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Dilemma of China's News Media in the Internet Era

by

JIHUA WEN, B.A., B.J.

A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfillment of
the requirements for the degree of

Master of Journalism

School of Journalism and Communication

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and Research acceptance of the thesis

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submitted by Jihua Wen, B.A., B.J.
in partial fulfillment of the requirements for
the degree of Master of Journalism

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December, 2001.

ABSTRACT

The Internet has witnessed exponential expansion in China since becoming accessible to the general public in 1995. The country's news media outlets responded to the latest communication technology by establishing varied presences on the Internet. The thesis describes the evolving Web endeavors of the news media, the roles played so far by the Chinese Communist Party (CCP) and state in shaping these endeavors, and analyzes the challenges posed to the conventional mass media by a host of new online information service providers, most notably, Sina and Sohu. The thesis focuses on and examines the dilemma that the news media have encountered in maintaining both their web operations and their bottom lines, and in catering to both the Party and Internet users in particular. The thesis concludes that it will take quite some time before the news media in China become comfortable with the new technology and that it is too early to be overly optimistic about the role of the Internet in fostering a robust civil society and democratization in China.

ACKNOWLEDGEMENTS

A lot of my gratitude goes, first of all, to Professor Dwayne Winseck whose insights into the new media and China have been a great help to me in turning an idea into a presentable piece. Among the benefits of having Dwayne as my supervisor, I now have a more solid view of communication technologies. Without his guidance, the road leading towards the project's completion would be much bumpy and longer.

I owe a substantial debt to many Carleton people who extended enormous help to me and this project in one way or another. Professor Catherine McKercher, supervisor of Graduate Studies of Journalism, has always been very supportive whenever I asked for help academic or administrative. Professor Christopher Dornan, director of the School of Journalism and Communication, offered me a lot of encouragement when I was contemplating the idea. Through directed studies and seminars, Professor Dan Pottier and Professor Peter Johanson made me well-prepared for my attack of the project.

My academic pursuits at Carleton, let alone this thesis, would not have been possible without the encouragement and support from my wife Xiaohua, who shouldered the family all by herself through the agonizing days and nights while I was thousands of miles away. I also owe a lot to my daughter Xiaobao, who's growing and learning without the care and love from her father.

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I. Introduction

Ever since Internet service was made available to the general public in 1995, the Internet has witnessed exponential growth in China. The number of Internet users in the country was 620,000 at the end of October 1997, and the number of computers connected to the Internet was 299,000. However, by the end of the year 2000, Internet users had skyrocketed to 22 million, and the number of computers connected to the Internet climbed to 8,920,000.¹ It is predicted that China will become the No. 1 country in the Asia Pacific region in terms of Internet users, and second only to the United States by 2005. The Chinese journal *Shenzhou Xueren* (*China's Intellectuals*) was recognized as the first among China's newspapers and magazines to get online in early 1995. Yet, by April 2000, about one seventh of the country's newspapers had established their presence on the Internet.²

The phenomenal expansion of the Internet in China, the most populous and the biggest developing country in the world, has attracted much academic interest both within and without its borders. The first works focusing specifically on the Internet in China came mainly from those in the communications field. Milton Mueller and Zixiang Tan depicted the rivalry between government departments over the development and control of the computer networks. Since their research was done when the whole country had only about 20,000 Internet users, the description of the networks is rather preliminary and fails to comprehend the enormous potential of rapid expansion, which was realized in later years.³ William Foster and Seymour Goodman, together with Tan, offered some good analysis of the Internet infrastructure from the point of regulation and control. Yet,

these writers concentrated largely on the physical side of the Internet, and avoided discussion of other sociopolitical factors such as the use of the Internet for information gathering and distribution.⁴

More recent works by Geoffrey Taubman and Nina Hachigian put China's Internet development in a larger context of social change and political threats to the reigning Chinese Communist Party (CCP). Taubman asserted that the scope and ease of obtaining information on the Internet, as well as the communication capabilities available to users, provided the means for undermining the control of the Chinese government over domestic affairs. But Taubman's work does not take into account the demographics of network users and the counter measures adopted by the government to sustain its grip.⁵ Hachigian depicted the conflicting love-hate attitudes of the Chinese government toward the Internet. In her view, the government has successfully exerted state control over the Chinese web and its use. Consequently, she predicted that it would be some time before the Internet becomes a political threat in China. The power shifts wrought by the Internet will surface only during an economic or political crisis in a future China when the Internet is far more pervasive, she asserted.⁶ Though both scholars touched upon the content aspect of the Internet, their writings steered clearly away from the Internet's implications for the news media whose metamorphosis in the new technological environment will help to alter or stabilize Chinese society as it is today.

Much of the literature on the Internet published in the Chinese language for domestic readership tends to be relatively policy neutral. A book on telecommunications by Xiangdong Wang includes some focus on the information network's technical growth but omits most discussion of the political conflicts related to the Internet's development.

It provides little on the social implications that the Net brings to the country.⁷ Other writers including Jin Wulun discussed the Internet from their own perspectives. Yet, most of the publications on the Internet have focused on the technology itself, such as how the Internet benefits the larger society, the potential boosts it will bring to economic planning, science research and business development.⁸

The past decade has witnessed a flourish of studies of the evolving role of China's news media, as the country's economic and societal transformation riveted the attention of scholars and writers. Earlier studies examined both the patterns of government control over the media and the ways media content developed as the reform-minded regime reluctantly eased its ideological grip. Leonard Chu found evidence that the media content in the 1990s had changed significantly since Mao Zedong's death in 1976. He noted the appearance of letters of complaint in newspapers, radio programs with free discussion of family problems, even soft-core pornography in some magazines.⁹ Chen Huailin and Joseph M. Chan depicted some new trends in media development in the years up to 1996 that were having an impact on press freedom in the country, such as a split between central and peripheral media content and the influence of commercialization on the media. As they correctly pointed out, the mass media in China were still "struggling in a bird-cage". In other words, the media did have more freedom than before, but the freedom was quite limited.¹⁰ He Zhou and Chen wrote about the subtle but significant changes China's economic reforms had brought to the Chinese press, such as the financial self-sufficiency obtained by most press outlets, the emergence of a small group of press empires, the trend of de-politicization and the redefining of journalistic roles emphasizing the function of information provision.¹¹ He also raised the issue of the

“dissonance of the dying Communist ideology” in Chinese journalism as a way to explain the contradictions and ambiguities in the contemporary Chinese press. ¹²

A significant amount of literature published in the late 1990s has been devoted to the study of rapid commercialization of news media in China, a process which began to accelerate after the thwarted media reforms prior to the 1989 Tiananmen Square event. The studies demonstrate that the market forces were effecting tremendous influence upon both the media practices and government control over the media. Yuezhi Zhao and Daniel C. Lynch are two of the most noted among the scholars. Zhao examined the excessive media commercialization since the early 1990s and the institutionalized “Party principle” in media practices. In her view, the “intertwining of Party logic and market logic” brings new structures and practices, contradictions, tensions, and challenges as well as opportunities for the media and society as a whole. Though acknowledging the “progressive aspects” of market mechanisms in the news media sector, she doubted that complete commercialization and the replacement of Party control by market control alone would lead to a democratized system of media communication in China. ¹³ Lynch analyzed the country’s news media in a larger context of “thought work”, a term he used to refer to the state’s “struggle to control communications flows and thus ‘structuration’ of the symbolic environment”. He demonstrated that the loss of control over thought work has resulted directly from three specific processes: commercialization, globalization and pluralization. ¹⁴

Interestingly, the Internet has rarely appeared on the radar screen of these scholars in their observation of China’s media landscape in the 1990s. Even if some of the scholars took notice of the impact of the new communication technology, they treated it

largely as one factor among many others that contributed to the ongoing evolving process of China's media, perhaps for the very reason that the communication technology was relatively new and its potential impact had yet to be substantialized. For instance, when Zhao discussed the technological challenges to the government's control over media, she spent most of her efforts on foreign short-wave radio programs like BBC, VOA and Radio Free Asia and on foreign direct satellite television programs that were targeted at China. The Internet must have appeared rather insignificant to her since the total number of Internet users in the country was only about 100,000 in early 1996. However, she did note that the Internet would be harder and costlier to monitor, since "the Propaganda Department cannot simply ban the computer and telephone use without crippling the economy."¹⁵ Lynch was much more conscious of the technological advance in the changing environment of "thought work" in China. In his view, technological advance, together with administrative fragmentation and property-right reform, had led to the breakdown of government control over thought work. Still, he treated the Internet largely within the context of telecommunications and failed to grasp how the Internet would cast its influence upon information distribution and what that impact would be on the country's media outlets and thought work.¹⁶

In comparison, the subject of the Internet and media interplay in China received more attention from domestic writers. There were many discussions and interpretations as to how the Internet would affect the audience's behaviors, what measures the media should adopt to protect themselves from the onslaught of the new media and which would be the best means to make the new media profitable. However, most of the writings that appeared online and offline tended to be introductory, usually citing tendencies and

events in the developed countries, especially those in the United States, as a way to suggest how things should be in China. Even Wangluo Jizhe (Online Journalist), a book promoted as the first publication of its kind in China dealing with Internet journalism, could not steer away from this pattern. Of the book's 18 chapters, eight of them were devoted exclusively to what had happened in the U.S. media sector. And almost as a rule, domestic writers avoided discussing policy-related issues and in-depth analysis of the problems faced by China's media, which should be understandable in the country's existing political environment.

As a media practitioner, I had a "vested" interest in how the Internet would affect the traditional forms of news media and have followed media-related developments over the years. My first Internet experience took place in June 1996 shortly after I came to work in Ottawa as a journalist for China's national news agency Xinhua. For the next three years, I witnessed the phenomenal expansion of media outlets in cyberspace. The Internet greatly facilitated my work. Without the Internet, most of my information sources were confined to a number of local newspapers and magazines and the press gallery on Parliament Hill. With the Internet, *the New York Times*, *the Washington Post*, and the *Time* and *Newsweek* magazines, and government information of Canada and the United States were within the easy reach of several mouse clicks. With the help of the Internet, getting feedback from Xinhua's Beijing headquarters also became much easier. I could email my colleagues about what they expected from me, or log on to Xinhua's internal computer system to check which of my stories were published and which were tossed into the dustbin. When I left Canada for home in early 1999, the public's enthusiasm for the Internet began to level off in North America. Yet, in China, a wave of

Internet fever was just beginning to roll, its gold-touching magic catching the imagination of millions of businesspeople, government officials, the public and media people.

Over the past year and more, the Chinese media have been in quite a state of flux as a direct response to the opportunities and challenges posed by the Internet. In previous years, most of the Internet activities of the Chinese news media were confined to publishing the so-called “online versions”, which suggest that the abridged versions of the conventional media products were re-published on the Internet. However, the tentative, explorative attitudes adopted by most of the media outlets were soon shaken by the thrust of commercial websites, including that of Sina, which regarded provision of news and information among its priority services. Armed with foreign capital and expertise, the cluster of “shangye wangzhan” (commercial websites) easily outflanked those run by the traditional media outlets in various aspects such as content, readability, user friendliness and advertising.

If the year 2000 were any indication, it would not be an over-statement to say that China’s news media have awakened to the Internet call and become rather serious in their embrace of the new communication technology. Over the past year, many news outlets began to invest more money and human resources into the building of their websites. Bandwidth was greatly expanded, websites overhauled, content enriched, services improved, and news media websites began to be promoted in traditional media. Major national news outlets elevated their Internet efforts from the “online version” or “electronic version” to much grander sounding monikers, such as “XinhuaNet”, “PeopleNet” etc. News outlets located in the same or proximate regions opted to band together and formed regional “Nets”, such as “EastNet” in Shanghai and “NorthNet” in

the coastal city of Tianjin. In the meantime, many news websites were incorporated into commercial entities, with listings on domestic and foreign stock markets as one of their major goals.

The unprecedented enthusiasm exhibited by China's news media toward the Internet could be attributed to many factors, such as the collective hype over the Internet, the global trend of media's embrace of the latest communication technology, the stock market boom of Internet-related companies, and the potential of losing ground and readership to the homegrown, venture-capital-backed Internet startups. Yet, the most forceful impetus might have come from the top of the CCP and corresponding governmental policies. In China, the Internet's potential as an effective mass communications tool was initially deemed subversive and as a threat to the omnipotent Party. For years, the Party had tried its best to contain the technological genie despite the evident economic and educational benefits the new communication technology might bring to the nation. However, the effectiveness of such efforts had been quite questionable. In light of this, there have been signs of government policy adjustments since late 1999, which put more stress on guiding the public with government-supported websites rather than blocking the undesirable. The government's first-ever Internet development plan for China's media came into shape in early 2000 and was issued to related media and government departments in early summer. The plan designates five media websites as priority destinations for Chinese Internet users, namely: websites of the China Internet News Center, *the People's Daily*, Xinhua News Agency, the China Radio International and the English-language newspaper *China Daily*. In August, *the People's Daily*, mouthpiece of the CCP, went so far as to publish a commentary on the

significance of building news media websites, pleading for government backing as well as money for the endeavor.

While encouraging mainstream media to vigorously expand on the Internet, the Party and state have also stepped up their control over what flows on the information superhighway. A special task force was set up in April 2000 under the Information Office of the State Council for the specific purpose of Internet information management. Five months later, the State Council made public its regulatory rules on the management of Internet content services. In November 2000, a provisional regulation on websites dealing with the publication of news was jointly promulgated by the Information Office and the Ministry of Information Industry (MII). It specifies that commercial websites are not allowed to engage in news reporting, and can only carry news already published by country's major news outlets. In the same month, the MII made public its regulation on bulletin board system (BBS), strictly forbidding the spread of information that is deemed slanderous, or harmful to the Party and state.

As a new form of mass communication, the Internet poses a potentially big challenge to China's newspapers, magazines, and radio and television stations. The conventional one-to-many, top-down pattern of mass communication faces the danger of being superseded by the new one-to-one, one-to-many, many-to-many parallel pattern of communication. The "gatekeeper" role played by the national media outlets has been compromised when access to information from outside the border is within easy reach of ordinary Internet users. This, together with the ongoing commercialization of the news media as a whole, has combined to chip away at the once overwhelming dominance of the national media outlets, such as Xinhua and *the People's Daily*, on the molding of

public opinion in the country. It has been argued that the Internet and market forces combined will make possible a more informed public in China, which will eventually result in a more politically tolerant and pluralistic society. However, there have been indications that the Party and state will not give in easily in the tug of war for the control of the public mind and will use every resource at its disposal to rein in the influence of the freewheeling Internet, and turn the technology to its own advantage. As the front and center of this battle for control, news media, their evolution and transformation in the process no doubt deserve much more careful examination.

This thesis hopes to fill the existing gap in the current academic literature on China's media by focusing on the intersection of the Internet and the news media, that is: how the Internet affects the media and how the media utilizes the tool of the Internet. It intends to analyze the delicate struggles wrought in cyberspace for the eyeballs as well as minds of the Chinese Web surfers, what roles the Party and state have chosen to play, the strength and weakness of major contenders and the likely outcomes in the short and possibly long runs. It examines how communication technology influences the information consumption patterns of Internet users; how the private Internet content providers (ICPs) steal the limelight and audiences from the state publicity apparatus, and the latter's counter-measures to defend their traditional turfs; how the Party and state weigh in to tip the scale in the favor of the apparatus, which in turn helps the Party and state consolidate their control over the public mind and action; and finally how the imminent entry of the WTO will affect the major players in the game, and how the Internet may influence the political aspect of the society.

The thesis is made up of six chapters: Introduction, China's Road toward the Internet, Internet New World, Shift of Minds, Dancing with Iron Shackles and Conclusion. Chapter I offers a brief review of existing literature on the Internet and news media in China and what this thesis aims to achieve. Chapter II describes the trajectory of the country's telecommunication development, the origin and expansion of the computer network in China up to early 2001, the various factors pushing and pulling back the development of the new vehicle of communications, and the leading market players of Internet facilities. Chapter III analyzes some of the major challenges faced by the old media, and newspapers in particular. As few empirical studies have been done in China on this aspect, the chapter cites quite a few media research findings from North America in its attempt to show the challenges brought up by the Internet. The case of commercial ICP Sina is employed to illustrate the points. Chapter IV presents and dissects the changing attitudes of the Party and state as well as the media toward the Internet, the policy readjustments and intensified control over the content of the Internet. Chapter V explores the outstanding limitation as well as strength of the state-supported news websites as compared to the commercial ones, and the former's inherent contradictions of serving both the Party and visitors. The website of *the People's Daily* is examined to pinpoint the problems and challenges for news websites. Chapter VI attempts some speculation on the WTO influence upon the existing tug of war between the websites of major news outlets and those of a commercial nature, and on the social and political implications the Internet brings to the Chinese society. It concludes that the Internet may contribute to the formation of a better-informed society in China but not a civil or democratic society suggested by some scholars.

When I started this academic project in early 2001, I was well aware of the challenges and predicaments posed by the ever-evolving Internet and the impact it would have on the Chinese media. What is true or possible today might appear obsolete or absurd days or months later. It is almost impossible to incorporate the latest and newest into the project when the research target is changing at Internet speed. In order to bring the project into its final physical shape, I had to conclude most of my research by the end of June 2001. Even though I'm aware that more changes lie ahead for China's Internet and its dominant media system, I believe that enough has happened and that we can now begin to get a sense of the trajectory of the Internet development in China, and the dilemmas it has imposed upon the country's traditional news media, and the Party and state organs in particular.

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II. China's Road Toward the Internet

For the past decade, the Internet has passed from the techies' exclusive turf, to a fad, and into the everyday life of ever-growing number of people. It has since permeated throughout human society -- East and West, North and South. The expansion of the world's Internet community has been fast and furious. In the year of 2000 alone, some 80 million new people began using the Internet worldwide, which brought the total number of users to an estimated 315 million. Around five per cent of the world is now online.¹ The Internet is recognized to have brought "profound" impacts on "the way in which we communicate with each other, the way we express ourselves, the way we learn, the way we do business and the way in which we interact culturally."²

As a country eagerly opening up and integrating into the world's economy, China has been quite enthusiastic in embracing this new vehicle of communication, despite the government's concerns over the undesirable information that might slip in. Official statistics shows that at the end of October 1997, the number of Internet users in the country was 620,000, the number of computers connected was 299,000, and the total bandwidth of international connections was 26.64 megabytes.³ When it came to the end of 2000, the country's total Internet users had skyrocketed to 22.5 million, which was 35 times over that of 1997. The number of computers connected to the Internet (Internet hosts) climbed to 8,920,000, which is 29 times over that of 1997. The total bandwidth of international connections expanded to 2799 megabytes, 105 times over that of 1997.⁴ China now ranks as the third largest Internet market, following the United States and

Japan.⁵ It is even predicted that in the years ahead China will overtake the United States as the country with the largest number of Internet users.

What factors underlie the exponential expansion of the Internet in the country?

Answers to this question may vary quite a bit. Yet, according to a group of U.S. scholars at the Global Information Technology Assessment Group, government policy has been the most important determinant in China, the world's most populous country with nearly 1.3 billion people.⁶

"The Chinese leadership has allowed the Internet to grow this rapidly because the Internet is seen as an essential tool for economic prosperity, the harbinger of a 'knowledge economy,' where information flows replace industrial processes as the basis for the economy. Chinese society has been struggling with how to facilitate, manage and control such as major transformation and groups are vying over who will be the winners and losers in the process."⁷

"The government has played major roles," the report says. Initially, the Chinese government seemed guarded against the new communication vehicle for fear of its negative impact on its hold of power. However, after experience with its own academic networks and world developments made it clear that this was a strategic infrastructure, it decided that the potential benefits outweighed the risks. "The decision was quickly reached to endorse and invest in it, but second it to the government's purpose: economic growth without political destabilization," the report notes.

Zixiang Tan, a Chinese-American scholar who has been following China's telecommunication development very closely, observes that "the Internet creates an opportunity for China to leap forward into the Information Age, which may translate into

great economic benefits.”⁸ China has been experiencing impressive economic growth over the past 20 years. However, its current economic growth is mainly driven by labor-intensive and low-capital manufacturing sectors. For years, China has been searching for strategies to sustain the high growth rates and become a super economy early in the next century. Recognizing the shift of the global economy toward information intensive sectors and the potential impacts of the information sector on the growth of other economic sectors, encouraging the informatization of the economy has been agreed upon as the most attractive and feasible future strategy. Therefore, promoting the Internet is consistent with China’s economic development strategy and industrial policy.⁹

It is expected that in the years ahead, China will continue to invest a significant amount of resources in this area. In outlining its next five-year action plan, the Tenth Five-Year Plan for National Economic and Social Development (2001-2005) which was delivered at the Ninth National People's Congress on March 5, 2001, the Chinese government highlighted once again the significance of information technology in the strategic restructuring of the economy.

“Developing new and high-tech industries, and using information technology to stimulate industrialization. In accordance with actual situations, we need to selectively stimulate development of new and high-tech industries such as information technology, bioengineering and materials science. We need to lend support to important high-tech projects, such as high-speed, wide-band information networks, key integrated circuits and new-type carrier rockets in order to strengthen China's new and high-tech industries on an overall as well as individual basis. We need to expand the manufacturing of information technology products, develop the ability to manufacture all components of integrated systems, and enhance our capability for independent development. We also need to develop the software industry, strengthen the development of the information infrastructure, and apply digital and network technologies extensively in the technical development, production and marketing activities of enterprises, and in public services and government

administration, so that industrialization and the information revolution go hand in hand.”¹⁰

Internet Comes to China

The goal is high and the road will certainly be long. However, predicting the future is not the task for now since the immediate concern is how China's Internet has come to what it is today, which hopefully will provide the background for dissecting China's news media in the Internet age. Reviewing the road already covered at the entrance of the 21st century, it is tempting to categorize the development process into four distinct periods: namely academic initiatives (1987-1994), backbone network construction (1994-1996), content development (1996-1998), services extension (1999-2000). It should be noted that such a division is only for the sake of outlining the process, since the kinds of activities mentioned above often co-existed with each other, though the focal point was different from one period of time to another.

Academic Initiatives: 1987-1994

This period witnessed the first dispatch of email from the country, the registration of the top country code domain name “.cn”, the construction of computer networks at scientific institutions and prestigious university campuses, and the inauguration of direct link with the global Internet.

As in many countries, China's first computer data networks supported research and educational activities in the field of computer science. China Academic Network (CANET), which was established in 1987, is generally recognized as the first computer network in China. ¹¹ On Sept 20, 1987, Professor Qian Tianbai sent out the first email from China. In 1988, CANET was able to exchange emails with the global Internet

indirectly, using the X.25 standard via a gateway at Karlsruhe University in Germany.

CANET's early lead had one very important result. In October 1990, years before anyone with power in China knew or cared anything about the Internet, CANET registered the top-level country domain name for China (.cn) at DDN-NIC, the predecessor of InterNIC.¹²

At about the same time, there were two other independent sources of Internet development -- the China Research Network (CRNET) and the local area network (LAN) of the Institute of High Energy Physics (IHEP) that is affiliated to the prestigious Chinese Academy of Sciences.

Established in 1990, CRNET used an X.25 link to exchange information with global networks through RARE in Europe. It hosted more than 10 research institutions scattered in several cities.¹³ The LAN of IHEP was established in 1988. It was not until March 1993 that it set up a direct international leased line to the Stanford Linear Accelerator Center in the United States. The 64 Kbps line, carried on an AT&T satellite channel, was used to exchange research files, data, and email. In May 1994, the IHEP network was upgraded into full Internet operation using the TCP/IC protocol. In the same month, IHEP set up the first web server and developed the first home page in China.¹⁴ By June 1995, the institute opened accounts for more than 500 top scientists and professors in China, making its network the most widespread one in China.

Another milestone in China's Internet history was the creation of the National Computer Networking Facilities of China (NCFC). The project was initiated by the three most famous research and educational institutions in China: the Chinese Academy of Sciences, Qinghua University and Beijing University. It included a supercomputer center

in CAS and three campus networks. The three individual campus networks were completed in 1992 with funding from the central government and the World Bank. On April 20, 1994, NCFC succeeded in establishing a 64 Kbps dedicated satellite link to the global Internet via the U.S. company Sprint, and full Internet access became available to the users of the three campus networks. It was only after this event that China was formally recognized as a country with Internet service.¹⁵

Backbone Network Construction: 1994-1996

This period is marked by the construction of the country's early four major backbone Internet networks – China Science and Technology Network (CSTNET), China Education and Research Network (CERNET), China Public Computer Network (CHINANET) and China Golden Bridge Network (CHINAGBN). Both CSTNET and CERNET descended from the consolidation of the country's early academic and educational network initiatives, and both are non-commercial networks, which are limited to only providing access to educational and research institutions.

CSTNET

CSTNET is administered by the Chinese Academy of Sciences, whose Computer Network and Information Center runs the network. The center also manages and operates the CNNIC, the country's top domain name registration and Internet management agency. CSTNET connects all institutes affiliated to the Academy. Other academic institutions are welcome to join CSTNET, to which they can be hooked easily via existing CSTNET routes.¹⁶ Over 1,000 research institutions, departments and hi-tech enterprises in 45 Chinese cities are connected with CSTNET.¹⁷

The CSTNET consists of two major parts: a high-speed wide-area network (WAN) in Beijing, in which most of the Academy's institutes are located, and a satellite-based national network that interconnects cities where the Academy's member institutes are located. The Beijing WAN is a 100 Mbps fiber distributed data interface (FDDI) fiber-optic network connecting all Academy institutes in Beijing, along with non-Academy research institutes. The national satellite network reaches 23 cities.¹⁸ CSTNET was the first network in China to establish a link to the international Internet. By the end of 2000, CSTNET had 55 Mbps leased international links to countries including the United States and Japan.¹⁹

CERNET

CERNET is significantly bigger than CSTNET in scale. Launched in December 1993, CERNET was the first major Internet development project across China and was placed under direct management of the State Education Commission (the Ministry of Education since March 1998). Also known as "The Golden Intelligence Project" – one of the manifold "Golden" networking projects in China – CERNET has been built to connect regional computer networks with university campuses. A special task force – the CERNET Administration Committee – oversees the project with members from the Ministry of Education and 10 universities making decisions regarding network construction. CERNET's National Network Center, headquartered at Qinghua University in Beijing, maintains daily operation and management of the backbone while providing information and support to users. Regional and local networks are managed through their own administration committees.

The CERNET network consists of a national backbone interconnecting eight regional centers in other cities, more than 300 campus local networks. Ultimately, all campus networks across China are to be interconnected with each other and with the global Internet. Given China's enormous population, it is expected that CERNET will become the world's largest national education and research network. By 1997, China had 1,075 universities, with more than 390,000 university staff, 94,200 graduate students and over two million undergraduate students. Following the rollout to universities, the country's middle schools and primary schools will be connected to CERNET.²⁰

CERNET's backbone transmission facilities and international connections are funded directly by the Chinese government as well as through charges to end users for outgoing international traffic. Its regional networks are funded jointly by local governments and universities. The universities are responsible for establishing their own local networks, as well as for connections from their campuses to the nearby regional centers.

CERNET leases transmission facilities, including international links, from China Telecom. In order to promote competition, CERNET has publicly reserved China Unicom as its potential supplier. At the end of 1998, CERNET's national backbone bandwidth was upgraded to 2.048 Mbps (E1), with regional bandwidth ranging from 64 Kbps to 2.048 Mbps. CERNET had 117 Mbps-capacity international leased lines connected to the global Internet in December 2000.

CHINAGBN

CHINAGBN is operated by Jitong Communications, a State-owned company formed from several major affiliates of the former Ministry of Electronic Industry.

CHINAGBN is an outgrowth of the widely publicized Golden Bridge Project, which began in 1993 and is the most significant result of the government effort to introduce information technology throughout the country. CHINAGBN was first assigned to own and operate the Golden Bridge Project, then one of the two commercial interconnecting networks. It began to offer email services to four Chinese cities in 1994, and two years later its full Internet services became available to the public.

CHINAGBN's network construction was handled in two stages. During the preliminary stage (1993-1996) its Network Operation Center was established in Beijing, incorporating a satellite network with its own VSAT (very-small-aperture-terminal) network to interconnect major Chinese cities. End-users access to its local centers relied on the phone network, ChinaPAC (X.25), and ChinaDDN from China Telecom. This VSAT-based network is in the process of shifting to a fiber-optic SDH national backbone to interconnect its regional centers. Provincial capitals and other cities will be linked to the regional centers by leased fiber-optic lines from China Telecom or China Unicom.²¹ CHINAGBN covers all the Chinese provinces through its local centers in major cities. At the end of 2000, it had a total of 148 M leased international lines, with 53M in Beijing, 59M in Shanghai and 36M in Guangzhou respectively.²² As one of the two early Internet networks in the country, CHINAGBN competes directly with CHINANET in offering commercial Internet services.

CHINANET

CHINANET is the most extensive commercial Internet-working network and the biggest commercial ISP in China. Run by the operator of China's national public telephone network China Telecom, CHINANET started by offering services in large

cities, including Beijing and Shanghai, in 1995, and has expanded its services to all provinces since then.

The Data Communications Bureau of China Telecom administers CHINANET, managing its Network Information Center and CHINANET Network Operation Center in Beijing. It also manages CHINANET's international links and national backbones. The networks of CHINANET include the national backbone with its provincial nodes, provincial networks, and international links. The national backbone is built on China Telecom's SDH fiber-optic networks. All the links have the capacity of E1 lines (operating at 2.048 Mbps and up). The local access networks use dial-up modems as well as ChinaPAC (X.25) lines and ChinaDDN lines.

Since late 1998, new participants have arrived to compete in the Internet network market. The number of national backbone Internet networks expanded from the early four -- CSTNET, CERNET, CHINAGBN and CHINANET -- to a total of nine at the end of 2000. The five new networks are:

UNINET -- owned by China's second largest telecom carrier China Unicom;

CNCNET -- which is built and owned by China Netcom;

CIETNET (China International Electronic Trade Network) -- affiliated to the Ministry of Foreign Trade and Economic Cooperation;

CMNET (China Mobile Network) -- built and owned by China's largest mobile service provider China Mobile, providing WAP Internet service;

CGWNET (China Great Wall Network) -- the Internet service run by the country's military.

Of the five new networks, UNINET, CNCNET and CMNET are commercial networks, meaning that they can sell Internet access on commercial terms to other Internet service providers (ISPs), while CIETNET and CGWNET are non-commercial ones.

All nine Internet networks fall into the category of Interconnecting Networks (INs). INs are directly linked to the global Internet through leased lines, and must obtain approval from the State Council. All the nine INs provide Internet-related services ranging from global interconnection to access and content. Each global interconnection includes an international line from the Chinese side and another international line from the foreign side. All the networks are required to lease international lines on the Chinese side from China Telecom and are not permitted to build their own physical international lines. Lines on the foreign side are often leased from multinational carriers, including AT&T and Sprint.

The other category of Internet networks is called Access Networks (ANs). They have no direct global interconnection. They are actually ISPs that provide Internet access and content services. ISPs have to be licensed by and gain global access through one of the nine interconnecting networks. Any Chinese company, after meeting certain legal, technological, and financial requirements, can be licensed as an ISP. By the end of 2000, nearly 600 companies had obtained ISP licenses, according to Wu Jichuan, Chinese minister of Information Industry.²³

Content Development: 1996-1998

China's Internet entered into an unprecedented prosperous period of growth. A large number of Internet content providers (ICPs), including portals and specialty

websites, mushroomed across the country. Though mostly plain and primitive, these ICPs brought to Chinese Internet users content and services in their native Chinese language, including news, entertainment, emails, free homepage space, domain name registration, software downloading and technical consulting. The ICPs evolved either from ISPs, like Shanghai Online, Capital Online, or Sino-foreign joint ventures, such as Chinabyte, or from IT enterprises, such as Sina and Netease.

In the meantime, an increasing number of newspapers, magazines, news agencies, radio and television stations began to step into the completely new world of the Internet. The journal *Shenzhou Xueren* (*China's intellectuals*) was the first magazine in China to act and got online in early 1995. The *China Trade* newspaper put forth its online edition in October 1995, the first among the country's newspapers. In the same month, Guangdong People's Radio set up its website, becoming the first in its field. Two months later, China Central Television established its website, the first among television stations in China. Following the lead of these media pioneers, an increasing number of media outlets began their Internet endeavors of online publishing. Media activities in this period were largely confined to publishing "the online versions", which usually meant the abridged versions of the conventional media products. However, the availability of more Chinese content on the Internet made the new vehicle of communication more attractive to domestic users. More details and discussions on this aspect will be followed in later chapters.

Services Extension: 1999-2000

Value-added Internet services, such as e-commerce, IP telephony, VOD (video on demand) and WAP (wireless application protocol), were introduced into the country

during this time frame. The Internet's power as a facilitating business vehicle was widely spread and recognized, and the skyrocketing Internet-related stocks at home and abroad drove home the message.

In March 1999, the Beijing Book Building, the largest bookstore in China, unveiled its business online. In the same month www.8848.net, which claimed to be the country's largest retail and wholesale e-business entity at the time, was launched. They were followed by the commercial dotcoms of www.yabuy.com, www.eachnet.com, www.china.alibaba.com, www.coolbid.com.cn. Major portals such as www.sina.com.cn, www.sohu.com.cn also entered the fray of business-to-consumer and later business-to-business models of e-commerce.

China's IP telephony market officially opened on April 28, 1999, when the Ministry of Information Industry issued licenses to China Telecom, China Unicom, and Jitong to begin six-month periods of trial operation in a total of 26 cities. This was later extended, first into the new year and then for the whole of 2000. In so doing, the legalization of IP telephony ended what was still effectively a de facto long-distance and legal international monopoly held by China Telecom.

The wireless Internet fever also spread to China in the year 2000. On the May 17 International Telecommunications Day, China Mobile, the largest mobile phone service provider in China, launched its WAP service, which was matched by China Unicom, a rather small and fierce competitor in the mobile field.

During the two-year period, Internet endeavors in China got a strong shot in the arm from the bullish Nasdaq market. Three major Chinese portals – Sina, Netease and Sohu -- landed on the tech-heavy Nasdaq stock market in April, June and July 2000,

raising 68 million, 69.8 million and 59.8 million U.S. dollars respectively. The Nasdaq listings of the companies made Chinese dotcom CEOs multi-millionaires overnight, and they were heralded as heroes of the new economy. The become-rich-overnight stories of 20-something men greatly aroused the ambition and enthusiasm of many people, from businesspeople to university students. Many hoped to snatch their pots of gold from the wonderful world of the Internet.

Investment plus entrepreneurship brought the number of computer hosts up sharply, from 542,000 at the end of June 1998 to 8,920,000 at the end of 2000, and the number of domain names registered with the suffix of “.cn” skyrocketed to 122,099 from 9,415. The two major indexes of Internet expansion recorded 1,546 percent and 1,197 percent growth over a two-and-half-year period in China.²⁴

A unique feature of China’s Internet growth over the past few years is the prevalence of Internet cafes in large cities and towns. There is no official figure on the exact number of Internet cafés in the country. In Zhengzhou, the provincial capital of Henan, the tally had surged from 30 at the end of 1999 to 320 in the early of 2001. Statistics from Chongqing show there are about 2,000 such establishments in that southwestern industrial base. It is estimated that about one-fifth of China’s netizens surf from Internet cafes.²⁵

Propelling Forces

The impressive growth of Internet in China over the past several years can be attributed to many factors from both within and without the country, such as the emphasis on information technologies seen worldwide, foreign venture capital seeking high returns

from China's dotcom start-ups, the entrepreneurship of professionals and returned students from abroad. However, the most important determinant is generally recognized to be the part played by the government that lends a strong push to both the development of telecommunication infrastructure and the Internet itself.

As a country founded on the debris of civil wars, the telecommunication system was one of the poorest in the world when the People's Republic of China was founded in 1949. It had only about 300,000 local telephone lines back then. Yet for the next 30 years, little changed. In 1978, merely 3,972,000 telephone lines existed in a country of 900 million, with about 0.4 phones per 100 people. The telecommunication technologies in the public network services lagged far behind the world level, and most telephone switching systems were manually operated.²⁶

Huge changes have taken place since China adopted a policy of reform and opening to the outside world in 1978. Statistics from the International Telecommunication Union (ITU)²⁷ shows that the total length of main telephone lines in China grew to 108,715.8 km in 1999, which is about a ninth of the world's total. For every 100 Chinese inhabitants there were 8.58 telephones in 2000, which is still far below the world average teledensity rate of 15.36 percent. Due to the country's vast territory, there has been a remarkable imbalance of telecommunication development. In cities and developed eastern coastal regions, the teledensity rate is well over 24 percent.

So far, a fairly modern network of telecommunication has taken shape across the country, with eight parallel and eight horizontal backbones covering a land of 9.6 million sq. kilometers. By the end of 2000, China's fiber-optic networks extended to 1.25 million kilometers, the total switching capacity increased to 179 million telephones, the

combined number of fixed and mobile phone customers reached 230 million. Both the total customer number and network scale rose to the second largest in the world. Since the year of 1996, China's telecom volume has recorded an average yearly expansion of 28.5 percent, according to Minister Wu Jichuan of the Information Industry.²⁸

In the old days of the centrally planned economy, China's telecommunication system served mainly the needs of the Party and government organizations and large enterprises. The public demand for telecommunication services was rather weak. It was the economic reforms starting at the end of the 1970s that made apparent the serious constraints of the telecommunications infrastructure to the country's economic expansion. As China opened to the world, business communications with the outside increased rapidly. The constant rise in people's rising living standards also brought about greater demand for more and better telecommunication services.

To solve the telecommunication bottleneck, the government allocated and approved huge amounts of investment into the telecommunication sector. During the 6th (1981-85) and 7th (1986-90) Five-Year Plan periods, a combined total of 26 billion RMB yuan (3 billion USD) was invested in the sector. Since then annual investment has been on the rise. During the Ninth Five-Year Plan (1996-2000), the fixed capital investment in the sector totaled 790 billion yuan (95 billion USD). In the year of 2000 alone, over 200 billion yuan (24 billion USD) is expected to be injected into the fixed capital investment. Telecommunication has been one of the fastest growing sectors in China, registering an average growth of over 30 percent since 1978.²⁹

However, the rapid telecommunication expansion is not without impediments. The most notorious problem has been the practical market monopoly enjoyed by the giant

China Telecom. Before the 1980s, it was widely held in many jurisdictions that economies of scale would favor “natural monopoly” of telecommunication and that duplicate provision would be inefficient and too expensive. In China, the public telecommunication sector had been under state monopoly from the very outset. It was under the direct control and management of the former Ministry of Posts and Telecommunications (MPT) until 1998 when the new Ministry of Information Industry took over. As part of a broad government reform, the new ministry separated functions of telecommunication operation from its regulatory responsibilities; and China Telecom, a State-owned telecom company that was converted in 1996 from the Directorate General of Telecommunications of MPT, became an independent business entity.

The long enduring model of telecommunication monopoly has been increasingly cited as a minus rather than a plus to the sector’s own expansion and efficiency. It has been put under a microscope when the rest of the world is undergoing telecommunication liberalization and when the pricing policies and services of China Telecom have been under increasingly vocal criticism from the press and the general public in recent years.

As a matter of fact, the government took steps in the early 1990s to ease the problem of monopoly and foster competition in the domestic market. In 1992, a joint proposal from the Ministry of Electronic Industry, the Ministry of Railway and the Ministry of Electric Power was sent to the State Council, calling for a second national carrier, China United Communication Corporation (China Unicom). A year later, the State Council issued Directive 178, authorizing China Unicom to conduct nearly all-basic and valued-added services, such as local and long phone services and radio

communications services. China Unicom was officially inaugurated in Beijing on July 19, 1994.³⁰

In addition to China Unicom, another new telecommunication company – Jitong – was initiated to link the equipment manufacturing capabilities of the former Ministry of Electronic Industry (MEI) to the construction of an information superhighway in China. Its shareholders are made up of MEI's telecommunications manufacturers and research institutes, local electronics firms, and investment and trade companies. The centerpiece of Ji Tong's business is the so-called three golden projects – the Golden Bridge, Golden Customs, and Golden Card.

Golden Bridge is a satellite-based ISDN network that serves as a “state public economic information network” linking government agencies, state enterprises, and the public. It will work as an “internet” connecting all of China's private data networks. Golden Customs is a specialized data network for the management of trade, tariff collection, import-export licenses, and exchange settlement, while Golden Card is intended to provide the infrastructure for a public credit card system by linking banks, businesses and consumers with adequate financial networks. In early 1995, as the information superhighway bandwagon gathered momentum, many new golden projects were added to the list, including Golden Taxation, Golden Enterprises, Golden Agriculture.

“For China leaders, the appeal of the golden projects and the MEI reform initiative goes beyond a general appreciation of the importance of electronics production. Evidently the leaders see the application of information technology as crucial to their attempts to bring the economy under some kind of systematic central control. They seem genuinely to believe that information systems can help solve China's gargantuan economic coordination problems.”³¹

However, China Unicom and Jitong proved to be too weak to compete against the telecommunications giant China Telecom. For example, China Unicom's income was about 1.6 billion yuan, only 1/112 of China Telecom's in 1998.³²

A new round of reform was launched in 1998 when the super Ministry of Information Industry took over the Ministry of Post and Telecommunications in a broader government reshuffle, and a coherent regulatory regime of telecommunications was formed. In February 1999, the central government approved an initial framework of telecommunications reform. The basic idea is to form a fair market and enforce competition. As a result, the giant China Telecom was broken up into four independent entities of China Telecom, China Mobile, China Satellite, China Paging, which was later combined with China Unicom.

However, the much hyped telecom surgery largely carves the telecommunication market along different business lines into smaller, but still exclusive turfs. China Telecom is confined to its fixed business, China Mobile to mobile business and China Satellite to satellite communication services. The break-up did not produce any substantial competition in the market. The slimmer China Telecom still dominates the fixed business, with nearly 100 percent of the market share. China Mobile carries under its belt 95 percent of the mobile business market, while China Unicom picks up the tiny five percent.³³

As part of the monopoly-fighting measures, more licenses have been granted to new companies in the hope that new entrants will stimulate competition in the lucrative telecommunication market. In August 1999, China Netcom was founded and obtained a license of comprehensive telecommunication business. Its major shareholders include the

Chinese Academy of Sciences, the State Administration of Radio, Film and Television, the Ministry of Railway and the Shanghai Municipal government. After its first round of private equity placement in February 2001, its shareholder list expanded to include News Corp., Digital Ventures, Goldman Sachs Private Equity, and leading Hong Kong and Chinese financial institutions.³⁴ The company claims to be “a facilities-based broadband telecommunications operator in China”, “building the infrastructure for China's New Economy”.

On November 16, 2000 China Netcom, the country's sixth telecommunications carrier, unveiled its broadband Internet backbone network using the latest optical technology, which is 8,490 kilometers long and connecting 17 cities including Beijing, Tianjin, Nanjing, Shanghai, Hangzhou, Guangzhou, Wuhan and Shenzhen. The network, the country's fastest and most modern, will help China Netcom leapfrog better funded China Telecommunications and China Unicom in broadband data networks. Construction of the network took 14 months and 5.3 billion yuan (640 million USD). The 40 gigabytes per second capacity makes it the fastest such network in China, which carries comprehensive business and value-added services, including voice, data, video and multimedia.³⁵

In the old days of the planned economy, China's administrative structure fostered self-reliance within each government department and enterprises. As a result, many of the country's ministries constructed their own dedicated telecommunication networks. The largest of these so-called private networks served the People's Liberation Army, the Railway Ministry and the Ministry of Electric Power. In Shanghai alone, there were 92

dedicated networks run by different branches of the municipal government and 125 networks run by different national ministries in 1992.³⁶

In order to make full use of the resources of the dedicated networks, extend competition in the telecommunication sector, and facilitate the structural reform in the railways industry which must detach business from regulation, the central government granted in late 2000 a license to the dedicated network of the Railway Ministry to become a full-fledged telecom carrier in the country. On December 26, 2000, China Railway Communications Corp. (Railcom) was officially launched, becoming the seventh telecommunication carrier in the country.

Railcom is a self-contained telecom network that the Ministry of Railways has been operating for 50 years. With 10 billion yuan (1.2 billion USD) worth of assets, it has more than 120,000 kilometers of phone lines and 42,000 km of fiber-optic cable. In terms of startup power and employees, Railcom is China's second largest telecom company. It provides 22 communication channels to Unicom's GSM network, with the total length reaching 13,271 km. It also facilitates the long-distance service of Jitong Communications, another carrier. Railcom already has a fixed-line network based on wires running along the nation's railways and has one million subscribers working in the rail sector. Shortly after its establishment, the company indicated that its future service would cost 10 to 20 percent less than what China Telecom charges now.

New forces are expected to join in the competition in the telecommunication market after China's accession into the World Trade Organization in later 2001 or early 2002. Direct foreign investment has until now been forbidden in the country's telecommunication facilities and services. Under the China-U.S. WTO agreement

reached at the end of 1999, China's key telecommunications services markets in Beijing, Shanghai and Guangzhou, which represents approximately 75% of all domestic traffic, would be opened immediately upon accession. China offered to allow 49% foreign investment in all services, and would 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.³⁷ The offer may not be in China's best interests in the short run, yet the WTO accession and its associated trade preferences may have been enough to tip the scales in favor of opening up.³⁸ In view of the country's reform and liberalization being subject to its internal institutional constraints, it has been suggested by some that strong impacts from the WTO are not likely to appear in the telecommunications sector³⁹. However, the WTO accession will probably help foster a domestic environment of competition unseen over the decades.

A competitive telecommunication market in its true sense will surely benefit the Internet expansion in China. The problems of high access fees and low speed, which have frustrated Internet users for years, are expected to be alleviated by enhanced market competition.

In addition to promoting the construction of telecom infrastructure and introducing competition to the sector, the government also served as a catalyst for Internet development by launching the Government Online Project. In January 1999, China Telecom and the Information Center of the State Economic and Trade Commission, with 40 government ministries and agencies, initiated the Government Online Project to bring government agencies to the Internet. By the end of 1999, most government departments, including most provincial and municipal governments, had

established some sort of online presence, with a total of 2,300 “.gov” domain names applied in a year.⁴⁰

Handicapping Factors

The Internet expansion in China over the past few years has been extremely fast, from an estimated 15,000 to 25,000 users at the beginning of 1996⁴¹ to 22.5 million at the end of 2000, growing at an average rate of 200 percent a year. It should not be an exaggeration to say that over the five year period, there was an “Internet explosion” across the ancient land with over 5,000 years history. However, when the number of Internet users is put against the largest denominator of the 1.3 billion population, it invites a much more sobering assessment: Internet users in China make up only 1.73 percent of the total population, compared with 60 percent in the world’s most wired place of Iceland and 35 percent in the Internet birthplace of the United States and the average 2 percent of all developing countries.⁴²

Many factors stand behind the low penetration of the Internet in the country. One is the still quite low teledensity and personal computer penetration.

Currently in China and elsewhere in the world, dial-up via the telephone line still remains the most common and economic way to access the Internet. Where there is no telephone, it is hard to image there would be the Internet. ITU statistics shows that in the year of 2000, the teledensity rate for China is 8.58 percent, roughly half of that of the world average of 15.36 percent. In addition, telecommunication infrastructure is concentrated in the country’s large cities and eastern developed region. In the vast

western region, teledensity stands at 11.7 percent, while in the eastern region, it is as high as 24 percent. Fixed-line telephone has yet to reach over 200,000 of the country's administrative villages, which have a combined population of 150 million.⁴³ China's personal computer (PC) penetration rate is 1.61 percent in 2000, well below the world average of 7.71 percent.⁴⁴ To most families, owning a PC is still a luxury too high to afford, which partly explains why Internet cafes are flourishing in cities and towns.

For those who can afford to get online, there are other types of headaches. The country's most comprehensive official Internet survey conducted by China Internet Network Information Center (CNNIC) at the end of 2000 indicated that when asked what were the most serious problems facing China's Internet, 46.41 percent of the respondents cited slow access speed, 20.83 percent answered high price and 6.41 percent said insufficient Chinese-language information.

When I returned to the Chinese capital of Beijing from Canada in February 1999, I carried with me the habit of logging onto the Net whenever possible to check my emails and news. It was really an excruciating experience, a repeated test of the maximum limit of my patience. To download a page with some small pictures usually took three to four minutes. If the Web sites were located outside China, it would take even longer. While "surfing the Internet" in China back at home, I could not help missing the kind of speed in Ottawa. The word "crawling" would be a more proper word to describe the access speed then.

The report of Asian Giants Online also has a paragraph depicting the speed problem of China's Internet.

"The Internet in China is fine for sending e-mail using the SMTP protocol, but there are often delays of up to three minutes associated with

downloading Web pages. These delays make it painful to visit sites with multiple links or to engage in Web surfing. Although some networks have reasonably good response times, many networks, including many in government agencies, are so slow as to make it very frustrating to utilize the Web unless you have one particular URL to find. ”⁴⁵

Despite the much publicized expanding of broadband backbones in the year of 2000, the access bandwidth is still far from satisfactory, especially when the “last-hundred-meter” access line becomes more congested with the ever-rising number of users. However, a small portion of China’s Internet users has started to enjoy higher access speed, such as cable modem, ISDN (integrated service digital network) and ADSL that are being introduced into offices and households in big cities.

In contrast to Internet users in the United States and Canada, people in China pay for Internet service on a per-hour basis plus local phone charges. For years, the cost to be connected was disproportionately higher for a developing country like China. There is a common saying: “It is a great joy to surf the Net, but a wrenching heartache at the month’s end” when users have to pay their bills. From 1994 to 1997, it usually cost over 50 yuan (6 USD) an hour to be connected onto the Internet, when China’s average per capita GDP was around 500 U.S. dollars. Given this, the Internet was a distant dream for most Chinese back then. Things improved with several rate cuts. In 1998, it still cost over 10 yuan an hour to be connected to the Internet.⁴⁶

A group of Internet users organized a one-day boycott of the Internet on the first day of 1999 to protest the high cost of Internet access in China. For most users, the monthly cost for Internet access runs between RMB 250-350 (30-43 USD), or a little over a quarter of the average monthly income. Internet users complained that the Information Superhighway in China was fast becoming accessible only to the wealthy.⁴⁷

In February 2000, China halved its telephone charges for Internet users. This action plus increased competition among ISPs helped reduce Internet usage cost to five to six yuan an hour in the Chinese capital of Beijing by the end of 2000. However, as long as China Telecom totally monopolizes the country's fixed line telecommunication market, there will not be much hope for further reductions of the still high fees for Internet access.

In China, the Internet now is used mainly as a new vehicle of communication and a new source of information. A CNNIC survey published in late 2000 asked what's the primary goal for accessing the Internet, nearly 70 percent of respondents cited "getting information", about half cited "entertainment" and over 13 percent cited "education", while "online shopping" was chosen by only 0.86 percent of respondents. However, the same survey also indicated that insufficient Chinese-language information was one of the major concerns to Chinese users of the Internet, which is largely dominated by English content. A recent investigation by the popular search engine Google indicates that Chinese-language content accounts for only 1.69 percent of information on the global Internet.⁴⁸

In this aspect, the government has served both as a promoter and impediment to Chinese-language content on the Net. On the one hand, it has taken steps to encourage traditional media outlets to go online so as to better serve its own interests. On the other hand, it has imposed tight restriction on ICPs on what they should and should not carry. ICPs are not allowed to gather and disseminate information on their own. They must get information from government-sanctioned sources, such as newspapers and magazines (which will be discussed in more detail in later chapters). As a result, information circulating on most of the China-located ICPs read the same, which often turns people

away to overseas-based websites. Though they present an alternative, these sites often risk being blocked if they are deemed to be too anti-Chinese government.

Despite the many hurdles facing Chinese Internet users who often complain bitterly on the BBS, the size of their communities is destined to further expand in the months and years ahead. The fast growing Internet in China represents both opportunities and challenges for many industries, and the media sector in particular. Many of the newspapers, magazines, radio and television stations in the country are already on the move, following the footsteps of their counterparts in the United States, while not quite sure what will turn out tomorrow.

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III. Internet New World

Compared with other communication technologies in human history, the Internet carries a much bigger potential than its predecessors to effect changes to the mass media. In the Internet new world, virtually all previous media are converging around the computer and the global telecommunications networks, resulting in more and rich information in multiple forms of text, visual, motion picture and sound.¹

When the Internet, especially the World Wide Web, first arrived at the mass media scene, it was predicted by some and accepted by many that the Internet's impact on traditional media would be so powerful and deadly that newspaper, magazine, radio and television would soon face the fate of dinosaurs, which were eventually wiped off the surface of the earth due to their inability to cope with natural changes. Such a conviction in the new technology prompted the usually cautious *Economist* magazine to proclaim that the days of newspapers (and magazines also) were numbered.² In its view, "newspapers may be to the communications business what the horse and cart were to transport" as a result of the "third great revolution" in the communication technologies.³

So far, the much-predicted death of the traditional formats of media has not materialized, and mostly likely it will not happen in the foreseeable future. A study of recent human history indicates that such hyperbole accompanies every major technological advancement. Canadian scholar Vincent Mosco depicted the spectacle created by electric light in 19th century North American metropolitan areas. He pointed out that "as with many technologies, the full power of electrification was not unleashed until after we ceased to view it as spectacle, and began to take it for granted as integral to systems, such as transportation."⁴ The evolving nature of technology was also observed

by Paul Saffo, who posited that the amount of time required for new ideas to fully seep into a culture consistently averaged about three decades: in the first decade of change, there is lots of excitement, but without a lot of penetration; the second decade is marked by lots of flux and penetration begins; in the third decade, the new becomes just a standard technology and everybody has it.⁵ As far as the Internet technology is concerned, it is obvious that the latest communication technology has already passed the first stage of the Saffo model into the second, and possibly third in a few well-connected places. The Internet is here to stay, incorporating and intermingling with other forms of communication technologies. It has since left more distinguishing marks upon the media than other sectors of society.

There are various indications that more and more traditional media outlets have migrated at least part of their operations to the Internet new world. One of the most comprehensive resources for online publications, the *Editor and Publisher* magazine's online media directory, listed in early 1999 a total of 11,157 online media-related web sites comprising 3,394 newspapers, 2,035 radio stations, 1,253 television sites, 3,811 magazines, 291 online city guides, 164 syndicated/news services, and 159 media associations. As of Feb 1999, when this directory was last updated, United States-based media constituted a majority of the radio, television, magazine, and newspaper websites.⁶ All major media firms, and most of the smaller ones, are adapting their operation to the Internet realities.⁷ In China, 273 newspapers had gone online by June 1999, which accounted for 13.2 percent of the country's total newspapers. Newspaper websites took up over two percent of the country's websites at the time. Official statistics showed that by the end of 1999, over 700 media outlets in China had acquired independent domain

names for online media operations.⁸ By April 2000, about one seventh of the country's newspapers had established some presence on the Internet.⁹

Whether the burgeoning presence the media outlets have on the Internet is a response to or a stimulus for audience's consumption for online news is quite arguable. However, there are indications that now there exists an expanding audience for online news when more and more people become connected to the Internet. The increased sophistication of Web news presentation also raises the possibility that a sizable number of audiences might reduce their consumption of newspaper and television news in their traditional formats while enhancing their use of the online medium, which is in many ways more convenient and timely.¹⁰

Substitute or supplement

There have been varying opinions to the question of whether the Internet represents a substitute for the traditional media or simply a supplement to them. Despite the expression of the many convictions on either side of the question, existing studies in the United States and other places have painted a much-mixed picture of media user preferences.

An audience survey from Pew Research Center for the People and the Press reported in May 1996 that computer owners and people who go online are less likely to watch television news or read newspapers. In contrast, a 1998 survey from the same research center suggested that only 11 percent of people who visit online news services reported using traditional news sources less often.¹¹

In the meantime, surveys by Nielsen Media Research first found that households with Internet or online access watched 15 percent less TV over the course of a week than non-online households. Yet in its later research measuring the relationship over time between Internet and TV usage, Nielsen found that Internet access at home had little impact on overall household TV tuning levels.¹²

Despite the scant number of published studies of China's audience preferences in the new milieu, the semi-annual CNNIC reports on the country's Internet development offer some statistics that help to locate the preferences. The January 2001 CNNIC report shows that when asked the primary goal for accessing the Internet, 68.84 percent of respondents cited "getting information", and 84.38 percent said the primary information gathered online is news. Anecdotal reports from China also suggest that it has become a routine among many college students, IT workers, professionals and government officials to go online for daily news and information. Li Xiguang, professor of international communications at the prestigious Qinghua University, said that over the past three years he himself had not subscribed to a single newspaper. Instead, Li relied heavily on the Web for all the latest news and information, surfing the *People's Daily*, the *Beijing Youth Daily* published in Beijing and the *New York Times* and *USA Today* put out in the United States.¹³

As suggested by scholars Atthaus and Tewksbury, the present choice of using the Internet depends first and foremost on whether a person already possesses the minimal skills and computer equipment needed to access Internet content, two resources that are still in limited and uneven supply. This is especially true in developing countries such as China. Yet, "at some point in the not-too-distant future, the choice between new and

traditional media will depend more on how well these technologies satisfy particular interests and needs of individual consumers than on the current social distribution of necessary equipment and skills.”¹⁴

Historical patterns of media usage have indicated that the introduction of new media typically erodes the audience base for traditional media, and that increased audience fragmentation typically results from the introduction of new media technologies. For example, motion pictures, radio, newspapers, and network television all declined in popularity as newer media technologies were developed and diffused in the United States.¹⁵

One explanation for this tendency is the classic principle of relative constancy, which was first proposed by newspaper publisher Charles E. Scripts and later developed by Maxwell E. McCombs, professor of communications at the University of Texas at Austin.¹⁶

In a 1972 study of the impact of new technology on existing mass media advertising revenues and consumer spending between 1929-1968, McCombs found that consumer spending on mass media was relative to the Gross National Product and was constant over time. Consequently, even though total consumer expenditures on mass media may rise and fall in actual dollars as a result of numerous economic factors, media spending, as a percent of disposable income, remains relatively constant. The implication of this proposition for traditional media is clear: if new mass communication technology survived and thrived in the marketplace, it would probably be at the expense of traditional mass communication media.

An extension of the relative constancy principle suggests that another threat to existing media from new technology may well be the clock. That is, the amount of time consumers spend with mass media may be constant and finite over time. There are only 24 hours in a day. Time is fixed. Although in the short-term, media use patterns may alter because of an increase or decrease in time spent with non-media activities like sleeping, eating, working and socializing, in the long term, media use pattern would be constant. If this is the case, then as new technologies such as interactive computer networks enter the market, the time consumers spend using them will be subtracted from time previously spent using traditional media.¹⁷

Over the past several decades, the relationship between audience behavior and media offerings has been a dominant issue in the communications literature. Several major lines of thought emerge in this field, such as “uses and gratifications” perspective, the model of “leisure research” and the “critical theory”.¹⁸ The “uses and gratifications” approach has been viewed as particularly important in understanding selection among the media new and old. It may help build a useful framework from which to begin the work on Internet communications.¹⁹

The approach of uses and gratifications for studying audience orientations toward mass communications emerged from studies of print and radio in the 1930s and 1940s. Underlying the approach is the assumption of an active audience, which turns to particular forms of mass communication in order to satisfy needs. It posits that individuals have substantial control over the communication process. Much communication behavior, including media selection and uses, is goal-directed, purposive, and motivated. Individuals take the initiative in selecting and using communication

vehicles to satisfy specific needs or goals. The primary functions served by mass media usually include: information seeking or surveillance; reinforcement of personal values, opinions and identity; social interaction and integration; social compensation and companionship; entertainment and enjoyment; escapism, diversion, and passing time; and mood management and emotional release.²⁰

This approach also implies that when a new medium becomes available, audiences will evaluate the usefulness of the new choice as compared with an older medium. When a new medium is used for the same purposes as an older medium, the new medium is a functional alternative to the older medium, and audiences would choose between them by determining which one better satisfies their needs.

“As the Web can be seen as a functional alternative to traditional news sources such as television and newspapers, the potential for media substitution brought about by the introduction of the Web hinges on identifying the particular constellation of needs currently supported by its functional equivalents. If the Web meets these needs better than traditional news media, or if it satisfies demands that could not be fulfilled owing to the structural limitations of traditional news media, then we might expect audiences to shift toward the Web and away from newspapers and television.”²¹

Enticing Web

Several structural features of the World Wide Web, which became popular in the mid 1990s as a more user-friendly presentation form of the Internet, have been identified to explain audiences' preference for the Web over the traditional news media.

First, the Web has almost limitless capacity to store and transmit information. The amount of information on the WWW has been growing exponentially. As of August 1998, one source reported that available public web content was three terabytes, the web was doubling in size every eight months, and there were approximately 20 million web

content areas, that is, top-level pages of sites, individual home pages, and significant subsections of corporate web sites.²² A gigacrawl by the search engine Google at the end of year 2000 netted a total of 1.6 billion URLs, of which unique pages amount to 1.4 billion, while 220 million are duplicate pages.²³ With a computer, a modem and the telephone connection, individuals in any corner of the world can explore the Web to access information produced anywhere in the world.

By March 1999, some 4,925 newspapers around the world had created online news sites. Most of them supplement their normal print version with additional news and information. These sites also feature content that in some way utilizes the unique capabilities of online media. For example, many use pointers or hypertexts that allow readers easy access to related online news and information. This hypermedia capability gives online news the unique ability to place news stories into greater context than in traditional media by making connections and associations with related developments, facts and stories. Online media also permit news reports to provide layers of content that can include text, audio, and video, as well as graphics and animations, permitting readers to access news content in considerably greater depth than traditional news stories can provide.²⁴

Second, the use of Internet for news consumption affords audiences considerable control over their information environment. Ithiel de Sola Pool, a self-proclaimed soft technological determinant, calls the new media “technologies of freedom.”²⁵ Traditional media are synchronous in nature, and follow a well-defined cycle of newsgathering and presentation. TV viewers can watch a television news program only when it appears on the TV sets, radio listeners can listen to a program only when it is on the air, and

newspaper readers can read news items only once a day. In the asynchronous environment of the Web, viewers, listeners and readers can visit the Web any time of the day to access any topic they please. They can control the flow and delivery of information in whatever ways they like.

Third, news on the Internet offers a unique feature of interactivity that rarely exists in traditional media. Online news can offer readers means to participate in the news. Most news sites host a variety of reader forums that invite readers to comment on news reports and issues. At many news sites, these forums have become extremely active. Usually, readers have the option to email the items they are reading to their friends. The traditional top-down, one-to-many model of mass communication gives way to the parallel, one-to-many, many-to-one, many-to-many models of the computer-mediated communication. Besides, online news also supports the ability to customize information. Internet users can choose what kind of news they want to receive, and tell the web sites to send only what they hope to read and block others they think irrelevant to them.

In China, the above-mentioned outstanding structural features of the Internet news are amplified thanks largely to its unique political and mass communication environment, which renders them much more appreciated by the Internet audience of the country than their counterparts in countries like Canada and the United States.

The Internet provides far more information than the press, radio and television outlets combined. This is particularly true in China, a country where all conventional mass media outlets are nominally owned by the ruling Chinese Communist Party and the state. The production and distribution of news and information have been largely under the monopoly of a cluster of national media outlets including the CCP mouthpiece of the

People's Daily, the national wire service Xinhua News Agency, the Central People's Radio Station and the China Central Television Station (CCTV), and their counterparts at the lower levels of governments. All of them are endowed with the responsibility of "guiding the public opinion" of the nation. Though economic reforms over the past 20 years have brought a much diversified structure in the mass media that have witnessed the strengthening of local and societal voices, the party-state still exercises tight control over them, a Chinese characteristic succinctly summarized by media scholar Wu Guoguang as "one head, many mouths".²⁶ Media outlets have gained a large space to maneuver in the social realm, albeit not yet in the political realm. All news outlets, be it newspaper, television and radio stations, must toe the Party line. Politically incorrect publications and programs are usually censured or simply shut down as a punishment for their intransigence.

The new communication vehicle of the Internet threatens to shatter the wall of information monopoly and thus renders possible a much broader and pluralistic perspective of the populace. With a computer, a modem and telephone line, individuals can read on their computers from the comfort of their own homes *the Strait Times* of Singapore, *the Apple Daily* of Hong Kong and the Web daily of *Tomorrow* of Taiwan. If their English is up to the task, they can browse the latest news and analysis from CNN, *the Washington Post*, *the Financial Times* and *the Globe and Mail*. They also have the option to log on to Internet portals of the homegrown Sina and Sohu or the American giant Yahoo to track down what interests them the most. Thanks to the Internet, officials in the Propaganda Department of the CCP Central Committee can no longer dictate what the nation should read and watch, and thus how they should think. Authorities can set up

filters to block what they deem as undesirable and “spiritually pollutious” web sites overseas. Yet, the diverse nature of the Internet transmission determines the effects of blocking are often quite limited. Besides, there is always a way for the Internet-savvy readers to skip around any filters, using tools like proxy servers to reach their destinations.

The interactive and empowering structural features of the Internet are also particularly appealing to Web users in China where the public have few channels to express themselves under the conventional mass communication system. China allows no privately-owned newspapers, magazines, radio and television stations, though freedom of speech and freedom of publication is entitled to every citizen under the Constitution. Individuals nominally have the option to send their “letters to the editor” to media outlets, but they have almost no chance at all to make their views published or aired if the views are not in line with the official mantra. The so-called “Big-character posters”, which climaxed as a public expression tool during the destructive Cultural Revolution (1965-1976), are nowhere to be found in today’s China. Now with the Internet, audiences can click and go to user forums provided by most Internet Content Providers (ICPs), give vent to what is in their mind and heart, share their views with like-minded and occasionally get spamed by those with opposite ideas. They can always drop a line of comment to editors and webmasters who may be more responsive than their counterparts in traditional media outlets. In addition, the asynchronous communication of the Internet put users in control as to when to surf and what to read.

Sina phenomenon

Among Internet users in China, there is hardly anyone who can claim that he or she has never visited the Web site of www.sina.com.cn. There is a popular saying among the expanding Chinese Internet-user community “For news, go to Sina”. The Nasdaq-listed Web portal company claims to be the largest Chinese-language site in the cyberworld. It enjoyed 1.5 billion pageviews for the month of December 2000, and had 16 million registered users at the end of the year.²⁷ For three consecutive years, Sina has been selected as the most popular website by Internet users in mainland China, according to independent surveys undertaken by CNNIC, which publishes semi-annual reports on the Internet development in the country. It was ranked as China’s most popular Web site in April 2001 by Gallup (China) Research Ltd., a subsidiary of The Gallup Organization. The announcement came on the heels of iamasia’s February 2001 survey, which also gave top honors to the portal as China’s leading Web site and Greater China’s number one Chinese Web property.

Sina’s reputation as a reliable online source of news and information has extended well beyond the Internet-user community. It has been followed closely by its new media competitors, Wall Street investors, managers of print and broadcasting, as well as the country’s decision-makers of media policy. Yan Wenbing, a senior editor of the Department of Domestic News for Overseas Service of Xinhua News Agency, noted that Sina’s reporting of breaking news “fully demonstrates the enormous potential of the new media.”²⁸ Sina has made newspapers feel destitute of self-confidence with its glaring success at attracting readership, according to Sun Baochuan, director-general of the

China News Technicians Association.²⁹ Officials from China's top government department in charge of the media, the Information Office of the State Council, issued an official call urging the country's traditional media outlets to study Sina in their Internet endeavors. "If you continue dithering and without no prompt action, we'll have real problems," officials of the office were quoted as telling the old media representatives in a closed-door meeting.³⁰

A few years back, hardly anybody in the world's Chinese community ever heard of the name Sina. The rapid ascendance of Sina and its challenge to the monstrous mass media players is only possible in the age of the Internet and in the ongoing process of investment and the globalization of expertise.

Sina's development can be traced to Stone Rich Sight Information Technology Company (BSRS), which was founded in December 1993 in Beijing by incumbent Sina Chief Executive Officer Wang Zhidong. The company was originally focused on the development of Chinese-language software for Windows. It introduced in 1994 the Richwin software, which allows people to view and input Chinese characters on the Internet. The software is still among the most widely used of its kind.

When the Internet wave reached China in the mid 1990s, the company saw the potential opportunities and set up in April 1996 a website called SRSNet (www.srsnet.com), which was aimed at providing online technical support to the country's emerging Internet users. However, its discussion forum and chat-room proved to be hugely welcome among its visitors. The year 1997 was crucial in the company's development. It was during the preliminary matches of the World Cup in 1997 that its web service began to catch the attention of Chinese visitors at home and overseas. The

article “Dalian Jinzhou doesn’t believe in tears”, which first appeared at the site, was widely circulated among soccer fans. In November 1997, the web site debuted its sports column “Jingji fengbao” (match storm). By the end of the year, the company had secured investment from several foreign venture capitalists, including Walden International Investment Group. It was the first time that a Chinese company received venture capital from abroad.

When the World Cup was held in France in July 1998, the website reported lavishly on the event, posting as many as 200 articles a day, many of which were contributed by its designated correspondents from France. The timeliness and vast volume of its reporting surprised the traditional media. It was also during this period that the company transformed itself from a software firm to a dotcom company. On December 1, 1998, the company announced its merger with the U.S. –based sinanet.com, a site that targeted the overseas Chinese community. The merger, which combines local entrepreneurship, overseas venture capital and expertise, helped make Sina the largest Chinese-language site in the world, with branches in mainland China (<http://www.sina.com.cn>), the United States (<http://www.sina.com>), Hong Kong (<http://sina.com.hk>) and Taiwan (<http://www.sina.com.tw>).

Unlike other noted Chinese Web sites such as Sohu, Netease or 8848.net, the new company of Sina didn’t focus on developing Chinese search engines or e-commerce functions. Rather, its initial aim was to provide online news. This move is a rather calculated and practical choice given the specific circumstance of China. At the time, Internet resources in the Chinese languages were quite limited; there was not much for a search engine to fully demonstrate its potential. Buying and selling via the Internet,

though an exciting option for the cost reduction for both consumers and businesses, faces insurmountable hurdles in China, notably the lack of well-developed credit and delivery systems. On the other hand, online publishing is a gray area with no clear-marked “dos” and “don’ts”. The cost involved is also minimal, since the popular notion at the time was that everything on the Internet should be free, including the unauthorized copying and pasting of information from newspapers, magazines, books, and broadcasting programs. In addition, news and information were the hottest stuff online, and was capable of attracting the largest amount of “eyeballs” in the so-called “attention economy”.

SINA’s ascent to the throne as the top Chinese news website came amidst two extraordinary events: the NATO strikes against Kosovo in March 1999 and the U.S. bombing of the Chinese embassy in Belgrade two months later.

Unlike people in the United States and Canada, the populace in China has been maintaining a high interest in the consumption of international news, partly because they have been more curious about learning things outside their borders and partly because the reports on domestic affairs were rather dull and generalized. The development of ethnic factional war in the former socialist country of Yugoslavia was no exception, and attracted large numbers of news followers. For decades, international news reporting was the monopoly of China’s state news agency Xinhua, which stations correspondents in over 100 countries including Canada. Before the advent of Internet in China, it was quite normal for the Chinese print and broadcasting to carry on its Wednesday’s newspapers and programs Tuesday’s Xinhua dispatches on events that actually happened in North America on Monday. The Internet technology plus the entrepreneurship of China’s commercial Web services helped to eliminate the outrageous time lapse of news reporting

and events. Sina's promptness in reactions to news events brought Chinese Internet readers in sync with the rest of the world.

When NATO began its air strikes against Kosovo in the early morning of March 25 (Beijing Time) 1999, the Sina website put forward its first "flash" item at 2:50 am: "Air Strike siren in Kosovo's capital Pristina". At 3:04 a.m., it posted a second "flash": "Exploding sound appears around Pristina." By 6:00 a.m. that morning, Sina had rolled out as many as 16 news items on the strike. Sometimes in the process, news items were refreshed every two to three minutes. The Beijing-based radio and television broadcasted the world-riveting event in their morning news programs. Newspapers reported it later in the day and the morning after. Sina's quick response to the breaking event was said to be the result of its staff's 24-hour monitoring of CNN news and feeds from the world's leading wire services, including the Associated Press, Reuters and AFP.

Most Chinese will remember May 8, 1999 as a day of national humiliation wrought by the world's remaining superpower. On that day, the U.S.-led NATO forces barbarously attacked the Chinese embassy in Yugoslavia, which was later explained away by the Clinton administration as a tragic "mistake". Yet, few Chinese except the Sina staff and those in China's media studies circles, ever knew that it was the website of Sina that first broke the heart-rending news to millions of the Chinese audience.

At 5:50 a.m. May 8, 1999 (Beijing time), the Chinese embassy in Yugoslavia was hit by five missiles from NATO. The incident injured over 20 embassy staff and killed three Chinese correspondents at the compound. Sina put out a news bulletin at 6:24 a.m. Its second item appeared on 6:40 a.m., which included more details. In the following hours, pictures and news items were refreshed every two to three minutes.³¹ On May 8

alone, Sina posted a total of 214 items of the embassy bombing-related stories, 230 flashes and 103 pictures. Its detailed, large-volume continuous coverage of the incident accorded Sina a reputation of fast, comprehensive and accurate online news reporting. As a direct result of this, Sina overtook Sohu in July 1999 as China's number one website for the first time.

The timeliness, the sheer volume, the in-depth information, the graphics and pictures of the reporting as well as readers' live responses in the chat rooms and at the discussion forum deeply impressed even the old hands of the journalistic trade. "In the face of Sina and other new media, the professional advantages accumulated over the past decades by some newspapers vaporized overnight," Sun Baochuan lamented at a national gathering of newspaper editors and publishers. "The NATO attack shattered the fantasy of many Chinese youths for the United States. It also sounded an alarm for our traditional media. For the first time, the press of the country has felt the enormous impacts produced by the 'Forth Medium'" ³²

Sina's outstanding expertise in reporting breaking news was demonstrated once again on August 24, 2000 when an Air Bus plane crashed into the Persian Gulf, killing all on board including three Chinese nationals. All three were employees of Xinhua, the national news agency that boasted occasionally about its nimbleness in beating the world No. 1 wire service AP and other leading wire services in sports events and breaking news. Yet, at its own game and with an event involving its own employees, the news agency was kicked a sound defeat without any mercy by a new up-start dotcom.

Sina reported the crash at 1:45 a.m. with a news bulletin:

Bulletin: Air Bus Plane Crashes in the Gulf Region

It is learned at 1:45 am August 24 Beijing time that an A320 Air Bus plane of the Gulf Airlines has crashed into the Persian Gulf near the state of Bahrain.

According to the latest news, the plane departed from Cairo, probably carrying 140 passengers.

At 1:58 am, the web site posted its second piece of news about the crash:

Flash: Air Bus Plane Crashes in the Gulf Region (with map)

It is learned at 1:45 am August 24 Beijing time that an A320 Air Bus plane of the Gulf Airlines has crashed into the Persian Gulf near the state of Bahrain. According to the latest news, the plane was on the Cairo-Bahrain-Cairo route. There were about 140 passengers on the plane.

It is reported that one engine of the plane caught fire when it took off from the international airport of Bahrain. At present, the Bahrain departments concerned are making efforts for the rescue.

In the following hours, Sina rolled out the one piece after another on the latest developments of the event as well as background information about the Air Bus Corporation and history of Air Bus crashes. At 7:19 a.m., the portal reported that three Chinese nationals were among the doomed passengers. At 10:20 a.m. it revealed that the three Chinese nationals were spouses of Xinhua employees who worked in Cairo, the capital of Egypt.

In comparison, Xinhua was quite a laggard in its reporting of the event. The wire service released its first piece of news of the crash on its website “www. xinhuanet.com” as late as 8:16:56 a.m. The same piece of news was dispatched about 10 minutes later on its “broadcasting” channel, which provides feed to newspapers and radio and television outlets. A verbatim translation of the two-paragraph Chinese dispatch on Xinhua’s web goes:

Air Bus planes Crashes into Persian Gulf

RIYATT, August 24 (Xinhuanet) – According to a statement released by the Persian Gulf Airlines, rescuers have picked up 137 bodies from the water. The statement also noted that there are probably no survivors.

It is reported that relatives of some of the victims have arrived at the Manamah Airport to wait for the final news of the rescue. Enditem

The news agency reported three Chinese nationals were among the victims at 11:19:43 a.m. It didn't mention them as spouses of Xinhua employees until 17:50:01, and still no identification was made as to who the victims were.

My comparative research on the crash reporting by both Sina and Xinhuanet websites a few days later indicated that the commercial web portal outperformed the national news agency by a big margin in both timeliness, the volume and the in-depth of reporting. For the day of August 24 when the crash happened, Sina posted a total of 18 stories and 19 pictures related to the incident, while Xinhua posted a meager 11 stories and no pictures. Xinhua's slowness of response to emergency and its lack-luster reporting as compared with Sina serviced as an astounding wake-up call for the top echelons of Xinhua. The editor-in-chief office demanded a review report from both the Department of International News and the Xinhuanet as to why they had performed so miserably. The accident also served as a prompt for the news agency to soul-search its time-honored practices of news reporting and editorial process.

Over the past two years, Sina has gradually established itself as the undisputable leader of online news and information in mainland China, distancing itself from both the original websites such as Sohu and Netease that have no media-related background, and the news websites that were put up and managed by newspapers, radio and television outlets. Sina's success comes from a combination of several factors including its unique editorial policy, proper corporate structure and advantages of being a market leader.

Sina has no stone-etched editorial policy of what should and should not appear on its website. According to its content manager Chen Tong, Sina's choice of news items

relies more on the feel and gut instincts of its editors when it comes to non-politically-sensitive topics. “Whatever looks like news can be picked up and posted on the web,” Chen told a group of researchers in the midst of 2000, weeks after its listing on the tech-heavy Nasdaq stock market.³³

Though constantly in a flux and tuning up, the rule of thumb of Sina’s editorial policy at its News Center in Beijing covers topics like: news on major national and international events, news that can catch the attention of social groups, and news that can become the topics of audiences. Sina holds the view that online readers’ needs are noticeably different from the needs of newspaper readers in that online readers are more emphatic on the entertaining side of news and that they have much less expectation of “media responsibility” on the side of web news providers. This understanding of Web news helps differentiate Sina from traditional news media in their content choices. Sina news often impresses its readers by its timeliness, intimacy and human interest.

Another difference is that Sina represents a “neutral platform” of news and information publishing, which is a clear departure from the “propaganda tasks” still being carried gingerly by the country’s newspapers, magazines, radio and television stations. Propaganda drives away audiences. Because of the contrast, Sina’s Beijing site <http://www.sina.com.cn> entices millions of visitors each day. While its Hong Kong and Taipei-based sites <http://sina.com.hk>, <http://www.sina.com.tw> are much less prominent among local readers, since the commercialized media environments in both Hong Kong and Taiwan do not afford Sina the advantages of being a “neutral platform”, according to new media scholar Sun Jianhua.³⁴

While the existing political milieu on mainland China accords Sina relative competitiveness, this also makes it necessary for Sina to play on the safe side of politics, which compromises its relative neutrality. As a commercial website, the ultimate pursuit of Sina is to make profits and return to investors as much as possible, according to Chen Tong. It has been Sina's policy not to post news and information that contravenes the government interpretation of events. This stance is clearly demonstrated in Sina's selection of news, especially when it comes to politically sensitive issues like Falun Gong, Tibet and Taiwan. The choice is no doubt a practical as well as sophisticated calculation of business.

Currently, Sina web site publishes over 1,000 items of news every day. Interestingly, it has no reporters, but only editors whose major task is to glean from a wide range of Chinese and English sources, cut and paste and put them on the Sina website. Therefore, Sina is called by some derogatively as a "cutter and paster", or an "aggregator" of news and information in the more positive sense. Sina's net of information sources is cast extremely wide. It has contracts with several hundred domestic news agencies, newspapers, magazines, radio and television stations that provide news and information to Sina on commercial terms. Overseas news providers such as the Associated Press, Reuters, AFP, CNN are among its foreign media partners. This kind of arrangement with traditional media outlets guarantees that the majority of news and information on Sina website is at least as credible as the traditional media partners. In the meantime, Sina produces about 50 "original" articles a day so as to "add some bones to the vast amount of flesh." These articles are contributed to Sina from the

hands of experts, freelancers and noted journalists. This section of information constitutes part and parcel of what distinguishes Sina from other online news services.

At Sina, there exists no effective top-down screening of news items that are to be published on the web. However when problems do occur, Sina often rewrites the news item or simply pulls it down from its website, leaving behind no traces at all. This represents another plus for publishing on the Web.

The news center of Sina is responsible for the selection and editing of news. An outstanding feature of the department is that none of its editors working there has any journalistic training or experience. Most of them come from foreign language and technical background. They are required to be good at computers and the Internet, have wide range of knowledge, strong Chinese language skills and good grasp of foreign languages. In Chen Tong's view, people without journalistic background are not necessary inferior when it comes to web news production. On the contrary, the laymen of journalism don't have the confines of journalistic education, which makes their instinctive judgment of what constitutes a piece of news more closer to the tastes of the general Internet readership. Compared with the web pages of traditional media, Sina has been proved to be more capable of grasping the characteristics of communication on the Internet, Chen claimed.³⁵

In addition, news of Sina is closer to the parallel model prevalent in the computer-mediated-communication environment and farther away from the top-down model, which is dominant in the traditional mass communication. Sina positions itself as a kind of medium or just a place for the public to gather and share information. No overbearing moral lessons at all throughout the dozens of channels at Sina. All the web portal tries to

do is to provide as much as possible information to the readers so as to make them more informed and, if possible, entertained. If a reader has something in his mind to vent about the news items, Sina provides him or her a chance at the end of every news item a small box clearly marked “Please click to join in discussions”. There is a parallel hyperlink box to remind the reader that it is possible to email the item to a friend, with just a click and typing in of the email address.

Due to its origins as a software developer, Sina is very strong technically as compared to other Chinese web portals. Sina affords the latest technical skills to make a bright and user-friendly web site that is an efficient tool for users to have what they desire. The portal boasts a much more powerful search engine and database than its portal peers such as Sohu or the websites managed by the major news media outlets.

To test the size of the databases and their search capability, I typed in the Chinese-character name of Chen Shuibian, leader of the Taiwan authorities, into the search bars of three Chinese websites on July 19, 2001. Minutes later, Sina produced a total of 883 items which spanned from July 19, 2001 to September 26, 2000. Each Sina item carries a brief summary of its content and the time when it is posted on the Web. While Sohu turned out only 99 news items from the previous two months, each with posting time but no summary; and the website of the *People's Daily* put forth 698 items from July 18, 2001 to March 22, 2000.

In addition, nearly every item of Sina news is followed by hyperlinks that facilitate moving on to other related items in its database and to other websites. Take as an instance the item “U.S. Act of permanent normal trade relations with China attains enough votes”. This latest news on May 24, 2000, was followed by 39 related items of

news that date back to April 26, 2000.³⁶ No wonder when Chinese audiences want to read or search something on the Internet, Sina is always the obvious choice to most of them.

Statistics provided by Sina shows that by the end of December 2000, Sina enjoyed 1.5 billion pageviews, as audited by ABC Interactive, and 70 percent came from mainland China.³⁷ That means that on any given day now, Sina has at least 35 million pageviews from the mainland Chinese readership. This, according to the classic principle of relative constancy, suggests that millions of Chinese audiences are probably spending less money and time on conventional media outlets of newspapers, magazines, radio and television broadcasting. Sina, together with other providers of Chinese news and information on the Internet, have in fact begun to erode and fragment the audience base of the conventional media. This is a bad omen indeed for both the bottom line and the Party line of the conventional media, which have no option but to act up and fight back in the unmarked terrains of the Internet new world.

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IV. Shift of Minds

From the top hierarchy of the Chinese government to the management of multitudes of news media outlets, there appeared to be a collective shift of minds on the Internet in the year of 2000, which has resulted in a flurry of moves aimed at strengthening the presence and relevance of major traditional media outlets in the new front of cyberspace.

China's top leader Jiang Zemin set the tone: employing the Internet, while containing its potential harms. On several occasions, Jiang, China's president and general secretary of the CPP Central Committee, talked about the Internet, the need of quickened development and careful regulation of the new communication vehicle.

In an interview with the U.S. magazine *Science* in June 2000, Jiang noted that the development of the Internet has given people a wealth of information. "I'd like to point out that the added value of information is reflected by the fact that it is open to all and shared by all," he said. "So I hope all young people, both Chinese and foreign, and all scientists and scholars around the world will make the best use of the Internet." However, he also warned that people should guard against negative impacts of the Web and noted that all countries share concerns on how to protect young people from the negative impact of the Internet. "One thing that must be ensured is that facts should not be distorted," he stressed. "Otherwise people will ask how to tell truth from distortion on the Internet." ¹

Jiang touched upon the Internet subject again in an interview with Mike Wallace, the 82-year-old American anchor of the "60 Minutes" program of the Columbia

Broadcasting System (CBS), in the seaside resort of Beidaihe, about 300 kilometers east of Beijing, on August 15, 2000. "We hope people will learn a lot of useful things from the Internet," the Chinese president said. "However, sometimes there is also unhealthy material - especially pornography on the Internet - which does great harm to our youngsters." ²

Five days later at the World Computer Congress in Beijing, the Chinese leader was reported to offer "a ringing endorsement" of the new telecommunication technology. "Virtual reality is profoundly changing the way people produce, learn, and live...we should deeply recognize the tremendous power of information technology and vigorously promote its development." As on previous occasions, Jiang once again reminded the gathering of the world's top talents of computing that "the Internet also brings problems that make people uneasy: anti-science, false science, and information that is unhealthy to the point of being downright harmful." ³

Jiang's interest in and public endorsements of new technologies, including the Internet, can be traced down to his engineering background and working experience before he was promoted to the top of the hierarchy by the late Chinese leader Deng Xiaoping. It can also be attributed to his conviction that the Internet will transform China into a more powerful and efficient economy if developed properly. Even long after the burst of the Internet bubble on Wall Street, Jiang still held the view that applying the Internet is vital to the nation. In his latest address on the Internet on July 12, 2001 in Beijing, Jiang urged again the nation to hasten the development of information and network technologies to help China thrive in the Internet era. "We should energetically push forward the informatization of our economy and society, to propel industrialization

with informatization, give play to our advantages of late development and realize the leap-frog growth of our social productivity,” he said. However, Jiang also dwelt on the need to strengthen the regulation of information circulating on the Internet. Citing ill-wanted information such as superstition, pornography, and violence on the Web, he stressed that it was highly imperative for the country to ensure that the information network develops in China in a healthy fashion. ⁴

This seemingly paradoxical approach -- encouraging the Internet expansion while tightening regulation of information running on the information superhighway -- has been the way the country has been run over the past two decades and more: economic liberalization has been vigorously promoted, while political and ideological liberalization has remained a taboo that broaches no attempt. The same logic is now applied to the Internet, a new tool of mass communications: Internet should be used for propelling the economy, but never for ideological or political liberalization.

Party's tradition of media control

In the 80-year history of the incumbent Chinese Communist Party, news media have occupied the attention of generations of CPP leaders. Lenin's notion that the party press should be the party's collective propaganda, agitator and organizer was instrumental in shaping the CPP's press policy. During his reign, Mao Zedong, head of the CPP first generation leadership, issued many directives to high Party leaders on the importance of maintaining complete control of the press. Mao insisted that the press must

unconditionally propagate the Party's policies and suggested strict measures of press control. The post-Mao leadership continued to stress this theory of press control. Even Hu Yaobang, who was widely considered the most enlightened post-Mao leader, emphasized in a widely publicized speech in 1985 that "the Party's journalism is the Party's mouthpiece".⁵

Immediately after his ascendance to China's top leadership position, the current leader Jiang Zemin gave a speech in November 1989 on the Party's leadership in journalism: "Party committees at various levels should frequently discuss and study news work. Issues such as propaganda policy, guiding ideas, focus of news reporting, and effects of propaganda in each period must be discussed in Party committee meetings. The chief responsible comrade of the Party committee must take personal charge of news work. He must provide timely information to the media, issue orders...he must personally preview important editorials, commentaries, and news reports."⁶

Why has the CPP consistently put such an emphasis on the press control?

American scholar Daniel Lynch provide some clues in the following remarks:

"If a state can control society's communication processes, it can structure the symbolic environment in such a way that citizens will be more likely to accept that state's political order as legitimate. There will be fewer challenges to the state's rule and citizens might even be encouraged to identify affirmatively and enthusiastically with state goals. Conversely, states that are perceived as illegitimate must increasingly rely on physical coercion and the satisfaction of material wants to maintain control."⁷

Given the party's time-endured preoccupation with the importance of the press in shaping and mobilizing the general public, it is almost unimaginable that the party would sit idle to let the Internet-based news media grow in its own way at its own will, let alone

allow the upstart, foreign-capital-dominated commercial websites to shape the minds of the increasingly large community of the Chinese netizens.

As in other countries, news media in China have been the pioneer in adopting the latest communication technologies. When the World Wide Web took the Western world by a storm in the mid 1990s, media outlets in China were also caught by the ripple effects of the wave. On January 12, 1995, the journal of *Shenzhou Xueren* (China's intellectuals) embarked on the information bandwagon. It was the first magazine in China to get on the Internet. *Zhongguo Maoyi Bao* (China Trade newspaper) was the first of the Chinese newspapers that got online. It made its online debut on October 12, 1995. In the same month, the Guangdong People's Radio Station set up its website, the first in its own field. Two months later, the China Central Television Station established its website, the first among television stations in China. Before the end of 1999, the number of websites established by newspapers, magazines, radio and television stations in China had increased to more than 700.⁸

During the initial phase of Internet media development, the CPP and the state adopted largely a wait-and-see attitude, as it was still on the learning curve of the new communication technology, unsure of what it should do or should not. It demonstrated contradictory attitudes to media outlets' applications for publishing on the Internet. For instance, it gave a go-ahead to the Party's flagship newspaper *People's Daily* when it applied. The newspaper debuted on the Internet in January 1997. But the Party raised a blaring red light when Xinhua News Agency applied at about the same time. It was not until November 1997 that the national wire service finally got approval from the central authorities and managed to get a foothold on the Internet. Media outlets sought online

publishing largely thanks to their fears of lagging behind the technological wave. Yet, lacking of sufficient funding, technical expertise as well as strong conviction determined that most of the Internet presence of the state-owned news media outlets were confined to publishing only the “online versions”, which means the abridged versions of the conventional media products.⁹

However, the tentative, explorative attempts of the news media were soon overtaken by the more aggressive commercial Internet content providers like Sina, Sohu and Netease. News and information were among the highlights of their essential services. Sina, the self-proclaimed No. 1 Chinese language website of the world, turned out to be a true competitor of and even a threat to the conventional media outlets through its outstanding reporting on events like the NATO bombing of China’s embassy in Yugoslavia. “Go to Sina for news” has become a routine for most news junkies in China. In addition, many Chinese news websites based in Hong Kong, Taiwan, Singapore and North America provide Chinese web surfers alternative channels of news and information to the state-owned media outlets.

The fact that an increasingly larger number of Chinese citizens began to obtain news and information from sources other than the Party-sanctioned ones was quite discomfoting to the Party and state who have been accustomed to unilateral control over the flow of ideas. As noted by political science scholar Geoffry Taubman of Columbia University, “When it becomes commonplace for the citizens of a particular state to have access to a greatly expanded quantity of news, facts, and ideas, governments will face greater difficulties in maintaining their hegemony over the distribution of information and ideologies in the domestic arena.”¹⁰

This looming danger and the realization that the Internet – the so-called most effective means of “thought work” and “news publicity” in the Party jargon -- was slipping away from the firm grip of the propaganda apparatus eventually convinced the Party septuagenarians to ride the juggernaut.

The Party’s intensive interest in bringing the new, freewheeling Internet-based media in line and under its firm control was first made public in January 2000 when the Information Office of the State Council convened in Beijing the first-ever national conference on the “Internet news publicity work”.¹¹ According to Zhao Qizheng, the ministerial-level chief of the Information Office, China’s top leadership pays great attention to news publicity on the Internet. It was high time for the state news media to rejuvenate themselves, go all out to strive for the vantage point of news publicity on the Internet, Zhao told the gathering of heads of major news media outlets.

Chinese leader Jiang Zemin himself has since showed unprecedented interest in the Internet as a new publicity or propaganda tool. His views are best manifested in his much publicized, condensed sentence of 24 Chinese characters. The Jiang directive purports to provide an overall guidance to the Internet-based news publicity across the country. The much-circulated “guiding principle” can be translated verbatim as “actively developing, fully utilizing, enhancing regulation, seeking the benefits while avoiding the harms, giving full play to the advantages, and taking initiatives”.¹² The 24-character quotation from Jiang has become an official mantra for propaganda department officials as well as the top managements of the state media, which had until the year 2000 been rather lukewarm in their approaches to the Internet as a promising medium of mass communication in contrast to the ultra-proactive attitudes by the commercial web news

providers that were daily eroding and fragmenting the audience base of the conventional state media.

To Jiang and his CPP comrades, there are clear dangers ahead. The conventional media in China have been taken for granted for decades as the mouthpieces of the Party and state. They are devoutly committed to the task of brainwashing the public, or more euphemistically, guiding public opinion and ideology. However, their lethargy and listlessness when facing the Internet assault had contributed to the phenomenal ascendance of the domestic news and information web originals that were constantly chipping away at the relevance and significance of conventional media outlets to the general public in China.

According to the official *Guangming Daily* newspaper, the upstart news websites “pose a serious challenge to the function of the media in guiding the society”; they have “broken the unity of public opinion,” and the “resultant divided and chaotic public opinion will endanger social progress and stability” of the country.¹³ Following this logic, it is easy to reach the conclusion that if these websites were not checked in time, the legitimacy of the ruling CPP would be challenged as a result. This is the least desirable scenario that the Party wants to see.

The Internet's debilitating potential was put on display in March 2001 when the truth about a deadly school explosion in central China's Jiangxi Province spread across Chinese Internet chat rooms. Authorities blamed a suicide bomber for the killing of 38 children. But regional and foreign journalists who interviewed the anguished parents reported that students had been forced to make firecrackers to supplement the school's income. Discussions at Sina became so heated and critical of the authorities' attempts to

obscure the truth that the web portal had to shut down the forum for fear of incurring political trouble. However, by then the story had already spread far and wide, which prompted Chinese Premier Zhu Rongji to issue a rare public apology over the incident, and to promise that the central government would conduct further investigations.¹⁴

As observed by U.S. scholar Nina Hachigian, the changes wrought by the Internet will become “seismic” as control over information will slowly shift from the state to networked citizens. “The Internet’s ability to provide a flood of new ideas makes it the most formidable challenge yet to a key source of power, one practiced by Chinese governments for centuries: the power to shape public opinion in a way that leads citizens to accept the CCP’s political legitimacy.”¹⁵

Just as Jiang’s 24-character principle clearly indicated, the Party and state intended to take a two-pronged approach to the Internet new medium: propping up the domesticated traditional media outlets so that the state can always ensure a firm grip over public opinion, or the “thought and political work” in the political jargon of the Party, while weakening the influence of web original news sites that have been the offspring of ambitious Chinese entrepreneurs and foreign venture capital. Administrative, judicial and legislative departments were mobilized in year 2000 to push toward the twin goals.

Old Media Promoting

A milestone in the traditional media’s refreshed endeavor with the Internet new world is the government’s “agenda for Internet news publicity undertaking (2000-2002)”, which sets forth the principles and objectives for the Internet media development of the

country from the year 2000 to 2002. The agenda was first formulated at the meeting of the Internet news publicity work in late January 2000, which was sponsored by the Information Office of the State Council. It came into final shape in late March. The official document was distributed internally to the Party, state organs and major news media institutions on May 9 by the Publicity Department of the CPP Central Committee and the Office of Foreign Publicity of the CPP Central Committee.¹⁶

According to the agenda, the CPP Central Committee and the central government pay great attention to the new publicity undertaking on the Internet. Online news publicity represents a new beachhead for the party's political and ideological work, and a new channel of publicity aimed at overseas audiences. It should be vigorously employed to guide the public at home with correct opinions, and to forge a positive overall image of China to the outside world.

The ground-breaking, official Internet development plan for China's news media calls for concerted efforts to establish a number of brand-name, authoritative news websites. Five of the existing media websites are designated as priority sites, which are entitled to varying amounts of government financial injections contingent upon their performances and other preferential government policies. The five websites belong respectively to the Party organ *People's Daily*, the national news agency of Xinhua, the national foreign radio service of China Radio International, the English-language newspaper *China Daily*, and the China Internet Information Center, which is a governmental agency devoted specifically to online publicity for overseas audiences.

The *People's Daily*, the flagship newspaper of the CPP Central Committee, is the largest national newspaper boasting a daily circulation of 2 million copies. It has evolved

into a newspaper conglomerate in recent years with a cluster of dozens of publications. Its website www.peopledaily.com.cn made its debut on January 1, 1997. It publishes on the Internet five versions (simplified Chinese, traditional Chinese, English, Japanese and French) in four languages. In the summer of 2000 when a nation-wide campaign was launched to promote major news web services, the website was reported to publish more than 2,000 items of news a day. It had over 300 databases that stored information of over 100 million Chinese characters. Its comprehensive information service platform offered services like full-text information retrieval, news subscription, BBS and free email.¹⁷

Xinhua News Agency opened its website www.xinhua.org on November 7, 1997. By September 2000, the website had expanded its channels to a group of 12 covering 168 subjects. Each day, news and information of more than one million Chinese characters was posted on the website in both simplified and traditional written forms of the Chinese language. Along with the Chinese versions, the website had foreign languages versions in English, French, Spanish, Russian and Arabic.

Xinhua boasted it had the largest group of news websites in the country, with 8 sites devoted for general services in Chinese and foreign languages, 12 sites for its affiliated newspapers and magazines, 35 sites for Xinhua branches and 40 sites for its industrial journal partners.¹⁸

As one of the major foreign radio services of the world, China Radio International presented itself on the Internet (www.cri.com.cn) on December 26, 1998. Initially, the website was in five languages, including English, German, Spanish and Putonghua and Cantonese dialect. By August 2000, its online services had expanded to 10 foreign

languages in both text and audio formats. It was planning to put online all its radio programs in 43 languages by the year 2002.¹⁹

China Daily boasts it is China's first newspaper that embarked on the information superhighway. It went online in December 1995. The news website www.chinadaily.com.cn offers information on nearly all aspects of the Chinese society. It received over 7 million visits in August 2000. *China Daily* had high hopes for its web service. It planned to build the website into the world's largest portal of Chinese information in the English language in the next three to five years.²⁰

The China Internet Information Center, along with its website www.china.org.cn, is much less well known in China than the previous four. The center was founded in 1996 as an affiliate of the Information Office of the State Council. It was designed to support China's overseas publicity efforts and explain state policies directly to foreign audience. The institution was transferred from the Office to China Foreign Languages Publishing Bureau in early 2000. Its website is a general online service in 1 languages which provide news and basic information about China and Chinese culture and history. The Web site offers the most complete government white papers of the five websites. Eighty-four percent of visitors to the site come from abroad, and most of them are China scholars.

Visits to the websites of *China Daily*, China Radio International and the China Internet Information Center usually leave the impression that all three are mainly foreign audience-oriented. Though they offer Chinese versions of content among their services, the websites are not appealing enough to attract masses of domestic surfers.

In contrast, the websites of the *People's Daily* and Xinhua News Agency target to a large extent domestic readership though they also offer multi-lingual versions. Among

the five, they are deemed as the major forces to contend with the commercial web portals, which offer news and information as their major pitch to the Chinese Internet users.

To raise the public profile of the five state-anointed news websites, the State Council Information Office and the CPP Central Committee's Publicity Department, which is the all-powerful Party apparatus in charge of the ideological and political work in China, initiated a large-scale promotion campaign in August 2000. All major newspapers, radio and TV stations were instructed to carry glorifying reports about the websites, some of which might have never been known to the majority of Chinese web users. For several weeks, the Chinese audiences, netizens or not, got a heavy dose of the self-promotion publicity blitz. Part of my materials on the media's employment of the Internet was collected when I was in Beijing at the time.

As far as my research has found, there has been no report on exactly how much money the central government had appropriated for the five priority news websites. Before I left the Xinhua News Agency to pursue my studies at Carleton University, it was rumored that Xinhua would receive 100 million yuan (about 12 million USD) initially and more would come in the years to come. A similar amount of money would go to the *People's Daily* specifically for its Internet endeavor. However, future government subsidies to the news websites' operation would be contingent upon their needs and performances in particular.

In the meantime, the government brokered a deal between the state-owned telecom monopoly China Telecom and the news websites. The telecom company signed an accord with the five media outlets, plus China Central Television and China Youth Computer Net, in Beijing on 27 July 2000. Under the agreement, China Telecom would

provide comprehensive technical services and support to the seven organizations' websites while the seven sites would in turn provide links to China Telecom's website. In addition, China Telecom agreed to offer a preferential 50 percent discount on its monthly charges for the digital data lines leased by the seven websites, as well as halved fees for their networking.²¹

The preferential rate pact was renewed in Beijing on May 29, 2001. Instead of the major media outlets, the Information Office of the State Council itself inked the agreement with China Telecom. The office acted as the representative of the seven-plus-five news websites. China Telecom would continue its preferential rate policy for the websites of www.xinhua.org, www.peopledaily.com.cn, www.china.org.cn, www.cri.com.cn, www.chinadaily.com.cn, www.cctv.com.cn and www.cycnet.com.cn. Plus, China Telecom also agreed this time to expand its preferential policy to www.cnradio.com, www.enorth.com.cn, www.21dnn.com.cn, www.southcn.com.cn and www.eastday.com.cn.²²

The website www.cnradio.com is managed by the national radio service of the Central People's Radio Station, while the websites www.enorth.com.cn, www.21dnn.com.cn, www.southcn.com.cn and www.eastday.com.cn are the hybrids of commercial, government and media forces in municipalities of Tianjin, Beijing, Shanghai and Guangzhou. For instance, www.21dnn.com.cn was launched jointly by nine news media outlets including *Beijing Daily*, *Beijing Evening News*, *Beijing Youth Daily*, Beijing People's Radio Station, Beijing Television and Beijing Cable TV (all nine are affiliated directly to the Beijing municipal government), and two commercial entities -- the Beijing Sihai Huaren International Cultural Communication Center and the Beijing

Shihuakai Information Technology Company. The Beijing municipal government served as the matchmaker in the joint venture. The Shanghai-based www.eastday.com.cn was established with efforts from over a dozen municipal news media outlets, Shanghai Information Investment Co. Ltd. and a listed-company Oriental Pearl Co. Ltd., which controls 30 percent of the dotcom company. The website www.southcn.com.cn is controlled by the South Newspaper Group in Guangzhou, and www.enorth.com.cn is the product of local efforts in north China coastal city of Tianjin. The four regional web portals are positioned to become the dominant Internet players on their respective turfs.

The governments' stepping into the once laissez-faire Internet playground came as the result of the party's much belated recognition that the state-owned media outlets largely failed in their contest with the commercial web news originals. The incompetence of the news media websites was highlighted by three consecutive rankings by the quasi-governmental agency CNNIC.

In CNNIC's January 1999 ranking of the most popular websites in China, only www.cctv.com.cn and www.peopledaily.com.cn of the 12 government-supported websites made it to the list, with www.cctv.com.cn ranking the 20th and www.peopledaily.com.cn 26th of a total of 61 websites. When the list expanded to 66 sites in the January 2000 CNNIC ranking, the sites of the CCTV and the *People's Daily* ranked 16th and 38th respectively. CNNIC published its last ranking of the most popular websites among Chinese netizens in July 2000. Among a total of 148 most popular sites, only three of the 12 found their names on the list, with www.cctv.com.cn on the 23rd position, www.eastday.com.cn the 36th and www.peopledaily.com.cn the 42nd. The rest of the 12 failed to make it to the list.²³ The dismal performance of official media outlets in

the CNNIC rankings forced the agency to scrap the ranking altogether from its semi-annual Internet development reports issued in January and July 2001.

The sense of urgency on the side of the CPP was put on public display by the August 9th, 2000 commentary from the Party mouthpiece *People's Daily* newspaper. The article entitled "Vigorously Strengthening China's Internet Media Construction" says:

"The current rapid development of information technology, particularly information network technology, has not only exerted widespread influence in various fields of social life, it also represents a fundamental breakthrough and change in the information dissemination field itself. With the characteristics of a large information capacity, a rapid rate of dissemination, a wide covering range, a high degree of openness and interaction, Internet has increasingly become an important carrier in the activity of cultural dissemination and socio-economic activity."

The article also notes that in the face of the Internet's rapid development, a major task for the Party is to quicken the innovation of information dissemination means, pay attention to and make full use of information network technology, vigorously strengthen the construction of the Internet media and news publicity online. "This is a major task of urgency that has bearings on the overall situation."

The Internet, growing out of technological innovation and the globalization context, has become an information medium of communication after newspaper and magazine, radio and television, the editorial says. "Judging from the Internet development in recent years, it is clear that Internet has provided us a modern means of press, publication and ideological and political work, opened up more space and channels, helped us enhance work efficiency as well as scope of coverage and influence of the news. In the meantime, it has become a new ideological and public opinion battleground and new realm for international public opinion struggle. Hostile forces at home and abroad are infiltrating us through this battle ground." "It is therefore imperative

for us to beef up our positive propaganda and influence on the Internet and do our best to be on the upper hand in this publicity battleground,” it stresses.

The article also borrows some weight from China’s top leader Jiang Zemin, noting that “the Party Central Committee with Comrade Jiang Zemin at the core pays high attention to the construction and development of the Internet media.” “After several short years of development, China’s Internet now boasts a fairly solid foundation and significant strength, and has played a positive role in public opinion and publicity at home and abroad, and in major international media struggles.” However, the article points out “both the scale and influence of the existing Internet media are far from meeting the demands of the situation’s development.” It calls upon the party to “proceed from high political responsibility and strong urgency” to “build an Internet publicity system with Chinese socialist characters.” ²⁴

In his inspection of the Internet section of Xinhua News Agency, Ding Guangen, the point-man for CPP’s ideological and propaganda work, stressed that China should accelerate the development of the Internet news service and build a large, influential on-line publicity system as soon as possible. “Chinese President Jiang Zemin and the CPC Central Committee are convinced that employing the Internet means to achieve publicity ends is very important. Therefore, Xinhua should continue to concentrate its recourses to build the website into an ‘on-line information hub’ that is of top standard in China and enjoys popularity in the world,” Ding told Xinhua’s top management. ²⁵

Intensifying Regulation

While vigorously promoting the construction of the Internet media, the Party and state have been as vigorous in their efforts to tighten the regulation of Internet content providers, especially those web original providers of news and information.

In April 2000, a special task force was established under the central government for the specific purpose of regulating Internet news and information services. The new agency – the Internet News Management Bureau of the Information Office of the State Council -- is charged with the task of “coordinating the Internet news publicity work of the country”. Its major responsibilities include: “designing and implementing the state’s overall plan for Internet news publicity undertaking”; “studying and guiding public opinion on the Internet”; “drafting policies, regulations and laws for the Internet news publicity policies” and “screening the eligibility of websites that conduct online publicity, searching for major Internet information and defending against the infiltration of poisonous ideologies and cultures via the Internet ”. Following the bureau’s establishment, corresponding agencies were set up at provincial and municipal-levels of government. Hence, a top-down integrated administrative system for the Internet content regulation began to come into shape across the vast land. ²⁶

Responding to the Party and state concerns over the looming danger of losing control of public opinions on the Internet, the new bureau devoted itself in the year 2000 mainly to the drafting of government regulations. Some of the bureau’s products have already been put into effect, including “The Measures for Managing Internet Information Services”, “The Interim Provisions on the Management of Publishing News on the Internet” and “The Provisions on the Management of Internet Electronic Bulletin Services”. ²⁷

The administrative regulation of “The Measures for Managing Internet Information Services”, which was unveiled by the State Council on October 1, 2000, is designed to impose strict controls on the operation of both Internet content and service providers (ICPs and ISPs).

Under the measures, all ICPs and ISPs have to apply for licenses from relevant authorities. ICPs in strategic areas such as news, education and health care, also need to seek approvals from relevant agencies in these areas. Both ICPs and ISPs are required to be able to hand over to the government, when required, records of all users who have used their sites and all information posted there for the last 60 days.

The administrative regulation includes a sweeping ban on presenting or disseminating information in nine categories. Those banned categories of information include: information that goes against the constitution; information that endangers national security, divulges state secrets, subverts the government, or undermines national unity; information that is detrimental to the honor and interests of the state; information that instigates ethnic hatred or ethnic discrimination, or that undermines national unity; information that undermines the state's policy towards religions, or that preaches the teachings of evil cults or that promotes feudalistic and superstitious beliefs; information that disseminates rumors, disturbs social order, or undermines social stability; information that spreads pornography or other salacious materials; information that promotes gambling, violence, homicide, or terrorism; or instigates crimes; and information that insults or slanders other people, or infringes upon other people's legitimate rights and interests.

The ICPs and ISPs that violate the regulation will be ordered to mend their ways, and their “illegal” incomes will be confiscated and face fines of up to one million yuan (120,800 U.S. dollars). If the cases involved are considered very serious, they will also be ordered to shut down their websites.

A month later, the central government made public the regulations entitled respectively “The Interim Provisions on the Management of Publishing News on the Internet” and “The Provisions on the Management of Internet Electronic Bulletin Services”.

“The Interim Provisions on the Management of Publishing News on the Internet”, issued jointly by the Information Office of the State Council and the Ministry of Information Industry on November 7, 2000, specifies who could carry what kind of news on their web sites. The regulation categorizes the Internet news providers into “news websites” and “comprehensive non-news websites”. The “news websites” of national media outlets, and of those media outlets affiliated directly to the provincial-level governments are eligible to publish news on the Internet. Quasi-governmental and social group publications, which are usually more open in their reporting of public affairs, are excluded from the fare.

While “comprehensive non-news websites” are eligible to carry news after approval from the government, they are forbidden to publish news reports on their own. They can only re-carry news produced by national media outlets and those media outlets affiliated directly to the provincial-level governments. The provisions also forbids both the so-called “news websites” and “comprehensive non-news websites” from carrying news that fall into the above-mentioned nine categories of banned information.

The regulation stipulates that when the “comprehensive non-news websites” want to re-carry information from media outlets, they are required to sign contracts with the media outlets. In addition, these websites have to clearly indicate on their pages the sources and the dates that the news items were originally published. This stipulation is largely a response to the demands of the traditional news media. Before the promulgation of the provisions, traditional news media outlets had complained bitterly to the authorities that commercial websites copied and pasted their products arbitrarily and without paying, thus infringing upon their interests and intellectual property rights.

While the Interim Provisions on news publishing on the Internet attempts to control who should carry what kind of news on their websites, “The Provisions on the Management of Internet Electronic Bulletin Services” issued by the Ministry of Information Industry on November 7, 2000 is aimed at putting a damper on the increasingly vocal and livelier expression of individual views, many of which sound rather irritating to the ears of the authoritarian rulers who have been accustomed to a largely mute and docile Chinese populace.

Internet electronic bulletin services are defined to include bulletin board services (BBS), electronic forum, Internet chatroom and other interactive means that enable Internet users to view, publish and exchange information on the Internet. Under the Provisions, providers of Internet electronic bulletin services have to, first of all, obtain licenses from government regulatory agencies. While in operation, they have to constantly monitor Internet users so as to ensure that no forbidden information shall slip into BBS, forums, or chat rooms. If such contents are found there, service providers have

the obligation to delete it right away, keep the record and report to related government agencies.

Service providers are also required to record the contents of information published on their services, the posted time, and the Internet domain names or universal resource locators involved. The access time, user accounts, telephone numbers and other related information must also be recorded. Copies of the records have to be kept for at least 60 days and be provided to government agencies when demanded. Violators of the Provisions will be fined or shut down as a punishment.

Commenting on the significance of the regulations, Zhao Qizheng, head of the Information Office of the State Council, boasted that the issuance of “The Interim Provisions on the Management of Publishing News on the Internet” and “The Provisions on the Management of Internet Electronic Bulletin Services” represents a milestone in the history of China’s news publicity on the Internet, and marks the quickened step toward regulation of news websites according to law.²⁸

Apart from the three major Internet regulations promulgated by the administration in the fall of 2000, the country’s legislative and judicial bodies also weighed in with their moves. On December 20, China’s Supreme People’s Court released its “interpretations of laws on solving online copyright disputes”, which took effect one day later. The interpretations extend the Copyright Law into cyberspace. On December 28, the National People’s Congress, the country’s legislative body, approved “The Decision on the Maintenance of the Internet Security”. Among the crimes punishable under the decision are hacking against the government, defense and other institutions, and disseminating harmful information on the Internet.

In the aftermath of the promulgation of the administrative, judicial and legislative regulatory rules concerning nearly every aspect of online publishing, there have been quite perceptible changes in the content provision operation of Chinese websites. For example, quite a number of Internet chatrooms hosted by mainland China-based ICPs and ISPs became inaccessible to netizens immediately after the issuance of the provisions on electronic bulletin services. The ICPs and ISPs chose a cautious wait-and-see attitude before they could be assured there would be no big trouble lying ahead. The draconian regulations makes it possible that a Chinese website could be fined or shut down at any time the authorities want.

Nearly all major ICPs and ISPs gingerly comply with the content standards so as not to draw the attention and ire of the authorities. "There are some issues the government has no sense of humor about," one Web developer remarked. "And we just stay away from those." Some sites hosting chat rooms have since begun to employ the monitoring software known as "big mamas" to delete content that is politically incorrect; others run software that delete key terms.²⁹ Nearly all big-name websites including Sina increased their monitoring of forums and chat rooms. In addition, Sina was forced to relinquish its cooperation with foreign media outlets as its unique sources of news and information and began to rely instead largely on the government-sanctioned traditional media.

Interestingly, since the promulgation of these regulations, there have been no reports of fines against the ICPs or ISPs or any shutdowns by the authorities. The regulatory effect has been achieved largely through self-censorship by the ICPs and ISPs. In China, no law or regulation has ever been carried out according to the letter. Despite

the notorious record of lax law enforcement, the sets of regulations still function as a sword of Damocles, which could fall upon the heads of unruly content or service providers at any time the authorities deem necessary. Thus, the Party and government's policy of regulating the Internet by encouraging ICPs and ISPs to censor themselves has been rather effective.

While the regulations have resulted in obvious restraint on the part of commercial comprehensive non-news websites, the officially designated priority news sites have been the obvious beneficiaries. They became the major sources of news and information for the commercial websites. This reduces the chances of news scoops by the commercial websites, since the news websites are now in firm control of the tempo and flow of news and information to the commercial ones. The arrangement also brings news websites revenue flows from the commercial websites.

Without their own sources of news and information, the commercial non-news websites face the danger of becoming the shadow of the official news websites. If this turns out to be the case, their hard-earned relevance and prestige among China's netizens would slowly be eroded and slip away. However, the clearly tilting government policy in favor of the news websites has not yet resulted in a fundamental reconfiguration to the country's Internet topography. The popularity gap between the two groups is still out there, though somewhat narrowed. With Sina and its likes intimidated and weakened while the *People's Daily* and its likes cheered up and refreshed and strengthened, a new round in the race on the information highway is already on. Yet for the moment, the Party and state's darlings are still bringing up the rear.

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V. Dancing with Iron Shackles

Of the five government-supported priority news websites, www.peopledaily.com.cn has been indisputably the leader. It went online on Jan. 1 1997, becoming the first major news outlet in China that made its debut on the Internet.¹ Other media heavyweights like Xinhua News Agency were well behind the *People's Daily* in their online engagement. It was the most popular website of the country's news media among Chinese netizens at home and abroad. Before the end of 1998, visits to the site had grown at average of 10 times a year. The number of visits it received in 1999 expanded 2.5 times over that of the previous year. On May 9, 1999, a day after NATO's bombing of the Chinese embassy in Yugoslavia, visits to the website reached 1.17 million.² The website logged in a historic high number of visitors in August 2000 when a nationwide publicity blitz was launched by the Party to promote the priority news websites.

People's Daily Online

The infrastructure of the *People's Daily* website is also among the top in China. With strong support from Beijing Telecom, its bandwidth expanded to 6 megabytes in May 1999, and visiting speed to the website was the fastest of all websites that were not owned by telecom companies. To facilitate overseas visitors, the *People's Daily* set up mirror image sites in Japan and the United States. It was planning to establish similar facilities in Hong Kong, Australia and Europe.³ In addition, it has mirror sites on two major domestic computer networks CSTNET and CERNET, whose connection to other

networks has been notoriously slow thank to a lack of central exchange platforms between the country's major computer networks.

As the offshoot of a flagship national newspaper the *People's Daily*, whose daily circulation of over two million ranks it within the top 10 largest newspapers in the world, the website boasts a rich resource of content that is the envy of many Chinese ICPs. Since the website was born in early 1997, the number of news items put on the website every day increased 100 times over the three-year period.⁴ The newspaper reported in August 2000 that it posted over 2,000 news items a day on the website, whose databases of more than 300 subjects stored information of over 100 million Chinese characters.⁵ It became the largest and most popular platform of news and information among domestic Internet news media outlets.⁶ The website is one of a few news websites in China that publish multi-lingual versions: English, Japanese, French and Spanish.

The website has a very large staff. Over 60 people, half of them being editors, worked full time for it in early 1999, when there was only one person working for the website of the *Beijing Youth Daily* which has been the most popular newspaper in Beijing that caters to the metropolitan young and trendy.⁷ The web staff at the *People's Daily* should grow much bigger now after the Party and state issued a circular in early 2000 calling on major news media outlets to significantly increase their capital and human resource into the construction of news websites. In addition, the newspaper has demanded that all its relevant departments set up their own units that, in turn, will report and edit for the paper's online service.

The Internet endeavors got a big boost when the newspaper unveiled a new image for its website at the 16th World Computer Congress in Beijing on August 21, 2000. "The

online edition of the *People's Daily*” was upgraded to “PeopleNet” (www.people.com.cn). Complete with a new logo and a marketing slogan “Yuzhi tianxia shi, xiankan renminwang” (Visiting PeopleNet, learning about the world), the Web service was beginning to be transformed from merely the Internet extension of the newspaper’s publications into a “large comprehensive website with its focus on news”.

To make PeopleNet a success, the newspaper group decided to establish within its framework a new “Internet news and information gathering and editing system”, which would have access to all reporting and editing resources of the group. Bai Keming, chief of the Chinese media giant, stressed that the PeopleNet was of equal importance as that of the print edition of the *People's Daily*. The *People's Daily* should have competitive products both at the print and on the Internet, Bai said. He also vowed that the group would continue to put more resources into the build-up of PeopleNet and make the website commensurate with the No. 1 position of the flagship newspaper in China.⁸

Compared with the old version of the People’s Daily Online, the PeopleNet appeared to try its utmost to impress visitors. Among its new claims and promises: the news feeding and refreshing would be running 24 hours a day; total information available on the site would exceed 20-billion-Chinese-character subdivided into 800 subjects; the site would increase its channels to nine ranging from China, world, finance, localities to sports, IT, culture and entertainment, health and opinions. Over 70 domestic and foreign branches of the newspaper would contribute to the web service, which also teams up with more than 500 media outlets in the country. In addition, PeopleNet would provide eight service functions, which range from news subscription, people’s post office, advanced

research, online survey to user registration, classified information, individual customization and databases.⁹

The vast volume of content available at the new site www.people.com.cn is the most important weapon the web service has in its arsenal when competing with websites of other news outlets and commercial websites in particular.

The *People's Daily*, which was established on June 15 1948, has been the organ of the ruling Chinese Communist Party Central Committee. Being the largest national newspaper in the world's most populous country, the *People's Daily* was ranked by the United Nations Educational, Scientific and Cultural Organization (UNESCO) as one of the 10 major newspapers of the world. It publishes 16 pages of domestic and foreign news and information every day. The newspaper has been the most important media outlet for the Chinese public to learn about the state policies and spirits of the CPP Central Committee, as well as a window for the outside world to understand and study China.

In addition to the *People's Daily*, the newspaper group publishes over a dozen other newspapers and magazines including: the *Shichang (Market)* journal with its focus on economic information; *Huanqiu Shibao (the Global Times)*, a weekly that features world affairs; the cartoon weekly *Fengchi Yu Youmo (Irony and Humor)*; the literature monthly *Dadi (the Earth)*; the political and theoretical journal of *Renmin Luntan (the People's Forum)* and the monthly *Shidai Chao (Time Tide)* that features in-depth reports of hot issues in the country.¹⁰

"The online edition of the *People's Daily* can be called the largest Internet content manufacturer in China," according to Yuan Zhou, editor-in-chief of the electronic

edition of *Lianhe Zaobao (United Morning Post)* of Singapore.¹¹ Of the news items posted on the website, about one third came from publications in the *People's Daily* group, one fourth from partner news outlets, and nearly half of them produced by the website itself.¹² By the end of May 2001, the number of news items put forth on the website had increased from over 1,000 to nearly 3000 a day, according to He Jiazheng, chief in charge of the PeopleNet.¹³

The privileged status of the news website in the Chinese press hierarchy, the huge volume of news and information as well as increasingly rich online services available at the PeopleNet should make it the primary source of news and information for Chinese netizens. However, the hard fact has been: commercial websites have been much better in the minds of the majority of Chinese Web users.

For instance, in the January 1999 CNNIC ranking of the most popular websites in China, the website of www.peopledaily.com.cn ranked the 26th of a total of 61 websites. When the list expanded to include 66 websites in the January 2000 CNNIC ranking, the site of the *People's Daily* slipped a few notches to the 38th position. CNNIC published its last ranking of the most popular websites selected by Chinese netizens in July 2000. Among a total of 148 most popular sites, www.peopledaily.com.cn was the 42nd, further slipping down the list.¹⁴ Apparently, the intensified Internet efforts on the part of the newspaper group had not registered well among the Internet users in China, at least according to the three consecutive semi-official CNNIC rankings.

At the Grand Contest of Websites in China held at the beginning of 2000, the *People's Daily* website received a total of 1,890 votes, which put it at the top of the country's websites in the category of news media. However, when all the websites were

put together as one larger group, its weak competitiveness forced it down in the ratings. Commercial websites scooped the top three spots of the contest. The three -- Sohu, Netease and Sohu -- won 63,918, 57,163 and 56,147 votes respectively. In other words, over 30 times as many Chinese Internet users voted for Sina as those voted for the website of the *People's Daily*, according to an analysis by Hu Yu, assistant professor of the World Communications Studies Center at the prestigious Qinghua University.¹⁵

“The *People's Daily* has been widely recognized as the ‘No. 1 newspaper’ in China. It has extremely strong capacity for traditional news reporting and editing. It has been exerting all its efforts to produce the electronic version, whose volume of information is undoubtedly huge, whose authority is undoubtedly strong, and whose posting of news is undoubtedly timely.”

“How on earth does it still lag significantly behind in the modern Internet media’s competition for eyeballs?” the professor asked. Hu listed four outstanding shortcomings of China’s news websites including that of the *People's Daily*, and offered corresponding suggestions for their remedy. First, the country’s news websites should proceed from their relatively narrow coverage of topics to the provision of comprehensive content and services. The existing news websites rely mainly on the content of traditional media. In an environment of unusually sophisticated Internet news and information, online readers can get the most updated news from almost anywhere in the virtual world. Confining Internet media solely to the traditional role of news runs counter to the very nature of the Internet itself as well as the general tendency in which websites are becoming more and more comprehensive in content. Second, the news website should proceed from their shallow, skin-deep reportage to more in-depth reporting and analysis. Though timely reporting is essential, it is far from enough just to post the “five Ws” of a news event on the Web. Third, the news websites should proceed from the small scale of operation to

join forces and consolidate into bigger ones that give full play to synergy. Fourth, the news websites should proceed from the sole application of text format to multimedia presentation.

In their analysis of the lackluster website of the *People's Daily*, a group of journalism students from the prestigious People's University in Beijing were much more sharp-tongued than the pedantic professor. In their view, one of the major problems of the website is that it has inherited the "news value orientation" of the print version of the *People's Daily*, which puts much emphasis on its own "unique scale" of significance and authoritativeness of news events. For the newspaper, anything related to the Party and state leaders is important. Therefore, the newspaper's front page is usually dominated by the activities of the state leaders: their meetings with foreign dignitaries, their presence at meetings and their trips to foreign lands. The general public could not care less about these reports. Also on the front page were the promotions of major Party and government policies and reports on merits of officials and governments. However, this value judgment has passed on to its website. Top news items on the site were largely copies of the front-page items from the printed papers. Even when it comes to topics on entertainment and culture, the website has inherited the newspaper's normative attitude of solemnness, and its stress on highbrow taste.¹⁶

"The Internet brings our country's news publicity into the globalized virtual society, which has roughly the same standard in news judgment. However, the website of the *People's Daily* operates largely with its traditional judgment of news values, which have become invalid in the age of the Internet mass communication. For example, the website may think some issues are not worth reporting, or should be reported later. But many other websites don't share its news values, and promptly report them whenever they get them. It should be recognized that in the age of the Internet, the absolute monopoly of information does not exist any more."¹⁷

In addition, the psychology of news audience has also changed. When the audience read, listen or watch news on the Internet, they appreciate even more the equality offered by dialogue-style and freedom of communication. “If the website is not willing to adopt a proper attitude and put down its airs, insists upon indoctrination of the masses in the paternalistic manner, and ignores the news acceptability among the audience and their responses, it is only natural that the audience shift their attention to other websites,” the article noted. The *People’s Daily* may be able to rely on government directives to maintain its circulation. However, in the virtual world of cyberspace, the rules of the game have changed. If the *People’s Daily* hopes to make its online efforts a success, it must not only adopt the technological changes, but more importantly update its concepts and values, the article maintained.

It would be quite a surprise if people at the newspaper have no idea of what elements have contributed to the unattractiveness, tepidness and, worse still, the dispelling effects that drive Internet users to other Chinese websites. In his article on the advantages and disadvantages of news websites in China, He Jiazheng highlights the so-called “existing system” as the primary drag on the country’s news websites including the *People’s Daily* website He manages.¹⁸

The word “system” here carries quite a rich connotation. In the general sense, it means the overall structure under which China’s media outlets operate. In He’s article, the word refers mainly to the managerial and ideological confinements of the overall structure. “Some effects of the system are tangible, others are intangible. Before fundamental breakthroughs are achieved in the reform of traditional media system, the effects will stay on to plague the news websites,” He maintained. Moreover, “the news

websites have a historic mission and shoulder great social responsibility. This is a hard fact that we can't afford to ignore.”¹⁹

He's frustration at such constraints is shared by many of his counterparts. Mao Zhao, a senior editor at the website of Xinhua, told me once that so long as the current media policy exists, there is little hope that Xinhua's website would be able to beat the commercial rivals. “We have too many do's and don'ts imposed upon us,” Mao noted. Xinhua's website performed dismally in nearly all popular website rankings. In spite of the strenuous efforts the news agency made toward building its website into an “Internet information hub that is of top standard in China and enjoys popularity in the world”, the website never hit the CNNIC's ranking list of the most popular websites in China, even when the list expanded from 61 in January 1999 to 148 sites in July 2000.

It would not be an overstatement to say that the current difficulties and problems faced by China's major news outlets and their websites will only be aggravated if the overall structure of news media continues to remain stymied in the traditional framework of the “Party principle” under which the media are simply the Party's “mouthpiece”.

Party Principle

According to Zhao Yuezhi, a Chinese-Canadian scholar specialized in China's media studies, the central concept that underlies the CPP's domination over the media in China is the “Party principle”. It has three basic components: that the news must accept the Party's guiding ideology as its own; that they must propagate the Party's programs,

policies, and directives; and that they must accept the Party's leadership and stick to the Party's organizational principles and press policies.²⁰

The CCP attached tremendous significance to the media control from its very beginning. The first resolution of the Party's founding Congress in 1921 categorically stated that "journals, daily publications, books and booklets must be managed by the Party's central executive committee" and that "no central or local publications should carry any article that opposes the Party's principles, policies and decisions."

Elaborating on the Party principle, the *Liberation Daily* declared on April 1, 1942 that "to be the Party's propagandist, a newspaper must not only make all its contents -- each commentary, each feature, each news item -- embody the Party's views but also make the newspaper an advocate for every single policy and campaign." At the same time, it must educate the people, raise their consciousness, and guide and support them in their struggles.²¹

The Party principle and the mouthpiece theory, which dictates that the media serve as the mouthpiece of the Party, are constantly being emphasized and reinforced as the Party struggles to maintain tight control of the media. Mao Zedong, leader of the Party's first generation, issued many directives to high Party leaders on the importance of maintaining complete control of the press and overcoming tendencies toward independence among propaganda workers. In October 1942, he criticized high-level Party organizations for paying little attention to the fact that the press lacked direction in their work. In June 1948 Mao again called attention to the responsibility of high-level Party organizations to direct the press, which he called "extremely important institutions of propaganda." Mao criticized them for relinquishing their responsibility for leadership, for

failing to take the leadership seriously, and for allowing erroneous ideas to spread unchecked.²²

Mao summed up the role of the press in a speech to the editorial staff of Shanxi-Suiyuan Ribao on April 2 1948. He said that a basic principle of Marxism-Leninism was to enable the masses to recognize their own interests and unite to fight for those interests. Once the masses know the truth and have a common aim, they will work together with one heart. "The role and power of the newspapers," Mao stated, "consists in their ability to bring the Party program, the Party line, the Party's general and specific policies, its tasks and methods of work before the masses in the quickest and most extensive way."

Liu Shaoqi, Mao's comrade-in-arm in the revolutionary years and arch enemy in the Cultural Revolution (1966-1976), also emphasized the tremendous significance of the press in his talk to the North China press corps in Xibaipo on October 1948. He said that a well-run newspaper could help people unite, progress and move toward the truth. A poorly run paper is very dangerous to the people, since it can spread backward and erroneous ideas, and create divisions among them. The talks of Mao and Liu were considered by Chinese journalists as two great works on the Party principle that should be applied to their work.²³

The post-Mao leadership in China continues to stress the Party principle. As Hu Yaobang forcefully argued in his 1985 speech, the press must "faithfully and accurately" convey the direction of the Party leadership to the masses, amplifying official documents by applying their spirit to ordinary life situation. This explains why the media are directly subordinate to the propaganda organs of the Party.²⁴

Incumbent Party leader Jiang Zemin also emphasized the Party principle in journalism and the role of newspapers, radio and television as “mouthpiece” of the Party. The news media, “as part of the ideology field and the realm of superstructure ... should serve the interests of socialism and the people”. Jiang repeated Mao’s theory put forth more than 40 years ago, saying that “journalistic work, as an important part in the whole cause of the Party, without saying, must uphold party spirit” by faithfully keeping in line with the Party Central Committee.²⁵ Moreover, Jiang asked Party committees at various levels to frequently discuss and study journalistic work. The chief responsible official of the Party Committee must take personal charge of journalistic work, must “personally preview important editorials, commentaries, and news reports,” Jiang said in a speech in November 1989.²⁶

To implement the principle in journalism practice, the Party has developed a number of mechanisms for directing the media. General rules and parameters for news operations can be found in Party resolutions, directives, announcements, internal bulletins, and speeches and informal verbal messages of leading party figures. Some rules, such as a 1953 resolution prohibiting a Party organ from criticizing the Party committee with which it is affiliated, have been strictly enforced. In 1980, the Party reiterated that the media should unconditionally propagate Party policies and may not put forward any views opposing the Party’s major decisions or discuss important theoretical and policy issues about which the Party has already made a decision.

In addition, the Party sets specific guidelines on news reporting from time to time. A 1987 document issued by the Party’s Central Secretariat provided detailed instructions for reporting important domestic political and social issues. For example, the deaths of

leaders and important personalities should be reported to both domestic and international audiences on the same day; traffic accidents involving foreigners and overseas Chinese citizens should be reported to overseas audiences on the day they happen.²⁷

In addition to setting general rules, the Party often defines topics to be given attention for a specific period that become the focus of campaigns, which always reflect the Party's priorities. Media outlets often receive instructions from the Party's propaganda departments. They can also get clues from Xinhua and the *People's Daily*. The two media giants usually set the tone for news coverage and editorials. By reporting on an issue, and by outlining the correct interpretation of policies, they give the green light to other media outlets to follow suit. A newspaper carrying a Xinhua story might write its own headline or cut the story for lack of space, but it will not add to or revise the text. While Xinhua is the authority when it comes to news, the *People's Daily* sets the editorial agenda. For example, whenever there is a major political campaign or a major party policy change, the *People's Daily* will be instructed to print an editorial written by its own editorial staff or an editorial drafted by top Party theoreticians, reflecting the views and policies of the Party and government. Such editorials would be routinely reprinted by newspapers across the country.²⁸

To ensure the media always toe the official line, the Party closely surveys media content. Media monitoring is usually performed by special teams of veteran party ideological workers. National media monitoring is the responsibility the Propaganda Department of the Party Central Committee. Local media are usually monitored by the Party propaganda departments at provincial and municipal levels. For editors and journalists, the danger of post-publication retribution is omnipresent. Punishment ranges

from being forced to write self-criticisms to demotion to unemployment. Under constant pressure to avoid political “mistakes”, many professionals learn to play it safe.²⁹

While the media are considered as instruments to propagate the Party’s policies and directives, they are increasingly employed to persuade the general public about the correctness of the Party’s policies and to tell them the positive results of a particular policy.

Notions such as “stimulating” and “encouraging” often appear in discussions about the functions of the media. The Party Central Secretariat defined in 1981 the “basic nature and role” of broadcasting as: “Radio and television are the most powerful modern instruments to educate and stimulate the whole party, the whole military and people of all nationalities in the construction of socialist material and spiritual civilizations.”³⁰ These notions have been given even more importance in recent years as public discontent has been on the rise as millions of workers have been laid off from state-owned enterprises and farmers driven off their land by corrupt officials and exorbitant fees and taxes. In his report to the Party’s Fifteenth National Congress in September 1997, Jiang stressed that the media have the responsibility to maintain correct guidance over public opinion while adhering to the Party principle.³¹

This notion of “education” is also significant for an understanding of the paternalistic practice of the media. As summed up by journalism professor Gan Xifen: “Being a powerful tool of opinion, news media should guide the people to elevate their consciousness and spirit, to become more united, and to make improvements. News media must not do the opposite by publishing wrong materials to create political division

or ideological backwardness among the people. This is the lofty sense of responsibility of our socialist journalistic enterprise.”³²

Such notions lead to a particular genre of news markedly different from that of the West. News in typical Party journalism is about Party and government policies and achievements, creative experiences, local adaptation of policies, individual and institutional role models. News is often selected on the basis of its relevance to the central task of the Party and the government, and reported from the Party’s perspective. As a result, subject matter is often narrow and sometimes technical. News is usually not about breaking events but about trends, tendencies, and achievements over time. The prototype of a typical news item is the government report, rather than an engaging story about an event.³³

After Deng Xiaoping’s 1992 speech, the country officially embarked upon the road of “state capitalism with authoritarian characteristics”.³⁴ Changes in the economic sphere have been deep and profound. Though the Party has gone a long way toward yielding control of economy to the market, it has not yielded political control or changed the pattern of political communication. The media are still in the paradoxical situation of both remaining the same and being changed. While the Party still maintains tight control over hard political news, policies for soft news and nonpolitical topics are more relaxed. While media on the periphery of power become livelier and engaging, those located at the power center remain lethargic, monotonous and detached from the people. As a result, news reports in the major media outlets such as the *People’s Daily* have remained typical of Party journalism – monolithic, positive, and highly predictable. Indeed, a growing number of people do not bother to open major Party organs.

Despite all the apparent constraints on the media and their communication effects, the Party principle has been copied intact from the print and broadcasting to the websites of major media outlets. The logic behind the copying was best presented by Jiang Yaping, deputy director of the Internet Center of the *People's Daily*. Jiang, in an interview with the *Beijing Morning Post* on the newspaper's Internet efforts, explicitly stated that the center's biggest wish was to "produce a website liked by the Party and state, as well as the masses."³⁵ The problem is: what the Party favors on the website is often what drives away in hordes the netizens. How to serve the two masters with the same website is a great challenge to Jiang and his counterparts.

Pluses and Minuses of News Websites

The unprecedented strong expansion of news websites in China took place around the year 2000, when the rest of the world was experiencing a painful Internet slowdown. A significant number of news websites were scaled down in size, merged or completely shut down in the United States. The independent development in China "shows that our country's news websites have certain inherent advantages," reasoned He Jiazheng, who is in charge of the Internet operation at the *People's Daily* newspaper.

He cited three distinctive advantages enjoyed by the news websites as compared with commercial Internet content providers: namely, the advantage of resources, the advantage of credibility and the advantage of policy support.

Advantage of resources. Following the storm of the Nasdaq market, more and more people began to see clearly that the "mouse plus mortar" model represents a natural tendency and best choice for the Internet expansion. The news websites born out of the

wombs of traditional media carry with them much development potential. The website represents an extension of the traditional media into the new information technology, and an infiltration of information technology into the traditional media. The mutually complementary combination of the two, if fully utilized, will produce a very positive impact on the news websites, according to He.

The resources advantage is even more obvious in the building-up stage of news websites. For example, the initial development of the websites often rely heavily upon the traditional “mother” media outlets for talent, technical, material, capital, and managerial support. This reduces the operation cost for the website to the minimum. More important, the websites utilize for free the rich volume of news and information produced by the traditional media. In addition, the websites have access to the reporting and editing staff of the mother media.

Advantage of credibility. In China, the mother media of news websites are largely quality media outlets. Over the years, they have established a public image of authoritativeness and credibility. Such an image naturally extends to their websites. According to He, the interactive channel “People Hotline” of the *People’s Daily* website had received lots of emails from domestic visitors, many of them reporting local corruptions and social injustices. “The emails carry with them the trust and hope that Chinese netizens place upon the *People’s Daily* website. To us, it is an intangible capital of great value.”

Policy support. Since early 2000, the central authorities have taken a series of measures to straighten out the “disorders” of the Internet media market. On the one hand, the authorities promulgated a host of administrative, judicial and legislative measures to

curb the expansion of the commercial news websites and their influences. On the other, they provided unprecedented emphasis on and support to the news websites via vigorous publicity promotions and financial injections. The two-pronged approach by the Party and state has resulted in a more favorable situation for the news websites' growth but an unfavorable one for commercial ones.

Zhou Xisheng, director of the Internet Office of Xinhua, maintained that in competition with commercial websites, the news website of Xinhua has the following unique strength: rich information resources, talent, brand name, infrastructure and technology, proper positioning, scale, authority and network of connections. Therefore, as long as the website fully utilizes its pluses, it will live up to its name of the "national team" news website.³⁶

In his analysis of the websites run by media outlets in the United States, Robert McChesney noted two additional advantages: the deep pockets of the traditional media and the self-promotion of websites by the traditional media. So far, most of the web news activities in the United States have been money losers. However, the strong revenue generating capacity of the traditional media makes it possible that the news websites of media firms can last longer than the web news originals, and eventually prevail. In addition, media firms can and do promote their websites incessantly on their traditional media holdings, thus bringing audiences to their sites on the Web.³⁷

However, the disadvantages of China's news websites are as distinct as their advantages. "To some extent, the existing minuses have much more implications to the news websites than the advantages," He Jiazheng cautioned. According to him, the most

prominent of them are the disadvantage of system, the lack of expertise and the disadvantages symbiotic with the advantages.

System drag. News websites are born of traditional media outlets. Though they may have adopted some new ways of management compatible with high-tech enterprises, they are bound more or less to the existing system of traditional media. Compared with commercial websites, news websites are notorious for their shortage of vitality. Unless there are breakthroughs in the reform of the traditional media system, this kind of negative influence will not go away by itself.

Lack of expertise. News websites lag behind commercial websites in terms of staff quality, the proportion of talent, the capacity to follow new technological developments, marketing and management expertise. Shortage of top talent and the lack of technical expertise render news websites to be followers of commercial websites. Even in their home playground of news reporting and editing, news websites demonstrate no obvious lead in their competition for visitors.

Disadvantages associated with the advantages. News websites can enjoy financial, technical and personnel support from their parent companies -- traditional media outlets. However, the unconditional backing, which results in reliance and inertia, often turns out to be an impediment rather than impetus for their healthy development. In the meantime, the residue of old concepts, methods, orientations and values that are the mark of the traditional media cast their negative influence upon the websites in various ways. For instance, authoritativeness is a source of pride for the traditional media. Yet, when news websites have undue emphasis on and smugness about their authoritativeness,

they face the danger of ignoring the needs of the general readership, losing their affinity with and eventually their influence among the readership.³⁸

In the view of Zhou Xisheng, the minuses of the news websites lie in that: (1) they have inadequate recognition of the Internet potential and thus show more willingness to stick in the traditional field; (2) they have inadequate sense of competition; (3) their operational mechanism is rigid and lacks flexibility; (4) they have no strong sense of self-promotion; (5) they are short of funding as well as the will to take risks.³⁹

A number of Chinese scholars of new media made public their views over the last year as to what kind of changes the news websites should undertake to overcome the hurdles on the way of becoming an effective medium of communication among the growing Chinese Internet users.

Hu Yu, assistant professor of the World Communications Studies Center at Qinghua University, held that the pivotal issue facing the news websites was to get rid of the traditional concept of mass communication on the part of information providers and adopt the new concept of mass communication. In the past, mass communication was noted for its linearity, which means audiences were passive receivers without much option. Traditional journalism usually put more emphasis on the content of communication and gives little consideration to the audience's needs and differences. In the new media environment, audiences are offered much more choices. Media outlets stand to lose if they continue to stick to the simplistic, paternalistic way of indoctrination.

In addition, Hu pointed out that in the past, the practice of "political overlook" (zhengzhi xing hushi) was very popular among China's news media. Backed by the exceptionally strong political forces, the news media were free to say whatever they

desired and the audiences were merely the targets of their propagandistic action. Such a practice climaxed in the Cultural Revolution (1966 – 1976), during which the country's press was touted and actually utilized as "the tool for ideological dictatorship". Though the practice should look rather absurd now in the eyes of many news workers, its lingering influence can still be found in the back of the minds of some news media practitioners. For instance, some news media were notorious for their inclination to lecture the audience. All news media should adopt a correct attitude toward the audience, that is one of "respecting and serving the audience," Hu noted.⁴⁰

Professor Li Xiguang of the same institute maintained that it was imperative for the old media and their websites to adopt a "new language" if they hoped to prevail in the future media market. The new language is in stark contrast to the "old language", which embodies itself in the stereotyped writing style typical of the Party organs. Generally speaking, the new language represents the written and verbal languages used and enjoyed by the general public. It reflects the hearts and minds of the masses, and thus is in sync with the changes of the society.⁴¹

"The key for new media's success lies first of all in that they discard the old propagandistic language and pick up the new language as their own to report and edit news in the timely, comprehensive, accurate, fair, objective and responsible fashion," Li said.⁴² With its inherent minuses, the old, propagandistic language is being deserted by a growing proportion of the public. "Already, more and more Chinese are obtaining their information from the popular, non-mainstream, local, specialty and new media, while relying less and less on the national, state-owned, traditional, mainstream and authoritative media for information." The professor warned that unless the stereotyped

Party language is stopped from continuously permeating the news media, “the voice of China’s traditional mainstream media would likely get lost in the globalized mass communication system.”⁴³

Where is the money?

The plunging of the tech-heavy Nasdaq market has cooled down the Internet frenzy worldwide, and put on hold the dreams of many dotcom companies in China that hoped to make quick bucks from the U.S. and domestic stock markets. The news websites that have mushroomed across the ancient land of China over the past two years has begun to feel the chill of capital markets.

When the Nasdaq hit its peak of over 5,000 points in early 2000, the stock markets in Shanghai and Shenzhen were also engulfed by the fever for Internet and hi-tech-related stocks. Any stock that had anything to do with the Internet skyrocketed as a result. It was in this brief period of the Internet honeymoon that over a hundred publicly listed companies announced their engagement with the dotcoms.

It is not fair to allege that the mushrooming of Chinese news websites was the direct response to the stock markets both at home and abroad, since many of them were established long before or after the Internet stock boom. But the allure of the green bucks at the Nasdaq and the RMB yuan on domestic markets at least tantalized the desire of traditional media outlets, which had been perplexed by the classic question of “to be or not to be” in the Internet new age. When the Party issued its call for action with the Internet news publicity development agenda in May 2000 and the *People’s Daily*

editorial three months later, news media outlets found themselves having no excuses any more for not raising their ante on the Internet news operations.

Take for instance the *China Industrial and Commercial Times* (CICT). The Beijing-based national newspaper made its Internet debut in late 1999. Initially, the Internet effort was called CICT Online. In February 2000, CICT Online was expanded to become an independent section of the newspaper. Apart from uploading the newspaper's print content on the Internet, CICT Online was also tasked with web news production. Reflecting upon the Internet impulse a year later, Wei Haitian, the editor-in-chief of CICT Online said: "At the time we did have an ambitious plan for it. The main purpose was of course to attract the venture capital." So far, no venture capitalist has shown up.⁴⁴

The *China Youth Daily* was clearly the luckiest. It became the first national news media outlet that secured in early 2000 a hefty sum of overseas investment for its Internet endeavor. On May 15, 2000, the newspaper announced that it formed a joint venture -- the China Youth Online Information and Technology Co. Ltd. -- with a Hong Kong-listed company, which held the majority of the venture's shares. From that day on, the joint venture would take over the management of its online edition. Yet, to comply with the policy that forbids foreign and overseas investment in the news media, the newspaper emphatically stressed that the news channel of the website would be the sole responsibility of the newspaper, while all other channels would be the produced by the joint venture.⁴⁵

In the meantime, a large number of news media outlets established separate business entities for their Internet operations. For example, the Xinhua News Agency set up Xinhuanet Co. Ltd. to manage its website www.xinhuanet.com.cn. The company is

located in a glitzy building a stone's throw away from its main building the News Plaza. Instead of carrying the titles of editor-in-chief or deputy editor-in-chiefs, those at the top of the company are called the chief-executive-officer (CEO) and the general managers. The news website www.eastday.com.cn was based upon commercial arrangement from its very conception. The website was established and managed by Shanghai Orient Internet Communication Co. Ltd., a joint venture made up of dozens of municipal news outlets, the Shanghai-listed company Orient Pearl Co. Ltd. and Shanghai Information Investment Co. Ltd. Orient Pearl is the largest shareholder with 30 percent interest in the venture. The Beijing Youth Daily Internet Communication Technology Co. Ltd. has been managing www.ynet.com, the website of the popular metropolitan newspaper the *Beijing Youth Daily*.⁴⁶

What considerations have been behind the media outlets' drive to set up joint ventures and other forms of business entities to take care of their websites? The ostensible reason offered by the outlets was to seek a new and more efficient way of management for their new offshoots. In view of the bureaucratic and inefficient operation of media outlets, it sounded plausible and reasonable enough to people with little knowledge of the sector. However, there is much more beyond the claim. The outlets have been actually trying to circumvent the state policy that categorically prohibits private and foreign capital into the realm of news media.

The existing state policy that forbids private and foreign capital into the news media can be traced back to late 1994 when the Propaganda Department of the CCP Central Committee formulated and circulated the order of six no's: no private media ownership, no shareholding of media organizations, no joint ventures with foreign

companies, no discussion of the commodity nature of news, no discussion of a press law, and no openness for foreign satellite television. “This is by far the most important media policy statement made by the Party in the 1990s,” according to Chinese media scholar Zhao Yuezhi.⁴⁷ So far, there has been no sign of relaxation in this aspect.

In addition, news media outlets in China have been deemed as units of *shiye* instead of *qiye*. The distinction between the two is an important one in Chinese bureaucratic parlance. Although both terms can be translated as “enterprise,” the term *shiye* connotes cause-oriented enterprises that concentrate on the production and provision of public goods and services, and as a result traditionally require preferential tax treatment and subsidies. The term *qiye*, on the other hand, refers to business-oriented enterprises that produce and provide private goods and services. Units of *shiye* are required to put precedence of social effects of their work over moneymaking. A business entity under or related to a new media outlet is thus freed from this social obligation and has no reason at all for not being profit-oriented. The most important implication of all in registering the news website operation as a business entity is that it has the freedom to circumvent the policy of “six no’s”.

As business entities, the news websites were tacitly allowed to enter into partnership with domestic or foreign capital sources. As in other countries, Internet news has been a money drain on news media outlets, and without any hope of making a profit in the foreseeable future. To maintain a news website and keep it up to date means constant injection of money. Without money from outside the media realm, many news websites in China would probably not be able to last long. The Party and state clearly saw this danger ahead. They had remained noticeably tacit when major news media outlets

tried the collaboration with foreign capital in the area of the Internet. For instance, the *People's Daily* established the dotcom company www.chinabyte.com with Rupert Murdoch's News Corp.; and Xinhua News Agency joined a group of overseas companies in the china.dotcom company that was eventually listed on the Nasdaq in 1999. In early 2000, the central authorities hinted that they were considering encouraging news websites to seek investment from outside the media outlets and government coffers.

On February 2, 2000, the Beijing-based Financial Economic Times newspaper reported that central policy-makers were looking into the possibility of allowing websites affiliated with the major news outlets to seek funding from foreign investors. The newspaper revealed that it was part of rules that the State Council's Information Office was drafting at the time to regulate state-media related websites as well as Internet content providers. The new rules would urge traditional publications and broadcasters, print media in particular, to treat their web sites as independent entities rather than just virtual affiliates. "Financial self-reliance" would be one of the main elements of the new rules that were designed to help news media affiliated websites catch up with the popular commercial ICPs like Sina.⁴⁸

About a month later, the Homeway Financial News, which is also based in Beijing, reported in its March 15 issue that the Information Office of the State Council had introduced foreign investors to *China Daily* for potential investment opportunities. The English-language newspaper was trying its best at the time to obtain foreign funding for its website expansion.⁴⁹

However, the burst of the Internet bubble on the Nasdaq and domestic stock markets made potential investors at both home and abroad shy away from anything

related to the Internet, let alone news websites that have been nicknamed the “money black hole”, constantly burning away money with nearly no possibility of making any in the long run.

“We are going to butt out, ” said the obviously dejected Wei Haitian, editor-in-chief of CICT Online. “Now that there is no hope for obtaining venture capital, it is not sensible at all to continue operating an independent website.” Wei revealed that the department for CICT Online was going to be scrapped soon. However, the CICT would maintain its presence on the Internet, this time with the help of software that automatically uploads the content of the newspaper.⁵⁰

Even the China Youth Online, whose success at obtaining overseas venture capital had been the envy of hundreds of the online editions of traditional media outlets, displayed much frustration at its failure in locating a feasible model of turning a profit. “The sense of loss of the China Youth Online presents the broken dreams of the online editions,” *the 21st Century Economic Report* journal commented recently. Like CICT Online, many of the hundreds of online editions have chosen to scale down their Internet presence or simply back out, the journal reported.⁵¹

For the five state-anointed priority news websites, things are a little bit different. They have less pressure, at least for now, to turn a profit for the sake of survival. Since early 2001, the central government began to kick in its promised financial support to the websites, though the exact sums of the injection have never been disclosed. In the meantime, a couple of them also generated some modest incomes from their Internet operation. In this aspect, the most successful of all is the website of the *People's Daily*, which raked in over five million yuan in 2000 from its online advertising and sale of

news to ICPs. Its success resulted largely from its brand name of the *People's Daily* and its monopoly of news resources.⁵² The website of Xinhua is in a similar position as that of the *People's Daily*. But the Xinhua website has not achieved as much as far as my research indicates. Xinhuanet has never disclosed its income from sales of online ads and news products to ISPs. It and the other three news websites are presumably more reliant upon their parent media to make up for the shortfalls. However, sooner or later, the five priority news websites will have to face the same hard question "Where is the money?" The problem is how long their parent media outlets can tolerate the continuous losing of money by their Internet operations.

So far, there has been no feasible models for the Chinese news websites to turn a profit, and their previous efforts have been mostly focused on the Internet advertising and e-commerce, as was the case in the United States where media outlets have been on the "hunt for the killer application."⁵³

In the initial phase of news websites growth, it was generally believed that since the Internet has far more reach than newspapers, radio and television, online advertising would be more cost-effective than advertising on traditional media. Many Chinese websites including the news websites were fascinated by the so-called "Yahoo model", which operates on the conviction that free online service would attract visitors, who would in turn attract advertisers.

Online advertising revenue in China was a paltry eight million yuan in 1998. It skyrocketed to 600 million yuan a year later. However, the online advertising figure accounted for only about 1/50 of total advertising expenditure of the country in the year of 1999. Among all news websites, the *People's Daily* was the most successful at

enticing advertisers. Its total income from online advertising and sales of news to ISPs raked in five million yuan in 2000. In contrast, many smaller news websites failed miserably to attract advertisers and thus registered no advertising income at all.⁵⁴

Behind the apparent failure of online advertising stand a host of factors. One major reason often cited by the media is that the Internet community is still quite tiny in China and businesses have yet to recognize the feasibility of online advertising. The latest survey by CNNIC indicates that by the end of June 2001, the number of netizens in China had risen to 26.5 million, which represented only about two percent of the total population. It is surely a tough job to try to convince business advertisers that advertising on the Internet is more effective than advertising on the traditional media. In fact, online advertising's cost for per thousand viewers is much higher than advertising on traditional media. A survey from Forrester shows that a 30-second TV commercial costs 65,000 U.S. dollars and can be watched by 12 million TV viewers. The cost for per thousand viewers is 5.42 U.S. dollars. For advertising on magazine, newspapers and the Internet, the cost for per thousand viewers is about 43.55 dollars, 60.31 dollars and 75 dollars respectively.⁵⁵

Despite all the difficulties and challenges, major news websites have not given up hope yet. Convinced that online news itself would not be enough for them to turn a profit at any time in the future, they have begun their metamorphosis from pure news websites into something similar to the portal services. Portals refer to Internet services that people use to start their treks through cyberspace. If successful, a portal can provide a "home base" for an Internet user, which he need never leave. "It is clear that that whoever controls the front door that people use to start their Internet surfing – a 'portal' in industry

jargon -- will control the biggest share of advertising and shopping revenues.”⁵⁶ The website of the *People's Daily* has moved in the direction of being a “portal”. It has re-positioned its Internet operation as “a large comprehensive website with its focus on news” in contrast to the much humbler “*People's Daily* online edition”. Channels of the website have expanded to a total of nine and the service functions expanded to eight categories, which range from news subscription, people's post office, advanced research, online survey to user registration, classified information, individual customization and databases.⁵⁷

For a time, e-commerce, whether business-to-business or business-to-consumer, was touted in China as the best possible savior for news websites as well as commercial dotcom companies. So far, it has remained a beautiful concept of Internet promises. Before it becomes a viable form of business in China however, it has to overcome a host of existing problems such as how to make online payments in a country where a robust personal credit system has yet to be established, concerns over online transferring security and effective and efficient delivery of commodities. Even in the economically and technically developed country of the United States, it is still hard to find a convincing case of a news media website that has achieved financial dependence via e-commerce.⁵⁸ To survive and prosper, the Chinese news websites have every reason and urgency to find a viable profit-making model that suits both their needs and the “unique Chinese characteristics”.

The inability to make a living for themselves would pose a considerable constraint on the future development of the Internet operations of major news media outlets. For the foreseeable future, the news websites could continue to expect financial trickles from the

parent media as well as state coffers. But there is no guarantee that this kind of financial transfusion will last forever. The question of “where is the money” will continue to dog the news websites in the months and years to come.

In addition, the priority news websites will continue to be perplexed by the inherent contradiction of serving both the Party and netizens. As extensions of the Party organs and the state publicity apparatus, they have no choice but to put the Party and state’s preference over that of the netizens. This naturally drives away netizens in hordes to other commercial, individual and overseas websites. Unless the pro-Party preference is dropped, the news websites risk being rendered much less an effective publicity tool than the Party has expected. Dancing with iron shackles can seldom, if ever, produce a marvelous show.

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VI. Conclusion

As China is moving closer to the World Trade Organization (WTO) and integrating into the world economy of capitalism, the market is expected to play a bigger role than before in the media metamorphosis initiated by the Internet, though the Party and state will continue to exert their influence over the course of development and the eventual outcomes.

As demonstrated in the previous sections, the Chinese authorities have adopted a two-pronged approach to their handling of the “new publicity tool” of the Internet. In tune with China’s top leader Jiang Zemin’s instruction of employing the Internet while containing its harms, the Party and state took a series of coordinated moves to prop up the positions of the major news outlets in the cyber world and to weaken the influence of commercial ICPs including Sina and Sohu. Under the regulations promulgated over the past year, commercial ICPs have no right of producing stories themselves and must use only information sources from the government-sanctioned media outlets; they are required to ensure that they don’t carry nine categories of offensive information and that all the information posted on their sites must be kept for 60 days to facilitate government investigation. In the meantime, the central authorities orchestrated media campaigns to promote the cluster of major news websites throughout the country, and pledged financial support to the news websites with the hope that news media’s role as the dutiful “mouthpieces” of the Party and state would be extended to cyberspace.

There have been reports that the approach has produced perceptible effects. For instance, the commercial websites as a whole were forced to lower their profiles in their

competition with the news websites for visitors and advertisers, BBS services such as chatrooms and forums were monitored and censored ever more vigilantly, and the news and information on the Chinese Internet became more like a mirror of the traditional media content. However, the effectiveness of such an approach will become much of a question with China's expected WTO accession at the end of the year 2001.

WTO Variant

The latest developments from the WTO negotiations show that China is prepared to relent its tight control of Internet content services in the country as a bargain for its long-desired WTO membership. China has promised to phase out its restriction of foreign investment in all telecommunication services. The agreement reached by China with the United States stipulates that China will allow 49% foreign investment in all telecommunication services including ISP, email and online information. The key telecommunications services corridor in Beijing, Shanghai, and Guangzhou -- which represents approximately 75% of all domestic traffic -- will open immediately upon joining the WTO. The country will also phase out all geographic restrictions in two years after the accession.¹

In the initial years following China's WTO accession, the ISP and online information services are expected to become the preferred sector of foreign investment. As noted by some scholars, in view of the "significant sunk costs required" and "high risks associated with an uncertain regulatory environment", foreign investors may not have great interest in China's long-term basic telecommunications services without credible commitments from regulators. Instead, they will most likely target services with

lower capital requirements and high capital mobility, such as Internet access and content services.²

The current regulations of the country do not allow foreign holdings in either media or Internet services. Though foreign companies have bought into China's commercial ICPs, such as Sina that has investments from Goldman Sachs, Softbank, Pacific Century Cyberworks, Dell and others, foreign investments have been quite limited in quantity and usually done on shaky grounds with no regulatory support. The WTO accession will eventually do away with the regulatory block and open the gate for foreign investors, who have been eager to jump into the young Internet industry in a country with about one fifth of the world's population and a quickly expanding middle class.

U.S. Internet service and media giant AOL Time Warner was already on the move a few months before China's expected accession into the WTO. On June 11, 2001 AOL announced in Beijing that it had formed a joint venture with Legend Holdings, China's largest computer manufacturers, to develop "interactive services" for what many people believe will one day become the world's largest Internet market. Legend would hold a 51 percent stake in the joint venture and AOL would have the rest. Each company pledged to invest 100 million U.S. dollars in the venture. "Analysts see the deal as an early move by AOL to position itself in China's tightly restricted industry ahead of China's entry into the World Trade Organization," the *Toronto Star* reported.³ Yet, as existing Chinese regulations forbid foreign investment in its ISPs or ICPs, the AOL-Legend venture will be limited to "provide interactive services consultation and technical support in the near

term” and its business scope will gradually widen after China joins the world trade group, said a joint statement from the two companies.

The AOL joint venture will be based upon Legend’s existing commercial portal www.fm365.com.cn, which was launched in April 2000 and had as of May 2001 about 2.9 million registered e-mail users and 34 million daily page views. To turn the current lightweight Chinese portal into a dominant one, the venture is expected to go into an acquisition binge of commercial ICPs. Backed by much-deeper pockets, managerial and technical expertise, and the brand name and rich content repository of AOL Time Warner, the venture is expected to bring quite a shakeout to the country’s Internet market. In the meantime, other foreign investors may follow AOL’s steps into the field.

At this stage, we can only speculate how the WTO-facilitated foreign investment of capital and expertise would alter the topography of China’s Internet services industry, since the WTO factor is one of the variants that will play out their roles in the sector’s future evolution. However, there are reasons to believe that commercial Chinese websites that have been the target of the Party and state weakening efforts may benefit more as a whole from the WTO accession than news websites.

First, if the AOL joint venture serves as any guide to the direction of future foreign investment, it should be reasonable to expect that a large chunk of foreign investment in China’s Internet industry will end up on the side of commercial websites instead of the websites run by news media outlets. Foreign investing in the news media touches a much sensitive nerve of the Party and state and will face more regulatory obstacles than in commercial ICPs.

Second, the WTO accession may bring an earlier end to the government subsidies to the news websites. There are two major reasons why this may happen in the post-WTO years. One is: transfusing financial blood to the news websites runs counter to the government's policy over the past decades that advocates gradual reduction of media subsidies to relieve the government burden while encouraging news media to realize financial independence eventually. In light of this set policy, the government subsidies to the news websites over the past year can only be viewed as a temporary aberration from its goal and therefore cannot be expected to last long. The other is a crucial WTO requirement stipulates "national treatment" for all businesses domestic and foreign. Since the majority of China's major news websites have been incorporated as commercial entities independent of their parent news outlets, the government cannot afford to prove the legitimacy of subsidizing one group of Internet businesses while discriminatorily denying the accessibility of subsidies to another group. Foreign and joint venture Internet companies, if they wish, could cite the "national treatment" clause to demand equal financial backing from the government.

Third, websites partnering with foreign investment may have an additional new weapon: the addition of foreign content to their services. As indicated by AOL CEO Gerald M Levin at the unveiling of its venture with Legend in Beijing, AOL plans to provide lifestyle contents to the joint venture.⁴ Soft foreign contents such as lifestyle and entertainment on Chinese websites should not be much problem to the Chinese authorities, considering the fact that quite a number of foreign media companies have already been in close collaboration with domestic companies in cultural and

entertainment fields, and their joint products are now widely available to Chinese consumers and audiences.⁵

Strengthened by foreign capital, expertise and content, commercial websites can afford improved customer services, which in turn will enhance their influence among the Chinese Internet users and thus advertisers. If such a scenario turns out to be true, the commercial websites as a group will pose an even forceful challenge to the major news websites in the post-WTO years.

At present, there is no way to predict what measures the Chinese authorities would like to take to preempt the possible decline of news websites in the years after the WTO accession. Judging from what it has said and done over the past two years, there should be little doubt that the Party and state will spare no efforts to ensure that the five major news websites will last long and probably become stronger, so that their official voices would still have a way to be aired and heard in the virtual world of the Internet. However, lots of other news websites will probably be left to the mercy of the market forces. Acquisitions, mergers and shutdowns will become quite inevitable for small-scale news websites. As a matter of fact, many of the hundreds of Chinese news websites have already chosen to scale down their operations or simply shut down thanks to the extreme difficulties in securing outside financing and in making money from their online operations.⁶ In the meantime, a small group of websites have chosen to unite in hopes of reducing costs and making their collective Internet operations “better and stronger”. For instance, the nine major news media outlets in the capital city of Beijing have formed a joint Internet venture called Qianlong Xinwenwang (21st century dragon news network, www.21dnn.com.cn) with the brokering of the municipal government.

Civil Society or Society as Usual

During my research on the subject of the Internet and how the Chinese news media have reacted to this latest technology of communication, a question much larger than the subject often came to my mind: Will the Internet help to foster the emergence of a “civil society” in the country and thus bring it a step closer to democracy?

It has been widely recognized that the Party and state’s monopoly over what the Chinese public read, watch and listen to has been greatly compromised over the past two decades of reform and opening to the outside world. The loss of control over the “ideological and political work” (sixiang zhengzhi gongzuo) has been attributed to a variety of major factors, including media commercialization, economic globalization and technological advancement in the mass communication field. Though obviously worried about the implications of such a loss, the Party and state lack the expertise, resources and the will to put back into the bottle the genie of market forces that are deemed by the conservatives within the ruling Party as the bane for most of the existing social ills and the “chaotic” public sphere, in which the once-dominant Party voice has been reduced to be one of the many that compete for public attention.

The Internet is but the latest and potentially the most powerful mass communication tool that could be employed in ways that help to empower the general public while further eroding the Party and state’s capability to structure the “symbolic environment” from which people derive their worldviews, values and action strategies.

Despite its relative short history in China, the Internet has brought an unprecedented scope of varied information to Chinese users within easy reach and a few

mouse clicks away. “Surf the Net and you’ll know the world” in the words of the marketing slogan of the *People’s Daily* website. The country now has a total of 159.4 million web pages, a significant part of which come from commercial ICPs and news media outlets.⁷ Thanks to the efforts of news media, Internet users have now access to hundreds of domestic publications as well as radio and television programs. The Internet also eliminates the constraints of time and space. Users can also browse publications in Hong Kong, Taiwan, Singapore and other countries, which is a privilege enjoyed previously by only a small group of researchers and officials. Despite the government’s dislike of some overseas websites, the number of sites it can effectively block is quite limited and determined users can always find a way to overcome the block through “proxy” servers.

The Internet has also expanded the scope of freedom of speech that was unimaginable in the past. The most common forms of self-expression among Chinese Internet users include setting up individual homepages, posting on BBS and Internet publishing. The portal of Netease claims to be the largest depository of individual homepages in China, where anyone is welcome to apply to the portal for some free storage space, though the portal constantly reminds its clients to abide by the country’s laws and regulations. For most users who want to air their views on the Internet, BBS has been the most popular choice. On the Internet, no one cares or knows who you are. The anonymity of the Net encourages users to say whatever they want. The audacity displayed on the BBS would amaze anyone who’s seldom ventured into Chinese cyberspace. Anti-CCP postings can be found side by side with those that fervently

endorse the regime, and nationalistic views contest bitterly with those that advocate American values, and the independence of Taiwan and Tibet.

The freedom to publish on the Net has resulted in a number of electronic publications that are fiercely opposed to the existing political system and the CCP rule in China. The anti-regime magazine *Suidao* (Tunnel) was established in the summer of 1997 by a group of Chinese intellectuals living in the United States. Its editors hoped that after they have tunneled enough wormholes into the dictatorial edifice, the CPP would collapse. They originated articles themselves and solicited many articles from people living in China who dared not publish their views inside China. The U.S.-based magazine is sent via email to its subscribers in China.⁸ In the same year, *Dacankao* (Big reference) was set up in New York. Its mission was to “explore political reforms, break through news blockades and promote freedom of speech in China”.⁹ The electronic magazine was initially emailed to its subscribers, now it is posted on the Web.

The immensely expanded scope of information available to Internet users, signs of “ideational pluralism” in Chinese cyberspace as well as facilitated communication among users have tempted some political science scholars to conclude that the Internet is fostering in China the autonomous social networks of a “civil society” that is necessary to effect a transition from the authoritarian to the democratic rule.

Geoffrey Taubman is one of the scholars holding such a conviction. To illustrate his point, Taubman took the former Soviet Union as an example of the devastating role played by the formation of social networks in the disintegration of the regime’s authority. These networks, whose formation was aided by traditional communication devices such as telephone and photocopiers, helped to lay the groundwork for the creation of a sphere

where “society is distinct from the state”. Subsequently, such a “public sphere” helped to diminish the Communist Party’s control over Soviet life, resulting in the eventual meltdown of the Soviet empire. “The Internet possesses even greater potential than earlier technologies to create politically consequential public spaces that challenge the preeminence of some non-democratic regimes” including that in China, Taubman concluded.¹⁰

However, Taubman failed to offer convincing evidence that the Internet has helped foster the same kind of social networks in China. The one social network he identified took place in September 1996 after a Chinese student posted a message on a computer bulletin board calling for a protest at the Japanese embassy in Beijing against Japanese actions concerning the Diaoyu Islands. The message was quickly spread and led to a petition drive on many campuses as well as demonstrations in Hong Kong. Yet, citing a loosely connected grouping whose initiation was prompted by an unexpected event and whose disintegration was almost certain immediately after the event risks stretching too much the notion of social networks, and in effect confirms the difficulties Taubman faced in his attempts to locate such a network in China.

As a matter of fact, there has been doubt about the claim that the new communication technology fosters new social networks. According to Manuel Castells, existing studies on the matter have indicated that the computer-mediated-communication (CMC) does not create new social networks. On the contrary, CMC reinforces the preexisting social patterns. It expands the reach of social networks and makes it possible for them to interact more actively and in chosen time patterns.¹¹

The demography of current Chinese Internet users might offer some support to the speculation that the Internet would help to bolster the scale of a civil society in China. According to the latest CNNIC statistics, the typical Internet user in China is currently a 20-to-30 –year-old young male living in major cities or economically developed provinces like Guangdong and Jiangsu.¹² Considering the fact that university students and young intellectuals were among the leaders of several democracy campaigns in the 1980s that culminated in the 1989 Tiananmen Square movement, there should be reasons to believe that many of today's Internet users in China would use the latest communication tool for the purposes of social activism.

Despite the speculation, so far there has been no substantial evidence to show that the Internet has been used much in China for social activism purposes. And some empirical studies in the Internet-advanced country of the United States actually indicate that the Internet tends to produce social isolation rather than social activism among frequent users.

A study published last year by two Stanford University scholars suggests that social isolation is up when people spend more time on the Internet. Their study found that a quarter of the respondents who used the Internet more than five hours a week felt that it had reduced their time with friends and family, or attending events outside the home. "The Internet could be the ultimate isolating technology that further reduces our participation in communities even than television did before it," according to Norman H. Nie, who directed the survey with his colleague Lutz Erbring.¹³ The Stanford study confirms the results of an early survey of home computer users by scientists at Carnegie Mellon University that the Internet has the potential to make people socially isolated.

“We were surprised to find that what is a social technology has such anti-social consequences,” said Robert Kraut, a professor of social psychology and human computer interaction at the university.¹⁴

Due to the different levels of economic development and the differences in the cultures, histories, political and social systems between the United States and China, the results of the two studies cannot be expected to square equally with situations in China. However, the most recent survey by CNNIC reflects its previous findings that the Internet is used largely in China for personal purposes such as obtaining information, education and entertainment. When asked what was their primary goal of accessing the Internet, 42.9 percent respondents said they used it to get information including news, 34.4 percent answered they used it for entertainment such as online chatting, making friends and playing games.¹⁵

An examination of forum and chatroom content confirms the generally apolitical attitude of the Chinese Internet users. Many forums and chatrooms were devoted to topics like “sports”, “stocks”, “living”, “travel”, “game”, “food”, “jobs”, “match-making” and other bland subjects. Visitors seldom adhered to the category guidelines. In fact, many of the talks tended to be quite repetitious, with many users simply extending greetings to others in the same forum or chatroom, making some references to their social lives, or complaining about how slow their connection or computers were. There was little discussion of politics or current events. In fact, in the most popular Chinese website of Sina, there was no chatroom labeled “politics”. There were of course exceptions, especially when a major event broke out. For instance, when the NATO bombed the Chinese embassy in Yugoslavia in May 1999, there were huge bursts of politically loaded

messages and debates in most of Sina's chatrooms and forums. As was the incident involving the collision between a Chinese fighter and an American military plane in April 2001.

Discussions of China's political system have been rare on domestically based websites, partly resulting from the active censorship by webmasters. More audacious political discussions could be found at chatrooms and forums of websites hosted outside China. Topics like Party and government corruption, scandals involving officials, political repression of dissidents, the government's rough handling of the semi-religious group of Falun Gong, and current affairs had from time to time long lines of "threads". Yet, the most-visited Chinese websites based overseas have not been those excessively political such as *Dacankao* (Big reference, available at www.bignews.org) and *Suidao* (Tunnel, available at <http://www.geocities.com/SiliconValley/Bay/5598/>) When I visited *Suidao* in mid October 2001, I was reminded by the site that "you are the 17156 visitor." In comparison, *Wenxuecheng* (Literature city, available at www.wenxuecity.com), a middle-ranked Chinese website on the cwrnk's popularity list, claimed in the same month to enjoy an impressive 100 million pageviews a month, many of its visitors came from mainland China.

For many of the young, mainly urban, male Internet users in China, there is little incentive now to discuss and debate domestic politics on the Internet. As pointed out by social scientist Andrew Walder, those members of Chinese society who see a secure career path within the existing political system may be reluctant to disrupt it.¹⁶ And according to Eric Harwit, a University of Hawaii China expert, "most of the new users in China are young guys who have education, jobs, and money. In the 1990s, China and the

Party delivered for them. Why should they oppose a system that allowed them a good position?"¹⁷ The general public's disillusion with the 1989 democratic movement may also act to reinforce the apolitical attitudes among Chinese Internet users.

As observed by political scholar Daniel Lynch, there has been little evidence that the semi-autonomous groups emerging in the Chinese society can be qualified as the social networks of a civil society. In his view, civil society is inherently political. Social groups in the society constantly participate in politics. They discuss it in the media and at public places, and they coordinate their antigovernment activities using telecommunications. Yet the current fact in China is: apolitical joining of social groups is clearly on the rise, but political joining is absolutely not. At present, "it cannot reasonably be argued that a genuine Chinese civil society is taking shape," Lynch asserted.¹⁸

In his study of contemporary China, Lynch also took note of the absence of institutional autonomy of media organizations that are essential to the formation of a civil society. In the country, all media outlets continue to be governed internally by Communist Party committees. Although media personnel may well be becoming more "unit oriented" in their behavior, their units are most certainly not recognized by the state as autonomous institutions with rights of their own.¹⁹ Though the rapid commercialization of the media since the early 1990s has enabled quite a number of media outlets to become independent financially, it has not resulted in editorial independence. And there is no indication that the Chinese media are zealous about independence other than economic. As a whole, the media are not prepared to deviate from their designated role as the "mouthpieces" of the Party and state.

It should be pointed out that the Chinese news media's active exploration of the Internet as a new tool of communication came not from a lofty motivation to percolate knowledge and information for the progress of the Chinese society, but from their acute sense of a looming crisis that the Internet would eventually render them obsolete and irrelevant to audiences as well as the Party in the years ahead. To the news media, the Internet means opportunities, more challenges and great dilemmas. It will be quite some time before the media become comfortable with the new technology. Despite the long process, the Internet has effected changes in the Chinese news media. The most obvious are the increased content on their websites, the enhanced speed in their reaction to domestic and world events, and more responsiveness to the perceived needs and preferences of readers, visitors and audiences. The media have given more coverage to sports, lifestyle and meretricious entertainment, yet the media as a whole have so far refrained from engaging in any serious and in-depth political reporting, which itself constitutes an essential condition for autonomous social groups in a civil society to engage in any meaningful public discourse.

Commercial ICPs cannot be counted on either as an alternative autonomous medium in today's China. Though they have led the way in many aspects in promoting the Internet and new communication ideas in the country, the commercial ICPs are not willing or ready to shoulder the tasks of autonomous media in a civil society. These ICPs are by nature profit-oriented. As suggested by Sina's Beijing news manager Chen Tong, social responsibility is not what the dotcom company should consider. And as a business entity, maximizing customers' satisfaction and therefore shareholders' returns is what most concerns the Chinese portal, which has the world's largest concentration of Chinese

Web surfers. As businesses, commercial ICPs are inclined to do anything within the legal boundaries that can maximize their profits; but decline to do anything that may incur the wrath of the Party and state that have the power to make or break them.

As has been demonstrated over the past year, the commercial ICPs have behaved themselves well beyond the expectations of the Chinese authorities. No politically controversial news has been allowed to appear on the websites of the cluster of leading ICPs including Sina, Sohu and Netease, and no politically offensive postings seen at their chatrooms or forums. Peter Lovelock of Made for China, an international telecom-marketing firm in Beijing, observed that the self-censorship policy pursued by the Chinese authorities has worked quite well for the commercial ICPs. “It gives people a stake in the system, but also scares them into limiting their behavior,” Lovelock noted.²⁰ Looking back now, it appears quite interesting that the cluster of the leading Chinese ICPs, all partly financed by mainly U.S. capital, were once viewed by some conservatives within the CPP rank as the beachheads of “peaceful evolution” implanted by hostile forces in Chinese cyberspace.

The preceding discussions lead to my conclusion that the Internet and the news media are not likely to foster a robust civil society in China any time soon, and that the country will probably remain for quite a long period of time largely what it is today, with a vibrant economy and private sphere but a stagnant political culture. Given that Internet users now account for only about two percent of the country’s population, it will take years before the Internet reaches a meaningfully larger section of the population. And only until then would it become possible for its democratic potential, as claimed by some political junkies and scholars, to be realized in the populous land of China.

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APPENDIX A

Timeline of China's Internet Development

September 1987	Qian Tianbai, a professor in Beijing, sends out the first e-mail in China through the Chinese Academy Network (CANET).
1988	Ecnnet hosted by the Institute of High Energy Physics in the Chinese Academy of Sciences becomes able to exchange e-mails with Europe and North America.
October 1990	Represented by Prof. Qian Tianbai, China registers the country's domain name, .cn, at DDN-NIC, the predecessor of InterNIC.
June 1992	The Chinese government with the U.S. National Science Foundation discusses the possibility of connecting China to the Internet. However, China is informed that China's access to the Internet would encounter political barriers due to the presence of U.S. government agencies on the Internet at that time.
March 1993	The 64K specialized line that connects the Institute of High Energy Physics (IHEP) at the Chinese Academy of Sciences with Stanford University opens. IHEP rents the line from AT&T 's international satellite channel.
August 1993	Premier Li Peng approves 3 million USD in funding for the construction of the Golden Bridge Network project, China's first national public economic information network.
December 1993	The National Economic Informationization Joint Conference is set up, and Vice Premier Zou Jiahua appointed as the chairman.
April 1994	NCFC Project which aims to build an information superhighway in Beijing University, Qinghua University and the Chinese Academy of Sciences is connected via Sprint to the Internet.
May 1994	The IHEP in the Chinese Academy of Sciences sets up the first web server and develops the first home page in China.
May 1994	The .cn top-level country domain name registration server is moved from Germany to China.
September 1994	China Telecom signs an agreement with U.S. Secretary of Commerce Ron Brown to open two 64K specialized lines through Sprint.
January 1995	The two 64K specialized lines open in Beijing and Shanghai, creating public access to the Internet.
January 1995	China's first online magazine opens.
August 1995	First BBS sets up in Qinghua University.
January 1996	A national informationization leadership group is set up under the State Council, Vice Premier Zou Jiahua is appointed the chairman.
January 1996	China Public Computer Internet (CHINANET) opens.
March	IETF (Internet Engineering Task Force) approves the first standards for

1996	Chinese character transmission.
September 1996	Golden Bridge Network (CHINAGBN) opens.
December 1996	The China Public Multimedia Network hosted by China Telecom opens, and first batch of local web sites including Shanghai Online launched.
June 1997	The Chinese Academy of Sciences sets up the China Internet Network Information Center (CNNIC) to oversee China's Internet development.
November 1997	The first CNNIC report on China's Internet is released. As of October 31, 1997, there are 299,000 computers in China connected to the Internet; 620,000 Internet subscribers; 4,066 domain names registered under .cn and 1,500 web sites.
March 1998	The Ministry of Information Industry (MII) is established.
June 1998	The second CNNIC report is released. There are over 542,000 computers accessing the Internet and over 1.175 million Internet subscribers; 9,451 domain names registered under .cn and 3,700 web sites.
January 1999	The third CNNIC report is released. There are 747,000 computers in China connected to the Internet; 2.1 million Internet subscribers; 18,396 .cn domain names and 5,300 websites.
June 1999	The fourth CNNIC report is released. It shows 1.46 million computers connected to the Internet in China, 4 million Internet subscribers; 29,045 .cn domain names and 9,906 websites.

China Internet Network Information Center (CNNIC) sources. More details available at: <http://www.cnnic.org.cn>

APPENDIX B

Popular Websites Ranked by China's Internet Users

1. www.sina.com.cn
2. www.sohu.com
3. www.163.com
4. www.yahoo.com
5. www.263.net
6. cn.yahoo.com
7. www.163.net
8. www.21cn.com
9. www.china.com
10. www.chinaren.com
11. www.hotmail.com
12. www.yesky.com
13. www.online.sh.cn
14. www.east.net.cn
15. www.fm365.com
16. www.pchome.net
17. www.elong.com
18. www.the9.com
19. www.myrice.com
20. www.netbig.com
21. www.8848.net
22. www.cww.com
23. www.cctv.com
24. www.etang.com
25. www.yestock.com
26. www.tencent.com
27. www.stockstar.com
28. www.eachnet.com
29. www.eguo.com
30. www.soim.com
31. www.5460.net
32. www.yabuy.com
33. www.51job.com
34. www.homeway.com.cn
35. www.3721.com
36. www.eastday.com
37. www.fanso.com
38. www.gznet.com
39. www.d3y.com
40. www.sd.cninfo.net

41. www.ctrip.com
42. www.peopledaily.com.cn
43. www.szptt.net.cn
44. www.download.com.cn
45. www.k12.com.cn
46. www.renren.com
47. www.soyou.com
48. www.mydrivers.com
49. www.hongkong.com
50. www.joyo.com
51. www.hongen.com
52. www.zz.ha.cn
53. www.sc.cninfo.net
54. www.yinsha.com
55. www.99stock.com
56. www.microsoft.com
57. www.990.net
58. www.zhaodaola.com
59. www.focus.com.cn
60. www.pconline.com.cn
61. www.myweb.com.cn
62. www.xaonline.com
63. www.ladynow.com
64. www.haier.com
65. www.tyfo.com
66. www.hisense.com.cn
67. www.158china.com
68. www.cmmail.com
69. www.chinabyte.com
70. www.371.net
71. www.iatoz.com
72. www.espn.com
73. www.shanghai.china.com
74. qd-www.sd.cninfo.net
75. www.sdonline.cn.net
76. www.ibm.com.cn
77. www.nlc.gov.cn
78. www.ce.net.cn
79. www.wfptt.sd.cn
80. www.jn.sd.cn
81. www.qd.sd.cn
82. www.sdrtr.com
83. www.zol.com.cn
84. www.jrj.com.cn
85. www.tom.com
86. www.nba.com

87. www.china-sd.com
88. www.gov.qd.sd.cn
89. www.wuhan.net.cn
90. www.alibaba.com
91. www.china-enterprise.com
92. www.sdu.edu.cn
93. www.qdport.com
94. www.qingdaochna.com
95. www.cn99.com
96. www.bta.net.cn
97. www.51go.com
98. www.kaxiu.com
99. www.email.com.cn
100. www.legend.com.cn
101. www.343.com.cn
102. www.yaolan.com
103. www.kali.com.cn
104. www.126.com
105. www.269.net
106. www.363.net
107. www.tsinghua.edu.cn
108. www.m18.com
109. www.999.com.cn
110. www.jlonline.com
111. www.oicq.com
112. www.zhaopin.com
113. www.szonline.net
114. www.bjyouth.com.cn
115. www.cnn.com
116. www.hn.cninfo.net
117. www.rongshu.com
118. www.zaobao.com
119. www.tp-link.com.cn
120. www.jk123.com
121. www.shawei.com
122. www.chinahd.com
133. www.asp.com
134. www.phoenixtv.com
135. china.alibaba.com
136. www.higoal.com
137. www.5eat.com
138. cfi.net.cn
139. www.softhouse.com.cn
140. www.ihw.com.cn
141. www.intel.com
142. bbs.tsinghua.edu.cn

- 143. www.p5w.net
- 144. www.188.net
- 145. www.yesee.com
- 146. www.drgama.com
- 147. www.chinabonus.com
- 148. www.goyoyo.com

CNNIC sources: “zhongguo hulianwang wangzhan yingxiangli diaocha baogao (Survey report on the popularity of China’s websites)”. July 2000. Available at: <http://www.cnnic.org.cn/develst/topten2000-7.shtml>