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## *Creativity and complexity in post-WTO China*

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In this paper I discuss the changing relations between culture, services, and knowledge in China.<sup>1</sup> In arguing that these three formerly separate conceptual domains are converging I am mindful of a global shift in thinking about the management of national content industries as they react to the pressures of global trade agreements, new regional market dynamics, and digitisation. These three vectors of change underscore the ensuing discussion. Moreover, while understandings of culture as works of great artistic achievement, or residual cultural traditions, will undoubtedly remain central to processes of identity formation, the cultural model that is likely to gain the attention of governments in the next decade is concerned with culture's integration into service sector facilitation. Cultural and information services have provided an impetus for business expansion and networking on a scale unparalleled in previous accounts of globalisation (cf Hirst and Thompson, 1995). Based on economic development rationales, a relationship of dependency between culture and services is fairly self-evident and is illustrated by increasing user-customisation of services that are delivered electronically. The connection with the knowledge economy however requires some further conceptual ground clearing. In short, as state policy formerly concerned with cultural preservation and protection is increasingly migrating to view culture in terms of intellectual property, economic investment is shifting from industrial to knowledge-based production. The cultural sectors in China that will be most subject to reform in this convergent environment include media, advertising, tourism, and education.

### **China Imploding?**

In late 2002 *Newsweek* devoted a special issue to China. Entitled 'The Five Faces of China: Can Beijing and the World Handle the Country's Split Personality?', the issue led off with a piece by Washington-based academic Minxin Pei who took issue with claims about the cohesiveness of the Chinese nation. Pei asserted that the imagined unity of the country has fragmented into at least five different parts: the affluent coast, the north-eastern rust belt, the margins of Tibet and Xinjiang, the hinterland, and the Chinese Diaspora.

In a world that has witnessed numerous independence movements and sovereignty claims over the past decade, this does not sound like an extraordinary proposition. However, despite the material evidence of fragmentation there is unwillingness on the part of many Chinese, both within China and in the Diaspora, to acknowledge that the Middle Kingdom is no longer a totalising entity. Minxin Pei wrote that the suggestion of a Chinese nation coming apart at the seams is incomprehensible to many,

For those who know China well, there is no greater sin than to suggest that the country does not make sense as a single colossus. Wonder aloud if it would be better off being chopped into smaller and more manageable states, and your Chinese friends will respond with horrified looks and fierce rebuttals. You will be told, most likely, that different standards apply to China. Size matters.

(Pei 2002, p. 8)

Pei's article, a straightforward account of the complex nature of change, was supplemented by other stories concerning China's transformation. This special issue of *Newsweek* dealt with a wide range of issues: consumerism, China's rocket science industry, urban yuppies, shifting populations, unemployment, AIDS, the Tibet problematic, the Diaspora, expatriate artists, and the Chinese military build-up. These are important developments that illustrate the complexity of the 'Chinese puzzle' that presents itself to the global community.

The *Newsweek* special issue was by no means a comprehensive portrayal. Curiously, *Newsweek* did not feature reports on a number of key issues, such as: the ramifications of China's accession to the World Trade Organisation, the challenge of the knowledge economy, and the changing role of its communications media. These represent important problematics, pivotal to the resolution of many of the material crises identified in the reports. The WTO accession, which came into effect on December 11, 2001, constituted an international relations watershed, more significant in

terms of institutional change than the Open Door Policy that followed the demise of Maoist isolationism. The WTO was the hot topic of 2001-2002 but it rated only passing mentions. Likewise, China's policy response to the knowledge economy is critical to its competitiveness, and hence its capacity to challenge the 'advanced' economies (Dahlman & Aubert 2001). The eventuality of the knowledge-based society, the key issue of the APEC summit in Shanghai in 2001, wasn't newsworthy for *Newsweek*. As for the communications media, the glue that both hold all the pieces together, and the means to translate technological progress into the language of development, they too were absent.

My paper is therefore meant as a corrective to these omissions. It presents some alternative propositions about the nature of culture, and of cultural change in China. It forms into an argument about the uses of culture that begins in the mists of the dynastic period, shifts to the great revolutionary period of socialism, and finally reaches a crisis point in the contemporary era of Internet and wireless applications. I sketch out two conceptual models. The first is what I will call the 'chaos-order-complexity' continuum, while the second is the 'culture-services-knowledge' paradigm. Due to considerations of space I have been sparing in using examples to illustrate the various sectors that are brought together in this discussion. In doing this I am assuming that the reader will have some familiarity with contemporary Chinese realities. In the final sections I will draw the arguments together into propositions concerning relationships between global integration, creativity, and the knowledge economy.

The 'chaos-order-complexity' continuum addresses concerns about the nature of change stemming from long-held fears of fragmentation and social disorder. I use the term 'continuum' because it signifies a progression but also indicates interdependent relationships between chaos (*luan*), order (*zhi*), and complexity (*fuza*). There is a historical dimension to this account and at various junctures each of these terms moves to central focus. While I don't directly address 'complexity theory', my take on complexity is influenced by Hodgson (2000: 89), who notes 'a long-run tendency in modern economic systems towards greater complexity, driven by powerful economic forces and leading to the widening of markets and greater product diversification'.

The 'culture-services-knowledge' paradigm, on the other hand, begins in the contemporary era at a point in time when complexity begins to supersede certainty and services shift from being a *residual* commodity category to assuming a leading role in the wealth of nations (Allen and du Gay 1994). The argument rests on two premises. First, that the term culture has a broader application than aesthetic works, artefacts, traditions, and ways of life (see Williams 1976). Second, that economics and culture are not separate domains, but are interdependent and complementary.

### **Chaos-order-complexity**

The first of my two models takes us back into the history of China, a country whose leaders have been obsessed by a fear of chaos and turmoil for many centuries. However, while chaos remains a strong motif in the contemporary psyche of national unity, its potency as political rhetoric derives from its counterpoint, 'order' (*zhi*). It is well known that China is identified as *Zhongguo*, literally the 'middle kingdom'. More than anything else, this is a testimony to Chinese xenophobia. The ethnocentrism of Han majority achieved even greater symbolic strength by the practice of erecting walls to keep out barbarians, just as contemporary rulers now seek to construct Internet firewalls to keep out crypto-barbarians. Of course barbarians - most spectacularly in the case of the Mongols in the 13<sup>th</sup> century - did invade China, and stayed to rule. Other less troublesome foreigners came to pay tribute to emperors, or to conduct trade. For instance, the Song Dynasty (960-1279) is considered to represent the pinnacle of Chinese cosmopolitanism, while the mid-Qing dynasty (1644-1912) is also recognised as another period of great stability.<sup>2</sup>

During the mid-nineteenth century order turned to chaos. The Taiping rebellion (1850-1864) produced turmoil in the form of a revolution against secular authority. The Taiping's cry of *da guan* (smash the official) echoed the French revolution's attacks on the aristocracy, but more importantly it prefigured a strategy of using revolutionary rhetoric and chaos to overturn the social system and the social order. A hundred years later Mao Zedong's incitement to mobilise class struggle and mass movements were examples of chaos exploited for crude political advantage. The base tactic employed during the Great Proletarian Cultural Revolution (1966-1976) was to use the dissipative energies of youth against the elite power structure. Spence (1990, p. 606) writes of this,

For years the young had been called upon to lead lives of revolutionary sacrifice, sexual restraint, and absolute obedience to the state, all under conditions of perpetual supervision. They were repressed, angry, and aware of their powerlessness

The Cultural Revolution was a case of politics out of control. Chinese historiography now explains the turmoil of those times as an aberration in the statecraft of socialism. Furthermore, to justify its legitimacy the Chinese Communist Party frequently promotes the virtue of order as the great achievement of its rule. Achieving order through coercion and control became standard operating procedure for party officials during the high tide of Maoism during the 1950s. Franz Schurmann's classic work *Ideology and Organization in Communist China*, written in 1966, provides us with a detailed account of the emergence of the 'command and control state'. His description echoed a French writer who was at that time formulating a radical thesis on government and power. Michel Foucault saw government as 'the conduct of conduct' - a 'form of activity aiming to shape, guide or affect the conduct of some person or persons' (Gordon, 1991, p.

2). Many China watchers have accordingly viewed the 'politics-in-command' policies of the 1950s as state domination over all aspects of social life. An extreme modality of power, domination exists when subjects have little room for manoeuvre. However, the political control system suffered from dissipative tendencies. It was just too hard to maintain a police state.

While the extent of political domination was uneven throughout the entire Maoist period (1949-1978), Foucault's conceptualisation of governmentality can be applied more broadly to the practice of statecraft by which the modern Chinese state has attempted to train, reform, and mould its population. The programmatic moulding of attitudes was supplemented with information control achieved through a system of vertical networks. The state information system attempted to concentrate all knowledge together as if in a single head. Information formed a basis for power and access to 'important' information was a privilege accorded elite party members. 'Processed' information for the masses was meanwhile dispensed by propaganda workers (officials -- *ganbu*), reinforced by study sessions and teachers (engineers of the soul -- *linghun de gongchengshe*), disseminated by the media (the mouth and throat of the Party -- *houshe*), and performed by cultural workers (*wenyi gongzuo zhe*).

We might also suggest that order was reinforced by strategic 'knowledge management' combined with a re-versioning of central elements of traditional culture. The Chinese Communist Party purposively deployed normative mechanisms, invoked in oppositions such as modern/backward, progressive/reactionary, and scientific/feudal. The manner in which these oppositions were posed, moreover, constituted a mechanism by which culture would act on the mentality of Chinese subjects. In other words, such oppositions were not necessarily antagonistic, but rather were utilised with the intention of changing the beliefs and regulating the conduct of the masses according to a gradient by which people could inspire to reform themselves and become politically pure subjects. The mechanism of dialectics, as a trajectory of development, was rewired on to the existing philosophical monism of traditional China and offered to the Chinese masses as a science of progress.<sup>3</sup>

The genesis of complexity -- the third stage in our continuum -- can be located in the political thaws of the 1980s that followed Deng Xiaoping's accession to the leadership. These liberalisations are generally referred to as the 'emancipation of the mind' and the 'culture fever' movements (Brugger and Kelly 1990; Wang 1996). They point towards a more modern form of governmentality by which states have sought to stimulate productivity and consumption by allowing greater social autonomy (Foucault 1988). The intellectual fervour of the mid-1980s is therefore an important landmark, symbolising an unprecedented challenge to the CCP fountainhead of knowledge. Postmodernist theory and Western post-Marxism were refashioned and formatted to explain China's changing society. New theoretical models of science and knowledge deriving from Western intellectuals such as Popper, Kuhn, Lakatos and others were catalysts in debates that challenged the notion that reality could be known and grasped directly. For many Chinese intellectuals this represented a discrediting of Marxism-Leninism. If there was no such thing as a reality that exists prior to, and independent of thought, how then could there be a fixed locus of truth?

In trying to interpret what was useful in orthodox Marxism, many scholars turned to the so-called 'three theories' -- systems theory, cybernetics, and the theory of communication -- and the works of Daniel Bell and the futurologists, John Naisbitt and Alvin Toffler. The ideas of Bell, a non-Marxist, were particularly influential in debates about the shape of culture in China and ultimately formed a bridge for the reception of Frankfurt School 'critical theory'. Bell's 'post-industrial society' thesis, with its notion of stages of development and its condemnation of mass culture, sat easily with many critics in China looking for an alternative to official Marxism. In spite of Bell's eschewing of Marxism, critics managed to link his theory with Marx's analysis of the determining role of the productive forces (Brugger and Kelly, p. 37). The post-industrial thesis therefore sat easily with the technological determinism emerging from the Chinese Academy of the Social Sciences at the time. Bell's theory of a transition from a goods producing economy to a service economy had an echo of the utopianism of communism -- the population would be delivered from their backwardness and the intellectual stratum would assume a leading role in the professional and technical class.

However, while these new debates stimulated the grey matter of Chinese intellectuals, the impact did not reflect on the grand canvas of ideology. Despite its penchant for dialectics, Chinese socialism was, and remains, predicated on a linear model of progress supported by five-year plans. The high church of Marxist-Leninism, fortified by Deng Xiaoping's breakthrough concept of 'socialism with Chinese characteristics', remained absolutely hegemonic. Rather than clarifying the actual characteristics of the regime, however, the imprecision of this term reflected the Politburo's equivocation in relation to substantive social liberalisation. During the past two decades the Chinese Communist Party has witnessed a series of cosmetic policy shifts that have hinted at greater pluralism but have ultimately delivered confusing signals. In theory the CCP presides over a socialist state; in reality, however, it represents an embodiment of different political, economic and social philosophies. Outwardly, the social system manifests the hierarchical bureaucratisation of Chinese socialism; on the other hand, within the social body, and in many facets of policy, one finds competing elements of neo-authoritarianism, Confucianism, and liberalism. As Deng Xiaoping so eloquently explained in relation to the market reform, it really didn't matter what colour the cat was, the bottom line was that it caught mice.

While there was confusion in clearly identifying the philosophy of the socialist market economy, the really key period in which complexity became institutionalised in the national psyche occurred during the late-1990s as China inched closer to formal integration with the global marketplace. For most of this period it seemed to many observers as

if China's accession to the world stage was endlessly deferred (Keane 2002). In fact, the longer WTO accession was postponed, the more it became a symbol of national desire. Its culmination, along with the success of the Beijing Olympic bid, unleashed a frenzy of publicity. This national celebration of global acceptance in turn deflected attention from the very acute problems China was confronting, or would confront as a result of realising its dream of fully-fledged participation in the global trading community. One of the key areas would be the changing relationships under global integration between the state-managed culture and media sectors, the potentially dynamic service sector, and the Chinese knowledge-based economy.

### **Culture-services-knowledge**

Globalisation cuts across all spheres of activity with varying degrees of impact. In this context the culture-services-knowledge paradigm is a consequence of global economic integration. The tendency in modern economic systems is towards greater complexity. Global institutions and firms drive economic complexity through market expansion and greater product diversification. However, due to its self-imposed insulation from global markets, the Chinese cultural sphere has not been subject to external stimulus and pressure to innovate. That is, until recently. With the relationship between culture and economy undergoing change globally, flow-on effects are felt in China. The fragmenting of cultural consumption based on income, generation, marital status, and gender has increased the capacity of culture to be commodified and offered as services within niche markets. This fragmentation has been aided by the internationalisation of cultural industries and new electronic distribution platforms such as satellite television and the Internet that are impervious to national boundaries. However, the move to commodification as the major means of exchange in society adds new levels of complexity as well as new levers of control.

The culture-services-knowledge paradigm is brought into focus by the presence in China of multinational companies that trade in information and symbolic content that is not directly ideological in the same way as the traditional mass media. Industries such as online information services, of which *China Online* is a very potent example, are often born of media, and are increasingly run by people with media and public relations backgrounds. These cultural intermediaries illustrate the tensions and interconnections between 'culture', 'service' and the 'knowledge economy'. Furthermore, these industries depend on cultural specificity to a greater extent than other services like finance, health and telecommunications. Thus, their internationalisation (e.g. their import into China) is subject to greater degrees of negotiation or filtering through cultural screens than in many other service sectors. When Lyric Hughes started *China Online* in the late-1990s, it gave away its content for free. That was until 2001, when it entered into an arrangement with Clickshare that required users to pay for its information services. It now provides a wide range of customised columns, reports and commentaries, even partnering with the Chinese economic publication *Caijing*, itself in the Chinese courts in 2002 for publishing unsubstantiated reports of a Shenzhen real estate company. Information is more readily available, and its rapid dispersal has a particular flow-on effect on markets.

The rapid surge in Internet usage, despite the government's crude attempts to regulate content, gives rise for optimism about the future of Chinese information and communication industries. In addition to the fast developing electronic media sector (cable broadband, wireless, satellite and Internet), there is rapid growth and cross-sector integration between advertising, tourism, and education. While these four sectors will always be subject to varying degrees of state control in relation to content -- and while they embody elements of passive consumption, manipulation, and, in the case of education, regimented conformity -- they are increasingly service industry sectors. They rely heavily on cultural intermediaries, working across the promotional and public relations sectors, whose role is to manage, or attempt to manage, the relationship between producers and consumers. In this sense, it is the 'experiential' content embodied within the product or service that drives production and consumption. Slater (2002) points out that the advertising industry is not concerned with the product *per se* but rather the properties (material and symbolic) as they are perceived by identifiable categories of people in the act of consumption. In this sense tourism markets 'experiences'. It too has emerged as a new growth industry, with a dedicated satellite television travel channel now targeting the needs of mobile, affluent Chinese with more free time than ever before. Education, once a universal service designed to bring all Chinese to understand their relationship with the truth of socialism, is a commodity that is desired by anxious parents of the one-child generation. Prestige universities such as Beijing University, Qinghua University, and Fudan University have partnered with overseas institutions to contract overseas experts to add value to their courses, whilst overseas providers such as Berlitz, eKnowledge Group Inc., and the South Ocean Development Corporation have moved directly into the provision of educational content, both on-line and on-site.

The services model is a way of thinking about the role of the cultural and media sectors in China -- not just propaganda services for the government to educate and inform the masses but generators of intellectual property, national cultural brands, and taxation revenue. The global shift toward service industry expansion is attributed to factors including competing and complementary economic activities, literate and affluent populations with evolving consumer needs, technological infrastructure, and internationalised communication networks. Central and provincial governments in China have recognised the crucial developmental role of these services in the context of knowledge-based economy planning. The World Bank meanwhile estimates that there will be a gain of 90 million jobs in Chinese

service industries in the next decade as traditional manufacturing declines relative to GDP and more people are enrolled in lifelong education (Dahlman and Aubert 2001).

The global knowledge society however does not come without political costs. As it is often said, 'knowledge wants to be free'. However, it is out of the scope of this paper to draw attention to the potential of new media to disrupt the hegemony of the Chinese Communist Party. Despite the risks of information anarchy, the Chinese government has embraced 'informatisation', a term it uses to refer to the social uptake of new information technologies such as the Net. Importantly, the new media facilitate the growth of the knowledge economy through customised distribution of 'informational' content. The core promise of the informational lies in the kind of work involved in information production, not the dreary repetition of dogma and cant, but 'symbolic-analytical- services' (Reich 1991). These kinds of practices are regarded as the key to wealth in the knowledge-based society of the 21<sup>st</sup> century.

### **Markets, Knowledge and Uncertainty**

It might seem like a statement of the obvious, but the key difference between the China of thirty years ago and the China of today is the market. Markets, and particularly markets for creative commodities, are sophisticated organisations. According to advocates of markets, they work best if information flows freely and if people trust one another. And they work best if there is enough competition to drive innovation. Ideas such as innovation and the price mechanism were once considered blasphemous. Under the variety of socialism advanced by the Great Helmsman Mao Zedong, the market was distrusted: capitalism was viewed as a flawed system. Until Deng Xiaoping's synthesis of a 'commodity economy with Chinese characteristics' rehabilitated the market, there was no way to go forward for markets.

This discussion of market reform moves us forward to look at 'creative industries' in China. The term 'creative industries' was first articulated as a way of integrating sectors of the British economy where creative intangible inputs add more economic and social value than manufacturing. The term has also been taken up in a variety of international contexts. For instance, Jack Valenti (2002), Chairman and CEO of the Motion Pictures Association of America says,

In 2001, the creative industries, which include theatrical films, TV programs, home video, DVDs, business software, entertainment software, books, music and sound recordings contributed more to the U.S. economy and employed more workers than any single manufacturing sector, including food and kindred products, industrial machinery and equipment, electronics and other equipment, fabricated metal products, and chemicals and allied products.

The concept of creative industries has yet to achieve purchase in Chinese intellectual or policy soil. The most probable explanation is that 'creativity' is itself problematic in relation to cultural production in China. With a history of inducing social conformity through rote education, and more recently political study, the Chinese government has established a distrust of independent thinking and creativity. There is a fear that too much autonomy will lead China back to chaos.

Creative industries markets are inherently complex and subject to technological innovations. They are prone to the vagaries of consumer demand, making the commissioning of successful films, television, and other entertainment content extremely risky and costly. In relation to the culture-services-knowledge paradigm, creative industries -- at least the core creative industries of media, software, and advertising -- are founded on the exploitation of intellectual property rights. This economic reality has created pressures on the Chinese government to regulate software piracy and educate those working in the creative industries. The commodification of culture and information, while a central component of the new economy, brings with it a transnational regime of control. The U.S. Congress, lobbied extensively by the Motion Pictures Association of America has used China's WTO accession as a lever to force the Chinese government to nurture a culture of compliance. As Peter Drahos and John Braithwaite (2002, p. 106) observe in relation to the long-term rationale of international pressure:

Naturally, it was important for the U.S. to secure better protection for its intellectual property in China. More fundamentally, it wanted to ensure that the Chinese entrepreneurs of the future would respect the rules of global information capitalism.

Supranational policing thus seeks to discipline the disruptive practices of China's cultural intermediaries and the thousands of 'non-cultural' traders who just happen to be passing off pirated software. However, the effect of international pressure is likely to be mostly symbolic. With new audio-visual production technologies such as the Internet, DVDs, CD-Rom, and MP3 software now enabling unprecedented scope for storage, replication and distribution of content the problem of systemic duplication of product is pervasive. This creates impediments for artists and producers to sell their product in the marketplace. Allied to this, due to the current official preoccupation with integrating production and distribution of content -- a legacy of bureaucratisation of the creative process -- there is

subsequently a lack of a dual-tier creative industries infrastructure whereby independent 'creatives' develop cutting-edge ideas and applications that can be sold to major players. Because of a lack of financial incentives, producers in China prefer to exploit existing copyright than take risks and develop innovative products and services.

### **China and the WTO: a Wildcard for Change**

China's accession to the World Trade Organisation represents a wild card for its creative industries. Much has been written and said over the past few years about the convoluted process by which China won admission, and the predicted effect on farmers, factory workers, and state-owned enterprises. The official verdict in the lead up was that accession was a win-win scenario, with the government media regularly cranking out the good tidings (Zhao 2003; Lee 2002). However, WTO accession was not something that China had the power to deny, as previous regimes might have done. In effect WTO entry was the inevitable culmination of the reforms that began with the ascent to power of Deng Xiaoping some twenty years earlier. Only this time China was committing to globalisation from a position of weakness: it was asking an outside institution to propel the rate of de-regulation and de-bureaucratisation of its economy.

The WTO accession represents a moment in time where thinking about the relations between knowledge, information, and creative industries become clearer. In this conjuncture the relationship between content production and infrastructure rollout becomes important. The current reorganisation and rationalisation of creative industries follows a period of state investment in information and communication technology infrastructure. From the mid-1980s, the Chinese government had charted a course towards modernisation of the economy with an emphasis on high-technology development zones (HTDZs).<sup>4</sup> By the mid-1990s they had embraced in principle what Freeman and Perez (1988) term a 'techno-economic paradigm', the idea that shifts in socio-institutional norms and regulations support and facilitate the adoption of major new technology systems and potentialities. The industrial parks that had proliferated were allowed preferential treatment in relation to their operations; they were accorded special import and export privileges to allow them to attract raw materials and equipment; they were able to acquire loans from special investment banks, and they were given preferential taxation benefits.<sup>5</sup> Human capital incentive programs were established to reverse the 'brain drain'.

The incubation of IT companies and the nurturing of computer nerds, while the R&D dream of China's technocrats, does not directly account for the kind of creative content that 'exploits' copyright, and which is capable of being exported to symbolically offset the incoming flow from the global capitalist media and communications conglomerates -- the AOL-Time Warners, Disney, and Sony Corporations. However, developments in core information industries will inevitably flow into creative and service industry applications.<sup>6</sup> This portends a digital future that will be brought to Chinese screens by Haier, Legend Computers, or whatever national champion seizes the day. However, while service industries are likely to grow, the value of core information-intensive cultural industries will depend to a great degree on the fostering of innovation and creativity.

### **Concluding Remarks: Revising Paradigms**

In this short paper I have attempted to present a revisionist account of culture and communications in China. This represents a key focus of an ongoing examination of the evolving relationships between intangible forms of culture and tangible market activity conducted by our research team. An important question remains to be clarified: namely the specific nature of the hybrid system that is developing within the interstices of state policy and market development: in effect, how *markets* work within the context of cross-linking institutions and industries. This is where we must look for answers to China's post-WTO transformation. In this emerging field there is a need for new conceptual tools that are both interdisciplinary and non-reductionist.

In reconciling culture and economics we are pointing towards the role of knowledge, or more importantly, the knowledge of *how to compete* in a global marketplace. If China truly aspires to be a player in the 21<sup>st</sup> century world economy, and not just a cheap production site for foreign multinationals, the Chinese government needs to unleash the energies of its cultural entrepreneurs. The knowledge economy, at least in its current manifestation, is not about traditional *guanxi* (networks), which rely on a culturally specific transaction model. It is about a model of global business networking where information turnover is rapid, product differentiation is fundamental, intellectual property is paramount, and where relations between production and consumption are increasingly fluid. It entails getting rid of old ideas as well as acquiring new ideas, and it involves adaptation to changing circumstances. It is about acknowledging the interdependence of complex systems and norms that harmonise transactions across borders. In this contemporary disjuncture China can look to its neighbours for ideas. Singapore has recently discovered that stifling creativity and being obsessed with control is not compatible with nurturing knowledge-society entrepreneurs. As Raymond Lim, the Singaporean minister for trade and industry and foreign affairs said in July 2002, 'We need to be more comfortable with greater untidiness in society. We need to celebrate diversity and appreciate that, as a government, we should not be overly preoccupied with trying to reduce uncertainty.'<sup>7</sup>

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<sup>1</sup> The reasoning behind the culture-services-knowledge paradigm forms part of a larger explanation of China's creative content sector transformation that is the focus of an Australian Research Council Discovery Grant (2003-2005). I would like to acknowledge the intellectual contributions of my colleagues in this endeavour: John Hartley, Stuart Cunningham, Stephanie Hemelryk Donald, Terry Flew, and Christina Spurgeon.

<sup>2</sup> The dynastic period ended in 1912 when the Qing (Manchu) Dynasty finally collapsed after a long period of turmoil and rebellion. See Spence (1990) for a comprehensive account of the rise of Modern China.

<sup>3</sup> The 'science' of dialectical materialism was derived from the work of Marx and Engels, particularly the latter's *Anti-Duhring*. It was popularised by Plekanov and became the official philosophy of the Soviet Union. According to the *Fontana Dictionary of Modern Thought*, it was Engels who 'extended the scope of the dialectic to the natural world and proclaimed a series of completely general scientific laws which governed nature and society alike. These fundamental laws were: the transformation of quantity into quality whereby gradual quantitative change culminated in a revolutionary change of quality; the interpenetration of opposites whereby any entity is constituted by an unstable unity of contradictions; and the negation of the negation whereby any negative force is in its turn negated in a process of historical development which conserves something of the negated elements. See Bullock et al, 1988, p. 225.

<sup>4</sup> For an extended discussion of China's technological upgrading and its link to the knowledge economy see Keane and Lin (2001)

<sup>5</sup> In order to solve the problem of technology deficiency, China initiated the 'Torch Program' in the mid-1980s (see Wall and Yin 1997). The program was aimed at commercialising high-tech research and development achievements and providing industrial bases for high-tech industries and experimental sites for structural reform of China's innovation system

<sup>6</sup> China will allow 49% foreign investment in all services and will allow 50% foreign ownership for value added paging services in two years; for mobile services, 49 percent in 5 years; and for international and domestic services, 49% in 6 years.

<sup>7</sup> See interview in *Far Eastern Economic Review* and report by Trish Saywell and David Plott (2002).