: 174). Within this process, the most powerful players have traditionally been nationalist elites and states. They have dominated the formation and maintenance of national culture and national identity - though this historic advantage is now being seriously doubted in the context of globalisation and I will come back to this issue later.

What is the strategy employed by nationalists and states in constructing an official national identity by drawing on elements from national cultures? Hall identifies five main elements (ibid.: 293-5): (1) The narrative of the nation. This provides a set of stories, images, landscapes, scenarios, historical events, national symbols and rituals which stand for, or represent, the shared experiences, sorrows, and triumphs and disasters which give meaning to the nation. (2) The emphasis on origins, continuity, tradition and timelessnes which presents the essentials of the national character as unchanged through history. (3) The invention of tradition. There are some 'traditions' presented as originating from ancient times but which are in fact recently invented (on this, see Hobsbawm and Ranger, 1983). (4) The foundational myth. This tells a story which locate the origin of nation. (5) National identity is often symbolically grounded on the idea of a pure, original people or 'folk'.

Of course the significant materials for constructing national identity are far more diverse than these. In particular, there is one kind of narrative not mentioned by Hall but no less important. It is about the future rather than the past: the narrative of national mission and destiny, of what kind of the ideal country the nation is going to be, and of the communal goal that all nationals are going to accomplish together. Sustaining a firm national identity involves not only telling 'where did we have come from' but also 'where are we going to'.
Some authors focus more on the maintenance rather than the formation of national identity, or more on the daily practices of reproduction rather than narrative and representation. Billig, among others, argues that 'national identity is more than an inner psychological state or an individual self-definition: it is a form of life, which is daily lived in the world of nation-states' (Billig, 1995: 69). Nations not only need to be 'produced' but also to be 'reproduced'. He introduces the concept of 'banal nationalism' to cover the ideological habits and means by which nation-states are reproduced (ibid.: 6). Everyday markers such as national anthems, national flags, national symbols, and national ceremonies, all act as a reminder to people not to 'forget' their national identity. By the daily presentations and representations of those narratives and practices, a natural, God-given, and unified nation is constructed and maintained, constituting Anderson's 'imagined community'.

Nonetheless, Hobsbawm rightly points out that to inquire into the problems of nation and nationalism, we need to see construction and maintenance taking place not only from above, but also from below, through 'the assumptions, hopes, needs, longings and interests of ordinary people' (1990: 10-1). For Giddens, 'ontological security' is one of the essential preconditions for people to live in a society. He argues that in modern society, the 'ontological security' of the individual in day-to-day life is more fragile than in societies dominated by tradition and the kinship ties that endure across space and time. In these conditions, the 'feeling of “belongingness” in a national community, and the ability to 'share a series of other cultural elements or styles of behaviour with others' (1981: 194; emphasis added) provide essential point of psychological reference and the communality provided by national symbols 'supplies one means of support for ontological security' (Giddens, 1985: 218).

It should be noted that national culture and national identity is only one means of meeting people's need for 'ontological security'. They may become primary in circumstances of radical social disruption or mobilisation for war, when 'regressive forms' of identification will tend to come to the fore (Giddens, 1981: 194). But, Giddens argues, in 'normal' times 'nationalist sentiments tend to be fairly remote from most of the activities of day-to-day social life' (1985: 218).

Schlesinger also argues that 'we need to distinguish between the initial creation of identity-conferring cultures and the problem of their persistence through time' (1991: 160; and 174). He notes that, once the political boundary of the nation-state have been achieved, national identity with all the accompanying mythico-cultural apparatus may
be in place and is not necessarily identical with nationalism (ibid.: 168). In other words, during the earlier period of nation building, national identity and national culture are presented in stronger forms and more closely identified with the principles of nationalism, than they will be afterwards.

Tomlinson also writes, 'for most people, most of the time, their national identity is not at the forefront of their lived experience' (1991: 87). Most people's mundane concerns are quite distant from their sense of national cultural identity, and closer to immediate needs like 'their state of healthy, their family and personal relations, their finances and so on' (ibid.). Tomlinson depicts the mainstream cultural experience of the developed capitalist West as the 'stable mode of capitalist modernity'. In this mode, he argues, 'we need to see national identity as a potentially powerful sentiment, but one usually "backgrounded" in consciousness and remote from the needs and concerns of habitual-routine modernity' (ibid.:89).

In sum, national culture is indeed a site of contestation. It is always undergoing a process of destruction, construction and reconstruction. Its constitution is not unified and fixed. However, the cultural practices and elements which are defined as 'national culture' or used to constitute and maintain 'national identity' are really existing in people's daily life and have their material and psychological roots and distinct significance in concrete social contexts. However it should be noted at this point that most of the recent arguments over nation and nationalism have focused on the developed Western countries (including Japan) and ignored the specificity of the social contexts of non-Western, or post-colonial nation-states.

In addition, the composition and definition of national cultures are not determined only by the state or by nationalist elites. These actors may dominate the process but it is always the outcome of the interaction between states and civil societies (see Castells, 1997: 8-9). Civil society, which we define as those institutions that are relatively independent from the state apparatuses, is made up of a series organisations, such as unions, civil organisations, churches, schools and the mass media. Among these, schools and mass media, because they involve practices of signification and representation, are probably the most important in the construction and maintenance of national identity. The importance of education system in national building has been emphasised by authors like Gellner (1983), but the context of the argument advanced in this thesis we need now to focus on mass communications institutions.
2.1.4 Mass communications and national identity/culture

To explain the emergence of modern nations as imagined communities, Anderson assigns the mass media, and particularly the print media, a prominent position. He argues that what made the new communities imaginable was the 'half-fortuitous, but explosive, interaction between a system of production and productive relations (capitalism), a technology of communications (print), and the fatality of human linguistic diversity' (Anderson, 1991: 42-3; 46). The salience of print media involves firstly, the development of books and newspapers which use vernacular or national language and secondly, the growth of a mass reading public for these materials.

Anderson particularly emphasises the role of mass circulation newspapers—'one day best-sellers' (1991: 35). He argues that the almost 'simultaneous consumption (imagining)' of these artefacts across a geographically dispersed readership creates an extraordinary 'mass ceremony':

The significance of this mass ceremony - Hegel observed that newspaper serve modern man as a substitute for morning prayers - is paradoxical. It is performed in silent privacy, in the lair of the skull. Yet each communicant is well aware that the ceremony he performs is being replicated simultaneously by thousands (or millions) of others of whose existence he is confident, yet of whose identity he has not the slightest notion. Furthermore, this ceremony is incessantly repeated at daily or half-daily intervals throughout the calendar. What more vivid figure for the secular, historically clocked, imagined community can be envisioned? At the same time, the newspaper reader, observing exact replicas of his own paper being consumed by his subway, barbershop, or residential neighbours, is continually reassured that the imagined world is visibly rooted in everyday life (ibid.: 35-6).

We should notice that the process Anderson depicts mainly focuses on the emergence of nations and the initial formation of national identity. Nonetheless, Thompson argues that the main problem with Anderson's argument is that the precise nature of the alleged link between the development of print and the rise of nationalism is never spelled out in detail. He points out that, 'there is a considerable gulf — historically as

2 Though Gellner focuses more on the education system rather than mass media, he indeed mentioned about it in his book. He argues that the media themselves, 'the pervasiveness and importance of abstract, centralised, standardised, one to many communication, which itself automatically engenders
well as conceptually — between the emergence of a plurality of reading publics in
sixteen-century Europe, on the one hand; and the emergence of various forms of
national identity and nationalism in the nineteenth and twentieth centuries, on the
other' (Thompson, 1995: 62).

Schlesinger also points to shortcomings in modernist theorists, like Anderson and
Gellner, on the mass media and national building. Firstly, he argues that both Gellner
on 'high culture' and Anderson on newspaper reading regard the mass media as a
mechanism for forming an imagined community only inside the community. This
internalist line of argument, Schlesinger notes, fails to consider 'the import of what
lies outside and how it may affect the interior' and 'ignores the “otherness” that may
well substantially condition any given national identity' (Schlesinger, 2000: 22).

Secondly, Schlesinger asserts that the implications for nationhood of the post-
Gutenberg media technologies, like cinema and television, are not addressed in the
modernists' account (Schlesinger, 1991: 164). Anderson in fact has said something
about the role of radio and television in the process of post-colonies’ nation building.
He notes that 'in the first place, advances in communications technology, especially
radio and television, give print allies unavailable a century ago,' and he continues,
'multilingual broadcasting can conjure up the imagined community to illiterates and
populations with different mother-tongues' (Anderson, 1991: 135). In other words,
Anderson seems to regard the electronic media as an enhanced and enlarged version
of print media in constructing national imaginaries.

In some specific contexts and conditions however, particularly where there are
monopoly national broadcasting systems (including public system and authoritarian
state-controlled systems), electronic media may have a more far-reaching influence
than print in the process. In BBC's early years, Morley and Robins argue, first radio,
then television, became the central mechanism for reconstructing the collective life
and culture of the nation. Even the commercial broadcasting system in the United
States, they add, had a similar role in its founding days (Morley and Robins, 1995:
10-1).

Yet, Schlesinger argues, although this account is probably true national situations
are generally much more complicated and need furthermore examination (Schlesinger,
1991: 165). Indeed, the various mass media may well play different roles in
establishing and maintaining national identity in different nations at different stage. But, again, this process involves not only how the media function in constructing national identity but also how people receive mediated discourses of national identity. As Tomlinson argues, in the context of the habitual, routine, consumption of media products, if most people's focus of meaning is in the family, personal-sexual relations and other concrete aspects of everyday life, their reception of the mass media texts is likely to more thoroughly shaped by these concerns rather than abstract narratives of national identity (Tomlinson, 1991: 87).

The more important points to notice here are firstly, that the mass media are only one source contributing to the construction and definition of national culture and national identity, and secondly, that mediating selected elements of national culture and national identity may not be the most important role the mass media play in the modern world, particularly in the 'peace time'. In addition, the issue further complicated in the present global context where national communicative space is increasingly affected by transnational flows of media products and the controlling power of states over domestic communication institutions is diminishing.

2.1.5 When national cultures meets 'foreign' cultures

In the early works of the cultural imperialism thesis, 'nation' is the main unit for analysing the phenomenon of international cultural domination through which the 'centre states' in the modern world system, mainly the US, dominate the international communication order and exercise cultural power over other countries, particularly the developing or, newly independent nation-states. Schiller has explained that the thesis was produced against a specific political economic background, which saw more than ninety countries attaining political independence after the Second World War but experiencing another stage of dependency, particularly in relation to their economies and cultures (Schiller, 1976; see also Schiller, 1969; Nordenstreng and Schiller, 1979). As He writes,

Though the economic measures of domination – control of capital and markets and of the infrastructure of international finance – are increasingly well understood, the cultural—communications sources of power are just beginning to be faintly perceived. The forces

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style the media used, rather than what exactly be transmitted (see 1983: 127).
that influence consciousness are decisive determinants of a community's outlook and the nature and direction of its goals. Thus, communications and the flow of messages and imagery within and among nations — especially between developed and dominated states — assume a very special significance. What does it matter if a national movement has struggled for years to achieve liberation if that condition, once gained, is undercut by values and aspirations derived from the apparently vanquished dominator?

For this reason, attention in many nations is beginning to focus on the sources, character, and content of the communication stream that passes between nations and on the flow that is generated inside national states (Schiller, 1976: 1-2).

Thus, the issue of 'national sovereignty' became the main point of reference for resisting the uneven information flow among countries, while communication in turn, came to play a vital role in the struggle to achieve 'meaningful national autonomy' (Nordenstreng and Schiller, 1979: xi). At the same time, from the mid-1970s to the mid-1980s, many so-called the Third World countries organised a series of alignments and movements most notably the New World Information and Communication Order (NWICO) with the aim of pursuing better conditions for their national cultural development. The main stage for these actions was the UN agency responsible for international communications, UNESCO (see Roach, 1997).

The policy consequences of the thesis of international cultural domination and national cultural autonomy can be clearly seen in the discussion on the final report of the UNESCO 1982 World Conference on Cultural Policies (ref. Schlesinger, 1991; Tomlinson, 1991). Tomlinson notes that while cultural pluralism is an essential part of the UNESCO discourse it is pluralism strongly disciplined by nationality. 'Many delegates considered that one could not speak of cultural identity without reaffirming the fundamental concept of national sovereignty and territorial independence' (quoted in Tomlinson, 1991: 72). For Tomlinson (and Schlesinger as well), national culture is the mould into which, by the very nature of UNESCO as an inter-national body, cultural identity tends to be squeezed.

Given our previous discussion, this position emerges as problematic since cultural identity is not synonymous with national identity, nor 'culture' with 'national culture'. But some of the arguments advanced by the cultural imperialism thesis and the discourse of UNESCO, tend to conflate and assimilate these two concepts analytically and practically, and 'treat the issue as one of domination of national culture by
national culture’ (ibid.: 73). As Schlesinger notes, this kind of discourse assumes that we can speak intelligibly of some ‘effects’ on a clear-cut ‘object’, and takes ‘culture’ as a finished product and the nation as a stable given (Schlesinger, 1991: 141-3). Tomlinson also argues that this conceptualisation can only be strictly coherent where we can speak of a ‘unified national cultural identity’ in the supposed invaded culture (1991: 73) and concludes that the discursive focus on external attacks on national/cultural identity, conducted around the binary opposition of ‘us and them’ is a ‘myth’ and as such more of a hindrance than a help to analysis (ibid.: 90).

This debate continues and is now even more intense in the present context of globalisation, as we will see later. Before entering the next section however, one further point however needs to be noted here. As mentioned above, the cultural domination thesis centred on the axis of nation and nation-state had its specific historical necessity. Yet, it never assumed that national cultures of either the dominating or the dominated were unified and stable. For example, in the preface of their edited book, *National Sovereignty and International Communication*, Nordenstreng and Schiller note that to describe the current situation in the international information sphere as an opposition between a unified group of dominators and another unified group of the dominated nations, is misleading. The real relations among different countries are more complicated and full of disputes. In addition, inside the national boundaries ‘reside social classes whose material and nonmaterial interests differ and usually are incompatible with each other’. They thus argue that the present information condition, locally and globally, ‘can only be appreciated in terms of these conflictual interests’ (Nordenstreng and Schiller, 1979: xi).

Clarifying the misunderstandings and false perceptions between scholars and academic groups in the debate over cultural imperialism is not the main concern here (for this issue, see Tomlinson, 1991; Golding and Harris, 1997; Boyd-Barret, 1998). However, it does seem that in the present global context, marginalising the notion of ‘nation’ in the study of international cultural encounters has become a widespread practice among critical scholars.
2.2 Nations and National Identity in the Global Age

In the age of globalisation, we can see simultaneously the crisis of nation-states and resurgence of essentialisms. In particular, we are witnessing a rebirth of ethnic nationalism, of religious fundamentalisms, and of group antagonisms (Castells, 1997; Smith, 1995). These historical trends have challenged not only the widespread simplistic view which declares that nationalism, along with nation-state, has diminished because the globalisation of economy and culture, but also modernist theories of nationalism which argue that nations are relatively settled imagined communities. How then do we interpret these transformations and reassess the concept and practice of nation and nationalism? How do these trends influence the construction and maintenance of national culture and national identity? What is the implication of the globalisation of mass communications for 'traditional' national cultures?

2.2.1 Nations and globalisation

For Hobsbawm and Gellner, the heyday of nationalism has passed. In the present global age and the near future, they are convinced that the influence of nationalism is very likely to decrease (Hobsbawm, 1991; Gellner, 1997: Ch.6). The collapse of the former Soviet Union and the recent severe ethnic and national conflicts in the Balkans, Hobsbawm argues, are in fact the historical product of unsolved national problems which were created in the territorial restructuring of the European Continent between 1918 and 1921 (Hobsbawm, 1991: Ch.6).

In response, Castells asserts that this argument fails to explain the complexities of the present development of nationalism properly. He argues that this is because modernist theories of nationalism 'assimilate nations and nationalism to the emergence and consolidation of the modern nation-state after the French Revolution' and stresses that 'to reduce nations and nationalisms to the process of construction of the nation-state makes it impossible to explain the simultaneous rise of postmodern nationalism and decline of the modern state' (Castells, 1997: 31).

Castells raises four major points that need to be emphasised when discussing contemporary nationalism. (1) Contemporary nationalism may or may not be oriented toward the establishment of a sovereign nation-state. In other words, nations are, historically and analytically, entities independent from the state. (2) Nations and
nation-states are not historically limited to the modern nation-state as constituted in Europe in the two hundred years following the French Revolution. (3) Nationalism is not necessarily an elite phenomenon, rather it is more often a reaction against global elites. (4) Contemporary nationalism tends to be more oriented toward the defence of an already institutionalized culture than toward the construction of a state (1997: 30-31).

Castells argues that only by taking these points into account can appropriately explain various 'peculiarities' in current national problems. For example, there are nations without states (Catalunya in Spain, Quebec in Canada, and Scotland in the UK), states without nations (Singapore and South Africa), pluri-national states (the former Soviet Union, Belgium, Spain, and the UK), uni-national state (Japan), shared-nation states (South Korea and North Korea), and nations sharing states (Swedes in Sweden and Finland, Irish in Ireland and the UK) (ibid.: 51).

It is true that Gellner and other modernist theorists of nationalism tend to relate nationalism and nations closely with the building of modern nation-states in explaining the origins of nations. But, they never assimilate nations with nation-states and admit that, establishing a nation-state may not be the only political project of a nation (see discussion in section 2.1). The main reason why modernist theories of nationalism cannot properly explain and predict the development of contemporary nationalism, in Smith's view, again, is that they ignore the continuity and significance of ethnic characteristics. (Smith, 1995).

For Smith, there are two types of current crisis that the nation-state is facing. The first comes from external shifts, the crisis of the state's military and economic power in a world of giant transnational companies and international political and economic organizations linked together by communications system. The second crisis is internal, 'a challenge both to the efficacy of the national state and its legitimacy and representativeness as a national state answering to the needs and interests of its citizens' (Smith, 1995: 96). Smith argues that while most modern nation-states have a plural ethnic character they are nonetheless based on a dominant ethnie. When the state gradually loses its power and legitimacy to maintain an 'ethnic majoritarian democracy' or fulfill the expectations of minority ethnies, the revival of minority ethnic nationalism is very likely to occur. Therefore, Smith concludes that, although 'the preeminence of the national state as a general norm has not been seriously challenged', what is increasingly questioned is 'the behaviour and effectiveness of
individual states and their regimes, and the distribution of powers and resources between the constituent *ethnies* of a national state’ (ibid.: 105).

Despite his acknowledgement of external pressures Smith seems to explain the situation primarily from within and doesn’t provide a more comprehensive explanation in which the interaction and mutual influence between the external and internal crisis are dynamically considered. Actually, the current legitimacy crisis the nation-state faces within its territory is closely interconnected with the intensification of external challenges. In addition, the emphasis on ethnic characteristics also leads Smith to ignore the wider constitution of the perceptual aspect of nationalism and to miss the fact that crisis of nation-states is strongly related to the crisis of national culture.

2.2.2 National identity / culture in the global age

As mentioned in Chapter 1, the crisis of nation-state in the global age, or more precisely speaking, the reconstitution and restructuration of the power of nation-state, has profound implications for national cultures and national identities. However, the exact consequences and impacts still remain to be further observed and investigated. One view on this issue is to claim that a new global culture is emerging out of the increasingly rapidity of cultural transactions and exchanges on a global scale. This account simplistically following Anderson’s concept of ‘imagined community’, predict that a ‘global identity’ will eventually be consolidated within the new global cultural marketplace and will replace national identities.

Is a ‘global culture’ possibly forming in any meaningful sense and is it becoming a substitute for ‘national culture’ in the age of globalisation? Smith doubts this statement from his theory of nationalism. He admits that there indeed emerging a eclectic global culture made up of a mixture of mass standardised commodities and denationalised ethnic or folk motifs, and that a series of generalised human values and interests together with a uniform scientific discourse is being underpinned by the new transnational information and communications systems (1990: 176). Yet, he argues that today’s emerging and widely diffused global culture is cut off from any past, ‘context-less, a true melange of disparate components drawn from everywhere and nowhere’, a totally constructed culture (ibid.: 177). Though national culture is also a
construct, its construction is historically specific and spatially limited and relates to the common memory of a specific community. Smith thus asserts that,

Unlike national cultures, a global culture is essentially memoryless. Where the 'nation' can be constructed so as to draw upon and revive latent popular experiences and needs, a 'global culture' answers to no living needs, no identity-in-the-making.....the central difficulty in any project to construct a global identity and hence a global culture, is that collective identity, like imagery and culture, is always historically specific because it is based on shared memories and a sense of continuity between generations (Smith, 1990: 179-180).

In contrast to Smith's scepticism about the viability of a global culture, Tomlinson argues that an alternative perspective beyond 'embedded statism' is needed for considering the issue of global culture appropriately. He argues that 'globalisation does not look set to usher in a single global culture on the model of particular, historically specific national cultures' (Tomlinson, 1999: 104-5). He notes that global cultural exchanges and experiences are not necessarily confined within the frame of the nation-state, rather, they involve in a process of 'dettioritisation', a cultural condition in which a stable sense of 'local' cultural identity is increasingly difficult to maintain, 'as our daily lives become more and more interwoven with, and penetrated by, influences and experience that have their origins far away' (ibid.: 113).

The mass media, Tomlinson argues, play a pivotal role in deterritorialising cultural interactions and experiences. The new communication technologies, like cable and satellite television and the internet, provide 'more choices' and extend people's horizon beyond the local and national. As he puts it;

There is a sense, then, in which this very choice provided by new media technologies contributes to deterritorialisation. Being 'better informed' implies having available a range of perspectives on events beyond that of the 'home culture', being able to situate oneself at a distance from the (national, local) 'viewpoint'. Whatever this may promise for the development of cosmopolitan cultural dispositions, it also represents a loss of the cultural certainty, even of the existential 'comfort' involved in having the world 'out there' presented to us from the still point of an unchallenged national/local perspective. Deterritorialisation in this sense of opening up to the world and expanding cultural
horizons via globalised media may thus be an ambiguous condition (Tomlinson, 1999: 116).

In his view, the process of dissolving the link between culture and place will lead to increasing ‘cultural hybridisation’, characterized by ‘the mingling of cultures from different territorial locations brought about by the increasing traffic amongst cultures’ (ibid.: 142). Hybridisation implies a globalised culture that is fluid, dynamic, protean, ever-changing, and is different from the integrating, static, and ‘essentialising’ nature of national cultures (ibid.: 141–149). Furthermore, Tomlinson stresses that the complex hybrid nature of contemporary global cultures will potentially generate the ‘ideal’ outcome of cultural globalisation, that is, a cosmopolitan culture which avoids the exclusivity of national or ethnic divisions (Tomlinson, 1999: Ch6; see also Tomlinson, 1997). This positive line of thinking on the globalisation of culture and is accompanying hostility to ‘national cultures’ is shared by many globalisation theorists (see, for example, Lull, 1995, Featherstone, 1990).

On the other hand, for the Left, particularly those scholars whose arguments remain based on the cultural imperialism thesis, although contemporary international cultural conditions do exhibit some essential changes, continuities are more important. For example, Schiller points out that the view arguing that recent transformations of global politics and economy have increased cultural diversity and plurality of audience reception flies in the face of ‘the actual context of observable conditions’. For him, uneven cultural exchange and cultural domination not only still exist, but have become even more intense. Furthermore, effective popular cultural ‘choice’ has diminished rather than increased due to the concentration of media ownership and privatisation (Schiller, 1991, see also Herman and McChesney, 1995; Golding and Harris, 1997; McChesney, 2001).

Schiller admits however that there have been important changes in international cultural conditions in the past decades. The first is the trend towards convergence across a wide range of media. Television is no longer the primary channel of international cultural exchange but one element, albeit still influential, in ‘an all-encompassing cultural package’ which may cover films, news, television programmes, print, sports events, food, and shopping behaviour. Secondly, today’s transnational media conglomerates are owned not only by Americans (though many of them are American based) but also by nationals of other advanced capitalist countries. Thus,
American national power no longer is an exclusive determinant of cultural domination' (ibid.: 15).

Schiller thus suggests that today's cultural domination, though still bearing a marked American imprint, is better understood as 'transnational corporate cultural domination' (ibid.). The transnational corporations have become the major players in the international arena and the logic of capitalist accumulation is the primary engine propelling the current surge of economic globalisation. The culture transmitted by these corporations is rooted in a consumerist ideology which will impair the ability of people to act for their own community's social benefit. As Schiller puts it, 'although the super-companies are owned for the most part by national groups of investors and are based in specific national settings, national concerns are not necessarily primary in the calculations and decisions of these enterprises' (ibid.: 21).

Similarly, Herman and McChesney argue that the primary effect of recent advances in media globalisation and centralisation is 'the implantation of the commercial model of communication' which erodes the public sphere, treats audience as consumers rather than citizens, and creates a 'culture of entertainment' that is incompatible with a democratic order (1997: 9; see also McChesney, 2001).

The transition to digital communication, centred around computer systems and the internet, has also been widely regarded as a powerful instrument for creating diverse cultural representations and breaking down information monopolies. The reality however is that the internet is more likely to provide a new outlet for existing media giants to generate profit than a mechanism to improve political democracy and cultural plurality (Golding, 1998, McChesney, 1998).

For the left, what is threatened by the current structures of cultural domination centers on political democracy and cultural diversity in general rather than on a specific 'national culture'. Though the role of 'nation' in resisting and balancing uneven international cultural exchange is acknowledged, it is not the central concern. In the age of globalisation, pursuing national cultural independence and sovereignty may not be the primary task as it was in the 1960s, instead, what needs to be noticed and resisted is the cultural domination produced by transnational media companies and the trend towards privatisation.
2.2.3 In defence of nation

Despite the fact that the idea that nations and nation-states are becoming irrelevant or obsolete is now widely accepted, Smith insists that nation and nationalism remain 'the only realistic basis for a free society of states in the modern world' (Smith, 1995: 147). He sets out three arguments in defence of a plural order of nations (ibid.: 153-159):

(1) Nationalism is political necessary. The principles of nationality provide the only widely acceptable legitimation and focus for popular mobilisation as long as the global order remains based on the balance between competing states. A pluralist system of nations and nation-states is also the only safeguard against imperial tyranny.

(2) National identity is socially functional. Nationalism is functional for a modern industrial society which requires armies of mobile and literate citizens for its effective operation. The 'national' myths, memories, symbols and ceremonies also provide the primary basis for social cohesion and political action.

(3) The nation is historically embedded. The nation remains embedded in the ethnic past that shapes its future as much as any present global trends. Nationalism can be regarded as a 'religion surrogate' and the nation as a continuation, but also a transformation, of pre-modern ethno-religious community.

Although it is true that for most people, national cultural identity is quite remote to them in day-to-day life – as Giddens and Tomlinson argue, nationalist sentiment remains a permanent resource that can be mobilised in certain critical circumstances. For example, the increasingly comprehensive extension of Western cultural goods and practices to every country in the global age and the consequent squeeze on the space and resources available for local cultural production, is very likely to prompt nationalist opposition and resistance to foreign importation. Hence, it is necessary to identify these concretely existing problems and to investigate them in the contexts of their specific histories. To advance the argument we need more and better case studies as well as more adequate general theories and conceptual schema. Claiming that the discourse of national culture and national identity is a 'myth' and then turning instead to the facile idea of 'constant cultural changing' (Tomlinson, 1991: 93) is both easily appropriated by the discourse of neo-liberalism and not helpful for understanding concrete situations.
Tomlinson has claimed that the discourse of nations and nationalism poses particular difficulties for Marxists. Because nationalism is usually regarded as the doctrine of the right wing the defence of 'national cultures' is thus 'in certain senses ideologically problematic for the general left-wing perspective from which cultural imperialism arose' (Tomlinson, 1991: 68). However, nationalism does not have to serve conservative interests. As Ahmad notes, nationalism is neither always progressive nor always retrograde. 'What role any given nationalism would play', he writes, 'depends on the configuration of the class forces and sociopolitical practices' (Ahmad, 1992: 11).

Schiller and others had their particular strategic reasons for discussing the issue of cultural domination in terms of nation and national culture in the 1960s and 1970s. By the same token, the importance of a discourse of nation and nationalism remains in the age of globalisation, particularly for nations in the post-colonial condition and the backward zone of the world system. For them, Ahmad argues, there is no way of breaking out of the overwhelming imperialist influence and dominance without pursuing national projects while at the same time pressing for a revolutionary restructuring of one's own nation-state. Therefore, to resist imperialism, and to avoid serving the national bourgeoisie's interests it is important to relate nationalism to the principle of socialism (Ahmad, 1992: Ch8; see also Mosco, 1996: 207-209). As Mosco argues, nationalism can be regarded as a form of local opposition to the power of globalising capitalism to rationalise and homogenise spatial difference. But, if nationalist opposition looses its socialist character it all to easily creates a local form of successful Western capitalism, which benefits local and global capital, and 'the socialist alternative of growth and the redistribution of power in land, industry, communication, and culture all but disappeared' (Mosco, 1996: 208).

In sum, though nation and national identity are undoubtably constructs, the discourse of nation and nationalism remain significant and useful to projects aimed at resisting the uneven patterns of cultural exchange within the current global political and economic context. As Ahmad puts it,

[To] the extent that contemporary imperialism's political system takes the form of a hierarchically structured system of nation-states, it is only by organising their struggles within the political space of their own nation-state, with the revolutionary transformation of that particular nation-state as the immediate practical objective, that the revolutionary
forces of any given country can effectively struggle against the imperialism they face concretely in their own lives (1992: 317-8).

Articulating a variant of nationalism consonant with a progressive project can only be ensured however, by simultaneously developing a progressive programme of generalised political reform within the national territory. In particular, a strong and relatively autonomous civil society which can act as a significant counter to the state and major corporations and help maintain political democracy and social equality is a necessary precondition. Conversely, if we give up the national perspective completely, it would be difficult, if not impossible, to interrupt present global cultural conditions and resolve the problem of cultural domination. Thus, no matter what the relationships obtain among the state, the market, and the civil society a close examination of the discourse of nation and nationalism remains pivotal in analysing the cultural consequence of globalisation.
Chapter 3 National Cinema in the Global Age

Based on our previous discussion of the concepts of nation, national identity and national culture in Chapter 2, we can now focus on the concept of national cinema. As Hayward notes, the cinema was born in the age of nationalism and had close connections with the process of nation-building from the outset. She points out that in case of French cinema, almost as soon as cinema was born, 'books were being written entitled L'Histoire du cinema, and by the 1920s, calls were being made for a truly national cinema as a defence against the American hegemony' (Hayward, 1993:5, emphasis added).

Along with general ideas of nation and national culture, the idea of national cinema has usually been employed unproblematically to refer to distinctive style of cinema that is seen to belong and relate to a specific nation, such as American cinema, French cinema and Chinese cinema. More recently however, the viability of the concept has been seriously challenged and reassessed in parallel with the revival of debate on the idea of nation and nationalism (see Crofts, 1993; Hjort and MacKenzie, 2000). As Schlesinger points out, in the context of globalisation, inquiry into national cinema 'ought not only to converge but also to be thoroughly integrated as a part of a broad programme of work on nation and culture' (Schlesinger, 2000: 29).

3.1 General Definition of National Cinema

Most authors use the term 'national cinema' in two main senses simultaneously. When the term 'cinema' refers to the institutions of film production, distribution and exhibition, the phrase 'national cinema' is synonymous with 'the domestic film industry'. At the same time however, the term also refers to textual features, to themes, contents, and styles which are deemed to express distinctive national cultural characteristics, which are to some extent different from 'other' national cinemas (see, for example, Hayward, 1993; O’regan, 1996; Dissanayake, 1994: xiii-xiv).

Within the industrial and economic approach, strictly speaking, films produced in the national territory, financed by domestic capital, made by a working team of which
the members are all nationals, and distributed and exhibited by domestic companies owned by nationals, can be defined as 'national cinema'. However, this definition can easily become ambiguous and contradictory. In discussing the subject of Canadian cinema, Dorland poses a series of questions which reveal the shortcomings of the industrial perspective on national cinema:

After all, what is a Canadian film? A film with Canadian story? Any story with a Canadian producer? Any film with a Canadian director? Any film with a Canadian crew? Is an American television program like 'V' somehow Canadian because its producer/director, a Czech immigrant named Reitman, went to school in Canada before moving to Los Angeles? Does the fact that many Canadians live and work in Hollywood somehow Canadianise the American film industry such that its cultural production becomes metaphysically Canadian? (Dorland, quoted in Collins, 1990:254)

These questions imply that the idea of national cinema cannot be properly and solely equated with 'domestic film industry'. As Hill argues, in the age of transnational communication corporations, it is hard to identify a specifically national cinema in organisational terms. In addition, the precise value of a film industry to the national economy is also difficult to count (Hill, 1992: 10). He therefore suggests that the definition of national cinema should largely depend on cultural considerations (ibid.: 11). However, defining national cinemas in cultural terms raises other questions, no less difficult to answer.

One of the most significant accounts of national cinema to combine the economic and cultural perspectives is the classic cultural imperialism thesis. The thesis, as discussed in previous sections, argues that the growing volume of imported films (mainly from the US) has seriously threatened both domestic film production systems and the development of national film cultures. For scholars working in this tradition, ensuring the independence and development of national communication industries (including national cinema) is the only way to maintain a distinctive national cultural identity and a specific national culture. The assumption underlying this argument is that pursuing an independent national film industry and a specific national film culture are two sides of the same national cultural project.
For example, in examining the domination of Hollywood cinema in the Europe market in the post-war era, Guback suggests a project of establishing a ‘European cinema’,

In terms of European cinema, I think the objective must be the creation of film production and distribution independent of foreign interests, not only to guarantee flexibility and economic autonomy, but to provide the conditions in which the expression of indigenous cultures can take place and thrive. Toothpaste can be made in a factory anywhere, following a general formula. But the motion picture is different. If you believe, as I do, that each culture has something distinctive to say, and a distinctive manner of saying it—if you feel that your culture has its own stories and aspirations to tell in its own way—then it does matter where, how, and by whom films are made. (Guback, 1974a: 16-7)

However, Guback’s account faces a series of awkward questions. First of all, how exactly does an ‘independent’ film industry guarantee a ‘distinctive’ and ‘authentic’ expression of national culture in film texts? Guback does not argue for a reductionist relation between film infrastructure and the film content, but he does emphasise that an ‘independent’ film industry can generate the ‘conditions’ in which the expression of national cultures can develop and thrive. Yet, this still leaves open the question of the meaning of the ‘national’ in a given national cinema. If a nation is an imagined community, what kind of cultural signs and characters in films can be recognised as ‘national’? Who has the right to define them? How is the competition of definition organised?

Secondly, the approach tends to focus on the ‘production’ and ‘distribution’ sectors of national cinema. Yet, shouldn’t film exhibition and consumption also be taken into account in any comprehensive cultural definition of national cinema? As we have discussed in connection with the construction of nation and national identity, it is a process not only from above but also from below. Thus, in defining national cinema culturally, how do we consider the role of the national audience?

3.2 The Scepticism of the Concept of National Cinema

As Hill points out, the challenges to the established concept of national cinema are fuelled by two more general intellectual trends: (1) A growing critical scrutiny of
traditional conceptions of the nation, national identity and nationalism. (2) An increased emphasis, within media studies, on the moment of reception and the active role played by media audiences (Hill, 1992:11).

In brief, there are three main arguments arising out of recent reflections on the concepts of nation and national identity. Firstly, there is the now well established idea of the nation as 'an imagined community', and the argument that national culture and national identity must not be seen as naturally given, but as continuously constructed, redefined and even invented. Secondly, there is the recognition that a national culture should not be regarded as distinctive and bounded but rather as a product of interactions and exchanges with 'foreign' cultural factors from the beginning. Thirdly, there is the acceptance that national culture and national identity cannot be seen as unproblematically unified but rather as being full of struggles and repression among different social groups within a given national territory.

Following this line of thinking, the cultural imperialism thesis which defends existing national cinemas conceptually and practically seems to be no longer viable. For example, Higson contends that,

To identify a national cinema is first of all to specify a coherence and a unity; it is to proclaim a unique identity and a stable set of meanings. The process of identification is thus invariably a hegemonising, mythologising process, involving both the production and assignation of a particular set of meanings, and the attempt to contain, or prevent the potential proliferation of other meanings (Higson, 1989: 37).

Moran also argues that because there is no such thing as a single national cultural identity, there is no such thing as a national cinema 'if the phrase is used to designate a single, unitary object' (Moran, 1996: 10; see also Higson, 2000). Consequently, some critics (in common with commentators on the issue of national culture more generally) adopt a positive attitude to imported films/cultures (mainly from the US) and argue that the 'diversity' and 'popularity' of foreign cinemas/cultures can challenge the 'rigidity' and 'restrictiveness' of the 'national' cinema/cultures (Nowell-Smith, 1985: 152; Higson, 1989: 39-40). Furthermore, some go further and question the legitimacy and necessity of a national cinema. For example, in discussing the situation of contemporary British cinema, Nowell-Smith asks of: 'But do we need it?' (ibid.).
Critics of the idea of national cinema not only concentrate on its rigidity and mythological character, but also on its elitist style and aesthetics. This argument relates to debates around of high/mass culture, to the role of popular audience in forming national film cultures, and to the dominance of Hollywood movies worldwide. Crofts for example argues that the production strategies of national cinema are often formed primarily in relation to Hollywood, producing three main responses which he calls, imitation of Hollywood, competition with Hollywood in the domestic market, and differentiation from Hollywood (Crofts, 1993). Neale also notes that in some western European countries (specially France, Italy and Germany), countering and competing with the American films in their domestic markets and fostering their own film industry and film culture, inevitably means that films produced by these national film industries have to differentiate themselves from Hollywood. He argues that,

One way of doing so is to turn to high art and to the cultural traditions specific to the country involved. Either way, the films will be shown in different cinemas and be distributed by different textual characteristics. In constructing and sustaining such differences, the films will almost certainly tend to coincide with and to become supported by discourses functioning to define and perpetuate art and culture (Neale, 1981: 15).

In his pioneering work on the international domination of Hollywood, Guback champions the films of Chaplin and the Italian neo-realist films for their ability ‘to convey a human message in terms understandable to people everywhere’ and ‘struck a chord of human sensitivity’ and contrasts this genuine internationalism with standard commercial international films (mainly Hollywood productions) that have ‘shallowness and cardboard characters’ and are ‘anti-culture’ and ‘the antithesis of human culture’ (Guback, 1969: 198-9).

As Moran notes, this kind of argument for supporting national cinema is difficult to maintain and falls into the mass culture/high culture dilemma (Moran, 1996: 10). In his book on the domination of American audio-visual products in the Canadian market, Collins also argues that, ‘there are no grounds for disqualifying one individual’s aesthetic response as invalid’, and ‘one person’s great art may be another’s daub’ (Collins, 1990: 263; for the relevant debate, see Tomlinson, 1991).

In the case of Britain for example, Nowell-Smith argues that ‘the hidden history of cinema in British culture’, has been the history of ‘American films popular with the
British public’ (1985:151-2). He asserts that American cinema tends to be more ‘democratic’, ‘open’, and is more ‘popular’ in America as well as other countries. By contrast, British films ‘come across all too often as restrictive and stifling, subservient to middle-class artistic models and to middle- and upper-class values’ (ibid.). Though Nowell-Smith’s evaluation of British cinema is of course arguable, most national cinemas have rarely achieved sustained domestic popular success and have generally been unable to compete with Hollywood movies nationally and internationally (Higson, 1989: 41, see also O’Regan, 1996: 46; Elsaesser, 1993). 'Unpopular' local productions may be shown in particular exhibition outlets, like the art house circuit, internationally and nationally to maintain their economic viability (Hill, 1997). However, art house national cinemas, by serving the minority of international and national cultural elites rather than the majority of the national audiences reinforce the uneven and stratified structure of cultural development nationally and globally.

Accordingly, Higson suggests that national cinema needs to be explored not only in relation to production, but also in relation to the questions of distribution and exhibition, audiences and consumption (Higson, 1989: 42). For Higson, as well as Nowell-Smith, the fact that Hollywood has become a part of the popular imagination of British audiences (and audiences in other countries whose domestic film markets are dominated by Hollywood) leads him to argue that it is inadequate ‘to reduce the study of national cinemas only to consideration of the films produced by and within a particular nation-state’ and he suggest that the following issues should be addressed:

1. The range of films in circulation within a nation-state – including American and other foreign films.
2. The range of sociologically specific audiences for different types of film, and how these audience use these films in particular circumstances.
3. The range of and relation between discourses about film circulating within that cultural and social formation, and their relative accessibility to different audiences.

Echoing Higson’s account and coupled with certain aspects of the globalisation theses, Hedetoft argues that in the context of globalisation and Hollywood’s competitive advantage, a new cultural hybrid integrating and reflexive process will generate a ‘third’ culture forged by the collision of the ‘sending’ Americanness of
Hollywood films and the ‘receiving’ indigenous frame of national reference (Hedetoft, 2000). He rightly concludes that national cinema in the age of globalisation should reappear as a changeable and non-permanent notion and a transboundary process rather than a set of fixed attributes (ibid.: 282). However, because he only focuses on the dimension of reception and expects the process of reinterpretation to create a ‘new’ prosperity of cultural exchange he ignores the real impact of Hollywood domination on the production base of national filmmaking.

3.3 In Defence of National Cinema

With the intellectual fashion for deconstructing the notion of nation, national culture, and national identity, and more recently arguments claiming a diminishing role for the nation-state in the context of globalisation, the necessity and viability of a national cinema has been severely challenged. In addition, many national cinemas seem to exhibit rigid, homogenising, and elitist characteristics in their themes, styles and aesthetics. As we have just noted, this has led some authors to argue that analyses of national cinema should shift from ‘film production’ and ‘film text’ to ‘film consumption’.

However, not all critics have joined this project. The trends towards the concentration and centralisation of the transnational audio-visual market are increasingly powerful in the global age. For most countries and cultures, the available space for maintaining basic and self-reliant audio-visual production that can meet the specific needs of their own society is shrinking rather than growing. Against this background, as Hill argued in the early 1990s, ‘the importance of being able to argue successfully the case for why a national cinema is necessary or desirable has thus become all the more urgent’ (Hill, 1992: 10). This argument is strongly echoed by King who writes on the history of Latin American cinemas. He maintains that in the present changing international order, ‘an awareness of the culturally specific is all important and an approach that considers the pressures on national cinemas’ would seem the best way to ‘keep the picture in focus’ (King, 2000: 255). To achieve this, we can firstly re-examine the problematics of the ‘national’ in the issue of national cinema, and then discuss the problem of the role of national audience and of dominant foreign cinemas.
Hill argues that whilst it is true that many national cinemas have often depended upon and promoted restricted notions of national identity, the idea of a national cinema does not in itself necessarily imply the sense of 'fixity' many critic imply (ibid.: 15). He rightly points out that one of weaknesses of Higson's arguments is that 'he simply runs together “national specificity” with “imaginary coherence” and “a unique and stable identity”' (ibid.: 16). For Hill,

[...] it is quite possible to conceive of a national cinema, in the sense of one which works with or addresses nationally specific materials, which is none the less critical of inherited notions of national identity, which does not assume the existence of a unique or unchanging ‘national culture’, and which is quite capable of dealing with social divisions and differences......national cinema can, in fact, be neither nationalist nor homogenising in its assumptions about national identity if it is to address successfully the complexities of nationally specific social and cultural configurations (ibid.: 16-7).

Of course, the question of whether particular national cinemas have traded in the ‘restricted’ national images Higson describes, or have shown the complexities of national cultural life as Hill proposes, can only be established by detailed concrete investigations of individual national cinemas. But, as long as we accept that the definition and type of a national cinema proposed by Hill is both necessary and desirable, the concept and the institution of national cinema are still worth defending. Moreover, once we endorse this argument, Guback’s assertion that ‘each culture has something distinctive to say, and a distinctive manner of saying it’ which is mentioned above, immediately becomes both relevant and practical.

However, in line with our previous discussion of the debates on nation and national culture, the definition of ‘national’ and of an ‘ideal’ national cinema needs to be further clarified and that is not comprehensively done in Hill’s article. Three main aspects should be noticed here.

First, a nation is always an imagined community but not always a geographical space. There are nations within a nation-state and there are also nations without states. Hence, a national cinema does not have to correspond to a specific national culture defined in territorial terms. It could function instead as a site in which different national and cultural identities can be expressed and interact and compete with each other. The ‘national’ in national cinema is therefore both relative and contingent. The
emphasis on defending a national cinema is strategically and practically necessary for resolving the increasingly serious situation of cultural domination by foreign (mainly American) cinemas. In other words, the main goal for maintaining a national cinema is not necessary to serve national unity and rigid national identity but to establish the conditions in which articulations of the complexities of social and cultural configurations within a national territory could take place and thrive.

Secondly, expressions of various sub-national and non-national cultural identities, coming from the religious groups, regional communities and different social fractions based on race, gender and class, may be blocked as well as encouraged in a national cinema depending on its organisation.

Lastly, maintaining a national cinema does not necessarily imply isolation from interaction and dialogue with foreign cinemas that includes exchanges of films and cooperation in film production and distribution between nation-states and between non-governmental organisations. It was and is impossible and unnecessary to prevent the exchange and interaction of different cultures within and without national territories, particularly in the present context of globalisation. But exchange and cooperation must be established on two fundamental conditions. First, a viable and self-reliant national cinematic system must exist. Second, the exchange and cooperation process has to be fair and free, and the specific needs of any nation-state for developing its own film culture recognised and respected.

But, if an existing domestic cinema is not as popular as imported foreign cinema, is the legitimacy of national cinema in crisis? Higson argues that imported Hollywood films and American culture can ‘broaden the cultural repertoire available to audiences’ (1989: 39-40) may be partially true. Yet, this is not a sufficient reason to accept the present situation of international film market as natural and neutral and to give up the defence of national cinema. The major transnational film companies that produce, distribute and exhibit the bulk of commercial films circulating around the globe have no motive or responsibility to examine or to present the social complexities and contradictions of the specific national communities where their products are consumed. As Guback reminded us many years ago, the global flow of films is guided by simple profit imperatives. That means, ‘the films which are available at any moment on screens are there as a result of commercial decisions rather than of considerations of aesthetic quality or more detached concerns about where a society ought be going and how it can get there’ (Guback, 1974b: 91-2).
Moreover, Higson's suggestions of considering the concept of national cinema from the consumptive rather than from the productive perspective and focusing on 'the activity of national audiences and the conditions under which they make sense of and use the film they watch' weaken the case for maintaining a space in which an ideal national cinema can survive. Rather, his account strengthens the existing advantages enjoyed by American movies worldwide and makes it more difficult to argue for the conditions that will allow different types of films with specific social, cultural and aesthetic concerns to thrive. As Hill notes, in the case of Britain, what Higson does is to elide the distinction between the cinema in Britain and British national cinema. This seems not only to be 'conceptually unhelpful', but also to 'blur the arguments for film production which is specifically British rather than North American' (Hill, 1992: 14).

Clearly in defending an ideal national cinema, we cannot ignore the sectors of film distribution and exhibition and the role of national audiences but recognising the significance of consumption does not necessarily entail abandoning arguments about the cultural value of national production (Schlesinger, 2000: 27). An 'ideal national cinema' must not only present and express the complexities and contradictions of the society it must also reach the local audience efficiently, pursue popularity and interact with them organically. Otherwise it will fall into a the marginal or elitist position that many national cinemas have already experienced and which provide reason for critics to keep on opposing or doubting the idea of national cinema. Yet, the problem of distribution and consumption of cinema is more complicated than the critics argue. There are three points that need to be discussed here.

Firstly, the popularity of Hollywood films in many national markets cannot be used to legitimatise the international domination of Hollywood and devalue the rights of national cinemas. The advantage enjoyed by Hollywood mainly derives from the long-term occupation of the international film distribution, exhibition and marketing sectors and the consequent effects of taste and aesthetic assimilation. As Collins argues, 'the symbol system articulated, the language of the work, is one that requires skill and an educated consumer to read or decode'. For example, the conventions used in the popular American television series Dallas are widely generalised in the representations we have been educated to decode since infancy (Collins, 1990: 265). Under these circumstances, national film production which self consciously sets out to differentiate itself from Hollywood in story-telling style and in film language is very
likely to be unfamiliar and strange to a mass national audience. Furthermore, the 'facilities' that national production needs to communicate with a national audience, a mass and effective distribution and exhibition system, are exactly what is missing in societies where cinema chains are mostly controlled by transnational corporations. The situation is quite evident in the cases dealt with in this thesis and I will come back to this issue later.

Secondly, in promoting a national cinema, many nation-states' film policies tend to focus on the production sector and ignore reforms to the distribution and exhibition sectors. To maintain a viable national cinema it is not sufficient to concentrate on subsidy to film production, interventions are also needed to establish an effective distribution and exhibition mechanism for national products. That is the key to transforming the film culture and movie-viewing habits of national audience. In addition, a film literacy education project is also important but has been often ignored. It should be operated in both local communities and within the mass educational system to sustain the interaction between national cinema and national audience.

Thirdly, due to structural and historical factors, the aesthetic and formal space of national film productions tends to be squeezed. Nevertheless, the choice of content and style is not a zero-sum question. It is not a dichotomy. It is not a choice between completely accepting mainstream popular taste and imitating Hollywood commercial films at one end, and adopting the aesthetic taste of educated elites and film creators and removing expression from the popular audience's viewing experiences at the other. An ideal national cinema ought to be able to find a balance point between these options and offer diverse and distinctive themes and styles that facilitate representations of the full complexities of the society.

3.4 State, Market, Civil Society and National Cinema

Certainly, an ideal national cinema cannot be achieved in a vacuum. In pursuing 'better' national cinemas, examining the historical relationships between present national cinemas and their political and economic contexts is a vital task.

In the historical context of American domination of the international film market, as Elsaesser argues, other national cinemas (with the possible partial exception of Indian cinema) have two apparently incompatible objectives—'to be economically viable but culturally motivated' (Elsaesser, 1989: 3). O'Regan also notes that the goal
of national cinema is ‘one of producing a local presence alongside the dominant imported presence in both the local and international market’ (O’Regan, 1996: 48). In other words, national cinema needs to be not only ‘nationally specific’ but also ‘internationally recognisable’ (Elsaesser, 1989: 322; see also Higson, 1989). A national cinema that meets these ambitions is likely to have more opportunities to achieve international market success and to obtain investments from national and international capital.

However, as Hill argues, ‘a nationally specific cinema characterised by questioning and inquiry is not the kind of “national cinema” which is encouraged by the market-place’. On the contrary, the marketing of national specificity for international consumption is more likely to encourage ‘the use of the most conventional or readily recognisable markers of nationality and national identity’. (Hill, 1992: 17) For example, the internationally popular films Crocodile Dundee and Four Weddings and a Funeral were criticised at home for providing a ‘tourist’s-eye view’ of Australia and Britain respectively. And the worry is that, as O’Regan notes, the ‘imagined Australia’ and the ‘imagined Britain’ presented in these productions will directly shape future domestic film production as film-makers and investors seek a ready-made formula for market success. (O’Regan, 1996: 60) As Hill argues, this situation provides a further reason why a cultural rather than an economic definition is the most important basis for a defence of national cinema. As he notes, ‘the type of British film which is most able to exploit international economic opportunities is not necessarily of the type most capable of making a valuable contribution to British cultural life’ (Hill, 1992: 17).

At the same time, the maintenance and pursuit of a national cinema largely depends upon intervention by nation-states. From around the mid 1910s onwards, many governments have recognised that the potential ideological power of cinema could be harnessed to promote national unity in a context where foreign films were widely circulated within a nation-state and assumed to harm the national economy — and therefore the society’s core ideologies and values (Higson, 1989: 43). As Neale puts it,

[...] Hollywood’s international dominance is nearly always conceived by countries whose markets it dominates as a specifically national problem. Because of this, policies articulated as a solution to the problem nearly always involve the construction and
reconstruction, firstly of a national industry to whose experiences they can refer and to whose structures, practices and problems their statements can be addressed, and secondly of national cultural and cinematic traditions which the measures embodied in such policies are expected to foster, through protection, encouragement, and incentive. (Neale, 1981: 34)

Historically, in attempting to maintain the unity of the nation and the legitimacy of the state itself, states have tended to promote a culturally restrictive version of national cinema, grounded in variants of the selective tradition as defined by cultural elites. Otherwise, it does not function efficiently as a national identity promoter. This is the main reason why scholars like Higson and Nowell-Smith criticise the idea of national cinema. The situation is worsened by the contradictions embodied in most state’s film policies. That is, though states pursue some measures such as subsidy and quota systems, the cinematic system is basically seen as a market-oriented institution. Consequently, states concentrate support on production and adopt a non-interference policy in relation to distribution and exhibition. The criteria to evaluate achievement are therefore profitability and efficiency, which leads national cinema further away from the ideal model discussed above (see Hill, 1992: 17-8).

Despite the possible ‘risks’ to freedom of expression entailed in state efforts to maintain a national cinema and facilitate a national film culture, state intervention remains a necessary condition for national cinema’s viability. There are at least two reasons to suggest this. Firstly, as mentioned earlier in the Chapter 1, though the power of state has been increasingly influenced by processes operating beyond its national territory in the age of globalisation, it remains the main, and arguably the only, actor capable of regulating market forces and creating the condition in which the ideal national cinema can thrive. Secondly, the market is not the only social force influencing the conduct of the state. The institutions of civil society can also play a vital role in the construction of national cinema and national culture. It is the civil society that can provide different perspectives from those of the market to film policy makers and prompt film makers to take on the task of representing the real complexities of the society.

New Latin American Cinema provides an example of national cinema which is both more ‘popular oriented’ and different from European art cinemas. In the early post-colonial era, Latin American cinema served national ‘consolidation’ and ‘integration’ and later national ‘development’. But after three decades of profound
political and economic transformations, a new cinematic practice has emerged in some Latin American countries, most notably Brazil, Argentina and Cuba, since the 1950s (see King, 1990; Burton-Carvajal, 2000). It was followed by a more active cinematic movement which obtained national, continental, and international attention in the 1960s and 1970s, This New Latin American Cinema was formed with the intention of combining popularity and seriousness. The movement emphasised that there is no clear line separating authors and audiences. The cinema is neither pure entertainment nor art but a social practice for connecting members in the society and for reforming and improving the society (Lopez, 1997: 137; Martin, 1997b: 18). For example, in his 1969 manifesto in pursuit of ‘an imperfect cinema’, Cuban filmmaker Julio G. Espinosa argues that,

Imperfect cinema finds a new audience in those who struggle, and it finds its themes in their problems. For imperfect cinema, ‘lucid’ people are the ones who think and feel and exist in a world which they can change; in spite of all problems and difficulties, they are convinced that they can transform it in a revolutionary way. Imperfect cinema therefore has no need to struggle to create an ‘audience’. On the contrary, it can be said that at present a greater audience exists for this kind of cinema than there are filmmakers able to supply that audience (quoted in Martin, 1997a: 80).

We can also see similar thinking from the other main activists of New Latin American Cinema, such as Birri, Solanas and Getino in Argentina, Rocha in Brazil, and Sanjines in Bolivia (see their major documents in Martin, 1997a; and the in Burton, 1986). All of them, as Willemen notes, ‘stress the need for a cinema of lucidity’ (1989: 6). They have actively reflected on the possible biases inherent in their own social and educational formation and tried to develop ‘effective modes of expression capable of connecting to actual audiences and reception practice’ (Burton-Carvajal, 2000: 197). Apart from adjusting the form and content of film, these film-makers also sought to change distribution and exhibition practices in order to increase audience participation

1 Of course there are differences between every national new cinema in film production, content and form. For example, Brazilian New Cinema followed the thoughts of Italian New Realism cinema, emphasised the importance of the ‘author’ and received less support from the state. By contrast, Cuban cinema was mainly supported by Cuban government and the filmmakers focus more on revolutionary change of cinematic practice (see King, 1990; Burton, 1986).
and feedback. To this end they brought mobile cinema projectors to remote places and local communities and organise discussions and debates (ibid.: 204).

Unlike many European countries which have much longer history as independent nations, Latin American countries have a long history of being colonised and are still experiencing the dependency of the post-colonial period. It is against this background that the filmmakers and intellectuals of Latin American countries have developed ‘a different concept of nationalism and nationhood in the cinema’ (Lopez, 1997: 142). They refuse the rigid and official concept of nation and embrace a dialectic relationship with national audience whilst at the same time trying to form a pan-Latin American solidarity which reaches beyond national territories. Though both the external and internal conditions of the film industries in Latin American countries have experienced significant changes after the 1970s, New Latin American Cinema has provided an alternative, viable and progressive pattern of national cinematic practice, especially for the post-colonial societies.

3.5 Alienated National Cinemas

In contrast, there are also national cinemas which are relatively prosperous at the industrial level but disconnected from the social realities of the societies they inhabit. The most prominent examples are Indian cinema and Hong Kong cinema.

Since the early 1980s, in terms of the number of film produced, the Indian film industry has been the largest in the world. On the other hand, while the number of Hong Kong film made has been sometimes lower than in America and Japan, it still occupies a disproportionately prominent place in the world film market given its small territory (see Table 3.1).  

3.5.1 Indian Cinema

It is widely accepted that Rajah Harishchandra, premiered in 1913, was the first feature film to be made in India. However, since 1896 India already had a nascent film industry on the periphery of a vast and well-entrenched theatre industry in some major cities (Gokulsing and Dissanayake, 1998: 12; Rajadhyaksha, 2000). Indian

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2According to the data source, the number of production of long films in Philippines in 1994 has jumped to 428 and 456 in 1995 from 142 in 1989 and exceeded Hong Kong to be the third place of film
people started to show their passion for cinema from the outset but the domestic Indian film industry only began to prosper after the Second World War. There were several reasons for this. Firstly, the Partition of India led to the formation of a nationwide audience for films in Hindi (the major language in India). Secondly the resulting aesthetic extended into films made in other Indian languages. In the late 1980s, it was estimated that more than 10 million tickets were sold everyday across the approximately 13,000 theatres nation-wide. Film output is around 750 to 800 films a year which exceeds that of any country in the world, and 'some of the viewers often pay a whole day’s earnings to sit in the dark for nearly three hours' (Pendakur, 1989: 69). Given its considerable productivity and popularity, some western critics have named Indian cinema ‘Bollywood’, in homage the major production centre, Bombay, and in recognition of a scale of production, which as Table 3.1 shows, that more than matches Hollywood.

Table 3.1 Annual output of some large national film industries in the world (selected years)

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>742(739)#</td>
<td>912(905)</td>
<td>948(948)</td>
<td>838(837)</td>
<td>N/A(793)</td>
</tr>
<tr>
<td>USA</td>
<td>264</td>
<td>255</td>
<td>276</td>
<td>210</td>
<td>420</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>141</td>
<td>NA</td>
<td>247</td>
<td>239*</td>
<td>315</td>
</tr>
<tr>
<td>Japan</td>
<td>320</td>
<td>319</td>
<td>239</td>
<td>240</td>
<td>N/A</td>
</tr>
<tr>
<td>China</td>
<td>82</td>
<td>127</td>
<td>134</td>
<td>170</td>
<td>146</td>
</tr>
</tbody>
</table>

# The numbers shown in the quotation marks for Indian film production are from Rajadhyaksha and Willemen (1999), pp. 30-32. They are slightly different from the data of UNESCO.


Indian films are made in the 16 officially recognised languages and a number of others³, which makes Indian cinema uniquely regional. In fact, with the introduction of the sound in the early 1930s, Indian cinema experienced two vital changes. Firstly, those Indian viewers who desired to see films in their own languages and dialects, were catered to by productions even in languages spoken by relatively small numbers of people and limited to parts of a state. (Pendakur, 1990: 230) Secondly, as Binford points out, India has ‘an intensely oral culture’ that ‘accords great importance to the production in the world. This situation is an interesting issue remains to be inquired.

³ For the list of these languages and their numbers of production, see Rajadhyaksha and Willemen,
sung or spoken word and to face-to-face communication'. Consequently, with the introduction of sound, Indian filmmakers were able to develop what may be termed the classic Indian cinematic form. The first Indian sound movie, Alam Ara (Beauty of the World), which was released in 1931, contains ten songs and was an immediate and huge success. Almost every popular film since then has featured song and dance sequences and these continue 'to be the norm, more and more often as elaborate spectacle' (Binford, 1989: 2). The film Indrasabha released in 1932, for example, contained 70 songs (Gokulsing and Dissanayake, 1998: 13-4). In addition, most film songs went on to become popular music hits in India, 'spreading throughout urban as well as rural areas on the wings of the transistor radio' (Binford: 3).

These particularities have made Indian cinema strongly competitive with imported films in its domestic market. As Pendakur notes, 'the phenomenon of dependence on foreign, particular American, films found in some other parts in the world is not the case with Indian movie-going audiences'. Historically, 'an estimated 93 percent of screen time is occupied by regional-language films' (1990: 230-1). In the late 1990s the Indian government lifted restrictions on the importation of foreign films, but 'Bollywood wins comfortably over Hollywood' (Kabir, 2001: 223). Until now only the Hindi version of Jurassic Park has enjoyed the same kind of box-office success as locally produced hits. Indian films also have been popular in some foreign markets including various countries in the Middle East, Asia, Africa, Latin American, together with the former USSR, and the UK and Ireland in Europe. Gross revenues from the export of feature films grew from Rs (Rupees) 55 million in 1973 to Rs 150 million in the peak year of 1980. In 1987-8, 823 Indian films were exported to 48 countries and the gross revenue from those sales amounted to Rs 73 million (ibid.: 239-40). Thus, from the industrial point of view, Indian cinema without doubt a successful national cinema. At the cultural level however, this assertion is more controversial.

Although as mentioned above, the typical aesthetic styles and forms of Indian popular films are drawn from traditional Indian culture, they rarely take account of the social realities and complexities of Indian society. Rather they present stereotypical characterisation and are 'mostly romantic musicals that offer escapism and fantasy worlds to the movie-goers' (Gokulsing and Dissanayake, 1998: 93-96; see also Kabir, 2001). There are two main reasons that lead mainstream Indian cinema toward
escapism and an a-political stance. Firstly, strict film censorship severely limits artistic and political expression in Indian cinema (Pendakur, 1990: 244; Gokulsing and Dissanayake, 1998: 51). Moreover, since the process of censorship and the possibility of further appeals will delay the timetable of film distribution and exhibition, which is very likely to cause loss and decrease profitability, even filmmakers sympathetic to more radical styles are inclined to cautious and conservative (Pendakur, 1990). This connects to the second reason, which is arguably more important, the eagerness or necessity to appeal to the largest possible audience and to pursue the maximum amount of profit under the market logic of a commercial film system. As Binford argues,

The more speculative nature of the film industry and the need to appeal to the largest possible audience have intensified the most exaggerated and escapist tendencies in the popular cinema. As the production of extravagantly budgeted, multi-star spectacles burgeoned, narrative and mise-en-scene became ever more baroque and increasingly remote from Indian reality...the commercial cinema has an ambiguous relationship to the pressing issues of social transformation and the tensions between tradition and modernity. Even when apparently confronted, such issues are ordinarily dissipated in simplistic struggle between individualised good and evil (Binford, 1989: 4).

One of the box-office hits in 1993, Darr, provides an example. The story begins with a sequence of a valiant Naval officer (Sunil) bravely and magically rescuing a kidnapped girl from a nameless criminal organisation on a warship on his own. After the mission, he is to marry a beautiful girl (Kiran) from a rich family, who has been stalked by a young male psychopath (Rahul). Rahul keeps on harassing the couple, kidnaps Kiran and takes her to a boat. The seriously injured Sunil, again, magically and suddenly appears, fights with and kills Rahul and saves Kiran. The film contains 9 song and dance sequences varying in length from 3 to 7 minutes. Two of these are completely irrelevant to the story and are clearly inserted to present the songs and showcase the dancing skills of the actors.

In addition, mainstream Indian movies often imitate and copy ideas and stories from Hollywood box-office hits films and combine them with traditional song and dance elements to ensure the popularity. In Darr, Sunil is obviously created as an incarnation of Sylvester Stallone’s character in the Rambo series, particularly in the
rescuing sequence. During Sunil and Kiran's honeymoon, she dances to American pop dance music to entertain Sunil in the room of a hotel. The sequence imitates what Kim Basinger does in another American movie 9 and ½ weeks. Another big hit in the late 1990s, Kuch Kuch Hota Hai (1998), combines some elements of American youth oriented films, such as campus scenes, cheerleading squads, and student sports games.

However, there were and are alternative cinematic practices outside the mainstream cinema. The Indian New Cinema, which includes the works of Satyajit Ray, Ritwik Ghatak, and Mrinal Sen in its early stage of the 1950s and 1960s and other successors afterwards, distinguished itself by rejecting the conventions of mainstream commercial cinema. Most of the resulting productions were made on low budgets, using unexperienced actors, had no song and dance sequences, and most important, had their 'roots in a recognisable Indian reality and dealt with characters that were close to life' (Valicha, 1988: 127; see also Gokulsing and Dissanayake, 1998: 30-3).

There were several historical conditions that supported the emergence of Indian New Cinema. Various attempts to adjust mainstream film-making conventions had been taking place within the mainstream film industry since the early 1950s, with the increasing extravagance and vulgarity of much post-war production (Binford, 1989: 5). But it was the first international film festival, held in 1952, that opened to filmmakers and audiences a whole world of films that reflected new trends and new directions, especially Italian neo-realism (Valicha, 1988: 127). At the same time, some state governments started to promote local languages and various art forms, including cinema, after India was reorganised into states based on language groupings in the early 1950s (Pendakur, 1990: 236). In was in this context that Satyajit Ray made his first film Pather Panchali (The Song of Little Road) in 1955. Ray was influenced by Italian neo-realist films, particularly DeSica's Bicycle Thieves in the early 1950s. When he decided to make his first film, except for his own money and his wife's jewelry, he could only obtain a very modest amount of money from production companies. Eventually, it was financial support from the New York's Museum of Modern Art and from the state government of West Bengal to make the film possible (Robinson, 1989: 83). Pather Panchali is generally recognised as the start of Indian New Cinema. As Valicha argues, 'it will not be an exaggeration to say that it was Ray who set the tone for the development and evolution of the serious cinema in India' (Valicha, 1988: 91).
The main theme of *Pather Panchali*, the first film of his Apu Trilogy (the two being *Aparajito*, 1956; and *The World of Apu*, 1959), is the childhood experience of an Indian boy named Apu who lives in a rural village. He is about six years old with a restless curiosity and he and his sister, Durga, live in their own world, share secrets, and embark on adventures. One day they run across the fields around the village and out of their familiar world and have their first surprising and exciting encounter with a railway train belching black smoke. On their way back home, they experience another shock, they see their aunt's death in the forest. Durga dies later because of a serious fever and Apu begins to realise the meaning of death for himself. At the end, Apu's father, who is away to earn some money but fails, decides to take Apu's mother and Apu to a city, Benares, to search for new opportunities.

Though it has the look and feel of simplicity, *Pather Panchali* expresses a lyrical realist representation of Indian rural life, whose aesthetic style and theme is completely different from Indian mainstream commercial cinema. Ray experimented with various expressive forms in his later works, but in terms of theme, he moved toward a more close examination of the social and political tensions of contemporary Indian life, as in *The Chess Players* (1977) (Nyce, 1988: 3-4). In general, as Nyce suggests, the most prominent theme of Ray's films is the process of change, the encounter of the old and the new, and the transformation of modern India.

After *Pather Panchali* was released in the USA and his *Aparajito* won the Golden Lion Award in Venice Film Festival, Ray became the most (if not the only) famous Indian director internationally. However, except for some commercial success in his home state of Bengal, where most of his films were made, his works, as well as those of other New Cinema directors, were not as popular in the Indian domestic market as in international art film markets. As Binford says, 'only a small proportion of New Cinema films have reached a mass audience' (1989: 6). Two main reasons could explain this situation. Firstly, the distribution channels are dominated by mainstream films. For examples, as Pendakur points out, Ray's films, which are circulated in the West through international film festivals and alternative distribution networks, are seldom screened in regular theatres outside Calcutta, the capital of Bengal (Pendakur, 1990: 231). Secondly, the New Cinema tries to avoid the formulas and conventions of popular commercial cinema and create new expressive styles and forms. That may gain reputations and honours abroad, but their unfamiliarity looses the sympathy of
the domestic audience at the same time. Meanwhile, state intervention makes the situation worse. As Pendakur argues,

State intervention, in the name of supporting 'good cinema', may have widened the gulf between the commercial and 'art' cinemas of India. What the State has pursued is a policy to seek out prestige abroad by encouraging artists who can compete in major international film festivals such as Venice, Berlin or Cannes, and to cultivate a certain arrogance on the part of the filmmakers who are not subjected to the market test within India (1990: 248).

Some new directors have started to take on the challenge of finding a balance point and have adopted some commercial elements. The popular cinema, in turn, has also begun to accept influences from New Cinema (Binford, 1989: 6; Pendakur, 1990: 249-251).

Overall however, the differential success of the two Indian cinemas points to a paradox of national representation. Indian art cinema has been regarded as thematically exploring complex Indian realities and developing an indigenous cultural identity in cinematic terms. It recognised as representing the 'best' of Indian creativity by international film critics and audiences (and even by the Indian State). But its stylistic roots are predominantly Western and it has remained a minority presence within the Indian film market (Binford, 1989: 6). By contrast, most of the mainstream Indian commercial movies are unknown to audiences outside Indian communities and tend to evade the harder edges of contemporary Indian social realities. They however have distinctive style and form stemming primarily from traditional Indian cultural sources. Moreover, mainstream commercial cinema has shown itself adept at effectively indigenising Western influences has remained really 'popular' with majority audiences within India.

3.5.2 Hong Kong Cinema

Another example is provided by Hong Kong cinema. Although not usually recognised as a 'national' cinema, Hong Kong cinema shares a number of characteristics in common with Indian cinema. It is a market-driven system. It produces large numbers films. It has developed particular aesthetic styles and forms and launched big stars. It is popular both in domestic and foreign markets, but does not engage consistently with the social realities of its 'home' base. Due to its special status as a colony
situated within the complicated political and historical networks of China, Taiwan and the diasporic Chinese communities of Asia, however, Hong Kong is more like a regional centre of Chinese movie production and exportation than a national cinema base (Leung, 1993).

Table 3.2 The production and exportation of Hong Kong film industry (1970-92)

<table>
<thead>
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<th>Year</th>
<th>Production (Number of films)</th>
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<th>Importation Value (million HK$)</th>
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<tbody>
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<td>147</td>
<td>10.25</td>
<td>11.76</td>
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<tr>
<td>1971</td>
<td>126</td>
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<td>20.67</td>
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<td>350-400(?)</td>
<td>46.66</td>
<td>19.74</td>
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<td>1974</td>
<td>178</td>
<td>52.79</td>
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<td>1975</td>
<td>112</td>
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<tr>
<td>1985</td>
<td>105</td>
<td>51.33</td>
<td>33.44</td>
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<td>1986</td>
<td>100</td>
<td>54.49</td>
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<td>1987</td>
<td>110</td>
<td>57.37</td>
<td>50.15</td>
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<td>1988</td>
<td>139</td>
<td>83.99</td>
<td>52.54</td>
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<tr>
<td>1989</td>
<td>156</td>
<td>123.14</td>
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<tr>
<td>1990</td>
<td>241</td>
<td>102.91</td>
<td>41.84</td>
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<tr>
<td>1991</td>
<td>211</td>
<td>104.82</td>
<td>29.59</td>
</tr>
<tr>
<td>1992</td>
<td>376</td>
<td>108.50</td>
<td>34.20</td>
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</tbody>
</table>

Source: Compiled from Leung (1993). The author's main data source is Hong Kong Trade Statistics. The numbers of production in 1975-1977 are from Unesco Statistical Yearbook.

Although production has diminished dramatically since the mid-1990s, in its heyday in the 1950s and 1960s, the Hong Kong film industry produced an average of 200 films a year, with some years peaking at more than 300 (Lent, 1990: 95). After 1970, even with the influence of the growing television industry, the average annual production was still more than 100. In addition, the value of film exports has continued to be higher than those of imports since the 1970s. From 1989 to 1992, the value of film export averaged three times those of imports. During this same period, the value of imported movie products increased by 2.9 times while the value of exports increased by 10.5 times (see Table 3.2). In the past two decades, the US market share in Hong Kong sometimes fell to less than 30 percent. It was only after
1997, that Hollywood producers could claim slightly over half the admission receipts (Bordwell, 2000: 1).

Located in the most laissez-faire economic system in Asia under the British colonial government and with an established film industrial infrastructure built on the popularity of Cantonese movies in the 1950s, Hong Kong became the favourite place for Chinese capitalists to invest in the movie business (see Fonoroff, 1998). For them, Hong Kong was simply a base for producing and exporting movies. Their main target was the international market, particularly the offshore Chinese communities in every part of the world. The Hong Kong domestic market, though the people there displayed a passion for movie-going, was of secondary concern. This situation was even more evident after the 1970s when the industry enjoyed even greater successes in overseas markets. As one executive of the largest film company in Hong Kong, Golden Harvest, whose market activities have been international in scope since its founding in 1970, said in an interview examining their foreign market strategy in the mid-1980s,

> The problem we face is producing for Southeast Asia and Taiwan markets. The box-office guarantee is not safe. It's a gamble. Tastes of Southeast Asia countries have all gone different ways. Twenty years ago, we'd do a picture and it would be all right everywhere. It's not the case now. We either do a small budget picture now aimed specially for Taiwan or Singapore or elsewhere in Southeast Asia, or a big budget film that will hit all countries. Nothing in between (quoted in Lent, 1990: 106).

In order to appeal to and to compete with Hollywood for the various major audiences living in very different political, economic and cultural contexts, Hong Kong cinema has developed formulas and genres with three main characteristics. First, it draws heavily on elements taken from traditional Chinese culture, such as kung-fu, ghosts, legends, Chinese gambling games and so on. These are already familiar to Chinese audiences living in different societies. The ‘Orientalist’ atmosphere they evoke also attracts audiences from different cultures. Secondly, stories are often framed and told in a simple narrative structure to make them accessible to audiences everywhere. Thirdly, to avoid any possible political sensitivities and tensions that might affect distribution and box-office returns, most films are fiction. They often have only weak connections with the particular societal situation and history of Hong Kong, let alone taking political and social problems seriously (Yau, 2001).
At the industrial level, Hong Kong cinema is thoroughly commercial. The average production time is short to allow for rapid returns. Except for some big productions featuring major stars such as Jackie Chan or John Woo, it takes only seven to eight weeks to complete a film from contract to screen (Stokes and Hoover, 1999: 25). In addition, copycating and mimicing are normal. Successful formulas such as *A Better Tomorrow*, *Chinese Ghost Story* and *God of Gamblers* are extensively duplicated and mined for sequels and series. As a result, as Lent has pointed out, escapist, imitative and superficial, are the main adjectives that fairly describe mainstream Hong Kong cinema (Lent, 1990: 113).

Both in terms of quantity and performance at the box-office, the most prominent genre in Hong Kong cinema is the action movie. Even comedy and other genres often contain various elements of action (Chen, 2000: 20-22). Swordplay and martial arts films provide a good example of the tradition’s major characteristics. Most are set in a placeless and timeless ancient utopia. The distinction between good and evil, hero and villain, is definite and unambiguous. The violent measures which are taken to solve personal or family problems are presented as morally legitimate (Teo, 1997). We can see all these characteristics at work in most of films in this genre. For example, *Dragon Inn/ Longmen Kezhan* (1967), a classic of the genre directed by King Hu, is about the conflict between a group of patriots and the evil repressive institution of the Ming Dynasty. Likewise, *The One Armed Swordsman/ Dubi Dao* (1967), directed by Zhang Che, describes how an orphan suffers physical maiming (one of his arms is cut off by a jealous companion) saves his master and family from impending massacre at the hands of an enemy and becomes a hero.

In another popular variant of this genre, a man’s parents or master are killed by someone(s) when he is not able to resist. He then tries to train and strengthen himself, finds a secret guide book of special martial arts, or is taught by an extraordinary and wise master. This equipped he kills the villains and achieves his revenge. The films of the two major actors in kung-fu films, Bruce Lee and his successor, Jackie Chan, are often based on this formula. For example, in Bruce Lee’s *Fist of Fury/ Jingwu Men* (1972), he plays a martial arts student named Chen Zhen in the late Ching Dynasty, who avenges the death of his master and recovers the honour of the master’s martial arts school by defeating Japanese rivals. Similarly, in one of Chan’s early films, *Drunken Master/ Zui Quan* (1978), Chan learns the special skills of drunken kung-fu from a drunkard master and then defeats a villain who is hired to kill his father.
In general, these films merely provide their audiences with a space of escape from real life, and an opportunity to project their real anger and anxieties onto characters who inhabit a utopia and who rescue themselves by superpowers and violence. Even so we have to admit, that in terms of cinematic aesthetics and forms, there are some significant achievements of swordplay and martial arts films, as well as the other genres in mainstream Hong Kong cinema (see Teo, 1997). Certainly they fascinate some Western critics who regarded them as ‘richly and delightfully artful’ (Bordwell, 2000: 2). However, this does not change the fact that innovations and inventiveness in film form and genres are mainly driven by market forces or that the principle themes of those mainstream films are remote from the social realities of Hong Kong.

At the same time, as in India, alternative cinematic practices have also developed in Hong Kong. A group of new directors including Allen Fong, Patrick Tam, Tsui Hark and Ann Hui, who were trained abroad or in the television production sector, got their start in filmmaking during the late 1970s. They have brought new creative energies to Hong Kong cinema. Their work, known as the ‘new wave’ of Hong Kong cinema, tries to avoid commercial formulas, adopts more realistic expressive forms, and pays more attention to real social problems. For example, Fong’s *Father and Son/ Fuzi Qing* (1981) deals with communication difficulties between generations and the problems posed by the housing shortage in Hong Kong. Hui’s *The Boat People/ Touben Nuhai* (1982), is about the Vietnamese refugees in Hong Kong (see Law, 2001; Rodriguez, 2001).

There were also movies produced in the late 1980s and early 1990s which dealt with some issues raised by Hong Kong’s reunification with mainland China in 1997. Ann Hui’s *Song of Exile/ Ketu Qiuhen* (1990), for example, deals with problems of national identity and the meaning of ‘Chineseness’ by exploring a mother and daughter relationship. Some younger directors also joined in filmmaking in this period. Known as the ‘second wave’, they include Eddie Fong, Clara Law, Stanley Kwan and Wong Kar-wai (see Yau, 2001: 18; Fu and Desser, 2000). They have continued to introduce social concerns into Hong Kong cinema, though in a more post-modernist way. Law and Fong’s *Autumn Moon/ Qiu Yue* (1992), for example, embodies the uncertainty and anxiety of the 1997 reversion through a young couple’s relationship and immigration problems in Hong Kong. Wong Kar-wai’s *Days of Being Wild/ A Fei Zhenzuan* (1990), which deals with the relationships of several lost youths in the 1960s, is also an obvious allusion to the 1997 syndrome in Hong

However, without substantial state intervention, the 'new wave' and the 'second wave' rapidly became an alternative market segment promoted by private corporations, and most of the new directors were relatively quickly incorporated into mainstream production (Lent, 1990). More precisely, as Law argues, New Wave films emerged at a time when the major studios were searching for new talent for their productions (Law, 2001: 50). And films dealing specifically with Hong Kong's contemporary social realities could not generate a stable resource base because they could not attract sufficient domestic and foreign viewers.

For example, the domestic box-office returns of *Autumn Moon* were HK$ 209,679 which gave it 174th place in the year of its release. In contrast, the box-office champion of that year, *Justice, My Foot* / *Shen Si Kuang*, a film featuring the popular comedy star Steven Chiau (Chou Ying-chi), had revenues of HK$ 49,884,734 (Chen, 2000: 553-8). According to Chen, if we divide all Hong Kong films produced from 1970 to 1997 roughly into three major genres of action, comedy and drama (defined as more serious in content and form, like the works of the 'new wave'), the total annual top ten box-office hits contain 121 action films, 91 comedies, and only 26 dramas (ibid.: 44). As a consequence, the 'new wave' did little to change the main themes and structure of Hong Kong cinema.

The two particular cases we have discussed here – India and Hong Kong – demonstrate the core point that, an ideal national cinema cannot be achieved merely at the industrial level. It is always and everywhere also a matter of culture and representation. Even when we do not see the state or the ruling party promoting a specific, rigid and homogenous national identity through cinema, film in its commercial forms still plays a major role in maintaining the status quo in an indirect way. Its recurrent themes and structures taken together with its major silences and elisions, constantly undermine the goal of dynamic and progressive cultural development.
Chapter 4 State Intervention in the Cultural Sphere: The Case of Cinema

4.1 State, Culture, and Mass Media

All areas of public policy are fields 'of contestation between rival discourses, ideologies and interests' (McGuigan, 1996: 7). In the case of communications and cultural policies however, particular complexities and contradictions arise from the fact that the mass media are simultaneously significant industrial sectors and the pivot of public symbolisation. As Golding notes,

The reason regimes are involved in both these forms of regulation is that the media are at one and the same time cultural institutions providing major and core features of the symbolic and normative environment in which we live, while also being industries of enormous and growing significance in the changing industrial landscape, with substantial command of both the centres of key industrial growth, and of large proportions of consumers' disposable spending power (Golding, 1998: 10).

In the area of media content states might wish to purse a range of goals. They may want to promote particular informational or educational messages that they deem to be helpful in pursuing the public good and the development and deepening of democracy. They may wish to restrict the circulation of materials judged to be harmful to public health or public order or detrimental to the interests of minorities or vulnerable groups, such as children. And, perhaps most important of all, they may censor materials thought to be explicitly or potentially threatening to the security of the state or the political legitimacy of the government of the day (see Golding and Murdock, 1991: 24). At the same time, governments may also try to use the media to promote a positive picture of their activities and political measures. These activities are central to the development of a 'public relations state' (Golding, 1994), and to what Raymond Williams calls the 'display' function of cultural policy (Williams, 1984; also McGuigan, 1998).
Interventions in the economic organisation of media are characterised by a similar range of objectives. Firstly, states may seek to regulate the structure and operation of media markets through licensing, controls on the concentration of ownership, and the development of competition and consumer law. Secondly, they may allocate public resources to the media by way of subsidies and taxation arrangements on the grounds that such measures are necessary to address perceived 'market failures' and ensure diversity of production and equality of public access to key cultural and communication goods.

The basic modalities of intervention that underpin these various strategies have been usefully codified by Golding in the typology shown in Figure 4.1 (Golding, 1998: 10). In practice of course, national media policies are less clear-cut than these ideal types suggest, not least because they vary considerably from medium to medium depending on the medium's specific history and its perceived centrality economic and cultural goals. Consequently, we need to pay attention to the 'peculiarities' of film policies as well as to their communalities with other media sectors.

Figure 4.1 A typology of state interventions in media

<table>
<thead>
<tr>
<th>STRUCTURE</th>
<th>Interventionist</th>
<th>Liberal</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONTENTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interventionist</td>
<td>Authoritarian</td>
<td>Free market/strong state</td>
</tr>
<tr>
<td>Liberal</td>
<td>Regulatory</td>
<td>Libertarian</td>
</tr>
</tbody>
</table>


4.2 Mapping Film Policy

In common with other media sectors, film is both a significant industry in its own right and a major force within the wider configuration of the entertainment industry more generally and a primary producer of the images and narratives with which
popular culture pictures and explains the social world. Both these characteristics of the medium are addressed by film policies.

4.2.1 Cinema as industry and as culture

In every country in the world, film is integrated into an industrial system in which production, distribution and exhibition are linked together in an economic circuit. The surviving socialist countries, Cuba and China, are no exceptions even though the cinema still operates under strict state control. When they look at film as an industry states tend to focus on its economic roles as a source of employment, innovation and export earnings. In capitalist economies, the film industry is unambiguously part of the private sector. The major studios, distributors and cinema chains are owned by their shareholders and operated first and foremost as means of generating profits. State intervention is generally confined to preventing abuses of market power and maintaining the sector’s commercial viability. In contrast to broadcasting, where a number of capitalist states set up public broadcasting institutions funded out of the public purse, support for non commercial production and distribution is minimal.

In his pioneering analysis of the relations between the American state and American film corporations in the operation of the film industry and its expansion into the international film market, Tomas Guback concludes that state intervention ‘is a device to protect an economic sector from its own internal weakness and contradictions, as well as from pressures of a systemic nature originating in the economy at large’ (Guback, 1987: 91, see also 1969, 1985). The state does this, he argues, because it ‘shares the ideological commitments of the private sector and fosters its activities’ (Guback, 1985: 124).

At the same time, states know very well that film is not simply an industry like any other. The fact that its products have the ability to capture popular hopes and fears in resonant images invests them with more potential ideological power than a can of soup or a pair of shoes. For the state, the ideological power of cinema is a two-sided coin: potentially both supportive and threatening to the maintenance of its legitimacy. Hoping to disarm the subversive power of images authoritarian regimes mobilise cinema as part of the political propaganda machine. They impose strict censorship and control of content and carefully monitor the entire chain of production, distribution and consumption. In contrast, democratic states pay more attention to the cultural and
educational functions of cinema. Film is regarded as an expressive form with the power to disseminate ‘useful’ social and scientific knowledge and to foster social cohesion and tolerance by dismantling negative social stereotypes. It is also seen as an art form in its own right, with its own traditions, conventions and creative geniuses, who deserved to be studied in the interests of fostering a more informed and discriminating film culture. Consequently, except for certain minimal prohibitions on morally inappropriate contents, such as violence, sex, and racist messages, the state normally adopts a supportive and liberal position in managing national cinema.

Cinema’s intimate relation to national culture is a particularly pivotal aspect of its cultural role. For nation-states, cinema offers a potent art form capable of representing, constructing or maintaining national cultures and identities. From this perspective, cinema is positioned on the cultural spectrum closer to institutions like museums and national libraries and galleries than other entertainment media. As Johnson points out, one of the rationales for state cultural policies is that culture is ‘the ultimate guarantor of a nation’s cultural unity and identity’. Consequently, to ensure the integrity of national culture the state has to ‘protect society’s cultural memory and heritage, to defend its cultural values, to stimulate cultural production, and to ensure that culture is not defined exclusively by market criteria’ (Johnson, 1996: 134). These concerns may not always coincide with the priorities of studio owners and film producers however. Indeed, because national cinemas are most often supported through economic measures designed to favour ‘national’ productions (defined either organisationally or culturally) they may well find themselves in conflict.

So far we have discussed film policy in very general, synoptic, terms. In order to take our analysis further however it is necessary to look in more detail at the specific contexts in which the film policy is made and pursued. Here Guback’s suggestions (1987: 90-1) are particularly helpful. He contends that if state intervention is intended to be a solution to a problem, we should ask: ‘What is the problem? What are the causes of the problem?’ and, ‘Is state intervention capable of eliminating the causes, or will it be a mere palliative?’

4.2.2 Supportive and restrictive intervention

State can intervene either positively or negatively in relation to both the film industry and film culture. I call the negative policies, designed to bind, restrict or limit certain
industrial or cultural conditions and practices, *restrictive intervention*. Conversely, positive policies pursued to encourage, lead, and support particular industrial or cultural conditions and practices constitute *supportive intervention*. Taking this distinction and building on our earlier discussion of the dual character of cinema, we arrive at the general typology of film policies shown in Figure 4.2.

**Figure 4.2 General types of film policy**

<table>
<thead>
<tr>
<th>Cinema as Industry</th>
<th>Cinema as Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Supportive</strong></td>
<td></td>
</tr>
<tr>
<td>Establishing a special regulatory authority for the industry,</td>
<td>Promoting particular themes and contents</td>
</tr>
<tr>
<td>Eliminating barriers to market entry</td>
<td>Encouraging the teaching of film in schools</td>
</tr>
<tr>
<td>Special measures to aid the industry</td>
<td></td>
</tr>
<tr>
<td>Public subsidy to film production and distribution</td>
<td></td>
</tr>
<tr>
<td><strong>Restrictive</strong></td>
<td>Controlling film contents.</td>
</tr>
<tr>
<td>Regulating the structure of the industry,</td>
<td></td>
</tr>
<tr>
<td>Regulating the operational practices of the industry,</td>
<td></td>
</tr>
<tr>
<td>Special taxation arrangements for the industry.</td>
<td></td>
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</tbody>
</table>

In practice however, the practical consequences of any particular policy may well be at odds with the government's overall aims. A restrictive policy may aim to protect the national film industry and national film culture from international competition or

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1 Schnitman (1984) has distinguished restrictive, supportive and comprehensive protectionist film policies. A restrictive policy includes screen and import quotas, import tariffs, and customs duties, is designed to give the local industry some space by impeding a complete takeover of the local market by foreign concerns. A supportive policy includes film financing, loans, subsidies and training of local film industry workers. A comprehensive state policy would include both restrictive and supportive measures (ibid: 46). Since Schnitman was dealing with the protectionist film policies of Latin American countries, in which the film markets are dominated by the US films for a long time, no matter the policy is restrictive or supportive, the goal of the policy is to 'support' local film industry. This distinction is not helpful when we consider the real restrictive policy to the local film industry, like censorship. For a more general review of the film policy as a whole, I suggest the other definitions of supportive and restrictive intervention here.
incorporation. For example, a quota system, limiting the number of overseas films that can be imported and shown can provide tangible practical support for local production by freeing up exhibition capacity. At the same time, it does not, in itself, guarantee that the national film industry will develop in ways that coincide with the government's cultural aims. It could lead to a rash of cheap inferior local productions (quota 'quickies’) that damage the long term development of the local film industry, as happened in Brazil in the 1970s and 1980s (Johnson, 1996: 136-7).

4.2.3 National film policy

The general typology of state interventions in cinema shown above is a useful first step in analysis but to develop a fuller account we need to distinguish the different levels and patterns of national film policies. In particular, we need to look carefully at the which particular aspects of the film industry are the subject of intervention. We can identify five levels:

(1) Level one is comprised of the general environment and institutional settings in which the film industry operates.

(2) Levels two to four cover the major operational divisions of the film industry; production, distribution, and exhibition. Although in many countries, film companies have established vertically integrated structures which combine these three sectors, they still have specific function whether they are departments within the same corporation or independent companies. Certainly, most governments continue to regard them as separate sectors requiring specific policies, although because of the degree of structural integration policies aimed at one sector usually have knock-on effects on the other sectors.

(3) Level five is film content.

Restrictive policies

Restrictive measures may include:

A. The institutional setting of the industry Country's vary considerably in their patterns of cultural and media institutions, their administrative structures, and the balance struck between private and public enterprise. The USA film industry for example, operates in conditions that are overwhelmingly market-oriented and film
companies are seen as business organizations to be governed in key areas such as trade, competition and anti-trust by commercial law.

**B. Restrictions on ownership** States in capitalist economies generally impose some restrictions on the ownership of film companies. In most cases the primary aim is to ensure an 'acceptable' level of competition within the industry. In some instances however, market goals may be overridden by political considerations. In Indonesia for example, the distribution and exhibition sectors are privately owned but dominated by a single company, Subentra, owned by a relative of pre-President Suharto. Here we have a state sponsored monopoly. (Sen, 1996).

**C. Importation quotas.** Importation quotas regulate the number of foreign films that can be imported into a national market. With the exception of the US (which has the strongest film industry in the world), most countries operate some kind of quota system to regulate the domestic film market and protect the local film industry. Because these interventions involve cross-border cultural, economic and even political relationships, they are inevitably the site of international power struggles (see Miller, 1996). In some cases, governments may introduce a further distinction and classify imports by their source. In Indonesia, for example, the government imposes different import regulations depending on whether films have come from China, other Asian markets, or from Europe or America. (Sen, 1996: 176).

**D. Screen quotas.** Here again, practices differ from one country to another. In Latin American countries for example, quota systems may insist that a set percentage of all films exhibited must be locally produced or they may require nationally originated materials to be shown on a fixed number of days in any one year (Johnson, 1996: 135-6).

**E. Censorship.** As mentioned earlier, States employ censorship to restrict or revise representations that they feel may threaten or damage either their own political legitimacy, or national security, and the public good. In democratic countries where the censorship system is operated by a public or civil organisation the standards adopted are generally relatively liberal in relation to political content except in times of war or national emergency or in relation to tangible threats to national security or public safety, as in the case of 'terrorism'. However, decisions in contentious moral areas, or in relation to children and other social groups judged to be vulnerable, may well be more restrictive. Where the censorship system is controlled by the government however, both moral and political content is likely to
be subjected to close scrutiny and extensive regulation covering themes, imagery and narrative structure.

**Supportive policies**

Measures supportive of the film industry may include:

A. *A Special authority body* Some states provide institutional support for cinema by establishing a dedicated administrative body. The CNC (*Centre national de la cinématographie*) which was established in 1946 in France is the prototypical example. It is charged with 'maintaining control over the financing of films, the receipts from box-office takings and statistics pertaining to the totality of film practices' (Hayward, 1993: 45). Similarly, the National Film Finance Corporation in Britain acted as a film bank and played a central role in financing British films between 1950 and 1984 (when it became British Screen Finance Limited) (see Guback, 1969: 146-9).

B. *Financial aid* As these instances suggest, providing finance to the domestic industry, and particularly to film production, by way of direct subsidies, low-interest loans or prizes, is perhaps the most important supportive aspect of film policy. At the same time, these interventions inevitably raise questions about *what kind* of film should be supported, *how* decisions on resource allocation should be made, and by *whom*. As Johnson notes, in his discussion of subsidy policy in Brazil, these issues 'caused the state, on the one hand, to enter into competition with non-favoured sectors of the industry and, on the other, to become a site of contention for competing groups' (Johnson, 1996: 142-3). The questions of *where* the money comes from also poses problems. One often adopted measure is to impose special taxation on imported films or adult films and to use revenues raised to subsidise local film production. The French government for example, takes four per cent of the box-office revenues of X-rated films to use as subsidy (Hayward, 1993: 42). Some raise revenues from other media sectors, most notably the video and television industries, by for example, introducing levies on blank video tapes that might be used to record films off-air. And some use money raised from general taxation appropriations or reallocate revenues raised from other financial sources such as the National Lottery in the UK (see McIntyre, 1996).
C. International co-production

Facilitating co-production and co-distribution projects between by two or more countries' film companies can also be a useful support for film production. Pendakur defines co-production as that ‘the principal mechanism used by film and television producers to pool capital and labor from around the world and gain market access globally’ and he identifies four variants: public- and private-sector co-productions in a given country; public- and private-sector co-productions of different countries; private capital from different countries; and treaty co-productions (Pendakur, 1990: 194-5). Public policies are particularly relevant to the second and the fourth of these. Hoskins and his colleagues have usefully summarised the possible benefits of international co-production. These include pooling of financial resources, access to foreign government's incentives and subsidies, access to partners' markets, access to third-country market, access to a project initiated by a partner, cultural goals, desired foreign locations, cheaper inputs in partner countries, and learning from partners. In addition, co-production is widely regarded as an effective way to make films capable of competing with Hollywood products.

D. Promotion in overseas markets

Policies in this area mainly help the production and distribution sectors. When the governments consider promoting domestic film products in international markets, the various kinds of quota system pursued by other countries are seen as barriers that need to be eliminated. Action to dismantle these barriers can be seen as a supportive measure for their domestic film industry. This is particularly evident in countries in which have relatively strong film industry, like the US. In fact, there has been a long history of the American state using its economic, political and even military advantages to negotiate or enforce other countries' governments to remove 'barriers' to the entry of American film companies (see Guback, 1985; Jarvie, 1992; Thompson, 1985).

E. Promoting specific films

States may also use prizes or special subsidies to promote and encourage certain themes, genres, and political ideologies in films.

To these five major forms of positive intervention we also need to add support for industry training, the encouragement of film archives and education, and subsidies to non commercial distribution.
The range of possible policy interventions, both supportive and restrictive, are summarised in Figure 4.3.

**Figure 4.3 The film industry policies**

<table>
<thead>
<tr>
<th>Institution</th>
<th>Supportive intervention</th>
<th>Restrictive intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Establishing a special authority to aid film industry development.</td>
<td>Setting the institutional frame for the industry, Restrictions on ownership,</td>
</tr>
<tr>
<td>Production</td>
<td>Subsidies, Loans, Prizes, International co-production, Tax breaks, Training, State production,</td>
<td>Licensing production, Taxation,</td>
</tr>
<tr>
<td>Distribution</td>
<td>Exploiting overseas markets, International co-distribution, Subsidies, Loans, Prizes, Market research, Tax breaks, State distribution,</td>
<td>Taxation, Importation quota</td>
</tr>
<tr>
<td>Exhibition/Consumption</td>
<td>Subsidies, Loans, Prizes, Tax breaks, Training, Film literacy and education Establishing a National film archive and theatre,</td>
<td>Taxation, Imposing quotas on the import and exhibition of overseas films.</td>
</tr>
<tr>
<td>Film Content</td>
<td>Subsidy and prizes for the films with specific themes or contents</td>
<td>Censorship, Rating systems</td>
</tr>
</tbody>
</table>

4.2.5 International and Regional Interventions

Most discussion of film policy focuses on national initiatives. Increasingly however, relevant decisions are being made either at a supra-national level or devolved down to regions or even municipalities within a nation state.
The audio-visual policies adopted by the European Union to aid the development of the European audio-visual industries are perhaps the most prominent example of supra-national action. In addition, trade agreements made by international economic organisations, particularly the World Trade Organisation (WTO), play an increasing important role in established the operating environment of national cultural industries. Successive US governments have consistently pressed within the WTO and its predecessor GATT, for the removal of trade barriers that they judge are detrimental to the economic interests of their domestic media corporations, and have been met with strong resistance by some European countries and other Member States. There will be more discussions on this issue in the next section.

The other relevant level of contemporary intervention are the film policies implemented by regional or city governments. In England, for example, there were, until recently, ten regional arts boards (RABs) that accepted funds from the Arts Council of England and the British Film Institute (BFI), and provided production funds for regional cultural productions, including films (see McIntyre, 1996). In India, several state governments have assisted in developing regional film production in local languages by way of low-interest loans and subsidies. Some states have also instituted cash awards for meritorious films (Pendakur, 1996: 166-7).

4.3 Trends in Film Policy in the Global Age

Taking European countries as examples, McQuail argues that in the post-war period, media policy was predominantly ‘national’ in character, shaped by normative concerns relating to the needs of ‘democracy’, with an emphasis on the role of the media ‘in public life’. But today this phase of policy making, he stresses, is over (McQuail, 2000: 28). Though neither the emerging structure of new media and communications nor the new policy paradigm may not be entirely clear yet, we can, he argues, identify several major transitions in media policy (ibid.: 29):

(1) A process of deregulation spreading from the USA to Europe and further;
(2) The commercial exploitation of significant new media and key elements of old media (broadcasting in particular);
(3) The deregulation and privatisation of telecommunications monopolies;
(4) Proliferating impacts from the globalisation of media structures and flows.
Though his arguments are based on the European experience, the tendencies he identifies within the new media environment and media policies are increasingly evident in other regions. Taking his analysis a stage further we can suggest that national media policy today has to respond to the three interrelated global trends in the media and communications system mentioned in Chapter 1: globalisation, marketisation, and digitalisation.

The accelerating global exchange of cultural artefacts, and particularly the increasing pervasiveness of American brands and products, has created a gathering crisis for most countries' national cultural products and national culture. National governments are faced with the challenge of devising appropriate measures for maintaining both domestic cultural production and national identity. Although national governments are still the main actors in the global political economic arena, and national media policy still has its irreplaceable significance (McQuail, 2000; Collins and Murroni, 1996; Sorbet, 1998), the fact that national sovereignty has been progressively eroded by the strengthening web of global economic interconnections makes implementing national media policies more difficult.

Secondly, following the rapid rise of neo-liberal economic thinking in the late 1970s and 1980s in Britain and the US, media policy has become inextricably caught up in the dynamics of marketisation. The concepts and practices of deregulation, liberalisation, and privatisation in media and communications have spread all over the world and maximizing market 'freedoms' is now widely regarded as the best way to advance communications. However, this does not mean that social-cultural goals have disappeared altogether. As McQuail points out, they are still important rhetorically, but at the same time, the idea of the public interest 'is being significantly redefined to encompass economic and consumerist values' (McQuail, 2000: 31; see also McQuail and Siune, 1998).

Thirdly, the process of digitalisation and technological innovation has contributed to growing media convergence. The boundaries between different media have become increasingly blurred. In response, commentators have called for the creation of a single regulatory agency to replace the present array of medium specific authorities (Collins and Murroni, 1996), a call that is now being heeded in a number of countries. However, the process of media convergence has not been oriented to public interests. On the contrary, it has been driven primarily by the liberalizing and privatising tendencies in government media policies. These in turn have paved the
way for further concentration and the emergence of huge cross-media conglomerates. Faced with these Behemoths, Collins and Murroni argue, national governments ‘can no longer control all aspects of their media and communications regimes’ (ibid.: 15).

Today’s world cinemas and national film policies are also a part of these interlinked transitions in the media environment and media policy but with some special features. Four major tendencies in world film industries and national film policies are particularly important.

4.3.1 Deregulation / liberalisation
Within the accelerating flow of global film and television programs exchange, the majority of products traded are still produced by large conglomerates based in the US. The global market share of Hollywood movies has constantly increased since the end of the First World War. Recognising that the film markets of developed countries have been saturated, Hollywood majors have increasingly turned in the last decade to the markets of developing countries in Asia, Latin America, Africa and the former Soviet-Union. As the data contained in Table 4.1 shows, while US movies have enjoyed no significant expansion since the mid 1980s in the film markets of the developed Western countries and Japan they have significantly increased their share of imported films in a number of countries in the developing and emerging worlds. In Egypt for example, a country with a long established and significant film industry of its own, the US share increased from 38.7% in 1985 to 70.9% in 1994, while in Russia, another country with a strong tradition of national film making, it jumped from 14.1% in 1990 to 74.3% in 1994. These changes are partly the outcome of the US government exercising its political and economic power to pave the way for its locally-based film companies to obtain the maximum market. It usually uses the various occasions presented by multilateral and bilateral trade negotiations with other countries to place pressure on them to deregulating specific restrictions on film distribution and exhibition in the name of ‘free trade’ (see Comor, 1997). For example, in South Korea, the direct distribution of films by foreign companies was forbidden until the late-1980s allowing Korean distribution companies to dominate the importation and distribution of foreign movies in the Korean market. In the bilateral trade negotiations with the US in 1987 however, this provision was removed and US
Table 4.1 The proportion of the US films in the importation films of selected countries, in percentage

<table>
<thead>
<tr>
<th></th>
<th>Westerns</th>
<th>Asia</th>
<th>Latin America</th>
<th>Africa</th>
<th>Eastern Europe</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>France</td>
<td>Germany</td>
<td>Italy</td>
<td>Japan</td>
<td>S. Korea</td>
</tr>
<tr>
<td>1970</td>
<td>NA</td>
<td>NA</td>
<td>51.7</td>
<td>50.8</td>
<td>66.1</td>
</tr>
<tr>
<td>1980</td>
<td>32.2</td>
<td>NA</td>
<td>35.7</td>
<td>67.5</td>
<td>53.8</td>
</tr>
<tr>
<td>1985</td>
<td>40.6</td>
<td>59.3</td>
<td>56.3</td>
<td>68.2</td>
<td>76.5a</td>
</tr>
<tr>
<td>1990</td>
<td>57.3</td>
<td>60.5</td>
<td>67.6</td>
<td>53.3</td>
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</tr>
<tr>
<td>1991</td>
<td>53.0</td>
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<td>66.5</td>
<td>52.7</td>
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<td>1992</td>
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<td>64.7</td>
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<td>1993</td>
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<tr>
<td>1994</td>
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<td>1995</td>
<td>57.0</td>
<td>68.5</td>
<td>64.0</td>
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Notes: a. the data of 1966.  
b. the data of 1964.  
c. the data of 1969  
companies started to distribute films directly in Korea the following year (see Park, 2000).

The ascendancy of neo-liberal economic thinking since the 1980s has also encouraged many national governments to adopt liberalizing and commercially oriented policies on their own initiative. For example, in the three years between 1983 and 1985, the Thatcher government in Britain suspended two of the main statutory measures protecting the national film industry to set the industry ‘free’; the importation quota and the Eady levy which returned a proportion of box-office takings back to production. In addition, they transformed the public-owned National Film Finance Corporation (NFFC), established in 1948 as a specialised bank to make loans in support of British film production and distribution, into a private-owned company British Screen Finance Limited (see Hill, 1993; 1996).

4.3.2 Hollywoodisation

In addition to importing Hollywood films, many countries imitate various aspects of Hollywood’s operating system, from industrial organisation and the star system, to film styles and genres. Nor are these simply ideas and rationales that operate at the level of discourse and expression. They also shape the strategies adopted to defend and revive national cinemas faced with the threat of Hollywood.

In the debate over what kind of European audio-visual policy can most effectively prevent European audio-visual products and cultures from further decline, one of the most widely voiced suggestions among many politicians and professionals is to support European media enterprise and foster corporate integration by loosening regulations on ownership and mergers. The aim is to establish several media giants as ‘regional champions’, capable of competing with major US companies both within Europe and on the world market. However, as some scholars have pointed out this strategy is problematic since it mainly benefits media capitalists and offers no guarantees that it will serve the public interest by increasing the diversity of production (see Curran and Seaton, 1997: 341-3; McQuail and Siune, 1998).

Some national governments and film industries, particularly in the non-Western world, concentrate more on imitating Hollywood. The Indian, Hong Kong and Japanese film industries are examples. They adopt major elements of Hollywood blockbusters, such as special effects, big stars, simplistic narratives, and vast scenes.
and mix them with specifically local themes and genres. These might include newsworthy social phenomenon (such as gangsters and crime in Hong Kong and Japanese movies), local legends (such as the monsters in Japanese movies), and traditional cultural practices (such as the dancing and singing sequences in Indian movies or the use of kung-fu and other martial arts in Kong Hong movies).

This strategy of 'hybridisation' enables the national cinemas of Japan, Hong Kong and India to compete relatively effectively with Hollywood both in their domestic markets and in regional (particularly Asian) markets. The governments in these countries pursue a liberal attitude providing some general supporting in the form of loans and tax breaks to encourage this tendency without clear guiding policies. Though the strategy has been adopted for long time, it is only in the past two decades that large film companies have started to see it as a way to survive and have begun to implement it more actively.

Recently, the South Korean film industry has joined in this group. Facing direct competition from Hollywood as a result of the opening-up of the film distribution market in 1988, Korean film companies adopted the strategy of increasing investment to make more 'box office hit-oriented films'. The average production cost per film rose from approximately US $140,000 in 1984 to US $206,086 in 1990 (Park, 2000: 54). The 1999 blockbuster The Spy / Shirì, for example, takes the familiar conventions of the Cold War thriller typified by the James Bond series, but focuses on the confrontations and conflicts between a North Korean female spy and South Korean intelligence agents. With its spectacular explosions and action scenes, The Spy enjoyed major success both within Korea and in the neighboring foreign markets of Japan, Taiwan, and South-East Asia. It opened in Seoul (the capital city of South Korea) in the same week as Hollywood blockbuster Star Wars: Episode I and attracted 2.46 million views while Star Wars had approximately 800,000 admissions (ibid.: 66).

Another important aspect of the Hollywoodisation process is that many talented film workers leave their home film industry to work in Hollywood. This migration has been accelerated in the last decade by the increasingly unequal resource allocations among international film markets. The Hong Kong film industry is a good illustration with a number of internationally famous directors like John Woo and Tsui Hark, and well known stars like Jacky Chan, Jet Li, Chow Yun-Fat, Michelle Yeoh, moving to Hollywood in the past ten years. For the Hollywood studios, there are
considerable benefits. By assimilating these talented and already famous professionals they can provide Western audiences with novelty and Asian audiences with familiarity. At the same time, their departure may have serious cultural and economic implications for their countries of origin further reinforcing Hollywood's comparative advantages and weakening the competitive situation of their home cinema industries.

4.3.3 Internationalising protectionist intervention

Faced with the continuing expansion of Hollywood all over the world national governments are increasingly tempted to resort to protectionist intervention. However, as argued earlier, their relatively weak position in bilateral negotiations coupled with the pressure exerted by the coalition of the US state and Hollywood in international economic organizations has forced most countries to retreat from protectionist measures. The only exceptions are developed Western countries, where a strong will is combined with substantial economic resources. One of the most prominent examples is the audio-visual policy adopted by the European Union.

The main objectives of EU audio-visual policies are 'to establish and ensure the functioning of a genuine European space for audio-visual services and to contribute to develop a strong, forward-looking programme industry that can compete on world markets and help European culture to flourish and create jobs in Europe' (Goldberg, et al., 1998: 56). These goals are pursued through a combination of defensive and active interventions.

First of all, the European Union has secured a space for the free circulation of audio-visual products and broadcasts within the EU itself through the Television Without Frontiers Directive (Directive 89/552/EEC adopted in 1989, revised in 1997). Controversially, the Directive uses a quota system. Article 4 requires Member States to ensure that broadcasters reserve the 'majority' of transmission time for European works. The fact that a range of programme genres, such as news, sports,

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2 In the EC legal system, the 'regulations' are the highest level legislation that lay down the same law throughout the Community and apply in full in all Member States. By contrast, the 'directives', at the second highest level right below the regulations, are to reconcile the dual objectives of both securing the necessary uniformity of Community law and respecting the diversity of national traditions and structures. A directive is binding on the Member States as regards the objective to be achieved but leaves it to national authorities to decide on how the agreed objective is to be incorporated into their
events, games, advertising and teletext services are excluded from the quota provisions, suggests that its major aim is to protect the European film and drama production (Goldberg et al., 1998: 61). However, the Article only stipulates that the objective should be achieved 'where practicable and by appropriate means' leaving individual Member States with a considerable degree of discretion over how vigorously they police the target.

Not surprisingly, the Directive was strongly opposed by the US who claimed that the quota contravened the free trade principles of GATT and looked forward to stopping the Directive in the Uruguay Round GATT talks held in 1993. This action was opposed by most European countries as well as by India, Canada, Japan, Australia and some of the Third World countries, who asking for the Directive to be considered as an affirmative cultural exception. The negotiations were unable to reach an acceptable compromise and the Directive was able to stand, and the issue was left to be reconsidered by future WTO conventions.

Though some sceptics doubt the practical effectiveness of the Directive (see Collins and Murroni, 1996: 122-125), the EU opted to maintain it with slight revisions after the 1997 evaluation. The sceptics have a point however. Since its adoption in 1989, the Directive has not increased the proportion of transmission time devoted to European works across television broadcasts in Member States. In the survey years 1992, 1993-94, and 1995-96, the percentages of the broadcasters surveyed who complied with the quotas were respectively 63.6, 61.5, and 66.4. This is not surprising. The number of television channels grew from 110 in 1992 to 214 in 1996. Most of these of additional channels are privately owned and tend to rely on cheaper foreign programmes. Given this, one might expect that the overall percentage of broadcast time devoted to European production would drop. The fact that it has not can be counted a success. (Grantham, 2000: 153-62).

EU audio-visual policy also provides direct supports for developing European audio-visual industries. The main scheme is known as MEDIA (Measures to Encourage the Development of the Industry of Audio-visual Production). The first phase of the programme was formally started from 1991 and ran until 1995 with a
domestic legal systems (Borchardt, 2000: 65).

3 For the details of the dispute, particularly between the US and France, see Grantham (2000), also Miller (1996).
budget EUC 200 million, to support production, distribution, training, and financing. At the beginning of 1996, another five-year programme, MEDIA II, came in to force with the budget increased to EUC 265 million. It focuses on three priority areas for support: the training of European professionals, the development of (pre-) production projects aimed at the European and world markets, and the transnational distribution of European films and television programmes. The latest version, MEDIA PLUS, for the years 2001 to 2005, focuses on digitalisation trends in mass media, is currently under consideration in the European Parliament. It is perhaps premature to evaluate the effects of the MEDIA programmes but the fact that the EU institutions have continually renewed them and increased their budgets suggest that they believe that they have positive potential.

4.3.4 International Cooperation

Due to the steadily rising costs of production and distribution (including marketing and promotion) and the further expansion of Hollywood, international co-production agreements have assumed greater relevance as a way to sustain the development, or ensure the survival, of many national cinemas. Many governments actively pursue this kind of measure by signing treaties with other governments, or providing some subsidy or tax concession to encourage their domestic companies to adopt international co-production projects.

France has probably been the most active country in pursuing this approach. Together with Italy it was the first country to sign a co-production agreement in 1949 (Jakel, 1996: 85-7, see also Guback, 1969: Ch10). Today, France has co-production agreements with almost forty countries. Another prominent example is Canada, which has negotiated more than forty treaties (Hoskins, et al., 1997: 100). Films certified as official co-productions become eligible for financial assistance from the Canadian Film Development Corporation (CFDC) and also qualify for tax shelter provisions. (see Pendakur, 1990: 194-221).

The EU authorities see co-production as a major aid to making European films and programmes that can compete effectively with Hollywood. Since 1990, the number of

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4 The data about MEDIA programmes introduced here are mainly according to Goldberg, et al. (1998) and the official website: http://europa.eu.int/scadplus/leg/en/s20013.htm. When there are differences in the amount of budget between these two sources then I go with the later.
pan-European co-productions has been constantly growing. In the late 1990s, of the more than 500 feature films produced yearly, 30 percent were co-productions (Steil, 1996: 49). The Council of Europe has created a fund called 'Eurimages', which provides 10 to 15 per cent of the budget of tripartite European co-productions (ibid.: 52). Another project, developed under the umbrella of the MEDIA programme, called EURO AIM (European Organisation for an Audio-visual Independent Market), has developed a number of communication platforms for fostering dialogue between buyers, financiers and producers. It provides spaces for independent producers to present their projects and partially financed products in the hope of attracting potential co-financiers and other kinds of cooperation (ibid.: 52-56).

The co-production strategies are informed mainly by economic concerns. They are seen as an effective way to gather more financial resources, reach more markets, share market risks, and make products more competitive, though the results may not always be as good as predicted (see Hoskins et al., 1997: 106-112). Kallas for example, found that the costs of recent international co-productions in Europe are normally higher than those for national productions and concludes that the strategy 'has most certainly not strengthened the European industry'. Though it could be argued that this is due to ineffective way the strategy has been operationalised rather than the strategy itself (Kallas, 1996).

In contrast, the cultural implications of international co-production have attracted far less debate and research. There are two main schools of thought on the cultural significance of European co-productions. One expects that increased co-production activity will result in a distinctive 'European aesthetics' or, at the very least, an audio-visual industry with 'European specificity' (see Hallenberger and Krewani, 1996). The other argues that co-production practices could counter the increasing fragmentation of the European marketplace by synthesizing different national characteristic, producing new hybrid forms that increase overall programme diversity (Wieland, 1996). Both these arguments are too simplistic. As Murdock points out, co-production is not simply a means of spreading costs but also a symbolic intervention (Murdock, 1996: 107). Because the majority of present co-production projects are organised mainly with economic gains in mind, they are likely to look for themes and genres that have the maximum potential to cross borders. This means that they are likely, firstly to be relatively disconnected from local cultural and societal contexts, secondly to feature internationally famous stars with the danger that the production
will be designed as a vehicle for their established repertoire of characters, and thirdly, to work with already familiar and popular genres and narrative forms. These possible cultural restraints imposed by pressures towards 'bankability' deserve more sustained analytical attention than they have so far attracted.
Chapter 5 China and Taiwan in the Global Age: A General Introduction

Contemporary China emerged out of the unprecedented encounter with the West. Some commentators date the emergence of modern China to the long transitional period which lasted from the end of the Ming dynasty in 1643 to the end of the Qing dynasty in 1911, when European explorers and missionaries began to arrive in increasing numbers and Western learning was introduced. Others nominate the Opium War of 1839-42 and the consolidation of foreign imperialism as the principle departure point of modernity in China (Hsu, 1995: 4-5). However, both arguments accurately identify foreign influence as the primary factor behind the profound changes that China experienced in the 19th century (see Fairbank, 1983).

The rise of modern China, however, was not characterised by a passive response to foreign forces. Rather, as Hsu argues, it was formed by the Chinese state’s struggle to 'meet the foreign and domestic challenges in an effort to regenerate and transform their country from an outdated Confucian universal empire to a modern national state' (Hsu, 1995: 13, emphasis added). This was the major aim of the Chinese Nationalist Party (the Koumintang or KMT) led by Sun Yat-sen that established the first republican regime in China (the Republic of China, ROC). There are two principle forces at play here. The first is imperialism, which was conductive to the rise of nationalism, with some scholars regarding the history of modern China therefore as a history of nationalistic revolution. The second is modernisation. China was a major civilisation that 'suddenly found itself in a minority position in the world' and tried to adjust itself to the new system being set in place by the increasing globalisation of western modernity (Fairbank, 1983: 1; see also Fairbank and Liu, 1980).

Yet, the end of the imperial dynasty and the establishment of the republic were not accompanied with peace and prosperity. Externally, foreign imperialist invasions never stopped with the largest threat coming from a newly modernised Japan. Domestically, the increasingly bitter struggle between the KMT and the CCP (the Chinese Communist Party) became the dominant feature. Consequently, when the Chinese eventually won the war against Japan in 1945, the civil war intensified. In 1949, the KMT was defeated by the CCP and withdrew to Taiwan, an island formerly
occupied by the Japanese off the south-east coast of the mainland. There they maintained the ROC and claimed sovereignty over the whole of China. The CCP, led by Chairman Mao Ze-dong, established the socialist People’s Republic of China (PRC) on the mainland and China and Taiwan went their separate ways thereafter.

5.1 The Trajectory of Taiwan’s Development

Taiwan along with South Korea, Hong Kong, and Singapore are widely recognised to be the world’s success stories in relation to economic development over the past half-century and are categorised as the Newly Industrialised Countries or Economies (NICs or NIEs). From the mid-1960s to 1989, the share of total world trade held by the four NICs grew from 2 percent to 10 percent (Shibusawa et al., 1992: 66). Between 1965 and 1996, the average annual growth of GNP in real terms for the world at large was 3.1 percent. In contrast, South Korea grew at an annual average rate of 8.9 percent, Taiwan at 8.7 percent, Singapore at 8.3 percent, and Hong Kong at 7.5 percent (Castells, 1998: 206). Due to this impressive performance, the four countries have also been dubbed the ‘four Asian tigers’ (among Western commentators) or the ‘four Asian dragons’ (by Chinese writers).

On the basis of the extensive research literature now available on the East Asian NICs (Henderson & Appelbaum, 1992; Castells, 1992; Douglass, 1994; Eun, 1996; Li, 1997; Castells, 1998), we can summarise some of the critical factors in the emergence of these four economies:

(1) The heritage and influence of the colonial experience (Japan in Korea and Taiwan, Britain in Hong Kong and Singapore).

(2) International politics. From the 1950s to the 1960s, as a consequence of the Cold War the US considered the countries of the Pacific Rim as the vital front against the expansion of Communist force, and granted them major military and economic aid.

(3) The international economy. From the late 1950s to the 1970s, the world trade experienced an unprecedented expansion. The core countries in the world economy provided a ‘window of opportunity’, particularly in markets for

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1 Excepting the data of Taiwan is from the website of the Directorate General of Budget, Accounting, and Statistics in Taiwan (DGBAS). See http://www.dgbas.gov.tw/dgbas03/bs4/abstract.htm.
manufactured commodities. Then the profit squeezed in the core countries in the late 1960s and early 1970s led to a new international division of labour.

(4) Distinctive cultural features. The common Confucian heritages have supported states intervention and management of economic and societal matters. 

(5) The availability of a relatively well educated, disciplined, low wage and high productivity labour force.

(6) Export-oriented economies and corporations with flexible market strategies.

(7) Strong states taking a leading role in guiding economic development.

Analytically, the first three factors are historically specific to shifting international political and economic conditions. The other four are the outcomes of internal interactions between state, market and society. Although all these factors have played a role, in the key stage of the emergence of the East Asian NICs, in the 1950s to 1970s, it was the state’s strategic and pivotal role in coordinating internal and external forces and orchestrating a ‘late development’ process that proved crucial. These states have enjoyed an unusually high degree of autonomy relative to markets and civil societies which has enabled them to dominate the pattern and orientation of economic and national development to the extent that some scholars have dubbed them ‘developmental states’.

5.1.1 The concept of the developmental state and Taiwan

According to one of the advocates of the concept of the developmental state,

> A state is developmental when it establishes as its principle of legitimacy its ability to promote and sustain development, understanding by development the combination of steady high rates of economic growth and structural change in the productive system, both domestically and its relationship to the international economy (Castells, 1992: 56).

While he adds that the meaning of ‘legitimacy’ varies in different historical contexts of the birth of the East Asian NICs, which were born out of the need for survival, they achieved this ‘by affirming the only legitimacy principle that did not seem to be threatening for the international powers overseeing its destiny: economic development’ (ibid.: 58). Thus ultimately for the developmental state, economic development is not a goal but a means. As Harris also points out, the states of the East
Asian NICs (though Hong Kong may be a partial exception) faced severe military rivalry that drove the early developers to transform their domestic economies. He argues that national economic development—as opposed to companies just making a profit—is invariably a by-product of the competition of the states, not a spontaneous outgrowth of the operation of markets (Harris, 1992: 74).

In the case of Taiwan, the KMT regime came to full power in 1949 and struggled to 'recover' the mainland. However, it was the communist invasion of South Korea that prompted the US to support Taiwan as a political bulwark against the expansion of communist power and to support the KMT's efforts to build the island into an alternative showcase of an 'authentic' Chinese nation-state. This authoritarian state dominated and facilitated economic development firstly by moving the Taiwanese economy toward import substitution industrialisation and later, when the potential of the domestic market to stimulate growth was exhausted at the end of 1950s, by shifting to an exportation orientation. The KMT state also emphasised education and implemented a nine-year compulsory education system with the aim of creating a highly educated, well-trained, efficient, and disciplined labour force for production (see Aldcroft, 2000).

Another critical features of Taiwan’s economic development is that the backbone of Taiwanese industry was made up of a large number of small and medium-sized enterprises (SMEs) rather than large corporations like the chaebol in South Korea (see Castells, 1992; Shibusawa, et al., 1992). Most of these local firms were run by families or networks of relatives and neighbours. They acted as subcontractors for foreign manufacturers located in Taiwan and as suppliers of international commercial networks mainly in light manufactured goods, such as shoes, umbrellas, and bicycles. Their small size allowed them to respond flexibly to changing world demand and variable international market conditions. This type of development also helped to maintain a relatively equal income distribution.

Since the late 1970s, Taiwan has moved from an export strategy based on labour-intensive manufactured goods to high technology products, particularly personal computers and peripheries. The KMT state pursued a series of plans to upgrade Taiwan’s industrial environment which included the creation of one of the most successful high technology parks in Asia, in Hsinchu in 1979. By 1998, Taiwan's hardware information technology industry yielded a total production value of US$33.8 billion and has become the country’s most important foreign exchange
Taiwan has been the world's third-largest computer hardware supplier since 1995, behind the US and Japan (Government Information Office, 2000).

Although the term 'developmental state' seems a useful way to characterise the pattern of Taiwan's post-war economic transition the concept has attracted criticism. For example, Dogulass argues that the term 'developmental' requires further debate and interpretation (Dogulass, 1994: 556-7). He notes that the meaning of 'development' should not be limited to economic growth but should also include improvements in the welfare of all citizens, political democracy, and the human treatment to labour. Accordingly, the concept of 'the developmental state', he suggests, may be usefully revised to 'the economic developmental state'. Nevertheless, critics cannot deny that the concept does explain convincingly the developmental trajectory of Taiwan and other East Asian NICs, at least before the mid-1980s. The more substantial challenges to the concept are not theoretically from within, but practically from the consequences of the changing world conditions which will be discussed next.

5.1.2 The democratisation and liberalisation of Taiwan

One of the fundamental factors that underwrote the ability of developmental states to accomplish their projects was 'their political capacity to impose and internalise their logic on the civil societies' (Castells, 1992: 64). This involved three movements. Firstly, the ruthless repression on political dissents. Secondly, the destruction or disorganisation of countervailing sources of power and their total subordination to the state. Thirdly, the successful incorporation of the working class by raising living standards, providing access to education and health, and ensuring a relatively equal income distribution (ibid.: 64-6).

Nevertheless, the constitution of societies does not remain unchanged nor are the relationships between states civil societies fixed. As Castells puts it,

The process of development in the NICs succeeded in implementing not only transformed the economy but completely changed the society. A new, more assertive capitalist class, ready to take on the world, emerged in the 1980s, increasingly confident that it no longer needed a state of technocrats, racketeers, and political police. A new, consumer-oriented, educated, liberal middle class decided that life was all too good to be sacrificed for the historical project of an artificially invented nation. And a new, more conscious, better
organised social movements, workers, students, citizens, women, environmentalists, appeared to be ready to raise questions about the conditions, goals, and sharing of development (Castells, 1998: 286; see also Harris, 1992).

In Taiwan the initial challenge to the KMT’s hegemony came from outside the island. In 1971, the PRC replaced the ROC to take China’s seat in the United Nations. The US decision to normalise relationships with the PRC in 1978 followed. These serious diplomatic failures frustrated the Taiwanese people and, more important, warned the KMT state, as an emigrant regime, that its claim to represent the ‘authentic’ China was no longer endorsed by the world’s most powerful political actor. Consequently, to maintain its political legitimacy it had to look inward to local society. To this end, President Chiang Ching-kuo pursued a series of substantial but gradual political reforms aimed at moving towards ‘nativistisation’. They included parliament reform and recruiting more native Taiwanese into the core of KMT’s party apparatus and into the central government.

Alongside these reforms the KMT state also began to gradually loosen its political control, with the consequence that long-repressed social forces began to make their voices heard. In the cultural field, the ‘Native Literature Debate’ of the mid 1970’s, which focused on literature’s role in articulating Chinese and Taiwanese cultural identities, shifted attitudes to the idea that Taiwan was a part of Greater China in academic and literature circles.

At the same time, political opposition, particularly among native Taiwanese dissenters who were strongly pro-Taiwanese independence, mobilised on an unprecedented scale. The major focus for this movement, the Democratic Progressive Party (DPP), held their first Representative Assembly in 1986. The following year, martial law was lifted with restrictions on newspaper publishing being revoked the next year. After that the processes of political, economic and cultural transitions accelerated markedly.

Political opposition was not the only major force within civil society involved in the social change however. The island’s capitalists, as Castells mentioned, were ‘ready to take on the world’ and no longer needed the state. Indeed, as some Taiwanese scholars argue, the political economic transition of Taiwan in the 1980s and 1990s can be best characterised as a process of coalition building between the state and the capitalist classes in which a new concord was struck and the working
class and other civil forces were abandoned. The state helped the leading factions of the capitalist class to pursue capital accumulation and they in turn supported the government’s efforts to maintain political legitimacy and social stability. The implementation of ‘liberalisation’, therefore occurred prior to the movement towards ‘democratisation’ (Wang, 1993; see also Hang-zhi, 1990). Furthermore, Taiwan has been incorporated more fully into the global economic system through the new networks that developed between local and international capital, an issue I will come back to later.

In a truly historic moment, the KMT lost the presidency in the 2000 Presidential Election to the DDP, after an unbroken 50 years’ reign. Although the DDP had had close relationship with and benefited from the support of labour and social movements in its founding stages, the new government continued, rather than altered, both the coalition with the capitalist classes and the move toward a free enterprise state. One of the main reasons why Taiwan’s political transition has taken this direction was because arguably the issue of national identity and the political tensions around unification or independence have been more influential than class relations in post-war Taiwanese society.

5.1.3 Ferment in the field of national identity

The issue of independence or unification has been the most significant influence shaping every aspects of social life, from politics and economy to people’s everyday activities, in contemporary Taiwan. The origin of the problem stems from two historical circumstances.

First, until 1945 Taiwan had had no real connections with mainland China since the Qing dynasty handed it over the imperial Japan in the late nineteenth century. Over this period, substantial changes were taking place in mainland China. Added to which, whereas mainlanders had experienced ruthless invasions and massacres by Japanese troops, during the fifty years of colonisation the islanders had displayed no such extreme hostility to imperial Japan. Furthermore, the colonial Japanese had kick-started the process of modernisation in Taiwan, moving it ahead of the mainland in key areas of infrastructure such as the railway, telegraph and electricity systems. These achievements had positive connotations in many Taiwanese people’s memories.
Second, when the defeated KMT state retreated to Taiwan it insisted that it still had sovereignty over the whole of China although the mainland was by then effectively under control of the CCP. The only point of agreement between the KMT and the CCP was that Taiwan was one of the provinces of China and that its people were ‘Chinese’, both in terms of ethnicity and culture. In addition, since PRC took over the ROC’s seat in the United Nations in 1971, Taiwan has been relatively isolated from international society. Except by a few small developing countries, most of them are in Latin America and Africa, ROC has not been recognised as a nation-state internationally. According to Giddens (1987), its formal absence from the interstate system increasingly called the viability of ROC into question.

Before the late 1980s, the authoritarian KMT state used both violence and ideology to maintain its political hegemony. The massacres and violent repression that occurred during the late 1940s and the 1950s sowed the seeds of distrust and hatred between the mainlanders (people who moved to the island after 1945 at the end of Japanese colonisation) and the islanders or ‘natives’ (people who had themselves moved or whose families had settled before 1945). At the same time, the KMT exercised tight control over the education and media systems in an effort to convince the Taiwanese people of their officially defined ‘Chineseness’ and to mobilise support for the national mission to overthrow the Communist regime and recover mainland China. In the process it oppressed not only emergent native identities but also any alternative channels for understanding the real situation obtaining in Communist China.

As mentioned above however, the ever-present tensions between mainlanders and islanders fuelled political forces supporting Taiwanese Independence while simultaneously eroding the authority of the KMT. As a consequence, since the 1970s the opposition between independence and unification has become the dominant theme of Taiwan’s politics. This antagonism also distorts and conceals the real social contradictions embodied in the neo-liberal process of development. At the same time, ‘Taiwanese identities’ have undergone a process of recreation and the cultural connections with the colonial Japanese have been re-invented. Non-governmental exchanges across the Taiwan Strait, particularly the thickening web of economic links, have also made the issue more complicated. If a nation is an imagined community, the national identity of Taiwanese people has now become the site of intense contestation andimaginative reorganisation (see Wang, 2000).
5.2 The Socialist Journey of China

The two main issues in the rise of modern China, as already mentioned, are nationalism or anti-imperialism and modernisation. For first time since the Manchu rulers lost power in 1911 the Chinese Communist Party, which was established in 1921, achieved a unified China (except for Taiwan). In his speech delivered at the First Plenary Session of the Chinese People’s Political Consultative Conference in September of 1949, Mao Ze-dong made a particular point of emphasising this new unity:

[...] The Chinese have always been a great, courageous, and industrious people. It was only in modern times that they have fallen behind, and this was due solely to the oppression and exploitation of foreign imperialism and the domestic reactionary government. ...We have united ourselves and defeated both our foreign and domestic oppressors by means of the people’s liberation war and the people’s great revolution, and we proclaim the establishment of the People’s Republic of China. ...The era in which the Chinese were regarded as uncivilised is now over. We will engage in the world as a nation with a high culture (quoted in Shram, 1971: 167-168).

Castells accordingly argues that the Chinese revolution was not a socialist revolution, but ‘primarily a nationalist revolution with socialist characteristics’ (1998: 303). In fact, some scholars note that the CCP adopted the Soviet Model of development as much for its emphasis on industrialisation and modernisation as for its communist features. More importantly, the CCP was constrained by international political conditions. With the Cold War at its height the new government entered into a war with the US in Korea within months of its establishment (Riskin, 1987; Amako, 1994). Under these conditions, it is not surprising that the CCP adopted policies ‘for maximum control and an approach to political organisation and economic planning that would benefit from close alliance with the Soviet bloc’ (Riskin, 1987: 3).

Yet, the great experiment led by Mao seemed not to be successful in terms of making China strong and catching up with the world’s most advanced countries. Economic growth in China in terms of net material products in comparable prices had been fairly rapid during the period of the first Five-Year-Plan (1953-1957), reaching on annual average almost 9 percent, but after that the growth rate slowed down
significantly and averaged annually only about 5 percent during the two decades between 1957 and 1978 (Chai, 1997: 2). The distance between the living standard enjoyed in China and in its neighbouring Chinese societies, Hong Kong, Singapore, and particularly Taiwan, also widened during these years. All these factors seriously eroded the credibility of the CCP government. Indeed, another group of the CCP leaders, including Deng Xiao-ping and Liu Shao-qi, regarded Mao’s strategy to be seriously wrong and had their own answers to the question of how to make China strong (Castells, 1998: 304-5; also Riskin, 1987: 3). After Mao’s death in 1976, these reformists led by Deng seized their chance to give economic modernisation priority over the building of socialism and the market-oriented reforms started (see Lam, 1995: chapter 1).

5.2.1 The Reforms: from planned to market economy

There are two major elements in China’s reform programme after 1978. The first is the introduction of market mechanisms into the economy. Relevant measures include; the reduction in the scope of planning; increasing the autonomy of enterprises; the liberation of product and factor prices; and the creation of both product and factor markets. The second is to the adoption an open door policy focused on the liberalisation of foreign trade and foreign direct investment (FDI). The policy has re-linked China with the global economic system (see Chai, 1997; Gao, 1996; Mackerras et al., 1994).

In terms of major economic indicators, the reforms in China after 1978 have achieved some substantial successes (see Table 5.1)\(^2\). Between 1979 and 1999, the average annual growth of GDP was 9.6 percent. In the period of 1992-1996, in which Deng reconfirmed his market policies and before the Asian financial crisis of 1997, the average annual growth rate even reached 12 percent. At the personal level the average consumption level of residents in real terms in 1999 was four times greater than it had been in 1978. The open door policy has been relatively successful in

\(^2\) As same as the cases of East Asian NICs, the success of China’s late development has its specific outer political economic conditions. The most important factor, among others, is that the period of first stage of reform, the 1980s, was the time when the East Asian NICs started to seek for upgrading their industry and lowering costs in labour and land. At this point, China became one of the best countries to co-operate with, particularly for Taiwan (see Hsing, 1998).
increasing foreign trade and attracting foreign direct investments. By October 1994, there were 22,700 enterprises with foreign investment had been established in China which together accounted for 34 percent of China's foreign trade (Chai, 1997: 188). In addition, with the notable exception of the 1989 Tian'anmen Square Incident, the short-term transition costs, in terms of inflation and unemployment and social stability, have been lower in China in comparison with its Eastern European counterparts (Chai, 1987:192 –199; also Mackerras et al., 1994).

Table 5.1 The economic performance of China's reform

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP (100m yuan)</th>
<th>GDP per capita (yuan)</th>
<th>Indices of resident consumption level</th>
<th>Import and export (100m yuan)</th>
<th>Realised FDI (100m US dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>3624.1</td>
<td>379</td>
<td>100</td>
<td>355.0</td>
<td>8.81*</td>
</tr>
<tr>
<td>1999</td>
<td>80422.8</td>
<td>6534</td>
<td>422.3</td>
<td>26896.3</td>
<td>21.28</td>
</tr>
</tbody>
</table>

* The data of the years 1979-1983.
Source: Compiled from the website: www.stats.gov.cn/sjzj/ndsj/zgnj/mulu.html.

The most important feature of China's reform process however, is that the state and the leadership of the CCP have taken total control from the beginning. Chinese officials have characterised their strategy as 'crossing the river while groping for the stone'. They have pursued a gradualist approach in which economic reforms have preceded the more sensitive political reforms. In cases of negative effects and impacts on society or on the leadership of the CCP, reforms might be halted or even reversed. The system was characterised, by Chinese officials, as a socialist market economy in which the operation of markets is effected under socialist conditions and based on public ownership (Gao, 1996: 5-6). Indeed, the most prominent measure adopted in East European countries under the impact of the globally spreading neo-liberalism and which has had far-reaching negative consequences, the privatisation of state owned enterprises, still has not yet been accepted by the CCP state (see Lam, 1995: 73-5).

From another perspective, as Castells points out, the model China has been pursuing is very similar to the model of the developmental state (Castells, 1998: 306). The CCP leaders including Deng and his successors Jiang Ze-ming and Zhu Rong-ji,

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3 For resolving the potential theoretical contradiction embodied in the model, Deng Xiao-ping has made clear during his 1992 'nanxun', literally the imperial tour of the south, that market economy does not equate with capitalism and socialism does not equate with planned economy (see Lam, 1995: 19).
in fact are on record as particularly admiring the Singapore model where a developmental state has not only taken full control over fostering economic growth but has also dominated civil society (see Lam 1995 127; 8 Castells 1998 306; 7)

Accordingly Castells argues that those observers who predict that the power of the CCP will decline as market reforms are extended misunderstand the dynamics at work. He stresses that the network of Communist party organisations is still firmly in control of most voluntary associations and expressions of civil life. For example, in spite of having some deregulation of its mass media system, China is the only country in the world which is having some success in controlling Internet websites and hookups. He therefore argues that whether civil society can act autonomously and democracy develop will depend essentially on how well the CCP is able to keep its authority (Castells 1998 317; 8) It is too early to predict how China's transition will proceed in the near future. However, Castells' argument is limited by his focus on the relationship between the Communist state and civil society inside China and his lack of attention to the growing influence of external forces, particularly the US and American-based multinational capitals as China is absorbed into the global economic system. The continuing capacity of the CCP leadership to maintain its authority within its territorial boundaries does not mean that it will not be eroded by global forces. Indeed, this is probably the key factor to note in observing China in transition.

There is one more phenomenon that needs to be noted here. Unlike Taiwan, the national question in China today revolves not around splits in national identity (as in Taiwan) but around the rapid revival of nationalism. Faced with the dispute over Diaoyu Island with Japan in 1996, the bombing of the Chinese Embassy in Yugoslavia by the US in 1999, and the crash of the US reconnaissance plane in Hainan Province in 2000, Chinese people have responded with mass nationalist demonstrations in major cities. One Chinese university professor described the date of the bombing in Yugoslavia as the day that all Chinese must not forget and the day that already resurgent Chinese were once again insulted and humiliated by the West (Fang et al. 1999 1). In the summer of 1996, a book titled *China Can Say No* which attacks America's alleged military and cultural imperialism and expresses strong hostility to the West became the best seller in China and prompted a tide of nationalistic publications. For the Chinese scholar Dai Jinghua, the dynamic behind this movement lies with the contradictory sentiments of Chinese people generated by the simultaneous recognition that China may once again be a major power in the
world but still lags behind the advanced Western countries in many respects (Dai, 1999: 135-66). The possible manipulations of nationalistic sentiments by the CCP state or by the rising forces of capital is likely to have profound impacts on Chinese society in the future.

5.3 Facing Global Trends: The Asian Financial Crisis

In 1997 and 1998, the prosperous Pacific Asian economies were for first time plunged into a serious crisis. Some economies almost collapsed (Indonesia, South Korea), others went into a deep recession (Malaysia, Thailand, Hong Kong, the Philippines), and the leading economy in the region, Japan, was shaken by financial bankruptcies. Taiwan and Singapore survived from the crisis but suffered much less. China was even stronger and became the major force contributing to the stabilisation of the region. As Castells points out, a consideration of the causes and characteristics of the 1997-8 Asian crisis may be helpful in understanding ‘the specific process of integration of Asia in global capitalism and the new features of global capitalism itself’ (Castells, 1998: 208). Understanding how Taiwan and China have negotiated this crisis is also helpful for further inquiry on the political economic and cultural conditions of the two cases.

5.3.1 The causes and characteristics of the Asian crisis

The Asian crisis was basically rooted in a financial panic. It began with the devaluation of Thai baht in July 1997, and the ensuring financial instability in the rest of Southeast Asia, South Korea and Hong Kong. Foreign investors and lenders (mainly American and Japanese banks and funds) lost confidence in the local economies and pulled out money suddenly selling local currencies and stocks, first in Thailand and Indonesia, then moving on to other countries, particularly South Korea. These actions prompted further devaluation of currencies and increased debts that forced some firms into bankruptcy. Demand contraction and increasing unemployment followed.

There are two main explanations for the formation of this crisis. The first attributes it to the internal failures of Asian economies. This view, mainly held by neo-liberalist economists, stresses that it was the inefficiency of state-directed economic development and so-called ‘crony capitalism’ that prompted foreign investors to lose
confidence and lead to financial crisis. This explanation is both misleading and insufficient. It cannot explain why the same institutions held responsible for the crisis had earlier been capable of contributing to decades-long rapid and sustained economic growth. Secondly, it cannot explain why the crisis swept the whole region and spread to the countries outside of the region like Russia and Brazil (Wade, 1998; Lo, 1999).

In contrast, the alternative explanation places much more emphasis on external political and economic factors and on the financial connections between local and international economies. It argues that foreign investors and lenders lost confidence because domestic firms in Southeast Asian countries and Korea had created high ratios of debt to equity in the 1990s and short-term debts exceed foreign exchange reserves (Wade and Veneroso, 1998: 10; Tabb, 1998). ‘High ratios of bank deposits and loan intermediation to GDP, and of corporate debt to equity’, Wade and Veneroso argue, ‘make the financial structure vulnerable to shocks that depress cash flows or the supply of bank or portfolio capital’ (ibid.: 7). This situation however, was a product of enormous foreign capital inflows coupled with the deregulation of domestic financial and industrial systems. By the 1990s, most states in East and Southeast Asia had undergone radical financial deregulation which aimed to attract more foreign capital flows and to revive economic growth (Wade, 1998; McNally, 1998). The lack of appropriate state regulation of international financial flows made these economies more vulnerable. In addition, the International Monetary Fund (IMF) intervened to ‘solve’ the crisis by insisting that these countries opened themselves still further to overseas capital (Wade and Venerso, 1998, see also Bullard et. al., 1998; Tabb, 1998). The rapid spread of the crisis to the whole region and to other countries is therefore most plausibly explained by uncontrollable international capital flows. The causes of Asian crisis, in sum, were the downward pressure on prices and profits brought on by overproduction on the one hand, and free flows of capital across national boundaries without appropriate state regulation on the other. It was, as McNally (1998) argues, ‘a product of capitalist globalisation, of the extension and intensification of capitalist contradictions on a world scale’.

5.3.2 Taiwan and China in the crisis

Among the four tigers, Taiwan was the least influenced by the Asian financial crisis. In 1998, the country’s economic growth rate 4.6 percent, a 2.1 percent decline from
the previous year. The rate quickly recovered however and reached an average of 5.6 percent in 1999 and 2000. There are three major reasons for this ability to weather the storm (Wade and Veneroso, 1998; Castells, 1998: 291-2).

First, substantial foreign exchange reserves, US$122.08 billion by the end of 1997, enabled Taiwan to keep the Taiwanese dollar stable and discourage most speculative attacks. Secondly, as noted earlier, the majority of Taiwan’s economy was made up of small and medium sized enterprises which were more flexible and competitive in the changing world market in the 1990s than the chaebol of South Korea and most had very low foreign debts. The third and the most important factor was the role of state. The Taiwanese government had adopted a relatively moderate stance in relation to financial deregulation and had determinedly defended the Taiwan dollar before 1997.

China too, was less hard hit than other countries. From 1996 to 1999, the annual GDP growth rate, although it had slowed down from the two digit growth rate of the previous four years, still reached an average of 7.9 percent, the highest in the Asian region. The Chinese government even actively saved the Hong Kong dollar from devaluation in 1998. Why was China able to absorb the shock of the crisis? The main factor was its still limited integration into the global economy (Castells, 1998: 315). Since the open door policy was first implemented, local industries remained well protected, the banks were not strangled by short-term foreign debts, and the banking system was still under full state control. In addition, after the crisis happened, the Chinese government embarked on a programme of government spending, estimated at 560 billion US dollars, to stimulate the economy.

The cases of Taiwan and China in the Asian crisis illustrate that the state still plays a decisive role in managing the impacts of globalisation. Elsewhere, the lack of appropriate and consistent state regulation of financial and banking systems and international capital flows was the main cause of the crisis in South East Asian countries and South Korea. As Castells concludes, ‘it was not state intervention that caused the crisis, but the inconsistency of this intervention’ (ibid.: 292).

Whether the autonomy enjoyed by states is sustainable in the new century is highly questionable however. Increasing involvement in the global capitalist system is probably a downward spiral in which a country’s deepening participation locks them ever more securely into its dominant logic. The more a state obeys the rules of the system, the less power it will maintain. At the beginning of the new century however, China and Taiwan are both seeking to integrate themselves more securely into the
global economy system. Both economies were formally admitted as members of the World Trade Organisation (WTO) on the 11th and 12th of November 2001 respectively.

5.3.3 China and Taiwan in the present conditions of globalisation

The establishment of the GATT (General Agreement on Tariffs and Trade) in 1948, and the later launch of the WTO, were initiatives designed primarily to protect and improve the economic advantages enjoyed by the advanced countries, and particularly the US. The WTO, in fact, ‘is a trade regime which maximises the interests of the giant corporations’ by eliminating state-imposed barriers which restrain their freedom of action (Tabb, 2000). The WTO rules, dominantly set by a handful of the richest countries, unavoidably erode the autonomy of other nation-states in managing and guiding their domestic economies in line with their own concerns. The WTO has thus become the major agent of capitalist globalisation.

Applying to enter the GATT, and later the WTO, has probably been the most important political task for the governments on both sides of the Taiwan Straits in the past decade or so. China started its application in 1986 and Taiwan in 1990. It was widely argued that participation in the WTO would bring fairer foreign trade relationships and guard national economic interest. However, before any real advantages can be seen, China and Taiwan have already paid high costs for formal entry. During the application process, both Taiwan and China promised a wide range of deregulation measures, from lowering tariffs to opening specific markets, and from abolishing state subsidy to lifting quotas. Furthermore, these adjustments were not limited to economic matters but extended to questions of political co-operation. The requests for adjustments to policies and laws came primarily from the US. As Bello and Rosenfeld argue, ‘the United States had been transformed by the late 1980s into an aggressively protectionist power’ (Bello and Rosenfeld, 1990). The issues of intellectual property right and audio-visual products became a particular concern for the US in trade negotiations with both China and Taiwan after the mid-1980s.

As a condition of entering the WTO, Taiwan has planned to reduce the average nominal tariff rate on industrial products from 6.34 percent to 4.34 percent and that on agricultural products from 20.02 percent to 16.20 percent. Most quota systems will be abolished and state subsidy on many products reduced. Constraints on foreign
investment in the stock market will be revoked. A new copyright law, patent law, and trade mark law were passed before 1998 to meet the requests from the US in relation to the Trade-Related Intellectual Property Rights Agreements, TRIPS, sponsored by the WTO (Board of Foreign Trade, 1998).

The impacts of these changes on Taiwan may seem immediately evident however. This is because since the late 1980s, the state of Taiwan has adopted a gradual liberalisation policy and there has been no significant public debate on participation in the WTO and global economic system. Despite the 1997-8 Asian crisis, the Taiwan government seems not to have learned the lesson of how crucial the state intervention is in managing the economy. On the contrary, it has steadily relinquished state power to the market. Meanwhile, most Taiwanese firms have developed flexible strategies to adapt themselves to the changing world market. Though there have been peasant and labour protests over some of the economic and labour policies changes introduced in the 1990s, the opposition has been too weak to influence decision making. As a consequence, as Castells points out, by the end of the decade Taiwan’s enterprises and the country as a whole were fully integrated into the rules and procedures of advanced global capitalism with all the attendant benefits and risks. ‘Taiwan was, by and large, globalised’ (1998: 327).

For China, the situation is more complex since its developing market economy has a shorter history and is less extensive. China has agreed to reduce average industrial tariffs from 24.6 percent to an average of 9.4 percent by 2005. Though quotas currently apply to a wide range of products, most of these will be eliminated immediately upon entry to the WTO and the remainder will be entirely phased out by 2005. China has also agreed to apply WTO rules to its huge state-owned and state-invested enterprises, which means that these enterprises will be run according to commercial considerations. The regulations governing foreign investment and the financial and banking systems will be substantially liberalised (Nolan, 2001: 196-207). The US has taken the agreements entered into on China’s entry to the WTO very seriously indeed by launching, in the words of Charlene Barshefsky, the US leading negotiator with China, ‘the largest monitoring and enforcement effort for any agreement ever’ (quoted in Nolan, 2001: 207).

For two decades the Chinese government experimentally guided its own economic reforms. With its entry to the WTO under such detailed and internationally-set conditions, however, as Nolan concludes, ‘China would voluntarily give up its
autonomy in charting the complex path of economic reform' (ibid.: 196). With such a high-speed adjustment to the full force of the global capitalist system, the political, economic and cultural transformations of China are likely to be substantial in the foreseeable future. The authority of the Communist state, is also very likely to be significantly eroded. Indeed, alongside the advancement of business interests, this is an explicit objective of the China-US WTO agreement. It is widely assumed that opening China's information technology market will increase information flows both from inside and outside China and therefore 'promote right kind of change in China' (The White House, quoted in Nolan, 2001: 210).

In sum, given the substantial changes within and without Taiwan and China, the model of the 'developmental state' is now no longer viable or appropriate. Global political and economic systems have become increasingly decisive to the current transformations now taking place in both countries. This is certainly true for the transformations which are occurring in the sphere of mass communications and in specific cultural practices, such as cinema, the major focus of this thesis.

5.4 Mass Media in Contemporary Taiwan and China

Before getting into a detailed analysis of cinema, it is probably helpful to outline the current general conditions of mass media in the two cases we are considering here. There are two major and interrelated trends in the sphere of media: marketisation and globalisation.

Since martial law was revoked in Taiwan in 1987, the commercialisation and marketisation of mass media has been accelerating along with the general liberalisation of politics and the economy. Before 1987, the content and pagination of newspaper were strictly regulated by the KMT state, as was permission to publish. The majority of newspapers were either state / party owned or had a 'patron-client' relationship with the KMT, including the two largest private newspaper groups, the United Daily News and the China Times (Lin, 2000; see also Lee, 1994a). Once the restrictions were lifted, the market replaced the state as the major censorship mechanism. More than 50 newspaper licenses have been granted but most of them, including the relatively radical Capital Daily, have been unable to sustain themselves in the face of severe market competition. One survivor was an entertainment-and-sports-oriented paper, Da Cheng Pao. The pro-unification United Daily News and
China Times, along with the Liberty Times which was transformed through investments from a native and pro-independence capitalist, have gradually formed an oligopolistic structure in the press market. The deregulation of newspaper in Taiwan then, has actually fostered coalitions of partisan and economic interests rather than contributed to democracy.

In television, the situation is even more serious. Three state-owned commercial over-the-air television companies, TTV, CTV and CTS dominated Taiwan's television market before the 1990s. The significant penetration of foreign television channels into households through illegal cable television operating system can be traced to the late 1970s. When the Cable Television Law was passed in 1993, the coverage of cable television had already reached over 30 percent of Taiwan's households. At the same time, over fifty foreign television channels including HBO, CNN, ESPN, MTV and Disney from America, Star TV from Rupert Murdoch's News Corporation, NHK and TBS from Japan, and even the Fourth Channel of China Central Television (CCTV), entered into the market via satellite transmission and cable operating systems (see Rawnsley and Rawnsley, 2001). Local companies also joined this increasingly competitive but lucrative market and established dozens of new channels in the past decade, particularly news channels and movie channels with the latter (as we will see later) substantially damaging Taiwan's film industry. Without appropriate regulation, Taiwan's cable television has become one of the most laissez-faire and disorderly markets in the world. Over 70 percent of household are linked to a cable television service delivering an average of 70 channels. The majority of these are either foreign channels or local channels showing mainly imported materials with most providing highly homogeneous and frequently repeated programming (Feng, 1995). The progress of deregulation is still ongoing. In early 2001, the Legislative Yuan passed the amendment to the Cable Law abolishing the

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4 The fourth over-the-air television station, Formosa Television (FTV), was established in 1997 in which some leaders of the major opposition party at that time and the current ruling party, the DDP, were and still are the major share holders. In retrospect, the establishment was more like political bribe rather than democratisation of television.

5 According to the Broadcasting Law, Cable Television Law, and Satellite Television Law, the proportion of locally made programme in over-the-air television can not be lower than 70 percent, while the proportion of that in cable television is only 20 percent and there is no such quota for satellite television.
restriction on a single shareholder owning a cable operating system and increasing permitted foreign investment in ownership from 50 percent to 60 percent (it was completely forbidden before 1997).

Under intense competition from commercial cable television channels, the three major over-the-air television companies maintained their market share of advertising at 15.9 billion NT dollars (about 530 million US dollars) in 1999. While the total for other satellite and cable channels was 14 billion NT dollars (about 460 million US dollars) (Fang, 2000). The profit-oriented competition, however, has degraded the quality of programming, increasing the amount of entertainment and sensational content, and leading to more imported and less locally produced programmes.

In China, due to ideological considerations, the mass media remains one of the most strictly state-controlled spheres. However, after Deng's confirmation in 1992 that the road ahead led towards a market economy, marketisation of mass media has made appreciable progress. Like economic reform in general, media reform in China has been trying to introduce market dynamics while at the same time avoiding any significant political change or potential threat. The development of the current media system has therefore produced a mix of 'Party logic and market logic' and generated 'contradiction, tensions, and ambiguities' (Zhao, 1998: 2; see also Lee, 1994b; 2000).

For the CCP leaders, the media are still viewed as instruments of the Party, but they are no longer the instruments of class struggle but 'of economic and cultural construction, with a new stress placed on business information and entertainment' (ibid.: 34). Paradoxically however, once the state introduced market forces into the media system it could no longer bend it fully to its own will.

The pivotal process of marketisation within China's media is that advertising has become the single most important non-governmental source of media revenue and China's fastest growing industry since the early 1980s. National advertising sales grew from 0.118 billion yuan in 1981 to 6.786 billion in 1992, with an annual growth rate of 41 percent. The four major media—television, newspapers, radio, and magazines—received 64 percent of the total advertising sales in 1992 (ibid.: 57). By 1999, total advertising sales reached 62.2 billion yuan. The advertising revenues of television were 15.6 billion yuan, more than 975 times the amount of 1983. The advertising income of newspaper also reached 11.2 billion yuan in that year (Feng, 2000).
Meanwhile, the Chinese government has begun to cutting subsidies to newspapers with some loosing all subsidy since the early 1980s (Zhao, 1998: 53). Though the privately-owned newspapers and television have still not yet appeared in China, a few local private investments have been partially accepted in some newspapers since the mid-1990s (Tang, 1999: 259). Whether the transformation in the ownership of newspapers continues remains to be seen. Another substantial trend in newspaper has been conglomereration. In order to improving the economic efficiency and effectiveness of the press, the Chinese government proposed a project to guide newspapers toward conglomerates in the late 1990s an planned to establish 5 to 10 newspaper groups nationwide led by major Party newspapers.

The competition in television is not as intense as in newspaper. The only national television station, CCTV, retains its monopolistic status. From 1990 to 1997, the percentage of total television advertising revenues going to CCTV grew from 17.8 percent to 36.6. While the other 32 provincial television stations accounted 38.8 percent (Feng, 2000). However, unlike newspapers, which are operated mainly domestically, the potential challenges for China’s television may, indirectly or directly, come from outside its borders. First, in the past three decades, the percentage of CCTV's imported programming has steadily grown reaching 16 percent in 1996 and the percentages in some regional stations, particularly in the prosperous coastal areas like Shanghai and Guangdong, was estimated to exceed 30 percent. And the nationwide average of imported programming may be over 20 percent. Furthermore, imported programmes often occupied prime time slots and enjoyed high viewing ratings, particularly during the weekend (Hong, 1998: 70-1). Secondly, despite the ban on foreign satellite television broadcasting in China, some foreign channels have been trying to penetrate into coastal areas through receiving dishes and cable system. It was reported that in 1998 Star TV programmes were being watched in more than 30 million Chinese households (Zhao, 1998: 173). In the same year, the minister of Radio, Film, and Television, Ai Zhi-sheng, said that ‘foreign satellite television programmes have brought damages...they are penetrations in culture and ideology...the enforced regulation on the viewing of such programmes is needed’ (quoted in Lui, 1999: 163-4).

In response, the Chinese government has introduced some new measures. First, the new Broadcasting Rules limit the percentage of foreign television programming to 25 percent, and reduced the quota allowable in prime time to 15 percent. Secondly, the
Ministry of Radio, Film and Television has ordered three domestic satellite transmitters to switch from AsiaSat1 to AsiaSat2 in order to limit the transmission of Star TV content (see Zhao, 1998: 177). Finally, the Chinese government has determined to guide the television industry, like the newspaper industry, towards conglomeration and to eradicate inefficient units.

Overall, China’s media reforms have initiated a process of transforming media from Party organs into business organisations on the one hand while attempting to maintain the leadership of the CCP and ensure societal stability on the other. Whether these policies gradually encourage greater democracy or result in commercialisation without democracy remains to be seen. But one thing is certain. Along with China’s entry into the WTO, external pressures from both multinational capitalists and the states of countries where these corporations are based, mainly the US, will increasingly influence the Chinese government’s decision making. In October of 2001 for example, two multinational conglomerates, AOL Time-Warner and News Corporation, have for the first time been allowed to transmit their programmes to the cable system of Pearl River Triangle in Guangdong Province. News Corporation reportedly claimed that a new television station, owned by Star TV, is currently being planning and could be in operation in the near future. If this was to happen, it would send the clearest signal yet of the likely future for China’s media.
Chapter 6 Transnational Interests

Herbert Schiller has forcefully argued that the central dynamic of media globalisation is not ‘globalism’, but ‘corporate transnationalism’. This is certainly the case for film where the world market is dominated by a few transnational media conglomerates mainly based in the US. For them, Taiwan and China, as well as all other places in the world, are markets. China has always been one of the largest potential markets in the world and after its moves towards openness and reform since the late 1970s, the transnational communication corporations have been eagerly trying to exploit this ‘capitalist virgin’ land. On the other hand, despite its relatively small population, surprisingly, Taiwan has been on the list of the top 15 overseas market of American film industry since 1983 (Pendakur, 1990: 121). And from 1995 to 1997, it became the tenth largest along with other comparatively larger countries, such as Japan, Germany, Britain, France, Canada, Spain, Australia, Italy, and Brazil (Y.Li, 2000: 142).¹

The present chapter begins with a general introduction to the most significant globalising force in the world film market at the present time -Hollywood ² and then moves on to investigate how foreign films (mainly American) have influenced and may influence the domestic film industries of Taiwan and China.

6.1 Hollywood Empire

For much of the period before the First World War the American film market was in chaotic situation due to patent disputes among film companies and the world film market was dominated by the French film industry. The turning point was 1908, when the business cartel (the Motion Picture Patents Company) was formed, bringing a measure of order to the US market. A steady increase in film production followed and the American film industry started to move more concertedly into overseas markets

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¹ The sequence of these countries here was the ranking order of the largest overseas markets of the American film industry in 1997 (Y. Li, 2000: 363).
² It is to be known as a group of major film companies located in the US. Although industrial and market changes happen almost everyday, Wasko (1994: 41) argues that Hollywood is a three-tier society. Some media and entertainment conglomerates constitute the first tier, they are Warner Brothers (AOL-Time Warner today), Twentieth Century Fox (News Corporation), Columbia (Sony), Paramount (Viacom), Universal (Mitsubishi), and Disney (with ABC). Some secondary majors are in the second tier, such as MGM/UA and New Line Cinema. Other relatively-small scale and independent production companies compose of the third tier.
The European market was their first target. From 1909 to 1916, a number of American film companies set up distribution branches in London to act as centres for overseas distribution. They also gained a 60 percent share of the films imported into Britain. Germany was another major market. In both 1912 and 1913, American films held the largest share of the German market averaging around 30 percent. However, in the South and East Europe, French and Italian films were still in the majority (ibid.: 35-46).

The two World Wars were key turning points for the overseas expansion of the American film industry. After the First World War, the production systems of the leading European film industries had either been disrupted or forced out of business creating a vacuum into which American films flowed. In 1913, the total length of American exported films was around 32 million feet. By 1925, this figure had more than quadrupled and jumped to 235 million feet. During these dozen years, American film exports increased fivefold to Europe and tenfold to the remainder of the world including Far East, Latin America and a few areas of Africa (Guback, 1985a: 465).

By 1925, American films accounted for 95 percent of the total films released in Britain. In the two countries whose national industries had been major competitors to the American industry before the War, Italy and France, the proportions of total screen time occupied by American were 66 and 77 percent respectively (Guback, 1985a: 466). Thompson even estimated that 82 percent of the films censored in France in 1925 came from the US (Thompson, 1985: 125). In most of other European countries, American films also occupied over 50 percent of the total films in the markets.³ At the same time, 80-90 percent of the films shown in the countries of Latin America, Asia, and Africa, including Brazil, Mexico, India, China, and South Africa, were American in origin. In general then, except from a few countries (Germany, Japan, and Russia), the American film industry had established a dominant position in the world film market by the 1920s.

After the Second World War, war damages further increased the gap in film production capacity between the US and other countries. The protective measures developed before the War were stripped away, leaving many countries’ film markets defenceless. Moreover, as the general political and economic power of the US

³ Germany was the exception during this period. It was probably because Germany's relatively strong economic revivals and the German government implemented strict film importation quotas system. The
increased so the overseas expansion of the American film industry proceeded even more smoothly. All these conditions helped to maintain and enforce America's dominant control of the world film market. The situation was evaluated by one report prepared for UNESCO:

The large number of cheap American films available...apart from adding to the dollar deficit, is only one of the factors prejudicing the development of national film production industries. These industries, unable to recover their outlay on the films which they produce, are stunted in growth and become unable to meet the demands of the national market. The exhibitors, therefore, are driven to depend for their existence upon foreign, largely American, film (quoted in Guback, 1969: 17).

In addition to the conjunctural conditions created by the two World Wars, the American film industry enjoyed three structural features that made it invincible in the world market. First, as many authors have pointed out, the costs of most American films are already amortised in the home market because of its massive market capacity. As early as the 1920s, it was estimated that the US had about half the world's theatres and that the domestic American film market accounted for around 60 percent of the world film market. This substantial advantage of scale enabled American films to be rented cheaply in overseas markets and to compete strongly with national productions. (Guback, 1985a: 465; Garnham, 1990; Thompson, 1985; Maltby and Craven, 1995).

The second advantage stems from the strong alliance between the American state and the film industry. Many European countries have adopted various quota policies to resist the overwhelming expansion of American films since the 1920s. At the same time, faced with concerted lobbying from the newly formed trade association of the American film industry, the Motion Picture Producers and Distributors of America (MPPDA), the American government set up the Motion Picture Section in the Department of Commerce with the aim of helping the companies to solve foreign trade problems (see Jarvie, 1992). In 1945, the MPPDA became the Motion Picture Association of America (MPAA) and the former foreign department changed its name to the Motion Picture Export Association (MPEA). The MPEA was established as a share of American films of all films censored in Germany was reduced from over 40 percent before the War to 28 percent in 1931 (Thompson, 1985: 125; see also Guback, 1985a).
legal cartel under the provisions of a particular trade act, and though it violated the antitrust laws in the US, it 'allowed companies supposedly in competition in the American market to combine, to fix prices, and to allocate customers in foreign markets' (Guback, 1985a: 471). It was strongly supported by the state in its foreign negotiations and thus was called 'the little State Department' (Swann, 1991).

In turn, the American state benefited from facilitating Hollywood's overseas expansion. First, the appearance of American products and daily practices in American movies educated foreign audiences to consume and therefore promoted trade between the US and other countries. In the 1930s, according to a Department of Commerce estimate, 'for every foot of film sent abroad, one dollar in other goods was exported' (Thompson, 1985: 123; see also Jarvie, 1992: 302-5; Guback, 1985a: 466). The second advantage, though substantial, is not countable. It arises from the American government's use of exported American films as instruments of propaganda. The post-war international political situation reinforced this stance. For American government, the export of media materials which offered an attractive vision of the American way of life was a very effective weapon in its efforts to build American hegemony (Guback, 1985b, 1986; Swann, 1991).

The third major competitive advantage enjoyed by American film companies, lies with their global network of film distribution. Many authors have argued that distribution is the pivotal sector in the contemporary capitalist film industry. It determines where the artefacts made by the production sector are sent and controls what will be shown in the exhibition sector (see Guback, 1979; Garnham, 1990; Aksoy and Robins, 1992). As Thompson points out (1985: 91), the key contributing factor to the success of the American film industry in world markets after the First World War was that it ceased to focus solely on the European market and changed its distribution strategy from working out of London as the hub of the overseas distribution system to directly establishing distribution branches in foreign markets. Local control of film rental, marketing, and release was more effective and boosted profits. Hollywood also developed new distribution practices like block-booking and blind-bidding to strengthen its advantages in dealing with local exhibitors. According to Clarence J. North, first chief of the Motion Picture Division in the Bureau of Foreign and Domestic Commerce, writing in 1927:
The motion pictures of practically all our larger companies covering perhaps 85 percent of the total number of pictures that are sent abroad are distributed through the branch offices of the firms themselves. Such branch offices are known as film exchanges, and are located in the capitals and large commercial centres of practically every foreign country. Famous Players (distributing Paramount pictures) has over 125 foreign offices and Fox, Universal and Metro-Goldwyn-Mayer, have nearly as many. ...They sell pictures usually in blocks of from a dozen to four dozen, although it is possible for a theatre owner to take fewer at a higher price, however for each. The terms on which such pictures are sold either a flat rental price...[or] the theatre guarantee the exchange a certain amount for the picture and a certain percentage of the theatre receipts besides (quoted in Jarvie, 1992: 277).

Initially, Hollywood set up their overseas distribution branches mainly in Europe. After 1916 however, they started to move on to other places. Fox, Paramount, and Goldwyn (later MGM) focused on Central and South America and Australia. By contrast, Asian and African markets were paid relatively little attention. Universal was the only major exception in concentrating initially on the Far East market. It was the first American company to open branches in Japan (Asia’s most developed film market), India, and Singapore, all in 1916 (Thompson, 1985: 72-4). Other companies soon followed Universal’s lead and set up branches in Japan and by 1928, seven American film companies had operations there.

Today, the American film industry continues to dominate the world film market. But the nature of this domination has changed in two major respects since the 1950s. Firstly, the film industry has been integrated into an increasingly concentrated and converging multi-media industry. Contrary to many early predictions, the ‘new’ entertainment technologies, broadcasting television, home video, and cable television have not destroyed the film industry. Even the most threatened sector, theatrical exhibition, has survived by altering its operating patterns launching multi-complexes and integrating with other leisure activities. Hollywood companies have moved beyond film production and distribution and transformed themselves into transnational conglomerates. By integrating a wide range of media practices and acquiring new media businesses through huge domestic and international mergers (particularly in the first flush of the deregulation era in the 1980s), they have become the centre of the global entertainment business. Hollywood now is not exclusively
American owned, but the key companies are still controlled by shareholders from the advanced capitalist countries and the main practices of filmmaking continue to be based on models pioneered in the US. In addition, by moving to acquire multiple media outlets and taking full advantage of all possible spin-offs such as video games, toys, T-shirts, and theme park rides, the domination of Hollywood films in global markets has been not only consolidated but extended (Wasko, 1994; Balio, 1990; 1996). As a consequence, the routes through which transnational media corporations penetrate into national societies are now not confined to film and cinema. Hollywood has made itself a real empire.

The second major shift from the 1950’s is that overseas revenues have become increasingly important. In 1980 the American film industry relied on exports for one-third of its annual revenue, the same proportion as in 1950 (Miller et al., 2001: 6). By 1998, overseas box office receipts reached $6.821 billion a figure that almost equalled the domestic figure of $6.877 billion. Recently, most ‘star-driven event films’ from Hollywood have obtained more revenues from overseas than domestically. At the same time, the relative strength of other major filmmaking countries has been declining. The proportion of total receipts taken by domestic films was down to 2 percent in Canada, 4 percent in Australia, 5 percent in Brazil, 10 percent in Germany, 12 percent in Britain, and 26 percent in France (ibid.: 4-5). However, theatrical exhibition accounts for only a part of Hollywood’s global revenues and that proportion has been decreasing since the mid-1980s with the rise of home video and cable television market (see Table 6.1, and also Balio, 1996: 25).

Table 6.1 Worldwide revenues for US film companies (selected years)

<table>
<thead>
<tr>
<th></th>
<th>Revenues ($billion)</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worldwide</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Box-office rentals</td>
<td>2.701</td>
<td>4.629</td>
</tr>
<tr>
<td>Home video</td>
<td>2.411</td>
<td>5.714</td>
</tr>
<tr>
<td>Television</td>
<td>1.609</td>
<td>3.075</td>
</tr>
<tr>
<td>Total</td>
<td>6.721</td>
<td>13.418</td>
</tr>
<tr>
<td>Domestic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign</td>
<td>4.366</td>
<td>7.132</td>
</tr>
<tr>
<td></td>
<td>2.355</td>
<td>6.286</td>
</tr>
</tbody>
</table>

*. Based on 1998 box-office data only.
Now that foreign markets have become so crucial, Hollywood studios increasingly devise their managerial practices and marketing plans in the recognition that they are operating on a global scale. This is also why the US government and Hollywood continue to ‘assault other countries’ attempts to defend national self-determination on-screen via barriers to imports’ (Miller et al., 2001: 9) and to act aggressively in international intellectual right negotiations (see ibid.: Chapter 4).

These changed circumstances have enabled Hollywood to reach the zenith of its influence on other national cinemas, including China and Taiwan. With this in mind, we turn now to an examination of Hollywood’s operations in China and Taiwan.

6.2 When China met Hollywood

In July 1897, an American businessman brought films to make the first film exhibition in Shanghai. One press report noted that, ‘there is an electronic and lighting shadow show come from America recently. It was like shadow light machine. The show surprises people with magic and amazing fantasy’ (quoted in Cheng, 1981: 8). The novel cultural form apparently considerably interested local people. By 1927, there were about 106 theatres with 68,000 seating capacity established in major cities, and 26 of the 106 theatres were in Shanghai (Lee, 1999: 83). Movie-going was not only a new leisure activity but also ‘had become part and parcel of the modern way of life in the metropolis’ (ibid.: 118).

Although domestic film production began as early as 1905, the shortage of capital and the comparatively small scale of operations made the resulting products noncompetitive. As a result, foreign films dominated the Chinese market for over fifty years until the establishment of the People’s Republic of China. In common with the early world film market more generally, the majority of imported films were French initially but after the First World War, American films took the absolutely lead (Wang, 1998; Xiao, 1998).

In 1923, an American official estimated that US films made up 80 percent of all prints shown in the Beijing and Tianjin areas. At the same time, American films were reported to make up 90 percent of the films shown in Hong Kong a figure that may also have represented the situation in south China. In 1926, a Chinese filmmaker and distributor Luther M. Jee estimated that 450 foreign films had been shown in China that year of which 90 percent was American. Meanwhile, the Chinese made 57 films that year (Thompson, 1985: 143-4). American’s domination did not lessen until the
Second World War. From 1933 to 1936, the percentage of American films of all imported films in China persisted at over 80 percent (see Table 6.2).

Table 6.2 The proportion of American films of imported films in China (selected years)

<table>
<thead>
<tr>
<th>No. of imported films</th>
<th>No. of imported American films</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1933</td>
<td>431</td>
<td>355</td>
</tr>
<tr>
<td>1934</td>
<td>407</td>
<td>345</td>
</tr>
<tr>
<td>1936</td>
<td>367</td>
<td>328</td>
</tr>
</tbody>
</table>


During the Pacific War, Western (including American) films almost disappeared from China. Films produced by the invaders, Japan, significantly increased their penetration but never reached the market share formerly enjoyed by Hollywood. When the War ended in 1945, American movies were soon to recover control over China’s film market (Xiao, 1998: 70). Nevertheless, in the immediate post-War period, the domination of American films seemed to gradually decline, mainly due to the increasing technical maturity and popularity of domestically produced films (see Table 6.3). According to his investigation of cinema programmes in four major cities, Beijing, Tianjin, Shanghai, and Guangzhou, in the years 1927, 1937 and 1948, Wang noted that Shanghai showed the largest number of American films. In contrast, Beijing showed the fewest American films and the proportion decreased from 50 percent in 1927 to 22 percent in 1948. Turning from these major offshore cities to inland cities, such as Hungzhou, Fuzhou, Nanjing, Chungching, Xian, and Wuhan, during 1947 and 1948, the decline of American films in the markets was more prominent and sometimes Chinese films even occupied all the cinemas in these cities (Wang, 1998: 62-3).4

There are two explanations for this pattern. First, most early imported American were comedy shows with simple stories and documentaries of natural scenery. They were easily understandable and brought novelty to the Chinese audience. In contrast, feature films, which became the main product later, required audiences to have a

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4 Here Wang uses intended sampling method. The reason for selecting these three years is that 1927 was the transition period of China’s political regime, 1937 was the most prosperous period after the Republic born, and 1948 was the year that China’s economy and industry basically recovered from the War. The date January the 25th is normally close to Chinese New Year holidays. The numbers of different films shown are counted by the cinema advertising on that day’s newspapers. The method is a practical and relatively reliable as a reference with none record and data left.
knowledge of narrative conventions and American societal backgrounds to fully understand and enjoy them. This point relates to the second explanation. It was the people living in the major cosmopolitan coastal cities, particularly Shanghai, who were most familiar with Western cultures and had higher education who were the main audience for imported films.

Table 6.3 Films shown in four major Chinese cities (selected dates)

<table>
<thead>
<tr>
<th>Total screens</th>
<th>Films shown</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Chinese</td>
<td>American</td>
<td>European</td>
</tr>
<tr>
<td>25/01/1927</td>
<td>37</td>
<td>37 (32%)</td>
<td>23 (63%)</td>
<td>2 (5%)</td>
</tr>
<tr>
<td>25/01/1937</td>
<td>52</td>
<td>23 (42%)</td>
<td>28 (56%)</td>
<td>1 (2%)</td>
</tr>
<tr>
<td>25/01/1948</td>
<td>65</td>
<td>29 (45%)</td>
<td>35 (53.5%)</td>
<td>1 (1.5%)</td>
</tr>
</tbody>
</table>


As more cinemas opened in inland cities and better quality Chinese films began to be made, local products gradually became a significant counterpart of American films in the market. Here is how one author describes the movie-going situation in Hanko (an inland city in Hubei province) in the late 1920s:

Citizens were really enthusiastic in seeing movies, particularly domestically made movies. It was clearly because these movies have Chinese captions. Those who know nothing about foreign languages can easily understand the stories. Whenever domestic movies are shown, there were always crowds of people filled the cinemas. It's smashing! (quoted in Wang, 1998: 60)

Though the majority of the Chinese audience preferred locally produced films, American films still enjoyed vast advantages stemming from historical and political conditions. First of all, under the unequal treaties signed with imperialist Western countries, China did not have control over the importation of films (Xiao, 1998: 70). One critic has ever argued that, "the main reason why Chinese films could not develop prosperously was that the Chinese government did not have autonomy on customs. Because of that, Western films entered directly into the market without any barriers. In contrast, Chinese films incurred enormous tax duty and various regulations. The local film industry therefore yielded to these constraints and pressures' (quoted in
Wang, 1998: 59). After the Second World War, most of the old unequal treaties were abolished. But, the Treaty of Friendship, Commerce, and Navigation between the Republic of China and the United States of America, contracted by the KMT government in 1946, functioned as a new unequal treaty. It permitted the nationals of either contracting country to engage in and to carry on commercial activities, adhering to the principle of national treatment, throughout the whole extent of the territories of the other contracting country. While Chinese film production and distribution had no capacity to venture abroad at that time, this agreement empowered American film companies to exploit their business more thoroughly in China (and later on in Taiwan when the exiled KMT took control of the government of the island). This was not a completely novel situation however. Rather, it was the latest chapter in an unfolding story of co-operation between local and American interests.

In common with their operations in other places in the world, the Hollywood studios adopted specific distribution practices in China. Initially, American films were bought and brought to China by Chinese and foreign traders from the open film markets in London, New York and Hong Kong. In the 1920s however, Hollywood majors started to give franchises to specific agents to distribute their films. MGM, Paramount, Fox, Warner, RKO, Universal, Columbia, and United Artists (in that sequence) also set up their branch offices in major Chinese cities (Thompson, 1985). With the continuing expansion of China's film market, the majors increased their branch offices and recruited more Chinese officials in order to achieve better control of distribution and exhibition and lower personnel costs. Although Hollywood companies did not involve themselves in the theatre business, they dominated exhibition through profit-sharing and block-booking. For example, MGM had a contract with the Jinheng Theatre, the largest in Guangzhou, stipulating that the theatre showed no less than fifty MGM films every year but only around ten of these were likely to be popular and of good quality. The ratio of shared-profit for first run films was normally 50 / 50. After the Treaty was signed, Hollywood branch offices in major cities established an American Film Board for 'associating members' actions, resolving and arbitrating disputes among members, assisting members to enforce releasing contracts, to deal with theatres, and to allocate market and releasing.

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5 It was reported that only till 1946 the first American-owned cinema, Dahua Theatre, appeared in Shanghai (Wang, 1998: n5).
timetable'. As consequence, the relationships between Hollywood majors and local exhibitors became more unequal (Wang, 1998: 61).

Establishing this additional, centralised, arbitration system was partly a response to past experience. Trade disputes occurred frequently between Chinese and Hollywood film companies before the War. In 1934 for example, the cinemas in Guangzhou asked Hollywood films distributors to share the tax requested by the Finance Bureau of Guangdong Province but were rejected. Later, Paramount’s office in Guangzhou refused to pay the film censorship fee and argued that it should be paid by exhibitors. The association of exhibitors decided to boycott Paramount films. In the post-War period, with Chinese films getting more popular, Hollywood’s offices even intervened in contracted exhibitors’ operations and limited the release opportunities of Chinese films in these cinemas. For instance, after recovering from the Japanese occupation, the Great Nanjing Theatre in Shenyang (the capital of Liaoning Province) ended their contracts with foreign companies and moved to show Chinese films in 1947. American companies protested and argued that the action ‘violates the principle of the US-China Treaty and hinders American films’ sale in North – East area’. Similar conflicts also happened in Shanghai and Beijing (Wang, 1998: 61).

Apart from developing universal operational strategies, Hollywood has also used the advantages stemming from China’s specific historical and political conditions to achieve and maintain its dominant status in China. With the victory of the Mao’s forces in 1949 however, the story of ‘Hollywood in China’ develops in very different ways on the two sides of the Taiwan Strait.

6.3 Taiwan’s Fate of Colonisation

When the first movie came to Taiwan, the island was still under Japanese colonisation. The Japanese colonial government’s film policy restricted indigenous production and controlled distribution. The film market was therefore dominated by imported films, mainly Japanese and secondly American. With the end of the War and the withdrawal of the Japanese in 1945, the KMT regime from the mainland enjoyed a close relationship with the new imperial power in the Pacific, the US, due to its practical need for political and economic support. As consequence, Hollywood films started to pave their way to dominance on the island. Before we look at this process however, the situation of Taiwan’s film market before 1946 needs to be outlined first.
6.3.1 The first contact

In 1900, two Japanese businessmen, Shozo Matsuura and Inoichi Ooshima, brought a dozen of French short films to exhibit in Taipei (the capital of Taiwan). This was the first film show in Taiwan (Li, 1995; Ye, 1997: 31-32). Until the first permanent cinema, the Fangnai Guan, opened in Taipei, most film shows were presented by a mobile exhibition team led by the Japanese entrepreneur Toyojiro Takamatsu. The majority of the films he showed were European, particularly French (Ye, 1997: 38-40).

From 1910 however, with the Japanese film industry starting to develop, the majority of films shown in Taiwan became Japanese. Fangnai Guan and other subsequently established cinemas were all owned and run by Japanese and were part of the distribution and exhibition systems of Japanese domestic film companies. With the continuous grow of Taiwan’s film exhibition market, by 1923, Hollywood films also started to appear (ibid.: 55). The importation of Chinese films however, was still strictly controlled. In 1928, Japanese films accounted for 70 percent of the total films shown in Taiwan, while American films obtained a 28 percent share. Thereafter American films maintained their position as the second largest presence in the market, behind Japanese films. Until 1935, the proportion was maintained above 10 percent (W. Wang, 1994: 43), and was about 16 percent in 1940 (Lu, 1961: 29). When the Pacific War began in 1941 however, the Japanese colonial government prohibited the importation of American, British and French films and replaced them with films from the two other Axis powers, Germany and Italy (W. Wang, 1994: 44; Ye, 1997: 81).

The film exhibition business had grown significantly since the 1930s in Taiwan. The number of cinemas increased from 8 to 20 between 1930 and 1932. By 1941, the total had reached 40 not counting many other theatres that showed local dramas as well as films (W. Wang, 1994: 70). This buoyant situation attracted some major Japanese film companies to Taipei to set up their branch offices. Hollywood also noticed this development. Paramount and Universal particularly instructed their branch offices in Tokyo to deal with distribution and exhibition matters in Taiwan (Sai Ichikawa, 1941). In the late 1930s, the distribution franchise for Hollywood films was held by two companies. They were the Taiwan Film Company, mainly operated by Taiwanese and as distributor of films from MGM, United Artists, and Universal, and Taiwan Film Distribution, owned by Japanese and holding the franchise for distributing Paramount, Warner, Fox, and Columbia films.
Fascinated by the amazing novelty, Taiwanese people expressed their enthusiasm for watching movies from the outset. (Sai Ichikawa, 1941; Lu, 1961; Li, 1995; Ye, 1997). However, culturally they turned to China. According to the Japanese author Sai Ichikawa, though Japanese films made up the majority of films shown in the 1920s, most Taiwanese audiences preferred films from mainland China. Some Japanese films which adapted plots from Western classic literature also enjoyed good box-office but films with genuine Japanese traditional literature and drama elements were much less popular (see also W. Wang, 1994). In contrast, American films seemed to obtain more attention because of their simple narratives. It was reported that Chaplin films were very popular among a wide range of audiences with different ages and backgrounds (Ye, 1997: 67). In addition, with better audio and visual quality and more spectacular scenes, Hollywood films gradually became the cinemas’ focus of promotion (ibid.: 72-82). However, the real success of Hollywood would be achieved only after the Japanese had gone.

6.3.2 Shaping the film business in Taiwan

The importation of Japanese films was restricted after the KMT officials took over the island in 1945 and Chinese films were brought in. Yet, the limited quantity of available Chinese films could not fill the large vacuum in Taiwan’s film exhibition market. Western (mainly Hollywood) films therefore flooded in and expanded their market share without any regulations from the Nationalist government. By 1947, Western films occupied 70 percent of total screen time in Taiwan, while Chinese films only commanded 20 percent (Lu, 1961: 32-33). Taiwanese audiences nevertheless still preferred Chinese films, at least before 1950. In 1948, four out of the six major first-run cinemas in Taipei showed exclusively or mainly Western films. The other two mainly offered Chinese films while sometimes showing Western films as well (Ye, 1997: 109). In that year, according to press investigations based on counting the average attendance in three of Taipei’s cinemas, films made by three major Chinese film companies, KuenLuen, Wenhua, and Datung, were in the first three places, while the most popular American film could only reach fourth place (Lu, 1961: 34).

Yet, American film’s advantages in both sheer quantity and exhibition opportunities continued to contribute in cultivating audience’s appetites and tastes. Lu
observed that after 1950, American films gradually took hold of audiences, particularly among young viewers (ibid.: 55). In addition, the American film industry had taken the lead in offering color films, which attracted vast popular attention. A senior film distributor recalls that the ‘audience at that time thought film is interesting mainly by how colorful the film is and how many fighting scenes the film presents rather than by the story’ (quoted in Y. Li, 2000: 40).

Table 6.4 The comparison of the box-office number ones in Taipei of American, Mandarin, and Fulao films (1957-1960, in thousand NT dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Title 1</th>
<th>Title 2</th>
<th>Title 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>American Film</td>
<td>Mandarin Film</td>
<td>Fulao Film</td>
</tr>
<tr>
<td>1957</td>
<td>&quot;The Giant&quot; (Warner)</td>
<td>&quot;Pretty Woman/Yaotiao Shunu&quot;</td>
<td>&quot;Room 7 Crime/Keelung Qihaofang Canan&quot;</td>
</tr>
<tr>
<td></td>
<td>Revenues 1104</td>
<td>506</td>
<td>481</td>
</tr>
<tr>
<td>1958</td>
<td>&quot;The Bridge over Kwai&quot; (Columbia)</td>
<td>&quot;Diao Chan&quot;</td>
<td>&quot;Singing Girl/Genu Bailanhua&quot;</td>
</tr>
<tr>
<td></td>
<td>Revenues 1807</td>
<td>748</td>
<td>305</td>
</tr>
<tr>
<td>1959</td>
<td>&quot;Around the World in 80 Days&quot; (UA)</td>
<td>&quot;Empire and Beauty/Jiangshan Meiren&quot;</td>
<td>&quot;Snake Devil/Shelangjun&quot;</td>
</tr>
<tr>
<td></td>
<td>Revenues 961</td>
<td>1287</td>
<td>326</td>
</tr>
<tr>
<td>1960</td>
<td>&quot;South Pacific&quot; (Fox)</td>
<td>&quot;Kuer Liolang Ji&quot;</td>
<td>&quot;Hugupo&quot;</td>
</tr>
<tr>
<td></td>
<td>Revenues 2122</td>
<td>602</td>
<td>251</td>
</tr>
</tbody>
</table>

Source: Lu (1961: 106; 112-3)

Take the box-office data for 1955 as example. The total attendance at Chinese films was about 3.2 million and at Japanese films about 2.2 million. While Western films, of which American film were the majority, sold 10.2 million tickets. The next year, in spite of the first successful major Fulao film, *Xue Pinggugue and Wang Baocchan*, appearing, American films attracted NT$29 million in revenues while Chinese films made NT$16 million (Lu, 1961: 58; 100). Specific Hollywood ‘big films’ also often became box-office champions with much higher receipts than Chinese films. In the three of the years from 1957 to 1960, Hollywood productions obtained highest box-office takings which were more than two times those of Chinese films (see Table 6.4).

Faced with the tremendous success of American film and the threat to Chinese film production, the state of Taiwan started to introduce imported film quota regulations in
1954 restricting the annual number of imported films, the number of print of each, and imposing screen quotas (also see Chapter 7). However, the importation quota never had a significant impact on American film. The main reason was that since the 1950s, partially in response to the rise of television, Hollywood had changed its production strategy moving towards fewer big budget pictures with more spectacular scenes and audio-visual effects (see Balio, 1985: 422-38). Hence, though the absolute volume of production decreased the revenues increased and average showing times got longer (Garnham, 1990).

Until 1960, although the proportion of screened American films seemed to decrease, they still maintained a 40 percent share of total screened titles and took the absolute lead over Chinese films\(^5\) (see Table 6.5). This situation was the outcome of considerable effort over a sustained period.

**Table 6.5** The numbers and proportions of films censored in the 1950s

<table>
<thead>
<tr>
<th>Year</th>
<th>American Film</th>
<th>Chinese Film</th>
<th>Japanese Film</th>
<th>European/Others Film*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>393 (66%)</td>
<td>185 (31%)</td>
<td>7 (1%)</td>
<td>12 (2%)</td>
</tr>
<tr>
<td>1951</td>
<td>505 (66%)</td>
<td>236 (31%)</td>
<td>13 (2%)</td>
<td>9 (1%)</td>
</tr>
<tr>
<td>1954</td>
<td>238 (54%)</td>
<td>104 (24%)</td>
<td>23 (5%)</td>
<td>77 (17%)</td>
</tr>
<tr>
<td>1956</td>
<td>286 (52%)</td>
<td>133 (24%)</td>
<td>44 (8%)</td>
<td>84 (16%)</td>
</tr>
<tr>
<td>1957</td>
<td>299 (59%)</td>
<td>119 (24%)</td>
<td>47 (9%)</td>
<td>38 (8%)</td>
</tr>
<tr>
<td>1958</td>
<td>239 (49%)</td>
<td>121 (25%)</td>
<td>54 (11%)</td>
<td>77 (15%)</td>
</tr>
<tr>
<td>1959</td>
<td>220 (44%)</td>
<td>134 (27%)</td>
<td>58 (11%)</td>
<td>92 (18%)</td>
</tr>
<tr>
<td>1960</td>
<td>182 (46%)</td>
<td>86 (22%)</td>
<td>66 (17%)</td>
<td>58 (15%)</td>
</tr>
</tbody>
</table>

* European films included British, French, and Italian films. Films from other countries included South Korea and the Philippines and so on.
Source: Lu (1961: 47; 56; 107)

Considering Taiwan’s film market to be potentially prosperous and lucrative, Hollywood had put much effort into developing it since the late 1940s. Following the 1946 **Treaty of Friendship, Commerce, and Navigation between the Republic of China and the United States of America**, all Hollywood majors not only opened branch

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\(^5\) The definition of Chinese films here is needed to be further clarified. The film produced in Taiwan were made both in Mandarin and Fulao (a dialect widely used among islanders whose ancestors were from South Fujian Province). In Taiwan, Fulao is normally called Taiwanese due to the reality that Fulao people are the majority ethnic group. Films made in Fulao thus are widely called Taiwanese film rather than Fulao film. But for avoiding confusion, in the thesis, I name it Fulao film. I take the definition of Taiwanese film geographically and organisationally, so Taiwanese films refers to all films produced in Taiwan or by Taiwanese companies. Imported Hong Kong films also include Mandarin film and Cantonese film. The term Chinese films used include all Taiwanese films and Hong Kong films.
offices during 1947 and 1948 (MGM was the first) but also directly dealt with distribution matters in Taiwan (Interviews, No. 25, 26). In contrast, some film companies from Japan and Europe were refused permission to set up branch office in Taiwan (Ye, 1997: 200). In addition, Hollywood distribution branches were allowed to convert and remit up to 70 percent of their earnings in Taiwan back to the US. The remaining 30 percent was basically spent on marketing and operating the branch office (Interview, No. 25). That was comparatively good ratio for Hollywood. 7

Hollywood branch offices were (and still are) powerful in dealing with local exhibitors. They dominated scheduling and showing patterns. Profit-sharing was the normal practice in distribution and exhibition. However, the proportion going to the Hollywood distributor was relatively high. In the 1940s and 1950s, the ratio for Chinese film was 3 for the distributor and 7 for the exhibitor. For the average American film these ratios were almost reversed, with 6.3 going to the distributor and 3.7 to the exhibitor. Exhibitors also needed to cover the expense of marketing and print transportation (Ye, 1997: 116). Another source from the Association of Cinema and Theatre in Taipei also points out that since Hollywood companies set up their branch offices, the profit-sharing ratio was normally 4 for exhibitor and 6 for distributor. For some expected box-office hits would be 3.5/6.5 or even 3/7. That was much more uneven in comparison with neighboring countries. Even so, exhibitors still preferred to show Hollywood film due to their relatively high profitability. This effectively tied up scarce screen space. It was estimated in the late 1960s and early 1970s, that there were two to three hundred domestically produced films every year that found it hard to get an opportunity to be shown (The Cultural Bureau, 1971).

Hollywood was also tough in its dealings with the KMT government. In 1947, the KMT established the Taiwan Film Business Inc. (TFB) and planned to coordinate a distribution system which covered most of the cinemas in the whole of Taiwan. Hollywood protested the action via their branch offices and threatened to stop supplying films (Lu, 1961: 123-4). Another example occurred in late 1948, when the KMT owned TFB started a promotion campaign which offered people half-price

7 In the post-War (West) Germany, American film companies' revenues were blocked by the Military Government. This currency could not be converted into dollars, nor could it be used outside Germany. The Government even severely restricted how the MPEA could used in Germany (see Guback, 1986). In comparison, Hollywood indeed enjoyed great privileges in Taiwan from the KMT government.
coupons to see American movies in its cinema chains. Hollywood branch offices opposed this and threatened not to supply films if the coupons could not be retrieved with five days. In response, the TFB changed their offer by showing Chinese films (ibid.: 34-5). After 1949, when the KMT government entered into a more dependent relationship with the US, Hollywood’s interests in Taiwan were ensured (the quota system pursued in 1954 did not influence Hollywood substantially, also see Chapter 7 and there were no significant conflicts until the 1980s (see section 6.3.4).

From the 1950s to 1990s, the annual number of imported foreign films averaged about 250, accounting for about of 50 percent of the total Taiwanese film market (see Figure 6.1 and Table 6.7). However, the remaining 50 percent was not all preserved for locally produced films. There was another significant source of ‘foreign’ films entering Taiwan’s film market – Hong Kong film – sharing that 50 percent.

6.3.3 Another ‘foreign’ threat: Hong Kong film

After 1949, the exiled KMT proclaimed that the ROC’s sovereignty still extended to the whole China, including Hong Kong. Hong Kong film was therefore regarded as ‘national production’. It could be imported without any restrictions and was also eligible for all relevant forms of government support and award. Moreover, as part of their continuing competition with the Communist government on the mainland for political and cultural influence in Hong Kong, the KMT government adopted many preferential measures to attract Hong Kong filmmakers to come to shoot films in Taiwan. The political climate therefore benefited the Hong Kong film industry’s own development and helped it to secure a firm foothold in Taiwan’s film market. In the 1950s, Hong Kong film was increasingly popular in Taiwan. It contributed more than seven titles to the top-ten box-office hits almost every year in that decade (Cai, 1985: 30-47). But, in terms of the number of films submitted to censorship, the position of Taiwanese film and Hong Kong film in Taiwan’s market was not significantly different before 1971. Since 1972 however, the quantity of Taiwanese film has never

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8 The data is quoted in a letter from the association to the Government Information Office (the authority in charge of cinema) in 1998 for requesting public intervention in the uneven allocation of box-office revenues between distributor and exhibitor.

9 Here the ‘Hong Kong film’ mainly refers to the films dubbed or subtitled in Mandarin. Indigenous Cantonese film production drastically diminished after the 1960s and disappeared in Taiwan’s film market.
exceeded that of Hong Kong film, while other foreign films have generally maintained their relatively position (see Figure 6.1).

![Figure 6.1 Annual numbers of films censored in Taiwan (1968-85)*](image)

*The numbers before 1974 were real number imported.
Source: F. Lu (1998)

The main explanation for this pattern lies in the difference in the industrial organisation of the two film industries. The Hong Kong film industry was always market-oriented and adopted the model of the Hollywood studio system. Major film companies, firstly the Shaw Brothers and Dianmao and then Golden Harvest, started their studio productions and established vertical integration systems in the 1970s. They successfully transformed and upgraded their production technologies, marketing strategies, and overseas campaigns in the age of television and the large corporation. In contrast, Taiwanese film companies were still either conservative state organisations or small and medium-sized firms. The Taiwan film industry thus lacked the dynamism as well as the economies of scale to compete both domestically and internationally in the new era (see more details in Chapter 8). For Taiwanese audiences the Hong Kong film industry offered products as good as, but not as ‘foreign’ as, other foreign films. Since then, on the list of major importers of Hong Kong film, Taiwan gradually replaced other South-East Asian countries to arrive at the top. From 1984 to 1992, Taiwan was the biggest buyer of Hong Kong film (Leung, 1993: 55-66).
Yet, this tremendous success in Taiwan had negative effects on both the Taiwanese and the Hong Kong film industries. In the late 1980s and early 1990s, major Taiwanese film companies reduced their investment in local production and competed to pre-buy the distribution rights to Hong Kong films or to directly invest in Hong Kong independent production companies to make new films as quickly as possible. That caused the costs and prices of new productions to rise to unreasonable levels. Moreover, the quality of films fell. Many products unsuitably cast popular Taiwanese actors/actresses and roughly added Taiwanese cultural elements. Disputes between Taiwan and Hong Kong companies happened frequently while at the same time the market performance was not as good as expected and market share was gradually nibbled away by American films (see Table 6.8 in the next section). In 1994, after a serious dispute between several major companies on both sides, some major Taiwanese film companies changed their investment strategy again. The money did not go back to local production however. Instead, it went into the foreign (mainly American) film distribution market, as companies competed to distribute American films from non-majors.

This shift struck the Hong Kong film industry severely. The number of films in production shrank drastically. It was during this period that many famous and talented filmmakers and actors/actresses, such as John Woo, Jacky Chen, Tsui Hark, and Chow Yun-fat, went to Hollywood in search of better opportunities. However, after through all these years, the Hong Kong film industry learnt the lesson and has revived. The quantity has fallen but the quality, at least technically, is being improved and Hong Kong remains the most important film production and film exportation base in the Pacific Asia region (see Chen, 2000). Over the same period, however, Taiwan's film market has fallen completely into Hollywood's hands and the indigenous Taiwanese film industry has nearly died completely.

6.3.4 The overwhelming victory of Hollywood

Conflicts of interest have existed between Hollywood branch distributors and Taiwanese foreign film distributors from the outset. In 1983, in response to a local distributors' lobby, the government decided to reduce the annual importation quota for American distributors from 85 to 50 titles but to maintain the existing quota for local distributors. In addition, local distributors requested the government to persuade
Hollywood distributors to participate in the Association of Taipei Film Distributors and share the same obligations with local companies. For a long time, Hollywood distributors were not the members of the Association and therefore did not have to pay special tax on imported films which supported local production. The requests seemed fairly reasonable but caused intense reactions from Hollywood.

Firstly, Hollywood distributors stopped supplying films from July 1983 to the Chinese New Year Holidays (in January of the next year). This led to a film market panic. In response, the exhibitors (many of whom had close ownership ties with local distributors) asked the government to relax the quota restrictions.

Secondly, Hollywood branches still refused to participate in the Association of Taipei Film Distributors which was controlled by local companies. Instead they went to Kauhsiung (the second largest city of Taiwan located in the south) and established the Association of Kauhsiung Film Distributors. Although Hollywood branch offices then started to pay the levy for supporting local film making, that only lasted for half of a year and they refused to pay again. Thirdly, and the most importantly, Hollywood companies at home appealed to Office of Trade Representative about the situation in Taiwan. Consequently, in the 1985 Taiwan-the US Trade Negotiations, the American representatives requested the Taiwanese government to revoke the quota system and the levy on imported film. In 1986, the government conceded and announced that it was abolishing the quota system, which had been pursued for 32 years. The levy was

Table 6.6. Adjustments on print quotas and cinema quotas

<table>
<thead>
<tr>
<th>Date</th>
<th>No. of print</th>
<th>Cinema quota</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Major Cities*</td>
</tr>
<tr>
<td>01.07.1965</td>
<td>3</td>
<td>N/A</td>
</tr>
<tr>
<td>29.11.1984</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>17.04.1987</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>01.02.1988</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>23.02.1991</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>15.06.1992</td>
<td>14</td>
<td>6</td>
</tr>
<tr>
<td>15.12.1993</td>
<td>16</td>
<td>6</td>
</tr>
<tr>
<td>01.10.1994</td>
<td>24</td>
<td>9</td>
</tr>
<tr>
<td>01.06.1995</td>
<td>28</td>
<td>11</td>
</tr>
<tr>
<td>01.06.1996</td>
<td>31</td>
<td>11</td>
</tr>
<tr>
<td>01.06.1997</td>
<td>38</td>
<td>11</td>
</tr>
<tr>
<td>20.11.1997</td>
<td>50</td>
<td>18</td>
</tr>
<tr>
<td>15.05.1999</td>
<td>58</td>
<td>18</td>
</tr>
</tbody>
</table>

* Taipei and Kauhsiung.
Source: Y. Li (2000: 134)
also suspended. The restrictions on the number of circulating prints of an imported film (the print quota) and on the number of cinemas showing the same imported film (the cinema quota) were also relaxed. This deregulation progress had been further accelerating since the early 1990s (see Table 6.6).

As a consequence of the deregulation progress the market share of foreign films (mainly American) kept on increasing so that by 1999 there were only 14 Taiwanese films shown in cinemas. These accounted for less than 60 thousand admissions and receipts of NT$ 11.6 million in Taipei. Hong Kong films did rather better with 85 films and 379 thousand admissions and NT$ 72 million box-office takings in Taipei. In contrast, 239 foreign films were shown accounting for 70 percent of the total films in the market. The total attendance at foreign films in Taipei was more than 10 million, which accounted for 95.9 percent of entire annual attendance in the city. Gross revenues were over NT$ 2.4 billion, which was 96.7 percent of the total box-office for the year (see Table 6.7 for the data and Figure 6.2 for trends in market share).

### Table 6.7 Comparison of local, Hong Kong, and foreign films in Taiwan (1986-1999)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Taiwan</th>
<th>HK</th>
<th>Foreign</th>
<th>Taiwan</th>
<th>HK</th>
<th>Foreign</th>
<th>Taiwan</th>
<th>HK</th>
<th>Foreign</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>65</td>
<td>109</td>
<td>212</td>
<td>2,021</td>
<td>4,611</td>
<td>9,730</td>
<td>137.4</td>
<td>315.7</td>
<td>1,006.9</td>
</tr>
<tr>
<td>1987</td>
<td>41</td>
<td>118</td>
<td>186</td>
<td>1,950</td>
<td>4,948</td>
<td>7,625</td>
<td>139.2</td>
<td>359.8</td>
<td>868.7</td>
</tr>
<tr>
<td>1988</td>
<td>49</td>
<td>138</td>
<td>199</td>
<td>930</td>
<td>4,355</td>
<td>5,522</td>
<td>70.9</td>
<td>342.8</td>
<td>646.7</td>
</tr>
<tr>
<td>1989</td>
<td>64</td>
<td>167</td>
<td>296</td>
<td>1,821</td>
<td>5,555</td>
<td>8,744</td>
<td>145.9</td>
<td>436.9</td>
<td>883.6</td>
</tr>
<tr>
<td>1990</td>
<td>51</td>
<td>206</td>
<td>263</td>
<td>1,194</td>
<td>5,525</td>
<td>10,402</td>
<td>104.9</td>
<td>517.2</td>
<td>1,192.8</td>
</tr>
<tr>
<td>1991</td>
<td>21</td>
<td>190</td>
<td>261</td>
<td>560</td>
<td>5,096</td>
<td>9,063</td>
<td>63.7</td>
<td>544.2</td>
<td>1,182.9</td>
</tr>
<tr>
<td>1992</td>
<td>13</td>
<td>225</td>
<td>259</td>
<td>248</td>
<td>7,591</td>
<td>8,044</td>
<td>36.5</td>
<td>1,021.6</td>
<td>1,119.5</td>
</tr>
<tr>
<td>1993</td>
<td>16</td>
<td>192</td>
<td>215</td>
<td>603</td>
<td>4,315</td>
<td>10,232</td>
<td>103.1</td>
<td>720.1</td>
<td>1,662.8</td>
</tr>
<tr>
<td>1994</td>
<td>12</td>
<td>145</td>
<td>216</td>
<td>524</td>
<td>2,376</td>
<td>9,653</td>
<td>84.5</td>
<td>402.3</td>
<td>1,758.1</td>
</tr>
<tr>
<td>1995</td>
<td>14</td>
<td>138</td>
<td>244</td>
<td>188</td>
<td>1,931</td>
<td>10,251</td>
<td>31.0</td>
<td>354.7</td>
<td>1,998.2</td>
</tr>
<tr>
<td>1996</td>
<td>21</td>
<td>89</td>
<td>248</td>
<td>252</td>
<td>1,071</td>
<td>11,872</td>
<td>39.5</td>
<td>188.1</td>
<td>2,489.5</td>
</tr>
<tr>
<td>1997</td>
<td>17</td>
<td>97</td>
<td>233</td>
<td>156</td>
<td>815</td>
<td>11,909</td>
<td>25.4</td>
<td>151.0</td>
<td>2,680.9</td>
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<tr>
<td>1998</td>
<td>15</td>
<td>59</td>
<td>257</td>
<td>68</td>
<td>441</td>
<td>11,836</td>
<td>12.3</td>
<td>87.7</td>
<td>2,725.6</td>
</tr>
<tr>
<td>1999</td>
<td>14</td>
<td>85</td>
<td>239</td>
<td>58</td>
<td>379</td>
<td>10,265</td>
<td>11.6</td>
<td>72.4</td>
<td>2,438.3</td>
</tr>
</tbody>
</table>

*The data of attendance and receipts are based only in Taipei.
Source: F. Lu, Taiwan Cinema Database, website: cinema.nccu.edu.tw

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10 In Taiwan, the ticket price of foreign films has been always 20-25 percent higher than Chinese films. In 2001, adult's ticket price of foreign films was normally NT$ 230-250 and that of Chinese films was NT$190 - 200.
In October 2001, on the eve of Taiwan’s entry into the WTO, Taiwan’s Administration Yuan and Legislation Yuan passed an amendment to the Film Law, deleting the articles relating to the print and screen quotas and of the levy supporting local production. The reason was ‘that is necessary for entering into the WTO’. As consequence, Taiwan’s film market is now completely open for ‘free trade’—‘free’ for Hollywood.

6.4 China: The Most Potentially Lucrative Zone

In July 1950, directly after the establishment of the new country – the People’s Republic of China, the Chinese Communist Party introduced the Temporary Regulations Regarding the Importation of Foreign Films, which proposed restrictions on imported films. Since then, the right to import and to distribute foreign films has been exclusively held by the state-owned Chinese Film Corporation (CFC). By the time the Korean War began in October 1950, American films were totally banned by the PRC government. Instead, films from the former Soviet Union and its East...
European satellites were imported in bulk. However, because the local Chinese film production developed very quickly under the guidance of the state, Soviet films never accounted for a majority share of China's film market. As China-Soviet Union relations deteriorated in the early 1960s, the number of imported Soviet and East European films gradually fell. During the 1960s and early 1970s, there were also films from other (former) socialist countries, such as North Korea, Romania, Albania, and Vietnam, being introduced into China (Xiao, 1998: 71).

After the Great Cultural Revolution ended and normal diplomatic relations with the US were established in the late 1970s, Western films were reintroduced to the Chinese audience. Initially, the films selected for distribution were those critical of capitalist societies. Some films with neutral or a-political contents were also imported later on. With the start of the economic reform movement at the end of the 1970s, restrictions on the importation of foreign films was gradually relaxed. In 1984, the PRC government co-sponsored with the US Embassy in China an American Film Week. The event featured five films, *Star Wars*, *The Turning Point*, *On Golden Pond*, *Kramer vs. Kramer*, and *Coal Miner's Daughter*, and went on a five-city tour. Interestingly, as Xiao notes, it was *Kramer vs. Kramer*, rather than *Star Wars*, which was the audience favourite (ibid.: 72).

This was an exception however and the PRC government continued strict quota regulations on foreign films. The normal distribution practice was to purchase distribution rights rather than the profit-sharing arrangements widely used in capitalist societies. The quantity of imported films was still low and all imported films were old rather than contemporary. From 1980 to 1989, the CFC imported about 470 films from nearly 40 countries (Cheng, 1993), giving an average annual number of imported films of less than 50. Yet, as the winds of reform blew through the Chinese film industry in 1993 (see Chapters 7 and 8), the film importation policy was also forced to change substantially. This would be a profound change for the Chinese film industry and even for Chinese society.

6.4.1 Hollywood is coming

In early 1994, the Film Bureau of the Ministry of Radio, Film, and Television (MRFT), the primary authority on film matters, announced a momentous change in film importation policy. It said that every year China would introduce ten recent films
which ‘fundamentally reflect brilliant civilisations in the world and present the contemporary achievements of film art and film technology’. These so-called ‘ten major films’ would be distributed through a profit-sharing agreement between the CFC and foreign film companies (China Film Yearbook, 1995: 167-9). In fact, it was recognised from the outset that American films would form the majority of the major ten.

The first major film, *The Fugitive* (Warner Brothers), was released in Shanghai, Beijing, Tianjin, Chungching, Zhengzhou, and Guangzhou, in November 1994. It was reported that there were long queues in front of cinemas, a scene that had not been seen for a long time. The box-office receipts were 6 million yuan in Shanghai, 2.2 million yuan in Chungching, 0.8 million yuan in Tianjin, and 0.9 million yuan in Zhengzhou. All of these figures broke historic records. The CFC subsequently released the second major film, the Hong Kong production, *Drunken Master III* (Golden Harvest). The market performance was not good however, because of the wide circulation of pirate copies on disc. The real impact of the ‘ten major films’ policy would start in earnest the next year.

There were six American, two Hong Kong, and one French film selected as shared-profit films in 1995. The first major film, released to coincide with the Chinese New Year Holidays, was Jacky Chen’s *Rumble in the Bronx / Hong Fan Qu*. It was the first film to be released in China simultaneously with other places in the world (including Hong Kong, Taiwan, and South-East Asia). Jacky Chen went to Beijing personally for the premier. Simultaneous release avoided pirating and ensured box-office success. The receipts in many cities broke historic records. Later, the American film, *True Lies*, produced another movie-going hit. The revenues in Shanghai reached a record-breaking 13 million yuan and made 9 million yuan, another historic high, in Beijing. One report depicts the situation as follows,

The major films with magnificent and spectacular scenes effectively re-stimulate people’s desire to watch film. Audience is back. Crowds appeared again in front of cinemas. Cinemas frequently turn on ‘no vacancy’ signals. A film ticket becomes precious stuff. Long-disappeared illegal ticket-brokers get active again. Cinemas have been suffered from home video and laser disc for a long time. Now they revive. Whenever cinemas are showing the major films, the small disc and video
playhouses surrounding the cinemas only have few customers and have to close earlier everyday (China Film Yearbook, 1996: 200).

The scene was almost the same as when the Chinese people first saw a movie one hundred years ago (see section 6.2). The total box-office receipts of ‘major films’ were 400 million yuan in 1996, 300 million yuan in 1997, and 600 million in 1998. It was admitted by an anonymous official of the Authority recently, that the market share of imported films has already reached over two-thirds (D. Zheng, 2000). American blockbusters were the key in this market domination. Films such as The Twister, Toy Story, Home Alone III, The Lost World, and Saving Private Ryan continued to create new box-office records. Between 1994 and 1998, China has imported 45 shared-profit films made up of 31 American films, 13 Hong Kong films, and one British film, (China Film Yearbook, 1998/99: 256-7). Four Weddings and a Funeral, which was released in 1996 but did not achieve significant success (China Film Yearbook, 1997: 195).

The real ‘major’ impact from America arrived in 1998 however, in the form of Titanic. Titanic was released on the 27th of March 1998 in China. The receipts topped a record-breaking 200 million yuan within only one month (Weng, 1999: 59). By early May, they had reached 240 million yuan, which was one quarter of the total box-office revenues for the previous year, 1997. The release time lasted a couple of months and the total receipts were estimated 500 to 600 million yuan (Dai, 1999: 425). Another source claimed that the total revenues were somewhat lower, at 320 million yuan, but that they still accounted for over one-fifth of the total box-office revenues for the year (Keshi, 2001). One author describes how enthusiastic the Chinese audience was in seeing this film: ‘Friends meeting in Shanghai no longer greet one another with words: “Have you seen Titanic?” They ask instead: “How many times have you seen Titanic?”’ (Weng, 1999: 59). Not only was the film itself was extremely popular, the theme song ‘My heart will go on’ (by female singer Celin Dion) became a major hit. The main actor Leonardo Dicaprio and main actress Kate Winslate were selected as ‘the most impressive stars’ of the year by a major popular magazine (Dai, 1999: 425). Immense numbers of pirated Video CDs (VCDs) and CDs, T-shirts, posters, postcards, books, picture albums, badges, balloons, wristwatches and other merchandise were widely circulated in cities across the country (Weng, 1999: 59). Ironically, the ticket price for the three-hour-long Titanic experience was 80 yuan,
which was accounted one-fourth to one-tenth of the monthly income of a normal city resident (Dai, 1999: 425-6)

The significance of Titanic lay not only with its market success. It was a key event that revealed some significant changes in China’s film industry and in film policy. The monopolistic CFC was active in preparing for the distribution of Titanic since January 1998. Firstly, the CFC organised three meetings in which invited film scholars, film critics, media executives, cinema managers, and provincial and city film authority officials, along with marketing and publicity executives of the CFC devised a comprehensive release plan. It also invited the representatives of the producer of Titanic, Twentieth Fox, to explain to relevant persons how the film’s release had operated in America, Hong Kong and Taiwan. Secondly, the CFC put a lot of effort into marketing and publicity. It produced enormous picture cards and leaflets and created advertising posters and banners on buses and big bulletin boards in many cities’ centres. National and local state media were also mobilised. Magazines and newspapers were encouraged to produce reports. Television stations presented tidbits about the making of the film. Radio station played the theme song ‘My heart will go on’. Thirdly, after careful consideration, the CFC decided to release the film at the end of March, because it was predicted to win major awards in the forthcoming Oscar ceremony on the 23th of March. All these efforts were pivotal to the market success of Titanic. On the other hand, the CFC and all local government-owned cinemas shared a significant proportion of the huge profits generated. According to estimated of the profit-sharing ratio, 35 percent of the proceeds will return to the producer, 48 percent to exhibitors, and 17 percent to the CFC (Keshi, 2001). That means that the CFC obtained over 54 million yuan for its part in distributing Titanic.

This illustrates how the CFC is transforming itself from being a state propaganda organ to becoming a state-owned business unit. Dai even argues that the CFC ‘has successfully transformed the old state power into super corporate capital’. And consequently, ‘the entry of Hollywood into China has become a collusion between old national monopolistic mechanism and Hollywood’s global monopolistic system’ (Dai, 1999: 425).
6.4.2 Ambitious, but patient

Indeed, the shared-profit arrangements for the ‘major films’ was initially proposed by the CFC. The film exhibition market had been in a severe recession in the early 1990s. Many cinemas had closed or changed into disco pubs or pool rooms. The CFC also had a deficit. Its president reported to the Authority in early 1994 and suggested introducing contemporary major films according to a shared-profit distribution system. The corporation claimed that the plan would not only ensure its own income but would be able to support the development and revival of the Chinese film industry. The proposal was adopted (see Keshi, 2001).

The plan also met the needs of the transnational Hollywood corporations. They estimated annual box-office receipts in China of about 1 billion to 1.5 billion yuan within five years. After that, the annual growth rate was expected to be over 5 percent (Liu, 2000). These figures however leave out the vast additional potential profit of other media forms. In 1999, the coverage of terrestrial television in China was 91.6 percent and there were 77 million households connected to cable television services. To be ready to grasp any opportunity to do business in this gigantic market, the major transnational media conglomerates, including Sony, News Corporation (Fox), Time-Warner (later AOL Time-Warner), Paramount, and Universal, have set up offices in China (mainly in Beijing) since the economic reforms began. Although no independent business activities have been allowed, the companies have been preparing in a very low key. They keep on training native Chinese staff, processing market researches, understanding every relevant regulation, and most importantly, establishing ‘guanxi’ (personal relationships).

They know very well that guanxi is decisive to do business in China. Guanxi operates not only in relationships with potential partners in business but also in relationships with officials at every level – including the highest (Interview No.9). News Corporations and Time-Warner have been among the most active in establishing guanxi. Fox’s Titanic was premiered in front of the central leaders of the CCP, including Jiang Zeming, and was much admired. They are also the first two foreign companies allowed to transmit their programmes to local cable operating systems in Guangdong Province. The transnationals are indeed ambitious, but they are also considerably patient.
The successful opening up of the Chinese market to foreign films however is not simply the result of collusion between the state-owned corporations and transnational media giants, as Dai argues. In effect, the cultivation of an appetite for movie-viewing has been underway for some time although. The role of American product in revivifying this habit has undoubtably been increasingly crucial. Although according to the Film Administration Regulations the two-third of screen time should be devoted to national products, most cinemas in the country do not follow this regulation. Indeed, in order to save daily expenses, many small and medium-sized cinemas would like to close when the domestic films are arranged and to open only when showing foreign major films. In other words, they follow the regulation only nominally (Interview No. 20, 21).

After the American bombing of the Chinese embassy in Belgrade in May 1999, American major films were banned for several months. National box-office revenues went down by an average of 50 percent during these months. They decreased by 60 percent in Sichuan Province, 51 percent in Shanighai, 50 percent in Guangzhou, and 38 percent in Beijing (Keshi, 2001). Under the market pressure, the ban was lifted in October – earlier than originally supposed. Notting Hill, Star Wars: The First Episode, and The Trap were released subsequently and ‘saved the cinemas and the film market’ by the end of the year. Interestingly, China and the US completed their WTO agreements on the 15th of November of the same year.

In the agreement, China agreed to increase the annual imported number of ‘major films’ to 20 immediately upon entry into the WTO and to 40 five years after entry. Secondly, film exhibition units are now open to foreign investment, but the foreign ownership of cinemas cannot exceed 49 percent. Undoubtedly, this continuing process of opening up will further strengthen the impact of American films on China. But, will maintaining complete control over the production and distribution sectors be an effective instrument to protect and develop national cinema in an intensely competitive market, or is it just an embryo of the forming state capitalism? The question remains to be answered. One thing however is already certain; government policy-making will increasingly be influenced and affected by market pressure.¹¹

¹¹ The latest example was that the CFC was reportedly to give up its monopoly in importation and distribution of foreign films in the near future. See http://shenzhen.sohu.com/20010613/file/1346,744,100019.html
Chapter 7 State Interventions

The year 1949 was a turning point in the fate of the contemporary Chinese people. On the both sides of Taiwan Strait, two new regimes had assumed control. Although both claimed to be absolutely different from one another (both asserting that ‘they are wrong and ‘we’ are right), the KMT and the CCP had at least one thing in common. Both were more or less influenced by Soviet and Leninist models of party and state operations. The state apparatus of both regimes was dominated by the party and enjoyed relatively high autonomy in relation to other social forces. Furthermore, both states emphasised the ideological and propaganda functions of mass media, including film. Thus, state interventions have significantly affected the developments of both film industries. However, after the 1980s, along with the profound changes in political and economic conditions, the ways the two states have related to film has also changed.

The chapter is organised to facilitate convenient comparison between China and Taiwan. Sections 7.1 and 7.2 trace the histories of film policies in both countries, while Sections 7.3 and 7.4 detail the changes that have taken place since the 1980s.

7.1 Taiwan: Mixing Statism with Commercialism

The film policy of the KMT regime, both when it controlled state power in mainland China and in Taiwan, recognised both the ideological and industrial character of film, like all governments do and combined the two. Because film was seen as a pivotal ideological apparatus the content was strictly controlled or even directly produced by state-party owned organisations. At the same time, film was also seen as a commercial entertainment business. But it was not an entertainment business as it is commonly recognised today. Rather, it was one of the ‘special businesses’ which also included bars, pubs and nightclubs. In the social context of China and Taiwan in the twentieth century, these locales were strongly associated with the sex business and gang activities. This led to a duality in film policy. The production sector was regulated on the basis of its ideological role while the distribution and exhibition sectors were regulated as ‘entertainment’ in the sense just defined. The resulting inconsistencies in film policy led to the distorted development of the Taiwanese film industry before the 1980s (see details in Chapter 8).
7.1.1 Making money from film

Regarding the film industry as a 'special business' may be traced back to some stereotypical ideas in 'traditional' Chinese culture. Being an actor or actress had long been seen as a dishonorable vocation, often associated with sex, alcohol, and crime, and as entertainers, filmmakers fitted easily into this framework. Before the KMT and the CCP started to use film for ideological struggle in the 1930s, the film industry was developed as a pure entertainment industry in China. In major cities, cinemas, along with nightclubs and bars, provided amusement and diversion for people's night lives. Even when the artistic and ideological aspects of film were recognised later, this thinking was carried over by the KMT regime when it moved to Taiwan.

There were two major planks in policy-making in relation to film as an entertainment industry. First, the growth of the commercial film distribution and exhibition sectors was promoted for their contributions to the national economy and to citizen's leisure activity. In this context, 'how to maximize the exhibition market' was more important than 'how to facilitate local production' because imported film could also fulfill demand. In the early 1950s, the number of cinemas increased enormously while local production had not substantially started to develop before the mid-1950s. There were about forty or so cinemas in Taiwan before 1949. The number rose to 122 in 1951 and to 374 in 1954 and kept on increasing till the early 1970s. By 1970, there were 788 cinemas in Taiwan (Cultural Bureau, 1971: 18). According to the film authority, during the period 1968 to 1973 an applications to open a cinema 'has to pass complicated procedures, but never being rejected' (ibid.: 27).

This relates to the second major focus of policy. As one of the 'special businesses', there were over thirty laws and regulations regulating the film exhibition business, from opening times to the size of seat. One of the most absurd regulations was that before 1978, film ticket saleswomen and cinema waitresses, in common with women working in the sex business had to have a regular physical examination by the official hygienic units. There was also heavy taxation. In the early 1970s, cinemas had to pay three kinds of regular tax, which taken together accounted for nearly a third (32.138 percent) of the ticket price. In addition, there was a levy for supporting the national education service (ibid.). The taxes on the importation of filming facilities and negative copies of films were also relatively high. Unlike the state/party owned companies who had plenty of resources, most small and medium-sized private film
companies could not afford these cost and often rented facilities from the state/party owned studios.

7.1.2 Controlling film content

The KMT government adopted two measures to control film content. The first was to establish state/party owned organisations that directly intervened in the film industry. The second was strict film censorship backed by a violent state apparatus.

In 1938, the KMT controlled Military Committee established the China Film Studio for filming newsreels. The Agricultural Education Film Company (AEFC) was subsequently established in 1945 to promote post-war rebuilding works in rural areas. These actions were very likely a response to the CCP’s increasingly active use of film in propaganda. After their defeat on the mainland however, the KMT pursued much stricter control over film and other mass media.

Their first action in rebuilding the island’s film system in 1949 was to make the Taiwan Film Studio (which had been established in 1945 by being given the defeated Japanese colonial government’s film production properties) subject to instructions from the Taiwan Provincial Government. Its main task was to shoot newsreels and to support propaganda initiatives promoting public policies. The position of the China Film Studio also changed as it came under the command of the Ministry of Defence in 1950. Its duty was making military newsreels and military education films. Finally, in 1954, the President and the KMT Chairman Chiang Kai-Shek ordered the merger of AEFC and the Taiwan Film Company (which had received the Japanese colonial government’s film distribution and exhibition properties in 1945) to form a new vertically-integrated Central Motion Picture Company (the CMPC) wholly owned by the KMT1. The CMPC was assigned to become a major force in making feature films. With this act, the KMT completed the establishment of a film system which could exercise ideological functions in the administrative, military, and party sectors. Before the 1990s, these state/party owned film institutions, with comparatively plentiful resources, significantly influenced the development of the Taiwanese film industry. In contrast, the private film companies did not obtain substantial support from the state until 1989 (see section 7.3.2).

1 The AEFC was governmental institution and Taiwan Film Company should also be state property. Chiang’s instruction simply transformed these two institutions into the KMT’s property apparently revealed one of the characters of the KMT party-state regime (see F. Lu, 1998: 47).
The KMT was also actively involved in civil film industry activities. The Cultural Division of the Party had close relationships with many local and Hong Kong private film companies and sometimes directly guided their production strategies. It also participated in the organisation and operation of film professional and trade associations with the directors of the state/party owned film companies taking key positions on the central councils of the major associations and other members of the councils also being the KMT members.

The only film law the Nationalist government implemented before 1949 was the 1934 *Film Censorship Law*, executed by the Central Film Censorship Committee (under the guidance of the Central Propaganda Committee). In 1955, the KMT government set up a Division of Film Censorship within the Government Information Office (GIO) responsible for the censorship. *Film Censorship Standard Regulations* was released the following year. The ‘standards’ were actually abstract principles and allowed considerable space for interpretation by the people in charge. They covered not only moral concerns about violence and sex but also political considerations. Any film content that violated the policy of anti-communism, contained poisonous communist ideas, damaged national unification, or humiliated the country’s leader and so stood to be severely cut or banned. The arbitrary application of these regulations seriously restricted the space available for film creation and resulted in filmmakers’ imposing self-censorship for over thirty years (F. Lu, 1998: 71-2).

Looking at the development of film regulation we can see that for most of the post-war period the ultimate significance of film for the KMT regime was ideological rather than cultural or entertainment. The film industry was governed by the Ministry of Interior Affairs when the KMT moved to Taiwan. In the mid-1950s, the government established a Committee for Supporting Film Business within the Ministry of Education while the Division of Film Censorship within the GIO was responsible for film censorship. Two years later, the duty of support was moved to the GIO. By 1967 however, a Cultural Bureau within the Ministry of Education was established and took charge of film governance. It was the first time that film in Taiwan had been regarded as ‘culture’. Indeed, the Cultural Bureau was the only governmental unit that has ever taken a serious interest in inquiring into and trying to

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2 There was a simpler version, *Film Censorship Regulations*, implemented in 1920.
resolve the problems of the film industry. Unfortunately, this institution was dissolved after only six years and the GIO once again took charge, a position it still holds.

7.1.3 Insufficient protection and biased support

As mentioned above, the number of cinemas in Taiwan increased enormously from 1949 to 1954. While in the same period, there were no restrictive measures adopted on film importation and substantial local film production had not yet started. As a result, the film market was flooded with foreign (mainly American) films, a process which profoundly structured the formation of film exhibition and consumption in Taiwan.

In 1954, the government finally introduced Regulations for the Importation of Foreign Films. These included restrictions on the annual importation number, the number of prints allowed of each imported film, and screen/cinema quotas. However, the importation quota was set according to the number of films imported in the previous year and decreased progressively. For example, there were 349 American films imported from July 1952 to June 1953, then the quota for American film in 1954 was 349. The number of American films imported during mid-1954 to mid-1955 (expected to be fewer than 349) would be the quota for the following year. From 1954 to 1970, the quota of American film decreased from 349 to 162 and that of all foreign films dropped from 444 to 275. These numerical changes, however, did not tell the whole truth.

Firstly, the introduction of restrictions on film importation was relatively late. Secondly, as already mentioned in Chapter 6, Hollywood had by then already altered their production and marketing strategy to focus on fewer productions with bigger budgets. The number allowed to be imported was not therefore the pivotal factor. ‘Seventy or eighty films a year is absolutely enough’, said a senior manager of a Hollywood branch office in Taiwan (quoted in Y. Li, 2000: 88). Thirdly, American films remained the majority of imported films after the quota system was implemented. Although the quota of American film decreased gradually, it in effect squeezed the number of films imported from other places. And last, but not the least, the quota system did not take the real demand of local market into account. In the

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3 The KMT government implemented Measures for Dealing Domestic Films in the Period of Mobilisation and Suppressing Rebellion in 1949. That was for prohibiting films whose makers had yielded to the CCP.
1960s, the demand of Taiwan's film exhibition market was about 300 films a year. Yet, the total quotas of imported films were over 300 while the average number of local productions was about 150 with a similar number being imported from Hong Kong films (see Y. Li, 2000: 56). In other words, the quota system did not protect local productions effectively at all.

Active support for local film was also unsuccessful. There were two biases in supportive measures. The first was the unreasonable privilege given to Hong Kong film. Due to political considerations, the KMT government not only allowed Hong Kong film to be imported without any restriction, it also offered Hong Kong films support on the same terms as local productions. The government even introduced special supports, such as tax break on negative film importation and financial support, to attract Hong Kong filmmakers to shoot films in Taiwan (F. Lu, 1998: 76-7).

The second bias concerned language. Taiwan's film production substantially started with the rise of Fulao film in the mid-1950s and from the late 1950s to late 1960s, Fulao films made up the majority of films produced in Taiwan (see details in Chapter 8). This was to be expected because the majority of residents in Taiwan (their ancestors having immigrated from south-east mainland China hundreds of years before 1949) spoke Fulao. However, as Benedict Anderson argues the use of language is one of the key factors in forming a national community, and the spread and reproduction of Fulao works implied a sort of threat to the external and newly arrived KMT regime whose working language was Mandarin. The KMT government did not formally prohibit or restrict the production and exhibition of Fulao films, but it was apparent to everyone in the film industry that it gave preferential treatment to Mandarin films in its policies.

The first relevant financial support measure the 'Programme for Loan of Mandarin Film Production' implemented in 1962 was obviously aimed at encouraging the production of Mandarin film. In that year, the numbers of Fulao films and Mandarin films produced were 120 and 7 respectively. Two years later, the output of Mandarin film had increased to 22 and kept on increasing till the early 1970s. Another measure, the 'Programme for Rewarding Superior Mandarin Film', on which the Golden Horse Award (the major film award in Taiwan) was based, implemented in the same year, also regarded Mandarin films as the productions that merited a prestigious award. In 1974, the government pursued a measure which allocated some quotas for importing foreign film to companies that produces film domestically. This programme again
favoured the major producers of Mandarin film. As a consequence of these biased interventions Fulao film basically disappeared after 1976.

Most of the companies that produced Fulao films were typical Taiwanese small and medium-sized firms. Their products were for mass entertainment. Lack of capital and obsolete filming technologies made them relatively noncompetitive in the market in the age of color film and television. Fulao films, however, did record Fulao culture and ordinary people's daily lives. They might be not quality works, but they were real—certainly in comparison with the propaganda films made by the state/party owned studios. Consequently, the biased film policies that partly caused Fulao film to vanish also killed an important possibility for indigenous cultural expression at the same time. On the other hand, the newly risen commercial Mandarin films, although they achieved some successes in the domestic market and among overseas Chinese communities in South-East Asia, were comparatively isolated from people's real lives and concentrated in major genres, ancient swordplay movies and romantic melodrama (also see Chapter 8).

In sum, before the 1980s, the Taiwanese state intervened in the film industry through a mixture of statism and commercialism. The artistic aspect of film was taken little account of filmmaking was either serving the ideological task assigned by the government, or pursuing the current interests prevailing in the mass market. The inappropriate film policy neither helped to raise the artistic quality and technological standard of film production, nor aided the film industry in competing effectively in the changing marketplace. Ironically, when the state earnestly wanted to support the film industry in the 1980s, as we will see, it was actually losing its power to do so to the rapid growth of market forces.

7.2 China: A Cinema for the People

"...of all the arts for us the most important is cinema"


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4 After 1976, film made in Fulao or uses some Fulao was for the need of the story rather than a differentiated product.

5 The death of Fulao film was also attributed to the rise of television and low quality of mass-produced films.
Following Lenin's idea, film has always been particularly significant to the successive leaders of the Chinese Communist Party. Even though television has replaced film as the principle vehicle for mass propaganda since the mid-1980s, film has remained the most important media form that mixes artistic, ideological, educational, and entertainment elements and has continued to be a high priority for the CCP leaders.

Since 1993, the Chinese film system has been profoundly changed but because the 40-year-history of central control had created many rigid conventions and in deep resistance to change there have been almost endless contradictions in the process of reform. Before taking a closer look at the present situation however, it is necessary to introduce the main features and practices of the old system.

### 7.2.1 The position of film

So far as we are concerned, art and literature are ...intended ...for the people...All revolutionary artists and writers of China, all artists and writers of high promise, must, for long period of time, unreservedly and wholeheartedly go among the masses, the masses of workers, peasants, and soldiers; they must go into fiery struggles, go to the only, the broadest, the richest source to observe, learn, study, and analyse all men, all classes, all kinds of people, all the vivid patterns of life and struggle and all natural forms of art and literature... — Mao Zedong (1942, quoted in Schram, 1971: 360)

This quotation, taken from Mao’s 1942 speech, ‘Talks at the Yan-an Conference on Literature and Art’, dominated the developments of the PRC’s art and literature, including film, for over 30 years. Installing the so-called ‘two fors’, (for politics, and for the workers, peasants, and soldiers), as the major guideline of film policy and film production. As consequence, the ideological and political functions of film in the class struggle were given particular emphasis (Ni, 1994:6; B.Chen, 2000). He also argued in 1957 that ‘the policy of letting a hundred flowers bloom and a hundred schools contend is designed to promote the flourishing of the arts’ (the so-called ‘two hundreds’, Schram, 1971: 308). However, political criteria of judgement always remained the first consideration and with artistic criteria coming some way behind the second.

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6 The development of China’s television was relatively late in comparison with neighbouring developing countries. In 1980, the national coverage of television set was less than one per hundred
In 1951, Mao personally initiated a nationwide political struggle campaign by criticising a film titled ‘The Life of Wuxun / Wuxun Zhuan’ (1951). The film was taken as a negative reference point which defined Mao’s notion of political correctness in concrete terms and the director, writer and actors were punished. In spite of being extremely cautious and prudent in making film thereafter, some filmmakers and films being attracted criticism or punishment in almost every subsequent political movement. These included the Anti-Right movement (1957), the Great Leap Forward (1958), and the rise of ‘the Gang of Four’ and the Great Cultural Revolution (1966-1975) (see B. Chen, 2000; Xue, 1995; 35-6).

Although film’s key role in political struggles was universally accepted, not all critics shared the same views on film’s other potentials. For example, former President Zhou Enlai argued that artistic criteria are as important as political criteria. He stressed that film should reflect real life via artistic forms and educate people via entertainment (ibid.: 12-3). But, this ‘comparatively liberal’ perspective was only realised in practice after Deng Xiaoping came to power in the late 1970s and the ‘two fors’ were revised as ‘for socialism, for the people’ and the ‘two hundreds’ (diversity of creation) were re-emphasised (ibid.: 16; Shen, 1993). The present leader Jiang Zeming also emphasised the ‘two fors’ and the ‘two hundreds’ but argued that film must continue to ‘exalt main-melody’ and ‘enhance diversity’.

However, the real effect of this liberalisation was minimal. In 1981, the film Sun and the Man/Taiyang han ren (adapted from the script Bitter Love/Kulian) was banned by the Film Administrative Bureau because it containing elements criticising socialism. Deng also personally stated that the film had made a mistake. Eventually, the author of the script, Bai Hua, wrote an article for self-criticism (B. Chen, 2000: 17-8). Criticisms of socialism and the Party remain a forbidden area.

For successive leaders of the CCP, the political and artistic aspects of film can and must unite. The artistic nature of film is seen as a mechanism through which political correctness can be transmitted and ensured. If there was any difference between the conservative and liberal camps in their ideas on film, it was that the latter placed more populations. See details in Chapter 8.

7 The concept of ‘main-melody film’ was proposed in the late 1980s. It was for advocating the theory of socialism with Chinese characters and the current direction of the Chinese Communist Party. Actually, it was a sort of propaganda film. In the beginning, most of main-melody films were about key historical events and revolutionary figures in the history of the People’s Republic of China. By the mid-1990s, due to the marketisation of film industry, main-melody films also have changed their stories and forms with more entertaining and artistic elements (see Ni, 1994: Ch4).
emphasis on the artistic aspects of film – but still maintained the primacy of political concern.

However, to ignore these disputes is to misrepresent the way film has been seen in communist China. It is not reducible simply to a propaganda instrument of the Party and the state. Nor has it functioned to convey a single political ‘line’. Rather, it has been a site of political and ideological contestation. The development of film has been marked by every struggle between different political powers and camps and it is this sense that we can argue that it was, and still is highly political in China.

7.2.2 A comprehensive system

In 1953, under the guidance of Soviet film experts, the PRC government launched the first five-year-plan for the film industry. Officials were also sent to the Soviet Union to investigate and learn from the practices of its film system in 1954. By 1956, a centrally planning and control system for film, known as ‘the Soviet model’ had been established (Zhang, 1993; B. Chen, 2000). This system was maintained for over 35 years without substantial changes until 1993 (see Figure 7.1).

The Ministry of Culture in the Department of State was the central regulatory body for film and the Film Bureau, under the command of the Ministry of Culture, was the practical administrative authority. In 1986, the Film Bureau and its functions were transferred to the Ministry of Radio, Film and Television (was renamed The State Administration of Radio, Film and Television in 1998, with the Film Bureau being renamed the Film Administrative Bureau). However, the local (provincial and city) distribution and exhibition units remained under the control of local cultural authorities (Cultural Offices). In addition, the film system was, and still is, subject to guidance from the Department of Central Propaganda, the main Party body controlling ideology.

In the film production sector, there are 16 state-owned feature film studios, as well as three science and education film studios, one newsreel and documentary studio, one animation studio and one dubbing film studio, directly all governed by the Film Bureau. All of the studios, though operating on different scales, have comprehensive filming facilities and workers being able to complete a feature film independently.
Figure 7.1 China Film System (Before 1993)

Ministry of Radio, Film & Television

Film Administrative Bureau

Film Production

Feature Film

Documentary

Central News Documentary Film Studio

Animation

Shanghai Animation Studio

Education & Science Film

China Agriculture Film Studio

Shanghai Science & Education Film Studio

Beijing Science & Education Film Studio

Translated

Shanghai Film Translation Studio

Film Distribution

China Film Corporation

Provincial and municipality distribution companies

City and county distribution companies

Cinemas

China Film Co-Production Corporation

China Film Art Research Centre

China Film Archive

China Film Science & Technology Institute

Beijing Film Developing Factory
The Film Bureau assigns the 'annual film production indices' as a mission for every studio. The total output from the system was maintained at between 100 and 150 per year, while the index for different studio varies according to its production capacity. Large studios, such as the Changchun Studio and Beijing Studio, normally are assigned to produce 18 to 20 films per year while medium-sized studios have about 8 and small-sized studios have 3 to 4 (Shao, 1993; Xue, 1995; 40-42). Apart from the quantity, sometimes the Film Bureau also allocated the proportions of the themes for films. For example, there was a principle of '3, 30, and 60' applied in 1993, which meant that within the total of annual productions, there should be 3 key films having significant political influence and function, 30 films reflecting the achievements of the reform, and that approximately 60 percent of films should have modern settings in the 1980s and 1990s (Xue, 1995: 43).

The film distribution and exhibition system is a huge and complex network, and also state-owned. It is basically a four-tier system. The China Film Corporation (CFC), under direct control of the Film Bureau, is the central body responsible for distributing films nationally, exporting domestic films and imported foreign films. The CFC bought completed films from studios at a fixed price (which was set at 900 thousand yuan per production in the 1990s) and then distributed them to the first-tier of local distributors – operated by provincial and municipal distribution companies. These companies had to buy prints of films from the CFC also at a fixed price (10.5 thousand yuan in the 1990s) but they could decide how many they want to buy according to the predicted demand for the film. The first-tier companies then sent the prints to the second-tier distribution companies inside their territories – city and county distribution companies – for release to the bottom tier of the system – cinemas in cities and towns and projection teams in rural areas. Every provincial and city and county distribution company maintained a monopoly in its allocated area.

Film censorship is executed by the Film Bureau with the Ministry having the final decision power. The censoring procedures are applied both before and after filmmaking. Very few film have been completely banned because self-censorship is very commonly practiced among filmmakers. However, revisions and cuts on sexual and politically sensitive contents are normal (Shao, 1993: 128). In addition, the

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*The number of prints therefore was the only indicator with some 'market' sense before 1993, in spite of some transactions of politically specific films are only following the instructions from 'the higher level'.*
studios also have their own internal censoring procedures before a film project is sent to the Film Bureau for examination. Many projects are rejected at this level, by the directors of the studios (Interview No. 10).

There is still no Film Law until now. Regulations have been developed in accordance with administrative commands and instructions. After 1979, many filmmakers suggested the legislation of film regulation and the Authority also replied positively. However, the *Temporary Rules of Film Censorship* proclaimed in 1993 and the ever-comprehensive *Film Administrative Regulations* of 1996 continued to have the status of administrative rules.

Formally, no matter what specific function it carried out, every aspect of the film system in China was inextricably bound up with the whole political and cultural state apparatus. Government took full responsibility for as well as full control of the operation and maintenance of every sector of the system. Film was run as a state organ. Market considerations played a minimal part. Consequently, when market dynamics started to be introduced into the system along with the CCP reconfirmation of move towards a 'socialist market economy' in 1992, chaos and panic ensued.

### 7.3 Taiwan: Abandoning Film

Since the late 1970s, every aspect of the authority and power of the KMT regime began to be shaken. In 1987, the KMT government abolished the Emergency Decree and introduced an accelerating process of liberalisation and democratisation (see Chapter 5). The state basically followed the mainstream economic ideology of globalisation—neo-liberalism—and pursued deregulation policies and reduced state intervention in public affairs. This new direction was not good news for the film industry, which had been under strict state control for a long period.

#### 7.3.1 Everything becomes marketised

In 1983, the first *Motion Picture Law* was approved in the Legislative Yuan defining the film industry for the first time as a 'cultural industry'. Although the film censorship regulations in the Law remained ideologically arbitrary its implementation signaled that the state was beginning to reduce the importance attached to the ideological function of film. In 1988, when martial law was lifted and the government liberated the restrictions on press publishing the age of media liberalisation could be
said to have arrived in earnest. The most representative act of liberalisation was the deregulation of the quota system in 1986, (which has been discussed in Section 6.3.4). Another crucial action was to lift the propaganda duty from the state/party owned film companies. In the 1970s, the CMPC, the China Film Studio and Taiwan Film Studio produced over dozen of 'patriotic films', mostly depicting the heroism of ROC soldiers in the anti-Japan War. These representations were partly a response to a series of failures in the international political arena (see Chapter 5). Benefiting from both the macro political atmosphere and the government's active mobilisation, some of these productions enjoyed popular and market success. Yet, at the same time, Taiwan was transforming into a 'consumer society' propelled by twenty-years of rapid and successful economic development. Consequently, when the political atmosphere changed, the conservative, rigid, and pedagogical messages transmitted in these films were soon rejected by the audience, particularly the younger generation who made up the majority of cinema audience, in the mid-1980s. All three companies faced serious financial losses and successively transformed themselves into market-oriented corporations responsible for their own profits and losses. The director of CMPC said in 1984,

"CMPC is not a pure profit-pursuing enterprise. Except from social education, it also has the great duty in encouraging morale and supporting anti-communism and restoration. So its production direction cannot follow that of private companies. However, film is ultimately a sort of entertainment commodity. Film production institution cannot overlook the economic principle otherwise its existence will be in difficulty. In that case, it can carry out no duty (CMPC, 1984: 10)."

The strict film censorship was also relaxed. In 1982, the GIO canceled the pre-examination of screenplay before film companies start filming. It also invited 'public impartial figures' to be film censors. The new film classification system was also implemented in 1985. It was a two-class system (restricted and universal) in the beginning but added an intermediate category in 1988. The loosening-up of film censorship applied both to violent and sexual content and sensitive political messages.

9 Taiwan Film Studio was renamed as Taiwan Film Corporation in 1988. China Film Studio changed into Hanwei Film Corporation in 1989. Both companies tried to participate in feature film market more actively but were almost disappeared since the mid-1990s. CMPC was better in transformation and
In 1983, one of the pioneer works of New Taiwanese Cinema, *The Sandwich Man/Erzi de Dawanou*, (directed by Hou Xiaoxian, Zeng Zhuangxiang, and Wan Ren), was criticised by conservative film critics before its release for depicting backward aspects of Taiwan’s society. The production company CMPC made some cuts itself but these were disclosed by the press and raised public criticism. Finally the film was released without any cuts or alterations. Six years later, *The City of Sadness* (directed by Hou Xiaoxian, and analysed in Chapter 9) which deals with the 228 incident, the most sensitive political taboo in Taiwan, was also reported to be facing cuts. However, again it eventually was shown in its completed version. For filmmakers, there seemed to be no more restriction on freedom of expression. However, this optimistic conclusion conveniently ignored the fact that control was in the process of moving from the political sphere to the market imposing new restraints on ‘progressive’ filmmaking.

The loosening-up of film censorship and the implementation of film classification primarily benefited the film companies that intended to provide more violent and sexual content to boost profits. This trend prompted concern however, and the most active lobbyists asking reforms in film censorship were film distributors worried about public reactions rather than film creators. From 1989 to 1994, the proportion of films classified as ‘restricted’ increased from 37 percent to 46 percent, while those in the ‘universal’ film fell from 32 percent to 23 percent.

Since the late 1980s, the government has gradually reduced the taxes on the film industry. The taxes on the importation of filming facilities were reduced by 2.5 percent to 10 percent in 1991 and to 5 percent in 1993. Yet, according to a senior filmmaker by then local film companies were already in severe recession and could not afford to purchase many advanced facilities (Rao, 1993). The tax reduction was evidently too late to help a shrinking production sector. The enormous taxes on cinemas were also substantially cut. The stamp duty was abolished in 1984 and the entertainment taxes on domestic film exhibition and on foreign film exhibition was reduced to 6 percent and 25 percent respectively in 1987. By 1993, the tax rates were further reduced by 0.5 to 1 percent and by 1 to 2.5 percent respectively and the business tax was lowered to 5 percent. However, these tax reductions were irrelevant to the production sector and only benefited the cinemas, which were already mainly

became the production centre of New Taiwanese Cinema in the 1980s. Nevertheless, CMPC was also
engaged in showing films from Hong Kong and Hollywood. The government cut
taxes without making the necessary distinctions between different sectors of the
industry made no attempt to introduce effective measure to direct profits from
exhibition back to local production.

General speaking, none of the major liberal measures adopted by the government
in the 1980s and 1990s did much to encourage more diverse and innovative national
film making. Like the sorcerer’s apprentice, the state had summoned up the forces of
the market but found that it could not control them. Nevertheless, it did make some
attempt.

7.3.2 Saving the film industry?
The output of Taiwanese film industry decreased substantially in the early 1980s.
Only 58 films were produced in 1984, the lowest figure in ten years. In response, the
semi-official Film Industry Development Foundation (FIDF)\(^1\) founded the ‘Division
of Film Loan and Finance’ to offer low-rate loans for film production. The measure
was not effective and stopped three years later. The output of domestic film
production slowly increased after 1985 and jumped to 158 in 1988. This increase
however was not attributable to the government’s actions but to the sudden rise in
demand from the rapidly expanding videotape market. As mentioned above, the
loosen-up of film censorship stimulated productions containing more sex and violence
and many small film companies were involved in producing low-cost soft core
fell again in 1989, to 101 (57 less than the previous year) and the tendency seemed
unstoppable. In that year, the GIO announced the most important supportive measure
in the Taiwanese film industry’s history, the *Programme of Supporting Fund for
Domestic Film Production*.

The first year of the Programme offered a total 30 million NT dollars to support
ten selected films. The producer, director, screenplay writer and main actor and
actress had to be nationals. Since then, the amount of money has been continually

\(^1\) The FIDF was founded by the GIO in 1975. The GIO offered 75 percent of its finance and the
director of GIO also served as the chairman of the Foundation. Other members were the representatives
of major film companies. Its main functions were operating Film Archive and holding some film
awards. After 1989, the GIO withdrew from the operations of the FIDF and major film companies took
the control.
increased and some of the detailed regulations have also been altered. In 2000, the total amount in the support fund was 80 million NT dollars, five selected films obtained 10 million each and six further films were awarded 5 million each. In the past thirteen years, the Programme has supported over one hundred domestic films including many of Taiwanese films that have attracted significant international attention. But, this aid has not prevented the Taiwanese film industry from declining. There are at least three problems with the Programme.

The first problem is timing. Since the film industry was already in decline before the scheme was launched with many companies moving their capital to the Hong Kong film industry and other new businesses (see Chapter 8), the supporting fund has functioned as a minimal guarantee for domestic film making rather than a strong incentive to increase production. Consequently, the output of the local industry has continued to decrease and is very close to the number of supported films.

Secondly, the allocation of the supporting fund was improper. The Programme did not distinguish between larger companies (who normally owned both production and distribution interests, or even exhibition sectors) and independent companies, even though it was the latter who most needed support. Moreover, the money the Programme offered to individual film projects was not enough to cover the whole of their production costs. As a result, many independent companies could not complete or even start filming without additional investment from major companies.

Thirdly, due to lack of other coordinated measures, even if independent companies completed films, they usually could not secure proper distribution and exhibition. Without exhibition outlets and marketing initiatives however, local films, no matter how excellent they are, cannot make any significant impact on the market.

The unfavourable situation of independent producers is further enhanced by an already existing tendency. Since the 1980s, local companies have found that making 'art films' for the international art film market is one, and sometimes the only, viable option open to them. Whether the film is popular or not at home was a secondary concern. Consequently, film companies and directors, once awarded money from the supporting fund, tended to make the films oriented to international film festivals and art film markets. Indeed, in the first four years of the implementation of the Programme, 10 out of the forty supported films won awards in international film
festivals. However, only one out of the forty ever reached the top ten box-office list of domestic films in this same period\textsuperscript{12}.

Since the possibility of a levy on imported films for supporting local production had never been effectively pursued (see Chapter 6), the money going into the supporting fund came totally from the government's general budget. For some members of the public, the Programme was inappropriate because it used their money to support films made only for foreign art film audiences. Nevertheless, even though the Programme continues to attract criticism, the state still insists on maintaining it, mainly because the fund can support films that function as vehicles for 'national display' (see the discussion in Chapter 4), which remains important to the state of Taiwan. In this respect, art films that find favour with overseas audiences represent a political bonus.

Since The City of Sadness won the Golden Lion Award at the Venice Film Festival in 1989 the government has started to actively support local film companies' participation in international film festivals. In 1992, the GIO instituted the 'Programme for Rewarding Domestic Film and Professionals Participating in International Film Festivals', establishing the amounts that could be granted and the rules governing their distribution. When The Wedding Banquet (1992, directed by Ang Lee and analysed in Chapter 9) was nominated for the Best Film and other two films were also invited in Berlin Film Festival in 1993, the government for first time sent a delegation headed by the vice-director of the GIO to attend the festival\textsuperscript{13}. At the Cannes Film Festival in the same year, The Puppet Master / Xi Mong Ren Sheng (directed by Hou Xiaoxiang) was nominated as Best Film and the GIO again dispatched a delegation to attend. At the end of 1993, The Wedding Banquet was nominated for the Best Foreign Film in the 1994 Oscar Academy Awards. In response, the GIO sent its largest ever delegation to the US, an initiative which was strongly criticised by some American reviewers as 'political interventions'. Ironically, just as film was released from its ideological function at home it became a new propaganda machine for the country in international arenas.

\textsuperscript{11} The GIO supported some cinemas to establish cinema chain for showing domestic films in 2000. Yet, it was clearly too late for the diminishing industry.

\textsuperscript{12} That was Yi Yu (1990, directed by Zhu Yen-ping, produced by Xue Zhe Film Company). It was ranked the fourth place on the list of that year.

\textsuperscript{13} At last, The Wedding Banquet together with Chinese film Xiang Huen Nu (directed by Xie Fei) won the Best Film Award (Golden Bear Award).
7.3.3 Completely giving up

The state also has tried to save the film industry in other ways. The GIO convened an extensive National Film Conference in 1992, and invited many key figures in the film industry and academia to discuss the issues facing the film industry and to make suggestions. Subsequently, the GIO conducted a whole-year project named ‘The Film Year’, which included short-term training courses for film workers, film industry and history researches, and domestic and international promotions of Taiwanese film. These measures, as the Chinese phrase – ‘loud thunders, little rains’- puts it, had little significant effect on the declining film industry. The main structural problems, such as the flight of capital offshore and the domination of imported films in the exhibition market, had not been touched. In fact, at the same time as the government was loudly proclaiming its determination to revive the local film industry, it was also gradually lifting restrictions on the importation and exhibition of foreign films.

After the latest rounds of the Taiwan-US bilateral trade negotiations were completed, the government revoked the importation quota system in 1986. The restrictions on the number of circulating prints of an imported film (the print quota) and on the number of cinemas showing same imported film (the cinema quota) were also increasingly relaxed from the early 1990s (see Table 6.6).

Although the KMT handed over its fifty-year reign to the DPP in 2000, the new government has maintained its basic policy orientation. In October 2001, the GIO, on its own initiative and without any public discussion, proposed amending the Motion Picture Law to delete the articles relating to the print and cinema quotas and to the levy on imported film for supporting local production. The Legislative Yuan approved the amendment rapidly without dissent. The director of the Division of Film of the GIO, Jiang Chuanching, argued that the changes were necessary for the entry into the WTO. ‘Hollywood films have already dominated world market and local audience has shown no interests in domestic films for a long time’, he said, ‘it is useless at all to protect domestic film now’ (China Times, 18/10/2001). Having come this far, the state has now almost given up all of its policy instruments to protect and support the local film industry. As a result, local film has been effectively banished from Taiwan at the beginning of the new century.
7.4 China: Film Moves towards the Market

Recent reforms in the Chinese film system can be traced back to the late 1970s and the resulting debates and adjustments that continued though the whole the 1980s. In 1979, in an attempt to revive a film system that had been seriously damaged during the Great Cultural Revolution, the Department of State decided to set aside 80 percent of distribution profits as a fund for developing and rebuilding film distribution and exhibition sectors. Later, the Ministry of Culture announced that transaction practices between studios and the CFC would change, from a fixed price (900 thousand yuan) for each film to a floating price in accordance with the number of prints sold. However, because the floating price was actually limited to a range between 1.08 million and 900 thousand yuan, as Ni argues, it represented only a slight difference from the original system (Ni, 1994: 46).

In 1985, the fixed cinema ticket price system was also changed to a floating system in some areas – although still within a range. The limited range of floating price of film prints was lifted in 1987. The price of each print also raised from 9,000 to 10,500 yuan in 1989 (ibid.: 47-8). Yet, the centre of the old film system, the national monopoly of the CFC and the regional monopolies of local distribution units, was not touched until 1993.

7.4.1 Reforms in the film system

At the end of 1992, the Ministry of Radio, Film and Television (MRFT) convened over 20 conferences on the reform of film system. By January of 1993, a document titled ‘Some Opinions about Deepening the Present Reforms of the Film Industry and Mechanisms’ (the so-called No.3 Document) was released. The key to the reform project was the introduction of market dynamics and the cutting edge was distribution. The Document abolished the monopoly of the CFC in distributing domestic films (although the distribution of imported film still remained the CFC’s exclusive right) and allowed all studios to sell film prints either to the CFC or directly to 32 provincial and municipality distribution units (Ni, 1994: 50-1; Shao, 1993). The change seems exceptional from today’s perspective, but at the time it had a substantial impact on every sector of the film system. In practice, they did not know how to do business in a novel ‘market’. ‘Some provincial and municipality distribution units and small and medium-sized studios felt they were “losing gravity”’, as Ni puts it, ‘Having
experienced a fixed and united operation model for many years, they were suddenly shocked and lost their directions' (Ni:1994: 52). However, after a short hiatus, the change activated an enormous chain reaction which proceeded at dramatic speed.

Shanghai, one of the cities in the vanguard of the marketisation process, experienced the first reactions. In March 1993, the Shanghai Film Distribution Company responded to the new business environment by transforming itself into the first stock company in China's film industry, the Shanghai Paradise Corporation (SPC)14. The SPC signed a shared-profit contract with Beijing Film Studio (BFS) to distribute its co-produced (with Hong Kong and Taiwan companies) film, *Once Upon a Time in China III/Shiwan Zhengba*15, in Shanghai. This was the first distribution arrangement that was not mediated by the CFC. The profit-sharing ratio was BFS 60 percent and SPC 40 percent in the first four months and afterwards 42 percent and 58 percent respectively. The BFS obtained over 900 thousand yuan in the Shanghai market in the first four months and its considerably enhanced many studios and local distribution units' confidence (Ni, 1994: 54).

The distribution of *Once Upon a Time in China III* in Jiangsu Province introduced another significant innovation. After the No. 3 Document was published, the Jiangsu Provincial Distribution Company planned to replace the CFC as the center of control for all second-tier distribution units. The action was opposed by some city distribution companies. Four of them, Nanjing, Suzhou, Wuxi, and Nantong, formed a coalition and signed a distribution contract of *Once Upon a Time in China III* directly with the BFS. This practice was already beyond the terms specified in the Document, but was accepted and affirmed by 'higher levels'. In response, the Jiangsu Film Distribution Company allied itself with seven other city distribution companies to establish another new provincial distribution company (Ni, 1994: 54-5). The distribution monopoly at provincial level had been broken and market competition had appeared. This so-called 'Jiangsu Breakthrough' event symbolised the way that market pressure had become a significant factor in influencing, and sometimes even in forcing, changes in government film policy.

In August 1994, the MRFT released a document titled 'Notice on Improving the Reforms of the Film Industry and Mechanism' (the so-called No. 348 Document).

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14 Shanghai Paradise Corporation has expanded and formed the largest media conglomerate in China in 1996, Shanghai Paradise Film & TV Group. See more introductions in Chapter 8.
15 The film is analysed in Chapter 9.
This allowed all production units to sell their films to every tier of distribution units and exhibition units (except from some special margin areas). The film distribution and exhibition market had in effect has been entirely opened (Mao, 1999). In the following years, two competing distribution units formed in many provinces, including Shandong Province, Sichuan Province and Shanxi Province. The Film Bureau also actively intervened and coordinated this trend (China Film Yearbook, 1998/1999: 32).

**7.4.2 Reforms in film production**

In the field of film production, while the film authorities maintained the power to assign production indices, substantial changes also occurred. Firstly, the authority agreed that studios could seek financial resources for film production from domestic corporations and legal persons. Shanghai again was the most active in this practice. The Shanghai Film Studio (SFS) started to attract investments from enterprises and from directors in 1993. Among eight films completed by SFS in that year, four were co-productions with other companies and the other four had outside investments (Ni, 1994: 81).

Secondly, the authority actively encouraged studios to make co-productions with non-domestic film companies though so far these arrangements have been mostly confined to Hong Kong and Taiwanese film companies. Before the ‘major films’ from the US were introduced in late 1994, co-productions proved to be better in generating profits than domestic productions (for more discussion on this see in Chapter 8).

Thirdly, the No. 3 Document allowed studios to operate and develop post-film products and businesses, such as video tapes, video discs (VCDs), and cable television release, in their own right. In fact, since the 1980s, many studios have actively attempted to involve themselves in diverse businesses including shooting commercials, audio and visual products retailing, studio tours, travel, and even construction and estate development.

Fourthly, the film authority also urged studios to introduce internal managerial and organisational reforms. First of all, the studios transformed themselves from state organs into corporation units and every department had to take full responsibility for their duties. Filming teams therefore acted as contractors rather than civil servants. In addition, most studios dismissed staff and downsized themselves.
In the late 1990s, the film authority introduced further liberalising measures. The first was to diversify film production beyond the 16 national film studios (Interview No. 3). The Film Bureau first allowed province-owned small-sized studios to make films in 1997. One year later, the franchise was extended to local distribution units, local television stations, and private corporations and persons. All these bodies can now apply for a single film production license by submitting their filming proposals to the Film Bureau (China Film Yearbook, 1998/1999: 33; Interview No. 3).

Secondly, in line with policies in other industrial fields, the film authorities also fostered vertical and horizontal integration and conglomeration in the film industry. Shanghai again was the first place in which this policy achieved significant progress. In addition to the formation of the Shanghai Paradise Corporation, the Shanghai Film Studio also acquired some cinemas to transform itself into the Shanghai Film and Television Group Corporation in the same year (1996). Another prominent example was the Beijing Forbidden City (Zijincheng) Film Corporation. This was established at the end of 1996 with participation from four state organisations, the Beijing Television Station, the Beijing Television Art Centre, the Beijing City Film Company (city distribution unit), and Beijing City Cultural, Art, and Audio-Visual Publications. The resulting corporation contains a wide range of sectors including film and television programme production, film distribution and exhibition (for more discussion see Chapter 8). The latest development has been the establishment of the China Film Group Corporation in 1998. The Group was headed by the CFC and composed of the Beijing Film Studio, China Film Co-production Corporation, China Children’s Film Studio, China Film Equipment Corporation, Beijing Film Processing and Recording Factory, Movie Channel (CCTV 6) and Huayun Film And TV Laser Disc Company. This is now the largest vertically and horizontally integrated film conglomerate in China (Interview No. 5).

Despite these extensive structural changes however, the system of guidance on the direction of production has been maintained. In 1994, in preparation for the celebration of the Fiftieth Anniversary of Nation in 1999, the MRFT announced the ‘9550 Project’ of film production, which intended to produce 10 main-melody films per year from 1995 so that there would be 50 works available in 1999. Yet, finding the finance to complete this ‘top mission’ was obviously problematic and so the film authority had to extend its permission of non-governmental investment in film production (China Film Yearbook, 1998/1999: 24).
7.4.3 Subsidy and protection

The PRC government pursued five measures for supporting domestic film production after the reform in the film industry began: the special film finance, television-film cross subsidy, the levy on imported films, tax breaks, and special case subsidy application (China Film Yearbook, 1998/1999: 33; Interview 3).

The Film Special Finance is a fund for supporting feature film production. It was first set up in 1988, with funds drawn mainly from the governmental budget. In 1991 however, the MRFT formally released documents for the collection and management of a Special Fund for Developing the National Film Industry and switching the financial source to a levy on box-office revenues based on 0.05 yuan per ticket sold. In 1996, this was changed to 5 percent of total box-office revenues. The definition of ‘key films’ eligible for subsidy were (Ni, 1994: 129):

(1) The film presents significant events of the Party, country, and the People’s Liberation Army (PLA), or recounts stories of the leaders of the Party, the government and the PLA.

(2) The film presents an important historical story of revolutionary struggles since the Opium War. Where the cost of such a film is higher than 1.8 million yuan, the subsidy is capped at 50 percent of the cost.

(3) The film presents significant achievements of revolution, development, and reform. If the cost of is higher than 1.4 million yuan, the 50 percent ceiling for subsidy again applies.

(4) The revenues of completed film with the themes described above are lower than the original cost after two-years of release.

As these criteria make clear, the available finance is mainly to support main-melody films. However, the collection of funds ran into problems because of resistance from local distribution and exhibition sectors and bureaucratic conventions. The Film Bureau convened a meeting of national exhibition sectors to enhance the collection of monies in May 1997. It had the desired effect. The Finance collected that year stood
at 33.57 million yuan, an increase of 122 percent from the amount of 1996, and three times higher than 1995 (China Film Yearbook, 1998/1999: 33)\(^{16}\).

To further increase the influence and revenues of ‘key main-melody films’, the MRFT and Ministry of Culture implemented a promotion plan in April 1997. The plan was designed to coordinate the CFC and major regional distribution companies and cinemas (about 300 nationwide) for the united release and promotion of key films. The Film Bureau and the CFC also actively promoted domestic films exports. The objective however is not simply to secure the wider circulation propaganda as in the old times, but also to generate more profit from transactions.

The television-film cross subsidy arrangements are designed to reallocate profits from a comparatively strong media (television) to a weaker media (film). The measure takes 3 percent of the annual revenues of television companies operating at provincial level and above. In addition, because the CFC still has the monopoly of film importation, a levy on imported film is taken from its revenues. Before 2001, the amount was 10 million yuan a year.

Tax breaks include reducing taxes on imported blank negative film reels together with business tax and film print value-added tax on film studios (Interview No. 4). The average annual use of blank film in 1999 was about 60 million metres which attracts a tax break of 164 million yuan (China Film Yearbook, 1998/1999: 33). The Film Bureau also accepts application for special production project for special subsidy.

Apart from the five measures listed above, the Film Bureau and local governments also provide various subsidies and awards, such as screenplay awards and grants for improving film equipment. The government has selected the Beijing, Shanghai, and Changchun studios as key development bases for film and invested 32 million yuan in constructing new infrastructures at the three sites. In 1997, central government and local governments together spent 175.895 million yuan in supporting film productions and improving film facilities and technologies (ibid.: 31).

Although the film authorities still prohibit foreign nationals from owning or holding stock in the film production and distribution sectors, they have accepted

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\(^{16}\) It was estimated that annual box-office revenues were 1.4 to 1.5 billion yuan in 1997 and 1998. If we take 1.4 billion as assumed data, the 5 percent of that should be 70 million yuan. Although the Film Bureau argued that 33.57 million yuan was a great improvement, it actually only reached about half of the expected amount. This shortage may demonstrate two possible facts. The first is that many local cinemas’ operations are in serious difficulties. The second is that the power of government and Party control in China is declining.
foreign investments in cinemas in special cases since the mid-1990s. The majority of these investments were from Hong Kong. The Hong Kong corporations, including the major film company Golden Harvest, have been involved in rebuilding several cinemas in Beijing and Shanghai. Capital from Singapore and Japan has also participated in the cinema business in Shanghai and Guanzhou (China Film Yearbook, 1998/1999: 32). In the 1999 however, under the terms of the China-US WTO agreement, the Chinese government has agreed to generally open cinema ownership and operation to foreign investment. The proportion of foreign ownership however must be lower than 49 percent.

Among the measures protecting the domestic film industry, the most important initiative is the foreign film importation and screen quota system, which has already been mentioned in Chapter 6. The monopoly of the CFC in importing and distributing foreign film ensures firstly, the quantity and quality of films imported, and secondly, full control in allocating and using the profits made. However, the details of exactly how these profits are distributed remains confidential. The profits generated increased considerably after the ‘imported major films’ arrived in late 1994. China has agreed to increase the annual importation of ‘major films’ from 10 to 20 upon its entry into the WTO, and to 40 five years later. After China signed the WTO agreement with the US, in a public speech the current director of the Film Bureau, Liu Jianzhong, proclaimed three principles for ‘further opening up to foreign films’ (Keshi, 2001):

(1) The screen quota system will be retained. The number of imported films shown cannot be more than one-third of the number of total films shown nationwide.
(2) ‘Allowing’ the import of 20 films should not be equated with ‘having to’ import 20 films.
(3) Shared-profit films are not only confined to American film. They can also include European film and films from Hong Kong and Taiwan.

Nevertheless, as mentioned in Chapter 6, the two-thirds screen quota for domestic film has been more of a formality than a reality. Not only because many cinemas do not obey the regulation or submit false screening schedules, but also because the ‘major films’ account for two-thirds of national box-office revenues. In addition, along with increased imports of shared-profit films and the business-oriented transformation of local distributors, the CFC is facing increasingly severe challenges
to its historic monopoly over importation rights and plans for releasing one or two distribution franchises to other distribution bodies and introducing competition are now under active consideration.

### 7.4.4 Changes in the definition of film

In retrospect, it is clear that all the market-oriented reforms pursued since 1993 were aimed at solving the crisis of declining revenues from the national film industry. From 1979 to 1991, annual audience admissions fell by 50 percent—from 29.3 billion to 14.4 billion. The number of film exhibitions also decreased 20 percent. This persistent decline alarmed a government still committed to Lenin’s notion of the centrality of film as a communicative apparatus. In 1992, attendance was 10.5 billion, 26 percent lower than the previous year. Box-office revenues and the number of films shown also decreased respectively by 20 percent and 16 percent from 1991 (Ni, 1994: 2, 50). In response the 1993 No.3 Document, for first time in a formal document in China’s history, mentioned that evaluations of the film industry should consider ‘social’ as well as ‘economic’ effectiveness. The political function was no longer the dominant feature of film.

As mentioned in section 7.2.1, the comparatively liberal CCP leader Zhou En-lai had argued on the early 1960s that political objectives should not override the other functions of film. ‘The political criterion is not everything’, he emphasised, ‘the public watch movies for leisure and entertainment’ (B. Chen, 2000). However, it was only after the organizational reform of the film system started in 1993 that this idea was considered seriously and debates around the commercial, artistic, political, and entertaining features of film have been going on intensely since then (see some of key literatures collected in the China Film Association, 1996). Some authors argue that commerce is the first and foremost characteristic of film, and has been neglected for too long in the history of contemporary Chinese film (i.e. Shao, 1996). They celebrate the Hollywood system as ‘the most appropriate practice and artistic idea for the evolution of film’ (Shao, 1996: 101). They argue that the orientation of film practice should be completely towards market and that this is the only realistic resolution for

17 In 1997, the authority ever allocated three quotas of distribution of ‘major films’ to three major film studios, Changchun, Shanghai, and Beijing, one each as a kind of reward. But due to lack of distribution networks and experiences, three studios finally gave up the right and ‘sold back’ to the CFC.
the present crisis of the Chinese film industry. In contrast, other critics contend that the artistic and social features of film should remain primary. Worries about vulgar and bad-taste productions following a market-driven system are widely expressed (i.e. Xu, 1996). In this debate (as in the similar debate between market liberalism and the thoughts of the Frankfurt School) the only point of universal agreement is that the overt party political function of film should be reduced.

Many authors however, have been trying to find a balance between the contending positions.(i.e. J. Li, 1996; Zhu, 1996). They affirm that the introduction of markets and commerce into the film production is necessary but insist that commercial considerations cannot be allowed to prevail over artistic principles. They also recall Zhou En-lai’s idea, emphasising the entertainment value of film rather than its commercial potential. They are convinced that making films that fusing entertaining and artistic features is a task all filmmakers should pursue, and that this does not have to imply loss of quality. The argument seems to echo the No.3 Document that both social and economic effectiveness should be considered.

Yet, for the government, any definition of the ‘social effectiveness’ of film must still include political considerations, but in a significant concession to critics, the current official guideline for film production advocates the so-called ‘three features in one’: the ideological, the artistic, and the entertaining. This is the first time that the Chinese government has formally accepted entertainment as one of film’s key features. As a result, official conceptions of the function of film have become complex. As the present vice-director of the MRFT, Zhao Shi, said,

In film creation, we should attend to the relationship between ‘exalting main-melody’ and ‘enhancing diversity’. We should insist on the highly unification of ideological content and artistic form, of obtaining market/audience and directing market/audience, of considering artistic effect and social effect, of creating social and economic effectiveness. We should present significant historical events as well as magnificent real life, depict true stories as well as artistic fictions,...When dealing with some sensitive topics, we should grasp the policy and the propriety (China Film Yearbook, 1998/1999: 25).

These new ‘unifications’ disclose many contradictions in film policy-making and difficulties in filmmaking. As in the general area of media policy-making, mentioned
in Chapter 5, the Chinese government has been trying to introduce advantages of market factors into the film industry without taking the risks of ideological liberation and legitimation crisis. The unspoken rationale behind the ‘three features in one’ guideline is that when the three features contradict with each other, ideological correctness would be the only guideline. To this end, the film authorities still execute a strict censorship system.

Since Red Sorghum (analysed in Chapter 9) was awarded the Golden Bear at the Berlin Film Festival in 1988 and Chinese films and creators have increasing attracted international attention, the Chinese government has been particularly cautious in supervising the details and contents of films submitted to international film festival. It forbids any film to be shown in an international film festival without pre-permission. Nevertheless, some young filmmakers have secretly attended international film competitions as a way to avoid censorship. If they win an important award overseas, it can becomes a kind of protection for their creations. The practice is risky however and can incur the wrath of Chinese government.

One recent example was Gue Zi Lai Le (2000, directed by Jiang Wen). The film is about the interactions of Japanese soldiers and Chinese village people in the Second World War. Unlike the conventional representations (see the film analysis in Chapter 9), the film does not depict the Japanese as devils (Gue Zi). On the contrary, both Japanese and Chinese find a communal humanity in the film and a special friendship is born between them. Jiang Wen brought the film to the 2000 Cannes Film Festival without passing film censorship and the securing the agreement of the government. The government asked Jiang to withdraw the film from the festival but he refused. The film finally won the second prize (the Reviewers’ Award) and the government was furious. ‘The film content is not correct’, said a senior official in the Film Bureau, ‘Chinese people are ignorant and ruthless while the Japanese are noble and proud in the film’. He stated firmly that Jiang, the producer, and investors would be severely punished, by being prohibited from making films for several years, and that the film must be cut and revised (Interview No. 16). Nevertheless, although the film is still banned in China, Jiang and the other staff involved have still not been formally punished. Does this imply that the CCP government has softened its stance towards
film content regulation? Or, has it gradually lost its power in dealing with civil society forces (represented by filmmakers)? The answer remains to be observed.

But, no matter how the CCP government changes their attitude to film censorship, one thing is sure. That is, ‘entertainment films’ with minimal political implications have become the safest form of production. This fact has not been lost on filmmakers and the majority of films produced by independent film companies, which obtained film production franchises from the government as a result of the reforms in the film industry, have been ‘entertainment films’ (see more details in Chapter 8).

7.5 Powerless States?

After the 1980s, the states of China and Taiwan have substantially changed both generally and in relation to film governance. In Taiwan, the state gradually lost its power to govern film. It took the direction of marketisation in the name of media liberalisation but contrary to the more optimistic projections, the film industry has got weaker rather than stronger, and the film production has not become significantly more diverse. Rather, the industry has been given to global competition and its residual value as a vehicle for national display is confined to a handful of art films. The computer, semi-conductor, and telecommunication sectors have assumed the role of strategic industries that the whole country’s resources should be devoted to, leaving film stranded on the shores of history. In retrospect, although the actions of the state were strongly influenced by international and domestic economic forces it was not compelled to hand over its power to the extent that it has. It was presented with choices and the choices it made in turn restricted its subsequent decisions.

In China, the state still maintains its dominant control over film policy-making and resources have mainly been allocated to the production and promotion of ‘main-melody’ films celebrating the Party’s achievements. Nevertheless, market dynamics have become increasingly influential. Although ‘ideological security’ remains the primary concern, entertainment has been introduced and promoted in film production for its ‘economic effectiveness’. On the other hand, civil society forces, such as

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18 There was another event worthy to be noted here. In May 2000, China Film Directors Association, the largest and most important professional organisation of Chinese film creators, held its third-year conference in Beijing. In its final report of the conference, the association issued a ‘appealing letter’ in which appealing the government to accelerate reform in film industry, to legislate the Film Law, and to loosen film censorship. The kind of collective action was still highly sensitive in today’s China. The authority was quite unhappy and warned some leading directors personally. Yet, the authority did not give any real punishments (Interview No. 13; 16).
filmmakers and intellectuals, remain comparatively weak within the film policy-making process. The situation is still fluid. But, a special sort of coalition between the state and capital (newly risen at home, private and state-owned, and newly arrived from outside) has begun to form, in which the state and the Party can maintain its dominant position and the capital can make more profit.
The development of China's film industry before 1949 was considerably restrained by political unrest. The first Chinese film was produced in 1905 when the Fengtai Photography Shop in Beijing shot a short of the famous Beijing Opera actor Tan Xinpei. Eight years later (1913), the businessman Zhang Shichan and playwright Zheng Zhengqiu, funded by an Italian businessman, together made the first Chinese feature film Nanfu Nanqi. However, substantial production only started in the 1920.

By 1925, there were 175 film companies operating in major cities, of which 141 were located in Shanghai. Most of these companies did not actually produce film but confined themselves to looking for profitable investment opportunities. From 1921 to 1931, there were about 650 feature films produced. The majority consisted of comedies, sensational melodramas, and films featuring ancient swordplay, folklore or mythology. The original unregulated and chaotic market order was gradually transformed into an oligoplistic structure dominated by three major companies, Mingxing, Tianyi, and Lianhua. The scales of operations of these domestic majors however were still comparatively small because imported films dominated the market (Cheng, 1997; Du, 1972).

From 1930 onwards, the extension of the Japanese military invasion, and intensifying struggles and conflicts between the ruling KMT and the CCP began to have a major impact on the film industry. The CCP literature and art workers actively intervened in major film companies' operations in an effort to produce what they called 'progressive films'. The KMT government responded by arresting CCP members, strengthening film censorship, intervening in private film companies themselves, and establishing state/party-owned film companies. The struggle continued after the end of the anti-Japan war and lasted until 1949. At the same time, American films again flooded into the market, and the local film industry, as one of the centres of the KMT-CCP struggle, remained underdeveloped. It is only after 1949, with the defeat of the KMT, that we see two distinct 'national' film industries starting to develop, one based in Taiwan and the other in mainland China.
8.1 A Structurally Distorted Industry

As mentioned in Chapter 7, the state of Taiwan regarded the film industry as a propaganda organ and an entertainment business at the same time. In spite of forceful state interventions, the industry was, and still is, operating as an industry within a commercial market. Political rationales and commercial considerations sometimes coincided and sometimes contradicted with each other, but the film industry has never been established as a sound public cultural institution.

As in mainland China and other later-developing societies, the Taiwanese film industry developed out of film exhibition. During the Japanese colonial occupation, a domestic film exhibition market had begun to form even though film production was restricted. After the KMT regime came to power on the island in 1945, the government and party took over all Japanese-owned film production facilities. Although film production was not prohibited, civil organizations lacked either the material resources or the skills to enter into production. At the same time, the film exhibition market experienced rapid growth. Between 1949 and 1954, the number of cinemas increased from 40 or so to 374 (S. Lu, 1961), but only 16 local films were made (all by state/party owned companies). The rising market demand was mainly fulfilled by imported films from Hong Kong and Hollywood. By 1955 however, civil film production had begun to pick up.

In late 1955, a Fulao opera drama club invited He Jiming, who had studied film production in Japan, to shoot one of their most popular performances, Xue Pinggue Yu Wang Baochuang, and the resulting film was released into cinemas the following year. This project enjoyed unexpected market success and it was reported that some cinemas were damaged by the enormous audiences who tried to crowd in. Its success attracted private investors into filmmaking and the number of Fulao films made rose abruptly in the subsequent five years. Between 1955 and 1959, a total of 178 Fulao films were produced, more than three times the number of Mandarin films produced in the same period. The majority of these indigenous films were opera dramas in film form. The main labour force for these productions also came from opera drama. Already-popular contents coupled with a novel artistic form guaranteed their

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1 1955, the first civil film Lio caizixixiangjī was produced. Probably because the bad quality, it did not obtain significant attention.
profitability. The film industry suddenly became ‘a paradise of speculators and adventurers’ (F. Lu, 1998: 85). In 1958, there were 64 production companies operating in the industry. A few film professionals and entrepreneurs aimed to take the film business seriously and establish large-scale studios, but most producers were content to make easy money from low cost and low quality films within simple production environments. They were more like the growing sector of Taiwanese small and medium sized firms generally — except that they did not export. This basic industrial pattern established the essential structure of Taiwan’s domestic film production sector.

Between the mid-1960s and the mid-1970s, attracted by the KMT government’s film policies (see Chapter 7) and the comparatively low production and labour costs, some Hong Kong businessmen and local entrepreneurs who had close relationships with Hong Kong interests started to establish film studio systems in Taiwan for mass-producing Mandarin films. As a consequence, many skilled workers moved from Fulao film production to these newly established companies with the result that although the years between 1970 and 1974, saw 423 local films produced, only 61 of these were Fulao. As these figures suggest, Mandarin films gradually replaced Fulao films as the major force in the local market and in export markets of South-East Asia. These productions were in two main genres—romantic melodrama and swordplay movie, both of which were relatively apolitical and escapist. This development, which further extended the reach of the Hong Kong film industry, introduced an international division of labour within Taiwan’s film industry.

But, around the mid-1970s however, the dominant sector of production began to face severe difficulties. Firstly, the local production system was still not competitive with Hong Kong, which benefited from a more liberal capital and regulatory regime. This enabled it to upgrade its capacity and introduce independent producers and new directors, thereby increasingly extending the distance between itself and Taiwan’s film industry. Secondly, in response to complaints that there was too much violence in swordplay movies, the Taiwan government introduced stricter censorship on films. Thirdly, some of the South-East Asian countries (which were major export markets) started to impose film importation restrictions. Faced with these disadvantages, these

Fulao opera drama (Gezai Xi) is a sort of folk drama mixing Fulao folk songs and traditional Chinese opera drama. It developed within Fulao communities in Taiwan since the mid-term of the Japanese colonisation and became a popular folk culture.
highly mobile capital that had flowed into the island's industry quickly withdrew from Taiwan and left a still underdeveloped film production sector.

In contrast, the distribution and exhibition sectors continued growing reinforcing the Taiwanese film industry's pattern of structural distortion. Between 1945 and 1970 the number of cinemas increased from 40 or so to over 800. While in the same period, the population doubled. Annual attendance in cinemas grew from 94 million in 1961 to 250 million, the highest in history, in 1981 (DGBAS, 1992). Although in the heyday of Fulao film, a few entrepreneurs tried to develop a viable production business they finally failed because the distributors refused to cooperate with them (F. Lu, 1998: 89-93). After the mid-1970s, when Hong Kong films became more popular than local productions, the structural advantages enjoyed by distributors increased still further. The sector became increasingly concentrated with a few major distributors gradually coming to dominate the market through their control over extensive cinema chains. The key to the major distributors' control was their ability to obtain the rights to popular Hong Kong films and sometimes violence and gang forces were used for achieving this. Major distributors also became the main investors in local productions from the 1980s onwards which is why they are often seen as the main 'betrayers' of Taiwan's film industry in the 1990s (see Section 8.4). However, they did not have the field entirely to themselves.

Another important force in Taiwan's film industry were the state/party-owned film companies, particularly the Central Motion Picture Corporation (CMPC) whose main task was to make feature films. Because the CMPC was vertically-integrated it was not affected by the tensions and contradictions between production and distribution that beset the private sector. Furthermore, it used its abundant resources strategically and gradually became the pivotal production unit in Taiwan's film industry from the early 1970s onwards. In addition to patriotic and propaganda films, the CMPC also involved in producing big-budget romantic melodramas in the 1970s. In fact, the CMPC presented a paradox. On the one hand, because it undertook ideological tasks it was not able to produce progressive works which expressed real complexities and contradictions in the society. Consequently, it never functioned as a developing centre to facilitate civil film production sector. On the other hand, because it was one of the KMT party organs, it was, to some extent, insulated from the full impact of market forces. This relative independence created some 'free' space in film production. Although this space was initially used to serve the KMT's political interests, when the
authority of the KMT started to decline in the late 1970s, it became a supporting force in the birth of a new direction in film in Taiwan – New Taiwanese Cinema – and this development will be discussed next.

8.2 The Fading Away of a National Film Industry

Since the 1980s, the Taiwanese film industry has been substantially affected by two interconnected trends. The first has come from outside in the shape of accelerating globalising processes including the global spread of neo-liberal ideology, more freely mobile capital, the globalisation of cultural production and consumption, and the global extension of the use of new communication technologies (see discussions in Chapter 2). The second has been generated within Taiwan as the state has, unintentionally and intentionally, granted increasing autonomy to civil society forces. As a consequence, the film industry gained greater freedom of operations that it had ever enjoyed before. At the same time however, the state has also pursued neo-liberalist policies of deregulation, privatisation and marketisation, which have placed the film industry in an environment characterised by market domination and minimal public sector support (see Chapter 7).

The interactions of these two trends has had several major consequences for the Taiwanese film industry. One, the overwhelming victory of Hollywood films in Taiwan’s film market, has been discussed in Chapter 6. The other four issues are introduced sequentially below.

8.2.1 The birth and death of New Taiwanese Cinema

In the late 1970s, the civil film production sector tried to find a solution in the context of already lost of overseas markets, the increasing domestic popularity of Hong Kong films, and the gradual relaxation of film censorship. What they offered was plenty of violence and sex. Between 1978 and 1983, there were 117 crime films released (F. Lu, 1998: 261). Leading once critic to claim that film makers ‘entirely indulged in gang crimes, gambling, fighting, YA film, slapstick film, and hodgepodge of mischievousness’ (ibid.). These efforts did not meet with box-office success and the situation of the commercial film industry worsened.

At the same time, the CMPC was also trying out its new, more ‘open’, role by placing less emphasis on overt propaganda and more on educational and moral
guidance. In 1982, it came up with a four-episode suite film *In Our Time/Guangying de Gushi* directed by four new-generation directors, Edward Yang, Tao Dechen, Ke Yizheng, and Zhang Yi. The episodes relate incidents set in the process of Taiwan’s modernisation from the 1960s to the 1980s and were characterised by a natural realist style. The film is now seen as marking the break that ushered in ‘New Cinema’ and distinguished it from ‘old cinema’. Edward Yang’s view of the film identified the main creative direction of New Taiwanese Cinema (NTC)³,

[...] the film probably was the first film in Taiwan’s film history to consciously explore Taiwan’s past. That is to say, it was the first film in which we began to ask ourselves questions about our history, our ancestor, our political situation, and our relationship with mainland China and so on’ (quoted in R. Chen, 1993: 47-48).

The CMPC subsequently produced *Growing Up/Xiaobi de Gushi* (1983, directed by Chen Kunhou, written by Hou Hsiaohsien) and *The Sandwich Man* (a three-episode suite also directed by a group of three new-generation directors, including Hou Hsiaohsien). The former was regarded as the key work in kick-starting NTC because of its substantial market success. However, it was not only the CMPC who continued to make this sort of art film. The desperate, seeking solutions to the production crisis, private film producers and distributors were also involved. From 1982 to 1986, taking a narrow definition of NTC (and counting the outputs of the major directors), there were 32 NTC films produced, or taking a broader definition (by theme and style) 58 (F. Lu, 1998: 277).

Although most NTC works were recognised as having high social and artistic value, their form and style (see Note 3) ran counter to the mainstream audience’s increasingly ‘Hollywoodised’ and ‘Hong-Kongised’ film tastes. Popular audiences gradually lost patience with having to work at ‘interpreting’ and after the few early successes most NTC works failed at the box-office. In addition, bad-quality films produced by private companies which had jumped on the NTC bandwagon made the

³ The basic characteristics of NTC were commonly recognised as follows: (1) Most stories of NTC works were about the past or present of Taiwan’s society; (2) Creators were more conscious in exploiting the possibilities of film form. Though choosing different aesthetic positions, they all rejected the formulas of traditional melodrama; (3) Creators believed that film audiences are active interpreters. They told the story in a polysemic and ambivalent way rather relying on simplistic and sensational devices. They thus kept a distance from film audience and just invited audience to experience (F. Lu, 1998: 274-6; R. Chen, 1993: 47-51).
situation worse. Since they were only interested in as long as the results proved popular, once the genre began to fail in the market they withdrew as quickly as they had joined in the beginning.

Meanwhile, the CMPC also became hesitated to make further investments in NTC because it too had increasingly to take account of commercial concerns. The high tide of NTC production is commonly considered to have ended in 1987. Although its productions (broadly defined) accounted for less than 14 percent of the total local film output during the five years from 1982 (F. Lu, 1998: 279), it had significant consequence for Taiwan's film industry. It is widely agreed that the NTC movement made a very significant contribution to Taiwanese film art by creating an art film tradition (or an art film genre), cultivating internationally famous directors (mostly Hou Hsiaohsien and Edward Yang), and helping to develop an art film audience. Nevertheless, the NTC movement had another, more significant but usually ignored, impact on Taiwan's film industry. It forged a new link between the Taiwanese film industry and the structure of contemporary global film production and consumption—a link very different from the structure established by film exportation to South-East Asian markets in the 1960s and 1970s.

8.2.2 The internationalisation of art film production

At an early point in the development of the NTC movement, some directors had found that attending overseas competition and selling products in international film festivals was an effective and helpful way to generate the revenues that would enable them to make their next film. Two early eminent examples were Hou Hsiaohsien and Edward Yang (Yang Dechang). According to a press report in 1989, from 1983 to 1988, eight films directed by Hou had clocked-up 113 showings at international film festivals while six films directed by Yang were screened 56 times. These films demonstrated that revenues from overseas sales could eclipse box office takings at home and sometimes push the film into profit (see Table 8.1). Moreover, once a film or film worker won a major prize in an international film festival, they could obtain rewards from Taiwan's government and increase their chances at the domestic box-office. Although overseas market performance has remained unpredictable, aiming at these

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*In 1987, fifty NTC film workers and other key figures in cultural circles jointly signed and issued 'Manifesto of Taiwanese Cinema'. It in effect announced the death of NTC and fostered a new start of 'An Alternative Cinema'.*
markets has become normal practice for some art film directors and also a profitable strategy for a few film companies, including the CMPC, since the late 1980s.


<table>
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<tr>
<th>Year</th>
<th>Title</th>
<th>Cost</th>
<th>Domestic revenues</th>
<th>Overseas revenues</th>
<th>Profit</th>
<th>Times attending film festivals</th>
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<tr>
<td>'84</td>
<td>The Boys from Fengkuei</td>
<td>6.0</td>
<td>3.3</td>
<td>7.4</td>
<td>4.7</td>
<td>15</td>
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<tr>
<td>'84</td>
<td>A Summer at Grandpa’s</td>
<td>5.8</td>
<td>5.6</td>
<td>6.0</td>
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<td>19</td>
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<tr>
<td>'85</td>
<td>The Time to Live and the Time to Die</td>
<td>8.0</td>
<td>8.0**</td>
<td>5.16</td>
<td>5.16</td>
<td>31</td>
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<tr>
<td>'86</td>
<td>Dust in the Wind</td>
<td>8.0</td>
<td>9.34</td>
<td>5.22</td>
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<td>23</td>
</tr>
<tr>
<td>'83</td>
<td>One day on the beach</td>
<td>12.0</td>
<td>14.8**</td>
<td>N/A</td>
<td>2.8</td>
<td>5</td>
</tr>
<tr>
<td>'85</td>
<td>Taipei Story</td>
<td>6.0</td>
<td>1.5</td>
<td>5.0</td>
<td>0.5</td>
<td>19</td>
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<tr>
<td>'86</td>
<td>The Terrorist</td>
<td>8.5</td>
<td>11.0</td>
<td>5.55</td>
<td>8.05</td>
<td>29</td>
</tr>
</tbody>
</table>

* The data of revenues and times attending film festivals were accounted till the end of 1988. The first four films in the table were directed by Hou, and the rest three films were directed by Yang.
** The amount included rewards won at home.

From another perspective, this practice can be called the internationalisation of art film production. For international film distributors, Taiwanese film companies which target overseas art film markets, function as overseas independent film producers or off-shore research and development (R&D) departments. Those who control international distribution outlets are the ones possess the majority of the exchange value of these films. One prominent example was The Wedding Banquet (1993, produced by CMPC, directed by Ang Lee). The film won the Best Film Award in 1993 Berlin Film Festival and was popular in the Festival’s exchange market. It was reported that it sold distribution rights to twelve countries and acquired revenues of about NT$ 39 million. The CMPC estimated that the total incomes, after adding the sales of distribution rights in the US and in Asia, should reach about NT$ 65 million. The box-office revenues of the film at home were about NT$ 120 million. In result, the total revenues the film generated for the local film industry should be over NT$ 180 million (Wei, 1994: 45). Yet, according to reports in the American film trade journal Variety, The Wedding Banquet listed at 99th place in the top one hundred world box-office hits of 1993, generated total box-office receipts of over US$ 23 million (NT$ 600 million). This means that there were over NT$ 400 million, 70 percent of the total revenues, not going back to Taiwan’s film industry (ibid.).
Despite this unequal exchange however, the practice of 'internationalising' production continued throughout the 1990s down to today. It operates in several variants. One familiar form works like a subcontract. An internationally famous director obtains investments from foreign distributors and pre-sells distribution rights (domestic or international) to investors. For example, some Japanese companies have invested regularly in Hou Hsiao-hsien's works since the 1980s and Edward Yang has attracted financial resources from the US, Japan, and France. Another art film director Tsai Mingliang (Cai Mingliang), who emerged later than the 'first wave' figures, obtained investments from a French company for his latest film, *What Time Is There?/Ni Nabian Jidian* (2001). International distributors have even tried to participate in distributing art films in Taiwan. In 1994, the Hollywood major Time Warner (now AOL-Time Warner) announced that it was establishing Warner Asia to distribute Chinese films in Taiwan and other Asian markets. The first film it handled was *The Confucian Confusion/Duli Shidai* (1994), directed by Edward Yang but it was not successful in the market. After subsequent failures the initiative was terminated.

Another trend is for film directors to be incorporated into international film corporations, particularly the major Hollywood studios. The most prominent example is Ang Lee. After *The Wedding Banquet* and his subsequent film, *Eat, Drink, Man, Woman* (1994) achieved widespread market successes, he was recruited to direct Hollywood art films. The first of these, *Sense and Sensibility* (1995, Columbia) was adapted from the English novelist Jane Austen's work. Although critics questioned whether a Chinese could completely understand a 'Western' story, the finished film was successful in the US and British markets and won a number of international film awards. Ang Lee subsequently directed two American set films for Hollywood, *The Ice Storm* (1997, Fox) and *Ride with the Devil* (1999, Universal) having already moved the center of gravity of his career to Hollywood. In 2000, he got the chance to make a film based on a Chinese story, the swordplay movie *Crouching Tiger, Hidden Dragon/Wo Hu Cang Long* (Columbia). The film achieved great success in both US and overseas markets and won the Best Foreign Film Award at the Academy Awards and many other prizes. Yet, apart from Ang Lee himself and one of the screenplay writers, and a small proportion of the finance, the film had nothing to do with Taiwan's film industry.
The internationalised production of art film may be good for film directors, some local film companies, and the state (as a vehicle for displaying the country's 'heritage') but it has also had negative influences on local film culture. The modest market success at home of *The Wedding Banquet* was an exception. Most art films were regarded as minority art and rejected by local mass audience. As mentioned above, the tendency of art films to distance themselves from ordinary audiences which had appeared in the 1980s was further enhanced by the internationalisation of art film production, the inappropriate film subsidy policies (see Chapter 7), and the lack of advanced filming technologies and skills. In response, some directors paid more attention to the requirements of international markets than to the needs of local market creating a vicious spiral. Consequently, major film directors continued to 'keep a distance' from local markets and audiences both in creation and in marketing. In making their movies, some were totally unwilling to compromise on matters of film form and style. They freely explored their own artistic objectives without considering how to communicate effectively with local audiences. Some made films where the story was nothing to do with Taiwanese society. *Flowers of Shanghai / Hai Shang Hua* (1998, directed by Hou Hsiaohsien and mainly financed by Japanese capital), for example, focuses on the love affairs between high-class prostitutes and their clients in Shanghai in the 19th century. Although the film was highly praised by local and foreign film critics and Hou was regarded bringing his artistic talent and individual style into full play in the film (see Huang and Cao, 1998), it was notably unsuccessful in the domestic market. In marketing, some art film creators passively deal with or even give up local release of their works. Edward Yang, for example, seemed reluctant to have his latest film, *A One and A Two/Yi Yi* (2001, mainly financed by Japanese capital), released in Taiwan. Ironically, the film won the Best Director Award at the 2001 Cannes Film Festival and was reported to be popular in many European markets but has still not been shown in Taiwan at the time of writing.

Of course, there are film directors, such as Chang Zuoji, Wang Xiaodi, and Lin Zhengsheng, who insist on making films that try to tell stories about the local society and try to communicate with local audiences. Yet, the conditions they face are now...

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5 For example, Edward Yang emphasised (with some pride) that he was doing business like common Taiwanese small and medium-sized firms. The thinking apparently considers film as a pure commodity for exportation without considering local audience's need (see Young, 2001).
much more difficult than that in the 1980s. One of the main problems is the constraints imposed by local major distributors.

8.2.3 Runaway capital

In the early 1990s, local film companies invested in art film productions on a limited scale while continuing to produce low-budget and low-quality restricted-class films. These two types constituted the main output of the Taiwanese film industry at that time, a situation that has been described by some local critics as 'the polarisation of production' (see Huang, 1992; Chiao, 1991). It is an instance of what Garnham called the tendency towards 'two-tier markets' in capitalist society (Garnham, 1983a: 15-18; 1983b: 325). He argues that both production and consumption within the capitalist cultural industries tends towards 'two-tier market structure' in which the distance between the material/cultural rich and the material/cultural poor is gradually extended. Nevertheless, in the case of Taiwan, this tendency was not simply the result of internal dynamics. It was substantially affected by international factors.

Because Hollywood and Hong Kong films, with their advanced production technologies and comprehensive marketing practices, already accounted for the majority of the entire local market, these two directions of production seemed to be the only alternatives the weak film production sector could take. The only common ground between them was that they were both in low cost. In fact, local major distributors had already allocated the majority of their resources in Hong Kong.

In the early 1990s, many Hong Kong films enjoyed great market success in Taiwan and major distributors were involved in intense competition to purchase distribution rights. Sometimes the distribution rights were pre-sold, which was in effect a sort of investment. As a result of this competition prices became unreasonably high. At the end of 1992, for example, major distributors competed in pre-purchasing the distribution rights to two expectedly lucrative Hong Kong films. The Longxiang Film Corporation finally defeated its opponents by paying over NT$ 100 million (the original floor price for both distribution rights was about NT$ 60 million). This amount would have funded a dozen *Taipei Stories* or four *The Wedding Banquets*! In addition, major distributors made large investments directly in Hong Kong film companies in an effort to further control the market. Another major, the Scholar Film Corporation, for example, invested NT$ 100 million in Hong Kong popular star Andy
Lau’s independent studio to make *The God of War* in 1992. Even the CMPC participated in this trend. In the same year, it invested in popular Hong Kong director Tsui Hark’s swordplay film ‘*New Dragon Inn*’ and enjoyed good returns.

Ironically, Taiwan’s film industry found itself in the paradoxical situation where foreign distributors paid money to local filmmakers to make art films targeting foreign markets, while local distributors paid money to foreign filmmakers to make commercial films targeting the local market. However, because the major distributors dominated local distribution outlets and gave preferential treatment to their own investments and other commercial films, some art film creators who targeted on the local market could not obtain proper distribution and exhibition. Many of their works could only be shown in one cinema for less than one week. Recently, some art film directors, such as Wang Xiaodi and Tsai Mingliang have begun to rent independent cinemas themselves in order to achieve longer release.

However, runaway the surge of commercial investment and once the Hong Kong industry entered recession in the mid-1990s (also see Chapter 6). The mobile Taiwanese capital rapidly withdrew from Hong Kong and changed the objective of their investments. They did return to Taiwan, but not to invest in local production. They found another lucrative business – cable television.

8.2.4 When film meets the new communication technologies

Television, home video, and cable television are three significant ‘newer’ communication technologies that have significantly influenced the transformation of the film industry (see Wasko, 1994).

Taiwan’s television industry developed in the 1960s when three state/party-owned television companies were established sequentially in 1962 (TTV), 1969 (CTV) and 1970 (CTS). During this same period, the penetration of television sets in households rapidly increased to 32.2 percent. By 1975, the coverage of black-and-white television had reached 72.9 percent and colour television 13.3 percent while annual cinema attendance decreased from 180 million (1970) to 134 million (DGBAS, 1992). The film industry’s first reaction to television was rather hostile. The industry even prohibited contracted movie stars from appearing in television programmes. In 1970,

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6 Some major distributors turned to distribute non-Hollywood-maj ors’ American films and Japanese films. Except from a few successful cases, such as *The English Patient* (distributed by Era Corporation in 1998), they apparently cannot compete with Hollywood blockbusters and Hollywood branch offices.

Nevertheless, the sector most affected by television was Fulao film and the small-sized film companies that produced it. TTV started to present Fulao drama programmes and Fulao opera drama within the first three years of its establishment. By 1966, it was reported that the audience for Fulao film in South Taiwan had decreased by 30 percent (ibid.: 148). In addition with the bias of the government’s film policies (see Chapter 7), it is not surprising that Fulao film rapidly diminished at the end of the 1960s. In contrast, the favourable policy treatment and larger industrial scale meant that the direct impact of television on Mandarin film was not so great. Unlike the US and Hong Kong where the film industries eventually cooperated with the television industry after disputes in the initial stages, the film and television industries in Taiwan remained separate until the appearance of cable television.

As early as the mid-1970s, another threat – home video – appeared in the market. By the early 1980s, it was estimated that there were already over 8 thousand videotape rental stores in Taiwan (Fan, 1991). But it was only in 1985 that the government introduced regulations about ‘rental right’ into a Copyright Law which governed the videotape rental business. It was reported that local film companies had lost enormous amounts of revenue during the launch period of home video when pirate copies dominated the market. But it was also acknowledged that the majority of rented videotapes were of Hong Kong, Japanese and American films and programmes (Fan, 1991; Feng, 1995). Indeed, the establishment of the Copyright Law was mainly a response to the immense pressure from American majors and the US state. The new regulations therefore ensured that the home video market became a profitable additional outlet for foreign as well as domestic film companies.

All local major film distributors (including the CMPC) were also engaged in the videotape distribution business in the early 1990s. The tiny market share possessed by local companies was almost entirely accounted by sales of low-budget restricted-class films. However, the video boom was short-lived. The number of videotape rental stores decreased to 2,400 or so in the late 1980s and to 1,750 in 1994 (F. Lu, 1998: 244; Feng, 1995:14). Cable television rose instead and this was the most important change in Taiwan’s media environment in the 1990s.

As early as in the end of the 1970s, cable television services had appeared in some areas of Taiwan. The so-called ‘the fourth channel’ service (differentiated from the
three state/party-owned channels) rapidly grew and spread all over Taiwan. By 1985, there were 230 thousand households linked to cable television service and this figure increased to 540 thousand in 1991 and 1.5 million in 1993 (Feng, 1995: 37). On the other hand, there were over 2 million households had set up receiving discs to watch foreign satellite television programmes in 1994 (Feng, 1995: 14). After the mid-1990s however, most satellite television channels have been transmitted via cable system and incorporated into cable television services boosting subscriptions to over 3 million (Guang, 1997; Liu, 1997). Today, most cable television systems provide an average of 100 channels and include four Mandarin movie channels (mostly showing Hong Kong movies) and eight foreign movie channels (mostly showing American movies).

Again, in the early growing stages of cable television, the film industry experienced considerable financial losses because of unauthorised broadcasts of films and from 1984 onwards, conflicts between film exhibitors and cable system operators were increasingly frequent. In 1991, film exhibitors claimed that the annual revenues of cable television business NT$ 13.2 billion, almost equaled to their estimated loss, although the cable system operators estimated the figure as 3.2 billion. The film industry even aligned with their 'old enemy', the videotape rental stores, to mount a protest demonstration in the same year (Feng, 1995: 13). Yet, the decisive pressure to force the government to legitimatise cable television came, again, not from local interests but from the US state and the transnational media capitals based in the US (also see Chapter 6).

After the Cable Television Law was approved in 1993, major local film companies started to get paid for selling their products to cable operators. However, as F. Lu points out (1998: 377), the price of cable rights to a film was only about NT$ 600 thousand which, in comparison with the price of videotape rights which could reach NT$ 3 – 4 million, was comparatively insignificant. Major film companies (again including the CMPC) also directly participated in, actually moved the majority of their resources to, the cable television industry. As well as opening their own movie channels, some of them also established more various sorts of cable television channels. The Era Corporation, for example, after producing and distributing some art films (including The City of Sadness) in the late 1980s and early 1990s, cooperated with Hong Kong TVB (the largest wireless television company in Hong Kong) to establish a comprehensive entertainment channel TVBS in 1993. Today, TVBS has a
total five cable television channels. However, the Era Corporation’s success is an exception. Because of the intense competition in the television market, other major film companies either maintained their own movie channels with great difficulty, or withdrew from operating channels on their own in the late 1990s. Whether they were successful or failed in the cable television market, simply continue to re-play films they already owned the broadcasting rights. Except from investments in a few film projects from independent film companies, which had already obtained government’s supporting funds, major film companies have almost completely retreated from film production.

In retrospect it is clear that the changing relations between the film industry and the new communication businesses has followed the same basic pattern as in the US, with the film industry temporarily threatened by newer communication technologies but eventually cooperating with them (see Wasko, 1994). What makes the case of Taiwan different from that in the US (and other advanced capitalist societies) however, is that every time the film industry accommodated to a new communication technology its strength was whittled down substantially, rather than enhanced. Because of the inadequacies of film policies, the immense threats posed by transnational corporations, and the sector’s relatively small scale and limited resources, the strategies adopted by a shrinking film industry were more like searches for possible ways out a long recession rather than efforts to extend their operational scale. As a result, local film production never benefited from these changes. Instead, it was abandoned again and again (see figures in Chapter 6 for the decrease in local film production).

8.3 A New Film Industry for a ‘New China’

When it was clear that the victory over the KMT in the civil war was inevitable in the late 1940s, the CCP began to take control of various governmental institutions,
including the film industry. In April and October 1949, the Beijing Film Studio and
Shanghai film Studio were established respectively. Together with the Dongbei Film
Studio (literally 'north-east', established in 1946 and later transformed into the
Changchun Film Studio) these became the three development centres of the new film
industry in its early stages. The first central regulatory body for film, the Central Film
Administrative Bureau, was also set up in April 1949. One paragraph of instructions
the CCP sent to regional cadres in August 1949 revealed the importance of film in its
concerns: 'film art has the largest popularity and the best propaganda effects. Hence,
we must enhance the industry for effectively promoting the propaganda of the Party
and our new democratic revolutionary movement and development' (quoted in Cheng,
1997b: 401).

In line with this view the CCP constructed a huge and comprehensive national film
system including state-owned studios and the Central Film Corporation (for national
film distribution), local cinemas and projection teams, and a hierarchical film
regulation system (see Chapter 7). The national film industry was constructed as a
centrally planned industrial mechanism. The number and themes of film to be
produced was decided by the central government. The CFC then bought films from
studios at a fixed price and distributed film prints, also sold at a fixed price, to
regional distribution units and arranged simultaneous film exhibition in local cinemas
and projection teams. Although audiences bought tickets to see films, the ticket price
was quite low (0.2 – 0.35 yuan before the mid-1980s) and in many cases the public
was requested or ordered by their directors to see a film. In addition, the importation
of foreign films, except films from the former Soviet bloc and other Communist
countries, was generally prohibited and competition from television was also
relatively delayed (Ni, 1994: 41). Therefore, the whole industrialised film system was
maintained in a self-reliant and comparatively stable condition throughout the 1950s

From the late 1940s, the CCP’s film institutions were involved mainly in making
documentaries and newsreels and the production of documentary remained the central
task of studios until the late 1990s (see Table 8.2). The production of feature films
developed relative slowly not only because the skills and resources were relatively
scarce in the 1950s, but also because feature films were always a matter of serious
concern to the CCP leaders. As mentioned in Chapter 7, film content were a site of
continuous political struggle. In the first two years of the new country film production
started to grow and over twenty films were produced. The CCP government even held a domestic film exhibition activity in March 1951. The activity released 26 features films produced by state-owned studios in 21 major cities nationwide for a month and prompted enthusiastic public responses (Beijing Cultural Bureau, 1995). The production of feature films however was not swept along on this rising tide.

Table 8.2 Changes in China's film industry (1952-2001)

<table>
<thead>
<tr>
<th>Year</th>
<th>Films Produced</th>
<th>Total Release</th>
<th>Exhibition Units*</th>
<th>Attendance**</th>
<th>Documentary Produced</th>
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</tr>
<tr>
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<td>N/A</td>
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<td>N/A</td>
<td>N/A</td>
<td>313</td>
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<td>46</td>
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</tr>
<tr>
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<td>65</td>
<td>139</td>
<td>122</td>
<td>29.3</td>
<td>317</td>
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<tr>
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<td>82</td>
<td>116</td>
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<td>134</td>
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<td>172</td>
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<td>417</td>
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<td>113</td>
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<td>110</td>
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<td>69</td>
<td>N/A</td>
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<td>'99</td>
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<td>N/A</td>
<td>N/A</td>
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</tr>
<tr>
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<td>N/A</td>
<td>N/A</td>
<td>10</td>
</tr>
<tr>
<td>'01</td>
<td>88</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* In Thousand; ** In Million.
Sources: China Statistics Yearbook 2001; Xue, 1994; Ni, 1994; Website: www.stats.gov.cn.

In May 1951, Mao Zedong personally led a nationwide political criticism movement by attacking a film Wuxun Zhuan. After that film directors became extremely cautious and prudent. Film production was also continuously blown by changing political winds and struggles. In 1959, to celebrate the tenth anniversary of the nation, and under the promotion of the relatively liberal Zhou Enlai, film production enjoyed a second tide. The Cultural Bureau held the second domestic films exhibition activity which released 35 films in major cities. Audience attendance
increased from 3 billion in the previous year to 4 billion (B. Chen, 2000: 11) and the annual output of films was estimated as 80 (Beijing Cultural Bureau, 1995: 51). Again, this second tide was not sustained and film production faced the most severe condition a few years afterwards.

In the first half of the 1960s, the Gang of Four rose to power and political struggles became increasingly intense. Jiang Ching, the head of the Gang of Four, personally led a series of criticisms of several films and labeled them as 'Big Poisonous Plants' (B. Chen, 2000: 14). By 1966 the Great Cultural Revolution began and the production of feature films almost completely stopped for ten years (see Table 8.2). Only some 'Standard Dramas' (Yangban Xi) were produced in plan (Beijing Cultural Bureau, 1995: 78-82). After the havoc was over in 1976, 'the culture imprisoned for ten years eventually revived' and audiences were eager for new cultural experiences (Ni, 1994: 44). Along with an increase in new productions plenty of formerly forbidden films were released, and by 1979, both annual attendance and average the amount of movie-going per person had reached historical highs of 29.3 billion and 28 (ibid.).

Annual feature film output started to increase after 1981 and was maintained at over 100 until the late 1990s (see Table 8.2). Nevertheless, while political relaxation brought back mass demand for film, the external conditions of film industry were also changing profoundly. As Ni points out,

The public was excited and confused by the high record of cinema attendance in the early 1980s and thought that it signaled the reappearance of the prosperity of the film industry in 1950s. But they did not perceived clearly that the coming 1980s in fact would be an age of door-opening, international cultures exchanging, ideological liberation, film technologies innovating, and various audio-visual media rising. Thus, the task of reviving the film industry after a ten-year destruction by the Gang of Four was in effect unavoidably connected with the necessary reform in the film industry later (Ni, 1994: 44).

8.4 Crisis and Opportunity

The government had attempted a few slight reforms in the film system in the 1980s (see Chapter 7) before more substantial reform came in 1993. And the emergence of the Fifth Generation sent a clear signal that China's film industry was going to enter into a new epoch.
8.4.1 The Fifth Generation and political relaxation

The term Fifth Generation refers to a group of Chinese film directors (including Chen Kaige, Zhang Yimou, Tian Zhuangzhuang, Zhang Junzhao, Wu Ziniu, and Huang Jianxing), who graduated from the Beijing Film Academy around the same time. They successively got chances to make their first work in state-owned studios in the early 1980s. Their early works were consciously differentiated from previous productions in both form and style and were widely regarded as heralding a ‘new wave’ of Chinese cinema. As Chiao argues, the most significant revolution the Fifth Generation cinema presented was that it overthrew the melodrama tradition embodied in previous Chinese films and concentrated on exploring cinematic elements, such as colours, sound and editing (Chiao, 1998: 21). In terms of narrative they tended to choose the realist stories that inquired into and reflected on Chinese history and society.

*Eight and One* (1983, directed by Zhang Junzhao, and photographed by Zhang Yimou) was the first work of the Fifth Generation. But the film had not passed censorship and was not released until 1985. Consequently, *Yellow Earth* (1984, directed by Chen Kaige, photographed by Zhang Yimou) is now commonly considered as the debut of the Fifth Generation. The film won two Best Cinematography Awards, at the Nantes Film Festival (in France) and the Hawaii Film Festival, and attracted great international attention. In the subsequent years, Tian Zhuangzhuang directed *On the Hunting Ground/Liechang Zhasa* (1985) and *Horse Thief/Dao Ma Zei* (1986), Hunag Jianxing directed *The Black Cannon Incident/Heipao Shijian* (1985). They were all regarded as representative works of the Fifth Generation cinema. Because both the external conditions of production and the character of the main creators’ works changed later on, Dai argues that the Fifth Generation cinema, as a film art movement, ended in 1987 with the output of *Red Sorghum/Hong Gaoliang* (directed by Zhang Yimou) and *The King of Children/Haitzi Wang* (directed by Chen Kaige) (Dai 1999: 70, 249).

In interpreting the emergence of the Fifth Generation, some argue that it was mainly the result of political relaxation since the late 1970s. ‘In this newer atmosphere of liberalism’, Tam and Dissanayake state, ‘the film industry began to show signs of health and vitality’ (1998: 5). Others regard the Fifth Generation movement as a cultural / historical reflection on and response to the experiences of the Cultural Revolution (Dai, 1998: 52). And some others stress the fact that the major directors of
the Fifth Generation started their careers in relatively distant and small state-owned studios (Guangxi and Xian) where the ideological burden was not as heavy as in the larger studios (Chiao, 1998: 19). However amidst these competing explanations, the economic factors underpinning the emergence of the Fifth Generation are usually ignored.

In fact, after a short period of prosperity in the late 1970s and the beginning of the 1980s, the number of cinema admissions started to decline by one billion per year (Ni, 1994: 156). Between 1979 and 1985 there was a 17 percent decrease in the number of screenings and a 43.5 percent decline in attendance (Berry, 1991: 115). The main cause of this recession could be the increase in recreation options and the spread of television set ownership, but whatever the truth of the matter it alarmed the studios that prompted them to recognise a need to reduce didacticism and search for new directions in production. This motive should be considered as one of significant factors in fostering the birth of the Fifth Generation. Once this is recognised, then another phenomenon, the entertainment-oriented films produced around the same time, can be also interpreted properly (I will come back to this issue later).

Although many works of the Fifth Generation cinema were criticised by political conservatives for their realist depictions of Chinese society, economic pressure has been much more influential in the movement’s development since the mid-1980s. Most of the Fifth Generation films were unsuccessful in the marketplace. A film sold on average 100 prints at that time, Yellow Earth sold only 30 prints and many others sold even less. Tian Zhuangzhuang’s On the Hunting Ground sold only two prints and Horse Thief seven (Berry, 1991: 118). The poor record not only prompted the studios to reduce their interest in offering production opportunities it also raised public criticism. As Berry puts it, ‘if failure to serve politics has become a poor position from which to attack the Fifth Generation or any other group of filmmakers, failure to serve the immediate needs of the broad audience clearly commanded broader support’ (ibid.: 119).

The first two-third of the 1980s was a period in which, for the first time, political and ideological controls, artistic principles, and market factors entered into contention within the field of film in China. The mutual relationships among these forces and the results of their interactions and vicissitudes were not however clear at that time. The Fifth Generation was born within this temporary mix of contingent conditions. However, it gradually became clear that as market factors became increasingly
influential the domestic situation moved in a direction unfavourable to the Fifth Generation directors. *Red Sorghum* was one of the answers to this difficulty given by Zhang Yimou. The film achieved considerably success in domestic market (see the analysis of the film in Chapter 9). But, when the film won the Best Film Award at the Berlin Film Festival in 1988, it suggested another way out – production aimed at an international market. A parallel process happened to Taiwan’s new directors which has been discussed previously. However, the prominence given to the Fifth Generation in western critical commentary has obscured the fact that they were not, but the state-owned studios, the most influenced by the new economic pressures.

8.4.2 Reform and the state-owned studios

In 1984, the CCP government decided that the film industry should become a state owned enterprise, generating profits and paying taxes, rather than a state organ. This change made the situation of state-owned studios much worse given the continuing decline in cinema audiences – the annual attendance sharply fell to 5.2 billion in the next year (Ni, 1994: 47). Meanwhile, the Film Bureau still required the studios to maintain an annual output about 120. The state-owned studios therefore faced severe difficulties.

Take 1991 as an example. In that year the film market rose after successive falls and had its highest box-office for ten years (the figure fell again after 1992). National box-office revenues stood at 2.36 billion yuan and the state-owned studios obtained 179 million yuan. After deducting costs and taxes, the net profits were about 12.6 million yuan. This figure had to support film production across sixteen studios. Given that the average budget for making feature films was 1 to 1.3 million yuan, the amount could only under right 10 small-medium budget films. Yet, the task the studios’ assigned quota was 120 feature films a year (Ni, 1994: 75). Although the government provided special subsidies for the production of main-melody films, all the studios were faced with serious finance shortages.

Another problem lay in the studios’ internal organisation. To be established as official and comprehensive film production organisations, all state-owned studios had enormous staffs and paying their salaries became an increasingly heavy burden in the new environment. Three major studios (Beijing, Shanghai, and Changchun), for example, had an average over 1500 online staff and over 500 retired staffs. In 1993,
the personnel costs of Changchun Film Studio (CFS) was 40 thousand yuan a day. Furthermore, many studio employees were old and did not participate in production.

Facing these challenges, the studios introduced changes, sometimes without the government’s instructions. First of all, all studios introduced reforms in their organisation and management, including implementing subcontract systems and downsizing personnel. Beijing (BFS) and Shanghai Film Studios (SFS), for example, required directors or independent producers to subcontract production and share profits with the studios (Ni, 1994; Xue, 1994: 105). Secondly, the studios started to develop diversification. BFS, for example, established Beijing Audio-Visual Publishing Company and studio theme park in the early 1990s. Probably because of bureaucratic inertia, these reforms however need more time to prove their effect.

Thirdly, under the government’s promotion, major studios also tried to transform into conglomerates. The two most prominent cases are SFS and BFS. SFS integrated the Shanghai Film Company (distribution unit), some cinemas (constituting the Dongfang cinema chains), and television production units to transform itself into the Shanghai Film and Television Group Corporation in early 1996. The Corporation then produced 10 feature films, which was the highest output among state-owned studios, and 8 TV drama serials (100 episodes) in that year (Wenhui Film Times, 11/01/1997). In 1998, BFS was integrated into a much larger group – the China Film Group Corporation. It is headed by the CFC and composed of the BFS, China Film Co-production Corporation, China Children’s Film Studio, China Film Equipment Corporation, Beijing Film Processing and Recording Factory, Movie Channel (CCTV 6), and Huayun Film and TV Laser Disc Company. The resulting organisation will be the largest vertically and horizontally integrated media conglomerate in China (Interview No. 5; Wenhui Film Times, No.637). According to one production director in BFS, after the merger, BFS only had a 3 million yuan production budget per year from the group and still has to find additional financial resources itself (Interview No.8). Hence, this merger was basically a framework construction which in practice it has not yet demonstrated the advantages of synergy.

In contrast with slow pace of internal reforms, the studios seemed more active in looking outward for financial support. Since the early 1990s, some studios have started to introduce investments from private enterprises and legal persons and these sources have gradually became increasingly crucial in production. All productions of SFS in 1993 and of BFS in 1995 contained some proportion of external finances (Ni,
1994: 81; Interview No.8). The Beijing Film Studio, for example, produced sixty or so films with external investments but there were over forty investors. In August 1997, it obtained an investment of 20 million yuan, (which was the largest amount the practice allowed), from Nande Corporation. The investment was planned for producing three feature films and sixty episodes of TV serials (Wenhui Film Times, No. 616).

Because the government still prohibited foreign capital from investing directly in film production in China, private investment was confined to domestic sources. But, for the last two years transnational capital has stepped up its efforts to enter the market. In 2000, the American cable television giant HBO, whose parent company is AOL-Time Warner, had tried to put together a co-operative venture with BFS. BFS recruited a dozen young directors (aged 25-35) to make low-budget films. HBO provided finance and would possess the television broadcasting rights of these films. Productions could start only after the screenplays and production projects had been agreed both by BFS and HBO. However, the plan eventually was cancelled for unknown reasons at the end of the year (Interview No.8; 12).

Another more frequently adopted way of attracting external finance is in the form of co-production. To deal with the many foreign film and television companies who wanted to shoot programmes in China following the open-door policy, the Film Bureau established the China Film Co-operation Corporation (CFCC) in 1979. Before the mid-1980s, most cooperative projects were making documentaries. In 1986 however, the CFCC assisted Italian and English companies to make The Last Emperor. The following year, American Warner Brothers and director Steven Spielberg came to shoot The Sun Empire. These two cases however were in fact associated productions, no Chinese capital, labour or services were involved (F. Zhang, 2000). Since then, cooperation with Western companies has remained rare while investment from Hong Kong and Taiwan has increased and become rather crucial.

Since 1983, co-productions with Hong Kong and Taiwan (HK&T co-production) have accounted for the majority, and sometimes all, co-produced films. This type of production reached its high tide in the period of 1993 to 1995. During that period, HK&T co-production accounted for between one-third to one-fourth of the total film
output in China (see Table 8.3)\(^9\). About 80 – 90 percent of HK&T co-productions were commercial swordplay and kung-fu movies\(^10\). Before the importation of foreign ‘major films’ started in 1995 (see Chapter 6), these films generally enjoyed better returns than domestic productions in the market which further stimulated the practice (Ni, 1994: 87-8).

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Films</th>
<th>Co-production</th>
<th>HK&amp;T Co-production</th>
<th>Associated Production</th>
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<td>2</td>
<td>1</td>
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In the HK&T co-production practice, the participating Chinese studios normally offer filming equipment and settings (fixed capital) and labour and services as joint investment. Financial investment is minimal. Nonetheless, they can have the exclusive distribution right at home. Because most of these co-production films achieved success in the market, the practice generated significant returns for them. Particularly after the reforms in distribution implemented since 1993, the studios could obtain more profit from distribution. *Once upon A Time in China III /Shi Wang Zheng Ba* (1993), a co-production between Beijing Film Studio, Tsui Hark Film Studio in Hong Kong, and Longxiang Film Company in Taiwan, is the best example

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\(^9\) The amount was counted in the final output of co-production cases. If counting by the number of co-production applications to the CFCC, there were total 185 applications from 1979 to 1991 and 90 in 1992, in which HK&T co-production accounted 87 (Ni, 1994: 87).
Because both the Taiwanese and Hong Kong film industries entered recession in the mid-1995, the amount and scale of HK&T co-production has gradually reduced since then (Wenhui Film Times, No. 667). Even so, as F. Zhang argues, they have profoundly influenced local filmmakers. They introduced the theory and practice of commercial film including the idea of the entertainment film, efficient production procedures, cost management, and marketing and promotion strategies (2000: 207).

Recently, the CFCC and studios have also been actively looking for co-production plans with Western and Asian countries. However, such initiatives remain constrained by the CCP governments continuing concerns about the themes and ideology of co-production films (Wenhui Film Times, No.667; 701). The Shanghai Film and Television Group did enter into a co-production deal with a South Korean company in 1999. This was the first time in China that the budget was as high as 20 million yuan. However, the film (Fei Tian Wu) was still an ancient swordplay movie.

8.4.3 Changes in the direction of production

As mentioned above, before the state led the reforms in film system were introduced, the studios had tried to introduce their own changes in the direction of in response to successive falls in box-office revenues in the early 1980s. In contrast with the marginal studios that gave birth of the Fifth Generation, the major studios (Beijing, Shanghai, and Changchun) chose to make entertainment-oriented works. To this end, from 1980 to 1983 they released several kung-fu movies, such as The Mysterious Buddha/ Shenmi de Dafo (1980) and Wu Dang (1983), which obtained great popularity. After the mid-1980s, many small and medium-sized studios joined in producing entertainment films. Some directors commonly regarded as members of the Fifth Generation, such as Zhou Xiaowen, Zhang Junzhao and Li Shaohong, were also involved in entertainment films production. From 1987 to 1991, the proportion of the entertainment films, mostly kung-fu, action, and crime, in total films produced by state-owned studios increased from 20 percent to over 55 percent (Lu, quoted in Ni,

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10 Another significant co-production type was art film, but the investors were not limited in Hong Kong and Taiwan but also from Japan and Western countries. The issue will be further discussed later.

11 Although the substantial reform in film system started in 1993, the way of obtaining revenues of studios had changed in 1980. Originally, studios sold film to the CFC in fixed price per film. In 1980, it was changed to sell the film in the price of the amount of prints sold – the price of each print remained fixed. In other words, the studios had stronger incentive to produce commercialised film.
In comparison with the Fifth Generation art films which normally sold less than 30 prints, the top ten box-office entertainment film generated over 200 prints (ibid.).

Entertainment film not only won popularity among audiences, it also obtained support from film critics. The leading film theory journal *Contemporary Film* /*Dangdai Dianying* produced a series of special issues on entertainment film in 1987. It also convened a conference on entertainment film the following year. The vice minister of the Ministry of Radio, Film and Television (MRFT) at that time, Chen Haosu, attended the conference and stressed the importance of film's entertainment value. Interestingly, about the same time, the CCP also instructed film authorities to improve and increase the production of 'main-melody' films.

The government's support for entertaining cinema was, as always, tempered by political considerations however. In 1985, the Film Bureau required studios to limit the proportion of kung-fu and crime films to under one-seventh of their total output and to produce more films reflecting the achievements of the Reform (Ni, 1994: 120). After the 1989 Tian'anmen Square Incident, ideological control tightened again. The theory and practice of commercial entertainment film was repressed and Chen Haosu was transferred away from the MRFT (Xue, 1994: 62-3).

There were many big-budget 'main-melody' films produced between 1989 (the fortieth anniversary of nation) and 1991 (the seventieth anniversary of the Party), particularly films depicting the history of nation-building, such as *Kai Guo Da Dian* (1989, cost 6.9 million yuan), *Da Jue Zhan* (1991), and *Kai Tian Pi Di* (1991). In 1991, the government launched a Special Fund for supporting the production of 'main-melody' film and devoted considerable effort to promoting these films (see Chapter 7). However, these efforts could not alter the increasingly unpopularity of 'main-melody' film in a commercialising market. Some local exhibitors began to complain about the official promotion of 'main-melody' films since the early 1990s, arguing that a film that had no economic effectiveness had no social effectiveness, too' (Ni, 1994: 141). As Berry noted in 1991, the unpopularity of main-melody films was already an open secret in China. Once the government did not give instructions, main-melody film usually sold less than 30 prints, the same as some art films (Berry, 1991: 122).

Today, the CCP leaders still emphasise the importance of main-melody films whenever they speak about film. Yet, entertainment film has profoundly changed and
effectively shaken the official definition of film. The guideline of ‘three-characters-in-one’ (the ideological, the artistic, and the entertaining, see Chapter 7) illustrates that the government has compromised and acknowledged the significance of entertaining character in film. If the state-owned studios still had to produce an instructed amount of ‘main-melody’ films because of their special position, some private or semi-private / semi-official film companies which have risen since the mid-1990s have become the centre of entertainment film production without constraints.

8.4.4 The rise of ‘private’ film companies

Since the mid-1980s, private film companies have appeared in China, most established by directors and their investors. Before the 1993 reform in the film system, these companies were engaged in film production but because the film production franchise was not open yet, they had to cooperate with state/owned studios. In most cases, the studios sold part of their quota to independent production companies. For the studios, the practice in effect resolved both their financial shortage and their duty in production.

One of the most prominent examples is director Zhang Gang’s Nanchang Film and Television Institute. The company was established in 1985. By 1993, it completed 17 films and sold an average of 120 prints per film. The company also cooperated with the Fujian Film Studio to produce TV serials such as Liao Zhai (60 episodes). The Fourth Generation director Teng Wenji opened the Genesis Film and Television Company in 1993 (Ni, 1994: 102). His company produced the action movie Hurricane Action/Jufong Xingdong (1986) which sold 370 prints and became the bestseller in that year (Chiao, 1998: 214).

Since the 1993 reform, hundreds of private film and television companies have registered without proper regulation. Most are small-sized and engaged in making television programmes, commercials, and MTV video productions (Dai, 1998: 430; Wenhui Film Times, No. 707). Nonetheless, there are a few companies among those that appeared in the late 1990s that have larger capital and have gradually come to play an important role in the industry. They do not produce film by themselves and mainly function as distributors who invest in domestic independent production companies making films that are expected to be profitable. The Huayi Film and Television Entertainment Corporation in Beijing, for example, obtained the domestic
distribution rights to Zhang Yimou’s *Keep Cool/You Hua Haohao Shuo* (1997, see the analysis of the film in Chapter 10) and the action movie *Mai Fu* (1998) and achieved great success. It also invested in the ‘greeting movie’ *Sorry Baby/Mei Wan Mei Liao* (2000, Zijincheng Film Corporation’s third greeting movie, see below), Ang Lee’s *Crouching Tiger, Hidden Dragon* (2000), and Jiang Wen’s *Guizi Lai Le* (2000) (*Wenhui Film Times*, No. 720; 734). In comparison with the small-scale investments of the early 1990s (see Section 8.5.2), today’s investors are more capitalised. Furthermore, they prefer to invest in private film production companies who are more flexible and competitive in market rather than state-owned studios.

For the state-owned studios and distribution companies, it seemed that they could not wait to join and compete with their private counterparts in the increasingly open market. Directly after the No.3 Document was released, the Shanghai Film Distribution Company transformed its governmental identification into a stock enterprise with funds from its staff and private capitals in March 1993. In the early stages, the newly formed Shanghai Paradise Corporation was still engaged in the distribution business. The company directly dealt with Beijing Film Studio to distribute its co-production film *Once Upon a Time in China III* and achieved great success (also see Chapter 7). That was the first regional distribution unit to release film without the mediation of the CFC. The company then started its business expansion including signing up its exclusive cinema chain, investing in film production, producing TV drama programmes, and launching tourist business and other diversified businesses. By 1996, it had completed vertical and horizontal integration and transformed itself into the media conglomerate *the Shanghai Paradise Film and Television Group Corporation* (SPC) (Interview No. 22).

Once the Film Bureau released film production franchises in 1997 (see Chapter 7), the SPC was immediately engaged in feature film production. It produced its first film *The Soul of Sea/ Hai Zhi Hun* in 1998 and completed 10 films in the subsequent year. With the addition of 17 TV serials (324 episodes), it had the largest film and television production output among all film companies in 1999 (*Wenhui Film Times*, No. 726). *The Soul of Sea* became the fourth largest domestic box-office hit in 1998 and another big-budget production *The Legend of Yellow River/Huanghe Jue Lian* (is analysed in Chapter 9) was ranked fifth in 1999. The market success of SPC products is underpinned by its control of Shanghai’s cinemas (Shanghai is the largest market in
China). It has contracts with over sixty cinemas (90 percent of all cinemas in Shanghai City) and has an 85 percent market share (Interview No. 22).

Another eminent example of a quasi-private film company is the Beijing Forbidden City (Zijincheng) Film Corporation (ZFC). It was established at the end of 1996 with participation from four state organisations, Beijing Television Station, Beijing Television Art Centre, Beijing Film Company (city distribution unit), and Beijing Cultural, Art, and Audio-Visual Publications. The corporation contains sectors covering film and television programme production and film distribution. It also has a contracted cinema chain in Beijing City. In comparison with SPC, its operation is basically confined to audio-visual related businesses (Interview No.17). However, the box-office record of ZFC is better than SPC.

In 1997, ZFC released its first product (in cooperation with Beijing Youth Film Studio), *The Day I Left Leifeng/Li Kai Leifeng de Rizi*. The film generated revenues of 5.9 million yuan in Beijing and net profits of 4 million yuan in the national market (China Film Yearbook, 1998/1999: 33). ZFC subsequently produced three more films and all achieved market success. The comedy *Seller and Buyer/Jiafang Yifang* was the first commercial production to particularly target the film market during the Chinese New Year holiday (and has been dubbed a 'greeting movie'). It became the second largest domestic box-office hit of the year (the first was the 'main-melody' docudrama *Zhou Enlai de Waijiao Fengyun*). The cost of the film was 6 million yuan and net profit was 8 million yuan (Dai, 1998: 439). *A Time to Remember/Hongse Lianren* was a big-budget (23 -30 million yuan), big-cast (with Hong Kong film star Leslie Cheung in the main role), and big-promotion (immense advertisements were everywhere in Beijing City) 'Chinese blockbuster' film. The film had 6 million yuan receipts and achieved third place in the domestic top ten box-office list but finally made a loss because of its high costs. The third film *Beiqi Baba Shangxue* was a family melodrama and reached the seventh place on the list.

There are two aspects of significance in the cases of SPC and ZFC. The first is in their operational pattern. Both cases were the result of state organisations trying rapidly and effectively to avoid official and bureaucratic constraints and freely participate in market competition. Their internal organisation is no different from a purely private enterprise. However, they have some advantages that private companies do not have, such as the control of cinemas and governmental assistance in promotion. As Dai argues, although the Reform in the film industry claimed to
introduce competition in a free market, ZFC (and SPC as well) demonstrate the competitive advantages of ‘collaborating political powers transforming into corporation capitals’ (1998: 431).

The second is in the direction of production. The two companies were pioneers in two important types of production. The first is the pure commercial entertainment film, particularly the ‘greeting movie’. During subsequent New Year holidays, after the success of Seller and Buyer, there were a total of seven greeting movies released nationally, including ZFC’s second greeting movie, Be There, or Be Square (the bestseller of that year). The second is the mixture of main-melody film and entertainment film. ZFC’s The Day I Left Leifeng and A Time to Remember and SPC’s The Legend of Yellow River were all labeled as key ‘main-melody’ films and highly praised by the government. Their stories are all about revolutionary themes (popular hero of the Party, the history of the CCP revolution, and the anti-Japan war) and their ideologies are clearly politically correct. However, their narratives and forms are entertaining and popular and their marketing operations were completely commercial. This tendency can be described as the ‘entertainisation’ of main-melody film or the ‘main-melodisation’ of entertainment film (Deng, 2000). The practice perfectly fits the two companies’ semi-official nature. Indeed, the constitution of this sort of company was based, from the outset, on sharing ‘ideology, market, capital, and interest’ between government and private sectors (Dai, 1998: 432).

8.4.5 New media: Another way out?

No matter how the state-owned and private film companies struggle and compete in the increasingly open market, they cannot change a fact that China’s film industry is in recession. In production, it was estimated that there were only 38 films completing registration and censor procedures in 1998 (Dai, 1998) —although the government’s data shows 82 (China Statistic Yearbook 2001: 717)12. In exhibition, although there is a lack of official data, informed estimates suggest that the annual attendance has declined on average by 1 to 2 billion per year. Admissions in 1992 were estimated at 10.5 billion (Ni, 1994: 50). This figure increased in 1995 because of the importation

12 When I interviewed with one official in Film Bureau in March 2000, I got the same answer. The official also told me that the output in 1999 was increased to 102. Strangely, in 2001 China Statistics Yearbook, the data of 1999 output is not shown while 2000 output is 91 (p. 717). The lack of data only
of 'major films' but decreased again in subsequent years. The fall of attendance was 2 billion in 1997, 1.5 billion in 1998, and 0.7 – 0.8 billion in 1999 (Interview No.17). As in many other countries, these falls are partly attributable to the rise of newer media, particular television and home video in China.

The development of television in China was comparatively late probably because of the Cultural Revolution. But its growth now is extremely fast. The number of colour television sets owned per 100 urban households in 1985 was 17.21 and 0.80 in rural area (the figure for black and white TV set was 10.94). The figures grew to 116.56 and 48.74 (B&W TV set 52.97) respectively in 2000 (China Statistics Yearbook 2001: 308; 330). Television reached 68.4 percent of the population in 1985 and increased to 93.7 percent in 2000 (ibid.; 303). In 1993, there were 8 million home video players in mainland China a figure that kept increasing by 1 million every year (Ni, 1994: 223). In 2000, 37 percent of urban households had videodisc (VCD) player – a more advanced form of equipment to watch visual products (China Statistics Yearbook 2001: 308). Enormous numbers of small video playing houses, equipped with videotape or VCD players and small screens, appeared in cities and towns. Some cinemas also set up their own video playing houses to compete. In 1993, there were about 100 thousand video showing houses nationwide (Ni, 1994: 223).

Overall the growth of these newer media has not helped the declining film industry in China. The result so far is similar to Taiwan (discussed above), but it is the outcome of a different story. In the early stages of television, the exclusive owner of film distribution rights, the CFC, had to provide film to television station for broadcasting without charge. The broadcast screenings of many films were even earlier than their premieres in cinemas. In 1979, recognising that the film industry had been transformed into an enterprise rather than a state organisation, the CFC decided to change the supply of film to China Central Television (CCTV) into a transaction rather than obligation (Ni, 1994: 213-5). Yet, as in other countries, television developed its own forms of programming and gradually replaced cinema as the most important source of popular visual information and entertainment. Consequently, although CCTV still screens film programmes, the film industry no longer obtains significant returns from this source. This is true even of the one dedicated film channel.

appears before the late 1970s in the table. The truth is unknown. But the recession of Chinese film
In January 1996, the CCTV established its sixth channel, the Film Channel. This first and the only professional film channel in China provides eight films a day and two-third of showing time is reserved for domestic products. The channel started to make profits in 1999 and its viewing rating is now in second place among the eight CCTV channels (Interview No. 3). Because of the accelerating marketisation of film market, the Film Channel has become an important alternative outlet for domestic films. In 2000, two small-budget films, *Nashan, Naren, Nago* and *An Ju*, gave up the chance of cinema distribution and chose to have their premieres on the Film Channel. The prices were confidential but apparently were no higher than the standard price paid by the CFC before the 1993 film reform (900 thousand yuan). In fact, the Channel's average cost for purchasing domestic films is 200 – 300 thousand yuan (Interview No. 17; 3). Hence, the Film Channel is more like the growing television industry that exploits the residual values of film rather than rescuing for a declining film industry.

Video and laser disc technologies also did not give significant help to film industry. The first problem was piracy. The licensing, production, distribution and retailing of video products has been a relatively anarchic area since its appearance in China. In many cities, over 90 percent of the goods on the open shelves in normal audio-visual product shops are pirated – they usually look the same as the legitimate version. Because pirated versions are easily available, the price of VCD rights to domestic films is only about 200 thousand yuan or lower. Nevertheless, the majority (over 90 percent) of available VCDs and of programmes shown in video playing houses are not domestic but imported products, particular Hong Kong and Hollywood films (Ni, 1994: 226)\(^\text{13}\). In fact, tickets to enter video playing houses were two to four times higher cinema ticket in the early 1990s. The reason why people still flooded into these places was that they could see imported films which would not be shown in cinemas. Most of these are commercial entertainment films. As Ni points out, unlike what happened in Western countries, when Chinese audiences chose video products they were not merely choosing a different media but also different film contents (ibid.: 228). Consequently, the spread of video products is gradually transforming the

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\(^{13}\) In my own experiences, in fact, it is very difficult to find the VCDs of many domestic films in the shops in major cities, no matter legal or pirated. To be sure, for businessmen, the economic effectiveness of issuing VCDs of most of domestic films is too little to even do it.
audience’s viewing taste and squeezing, rather than expanding, the available market for domestic film.

The latest development of newer media is in cable television. It was estimated that there were 15 million households subscribing to cable television service in 1993 (Liu, 1994). The figure has been increasing rapidly and reached 88 million in 2001. However, as with the Film Channel, cable television is still owned and run by local governments and seems not to give significant help to domestic film industry. Also, because the television industry remains controlled by the state, capital from the film industry is unlikely to move out into this newly developing area (as it did in Taiwan). On the other hand, because the television industry remains closed to foreign capital and imported products are still restricted, it still has immense potential to lead the development of the Chinese audio-visual industries in the global context. This transition however needs to be closely observed.

8.4.6 The dialectic of global and local

As mentioned in Section 8.4.1, the Fifth Generation directors gradually looked beyond mainland China for financial support after the late 1980s. Taiwanese and Hong Kong capitals filled the financial gap in the early 1990s. Taiwan’s Era Corporation backed Zhang Yimou to produce Raise the Red Lantern/Da Hong Denglong Gaogao Gua (1991) and To Live/Huozhe (1994). Another Taiwanese company Tangchen Corporation invested in Chen Kaige to make Farewell My Concubine/Bawang Bieji (1993) and Temptress Moon/Feng Yue (1995). While Tian Zhuangzhuang obtained Hong Kong Changwei’s investment to produce The Blue Kite/Lan Fengzheng (1993). In addition, Li Shouhong, Huang Jianxing, Zhou Xiaowen, Jiang Wen also had investments from Taiwan and Hong Kong.

The motive behind this search for overseas financial aid was the same as the state-owned and private companies around the same time. Their common difficulty was a shortage of finance. The key difference was that while overseas companies invested in these art film creators mainly in order to target international art film markets, other investments were directed at the domestic markets of Taiwan and Hong Kong. From the perspective of the investors, the two investment strategies produced two distinct products for two different markets.

Website: www.stats.gov.cn.
Zhang Yimou and Chen Kaige were the most ‘internationalised’ among the Fifth Generation directors. They also received investments from other countries and won the most international film prizes. Zhang Yimou’s *Judou* (1990) and *The Story of Qiuju/Qiuju Da Guansi* (1992) had investments from Japanese companies and *Shanghai Triad/Yao a yao, Yao Dao Waipoqiao* (1995) was funded by a French film company UGC. Chen Kaige’s *Life on a String/Bianzou Bianchang* (1991) had investments from the UK, Germany, Japan, Italy, and the Netherlands. A Japanese company also invested in his *Jingke Ci Qinwang* (1998). *Qiuju* and *Farewell* respectively, won the Best Film Awards in Venice and in Cannes. *Judou, Raise*, and *Farewell* were each nominated for the Best Foreign Film at the Academy Awards and all obtained great box-office revenues in Western markets. Accordingly, one author has dubbed the films of Zhang and Chen in the 1990s, ‘transnational Chinese cinema’ (e.g. S.H. Lu, 1997).

Furthermore, many authors (mostly Chinese critics in mainland China, Taiwan and overseas) argue that because this reliance on transnational capital Zhang and Chen’s late works ‘are not made for the self-reflexive gaze of the Chinese but for the spectatorship of the other, the West’ (S.H. Lu, 1997: 126). For example, in *Raise the Red Lantern*, Zhang Yimou created ‘pseudo-folklore’ elements such as lantern-raising and feet-tapping for the sole purpose of offering the Western viewers a chance to ‘gaze’ at an exotic ‘China’ (ibid.; 128). The results have been widely criticised as ‘a cross-cultural commodity fetishism’ and ‘an Oriental’s orientalism’ (Chow, 1995: 170-71) which serve to reinforce the static images and worn stereotypes of Orientalism rather than deconstructs them (Liao, 1993; see also Dai, 1998).15

This argument however needs further examination. Firstly, to some extent, support from transnational capital did steer films towards a Western Orientalist expressions, particularly in the case of several works produced in the first half of the 1990s after *Red Sorghum* won the Golden Bear. Yet, contemporary Chinese art films actually varied considerably in both style and theme. Take Zhang Yimou as an example. After

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15 The argument was further enhanced by the transformation of Chen Kaige’s creations. His *The King of Children*, which maintained his exploration on Chinese history and society, was failed in the competition at Cannes Film Festival. By contrast, Zhang Yimou’s *Red Sorghum* won the Best Film Award in Berlin. Many critics believe that the contrary results inspired Chen as well as the entire Chinese film industry very much (Dai, 1998; S.H. Lu, 1997). Chen changed his filming style substantially in *Farewell My Concubine* with more spectacular ‘Chinese’ characters (Peking Opera, the Cultural Revolution) and commercial factors (stars, sensational episodes) and eventually, won his first top prize at where he failed before – the Palme d’Or at Cannes.
Judou and Raise, the two films criticised most often for ‘culturally selling out’, he made Qiuju and To Live, both of which are much closer to a social realist style. Qiuju is about a village woman who persistently appeals to local government officials asking for compensation for her injured husband. Zhang uses many documentary devices in the film. To Live traces a family’s story during the Cultural Revolution and is also in a realist style. Zhang’s 1998 work Shanghai Triad marked a return to spectacular expressionism (Chiao, 1998: 25). But his two latest films Not one Less/Yige Dou Buneng Shao (1999) and The Road Home/Wuo de Fuqin Muqin (1999) have returned to stories set in rural China and are realist in style again. Therefore, to argue that art films represent a ‘cultural sellout’ because they are based on transnational capital is too simplistic. Rather, it is more accurate to say that international financial support, or the ‘internationalised production of art films’, has enabled Zhang and Chen to produce films more freely, though it has also brought new constraints.

Secondly, the assumption that all their works have been unpopular domestically (e.g. S.H. Lu, 1997: 128) is not completely correct. This stricture certainly appears to fit Chen Kaige. Since Yellow Earth sold merely 30 prints, his works have successively failed in the domestic market and even his more commercialised productions, Temptress Moon and Jingke, have not proved popular in mainland China (Farewell being probably the only exception). Many critics attribute this market failure to Chen’s strong artistic intellectual missionary personality and to the contradiction between this personality and commercial requirements (e.g. Chiao, 1998; Dai, 1998; Chow, 1995: 160-3). In contrast, Zhang Yimou seems to be popular in both the international and domestic market. Since Red Sorghum achieved great market success, none of the 14 films directed by him has made a loss in the domestic market and his last three films, Keep Cool/You Hua Haohao Shuo (1996), Not, and The Road have all entered the domestic top ten box-office list. For this achievement, the exhibitor’s association in Beijing even gave him a Film Market Award in 1999 (Wenhui Film Times, No. 734).

There are two possible explanations for this market difference between the two men. The first lies with their individual characters. Chen Kaige is indeed more like a traditional high intellectual. He obviously paid more attention to realising his artistic ideal and intellectual mission when he enjoyed the greater degrees of freedom offered by transnational capital. He therefore unintentionally kept at a distance from the
domestic audience. In this regard, his case is closer to Taiwan’s Edward Yang and Hou Hsiaohsian rather than to Zhang. In contrast, Zhang is more flexible and more skillful in telling stories to ordinary people. ‘I don’t think we should speak something great and deep through screen’, he said after he completed Red Sorghum, ‘I do want to say something, but we should make it easy to be received’ (quoted in Chiao, 1998: 48). However, there are also Taiwanese directors who have wanted to communicate with local audiences and make a profit in the domestic market at the same time. But they failed. Why? This is clearly beyond individual explanation.

The key point is the different conditions prevailing in the two domestic markets. In China, although Hollywood films have been shown since 1995 and have recently achieved an almost two-third market share, the state still insists on maintaining a basic exhibition space for domestic production. As mentioned in Chapter 7, the regulation assigning two-third of screen time for domestic film is more honoured in theory than in practice. Even so, it has given some space for the domestic industry to breathe. This is particularly true in comparison with the situation in Taiwan. For example, the CFC Group (after its transformation into a state-owned enterprise, see above) bought the domestic distribution rights to Zhang Yimou’s Not One Less for 11.8 million yuan. It motivated its national cinema chain to release the film in April and had obtained box-office receipts over 30 million yuan by November (Wenhui Film Times, No. 734). In contrast, any Taiwanese director who wants to release a film, no matter whether is it better than Zhang’s works, can never obtain that sort of opportunity from the relatively unregulated distributors and exhibitors.

8.5 Market, State and the Film Industry

In the first place, Taiwan’s film industry represented a negative combination of state control and market operation. It was not only politically conservative but also lacking a solid industrial bases. When the power of the state gradually began to retreat from cultural spaces, including film, from the 1980s, local and international capital rapidly took over and announced that the industry was going to, and should, die. Although the state has tried to intervene in some ways, the results have been disappointing and ineffectual. There have been some ‘sparks’—Taiwanese New Cinema—created by the temporary collisions between different social factors, but they could not invite lasting flames on the island before they were absorbed by international powers.
In China, market forces entered at a much faster speed and brought much disorder and change to the film industry. However, China has some advantages. First, the huge film industry has a strong infrastructure and high productivity. Second, international companies have not yet dominated many sectors of the industry. And last but not least, the state still has most relevant matters, particularly in film production, distribution, and newer media, under its control. Hence, although the power of capital has become increasingly influential, the industry still has opportunities to transform in its own way and is now at a turning point.
Chapter 9 Film Analysis: Re-imagining the Nation

The analysis presented here aims to explore continuities and shifts in representations of national culture and national identity by examining the texts of selected recent films paying due attention to the contexts within which they have been produced. These contexts operate at three levels which have been investigated in previous chapters:

(1) Level 1 The macro contexts generated by the dynamics of global and local political, economic, and cultural transitions;
(2) Level 2 The local contexts created by state interventions in cinema, particularly the alterations to national film policy in response to the changing domestic and foreign conditions of film production;
(3) Level 3 The local contexts produced by the changes in the organisation and practice of local film industries in response to shifts in film markets and film policy.

The textual analysis is organised around four major and interconnected issues:

(1) The (re-) identification of nation;
(2) The memory of colonial powers and imperialist wars;
(3) Constructions of tradition vs. modernity;
(4) Contemporary visions of local societies.

The analyses dealing with these first two issues is presented in this chapter whilst Chapter 10 takes up the last two themes.

For each theme two films have been selected, one from Taiwan and one from China. They have been chosen to provide a cross section of movies that either achieved a positive critical reception as ‘art house’ production or performed strongly at the box-office or which represent specific trends in film production practice or film content. The close reading of the selected films is organised into three parts. The first
introduces the production contexts of the film. The second provides a plot summary. The last develops a thematic analysis of the film and explores its deployment of representations and film languages.

9.1 The (Re-) identification of Nation

Since the late 1970s, the CCP government in China has been pursuing a series of policies of marketisation and internationalisation, known as the ‘reform and open’ policy. As a consequence it has abandoned its former thirty year closure to the outside world and become progressively incorporated into the global economic and political system. Taiwan, in contrast, had been actively participating in the world economic system since the 1960s, but again, policies of liberalisation and internationalisation pursued by the state since the 1980’s has further incorporated it into the global system. As both of China and Taiwan have become influenced by international economic and political shifts so various movements to redefine the nature of both nations have been gathering momentum.

In addition, the problem of political unification/independence across the Taiwan Straits has become increasingly salient in the 1990s due to two changes. First, Hong Kong and Macau have been returned to China in 1997 and 1999 respectively. For the Chinese state, Taiwan is now the last ‘separated territory’ left to be ‘liberated’. This task is central to the project of constructing a powerful and unified China to compete with other major countries in the global arena. Second, and partly in response to these developments, Taiwanese nationalism and the Taiwan independence movement became stronger after the 1980s. As a consequence debates around the problem of unification/ independence and national identity have become both more intense and more complicated in both Taiwan than in China.

Coincidentally, or consequentially, two key films produced respectively in mainland China and Taiwan in the late 1980s, both directed by key figures in New Cinemas, and both winning top awards in major international film festivals, address the reconstruction of nation.
*Red Sorghum*: The Reconstruction of Nation Mythology

**Introduction**

Zhang Yimou is commonly regarded as the centre figure in the 'Fifth Generation' of contemporary Chinese cinema. He was the cinematographer on the first major work this movement *One and Eight* (1983), and on the following two films, *Yellow Earth* (1984) and *The Big Parade* (1985). His cinematography made a major contribution to the formation of the distinctive aesthetic style of the Fifth Generation cinema. In 1987, he directed his first film *Red Sorghum* at the Xian Film Studio (see Chapter 8).

*Red Sorghum* created two records at that time. It won the Golden Bear at the Berlin Film Festival, the highest award in an international film festival that a Chinese film had ever obtained. The next year the Taiwanese film *City of Sadness* won the Golden Lion in Venice. Secondly, it was the first Fifth Generation film to be a box-office hit in the domestic market following the commercial failure of previous productions. While the precise figures for box-office revenues are not available, Zhang has claimed that cinemas showing the film in its first round release in major cities achieved one hundred percent occupation. Another indicator of its success was that ticket prices on black market were ten times the normal amount (Chiao, 1998: 53). Berry also notes that the legitimate tickets for *Red Sorghum* in Beijing sold at 60 to 70 cents, well above the average urban price of 20 or 30 cents (Berry, 1991: 123).

In contrast with the triumph of Zhang Yimou and *Red Sorghum* in Berlin, *The King of Children* and its director Chen Kaige (another representative director of the Fifth Generation) failed at the Cannes Film Festival. Chinese film critic Dai Jinghua argues that contrasting fortunes of these two films in European film festivals was a revelation for contemporary Chinese filmmakers. They told people that for Chinese film to travel successfully 'it has to present otherness, alternatives, and exotic “Oriental” spectacles' (Dai, 1998: 227). Another Chinese author Yi Hong also points out that whereas the popularity of *Red Sorghum* in international film markets was coincidental and unplanned, the international-oriented strategy of some later art films became active and conscious (Yi, 1999). Although as we saw in Chapter 8 the internationalised production of art films is more complicated than this *Red Sorghum* is undoubtably the 'unconscious' pioneer.

It is because of its significance both nationally and internationally that the film is worth reading again.
Plot synopsis

The film starts with the voice of 'the narrator recounting the legend of his grandparents in the rural area of northern China around the 1920s. A young girl Jiu’er, described as ‘my grandma’, has just been arranged by her poor father to marry a fifty something leprous distillery owner Li Datou (literally ‘big head’ Li) in exchange for a mule. Some sedan bearers and wedding orchestra men come to pick up the bride on the wedding day. All of them are workers in the distillery except for one hired professional sedan bearer, who becomes ‘my grandpa’ later, who leads the wedding procession. On the way to the distant and isolated distillery, a masked bandit emerges from a wild sorghum field and tries to rob and rape Jiu’er. Responding to the look of panic in Jiu’er’s eyes, ‘my grandpa’ beats off the bandit with the help of the other sedan bearers and becomes a hero in Jiu’er’s mind.

Jiu’er resists consummation on her wedding night and returns to her father’s home the next day, according to the local custom. On her way back to the distillery three days later, the sedan bearer catches her into the depth of wild sorghum field. When she discover that it is the sedan bearer kidnapping her, she allows herself to be taken by him without resistance (so that the act becomes more like making love).

During Jiu’er’s stay at her father’s home, Li Datou has been mysteriously murdered. The narrator guesses that the sedan bearer, his grandpa is the murderer. Jiu’er becomes the owner of the distillery and persuades the head of workers, Brother Luohan, and the other workers to stay on and help her to run the plant. One day the seriously drunk sedan bearer comes and claims Jiu’er as ‘his woman’. He is beaten and thrown into a wine vat by the workers. Meanwhile, the local gangster, Tu Sanpou kidnaps Jiu’er and asks for 3,000 pieces of silver coins as ransom. The sedan bearer goes to seek revenge and to find out that ‘his woman’ was not raped by Tu. He then reappears at the distillery moving huge vats of new brewed wine and pisses into them in front of workers to demonstrate his strength. He claims Jiu’er again without objections this time. The wine magically becomes better than ever before due to the addition of the secret ingredient, urine. ‘My grandpa’ becomes the distillery owner legitimately while Brother Luohan leaves.

Nine years pass and the location of distillery becomes a prosperous market and ‘my father’, Dokuang, is nine years old. Japanese troops come to the village. They round-up the village people and drive a bulldozer through the sorghum field to construct a road for military purposes. One day the Japanese force the villagers to witness two
local people being cruelly whipped as a warning against anti-Japanese activities. One of them is the local gangster Tu Sanpou. The other is Brother Luohan who has become a Communist and organised local guerrillas to fight the Japanese occupying troops. The grieved and indignant Jiu'er and the distillery workers decide to revenge Brother Luohan by ambushing a Japanese truck. They fight bravely and burn the truck, but most of them are killed and Jiu'er is shot dead by machine gun. ‘My grandpa’ and ‘my father’ are the only survivors.

The vitality of the people

The rural people depicted in the film are vigorous, optimistic, magnanimous, and fervent, although they may also look vulgar, rude, dissolute and even indulgent. They represent the vitality of ordinary people and its various manifestations are celebrated and eulogised in the film. The first aspect of popular vitality expressed in the film is pleasure. People in the film follow their desires and look for pleasure, sex, drinking, singing and dancing, freely and easily. This spirit is expressed with particular force in the pivotal scene of Jiu'er and the sedan bearer making love in the wild sorghum field (see Figures 9.1).

This six-minute-and-six-second-long sequence starts with Jiu'er and her father on their way home and the father—the representative of the old order—advising her that she must go back to her husband’s home and never resist him again. She gets annoyed and whips her mule and ends up far ahead of her father—a preparation for the chance for the sedan bearer to kidnap her and metaphorically, for her to escape from the constraints of the old order. Then the ritual-like scene of making love in the wild field begins. When she recognizes her seducer as the sedan bearer, Jiu'er allows him to carry her in his arm into the depths of the wild sorghum field. The drumbeat on the soundtrack is quickening. The sedan bearer tramples down wild sorghum to make a flat circle on the ground—like an altar. Jiu'er closes her eyes and lies down slowly. Her face is held in a large close up which then switches to a high angle long shot, Jiu’er opens her arms and lies down in the center of the altar. When the sedan bearer gets down on his knees in front of her we hear the sharp sound of Chinese clarinets blowing, the traditional signal for the start of a festive rite. The scene then changes to a series of shots of swaying sorghum moving from close up to medium shot and to long shot. The festive music continues playing but the camera doesn’t
Figures 9.1 Creating a new nation: the ritual-like making love sequence in *Red Sorghum*
return to the two main characters until Jiu’er reappears to ride the mule on the trail again. The music fades away. The sequence ends with the sedan bearer singing a vulgar love song inside the sorghum field and a close up shot of Jiu’er smiling on the mule.

Another key sequence of pleasure and celebration appears after the old boss of the distillery, Li Datou—the representative of another old order and set of conventions (who is never shown in the film), dies. Jiu’er takes over the distillery and persuades all the workers to stay. They start to clean the whole area and all the buildings—to completely purge the ‘bad’ things left by the dead boss. It is hard work but is also presented as a festivity. Jiu’er and the workers are laughing, frolicking, and playing with each other. The materials they use to disinfect the area, red sorghum wine and red burning fire, also help to create festive atmosphere.

The second major aspect of popular vitality the film wants to express is transgression. In the wedding sequence, although the over-voice of an elder woman warns Jiu’er that if the veil is taken then something bad will happen, she pulls down the veil anyway to show her anger about marrying a sick old man. She even brings a pair of scissors in case she will need to defend herself. To resist an arranged marriage—the symbol of the old social and conventional order—places her with the local people who are seen by their ‘betters’ only in negative terms, as immoral, unconventional and dissolute.

However, it is the sedan bearer, ‘my grandpa’, who represents the incarnation of transgression in its most concentrated form. He behaves dissolutely and speaks vulgarly. He kidnaps the bride, kills the old owner of the distillery, and occupies the place of the murdered husband. When he comes to claim Jiu’er the second time, he urinates into the vats of new wine in front of her and all her workers. He demonstrates both his strength and his right to Jiu’er by mischievous and blasphemous behavior. These actions however are affirmed and eulogised in the film. The occupation of Jiu’er and the distillery, the transformation of the wine into a vintage of unprecedented good quality and the consequent prosperity of the business are achieved through mischief.

The film depicts rural people living in an isolated paradise and uses many elements of music and colour to create a festive atmosphere. In their analyses of Red Sorghum, Zhang (1994) and Wang (1991) rightly emphasise this theme and both use the concept of ‘carnival’ proposed by Bakhtin to interpret the film. Both of them also mention that
the representations of carnival are related to the search for national roots. The authors, however, do not lay sufficient emphasis on the links between primitive vitality of the people the re-imagination of the nation.

**Reconstructing the nation**

In the film, the old orders are not completely destroyed but replaced and improved. A set of negative qualities (old, ill, pedantic, and conservative) represented by Li Datou and Jiu’er’s father is displaced by the more positive characteristics (vigorous, optimistic, magnanimous, and fervent) represented by Jiu’er and the sedan bearer. The old people try to maintain the traditional order by relying on their 'inherited social authorities while the young defeat them and create new orders through their own efforts, strength, and ability to improvise. The transgression of Jiu’er and the sedan bearer is the means rather the end. They do not simply resist the old they also create something better—better wine, a better wine business, and a better life—by way of transgression and the liberation of their vitality.

Nevertheless, the story is primarily concerned not with the general process of cultural reform or cultural substitution but the with the reconstruction of a nation—China. The turning point is in the second half of the film. The isolated and timeless village suddenly and unexpectedly switches to a specific place in China under the Japanese invasion in the Second World War. As Dai argues, this switch in the time-space context ‘presents the village as a “nation” in microcosm (Dai, 1999: 63).

In the process the ‘ordinary’ people who have previously been eulogised for their vitality and good nature are transformed into heroes fighting the enemies of the nation. After Brother Luohan is tortured to death, the narrator says,

According to the people in my hometown, my granduncle Luohan became a Communist after he left the distillery. He was instructed to organise local military forces to fight the Japanese troops. I have read the official history of my county, it says, ‘The Japanese troops captured four hundred thousand people to construct the Pingzhang highway. Uncounted harvests have been destroyed, thousands of people have been killed. Liu Lohan, was flayed by Japanese troops in front of the residents in Qingsha Gate. During the torture, Liu didn’t show the slightest fear and kept on cursing ‘till he died’.
These words, not only confirm the bravery of local people and the cruelty of the Japanese invaders, but also create a new national hero—a Communist. When the distillery workers decide to seek revenge for Louhan’s death, ‘my grandpa’ leads the workers in kneeling in front of a bowl with wine—representing Louhan—and singing the ‘Wine God Song’. The last time the song appears in the film is during a sequence celebrating the new wine and thanking to the Wine God. This time, Louhan becomes the god—one of the secular gods of new nation.

This is not the only sequence in the film to create a national hero. The scenes in which ‘my grandpa’ leads the workers to destroy the Japanese truck and to bravely fight the Japanese troops bravely provide another important instance. After Jiu’er is shot and the hand-made bombs do not work, my grandpa leads the workers to fight Japanese troop by their bodies. The music—which is the same as for the wedding day of Jiu’er—increases in volume. It is a disastrous battle but it is also a festive battle. It is festive because the people win the battle honorably with their primitive vitality. As ‘my grandpa’ stands in front of the dead body of ‘my grandma’, a close up from a low angle represents him in the classical pose of a national hero.

When we look back to the scene of the making-love between Jiu’er and the sedan bearer they are like Adam and Eve in Eden. They are the father and mother of a nation. The nation is reconstructed through developing selected traditional virtues and qualities and abandoning negative aspects of the past. As Dai argues, this scene reconstructs the mythology of the birth of the nation (Dai, 1999: 58). As the film’s success suggests, the theme of national re-construction resonated strongly with the dominant popular sensibility in China in the late 1980s. When after ten years of reform and openness, the country was ready, as an innovating nation, to participate more actively in international competition in both economy and culture.

The invention of tradition
To accomplish this task, the most important character contemporary Chinese should have, as the film emphasises is vitality and fervor. Zhang Yimou mentioned in an interview that the Chinese ancestors of the nation in Red Sorghum do what they want to do and live joyfully and freely, and that this fervor is exactly what contemporary Chinese lacks. He said,
I feel we descendants are getting worse when compared with the ancestors and I really feel our “race” is degenerating...Let me speak straightly. I think if a nation wants to go forward, becomes powerful, and develop its cultures, the people of the nation must have the burning fervor and vitality of lives...Even if the country is poor, and the people are poor, and many problems and difficulties are in front of us, we still have to live gloriously and fervently’ (quoted in Chiao, 1998: 43-51).

This emphasis on fervor, vitality, confidence, and determination struck a chord in China in the late 1980s. Red Sorghum expresses a strong wish of reform but does not challenge the current CCP regime or question the idea of a greater and stronger China. Rather, it reflects the expectations and worries increasingly expressed by commentators and intellectuals in the mid-1980s. The accelerating processes of commercialisation and internationalisation were accompanied by the vast importation of foreign products and cultures. The shock of these new cultural encounters and the crisis of national identity they provoked crystallised into the question, ‘how can China go forward’. Red Sorghum offers an answer which the domestic audience related to as indicated by its high box-office receipts.

However, the film is by no means a simple recovery of past practices. On the contrary, some of the ‘lost’ good traditions it shows were actively ‘invented’ in Hobsbawn’s term, in order to dramatise the vitality and fervor of an idealised people. For example, the wedding sequence and the ‘tossing-sedan-dance’ are regarded as typically Chinese (Zhang, 1994: 31). Yet, it is interesting to note what the director accounts of how he came to develop the sequence:

Talking about brewing sorghum wine, everything is modernized now, who knows how sorghum wine was made fifty years ago? Mo Yan (the author of the original novel) doesn’t know either. So we created it by ourselves. The sequence of the tossing-sedan-dance is similar, I asked Mo Yan how the sedan was tossed? He doesn’t know. So I created by myself. I also added a song with the dance. I wrote the lyrics as well. Many people said this is good to preserve folk cultures after they saw the movie. What folk cultures? I made them (Chiao, 1998: 57).

The film doesn’t completely invent these ‘traditions’ without any references to prior accounts, but it does engage in an active process of selection and reconstruction. Interestingly, the results of these shaping processes seemed to exactly match what
some Western audiences imagined or liked to imagine China and Chineseness are. They may include an Oedipus story, rigid feudal orders, exotic folk customs, yellow earth and red-tile towers, and more recently, Red Guards in the Cultural Revolution (Yi, 1999: 219). It was precisely this coincidence between domestic resonance and overseas ‘orientalism’ that made Red Sorghum the most important pioneer in developing practices for internationalising the production of Chinese art films.

**City of Sadness: The Transformation of National Identity**

**Introduction**

Just as Zhang Yimou is arguably the most important director with the Chinese Fifth Generation, so the director of City of Sadness, Hou Hsiaohsien (Hou Hsiaohsien) is the most representative figure in the ‘Taiwanese New Cinema’ (TNC). Key works of TNC directed by him, include The Boys from Fengkuei/ Fenggui Laide Ren (1983), A Summer at Grandpa’s/ Dongdong de Jiaqi (1984), A Time to Live and a Time to Die/ Tongnian Wangshi (1985), and Dust in the Wind/ Lianlian Fengchen (1987), all of which attracted considerable attention and won awards both domestically and internationally¹. The realistic aesthetics and nativist themes in these films exerted a considerable influence on many Taiwanese art films and filmmakers after the 1980s.

Most of his early works were produced with the Central Motion Picture Corporation (CMPC), the semi-official film organisation owned by the KMT. In 1989 however, he obtained financial support from a major private film company, Era Corporation, to make his first relatively big-budget film, City of Sadness, which won the Golden Lion at Venice Film Festival. This was the highest award that any Taiwanese film had ever achieved. As Taiwanese film critic Chiao Hsiungping argues, among the new generation directors, Hou probably is the one most engaged in recording the modern history of Taiwan. For Hou, this is a sort of ‘quest’ and City of Sadness exemplifies this search particularly clearly (Chiao, 2000: 52).

The story of City of Sadness centers around the February-twenty-eighth Incident (228 Incident) which happened in 1947. This topic was an untouchable political taboo in Taiwan until the late 1980s. In 1945, the Nationalist Government in mainland took over Taiwan after the Japanese colonial government withdrew. Partly because the

¹ For analysis on themes of these earlier works, see Tay (1994).
fifty-year separation and the misdeeds and corruption of some Nationalist officials and soldiers, there were increasingly distrust and conflict between the new Nationalist government and local people. In the late evening of the twenty-seventh of February 1947, during a seizure of smuggled tobacco, a woman who peddled cigarettes was seriously injured and a male spectator was killed by police in Taipei City. A demonstration was organised for the next morning and was met with violence from the Nationalists with many petitioners and spectators being shot down by machine guns in front of the Governor General’s Office. Violent conflicts between local people, the officials, and new immigrants from mainland spread rapidly throughout the island and was met by terrible suppression and massacres which continued for several months. These events cemented a strong literal and social psychological distinction between the ‘natives’ (people who moved from mainland to the island before 1945, mainly Fulao from south Fuchian province and Hakha from Guangdong province) and the ‘mainlanders’ (people moved to the island after 1945) which became a highly crucial and continually sensitive problem in Taiwan.

By 1987, martial law has been lifted and democratisation and liberalisation processes were accelerating in Taiwan. The opposition party and some civil groups requested that the KMT government re-investigate the 228 Incident and apologise to the people. *City of Sadness* was one of the pioneer cultural works to deal with the Incident. It generated wide public attention and controversy not only because it broke a long lasting taboo but also because it won the Golden Lion at Venice Film Festival. To widespread surprise, the censorship board of Film Bureau of Government Information Office approved the film’s showing in its complete version and it became the second largest box-office hit among domestic films released that year.

**Plot Synopsis**

It is 1945. The Japanese colonial government has just left and KMT government is arriving to take over Taiwan. On the northern coast of Taiwan (a relatively prosperous area in the early 20th century), lives a family with an old father and four sons. The family owns a nightclub and shipping business handled by the eldest son, Wenxiong. The second and third sons have been called up to join the Japanese troop in the Second World War. They constitute the first main story line of the film. The youngest son named Wenqing, a deaf-mute and the most highly educated member of the family, who works as a photographer in a neighboring town, provides the second story line.
Wenqing and his friend Kuanrong, a young and progressive local upper-class intellectual, meet with other local intellectuals to read Leftist books and share their disappointment and resentment with the Nationalist government. Kuanrong's younger sister, Kuanmei, comes to the town to work in a local hospital and fall in love with Wenqing. Directly after the 228 Incident, Wenqing and Kuanrong travel to Taipei to observe the situation. They witness the violent conflicts between the 'natives' and the 'mainlanders' at first hand. Because of their friendship with Sir Lin a local intellectual who was also a leading member of the Settlement Committee for the Incident, Wenqing is arrested while Kuanrong is injured and escapes to the mountains.

Meanwhile, the third son Wenliang comes back from the Japanese army and joined with his elder brother to operate the family business (The second son never comes back in the film). He is secretly cooperating with a group of Shanghai gangsters in a smuggling operation but it falls apart. In revenge, the Shanghai Gang report Wenliang to the authorities as a traitor and he is immediately arrested without any investigation. Later, after his released from the prison he is mentally broken. The family business is forced to close because the upheavals in the family as well as in the society after the 228 Incident. Wenxiong is increasingly disturbed and indulges in gambling. He is killed in a fight with the Shanghai Gang and local gangsters.

Wenqing is released after experiencing horrible fears in prison marries Kuanmei. At the same time, Kuanrong and other young people establish a small communist society in a remote mountain area. The KMT military police force eventually find and attack the settlement. Kuanrong is killed. Wenqing gets the message and knows he will be arrested again shortly. He and Kuanmei settle their affairs and take one last photo for themselves and their newly born son. The Lin family have only the idiot son left at the end of the film. By 1949, the Nationalist government has been finally defeated on the mainland and has moved completely to Taiwan.

The Birth of Nation
The opening sequence of the film shows Wenxiong's second wife giving birth to their son who is named Lin Guangming (literally bright and promising). When the child is born, the caption says, 'The fifteenth of August 1945, Japan Emperor declares unconditional surrender. Taiwan becomes independent after fifty-one years of Japanese colonisation. The birth of the child symbolises the rebirth of the nation.
However, the happiness accompanying the new baby/Taiwan soon fades away because the coming upheavals in the family/Taiwan.

In the official discourse of the KMT, the collapse of the Japanese colonial regime marked the restoration of Taiwan to the motherland with the Nationalist government representing the return to Chinese sovereignty. In contrast, advocates of Taiwanese independence see the end of Japanese colonisation as a brief window of opportunity for the achievement of national autonomy which was immediately slammed shut by the onset of another period of colonisation by 'Chinese' from the mainland.

Although it does not openly advocate political independence for Taiwan the film resonates strongly with the pro independence view that Taiwan should be an autonomous country not because the natives are naturally different from mainlanders but because there is no other way to end the political oppression of the regime from the mainland. In the film, Kuanrong and his intellectual friends express the mixture of disappointment and indignation generated by this view several times. Once in a restaurant, the group is talking about the current situation of Taiwan.

Sir Lin: The war is over, so how do you think of Taiwan now?

Friend: Of course it’s good. Of course it’s good. Now we are back to the arms of the motherland. We can see the national flags everywhere although some people hang the flag in the wrong direction. We are under the motherland’s shelter. It’s nice. It’s warm.

Kuanrong: But, to be honest, given that an official like Chen Yi (the KMT governor of Taiwan at that time who was criticised corrupt and dictatorial) could be appointed and trusted by motherland, means we cannot expect too much from the Nationalist government.

On another occasion, they are talking about the corruption and discriminatory practices of the Nationalist government in Taiwan. One of them mentions that the Chen Yi government diverts rice and sugar from Taiwan to the mainland generating profit for themselves but causing severe food shortages among the people and producing a worse situation than during Japanese colonisation:

Friend 1: At the worst time during the war, we still had rationed food. But after Chen Yi came here less than one year ago, the price of rice has risen twenty-five times. How much did our salaries increase? None!
Friend 2: To be honest, can it be called a government? It is a corporation, isn’t it? A corporation owned by Chen Yi himself.

(Friend 1: Many local people’s jobs are taken over by the mainlanders)

Friend 2: It’s reasonable for them, because people like you have been ‘enslaved’ by Japanese you have to be replaced. Shit! What ‘enslaved’? Did we volunteer to be enslaved? Are we born to be lowly?

Friend 1: Exactly. It was the Qing Dynasty government that sold Taiwan to Japan long a time ago. Did anybody ask us Taiwanese for our opinion about that at that time?

Sir Lin: In short, if the Nationalist government won’t change their policies, even now the war is over, people will still be suffering for a long time.

Kuanrong: If this is the case, how long should we wait to see an improvement?

Sir Lin: In my view, waiting is not a way out. The suffering people should stand up on their own bravely. If the Nationalist government allow Chen Yi to staying in place, there will be a upheaval sooner or later.

This conversation not only points to the causes of the coming 228 Incident but also affirms the legitimacy of Taiwan’s independence in the future—if the motherland government refuses to respect the Taiwanese people’s will and need.

The Sadness of the Taiwanese

However, the path Taiwan must travel to become a nation is full of obstacles and pains, just like the baby born at the beginning of the film who is always shown crying or ill. This sad and oppressive atmosphere through out the whole film is a sharp contrast to the positive representation of the birth of a nation in Red Sorghum (see Figures 9.2). Nevertheless it is no less effective as a way to construct a national mythology. The central focus for the ‘imagined community’ is the experience of suffering and oppression. Sadness is shown as a shared fate in the past which must be overcome by ‘standing up on our own’ to build a new future.

The film develops this central image through the main two story lines mentioned in the plot summary. The story of Wenxiong represents at a micro level of the lives of Taiwanese people, their families and businesses, and their hates and fears. Wenxiong is murdered and Wenliang contracts a mental disease because they cannot find a way
Figures 9.2 The Taiwanese people from celebration to frustration in *City of Sadness*

1 The celebration

2 The indignation

3 The upheaval

4 The repression

5 The death

6 The frustration
to deal with the Shanghai Gang (who represent mainlanders in general). In contrast, the second story line, about Wenqing, articulates to the macro context at that time. He witnesses the upheaval of the society, experiences the suppression by the Nationalist government, and becomes involved with local opposition forces. Ironically, he is a deaf-mute. He is the incarnation of the ordinary Taiwanese people who experienced oppression but remained helpless and unable to speak out. The enforced silence of Wenqing is a particularly poignant metaphor for the cancellation of legitimate dissent.

Music is another crucial element employed to create the film’s sad and tragic aura. After the opening sequence of childbirth, the title of the film appears and the signature theme rises simultaneously. The scene then switches to a wide high angle shot of the northern coast of Taiwan which lasts for fourteen seconds. The sky is grey and cloudy and the melody is solemn and sorrowful. The main theme reappears frequently throughout the film. In addition, the songs sung by the singer in Lin family’s nightclub—a supposedly entertaining place—are all sad.

The unfortunate fate of the Taiwanese people is articulated most forcefully by Wenxiong in the film. After Wenliang is arrested as a traitor, Wenxiong sighs and furiously repeats a Fulao saying: ‘We natives are the most miserable. The Japanese just left, the Chinese come in. “Everybody bullies, everybody oppresses, nobody loves”’. The analogy here between ‘Japanese’ and ‘Chinese’ and the distinction drawn between the ‘natives’ and ‘Chinese’ imply the uniqueness of the Taiwanese and naturalise the idea that they have a unique national identity.

Although the film’s atmosphere of melancholy is directly contrary to the dominant mood in *Red Sorghum*, Hou’s underlying intention is similar to Zhang Yimou’s. As he later noted;

> I hope that a renewed understanding of the 228 Incident will help everyone to finally cast away its dark shadow and to go on living with energy and vitality. What I most desire is for audiences who see my film to leave the theatre not only with tears in their eyes, but with a new sense of pride, of empowerment, and with the determination to move towards the future... (emphasis added, quoted in Yip, 1997: 152).

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2 Ironically, the name of Lin family’s nightclub is ‘Little Shanghai’.
3 Interestingly, the author of the theme melody is a Japanese composer.
Colonisation and communication

The effort to reconstruct Taiwanese national identity evident in that quotation can also be seen in the comparison between the portrayals of Japanese and mainlanders in the film. There is an episode in the first half that focuses on the friendship between Wenqing and Kuanrong and a Japanese brother and sister. They had become close friends before the end of the War. It also seems to imply that there was a relationship between Kuanrong and the Japanese girl, Jingzi. All of them feel sorry that Jingzi’s must return with the withdrawing Japanese colonial government. Jingzi comes to the hospital to say goodbye to Kuanmei before they leave. She gives some memorial presents including a piece of Japanese calligraphy written by her brother, a bamboo sword, and a piece of Kimono (traditional Japanese cloth)—all of them representative artifacts of Japanese culture. The two girls then make commitment to never forget each other. This sequence depicts the experience of Japan colonisation as not completely negative showing the bonds between some Japanese and some ‘natives’.

In addition, Kuanrong (in common with other Taiwanese young people at that time) tends to identify with Japanese values. The Japanese calligraphy written by the Japanese young man is a poem: ‘I will always remember you, just go ahead and fly away. I will follow behind. We have the same fate’. When Kuanrong reads the poem, he expresses admiration and says, ‘Japanese esteem the spirit of cherry blossoms (Sakura) most. They wither and fall onto the earth when they are blossoming in most beautiful and plentiful’. He explains to Kuanmei and Wenqing that this kind of tragic and glorious spirit was the most important driving force behind the Menji Innovation Movement in Japan at the turning of 20th century which successfully transformed Japan into a modern country. The sequence implies that Kuanrong has been inspired by this example of creative destruction and that is forms an important model for his later devotion to a revolutionary movement aimed at constructing an ideal motherland.

In contrast to the harmonious friendship and communication between Kuangrong, Wenqing, and their Japanese friends, the interaction between the natives and the mainlanders is full of distrusts, conflicts and misunderstandings. Apart from the violent conflict in the 228 Incident at the societal level and between Lin brothers and the Shanghai Gang at the local level, language is another important factor generating tensions.

The first example is Governor Chen Yi’s island-wide broadcast speeches after the 228 Incident. The reception of these broadcasts is shown three times in the film The
first two occasions are set in a hospital. The hospital staff struggle to listen to the speech in Mandarin spoken with a heavy Zhejiang accent but they experience great difficulties because they usually use Japanese or Fulao in daily conversation. The frequent signal interference stands as a metaphor for the communicative obstacles between the Nationalist government and the local people. As a result, there is nobody in the scene listening to the third speech by Chen Yi. Despite his efforts to convey sincerity and mercy his voice just sounds cold, remote, and strange.

The second example of communication breakdown occurs when Wenxiong and his fellows meet the Shanghai Gang to negotiate Wenlian's rescue from the prison. The arrogant and crafty Shanghai people (which are how they depicted in the film) are obviously reluctant to help. Because the two sides use different languages and dialects, Wenxiong has to speak Fulao to his companion Agha, who speaks both Fulao and Guangdong. Agha then speaks in Guangdong to one of the Shanghai people who understands it and translates into Shanghai to others. This complicated chain of communication produces immense misunderstandings between them and partly causes Wenxiong's later death.

Of course, there were serious conflicts between the Japanese colonial government and local people during the period of colonisation. The Japanese also forced local people to learn and speak Japanese in an effort to persuade them to transform their identity. Although *City of Sadness* does not try to deny this, it chooses to present some positive aspects of the colonisation experiences and to contrast it with a negative construction of 'Chinese colonisation'. The film does not advocate a pro-Japanese national identity for the Taiwanese, it rather implies that there are more similarities between the Japanese and the Taiwanese than between the Taiwanese and the Chinese. This ambiguity in national identity expressed in the film was a breakthrough in the late 1980s.

**City of Sadness and Real Identity Politics**

Indeed, the huge public response to the film took some commentators by surprise when *City of Sadness* was released in 1989. Although some critics argued that the film remains uncritical because it does not present the Incident more directly, *City of Sadness* does offer a powerful reflection on the key period of Taiwanese history (Lin, 2000). The story is about a long-lasting political taboo and the ideology of the film is apparently opposite to the official discourse of the ruling KMT. A film like this could
never have been made a decade before, let alone been passed by the film censorship without any revision. However, its positive reception becomes more understandable when we look more closely at the shifts in politics in Taiwan in the 1980s and 1990s (see Chapter 5). From the late 1970s, due to a series of diplomatic failures, the KMT regime lost support from abroad for its legitimacy in ruling Taiwan. As a come-from-outside regime, it had to regain support from inside the island. Meanwhile, economic development facilitated the development of an embryonic civil society including political opposition forces. Taiwan was experiencing a political transformation process, which mixes localisation, Taiwanisation, democratisation and liberalisation.

It has been a long time since the KNIT tried to establish official Chinese identity and to repress local cultural identity and any presentation of local history. In response to the legitimacy crisis, the KMT emphasised localisation and Taiwanisation. It was not only accepted the local political and economic elite, it also set out to ‘Taiwanise’ the national identity. These efforts became clearer and more active when the first ‘native’ president Lee Teng-hui came to power in 1988. Although the opposition from the ‘mainlanders’ within the KMT remained strong, Lee insisted on his localisation policy. The victory of the pro-independence opposition party DDP (Democratic Progressive Party) in the presidential election at the beginning of 2000 marks the completion of this shift.

Although declaring that he opposes Taiwanese independence⁴, Lee has successfully established a sort of Taiwanese identity and Ideas such as ‘Taiwan first’ and ‘New Taiwanese’ are now widely accepted and shared among different groups and parties. Interestingly, Lee personally used ‘The sadness of born to be Taiwanese’ as the title of an interview with a Japanese writer in 1995. He attributed the sadness to Taiwan’s colonisation experiences. Lee also writes in his book The Proposal of Taiwan, ‘Born to be Taiwanese, we had a kind of sadness because we could not do something specific for Taiwan. Look at the history of Taiwan, it had been a long time that Taiwanese could not govern Taiwan by themselves. I have also experienced the pain that a Taiwanese could not do anything for the people.’ The central argument of City of Sadness then, was closely related to a political ideology that was rapidly

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⁴ Lee resigned Chairman of the KMT after the party failed in the presidential election. He was criticised by many KMT members about the failure and his increasingly pro-independence position. Paradoxically, two years after the DDP President Chen Shuibian came to power, Lee established a new party Taiwan United Party (TUP) for realising his political ideals. In the political spectrum of independence and unification today, TUP is the most pro-independence.
gaining ground at the time of the film’s first release and which would become the mainstream position in later years..

Both *Red Sorghum* and *City of Sadness* were pivotal works in expressing new political arguments at key turning points in the political and economic transitions of China and Taiwan. Although one of them presents a carnivalesque portrait of change while the other shows sadness and pain, they were both engaged in reconstructing national images. Other films also made a significant contribution to this project, particularly through their reworking of the experiences of colonialism and imperialism.

### 9.2 The Memory of Colonial Powers and Imperialist Wars

Both China and Taiwan had experiences of being invaded or colonised by the imperial powers in the late 19th century and the first half of the 20th century. These experiences had and still have powerful impacts on the constitution and construction of national identity. Among the imperial powers, Japan has exerted the strongest influence on contemporary Chinese history. The Japanese invasion and massacres in China in the 20th century have left an indelible scar on the collective memory of the mainland Chinese. In contrast, the experiences of the Japanese colonial reign in Taiwan has left a more complex and ambiguous influence on Taiwan’s society and culture.

After China’s final victory against Japan in the Second World War and the end of Japanese colonisation in Taiwan, the US became and remains the dominant foreign power in relation to China and Taiwan influencing every aspect of their national development. The US, the world’s most powerful country and arguably its only ‘empire’, is also the primary promoter of both China and Taiwan’s links with the global political and economic system. Consequently, in any discussion or inquiry around the issues of China and Taiwan from unification / independence to participation into the global system it is impossible to ignore its central role.

How do the present films represent past imperial powers, particularly the Japanese? How do they present the Americans? And what is the difference between these representations in the films made in mainland China and Taiwan? These questions are
central to a full exploration of the transformation of national culture and national identity in the global era.

**The Legend of Yellow River: Memory and Reality**

**Introduction**

*The Legend of Yellow River/ Huang He Jue Lian* (1999) is one of the representative examples of what I earlier called the ‘main-melodytised entertainment film’ made in China in the late 1990s. It was probably the first film about the Anti-Japanese War which was not made by state-owned studios after the CCP established its comprehensive film system. The production company, Shanghai Paradise Corporation, is one of the largest new ‘private’ film companies in China today. By 1996, it had undertaken both vertical and horizontal integration and transformed itself into a media conglomerate (see 8.4.4). However whilst the operation of the company is definitely commercial it is not completely ‘private’. It originally developed out of the governmental unit, the Shanghai Distribution Company, and has enjoyed immense state resource and support. Accordingly its production strategy set out to match both the requirements of government and the popular market and to maintain a balance between political ideology and economic interest.

*The Legend of Yellow River* was the first product of this strategy and proved to be very successful achieving fifth place among the domestic box-office hits in 1999 with a combination of major stars (the actress Ning Jing and her real-life husband, American actor Paul Kurse), spectacular war scenes and special effects, international romance, and a sensational love story.

**Plot synopsis**

The story is told in the first person, by an American air force pilot Owen. He and his team mate reconnoitre the Japanese factories along the coast line of north Mainland China during the Second World War. They happen to discover a Japanese warship and engage in combat with it. The warship is destroyed and the fighter is wounded. Owen’s companion dies and he, badly injured, makes a forced landing on a hill close to the Great Wall. He is then secured by a four-person team from the Chinese Communist army ---- ‘the Eighth Row Army’ (*Ba Lu Jun*). The team is instructed to delivery him to the military post of the Eight Row Army in a village in the
demilitarised zone because he is carrying important intelligence and photos of Japanese troop positions.

Owen feels good to be with the only female in the team, Anjie (Owen calls her Angel), who speaks English and is responsible in taking physical care of him. But he seems not to like the leader of the team, Heizi, and often argues with him. The team is not able to complete its mission because Japanese troops have just destroyed the village and massacred the residents. Heizi changes the plan and leads the team back to his home town and asks his father for help to cross the Yellow River to Yan’an, the main base of the CCP military force.

In fact, Angel is also from the same village but has never told Heizi before. Her father is the lord of the village and coincidentally a family foe of Heizi’s. He used to operate a shipping business and now has arrangements with the Japanese troops who control the landing place. His supporters catch and imprison Heizi and Owen. Angel’s father decides to kill Heizi for his family and hand over Owen to the Japanese for his business. Angel resists her father and rescues Heizi and Owen. They hide in a remote temple and look for a chance to cross the river. Heizi tries to get Angel’s father to help by persuading him that the Japanese are the common enemy and by revealing that Angel was raped by the Japanese soldiers before she joined the army. At the same time, the relationship between Angel and Owen is becoming closer and Owen wants Angel to go with him.

Angel’s father promises to help them cross the river but the Japanese troops have already set a trap to catch Owen. Angel’s father kills the Japanese commander in a skirmish but is also killed. At the same time, a large number of Japanese soldiers come to capture Owen. Under Heizi’s machine gun cover, Owen and Angel carrying Heizi’s young daughter swim across the river. Heizi is killed and Angel gets shot in the middle of the river. Owen finally reaches the other side of the river but Angel dies and is swept away by the torrent of the Yellow River.

Remembering the Second World War

The film presents an ‘official’ version of memories of the Second World War and the Japanese invasion. It shows the Chinese people suffering from Japanese outrages but fighting back bravely to protect their homes and win the war. In an early sequence in which Owen and the Chinese soldiers arrive at their destination village, they discover that the village has experienced an attack by the Japanese troops and that no residents
have survived. The film flashbacks to the massacre and details the cruel and animal-like behaviour of the Japanese soldiers. They kill a powerless old woman, burn a young woman, crush a baby into pieces, and shoot dozens of unarmed residents lined up in a row. Accompanied by the sensational pictures, sound, and music, the village is portrayed as hell and the Japanese soldiers as devils (see Figures 9.3). In the personal lives of the main characters, the situations recalled are often tragic and never less than harrowing. Heizi’s wife and son were sacrificed in a poison gas experiment conducted by Japanese troops. Angel was raped by Japanese soldiers when she was a university student. Both of these incidents are typical of the widely remembered Japanese outrages in mainland China during the Second World War.

In contrast, the Chinese people shown in the film are dignified and innocently sacrificed. The shepherd boy shown in the beginning of the film who saves Owen’s life from the edge of a cliff, for example, behaves bravely to help an unknown foreigner without fears. But he dies in the subsequent Japanese bombing. But, it is Heizi, a Chinese Communist soldier, who is presented as the primary representative of the bravery of the Chinese people. He is a man with a ‘dark face and of few words’ (in Owen’s words) and displays great determination and courage in trying to accomplish his task — delivering Owen to the military base safely. When Owen is sleeping, he shows his tenderness by putting a coat over him. When Owen mindlessly picks fruits from a farmer’s land, he leaves money on the tree in compensation. When Owen’s leg is injured, he shows surprisingly strength in carrying him on his back. At the end, he sacrifices himself (by the heroic action of stopping the Japanese machine gun with his body) to keep Owen alive. He is perfect.

The memories of war presented in the film are a mixture of personal sufferings and national miseries, creating an epic picture of dignified nationals bravely fighting against the imperial invaders, and heroes / heroines battling villains. Interesting however, these memories are not narrated by a Chinese man /woman but by an American — Owen. The film’s construction of memory is presented as truer, because it is spoken by a third party rather than by one of the main protagonists. More particularly the narrator is from the largest power in contemporary world, the US. Thus the salient contrasts that define nationals and ‘nationality’ are developed not only between the Chinese and the Japanese but also between the Chinese and the Americans.
Figures 9.3 The memory of the Japanese invasion in *The Legend of Yellow River*
The American and the Chinese

The contrast between the Chinese and the Americans is represented in the tensions between Heizi and Owen. Heizi is a quiet and introverted man while Owen is outgoing, and sometimes breaks the rules. Heizi is very prudent in military actions while Owen often takes adventurous decisions. However, the key opposition between them develops after their capture by Angel’s father. It is about life, dignity, and duty:

Owen: Angel, I am going to see the Japanese.
Angel: What?
Owen: I will surrender to them. It is all about me. Both of you are good people, I will feel upset if you die because of me. All of us have done our best to obey the duty of a soldier. We are disarmed now. We can give up resisting without regret. Angel, the Geneva Convention has talked about the prisoners of war...

Heizi: You coward!
Owen: As a soldier without weapons, we can choose to surrender honourably. What the Japanese want is me, both of you may then get your freedom.
Heizi: Are the Japanese really so reasonable as you say? Didn’t you see what they did to our people?
Owen: They are ordinary people, but I am a soldier.
Heizi: I am a soldier, too. The instruction I had is to delivery you to the base safely. I won’t let you surrender without new orders!
Angel: Mr Owen, I know you Americans see life as the most important thing. You don’t see surrender after endeavour as a shame. But in our country, we are willing to give up lives rather than lose our dignity.
Owen: If I still have one last bullet, I won’t give up fighting. But for now, we cannot lose our lives meaninglessly!
Heizi: Life? Is your life the only real life? Do you think the lives of my companions who died securing your life are not real lives?

In this conversation, life and freedom are presented as the most important things to Americans while the Chinese will give up their lives to maintain their dignity and accomplish their duties. The contrast emphasises the difference between the individualism in the American culture and the collectivism in the Chinese culture. However, unlike the extremely negative portrayal of the Japanese, the difference is not built around a contrast between good and bad or hero and villain. Owen is never
depicted as a negative character in the film. On the contrary, he is also a hero – but a different kind of hero from Heizi. He is a foreign friend who comes to China to help the Chinese people. He shows fury and compassion when he witnesses the outrages the Japanese commit against the Chinese people. He also risks his life to save Heizi’s daughter at the end of the film. At last, he even wins the heart of the main female character in, Angel.

If the hostility displayed towards the Japanese derives from the experience and memory of the Second World War, the ambiguous attitude to the American reflects the current complicated international situation. In fact, the US was not only one of the imperial powers that invaded China in the past, it also fought with China during the Korea War directly after the CCP established PRC. Yet, although today the US is still the most significant potential enemy of China in terms of national security strategy, its strength and power is also the goal that China wants to catch up with. The ambiguous and contradictory feelings of the Chinese people towards the US were articulated in the tide of the anti-America and nationalistic publications in the late 1990s (see 5.2.1). As Dai argues, on the one hand, the Chinese government and people believe that the US, as an agent of the new imperialism, restrains the development of China and that China remains relatively backward in comparison to the advanced Western countries. On the other hand, they demand to be respected by the US and constantly remind the US that China will become an equivalent power in the international arena and should never be ignored (Dai, 1999: 135-66).

Orientalism for what?

From the first shots, the film is filled with the magnificent scenery of mainland China and with various Chinese cultural elements. The shepherd boy and the plateau in northern China shown in the first quarter of the film are an obvious copy of the character and background in the internationally famous director Chen Kaige’s well-known work Yellow Earth. The later shots of the Great Wall, the Yellow River, precipitous cliffs, and Buddhist temples present China as a beautiful and majestic land. At the same time, the folk songs, the Chinese medical skills (scorpions as medicine), the traditional drama, and the beheading rituals represent Chinese culture as a special, mysterious, and profound. These intentional and superficial presentations of ‘China’ and ‘Chinese culture’ conform to the orientalist vision embedded in Western perceptions.
At the end of the sequence when Owen is first saved by Heizi and Angel, the camera switches to a bird-eye shot on the Great Wall. The five of them are walking on the Wall. Owen says, 'I could not believe I was crossing the Great Wall of China. One of the greatest wonders of the world, would lead me to this fascinating land'. When Owen and Angel stay in a remote temple, he expresses similar feelings again:

Within the walls of temple, the war seems far away. I was lost in the mysterious atmosphere of Oriental culture. The birds and the evergreen trees are our companions...Angel told me much of the long-standing Oriental culture. The stories of illusion, romance, war, and love are all magnificent.

In the film, it seems that Owen is completely fascinated by and identified with this 'Oriental culture'. But this version of the Oriental realises its value and obtains affirmation only through a Westerner's gaze and feelings. The imagery of China in the film corresponds to the dominant Western image of China. *The Legend of Yellow River*, as a commercial production, brings these Orientalism into play within a popular commercial film format and formula. As Dai points out, 'it is ridiculous that Owen's aircraft damaged like that could still move over such a long distance from the coastline to the Great Wall in real geography. There is also no evidence that a small and beautiful river exists in the area. All of these arrangements have no other aim but to present a particular kind of imagery of China' (Interview No. 6).

Since the works of 'the Fifth Generation', and particularly after the early films of Zhang Yimou and Chen Kaige obtained international attention, the dominant imagery corresponded with Western audiences' imagination of China. This practice has in turn influenced subsequent films produced in China (see the discussion in Chapter 8). However, this trend was mainly in evidence within art house film productions which aimed to achieve international market success. In contrast, *The Legend of Yellow River* is primarily aimed at the domestic popular film market. Its adoption of this production strategy and the success that greeted it within the domestic market seems to suggest that the trend towards internationalisation has not only affected art film production but also domestic film audiences' viewing taste. If some works of the Fifth Generation directors present an 'Oriental's Orientalism' (in Rey Chow's word), the commercialised variant deployed in *The Legend of Yellow River* demonstrates that
the popular Western view of China has increasingly influenced how Chinese people themselves see their own country.

**Buddha Bless America: From Japanese imperialism to American imperialism**

**Introduction**

The director of *Buddha Bless America*, Wu Nianzhen, is the long time working partner of Hou Hsiaohsien (Hou Xiaoxien). Together with Zhu Tienwen he wrote many of the screenplays for Hou’s early films, including, *A Time to Live and a Time to Die* (1985), *Dust in the Wind* (1987), and *City of Sadness* (1989). In 1995, he obtained a government grant under the Supporting Fund scheme and directed *My Father/Do Sang. Buddha Bless America* was his second film as director. It was also partly funded by the government who contributed ten million NT dollars (about £200,000 pounds). It represents an attempt to balance artistic quality and economic considerations in the post-NTC (New Taiwanese Cinema) era. It however was not successful.

The film is about the American military force that came to Taiwan to coordinate with the KMT to defend the island from possible invasion from Communist China in the 1950s. When the Korean War started US international strategic considerations saw Taiwan as the pivotal shield in the Asia Pacific region preventing Communist expansion. The American government thus offered both military and economic support to Taiwan to achieve this strategic project. The KMT regime, for its part, was pleased to accept this aid as a way of helping it rebuild and maintain its legitimacy, both within Taiwan and in the international arena more generally.

In terms of economic support, the US government offered Taiwan an average of US$ 100 million per year between 1951 and 1965. In the area of military support, the US and KMT governments signed the ‘Sino-US Mutual Defense Treaty’ (MDT) in 1954. The USA military including army, navy and air forces established garrisons in many places in Taiwan. The largest manoeuvres ever held by the USA and the KMT armies took place in March of 1960 and covered one fourth of Taiwan (almost all of the southern part). *Buddha Bless America* is set during this event.

The Sino-US MDT was terminated in 1979 with the normalisation of the relationship between the US and China. Up until then however, the US military
garrisons and economic support had been the main planks in the US’s domination of Taiwan’s political, economic and cultural development. This process of ‘support’, incorporated Taiwan into the international political and economic system led by the US and strongly shaped the formation of the island’s political economy. In addition, at the level of ordinary people’s daily lives, the experience of contact and interaction with American soldiers and cultures had deep influences and consequences. *Buddha Bless America* is the first Taiwanese film to deal with this crucial history in a comedy style. Nevertheless, it did not achieve a major resonance in the domestic market and the box-office returns from the film were less than ten million NT dollars. The film’s theme, coupled with this moderate performance in market make it a particularly interesting case to analyse.

**Plot Synopsis**

The film is set in a rural village in southern Taiwan in the 1950s. Being the only highly educated person in the village, Ah-Sheng (people call him Shen-eh which in Fulao, literally means someone with magic power and knowledge) is respected by the residents. He used to be a teacher in the local primary school but was dismissed because he mentioned something ‘politically incorrect’ in the classroom. Now he just stays at home doing nothing in particular.

His younger brother, Ah-Xien, also stays at home because three fingers of his right hand were cut off by a machine in a Japanese owned factory. He is desperately looking for any advanced surgical technology that might ‘reconnect’ his severed fingers which he has preserved in salt water. One day this chance comes. Troops belonging to the coordinated American military force are coming to the village to hold a military manoeuvre. So is their highly skilled surgeon.

For security and secrecy reasons, the commander of the American army has asked the village residents to move into the local primary school and stay there during the manoeuvres. The army also promises that they will compensate the residents for any damage. Afraid that their fields will be destroyed by the troops and their tanks and suspicious of foreigners, the majority of residents oppose the project. Being the only person who knows about the ‘Americans’, Ah-Sheng struggles to persuade them to accept the conditions and let the Americans come in. So the Americans come and a newly built, exclusive, nightclub opens in the village. This novel place and its music...
arouse the village children’s curiosity and often attracts them to peep inside through the windows.

The conflicts and arguments between the residents and the American army start with the manoeuvre. The tanks run over the cultivated fields and the cemetery arbitrarily. The village children are shocked by the ‘giant’ vehicles and ‘huge’ foreign soldiers. The residents turn on Ah-Sheng and isolate him and his family. Ah-Sheng endures the abuse and takes Ah-Xien to the American army base to see the doctor. Because they do not speak English, the army surgeon cannot understand what they want. He thinks that they are begging for money and expels them from the base.

Some of the residents start to steal military resources from the army. A disappointed and shamed Ah-Sheng decides to steal something valuable with Ah-Xien to maintain his dignity. They bring back two heavy metal cases triumphantly. However, they discover that the cases are coffins containing two American soldiers’ bodies. Again, the brothers become the targets of public criticism.

At the end, the American army is gone. The village is back to normal. The residents are happy to receive plenty of money in compensation. When the village head plays a record of popular dance music which has been left by the American soldiers through the village’s public broadcasting system, the children start to dance in a way they learnt from the American soldiers in the nightclub.

The Intellectual and the Americans

In the film, Ah-Sheng represents the highly educated intellectuals of post-War Taiwan. He worships America’s modern civilization. In the opening sequence of the film, he is reading an article from a Chinese magazine (which specializes in introducing new knowledge and information from the Western world) and talks with Ah-Xien:

You know what is in the latest issue of Today’s World? The article says that a sort of ‘micro-surgery’ has been invented in America. It’s marvelous. You know what they did with the rabbit in the experiment? They cut the rabbit’s ears off then use a microscope to make surgery for reconnecting them back. It’s amazing! After the surgery, the rabbits’ ears swing vividly as usual. The Americans are really brilliant! Don’t you believe it? Take the magazine and have a look.

Another intellectual, the female teacher at the primary school, shares the same
views. The day before the school suspends classes, she announces the news and reminds her pupils that 'the Americans always help our country a lot, they are our best friends. There are many Americans coming, so what should we do?' 'Be polite, be friendly', answer the pupils. The teacher then teaches the pupils one English word—'Hello'—where they can use in case they meet an American.

For Ah-Sheng (and other intellectuals), the US and her technological civilisation are not only to be his family's salvation but also the objective the whole country should learn from. Even though he and his brother are humiliated by the US surgeon and the Chinese translator and fail to get the chance to take advantage of the 'micro-surgery', he still reminds his wife that they should try their best to send their children to study in America, because 'the American is absolutely brilliant'. The film also implies that this admiration represents a transition in identification from the 'old' Japanese colonial power to the 'new' American world power.

In the film, the fact that Ah-Xien's fingers are cut off in a factory owned by the Japanese seems to symbolise the pain of the old colonialism. Ah-Sheng tells his brother that he should never go back to the Japanese factory, because the Americans are now the strongest in the new 'aerospace era'. 'When the Japanese see the Americans', he says, 'they will be shocked and timid as mice'. Seeking the American army surgeon to reconnect Ah-Xien's fingers implies the expectation of a new and stronger power to help heal the old colonised scars. They fail however and are disappointed. The Americans in the film show no understanding of the brothers' request and just give them money. The new imperial power comes in, advanced and rich, and wearing a friendly mask and seduces the local intellectuals with its glittering surfaces.

The ordinary people and the resistance
In contrast the ordinary village people in the film are much more distrustful of the 'new' foreign power. Despite the officials and intellectuals efforts to convince them that the American is 'good' and 'different' they feel that the arrival of the Americans will be another invasion and threat to their property and safety. Their 'common-sense' worries are ridiculed by Ah-Sheng as ignorant,

Village people 1: The American army bomb and shoot everyday, while our fields are prohibited zone, I am really worrying whether my field will be damaged.
Village people 2: Yes, I also want to know is my field, which located by the riverside, going to be alright?

Ah-Sheng: No problem at all. What are you worrying about? The American government takes very good care of people from their birth to their death. The American technology is also excellent. If they want to target the airplane, the bomb won't hit the warship. How come they will bomb people's field. It is impossible.

Village people 3: How can you be so sure? The bullet has no eye.

Ah-Sheng: Don't you read? You should read books sometime. Now the American technology is superb. It is already in the aerospace era. Don't you know that?

An American rocket has reached the moon!

Village people 3: I don't care. If they damage my field, I will definite claim the loss from them.

The villagers are proved right. The American army destroys their tillage and their ancestors' graves. They feel cheated and try to resist.

An old widow takes the first stand to prevent her dead husband's grave being rolled over by the tanks and her action prompts conflicts with the American and local soldiers. Most of the village people follow her example in an effort to protect their fields. They protest and throw stones at the soldiers in front of the forbidden line. They are, of course, expelled and gain no positive response from the army. The village people then turn to stealing military materials, such as canned food, cigarettes, and army uniforms, to 'compensate' themselves. In general, these actions are disorganised and individual and more like a kind of harassing resistance.

The village people, however, finally accept the situation and get used to the arrival of the Americans. They recognise that the materials they steal from the American base are of really good quality. The men are proud to smoke American cigarettes. They learn the brands' names like Lucky Strike and Camel and can even pronounce them. This contrasts strongly with two scenes earlier in the film. In the first, the local carpenter and painter are erecting the signboard on the wall of the new American soldiers' bar. Following the conventions of Chinese writing, they reverse the sequence of English letters so that the sign reads 'EMOCLEW' instead of 'WELCOME' and are blamed by the supervisor. In the other scene, several women are discussing and admiring the quality of materials of the army uniforms. They decide to do some revisions and make them suitable for families to wear.
The process of getting used to the 'new' foreign power is most obviously represented by the village children. They often go to the bar furtively, stand outside the window, watch the American soldiers dancing with bar girls, listen to the American popular music, and learn to dance like them (see Figures 9.4). In the second half of the film, some of the children are called onto the base to perform manual services for the American soldiers. They are proud to be the Americans' little servants and look down upon other children who cannot get into the base. The process of incorporation is also a process of differentiation.

**American Imperialism**

The film sets out to represent the initial process of American (cultural) imperialism in Taiwan after the Second World War (Lin Wenqi, 1997). The state (represented by the army commander) combines with the intellectuals (Ah-Sheng, the principal of the primary school, the teachers, and the village head) to introduce a whole set of foreign institutions and cultures into local society and to persuade ordinary people (the village people) to accept and live with them. The people can only resort to inefficient and useless resistance under these structural restrictions and finally get used to the new conditions.

This process brings to mind a passage of Herbert Schiller's which is often quoted. 'Cultural imperialism is', he says,

> the sum of the processes by which a society is brought into the modern world system and how its dominating stratum is attracted, persuaded, forced, and sometimes bribed into shaping social institutions to correspond to, or even promote, the values and structures of the dominating center of the system (Schiller, 1976: 9).

In contrast with the extreme hostility to the Japanese and the ambiguous stance towards America presented in the Chinese film, *The Legend of Yellow River*, Taiwanese films selected here seem to imply that Taiwanese people are more ambiguous in their feelings towards the Japanese (*City of Sadness*) and either naively admire or reluctantly comply with America's political and cultural ascendancy (*Buddha Bless America*). The creators of *Buddha Bless America* try to present the audience with this forgotten history of American domination. At key turning points in
Figures 9.4 The American soldiers' bar and Taiwanese children outside of it in *Buddha Bless America*
the story, they use silent captions to remind and guide the audience to think and reflect on the processes. These captions are 'The American is coming', 'The American comes', 'The American products come, too', and at the end, 'Is the American really gone?'

Actually, there were several serious incidents of conflict between local people and the Americans over the period the American military force was stationed in Taiwan. The most important example was the 'Liu Zi-Ran Incident' in 1957. One American sergeant, Reynolds, shot a male typist Liu Zi-Ran dead. The American Military Court pronounced Reynolds 'not guilty' because his action was legally defensible. The result caused public discontent. A protest was held in front of the US Embassy the next day. Almost six thousand people gathered and violent clashes ensued. The Embassy was seriously damaged and many people were injured. Finally the Minister of Foreign Affairs apologised formally to the US government and forty-one protestors were accused. The KMT government also used repressive measures to prevent subsequent opposition.

As the first film to deal with this history, *Buddha Bless America* chose not to represent the experiences in a serious way. There was some financial support for the project from the government but the major funding came from a private film company (Lien-Den). Partly because of box-office pressure and partly because of personal aesthetic choices, the story is told in an ironic comedic way. Despite these adjustments or compromises however, the film still did not achieve success in the domestic market. It seems to fail both in an artistic sense and in popularity. At the same time as the film was first released (the summer vacation of 1996), the Hollywood blockbuster production, *Independence Day – ID4*, caught the attention of movie-goers and became the box-office hit of the year. The market failure of *Buddha Bless America* therefore represents an ironic confirmation of precisely the historical process the film wants to reveal and prompt reflection on.
Chapter 10 Film Analysis: Re-connecting the Global and the Local

10.1 Tradition vs. Modernity

The process through which both China and Taiwan have been increasingly incorporated into the global system has been accompanied by, or paralleled with, the process of ‘modernisation’ – a movement from traditional to modern structures which adopted central features of Western capitalist modernity without losing distinctive national features and concerns.

The introduction and adoption of modern Western technologies is at the center of this modernization process and the site of the most intense conflicts between Western cultures and the tradition. These conflicts present particular challenges to established relationships of generations and gender. The tensions between generations are typically represented in films through the relationships between parents and children and teachers and students. While shifting depictions of women are used as an important indicator of ‘progress’ and modernisation.

Accordingly, the analysis that follows focuses on three aspects of the way the movement from tradition to modernity is represented: (1) attitudes to Western technologies and to the maintenance of traditional cultures; (2) the conflictual communication between the older generation and the young; and (3) the transformation of the social status of woman. All three themes may be presented together and interconnected in a single film.

Once Upon a Time in China, Part III: Chinese Tradition vs. Western Modernity

Introduction

Tsui Hark (Xu Ke) is one of the best known ‘New Wave’ directors in Hong Kong and one of the most successful commercially. He addresses questions of Chinese identity in most of his works, often employing martial arts scenarios as the primary carriers for relevant themes (see Teo, 1997). In 1987, he and three other film-makers co-produced and co-directed Swordsman/ Xiao’ao Jianghu, which is now generally seen
as the founding work in the 1990s renaissance of the 1970's martial arts genre. It was a major box-office hit.

Four years later, Tsui made his own ‘new’ martial arts movie, *Once Upon a Time in China/ Huang Feihong*, acting as director, co-producer and co-scriptwriter. The film is centred on the legendary folk hero and the martial arts expert Huang Feihong who was active in the late 19th century (during the last days of the Qing Dynasty). The action takes place at a time when the Chinese sense of self had already been marked indelibly by bruising and humiliating experiences of Western expansion and colonialism. It had lost two Opium Wars in 1840-1 and 1856-60, and Britain and France had penetrated into Chinese territory followed by the empires and Russia and Japan. Young Chinese, like Huang Feihong (who is from Guangdong, one of the areas with the most frequent interactions with foreigners), are experiencing the full force of western civilisation for the first time and trying to do something to save traditional Chinese virtues from perishing while forging a new modernity with Chinese characteristics.

Huang Feihong's patriotism is firmly rooted in his own experience of witnessing the corruption of the Manchu government, the violence of foreigners, and the suffering of ordinary people. At the same time, he is experiencing the progressive side of western civilisation at first hand through his distant relative Aunt Yee (who although his aunt is of a similar age to him and finally becomes his lover in a later sequel). She has been educated in Britain. Through her, he learns about both modern machinery (trains and cameras) and western civilisation (typified by dining etiquette). As a consequence, he comes to realise that Chinese culture has to adapt and change if it is to take its full place in an altered world.

The film employs the familiar conventions of the martial arts genre. It has a narrative structure based on the good hero beating the villains through martial arts; smooth, fluid visual rhythms with plenty of quick parallel editing and camera movement; dance-like kung fu action design; and a popular star. This revivified mix of ingredients proved highly popular both in Hong Kong and Taiwan (where it was one of the top ten box-office hits of the year). Its success lead to almost ten further films about Huang Feihong directed by Tsui himself and by others and co-financed by Taiwanese film companies. The film selected for analysis here, *Once Upon a Time in*
China, Part Three [Huang Feihong zhi San: Shiwang Zheng Ba], directed and co-scripted by Tsui, was the first one of the series produced in cooperation with film workers and studios in Hong Kong, Taiwan, and mainland China. The capital mainly came from Taiwan (Long-Hsiang Corporation) and Hong Kong (Golden Harvest). The creative team was from Hong Kong (Tsui’s Film Workshop). And the studio and human resources were from the mainland (Beijing Film Studio). It is therefore representative of the increasing three-way cooperation between the Mainland, Hong Kong and Taiwan, a type of production dubbed ‘Three Locations, Two Sides’, in the 1990s. The film was a major commercial success in all the three markets. It was also the first film distributed in mainland China following the reforms in distribution practice after the 1993 reform of China's film industry (see Chapter 8).

Plot synopsis
In the film, Huang Feihong continues his adventures with Aunt Yee and his disciple Leung Foon. They travel to Beijing to meet his father who is also a martial arts expert and who is starting a modern pharmaceutical factory manufacturing traditional Chinese medicine. Meanwhile, the Empress Dowager instructs Premier Li Hongzhang to organise a martial arts competition, the ‘Lion King Competition’, based around the traditional lion dance. This is part of a wider strategy designed to demonstrate China’s traditional strength and to ferment dissent among the foreign powers. The Guangdong Association, a martial arts club of which Huang Feihong’s father is a senior member, has a big team of lion dancers and comes to Beijing to join the competition.

However, the main martial arts clubs in Beijing also aim to win the tournament and the rival teams engage in vicious combat before the competition. A local gangster, Chiu Tinba, who owns both an oil factory and the biggest lion dance club (called the Taiping club), using every dirty trick to eliminate rivals in advance. The Taiping club orders the Guangdong Association to resign from the competition and Huang’s father is hurt during the ensuing skirmish. Huang Feihong assumes charge of the club but decides not to join the contest because in his view, it is not worthy putting members at risk to win the nonsensical title.

Meanwhile, Aunt Yee happens to meet an old friend from Russia, Tomansky, who was her classmate when she studied in Britain and is now working as a translator in

1 It was basically a remake of famous the Cantonese film series Huang Feihong (Wong Fei Hung in
the Russian Embassy in Beijing. Tomansky is pursuing Aunt Yee and gives her a motion picture camera as a present which annoys Huang Feihong. Tomansky is also involved in a plot to assassinate Premier Li when he presides over the ‘Lion King Competition’ to prevent him from signing a treaty ceding the Liaodong Peninsula to Japan, thus giving the Japanese a strategic advantage in their war plans against Russia.

Aunt Yee discovers the secret plan. Huang Feihong changes his mind and joins the tournament to stop the Russians from assassinating Premier Li. He believes this is the only way to protect the Premier because nobody in the central government will believe him, an ordinary person, if he discloses the Russians’ plan. After an intense combat in lion dance form among a hundred lions, Huang Feihong finally beats Ciu Tinba, wins the competition and foils the Russians’ plan. Tomansky is killed during the ensuing fracas. Huang Feihong returns his champion’s medal to Premier Li to demonstrate his anger over the ridiculous nature of the competition and to ask Li to think about more suitable ways to restore China’s positions and sense of self.

**Representing the nation**

In the *Huang Feihong* series (at least the first three parts), Tsui Hark sets out to portray China as a country of enormous potential strengths which remain constrained by both domestic and external factors. On the one hand, the corrupt and ignorant Manchu rulers are unable to formulate effective policies to improve the country. On the other hand, the closed-minded ordinary people are unable to generate sufficient momentum for change within civil society. At the same time, the Western empires are using their advanced military forces to invade China, competing with each other to exploit as many resources as possible. They have a vested interest in retarding China’s national development.

In the film selected here, the Empress Dowager and Premier Li Hongzhang are shown to be totally out of touch with events in believing that organizing a mass activity like a ‘Lion King Competition’ might be an adequate means to combat the foreigners’ invasion. Meanwhile, the people (represented here by the martial arts clubs members) are also shown to be foolish in spending so much energy competing for the championship title. The competition not only wastes lives and money but is completely ineffectual in strengthening national power. In the mean time, the

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Cantonese). The series ran to almost 90 episodes produced in the 1950s (see Li, 2001).
imperialist forces are penetrating China in every possible way and securing a position from which they can assassinate the most powerful politician in the country. As Huang Feihong says to Premier Li in the last sequence of the film, ‘In front of the people, actually, we are the losers’.

The China depicted in *Once Upon a Time in China*, however, is a country with tremendous latent strength and a glorious cultural heritage. It finds itself in crisis because it cannot find a way through its present difficulties. In Huang Feihong’s view, the most important thing is to educate and train the people with modern ideas and knowledge and to combine strength of intelligence with strong bodies. An alternative strategy, no less important, is to unite the people and all social forces and to cooperate with a reformed government to restore the nation. In other words, the imperial threat can only be countered by a united China.

In the sequence where Huang Feihong discovers that there is serious internal strife between the martial arts clubs in Beijing, he stops the street fight among the members of the three clubs by his own brilliant kung fu skills. He then invites the club leaders to a conciliatory meeting. Huang is adamant that all Chinese are brothers and should not fight with each other in front of foreigners. This idea is also pursued in *Once Upon a Time in China, Part Two* when Huang realises that his two newly met friends, Sun Yet-Sen (the historical leader of the republican revolutionaries and the founder of Republic of China) and Luke Hao-Tung (Sun’s comrade), are promoting revolutionary movements. He argues with Luke asserting that while China is facing both internal and external strife, ‘I do not care who did what, we do not need any more trouble now’.

**Facing the foreigners and western modernity**

In the *Once Upon a Time in China* series the experiences and feelings of the Chinese as they come to terms with foreigners and western modernity is a central continuing theme. Tsui Hark presents Huang Feihong as emblematic of these encounters and employs the western educated Aunt Yee as an intermediary between East and West, tradition and modernity.

In the series, foreigners are often portrayed as predominantly arrogant and cruel invaders. Yet, the observation of film critic Steven Teo, that Tsui ‘goes as far as he can to depict arrogant, uncouth and bellicose Westerners’ in the films is not correct (see Teo, 1997: 170). Tsui Hark in fact allows some foreigners to demonstrate their
goodness or intelligence. Western modernity therefore emerges as not so much a matter of black and white as of yin and yang. In contrast, the ordinary people are often depicted as superstitious and xenophobic, unable to recognise the merits of foreigners on the one hand, and capable of behaving more cruelly and selfishly than foreigners when considering their own interests.

The Russian Tomansky, for example, although an actor in the assassination plot, tries to help Aunt Yee and Huang Feihong when they are in danger, and is pleased to help Leung Foon fix a steam engine. At the same time, the leaders and members of the martial arts clubs exhaust their energy in internal strife. Similarly, in the Part Two, the xenophobic White Lotus Sect cheat their followers with mystic and false performances and run amok, killing foreigners and burning their property. In contrast, the British Consular officials try their best to protect the Chinese pupils of the Foreign Language School from the threats of the White Lotus thugs.

Huang Feihong is the exception to this stereotype of Chinese popular reaction. He treats foreigners rationally. As a man well endowed with the traditional virtue of benevolence, he protects innocent foreigners as well as Chinese when they are in danger. Thus the organising binary opposition is not, as what Teo argues (ibid.), between Huang Feihong as the personification of ren (a mixture of nobility and benevolence) and the negative image of foreigners. Rather, it is between Huang Feihong and the ignorant, selfish, and xenophobic Chinese people depicted in the series.

This key organising opposition can also be seen in the struggle between Huang and his main rivals. Interestingly, in all three parts of the series, his main enemy is always a Chinese rather than a Westerner. It is local ruffian (Chiu Tinba) in the film under discussion here. It is the kung fu expert (Yan Zhendong) who wants to win the fame and is used by foreigners in Part One, and the false master of the White Lotus Sect in Part Two. Huang Feihong never fights with foreigners directly. Even when the Russians are planning to assassinate Premier Li, he opts to fight with Chiu Tin-ba in the lion dance competition in order to destroy the Russians’ plan indirectly instead of seeking to stop their plan in advance. The foreigners may be the enemies of China in general, but the local villains are always the real rivals of the hero.

We can see the same basic organising principle at work when Huang Feihong experiences modern western civilisation. This theme repeats again and again in the series and a representative artefacts of western material culture are introduced in each
part. It is gun in Part One, a train and a camera in Part two, and a motion picture camera and a steam engine in Part Three. For Huang Feihong, these modern technologies are new things worth knowing about and learning from. Unlike most ordinary people, who regard these western inventions with fear, hatred, and repulsion, he would like to understand them and use them if they are good for China. In an earlier sequence, showing Huang arriving in Beijing city, he even tells Leung Foon that they should start to learn English when he hears a foreigner speaking Chinese.

At the same time, core elements of Chinese civilisation, the martial arts, Chinese medical science, and traditional wisdom and virtues are presented as a precious heritage that must be preserved. But it must also be adjusted and changed to combine with the advantages of Western civilisation. This position is developed within the film when Huang’s father buys a steam engine to establish a modern Chinese medicine factory and tells Huang that traditional ways of making medicine are ‘useless’. When they are visiting the factory, Aunt Yee (in her assigned role as the intermediary between Chinese and western culture) teaches Huang that ‘British industry became the pioneer of the world because Mr Watt invented this steam engine’. In other words, if China wants to strengthen itself and carry forward its precious traditions in the modern world, it must take full advantage of western advanced technologies.

The role of Aunt Yee in the process of adjustment is worth further discussion here. Casting a woman, rather than a man as the intermediary between the Chinese and Westerners is seemingly a conventional use of femininity to ‘soften’ and ‘ease’ the tension of adaptation. All the things Aunt Yee introduces to Huang Feihong are either utilities (such as trains, cameras and stream engines) or marks of new styles of behaviour and self-presentation (such as dining etiquette, or Western suits). The way she convinces Huang to accept them is by mixing rational advice and considerate affection. As the Hong Kong film critic Kwai-Cheung Lo argues, what Aunt Yee represents is ‘the affable, feminine aspect of this threatening technology, which is ultimately accepted along with love’. This in marked comparison with the aggressive, masculine side of technology, represented by the western imperialists and slave traders (Quoted in Lin, 2001: 540). Nevertheless, although Aunt Yee is a highly-educated modern woman, she is not an independent person in her own right. She accepts western values without reflection, while at the same time she remaining compliant with the traditional subordinate gender relation to her would-be husband.
Huang Feihong. The path to modernisation that the film suggests is therefore still masculine centred.

**China stands up**

The notion of a ‘great’ China playing a central role in the modern world is the basic leitmotif of the Huang Feihong series. However, this desired identity is not constructed by belittling foreigners and foreign countries or by the Chinese beating back foreign invaders (as noted earlier, Huang Feihong never fights with foreigners). Rather, although China is depicted as a nation with superior characteristics ‘we’ Chinese have to acknowledge that we are falling behind the advanced world and need to strengthen ourselves and our nation.

Thus the version of national identity presented is not absolute but relative – China is equal to, not better than, the West. The underlying ideology of the films is clear. The Chinese should not waste energy competing internally (the Lion King Competition) but should enter the international arena. China will stand up, reaching its full height in the modern world, by competing with other countries not by defeating them militarily. To use the contemporary free-market terminology, the main task is to increase ‘national competitiveness’ and join the global economic system. This central task is expressed repeatedly by the theme song of the series, ‘Man Should Self-Strengthen/ Nan’er Dang Ziqiang’. As the lyrics puts it,

> With pride I face thousands of waves,
> My blood is hot like the red sun,
> My courage is as strong as iron,
> My bones are refined as steel,
> My bosom is boundless and generous,
> My vision is outreaching,
> I strive to strengthen myself,
> Be a hero,
> To be a hero, I must exercise everyday,
> Be a hot-blooded hero, hotter than the sun.

The song and the accompanying music is heard at the beginning of the films, at the end, and when Huang Feihong is about to fight with his rivals.
By urging the Chinese people to stand up, the films express a confidence that China will be able to compete successfully with other countries if the right way is taken. This position is forcefully cemented in the sequence following the argument between Huang Feihong and Tomansky when Tomansky comes to help fix the steam engine in his father's factory (see Figures 10.1 and the subtitles below).

Tomansky (in a low angle shot):
You are too out of date. Don't despise this steam engine. It's motivated [sic] the Industrial Revolution in Europe. It substituted labor force to produce industrial products and to raise economic standards. So someone predicts that, its appearance...
(switching to Huang in a high angle shot)
will create new nobles [sic] of the world. They will take over the status of the Emperor and rule over the world...
(tilting upwards to a normal angle shot of Tomansky)
The Russian Empire is like the Qing Dynasty, we can't escape from the change of history.
Huang (in a normal angle shot):
Since we can't escape, let's not escape. Who will be the new leader, just see who can defeat the steam engine!

The dialogue and the camera movements combine to express the idea that China will stand up and take on the task of competing with other advanced countries in the future. China would not be looked down on by superior competitors (the high angle shot of Huang). Nor will it look up to Western countries (the low angle shots of Tomansky). It will look its competitors squarely in the eye on level terms (the final frame).

A different hero: Huang Feihong vs. Bruce Lee
It is interesting to compare this 'soft' and 'flexible' attitude to national regeneration and development in the Huang Feihong series in the 1990s with the 'hard' and 'rigid' attitude shown in another set of famous and popular kung-fu films, those of Bruce Lee in the 1970s.

In two of his most famous films, Fist of Fury/ Jingwu Men (1971) and The Way of Dragon/ Meng Long Guo Jiang (1972), Bruce Lee fights with Japanese and Americans respectively. The foreigners are all depicted as evil people. They are cruel and rude. They cheat and oppress Chinese people and treat them as animals. In the
Figures 10.1 A dialogue between Huang Feihong and Tomansky in *Once Upon a Time in China III*

1. 你太落伍了.
   You are too out-dated.

2. 你千万別小看這台蒸氣機。
   Don't despise this steam engine.

3. 代替了人力出現了大量的工業產品
   substituted labour force to produce industrial products

4. 這個世界很快就有新的貴族。我们将创造一个新的贵族。
   we will create new nobles of the world.

5. 他們的去勢將要代替現在的皇帝。而統治這個社會。
   we will take over the status of emperor to rule over the world.

6. 這座蒸汽機。就要看誰能夠戰勝這台蒸氣機啦。
   be the new master, just see who can defeat the steam engine.
films, Bruce Lee like Huang Feihong, plays the role of a patriot imbued with traditional Chinese virtues. But unlike Huang Feihong, who argues that the Chinese should stand up and compete with foreigners on an equal basis, Bruce Lee urges them to fight back and take revenge when foreign bullying is no longer endurable.

In *Fist of Fury*, Chen Zhen (a Chinese martial arts student played by Bruce Lee) fights with the Japanese villains for a cause which combines personal and national resentments—the members of a Japanese martial arts school have killed his master and humiliated all Chinese by dismissing them as the 'sick man of East Asia'. He defeats the Japanese and proves that the Chinese are not 'sick men' but dies at the end. The national identity constructed in these films and shared with audiences in the cinema, portrays foreigners as devils and their eventual defeat as a necessary step to national advancement. The mission of the hero is to defeat foreigners and save his brothers and sisters. In contrast, the task of the hero in the Huang Feihong series is to eliminate domestic thugs and unite all people in a project to restore the nation and to go on to compete with other advanced nations as a strong and united China. Huang Feihong also shows prudent interest in, rather than hostility to, Western modernity. As Li notes, 'while Bruce Lee ostensibly sets up oppositions between China and the West, the oppressed and the oppressor, the good and the bad, Tsui Hark resorts to a naïve synthesis of the East and the West' (Li, 2002: 535).

We can relate this difference of perspective to the different political economic and social contexts in which the two sets of films were made. In the early 1970s, the Cold War structure was still stable and the ex-colonies had only recently achieved political independence and started to face the brute facts of economic and cultural dependence on the First and Second (Soviet) Worlds. The enemy of the emerging nation is clear and definite. Authentic national and cultural identity can only be constructed on the basis of mass mobilisation against the dominant countries. Not surprisingly, the films of Bruce Lee place international or inter-racial conflict within a simple 'us-others' framework and promote direct confrontation as the most viable route to resolution.

In contrast, by the 1990s when the Huang Feihong series was made, there were no absolute enemies. The Cold War was over. The Soviet world had collapsed and the global market economy had been massively consolidated and extended. Regional racial and religious conflicts take the place of large scale wars. The main task of the state is to pursue national advantage in the new global economic competition. Against this changed background, states and politicians tend to remobilise and reconstruct
popular identification with the nation. More specifically, the political situation between the Taiwan Straits has moderated. Although deep disagreements around national unification still exist between China and Taiwan, concrete economic exchange has been accelerating for some time. Various sorts of cooperation using the advantages of both sides to strengthen competitiveness in international markets are also being attempted. In fact, the co-production of *Once Upon a Time in China, Part III* is itself an excellent instance of this new sort of cooperation. This may partly explain why conflict between nations is downplayed and replaced by internal strife in the Huang Feihong series.

However despite these differences, there is one major similarity between the two sets of films we are discussing here. Since all were produced by the major film companies and aimed to achieve box-office success, their main ideology corresponds closely to mainstream ideology. Because this is the world view most consonant with common sense commercial films are obliged to work with rather than against the grain of prevailing audience assumptions. Consequently, neither series presents the possibility of different cultural identities. In Bruce Lee's films, fighting is the only way to solve the problems between nations and races. In the Huang Feihong series, a unified nation is urged to compete with other nations. Huang Feihong, a man who has realised the corruption and weakness of the government, insists on saving the country in a conservative way. He asks fourteen martial arts clubs to collaborate in writing a letter to Premier Li asking him to cancel the 'Lion King Competition'. When he fails, after he has won the competition he throws the medal back at Premier Li to demonstrate his anger, but still decides to risk his own life to protect the Premier from the Russians. His words to the revolutionary Luke Hao-tung in *Part Two*, perfectly express the mainstream ideology of the new Chinese middle class; and are worth quoting again, 'I don't care who did what, we don't need any more trouble now'. In the end Huang Feihong stands for the conditions that allow business to proceed as usual.
Cultural Encounters and Generation Conflicts: Three films of Ang Lee, *Pushing Hands*, *The Wedding Banquet*, and *Eat Drink Man Woman*

**Introduction**

Ang Lee is perhaps the best known of the 'migrant Chinese directors' working in Hollywood in the 1990s (a group which also includes John Woo, Stanley Tong and Tsui Hark). However, Ang Lee is the only one from Taiwan. He stayed in New York after he got his degree in film directing at New York University. He was incorporated into the Hollywood system after he directed *The Wedding Banquet* (1993), which became both a box-office hit in its year of release (being ranked 99th in the world market and first in the Mandarin film market at Taiwan) and a top award winner (with the Golden Bear at Berlin Film Festival). The Hollywood other productions directed by him include, *Sense and Sensibility* (1995), *The Ice Storm* (1997) and *Ride With the Devil* (1999) (see discussion in Chapter 8).

Before he joined Hollywood however, Ang Lee was financed by the Central Motion Picture Corporation (CMPC) in Taiwan and the Film Support Fund to direct his first three films. Nevertheless, the main production team of all three films came from his independent film studio (Good Machine) which employs both Taiwanese film workers who live in New York as well as American film workers. They thus became a sort of international productions. *Pushing Hands* was Ang Lee's first feature film, made two years before *The Wedding Banquet*. The film won the best film award in the Asian-Pacific Film Festival and performed strongly in the domestic market, although is not as well as *The Wedding Banquet*, achieving third place among the Chinese film box-office hits in 1991. *Eat Drink Man Woman* (1994) was also successful both overseas and in the domestic market. Indeed, Ang Lee is the only one of the new generation Taiwanese directors to obtain both artistic recognition and market success.

His first two films deal with the encounters between Chinese and American culture through the lives of Chinese immigrants in the US. This focus on conflicts between different cultures intersects with another central aspect of the contradiction between the old and the new, the traditional and the modern explored through the gap between parents and children. This theme runs through all three films, but is particularly salient in *Eat Drink Man Woman*. 

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Plot synopses

*Pushing Hands*  Mr Zhu is a Taiji master who used to live in Beijing but has moved to New York to join in his son’s family after his retirement. His son, Alex Zhu, has been living in the US for over ten years. He works as a computer engineer and has an American wife, Martha, and a son, Jeremy. Martha is a novelist who works from home. Mr Zhu also stays mostly in the house and practices his kung-fu and calligraphy. He teaches Taiji at sessions organised by the local Chinese community school every Saturday. While Alex plays basketball and Jeremy learns Chinese there.

Mr Zhu meets Mrs Chen, a retired widow who has moved from Taiwan to New York to her daughter’s home and teaches cooking at the same school. They share the similar backgrounds and experiences of adjusting to the new environment and therefore establish a rapport. Their relationship, however, cannot develop because Mrs Chen later moves to teach at another Chinese community school.

Mr Zhu is upset by this. One day, he goes for a walk but gets lost. Alex is extremely anxious when he cannot find him. He gets angry with Martha and blames her for not taking better care of his father. Mr Zhu is brought back home eventually by the police. Alex decides to ask his father to move to a rest-home in order to save his family from what is becoming an impossible situation. He then arranges a picnic with Mrs Chen’s daughter to match their parents and in the hope that the two old persons will move in together. They however, discover secret plan and an embarrassed Mr Zhu leaves home to live on his own. Alex desperately searches for his father but in vain.

Mr Zhu works as a dish-washer in a Chinese restaurant and rents a small apartment in Chinatown. The boss of the restaurant constantly complains that Mr Zhu washes dishes too slowly and humiliates him without any concern. One day, he asks Mr Zhu to quit and abuses him again. Mr Zhu gets annoyed and swears that if the boss can move his two feet one inch he will go. Mr Zhu shows his Taiji skills and the police are called finally to arrest him. A television news channel reports the incident. Alex sees the report and rushes to the jail to beg his father’s forgiveness and ask him to go home with him. Mr Zhu refuses and asks Alex to rent a better apartment for him. As a result of the incident Mr Zhu becomes famous and organises another Taiji session by himself in a community school where he meets Mrs Chen again.
The Wedding Banquet  Weitong is a young Taiwanese immigrant who becomes an American citizen and works in New York. He is a homosexual and lives with his partner Simon, a white American. He hides the secret of his sexuality from his parents (Mr and Mrs Gao) who are constantly urging him to get married and produce a grandson for them.

To avoid hurting his parents' feelings, Weitong and Simon decide to arrange a false marriage. Their friend, an illegal Chinese immigrant girl Weiwei, who rents Weitong’s house and is looking to achieve legal status through marriage is an ideal partner to their plan. Weitong’s parents decide to come to New York and prepare a traditional Chinese wedding banquet for the young couple forcing Weitong, Simon, and Weiwei to continue the charade.

On the wedding night, both of Weitong and Weiwei get drunk and have sex without much consciousness. Weiwei later finds that she is pregnant. Things are then getting out of control. The three of them have a serious quarrel in English in front of Weitong’s parents who are supposed not understand English. In fact, Weitong’s father does speak English and gets light apoplexy suddenly after he discovers the truth. Weitong decides not to tell his mother the truth so as not to cause his father additional stress. Weiwei makes up her mind to keep the baby and Weitong and Simon promise to be the baby’s fathers. Weitong’s father accepts Simon to be his other ‘son’ without revealing the arrangement to his wife and goes back Taiwan with her at the end.

Eat Drink Man Woman  Mr Chu is a Chinese master cook who works as a chef in a big hotel’s restaurant in Taipei. He and his three daughters live in a large old house at the city center. Mrs Chu died sixteen years ago and he falls in love with a young divorced woman, Jingrong, who is a friend of and just a bit older than his eldest daughter, Jiajane. He is planning to announce his love affair at the regular Sunday family dinner. However, the announcement is perpetually delayed by a series of surprising ‘announcements’ provided by his three daughters.

Jiachien, the second daughter, works as a manager in an airline company. She has just bought a new house and is about to move out of the family home. A few days later, she is appointed by the president to take over a position in the branch in Amsterdam. At the same time, she happens to find that her old father seems to have serious health problem and this makes her hesitate to leave home.
Jianing, the youngest daughter who studies Russian at University, meets a boy, Kuolung who was originally the boyfriend of her friend and they fall in love with each other. At traditional Sunday family dinner, she announces this relationship and that she is having his baby. Kuolung comes to pick her up and together they leave the family.

Suffering from a past relationship, Jiajane devotes herself to religious activities and her job as a high school teacher. The family and her friends are always trying to introduce someone to her but she shows no interest. Surprisingly, she meets a new teacher, Mingdao, and falls in love with him. She becomes the second member of the family to announce major news at the Sunday family dinner declaring that she is already married to Mingdao. She is also going to leave home as soon as the family have met her husband.

Jiachi en is therefore the last one still living at home and she decides to reject the offer of the position in Amsterdam to stay with her old father. However, she and her sisters are really surprised when their father finally announces that he is going to sell the old house and move to a new one with Jingrong.

Cultural confrontations

In Pushing Hands, Ang Lee sets up a series of events and elements to underline the conflicts between Chinese and Western culture, represented by Mr Zhu and Martha respectively. In the opening sequence, Mr Zhu is shown practicing Taiji in the house in the morning dressed in his traditional kungfu clothes, then the camera switches to Martha uses a thoroughly modern device—a computer—to type her novel. Throughout the day, they keep on doing different things at the same time but separately. Mr Zhu watches Beijing Opera videotapes, smokes, writes calligraphy, and eats rice and fried dishes. Martha types up her work, goes jogging, and eats healthy food like wheat cookies and vegetable salad. They do not talk to each other and the wall dividing the room, shown from outside, implies a barrier between them cannot be crossed.

Alex is their intermediary and the one who embodies the outcome of these cultural conflicts. He tries to take care both of his father and his wife, just as he tries to find a balance between the two cultures. On the one hand, he still practices some traditional Chinese virtues, such as filial piety, and respects some Chinese cultural activities, such as calligraphy. He also tries to convince Martha to accept them. On the other
hand, he marries an American and lives a typical American urban life style. He also accepts Western education principles to educate Jeremy. He wants to be a mediator between his father and Martha but is unable to make both of them happy. The pressure is increasingly intense and the conflict reaches crisis point after Mr Zhu gets lost and Alex breaks down. The situation seems to force him to choose one side or the other.

Similarly, in *The Wedding Banquet*, Weitong has been living in New York for ten years and has become almost a normal New Yorker. Even his homosexuality is normal in US society. However, he is still an abnormal in Chinese societies. Consequently, he cannot bring himself to violate the most important virtue in the Chinese tradition—filial piety—and tries instead to find a way to make his parents happy while maintaining his own chosen life. Again, the attempt to find a balance fails in the end. His father Mr Gao, the representative of the traditional culture, has no other choice but to acknowledge the truth and accept his son's relationship with Simon.

The confrontation between Oriental and Western cultures seems to be a problem that has no easy solution in these films. In *Pushing Hand*, although kindhearted, neither Mr Zhu and Martha are open-minded enough to extend their understanding and sympathy to each other's culture and they both refuse to learn each other's language to improve communication. In Mr Zhu's view, Martha (the American culture) is too utilitarian. By contrast, Mr Zhu (the Chinese culture) is old, outdated, obstinate, and less cultivated in Martha's view. The only common ground between them is the will to maintain the family. After Alex loses his temper and makes the kitchen a mess, they clean it together and bring the house back to normal without saying a word. But they still cannot live together at the end.

Nevertheless, Western culture is always shown as stronger. To maintain his sense of self the Chinese old man must not only adjust to but must also isolate himself from his Western surroundings. Similarly, after his realisation of his son's sexuality and relationship, a disappointed and upset Mr Gao goes back to Taiwan with his wife. The final scene of the film, showing Mr Gao raising his arms in front of the American inspector at the airport, seems to imply a surrender to the West, the new, and the modern.
Generational conflicts

In these films however, this general cultural conflict is also intimately bound up with the tensions between generations. The parents in the films are not only representing Oriental or Chinese culture but also tradition. The young generation by contrast represents Western or the Western-influenced culture and the modern. This theme is explored most fully in *Eat Drink Man Woman* which is set in one of the most rapidly changing cities in contemporary Chinese societies.

In the film, the Chu family lives in an old single-floor house located in the center of modern Taipei City. In contrast with the highly mobile and busy traffic and tall buildings outside, the space within the house is relatively stagnant, old-fashioned, and somewhat vulnerable. Mr Zhu is trying to maintain the family by cooking sumptuous meals. His skill in preparing classic Chinese cuisine, which features prominently in the film, functions as both a representative element of tradition and a spectacle to attract Western audiences. This conspicuous mastery of traditional ways, however, becomes steadily less attractive to his daughters (the younger generation) who are more familiar with modern/ Western cultures. The contrast between the complicated and elaborate processes involved in making Chinese food and the simple and easy techniques of American fast food is pointed up when the youngest daughter, Jianing, takes a part time job in an American fast food restaurant. She shows the least appreciation of her father's cuisine among the daughters.

On the other hand, the young generation is always trying to follow the basic tenets of modern life. The second daughter, Jiachien, the representative of the modern, young career woman, is planning to buy a new flat in a modern building in order to escape from the old house and its stuffy atmosphere. She has arguments with her father whenever both of them appear together in the film. This clearly represents the conflict between the tradition and the modern. Even the eldest daughter Jiachen, who is shown as a more old-fashioned character in the film, gives up the family for her new family and leaves the traditional duty of taking care of her father, which she assumed since her mother died, to her sister.

At the same time, the young also experience intense internal conflicts as they struggle to adjust to the new modern world. Jiachien in this film, like Alex in *Pushing Hands* and Weitong in *The Wedding Banquet*, embodies the contradiction between Oriental/ traditional culture and Western/ modern culture. Their efforts to find a balance between two cultures are characterised by sufferings, hesitations, and
struggles. Jiachien is the member in the family who is most eager to escape from the old house. But after thinking long and hard she decides to give up the position in Amsterdam and to stay with her father. Yet, she feels frustrated in the end because her father is going to sell the old house and get married to a younger woman, an action which is not traditional at all. For her, everything is shifting and even the will to balance the new and the old fails eventually.

In fact, the presence of daughters instead of sons in the family has a special significance. In Chinese society until very recently, a daughter was a marginal figure in the family and had little power in deciding her marriage. The ruling assumption was that someday she will leave the family and become a member of another family. As the Chinese saying puts it, ‘the married daughter is like spilling water’. Therefore, Ang’s decision to embody the tensions between tradition and modernity in the lives of three women makes the tensions between these conditions even stronger. Weiwei in The Wedding Banquet also represents this tension in an intensified form. Her pregnancy seems to be an immense price for her liberal and free-spirited personality to pay in order to secure a residency permit. These young women appear to be independent persons actively striving to create their own futures, but they are subjected to even heavier and more complicated pressures than the male characters as they become enveloped by modernity (Wei and Fung, 1997).

The films do not set out to evaluate traditional and the modern values or to adjudicate between them, but they do seem to imply that the withering away of the tradition is unavoidable. For the older generation, the only choice for them, if they still want to survive and maintain their relationship with the young, is to compromise and adjust themselves. In Pushing Hands, Mr. Chu chooses to live on his own. Mr. Gao accepts his son’s true sexuality and returns home in The Wedding Banquet. The old family collapsed in the face of change in Eat Drink Man Woman2 (see Figures 10.2).

This sense of a world in the process of passing can also be seen in the conversation between the hotel manager and Mr Chu when he decides to retire. He explains to the manager, who wants him to stay, about the unavoidable transformation in ‘authentic’ traditional Chinese food:

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2 Shih holds a different view. She argues that in all three films, the resolutions return the credit to traditional patriarchy which is now seen as even more capable of containing challenge and difference,
Figures 10.2 The youngest daughter announces her 'breaking news' and leaves home with her boyfriend in *Eat Drink Man Woman*
Manager: Please reconsider it. Master Chu, the hotel needs you.

Mr. Chu: [Sigh] There are many young chefs. You can easily find a successor.

Manager: But a chef like you, who is good at Sichuan, Yangzhou, Chaozhou, and Zhejiang cuisine, is hard to find these days...your whole life has been devoted to this, it is really waste if you retire...

Mr. Chu: [Sigh] Today, people's hearts have become rude. It is in vain to eat delicately. After 40 years of mainland Chinese cuisine coming into Taiwan, cuisine from everywhere has merged like various rivers running into the sea. Everything tastes the same. Even a slop can pretend as 'Joy Luck Dragon Phoenix'\(^3\), what more can I say?

This conversation also mentions the process of cultural mixing and combination arising from the diaspora experience within the immigrant community. This theme is also central to these three films.

**The Diaspora and Real Structural Pressures**

Recent discourse around diaspora and cultural hybridity has tried to describe the changing cultural conditions of widely spread immigrant groups in the global age. The proponents emphasise the complexity, diversity, and fluidity of immigrant identities. They argue that the diaspora experience is neither a simple encounter between two clearly defined cultures, nor is an original culture assimilated by another culture. Rather, it is a distinctively hybridised and ever-changing cultural formation out of which the migrant community constructs a distinctive and hybrid identity.

However, whilst this discourse celebrates the mixture of cultures it ignores the unavoidable conflicts among ethnic groups and classes generated by this process and the social and economic pressures which condition them. These two problems can be further illuminated with reference to some of the episodes in *Pushing Hands*. The Chinese immigrants in the film are making a considerable effort to maintain their conventional beliefs and cultural traditions in a foreign place. They organise community schools to teach the young generation the language, traditional cultures and skills of China. Traditions and beliefs are never of course entirely 'authentic' and are always to an extent invented. Nevertheless, they are genuinely rooted in these

\(^3\) A deluxe Chinese dish, which contains lobster (as dragon) and abalone (as phoenix).
immigrant’s minds and bodies and deeply affect their emotions and behavior. Consequently, their encounters and adjustments with the ‘stronger’ culture are always full of conflicts, compromises, and struggles. These tensions are embodied in the character of Alex in the film (as well as Weitong in *The Wedding Banquet*).

In addition, the conflicts are enhanced, and sometimes determined, by the social and economic conditions which structure immigrant life. They have to assimilate themselves into the society in order to live as well as the natives. They speak a foreign language and accept alien cultural values and practices. Even the businessmen and women in Chinatown (a re-established imagined homeland) have to accept the consumption preferences and habits of native customers. Their efforts to achieve economic success are not simply a matter of survival and advancement they are also a way of proving to themselves (and others) that their decision to leave the homeland was justified. In *The Wedding Banquet*, Weiwei, is the bearer of these difficult conditions. She is an illegal immigrant and (like countless other migrants) enters into a false marriage in order to get a Green Card which will allow her to stay legally. Likewise, in *Pushing Hands*, when Alex meets his father in the jail, he is crying and expresses the longing of all immigrants,

Dad, we separated for a long time. I left home to study and work hard here. All I wish is to establish a home. I wish someday I can reconcile you to the US and you can live well for the rest of your life...Dad!

The identity formation of the immigrant may be a hybrid, but the discourse of hybridisation cannot properly grasp the complicated process of this cultural encounter. The process is full of conflicts, struggles and pain arising from by concrete I social and economic factors. The hybridity of the diaspora experience is not formed equally by all cultural elements the immigrants ever experience. Rather, it is the outcome of struggles between cultural, political and economic forces with unequal weights.

Ang Lee expresses a pessimistic view of the cultural encounters of human immigration. This emerges clearly when Alex begs his father to go home with him. Mr Zhu asks his son ‘go home? whose home?’ and chooses to live on his own in the rest of his life. The despair of never ‘returning home’ not only expresses the sadness of diaspora groups but also implies that indigenous traditions and cultures will
disappear in time. Only Alex and his son, the ones who have adjusted best to the new world, live full lives.

Ang Lee’s own career demonstrates this reality. After he made the three films for Taiwan’s CMPC with low budgets and poor filmmaking conditions, he joined the Hollywood production system. Since then he has obtained many more resources and attracted much more attention because of Hollywood’s tremendous industrial power and comprehensive global distribution system. It is a situation that many film makers dream of. However, his engagement with the global Chinese community disappeared with the changes in production conditions and as a result Taiwan lost a film creator who was seriously exploring the problems of contemporary Chinese cultures.

10.2 Contemporary Visions of Local Societies

The emergence of the global city is recognised as one of the most important features of the process of globalisation. Taipei in Taiwan and Shanghai and Beijing in mainland China are now joining in the established group of ‘global cities’ which includes Tokyo, Los Angeles, London, and Paris. These cities or areas all have close connections with the global political and economic system, present a high mobility and fluidity of various people and goods, and enjoy a very similar cultural ambience to other global cities. However, the ‘globalising’ contexts of Taipei, Shanghai and Beijing each displays its own unique features which differentiate them from each other as well as from major cities in the advanced capitalist countries.

While major cities’ links with the global economic and cultural system are incessantly celebrated, the inequalities and separations among different groups within them and between the cities and the other areas are increasingly widened. Some groups and areas may be disconnected from the global system, or be connected only through deprivation. As locations experiencing rapid development and desperate to link with the global system, these contradictions are arguably more intense in Taiwan and mainland China than that in the central capitalist countries.

Contemporary films, no matter whether the stories are set in the cities or in rural areas, present local vision of the process of globalisation and its domestic contradictions. Hence, a close analysis of this theme will be helpful in understanding the shifting dialectic between the global and the local. Relevant questions include; ‘how are global cities are portrayed in films?’ , ‘how are the contradictions and
differences between urban and rural areas presented?’, and ‘how do local people in
different social positions situate themselves within a changing societies?’

The two films selected here are directed by Zhang Yimou and Hou Hsiaohsien
respectively. Two earlier films (made in the late 1980s) by these two important
directors, Red Sorghum and City of Sadness, have already been discussed in Chapter 9
in our analysis of the theme of reconstruction of national identity. In the late 1990s
however, both decided to direct a contemporary film depicting present-day Chinese
societies. These works are particularly interesting because they allow for several sorts
of comparisons; between two major film creators, between their earlier works and
later works, and between contemporary Taiwan and mainland China.

Keep Cool/ You Hua Haohao Shuo: Modern City and Collapsed Values

Introduction

Following a series of historical films which were mainly funded by foreign companies
and targeted at the international art film market in the first half of the 1990s, Zhang
Yimou turned to directing a film dealing with contemporary urban themes. Keep Cool
(1996) was a domestic production, financed entirely by the state-owned Guangxi Film
Studio.

In the film, Zhang aimed to introduce new elements into both the story and
aesthetics of his creations. Keep Cool is an urban comedy, a genre Zhang had never
worked with before. Its Chinese title, You Hua Haohao Shuo, which literally means
‘if you have something to say, say it nicely’, hints at the constant threat of disorder
and chaos that the modern city presents to the people who live in it. In terms of film
form, Zhang uses more varied camera movements and more subjective shots in
comparison with the relatively steady and objective film language employed in
previous works. The rhythm of the narrative is also faster. Indeed, the main actors in
the film were required to speed up their speech (see Chiao, 1998: 89). The resulting
style was regarded by some critics as an imitation of the Hong Kong film director
Wang Kar-wai.

These innovations proved successful in the domestic market and the film entered
the list of top ten domestic box-office hits in 1996. However, the film is not as well
known as Zhang’s previous works in international market. This is probably because it
focuses on contemporary China society and has fewer of the ‘exotic’ and ‘Oriental’ cultural elements, which Western viewers identify with ‘Chineseness’. The fact that the film was a domestic production enabled Zhang and his production team to explore local themes and experiment with a new film style, but it also reduced Western audiences’ interest in it. This may partly explain the choice of stories for Zhang’s next two films after Keep Cool, Not One Less and The Road Home. Both were funded by a Hollywood major, Columbia, and set in remote rural areas containing more ‘Chinese characters’.

**Plot Synopsis**

It is Beijing in the late 1990s. A young and reckless bookseller (Zhao) is desperately pursuing a gorgeous modern and fashionable girl (Anhong). She lives in a modern high-rise building and the bookseller waits outside to catch sight of her every day. Anhong however is now with another man, a rich nightclub owner (Liu). As a warning to Zhao, Liu together with his fellows beat him on the street. In the fight, Zhao gets seriously injured and breaks a laptop computer which is being carried by one of the street spectators. The man (Zhang) keeps on asking Zhao to buy him a new computer. Zhao refuses and argues that it is Liu who should pay for it. Meanwhile, he is looking for revenge.

Zhang goes to Liu seeking satisfaction. Liu in turn, wants a reconciliation with Zhao and promises big money to both him and Zhang. However, while the two men are in a restaurant waiting for their meeting with Liu, Zhang discovers that Zhao has not yet given up his thoughts of revenge. He prepares a big Chinese chopper to cut off Liu’s hand. A scared Zhang tries his best to persuade Zhao give up his plan but Zhao insists that he must go through with it. Zhang makes up his mind to stop the possible crime by wrecking the restaurant. Finally however he loses his temper and cuts Zhao’s hand. A couple of years later, Zhang is released from jail and receives a new laptop computer from Zhao.

**Value disorder**

The Beijing depicted in Keep Cool is a hotchpotch and chaotic space. Indeed, Zhang Yimou mentions that the moving and swinging shots used in the film are specifically intended to capture this chaos.
It is a hotchpotch because it mixes the old and the modern. Enormous bicycles pass by Benz Mercedes. Aged flat houses are located beside modern tower-like buildings. Just past a wide, new avenue, you can easily walk into some dirty small alleys. The newly rich spend their easy money while homeless and immigrant workers wait for a daily job. Young people dressed in international branded clothes pursue their love affairs, while workers from rural are wearing farming leaf-hats and collecting rubbish. The city is crowded, busy, highly mobile, and contains plenty of contradictions.

It is also chaotic because everything seems in order while at the same time is potentially disordered. Traditional values seem to have collapsed. The young man Zhao represents this new disorder. He does not believe in traditional ways in dealing with things, whether crucial or trifling. For him, the traditional way is ineffectual and only wastes time. He prefers a straightforward solution driven by instinct, such as cutting off Liu’s hand in revenge. He has none of the traditional virtues, such as politeness and benevolence and consequently has not the slightest intention of compensating Zhang for his broken computer. In contrast, Zhang (who is a little older than Zhao) believes that the traditional way is still the best way to solve problems. He believes that all difficulties can be overcome by peaceful negotiation and considerate kindness. He seems to be an old-fashioned intellectual in the film, in marked comparison with Zhao who sells books but does not read them. Their conversation about a waitress in the restaurant underlines their differences:

Zhao: How about that girl?
Zhang: About what?
Zhao: I give her 90 points.
Zhang: [Sigh] To judge a person, the most important thing is to see her personality and cultural cultivation.
Zhao: Don’t you know the saying ‘a woman who has no talent is a virtue’?
Zhang: Virtue? Tell me what virtue is.
Zhao: The virtue is firstly face, secondly breasts, and thirdly bottom.
Zhang: You don’t really understand what virtue is. Do you know who says this sentence?
Zhao: The saying says...
Zhang: Bullshit. Confucius says it. Let me tell you what is virtue. They are knowledge, thought, cultivation, and sentiment.
The conversation seems to demonstrate the sharp contrast between a rude man and a well-cultivated man. Nevertheless, these two very different men switch roles in the pivotal scene. Zhang loses his temper as well as all the traditional virtues — politeness, tolerance, and good sentiment. He changes into a barbarian-like man and uses the most uncultivated way to ask for an explanation from the restaurant staff. Here the film intends to express the truth that Zhao and Zhang are not really as different as they appear to be. They are in fact same kind of people (see Figures 10.3).

Adjustment Into the Modern

The major similarity between Zhao and Zhang is their obstinacy. Both of them tenaciously pursue their goals — a girl, a compensation, a revenge, and a persuasion of no revenge. Although they present different cultural faces, one is rude and reckless and the other is knowledgeable and polite, they are in fact both ‘traditional Chinese’ in this regard. The homeless worker who is hired by Zhao to recite a poem loudly to Anhong also displays this quality of obstinacy. Indeed, although these people live in a modernising environment and want to catch up with modern things, their thoughts and behaviours remain stubbornly traditional and unchanged.

This obstinacy is in contradiction with modern society in two aspects. Firstly, they do not believe in the modern way of dealing with disputes — the legal system. They prefer their ‘normal’ but sometimes ‘extreme’ ways of solving problems (in Zhang Yimous’ words, see Chiao, 1998: 89). For example, Zhang, although he uses a modern device — laptop computer follows a traditional way to ask for compensation. The first time he goes to Zhao’s house he expresses his wish to solve the problem privately and peacefully:

People have suggested to me that I report you to the police. I say, I don’t want to bring extra trouble to you. I believe only one thing. I explain the reason by myself. Having a reason, I can go anywhere.

Secondly, both experience difficulties in coping with the rapid changes in modern society. In comparison with Zhang, Zhao may be ‘more modern’ and eager to keep up with the latest thing. He tries every way he knows to pursue Anhong, who represents the height of contemporary fashion. He dresses fashionably himself, writes modern
Figures 10.3 The irrationality in contemporary China in *Keep Cool*
poems, goes to a disco pub with Anhong, and prepares a candle light dinner before they make love. However, the modern girl, like the modern world, is always changing. The lyric of the song Zhao sings in one of early sequences of the film, ‘it is not because I am stupid, it is because the world is changing too fast’ (by the well-know Chinese rock and roll singer Cui Jian), expresses this anxiety. His failure in pursuing Anhong implies the general failure of many ordinary people in pursuing the modern.

**From hot red sorghum to keep cool**

About ten years ago, Zhang Yimou expressed his intention of reviving the ‘authentic vitality’ of the Chinese people in *Red Sorghum*. Since then China and her people have partly fulfilled his wish by showing a strong vitality and momentum in facilitating the country’s modernisation. The economic achievements are remarkable (see introduction in Chapter 5). Yet, the long repressed desire for material goods, once unleashed, has also been a destructive force. As Zhang puts it,

> The Chinese major cities in the 1990s present a general restlessness and irritability. They are full of desire. Everybody feels impulsive, judges things irrationally and subjectively, and makes quick decisions before the things develop...Money, material stuff, and desire all converge...they are full of competitions and opportunities. All people desire is to live better and be richer (quoted in Chiao, 1998: 89).

The new economic policy of openness and development has fostered both materialism and opportunism, but state control over cultural creation remains tight. Although *Keep Cool* is a clearly an urban comedy and less overtly political than Zhang’s previous works, the PRC government still forbids it to travel to the Cannes Film Festival in order to ‘reducing its effect’ (Chiao, 1998: 86). The general utilitarian orientation of the society, coupled with the continuation of authoritarian regulation, has apparently disappointed Zhang. His passion for change presented in *Red Sorghum* seems to have cooled after witnessing ten-year rapid development of China.
**Good-bye South, Good-bye: Purposeless Society and Despairing People**

**Introduction**

After finishing his ‘Taiwan trilogy’ on Taiwan history, *City of Sadness* (1989), *The Puppet Master* (1991), and *Good Man Good Woman* (1993), Hou Hsiao-hsien turned to direct a film about contemporary Taiwan. Unlike his earlier works which attracted investments from domestic companies and government finance aid, the majority of the funding for *Good-bye South, Good-bye/ Nanguo Zaizian Nanguo* (1996) came from a Japanese film company, Shochiku. The company also backed Hou Hsiao-hsien’s independent production studio to make *The Flower of Shanghai* (1998).

The film was not the first time Hou had dealt with contemporary Taiwanese society. *The Daughter of Nile* (1987) was his first attempt to depict the present rapidly changing society and the experiences of the young people living through it. However, *Good-bye* was made after Hou had obtained significant international attention. Once *City of Sadness* won the Golden Lion at the Venice Film Festival, international companies showed an interest in investing in his films. *Good-bye* was the first film directed by Hou as a fully ‘internationalised’ production (see the discussion in Chapter 8). At a personal level, Hou also expressed a strong desire to tackle the current changes in Taiwanese society after three productions set in historical Taiwan.

However, to his disappointment, the film was not successful in the domestic market. And local film critics, who were basically supporters, felt confused and unable to grasp the logic of his shift of focus (see Lin Wenqi et al, 2000). In fact, ever since *City of Sadness* had achieved its notable success in the home market, the domestic box-office performances of Hou’s films had been in crisis. At the same time, foreign film critics remained interested in his films and international companies continue to give him finance support. This context is particularly relevant to his subsequent production, *The Flower of Shanghai*, which tells story which has nothing to do with Taiwan. *Good-bye* therefore marks a moment of transition in Hou’s career.

**Plot Synopsis**

It is Taiwan in the late 1990s. Gao is a thirty something man with two personas. He runs a small restaurant in Taipei but the business is not very successful. He also takes responsibility for taking care of his aged father and the whole family but often feels
incapable in that role. Following the trend of local businesses to move to mainland China, Gao wants to go to Shanghai looking for better opportunities to make money. This plan however is discouraged by his girl friend, whose family has immigrated to the US.

Gao together with his fellow, a reckless young man Flatty and Flatty’s girlfriend Pretzel, also work for a local gangster Hsi, acting as lookouts for Hsi’s private gambling house and as negotiators in illegal deals. Gao is actually not good in gang activities. Furthermore, Flatty and Pretzel, although loyal to him, never help him effectively but only bring him trouble. In fact, they play no significant role in the gang and just show up whenever Hsi wants assistance.

One day they are instructed by Hsi to go to the south of Taiwan to handle an illegal deal. The government is going to condemn a farm to make way for an electricity company and to pay out substantial compensation. Hsi asks Gao to intervene in the negotiation process and obtain an interest. The task is surprisingly completed. However, the bad things start to happen. Gao’s girlfriend comes down the south and tells him that she is going to move to the US with her family. In response Gao insists on going to Shanghai because he is completely unfamiliar with the US and cannot speak English. At the same time, Flatty goes back his old home to ask for a share of the family inheritance but is seriously beaten by his distant cousin who is a policeman. Flatty is desperate to get revenge and asks Gao to help him. But they are caught when they are looking for some weapons. Hsi mobilizes some of his contacts and gets them released. On their way driving back home from the south, the car suddenly crashes into a rice field. The final long distance shot seems to imply that Gao dies in the car.

A money-is-everything world

The Taiwan in the late 1990s portrayed in Good-bye presents two different faces and Gao moves between them. Automobiles, modern buildings, and superhighways constitute a modern Taipei, where he stays as a chef in his restaurant. The use of a green camera filter present aspects of this Taipei as a cold and emotionless space. It is cold but at same time also extravagant and indulgent. In a sequence showing Pretzel singing a soft song which was popular in Shanghai nightclubs in the 1930s, Gao sits on the bed and his girlfriend Ying lies beside him. They have supposedly just made love and seem to take some cannabis. This time the colour is soft yellow. This is a positively changed and modernised Taiwan.
In contrast, trains, old railways, small towns, and (naturally) green hills represent the rural south of Taiwan. The principle of living in the area is instinctive, physical, and masculine. People here are more friendly and straightforward than in Taipei. But, they are also more violent and forceful in dealing with matters. In the sequence in a private gambling house, for example, a forty something man invites Flatty to have a cup of tea. Because he called Flatty ‘flat head’, which is exactly the reason of the nickname Flatty is humiliated, becomes annoyed and assaults the man. Suddenly an initially friendly atmosphere changes into in scene of open conflict. The people of the south may be not as delicate and elegant as Taipei people, but they too are on their way of further modernisation. The condemnation of a pig farm to make way for electricity construction represents this development. This is a Taiwan currently in change and transition.

These two faces of Taiwan have one thing in common. That is, it is a money-is-everything world. People living there are eager to pursuing riches and make money. Nevertheless, the Taiwan shown in the film has passed the heyday of its get-rich-quick period. Some people, perhaps the most enterprising, have moved to mainland China or to North America to look for new opportunities, while those who stay on the island are left with merely residual interests. Gao, as a thirty something man who takes major responsibility of his big family and bears the expectation of great achievement from his girlfriend, carries this overwhelming pressure. Although Flatty is still in his restless and wild years, his and Pretzel’s desire to consume also forces him to make some money quickly. That is why he goes back to his grandfather’s home and asks to share the inheritance. But today’s world seems reluctant to give them a chance (see Figures 10.4).

**Unlinked people in the global age**

In fact, the movement of local businesses and industries overseas and to mainland China, and the immigration of rich people to North America and Australia, are central features in the recent development of Taiwan in the context of globalisation. A result of this process, which has been often ignored by the advocates of globalisation but is featured centrally in the film, is that there are individuals and groups who are ‘left behind’ and remain unlinked to the global system while the others are ‘catching up with’ the newest development.
Figures 10.4 The island in disorder in *Good-bye South, Good-bye*

1 The North
2 The indulgence

3 The South
4 The masculinity

5 The youngsters
6 The meaningless revenge
In the film, people are continually talking about going to Shanghai and Zhenyang to do business. However, only a few are successful. Gao’s investment in Zhenyang has failed but he still decides to go to Shanghai by himself. Meanwhile, other people have moved or are going to move to North America in search of a better standard of living. Ying and her family are examples. Even gangster Hsi’s wife and children have immigrated to Canada. But for Gao, America is too distant and uncertain. He believes that mainland China is a more obvious a better place to go. But even this choice seems difficult to realise.

Staying at home is however no easier. The elder generation, represented by the gangster Hsi, and by corrupt politicians and officials, have taken most of the resources generated by past rapid development. Gao as a thirty something man without support from his family, cannot even run a restaurant well. In a sequence where he gets seriously drunk in the South, he says in tears,

I failed my father. Ying wanted me to open a restaurant. Fuck, the fortune-teller said I have some battles to fight. I am only running a restaurant. I am so fucking tired. And I have some battles to fight? I just want to open a restaurant!

Gao finds himself somewhere in between these shifts in many aspects. He is between the north and the south, between the ordinary people and the gangsters, and between the people who have left and the people who can only stay. It is therefore not surprising that he ‘has some battles to fight’ or that he becomes the most tragic character in the film. Nevertheless, because he is in-between so he is not one of the truly marginal and unlinked people. Two groups represent this marginality in the film. The people in gambling house and karaoke parlour in the south and the old people living in rural villages are the first. Faltty and Pretzel, the representatives of the younger generation, are the second. Their dress presents a mixture of American and Japanese fashion. Their daily lives display a sort of purposeless and an atmosphere of boredom and ennui. They are not worrying about whether to move to mainland China or to anywhere else. If anything interests them, it is consumption. Pretzel represents the extreme example of this type of life. She is always playing with something and never says anything meaningful. She spends over one million NT dollars in a nightclub and plunging Flatty into a financial crisis and indirectly causing the death of
Gao. In one sequence she is playing computer games and crying simultaneously, implying that her life is a ludicrous but ultimately tragic.

Towards the end of the film, a frustrated thirty something man and a reckless and purposeless twenty something youngster decide to take a meaningless and unnecessary revenge. The only thing they have in common is masculine friendship but sadly and ridiculously, they cannot even accomplish their act of revenge. The whole world betrays them. When Gao summons his residual dignity and says good-bye to the south, he says good-bye to his no-way-out life, too. Flatty and Pretzel live on, but aimlessly.

**From city of sadness to island of purposeless**

Seven years before *Good-bye* was made, like Zhang Yimou, Hou wanted to recall the lost vitality and courage of the people living on the island in *City of Sadness*. The contemporary Taiwan he presents is an altogether sadder place. If Zhang Yimou presents a kind of disappointment lurking behind the comedic surface of *Keep Cool*, what Hou Hsiaohsien expresses in *Good-bye* is despair. It is not only the characters in the film who despair but also Hou himself.

Interestingly, despite of Zhang’s disappointment in present society, *Keep Cool* enjoyed great success in mainland China and Zhang still enjoys support from local audiences there. The situation may not be as good as people had hoped for so far, but the struggle to adjust to the modern world is still going on and the opportunity to make a better future is still there both on film and in reality. In contrast, Hou experienced an embarrassing failure and both his artistic and market performances were in crisis. The Chinese title of *Good-bye, Nanguo Zaijian Nanguo*, literally ‘farewell to a country in the south’, implies that disappointed people are leaving Taiwan, a country situated to the south from the viewpoint of the major urban centers of mainland China. This became Hou’s own choice at that time. He did what Gao always wanted to do but never got the chance to do chance in the film -- went to Shanghai to prepare his next film *Flower of Shanghai*.

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* Hou finally went back Taiwan to shoot *Flower of Shanghai* because he and his production team could not find a proper condition for making the film. His latest film *Millennium Mambo* (2001) is again about contemporary Taiwan. Yet, *Good-bye* and Hou’s decision at that time still has crucial significance in the recent development of Taiwan’s film industry.
Conclusion

This thesis has explored the relations between globalisation and national culture theoretically and has taken the film industries in Taiwan and China as a case study in order to examine in detail the impact of globalisation on the organisation and regulation of national cultural production and distribution. Some selected films have been analysed to explore the uses of film in representing shifting conceptions of national culture and identity. The case of these two Chinese cinemas presents some elements that are shared by other 'developing' societies as well as elements rooted in the very specific histories of the shifting relations between the national cultures of China and Taiwan and general global transitions.

Global Processes

Globalisation is a slippery concept to grasp. Nevertheless, there are certain key factors that characterise its central dynamics. It involves movements, of trade, finance, labour, and culture, that transcend national boundaries and present challenges to the systems of control operated by nation-states. It is a multidimensional process that embraces social, political, economic, shifts which are complexly interconnected with each other. It is also a dialectic process in which overlapping sets of antonyms – universalisation and particularisation, connection and fragmentation, centralisation and decentralisation, conflict and balance – are at work simultaneously. Finally, it is asymmetric process in which the distribution of power and resources is increasingly unequal between different regions and groups.

Communication is undoubtedly central to these processes. The global information network established by transnational communication corporations helps propel the dynamics of the globalising economy, while at the same time the accelerating global exchange of information and cultural product transforms global and national cultural landscapes. Correspondingly, nation-states are facing mounting challenges in regulating and governing national cultural industries as well as in maintaining national identity. They must therefore take measures to adapt to the present wave of cultural globalisation.

For some critics cultural globalisation is creating globally hybridised cultures and dismantling national cultural monopolies. Others, in contrast, regard the formation of
a global market and the rise of new communication technologies are more likely to consolidate the power of existing media giants and to squeeze the space in which local cultural production can thrive. The position taken in this thesis is closer to the latter position but argues that concepts of 'nation' and 'national culture' remain strategically useful in achieving global democracy and equality. The concrete situation however is much more complicated than the theoretical argument.

Along with the crisis of the nation-state and national culture, the concept of national cinema is also in question in the context of globalisation. With the single exception of the US film industry, every national cinema is currently in severe difficulties both industrially and in culturally. Again, there are critics who assert that the concept and practice of national cinema is obsolete and celebrate an emerging diverse global film culture. The thesis presented here however, regards this argument as supporting (albeit unwittingly in some cases) the dominant position of Hollywood cinema in the global film market and argues that the concept and practice of national cinema should be critically maintained in order to ensure that culturally-specific cinemas not only survive but thrive, and are able to speak to the changing conditions of national life.

National Responses

Since they went their separate ways in 1949, Taiwan and China have followed very different trajectories in both their internal political economic development and their relations with the world system. However, their paths have increasingly converged since the late 1970s. In Taiwan, the authoritarian KMT regime activated a series of political and economic liberalisation reforms in response to its legitimacy crisis and the pressure for further economic growth. This reform process was underpinned by a new relationship between state and capital in which capitalists have overtaken the state to occupy the dominant position in structuring social processes. Accompanying this internal power shift, Taiwan has become further articulated within the global economic system. The new power network formed between the local state, local capitalists, major transnational capitals, and the major states in the new post-communist world order, has severely undermined the sovereignty of Taiwan. At the same time, it has also become increasingly subordinate to global political economic rules.
On the other hand, after its 30-year isolated experiment in building socialism with Chinese characteristics, China decided to re-establish links with the capitalist world market. This process however is much more complicated than that of Taiwan. The CCP state has introduced market forces into social processes while at the same time the leadership of the Party and the dominant power of the state has remained relatively solid. The new experiment is called a ‘socialist market economy’ but the concrete practice is a ‘corporatisation’ of state-owned institutions. It maybe premature to judge the long-term result of the reform, but two things are already clear. Firstly, although the state maintains the dominant position domestically, the transnationals and core capitalist states exert increasing influence on the state’s decision-making. Secondly, a kind of cooperation between the state and domestic and transnational capital has been forming with the aim of securing each party’s interests. Unlike the state of Taiwan, which functions in a subordinate role in its collaboration with capital, the state of China plays a more active role because of its dominance in the society.

The transition in national identity has become a prominent issue in both locations along with the political economic transformations. The issue gets even more complicated because of the increasing interaction and exchange between the two societies in economic and civil arenas, which is also an outcome of global integration. In Taiwan, the old ‘authentic Chinese identity’ imposed by the KMT has collapsed, while the new ‘Taiwanese identity’ is still under construction. In contrast, ‘traditional Chinese identity’ has been undergoing a process of vigorous re-construction after the Great Cultural Revolution in China. National sentiments are again mobilised to support the new national development project in the globalising world. Nevertheless, the present dynamics of economic and cultural globalisation also tend to fragment the reconstruction of national identities in both societies.

In parallel with these transformations, the conditions for China and Taiwan’s film industries have changed or are in the process of changing. In Taiwan, foreign films (mostly from Hollywood) have dominated the film distribution and exhibition market. The government’s film policies follow neo-liberalist thinking and prefer free-market deregulation. Local film production has therefore been in a state of crisis to which the film industry has responded in two main ways. Firstly, major capitalist interests in the industry have gradually withdrawn resources from film production and moved to overseas or to new media markets. Secondly, we see what I call the internationalisation of art film production. A few selected art film creators function as
subcontractors to produce art films for foreign investors, works which are seldom popular in the home market. Except from this tiny and 'alienated' production, Taiwan's film industry has almost completely disappeared.

In China, the situation is more complicated and ambiguous. The reform of the film industry started in 1993, mainly by introducing markets and competition into the old state-owned-and-run film system, with the aim of adjusting China's film industry to the new environment. At the same time, Hollywood's entry into the domestic film market has been increasing, and its popularity seems almost invincible along with China's entry into the WTO. Facing with novel market factors and the threat from foreign films, local film production has also been in crisis since the mid-1990s. The state has actively introduced private capital into the industry and the internationalisation of art film production has also supported a few film directors.

Nevertheless, unlike the recent quick withdrawal of the state of Taiwan from regulating market, the Chinese state maintains strong intervention in film importation, production, and distribution. This has prompted contradictory consequences. On the one hand, some originally state-owned organisations have used their privileged resources to transform themselves into major 'private' film companies. In the process they have developed a conservative-entertaining orientation to production and in effect entered into an ideological collaboration with the state, making films that offer no political provocations. On the other hand, the preservation of some space and resource for local productions prevents the local film industry and market from becoming completely globalised. Whether the industry will grasp the opportunity to produce a more 'ideal' national cinema however, remains to be seen.

As we have seen, explorations around the issue of national identity appeared in many films in both Taiwan and China in the late 1980s. A strong intention to reconstruct a new national character adapted to the new global system is expressed in a number of significant films. Some films were engaged in depicting the changing societies by presenting the contradictions between tradition and modernity. The need to adjust, or even give up, tradition in order to catch up with the modern world order is also addressed. Generally speaking, these films were not far from mainstream ideology. However, due to the further commercialisation and globalisation of the industries and markets, serious films on similar themes gradually lost public attention. As a consequence, issues around national identity have become much less significant
in more recent films. Instead, mixed sentiments of disappointment, despair, loss, and purposeless are articulated through portrayals of increasingly materialistic societies.

**Reflections on Theory**

Today's processes of cultural globalization involve three major trends:

(1) the global expansion of transnational communications conglomerates;
(2) the global implementation of market-oriented cultural policies; and
(3) the global diffusion of new communication technologies.

These processes have set in motion complicated consequences and prompted a range of national responses. In the case studies presented here, we see several prominent and inter-linked shifts:

(1) The global imposition of the ideology of neo-liberalism, through global media and international economic negotiations, leads to the widespread implementation of market-oriented cultural policies, which in practice take the form of marketisation and deregulation. In the case of cinema, the state reduces or abolishes importation and screen quotas, corporatises originally state-owned film organisations, and emphasises the entertainment and commercial features of cinema. These measures in effect ease the reins on local and transnational capitals and eliminate barriers for them. This does not mean that the state is increasingly irrelevant or insignificant in the context of globalisation, as some critics argue. It remains significant and pivotal and the key change is in its relations with capital and with civil society.

(2) The global expansion of large communications corporations aims to create a global film production and consumption network. Their first strategy is globalism. They have been trying to undermine national boundaries and compress time and space in order to construct a synchronised global market and provide the same products everywhere. The second strategy is localisation, used here in a specific sense. There are two practices here. They incorporate local cultural factors into mainstream productions by adapting local stories and themes and recruiting already-famous talents from everywhere in the world. Secondly, some major transnational film companies as well as some second-rank Western and Japanese
film companies invest in selected local film creators to produce art films with exotic and unique cultural elements to supply international art film markets. This process of so-called 'glocalisation' is far from a project to foster diverse and equal cultural exchange. Rather, it is a business strategy to control the global market.

(3) New communication technologies, particularly home video, cable and satellite television, have had a profound impact on the film industry. In the US and a few other Western countries, the major corporations involved in the cinema or general communications fields have transformed themselves into multi-media conglomerates by merger and integration. The resulting synergies enable them to be even more powerful in international competition and expansion. In contrast, for the film industries in most other countries, including Taiwan and China, which lack historic competitive advantages in capital and markets, the diffusion of new communication technologies implies a re-allocation of scarce resources. Local investors are very likely, if there is no state intervention, to move their money from increasingly unprofitable film production to more lucrative new media sectors. They tend to distribute relatively cheap imported programmes or redistribute old products from their libraries. These business strategies further weaken local film production and help mainstream imported materials to expand their reach.

(4) Faced with the three conditions mentioned above, local film industries found themselves unavoidably in crisis, particularly in the film production sector. The market share of local production is also severely threatened. There are however some possible developments in response to the crisis. Firstly, an art film production industry remains and continues to operate by depending on state subsidy or/and foreign investments. These productions aim to target the international art film markets or/and to display officially sanctioned national images. They tend to ignore the demands of local audiences, particularly when the state does not intervene in reserving distribution and exhibition space for local production.

Secondly, mainstream film production, when it does have access to resources to some extent, as in China, pursues more market-oriented practices and concentrates on more entertainment-oriented production in order to compete with imported commercial films. This practice develops with the consent of the state because the results pose no threat to official ideology.
The overall consequences for the development of national film culture are harder to grasp. But it is clear that it presents neither a prosperous scene of diverse and progressive cultural exchange nor the absolute dominance of American or Western culture and the resulting cultural homogenisation. There is some knitting together the dominance of Hollywood and the marketisation of the local film industries. Some instances of ‘alternative’ cinemas, in comparison with the old, traditional, mainstream, and often officially recognised national cinema, have appeared along with the political and economic transformations. Yet, they are all too readily incorporated into the already commercialised local film industry or into the international network of art film production. Otherwise, they would remain an unpopular minority in a Hollywoodised film market. State intervention is the key. A balance between art and entertainment, social concern and universal sentiment, artistic innovation and popular accessibility is still possible but can only be achieved by democratic state intervention.

The Next Step

The future for Taiwan’s film industry looks bleak. The ideology of free market theory has become dominant and the capitalist character of the state is already established. The local film industry has been abandoned and only the distribution and exhibition sectors remain to serve as the outlets of the products of transnational film companies. This is one of the cultural costs for Taiwan being completely ‘globalised’.

China in contrast has the opportunity to develop a diverse national film industry and to adjust to the new global environment because of its strong insistence on state intervention. However, the state will remain authoritarian and civil society is unlikely to grow in a progressive direction in the near future. Thus, it is entirely possible that we will see a further commercialisation of the film industry and a market supported by a mutually beneficial collaboration between the state and capital rather than a democratic and vigorous film culture.
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Director: Zhang Yimou  
Screenplay: Chen Jianyu, Zhu Wei, Mo Yan  
Cast: Gong Li, Jiang Wen  
Production: Xi’an Film Studio (China)  
Year: 1987

Title: City of Sadness / Beiqing Chengshi  
Director: Hou Hsiaohsian  
Screenplay: Wu Nianzhen, Chu Tianwen  
Cast: Chen Songyong, Gao Jie, Leung Tony Chiu-Wai  
Production: Era Corporation (Taiwan)  
Year: 1989

Title: The Legend of Yellow River / Huanghe Juilian  
Director: Feng Xiaoning  
Screenplay: Feng Xiaoning  
Cast: Ning Jing, Boer, Wang Xinjun  
Production: Shanghai Paradise Film Corporation (China)  
Year: 1999

Title: Buddha Bless America / Taiping Tian Guo  
Director: Wu Nianzhen  
Screenplay: Wu Nianzhen  
Cast: Lin Zhengsheng, Yang Zongxian, Jiang Shuna  
Production: Lian Deng Corporation (Taiwan)  
Year: 1996

Title: Once upon A Time in China III / Shi Wang Zheng Ba  
Director: Tsui Hark  
Screenplay: Tsui Hark  
Cast: Jet Li, Guan Zhilin  
Production: Film Studio (Hong Kong), Long Hsiang Corporation (Taiwan), Beijing Film Studio (China)  
Year: 1993

Title: Pushing Hands / Tui Shou  
Director: Ang Lee  
Screenplay: Ang Lee  
Cast: Lang Xiong, Wang Bozhao, Debbie Snyder  
Production: China Motion Picture Corporation (Taiwan)  
Year: 1991

Title: The Wedding Banquet / Xi Yian  
Director: Ang Lee  
Screenplay: Ang Lee, Feng Guangyuan  
Cast: Lang Xiong, Gui Yalei, Zhao Wenxuan  
Production: China Motion Picture Corporation (Taiwan)  
Year: 1993

Title: Eat Drink Man Woman / Yin Shi Nan Nu  
Director: Ang Lee  
Screenplay: Ang Lee, James Schamus  
Year: 1994
Cast: Lang Xiong, Wu Qianlian, Yang Guimei, Wang Yuwen
Production: China Motion Picture Corporation (Taiwan)

Title: Keep Cool / Yo Hua Haohao Shuo Year: 1996
Director: Zhang Yimou
Screenplay: Shu Ping
Cast: Jiang Wen, Li Baotian
Production: Guangxi Film Studio (China)

Title: Good-bye South, Good-bye / Nanguo Zaijian, Nanguo Year: 1996
Director: Hou Hsiaohsien
Screenplay: Chu Tianwen
Cast: Gao Jie, Lin Qiang, Yi Nengjing
Production: Hou Hsiaohsien Film Studio (Taiwan), Shochiku (Japan)