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Brave new world: understanding China's creative vision:

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ABSTRACT

This paper asks if China can develop a truly creative economy and follow the lead of South Korea, Japan, Hong Kong, Taiwan, and Singapore. If the benefits flowing from the creative economy (and creative industries) are so strategic to government, we need to ask what impact this reevaluation of creativity will have on a country often identified as having an overly regulated cultural sector. While there is ample evidence to support the idea of a dormant and often parasitic cultural sector, the paper points to some areas where creativity is emerging as inputs into production, distribution and consumption.

Keywords: creative economy, creative industries, Asia, China, innovation.

The model of a culture person has become fixed over time - someone who graduated from institutes of journalism, the classics, or film and television, and who might work in cultural propaganda units while coming together under the emblems of respective associations and academic groups. In debates about culture and in important policy decisions impacting on the cultural industry it is hard to hear the expert voices of economists and managers - those who own or invest in cultural enterprises - and especially those without a background in the liberal arts

Miao and Chen (2003, 85).

Innovation is the soul of a nation's progressⁱⁱ

(A prominent neon sign in Shanghai's Nanjing Road shopping mall)

In this paper I look at recent transformations within China's cultural sector. I begin with an observation that Chinese consumers are embracing technology and various applications in a discerning way, which is resulting in rapid churn of products and a sorting out of positions between global brands and local competitors. In most global marketplaces such activity would reflect a highly innovative business milieu. However, China's cultural economy is situated precariously between innovation and imitation. And despite the ever-present sloganeering about the importance of innovation, most instances of innovation occur at the formatting and distribution stage of the value chain rather than core creativity at the conceptual stage.

This leads into a discussion of recent attempts within Chinese humanities institutes and universities to define the ambit of 'cultural industries', a concept that is relatively fluid but increasingly influenced by international trends. In the ensuing discussion I explain how an institutional environment of contending centripetal and centrifugal forces is hindering government and industry efforts to regulate the cultural marketplace and harness creativity. While the focus of the discussion is China, the latter part of the paper discusses *creative industries* developments in Hong Kong, Japan, Singapore, South Korea, and Taiwan. In these countries the value of the creative economy is clearly evident and has been taken up with zeal by policy makers. Two questions are then posed: first, how does this momentum transfer to China? And second, how is creativity valued in China?

Abundance/ creativity

China is often associated with abundance. In China's mass market, much-hyped by prospective foreign investors, competition reform and consumer savvy contribute to offer a unique test-bed for products and services. Change is occurring at a rapid rate and reform has been accelerated by entry into the World Trade Organization - an event that has put Chinese business on notice. Meanwhile, competition is heating up for the hearts and minds of China's consumers and lessons are being learnt. According to Jing Wang, rather than globalization eroding national culture or local knowledge countering, it is more accurate within the advertising industry to talk about synergy, by which the international and the local work to derive mutual benefit (Wang 2005 forthcoming). This synergy is apparent as one navigates the streets and subways of large cities in China. Here tradition jostles with commercial realities. International and domestic brand name products greet the eye. Advertisements for mobile phones depict glamorous images of young professionals, billboards announce the latest video game, and fashion magazines dominate newsstands.

Such a scenario ought to make a global marketer's pulse race. Indeed for many visitors to China's bustling cities, the idea that China is a new creative hub is seductive. However, there is a cautionary tale to tell and I do this by locating the dynamics of perceived abundance within a framework that juxtaposes creativity and exploitative behaviour. The semantic shift to address 'creativity' within innovation is necessary to illustrate the limits of Chinese-style innovation, a theme to which I will return later in the

paper. The point that I want to stress at the outset is that core creativity may indeed be the missing ingredient in the Chinese innovation system. That is not to suggest that creativity is not evident throughout China but rather that in the rush to market it is not the most valued attribute. In fact, what is occurring in many cultural sectors is the borrowing of intellectual capital and creativity produced elsewhere (cf. Kitley 2003).

I should point out at the outset that attempts to define creativity are notoriously difficult - but given the title of my paper I feel this is a necessary undertaking. A broad definition that privileges utility over aesthetics is that 'creativity is the ability to come up with ideas that are new, surprising, and valuable' (Boden 2004, 1). While this is hardly definitive, it has an advantage of clarity. Indeed, as Boden suggests, creativity is not something only found in cultural artifacts: it is a function of everyday activity: and it is fundamental to conceptual thinking, perception and reflective self-criticism.

It is also a truism that some places are more creative than others. The lessons that have been learnt from film clusters such as Hollywood and Hong Kong are relevant and draw our attention to institutional factors that have led to the success of these regions (cf. Storper 1997, 83-103). The milieu approach is based on the idea that there are identifiable factors that permit creativity in some places rather than others. This ranges from investment capital, lifestyle factors, the presence of artists, to networks of stimulation. In this contextual approach some places are seen as more conducive to creativity - a point well made by Richard Florida who has produced 'creativity indexes' to account for the success of places such as Los Angeles and New York (Florida 2001).

At this point we can add that a place or region's capacity to be indexed as creative is capable of being enabled by policy that encourages investment, as much as through the presence of infrastructure such as publishing houses, performing arts complexes, conservatoriums, film, television and media centres, and universities. Alternatively, impediments to creativity include regulatory regimes, of which censorship policies are the most visible in China. Variations in creativity in different geographical locales can also be an outcome of cultural protection. Concerns about cultural identity that are reflected in local content regulations may in fact provide local producers with an opportunity for expression. For instance, in South Korea there are regulations that state that forty percent of film shown on local screens must be Korean. These regulatory regimes must be handled carefully, or at least skillfully moderated. As in China, too much protection, combined with too much censorship, results in cinema that alienates audiences.

Cultural industries in the making (1990s-2004)

If we take as a working premise the observation that cultural (and creative) industries are largely characterized by distinctive labour inputs that are the products of creative individuals (CIRAC & Cutler & Company 2003, 8) we encounter anomalies in China. In modern China's period of socialist orthodoxy (from 1949 to the beginning of the 1990s), culture was described in conventional Marxist terms as the superstructure, reflecting the base, or the economic reality.

Until the early 1990s the development of the cultural sector had been mediated by an industrial model of development in which standardized goods and commodities were

distributed to an imagined national community. Culture was produced rather than created, in a manner analogous to manufacturing; and cultural workers (including intellectuals) were duly celebrated as engineers of the soul (*linghun de gongchengshe*) - at least when they weren't threatening to undermine the official culture. Cultural output was organised around quotas, and proscribed forms; and those who determined production criteria were in most cases bureaucrats with little sympathy for the autonomy of creative artists.

While resembling an industrial model of production in the sense of standardized outputs, there was no recognition that culture could, or would become a key industry; nor was cultural production about diversification and differentiation. Despite economies of scale, the industrial model did not lead to diversity and it did not produce any unique and distinctive cultural goods and services that would find their way into overseas markets.ⁱⁱⁱ

The industrialisation of culture in China (as in other socialist regimes) is a well known story so there is no real need to rehearse its limitations. The industrialised model receded in the wake of economic reform and liberalisation and gave way to a market model of production during the mid-1980s and early 1990s. By the time China joined the World Trade Organization in December 2001 a consumer market had begun to drive production, particularly in new media value-added services.

In order to understand how state policy has evolved from the 'engineering' of culture to embrace culture as industry, it is helpful to briefly examine the research activities of key humanities centres in China charged with the responsibility of informing cultural and media policy. While the concept of the cultural market has existed since the early 1990s in policy discourse, the late-1990s witnessed a turn towards the term cultural industries.^{iv} Aside from the conventional Marxist (base-superstructure) analyses that were prevalent in academic journals, many writers began to adopt the negative connotation of the culture industry as advanced by Adorno and Horkheimer (1997 [1947]). A preoccupation with the standardising effects of official culture (referred to in China as official mass culture) echoed dissatisfaction with commercial forms that were moving to fill the vacuum as the state backed off from overt cultural administration at the same time as social reforms, along with the development of broadcast media provided more outlets for expression. The rise of Chinese cultural studies during the early 1990s brought together a number of scholars critiquing the effects of power, albeit mostly foreign power rather than the power exercised by the Chinese state. In a recent publication this theoretical grouping is described as 'cultural industries foundational theorists' (Ye 2003, 17-19). This division, however, refers more to the fact that cultural studies critics focus on texts rather than policy. Within this division there exist a range of political positions.

The foundational camp, the members of this somewhat broad collective, are alleged to be less relevant today than the alternative theoretical grouping: the cultural industries 'application' theorists. The latter's provenance is dated to 1998, a time when the Ministry of Culture formally instituted a Cultural Industries Department within its responsibilities. This initiative followed on from the 15 year plan instigated in 1995 when the Chinese government had officially declared cultural industries to be part of national development. A Cultural Industries Research and Innovation Centre was founded at Shanghai's Jiaotong University, which in collaboration with the Chinese Academy of Social Sciences launched a series of industry reports reminiscent of the UK creative industries mapping projects (Zhang *et al* 2002; 2003; 2004). In 2003 the Ministry of Culture gave the go-ahead for a second institute this time located in Beijing: the State Cultural Industries

Innovation and Development Research Institute. Not surprisingly, the green light for cultural industries had already spawned a steady stream of articles and books focusing on development strategies to transform and regulate China's burgeoning but largely inefficient cultural economy in the lead up to the WTO accession, a moment that was acknowledged as the next stage of liberalisation. This was the time for scholars with expertise in economics and business to assume the role of 'engineers of innovation'.

The looming challenge of global integration into the WTO, the world's premier trading club, was a catalyst for the focus on cultural development and innovation. Restructuring of China's media also echoed global developments, particularly the increasing number of mergers and acquisitions in the media sector that were seen by local interests to give foreign companies added muscle. Much attention at the time was focused on China's vulnerability in the face of inroads by transnationals such as Time Warner, News Corporation, and Bertelsmann. In setting out a cultural industries development agenda, the Chinese government was assessing how to respond to a perceived crisis.

A second reason for China to reform its cultural sector is the scale of informatization (*xinxihua*) - a term widely used in China to describe the uptake of ICTs. Growth of China's IT industry has been maintained at two to three times GDP over the last decade and e-government has been rolled out in a bid to provide new streamlined services for business (Ke 2003). Fast-tracking China's IT industry has been one of the key elements of China's 10th Five Year Plan, with an emphasis on making digital television and broadband affordable and available. The influence of the moving image (and more recently streaming video) is considerable. Since the 1970s people have had access to cable television delivered through master access television (MATV) systems in apartment buildings. Now with more than 10 million broadband subscribers, 70 million Internet users, 200 million plus mobile phone subscribers, and potentially many millions of digital television users, China is a huge market for content. Much of this content is currently supplied by proximate cultural regions such as SAR Hong Kong, Taiwan, and South Korea.

A well-documented creative renaissance in East Asia (see below) has in turn contributed towards the development of China's cultural industries. The greater efficiencies that have occurred in the region as a result of restructuring communication and cultural sectors include greater opportunities for creative entrepreneurs, a more direct focus on innovation and product differentiation, an increase in outsourcing activity, and the distribution of creative content in new markets, often through service sectors of the new economy.

Innovation is the soul of a nation's progress

The idea of innovation is writ large in the contemporary Chinese consciousness. As mentioned above, accession to the WTO in December 2001 witnessed a period of national soul-searching in which innovation (*chuangxin*) became a major topic at industry and government levels. The concept, according to an expert theorist, is not new in China (Yi 2000). All China's great socialist theorists - from Mao Zedong and Deng Xiaoping through to Jiang Zemin (and including Marx and Lenin), have talked about innovation, although they imagined it operating in differing ways, such as getting rid of the old and replacing it with the new, a convenient way of making policy in Communist China. The

real champion of innovation, however, was Jiang Zemin, whose words on the subject were reported in the *Enlightenment Daily* on 5 March, 1998:

We must now put the stress on innovation. We need to establish national awareness; to set up a national innovation system and to strengthen entrepreneurial innovation capacity, to put science and innovation in a more important strategic position, and accordingly allow economic construction to revolve around scientific progress and the improvement of the quality of workers

(cited in Yi 2000, 41).

China's search for an innovation system is itself a reflection of global developments, notably in the science and technology field. However, the innovation sloganeering evident on China's billboards, and in the designation of its research centres ironically highlights a palpable weakness in the cultural sector compared to China's East Asian neighbours. Chinese cinema has languished in comparison for want of investment, as much as the lack of creative latitude extended to its writers and producers. Chinese television is largely imitative of foreign formats (Keane 2003). Notable exceptions include advertising, which has embraced the language of creativity (see Keane and Spurgeon 2004; Wang 2003; Wang 2005), and industrial design and architecture, which are developing distinctive nuances (Simons 2003).

Two perspectives on creativity are evident in China today. First, that several decades of regimented conformity and state regulation have created an 'innovation deficit effect'; and second, that pockets of innovation exist that are a response to entrepreneurial opportunities and economic liberalisation.

Paradoxically, innovation may also be a response, or reaction to a perceived innovation deficit. That is, as regimented conformity becomes regimented boredom, people switch off and turn on to 'foreign' products and services. For example, the surfeit of propaganda documentary inflicted upon Chinese television viewers during the 1980s had by the late 1990s led to a breakthrough in programming genres - the introduction of new docu-soaps and interactive reality game shows.

In assessing recent developments of this sort it is worth drawing attention to the fact that media internationalization of the sort that has occurred in South China's Guangdong Province is provisional and likely to be different to what is allowed in North China. South China has for some time been seen as test bed of internationalisation with foreign companies such as News Corporation, Phoenix Satellite Television, and CETV/AOL-Time Warner being accorded limited landing rights.^v The role of local initiatives in contracting, franchising, or forming joint ventures with international players provides an example of synergy. For instance News Corporation's STAR China has co-production partners in Shanghai, Hunan and Shenzhen. STAR also commissions local production companies to produce content for its Mandarin satellite channel Starry Skies (*xingkong weishi*).

Such initiatives invariably often occur in places more receptive to change - and through producers more willing to take a risk by partnering up with international players. The 'entrepreneurial' Hunan television station in South China has collaborated with ESPN to produce European soccer matches. Granada Television (UK)

has used a Hong Kong/Beijing co-production model to introduce its long-running soap formula, *Coronation Street*/ (*Joy Luck Street*) Chinese style. Strategic alliances are to be also found in the music and industries as international stars team up with Chinese (and Hong Kong) stars. While the 5th wave film director Chen Kaige went to Hollywood, US songstress Beyonce Knowles conspired to break into the Asian market by performing a duet with Taiwanese boy band idol Vanness Wu (Fowler 2003, 34). The mechanics of internationalization are therefore both formal and informal: they are mediated by political imperatives, cultural nuances, local initiatives, and foreign investment.

The macro-setting that is most prevalent, however, is that of an innovation deficit. There is a great deal of support for the innovation deficit view coming from within China, where cultural goods and services distributed by multinational media companies are seen as being more reliable and providing better after sales service in comparison to Chinese product. This brings to the foreground a tendency to reclaim the adage 'Western learning for application, Chinese culture as the essence (*xixue wei yong, zhong xue wei ti*). The point of this slogan is its ubiquity as much as utility in justifying technology transfer. 'Western' learning (and technology) is seen as complementary - and more importantly - internalized within China's modernity project. Comparison with a mythical West - which is itself problematic given the contemporary nature of globalization - applies to all aspects of modernization in China, including the law, academic disciplines such as sociology, communications studies, and advertising.

Centripetal forces: new institutional strategies

In China today large media and cultural clusters pull activity towards regional centres. In the contemporary parlance of economic development and modernisation this process is called conglomerate formation (*jituanhua*) but with a newfound prominence given to 'institution grouping, enterprise management' (*shiyue jituan, qiye guanli*), rather than the cadre system of bureaucratic supervision that regulated standardized production. Under these arrangements large conglomerates aim to nurture 'profit centres', which have greater autonomy as well as the capacity to outsource.

Centres such as these have been midwived into existence by central and local governments with some involvement of foreign capital and technology. In the main their prime function is to serve as 'market organisers' or core systems integrators (Nolan 2001, 119-122). There is a recognition here of a value chain that wasn't in evidence prior to the 1990s. In other words, there are efficiencies to be gained from grouping that are not just about scale economies: these include network consolidation, research and development capacity, distribution management, and joint venture management. Key systems integrators such as China Central Television (CCTV), which has recently entered into a partnership to supply broadband content to Real Networks China, play a key role in planning through selection of suppliers - those with whom they will form long term relationships.

The institutional grouping model is a deliberate attempt to refashion the Chinese bureaucratic network (where functions and products were systemically replicated and distributed to mass markets) into a new quasi-oligopoly that is informed by global business trends. The call by leading spokespersons has been for the formation of 'national champions' that are a response to international competition.

In the politicized imperative of responding to crisis (see Keane and Donald 2002) the threat of cultural imperialism is evoked by metaphors of 'motherships' and 'cultural aircraft carriers' (*wenhua hangmu*) while the popularization of 'national brands' (*minzu pinpai*) is presumed to evoke national pride and consumer loyalty, although as Jing Wang argues, the line between international and national is now less important in Chinese consumer's minds than the quality of the product itself (Wang 2005).

An example of conglomerate formation within a 'clustering' environment is the media avenue in Beijing, which is currently under construction in the Xuanwu District. The avenue area is designed to become a comprehensive community of industries involved in journalism, publishing, film and television, Internet, as well as conventions and exhibitions. The avenue will cover an area of 116 hectares, and is expected to cost a total of 28 billion yuan (3.4 billion US dollars) (*People's Daily* 24 Oct. 2001).

In similar developments a series of broadcasting conglomerates have formed since 2001, drawing together resources and skills. The largest of these is the Beijing-based China Radio, Film and TV Group (CRFTG) with fixed assets of more than RMB20 billion. Formed in December 2001 this *jituan* comprises China Central Television, two state radio stations, China National Radio (CNR), China Radio International (CRI), as well as some state film and network organs. It also includes the powerful Gehua Consortium, which operates cable networks in the Beijing area. On May 21 2002 the conglomerate added to its stable the China Radio, Film and TV Exchange Centre.

China's second largest media *jituan* is the Shanghai Media and Group (SMG), whose existence actually preceded the CRFTG. The Shanghai group was formed in 2000 and has total assets of RMB10.7 billion with over 5200 staff. This group takes on board the two major television stations, Shanghai Television and Shanghai Oriental Television, as well as an advertising and program marketing centre. SMG is seeking to promote itself as an alternative to CCTV, modeling its development on a Rupert Murdoch's BSkyB model. In late 2003 SMG launched an ambitious attempt to undermine CCTV's sports hegemony by financing a Chinese Superleague (*zhongchao*).^{vi}

Likewise, a wave of consolidation in China's book industry has seen 12 major Beijing-based publishing houses and distribution companies joining together to form the China Publishing Group. The dozen include some of the country's most prestigious publishers and book traders including the People's Publishing House, the People's Literature Publishing House, the Commercial Press and the Xinhua Bookstore Head Office (*Peoples Daily* 10 April 2002).

Centrifugal: the rise of independents

A *centrifugal* dynamic sees as an increasing number of independent creative entrepreneurs, some of whom also work for the multi-conglomerates as specialist providers. Those that now find career paths in providing such services are evidence of the breakdown of the bureaucratisation of production, although the extent of bureaucratic control in China has often been overplayed through comparison to a free market model of

production. At least we can confidently assert that during the 1990s, more spaces have opened up for creative endeavour. Changes are illustrated in the contexts of creation, production, and distribution: the upstream and downstream activities of the value chain. For instance, a film maker in the 1980s was a person who was trained in a state institution such as the Beijing Broadcasting Institute or the Chinese Academy of Fine Arts. At this time person found employment in a work unit attached to a film or television centre, for instance, China Central Television or the Changchun Film Studio. This person was classified generically as a cultural worker (*wenyi gongzuo zhe*) in addition to their specific role i.e. producer or director. By the early 1990s several quasi-independent companies had set up (such as Wang Shuo's Seahorse Production company), allowing greater control over scripts and financing (although scripts still had to be vetted by the responsible ministry). But in the main production and distribution were still locked together with major players such as CCTV being the monopoly buyers of what were adjudged to be high quality works with attendant reward structures in place. Other products within the marketplace were distributed in a more informal manner through barter, a process that put a premium on quantity rather than quality.

By way of contrast, we find in 2003 that the relationships have shifted somewhat. There are now many film-makers, scriptwriters, and independent producers plying their wares, both inside state organizations as well as pitching their skills to a range of buyers including foreign consortiums such as STAR China. Independent production is on the increase along with greater ease of production due to digital technology. The producer/ creator is no longer first and foremost defined as a cultural worker. S/he can also be an entrepreneur, a cultural intermediary, and a person employed by non-state i.e. international companies. While funding of production remains fragmented, this is offset by the fact that there are wider markets for sale, including international festivals, niche channels, and Internet services. However, the big organizations, (now radically restructured as described above) remain prime buyers of products and human capital.

Instances of creative enterprise, and degrees of internationalization, are also contingent on milieu factors including open environments for stimulation, technological infrastructure, and a mix of expertise, political connections, and 'know-how'. Shanghai's commercial milieu is arguably working to construct it as an applications centre, an advertising heartland, and a games development hub, while Beijing, long regarded as conservative and political, becomes China's intellectual hub - as well as the most likely place to incubate creativity, evident in the rock music and avant-garde art scenes.^{vii}

China also throws up a disparate spread of cultural workers and intermediaries: : artists, fashion designers, directors, as well as many unruly opportunists who have come into existence and who make money from culture by simply copying and distributing work produced by others. This is the dynamic but non innovative side of the cultural economy. In 2002 the value of legitimate sales of music was US\$110 million while the figure for pirated sales was US\$533 (Fowler 2003, 35).

Statistics pertaining to the cultural industries in China cannot be directly correlated with international benchmarks and are therefore best read as indicators of sectoral growth. According to Chinese Ministry of Culture, the value of the cultural sector increased from

1.21 billion yuan (\$USD146 Million) in 1990 to 8.37 billion yuan (\$USD1.01 billion) in 1998, representing a six-fold increase. Meanwhile the number of registered organizations associated with culture increased from 68,000 to 92,000 – an increase of 35%. Employment in the cultural sector increased 46%, from 495,000 to 721,000 during the same period. Most significantly, the number of private enterprises engaged in some form of cultural activity increased rapidly. In 1990 the private cultural sector numbered less than government cultural units. By 1998 private enterprises constituted 2.7 times the number of public units and the level of employment and the value of output was 1.5 times that of the official public cultural sector (Ministry of Culture 2003). When one takes into account that all of China's media are state owned, the dynamism of the surrounding or non-core enterprises is evident.

Despite impressive growth statistics and activity within the private sector, China's cultural consumption lags behind international benchmarks. Whereas cultural industries have become mainstay contributors to GDP in developed countries, the value of the (national) cultural economy in China in 1998 occupied just 0.26% of GDP and 0.8% of the services sector. By comparison the cultural economy of the USA contributes an estimated 7% to GDP. In 1997 the consumption of culture and entertainment services per resident was 2.35% of total consumption, far below the level of developed countries and less than other developing countries (Ministry of Culture 2003). While these figures tell a less than impressive picture it should be noted that the majority of China's population are classified as peasants, despite recent trends suggesting massive urbanization. Moreover, if we look at mega-cities such as Beijing, Shanghai, Guangzhou, Chongqing, and Tianjin we find a strong level of cultural consumption. According to a recent report, the consumption of knowledge-based services by Beijing residents comprised more than 4% of expenditure (Luo & Zhao 2003). It also needs to be noted that there is also a high degree of elasticity inherent in these figures taking into account the grey economy and the high incidence of pirated cultural goods. In other words, much cultural consumption is not registered as market sales.

The basic value chain of Chinese creative industries/cultural industries is impacted upon by numerous impediments in the distribution channels segment. In this sense it demonstrates unique characteristics that allow products to reach consumers more directly than the formal commercial route of proscribed distribution outlets, venues, and galleries. However, the high incidence of informal distribution of products (such as pirated DVDs and music CDs) and the frequent barter of services and content has seriously impacted upon the capacity to grow creative enterprises. Informal relationships based on *guanxi* (networks) further hinder the implementation of professionalism and best practice. Moreover, the large numbers at either end of the value chain (creators and end-users) mean that a great deal of importance is focused on the middle segments, which are stymied by institutional rigidities: for instance the role played by market makers - in many instances, officials who preside over allocation of book numbers, television production licenses, and permits.

The concept of creativity, aside from the advertising industry, remains distinctly foreign. According to Zhang Xiaoming, deputy director of the Chinese Academy of Social Sciences Humanities Institute and the editor of the Blue Book of Chinese Culture, the idea of creativity in China remains something that is upstream of cultural production.^{viii} In other words, creativity is the source. Of course, this is a

well-documented footnote on all Chinese cultural production in recent decades. Chinese artists and producers are arguably as creative as their peers in South Korea, Japan or the U.S. for that matter. The problem is that creativity, if it is to be distributed, has to be channelled into designated areas. The institutionalised nature of cultural production in China is perhaps best represented by the publishing industry. In order to produce a publication one needs to obtain a book number (*shuhao*) from the regulator. According to Zhang, this need to appease regulatory bodies constrains real creativity.

Creative industries: assessing the regional impact

In the introduction I posed two questions: first, how does the momentum of creative industries so evident in the East Asia region transfer to China? And second, how is creativity valued in China? Before answering these questions, I will first briefly sketch out the environment.

The most proximate centre to mainland China is Hong Kong. The special administrative zone is regarded as a creative centre in Asia, its film and music industry, exemplifying action aesthetic and Canto-pop respectively. Moreover, this densely populated 'hub' with its history of entrepreneurial activity, has accrued certain advantages such as spillover, joint-venture productions, and franchising arrangements due to the aggregation of transnational service industries: in Hong Kong's case, cross-fertilisation of creative ideas is common among the film, television, comics and game software industries.

In contrast with the recognised resourcefulness of Hong Kongers, Singapore provides a different perspective on creative industries. Creativity is regarded as an antidote to an ailing economy. A Creative Industries Development Strategy has recently been unveiled 'to propel the growth of Singapore's Creative Economy and create new job possibilities for Singaporeans'. The vision now is to establish for Singapore a reputation as a vibrant and exciting New Asia creative hub in addition to its renowned communications and transport hub capacity. In Singapore the fastest-growing creative industries are IT, performing arts, cinema services and advertising (Ministry of Trade and Industry 2003).

In Korea there are major developments in film, television, animation, and video games, as well as a new Digital Media City of 1.44 hectares in Seoul that is being constructed close to universities. Investors have poured money into South Korea's entertainment industries, introducing professionalism and accountability in an industry once seen as shady. The television industry has swept aside the reliance on foreign programs, cleverly learning from foreign models but tapping into local structures of feeling (Lee Dong-Hoo 2003). Following the 1990s dot.com crash companies such as SM Entertainment and record label YBM Seoul went public while other start-up entertainment businesses took advantage of government largesse towards culture industries and venture capital seed money. According to Suh-kyung Yoon, 'Money has allowed the industry to prosper, but competition has sparked its creativity' (Yoon 2001, 2). Korea's broadband capacity has also provided a fertile environment for the development of multi-player games such as Lineage of Mir, now finding target audiences in China.

In Taiwan the term *creative cultural industries* has been adopted as part of the

government's commitment to stimulating local cultural identity and protecting local content. Debates are still ensuing as to where Taiwan's comparative advantage lies, with some observers suggesting that Taiwan should position itself as the pop music centre of East Asia and others backing Taiwan's Chinese heritage. Vice Economics Minister Shih Yen-hsiang has argued that 'cultural strength' is the backbone of Taiwan's content-based industries (Lee 2003).

Japan is also looking to creativity to kick-start its ailing economy. Japan's cultural influence remains strong through a visible pop culture that is disseminated mainly throughout Taiwan, Hong Kong, Korea, Mainland China, and also reaching markets in the USA and Europe. Icons such as Hello Kitty, licensed by the Sanrio consortium, derive almost US\$1 billion sales per year, while Japanese anime influence is felt in Hollywood blockbuster films such as *The Matrix* and *Dark Angel* (McGray 2002, 4). While Japan's cultural industries have been founded on the success of Sony walkman, *anime* and video games, there are suggestions that Japan needs to link an under-performing service sector with the benefits of creativity to create the kind of cultural economy statistics evident in the US and the UK, both contributing over 7% to GDP in contrast to Japan's 3% (Ryan 2003). There are, however, incongruities and inconsistencies in how these statistics are formulated across different national territories. Japan has a strong cultural export culture, which is supported by government programs to exert Japanese influence into Asian markets. It has strong performing mobile Internet industries, led by DoCoMo's i-mode platform.

Concluding remarks

As part of animation courses in Chinese universities a large emphasis is placed on learning to draw Disney characters. Is this coincidental with China's role as an outsourcing centre for Hollywood or an indication of a deeper malaise? I would like to suggest that China's attempts to position itself in the global creative economy - or to at least become a significant exporter of cultural goods and services rather than simply a low cost location for manufacturing - is dependent on a number of factors.

First, accession to the World Trade organization has provided openings for foreign enterprises, with the promise of more to come. Many 'foreigners' working in creative industries have already partnered with Chinese companies in order to circumvent local content requirements. The issue at stake here is how to build synergy, that leads to greater value-adding rather than using a joint venture relationship purely for short-term gain.

Second, while innovation is widely touted, there is an acknowledgement among many critics and industry professionals that China needs to re-assess its cultural industries development approach due to a tendency to favour imitation over innovation. In short, while innovation is a theoretical catch word, it has yet to be transformed into practice. Innovation without creativity means that the pressure is on business to produce products and services that capture markets. As markets are fragmented, there is a tendency to borrow creativity from elsewhere.

Third, this raises the issue of the impact 'trade in creativity' will have on Chinese production. International creative companies are re-evaluating their business models as

the problem of piracy and imitation impacts upon bottom lines. There is not a great amount of money to be made currently out of selling media content into China. It is felt by many international companies that the best asset they have to offer is indeed creativity. The question is how do they turn a profit? If not content, then perhaps there is a market for ideas, management expertise, and related value-added services.

Fourth, China's aspiration to become a producer of creative content is framed by its response to the pressures of international law. This implies the implementation of copyright regimes that will impact upon the relationships between content creators and other players in the value chain. Currently pirated DVDs and CDs are hampering the development of China's domestic marketplace as well as creating ambivalence among international investors. In a similar vein China needs to address local practices of duplicate construction, the widespread replication of goods and services in different locations that has led to parasitic forms of imitation while retarding innovation.

On a more positive note, China's strategies in building a competitive cultural marketplace may well provide lessons for the international community and particularly may provide an alternative to the Washington Consensus ideal that large enterprises ought to give way to a sea of new small, and medium scale enterprises (see Nolan 2001, 3). The question in this regard is: can China's state-formed conglomerates become national champions – that is, real competitors who can take on the multi-national forces of Time Warner, Bertelsmann, and Starbucks? A lot depends on how these new groupings give play to the creative energy of producers, artists, and particularly entrepreneurs. An important development therefore is the role that entrepreneurs play in the reconfiguration of China's cultural economy and its creative industries more specifically. As indicated in the second quote at the beginning of this article, there has been a long-held view that cultural debate and decisions emanate from liberal arts institutes and propaganda units in China, a perspective that has marginalised the voices of the many persons working and earning their living in creative industries.

In looking at the sectors where innovation is emerging – such as advertising and the digital content industries - it is important to note institutional factors that allow these instances to occur. Government innovation policies are having some traction despite the propensity to imitate within the marketplace. In this sense China is closely monitoring developments in the region. Singapore presents a working model that sees a quasi-authoritarian regime using cultural restoration policies in a bid to restore popular confidence and stimulate the economy. Closer to home, Hong Kong stands tall as a Chinese city with a global cultural brand, mainly acquired through its movie industry. Furthermore, Chinese researchers are now looking more closely at the success of South Korean creative industries (Chen 2003). The fact that South Korea managed to navigate the Asian economic crisis and to emerge with new state and private investment in its creative content industries rather than production remaining an in-house function of industry *chaebols*, provides a salutary lesson for China, itself attempting to reshape and professionalize its cultural economy around its new institutional groupings.

In April 2004 an important article appeared as the first provocation in a new online forum 'China Culture Market Net' (*Zhongguo wenhua shichang wang*). Endorsed by the Ministry of Culture, the forum signalled that a new relationship between creativity and innovation had been noted at the highest level (Liu 2004). Entitled 'Bring about a creative century: take action to develop a Creative China', the article referenced creative

industries developments globally, and particularly those in Singapore, Hong Kong, and Korea. Noting that one of the core problems in China was the ‘duck style feeding’ (*tianya shi*) of students in educational institutions, the author, Liu Shifa, argued that China had to make the transformation from an economy that over-emphasizes learning from others – one that ‘inherits tradition, follows others, copies, and brings in’ other cultures - to a ‘creative economy’ where creativity is the priority strategy and originality is acknowledged and valued. Creativity therefore has to be instilled. In noting that government was the primary consumer of services and hence had the greatest demand the paper nominated a role for it in leading the creative movement, by amongst other things reducing direct subsidy to producers and instead acting as a procurer of creative goods and services. Other initiatives, although not spelt out in detail, included taxation incentives to pump-prime the creative economy, a strategic reassessment of intellectual property protection, and a bringing together of government, enterprises and education in creative industry pilot projects.

In placing aspirations for a creative China within a global context, the fact that internationalisation is proceeding at an unprecedented pace and creativity from outside China remains a highly valued commodity implies that a brave new world is indeed opening up. While the provenance of creative industries is Western, the idea is now global. There remain, however, many impediments to realizing the creative future laid out by the new visionaries. From the new institutional conglomerates down to individual producers, the core prerogative is to enable value and instil professionalism into the creative value chain. Only with these foundations intact can creativity play a key role in China’s ability to export its culture to the world.

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ⁱⁱ In Chinese: 创新是一个民族进步的灵魂 *Chuangxin shi yi ge minzu jinbu de linghun*

ⁱⁱⁱ The Diasporic Chinese population, a potentially huge market for Chinese culture, have largely consumed

contemporary popular products from Hong Kong and Republic of Taiwan.

^{iv} The term cultural market had been used widely in the late 19890s and early 1990s. In July 1991 the Ministry of Culture subsequently convened a conference in Qingdao to address the regulation of the cultural sector in China. Seventeen items of cultural legislation were passed pertaining to the production and distribution of cultural artifacts. These included administrative statutes such as 'Regulations for the management of the cultural market', 'Regulations for the management of cultural performances', and 'Regulations for the management of public books' (*PRC Yearbook 1992*, p. 374).

^v Authorization of 'landing rights' in Guangdong Province has been granted for a number of Hong Kong and foreign channels, including Phoenix's Cantonese Channel, AOL Warner's CETV, CNN's Chinese-language Financial Channel, Sun TV's History Channel, Hong Kong's TVB8, and Macau Satellite's Travel Channel.

^{vi} This move was led by Olympic Sports Minister, He Huixin, herself a native of Shanghai. At the time of writing the Superleague hinges on whether the proposed sponsor, Siemens, can negotiate a satisfactory deal with SMG.

^{vii} This observation was made to me by academics and industry representatives on separate occasions in Beijing and Shanghai in 2003 and 2004.

^{viii} Interview 24 October 2003, Gloria Plaza Hotel, Beijing.