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Film and Society in China The Logic of the Market

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By 2011, after more than thirty years of reform in China, developments in the film industry reminded observers how far the industry has come, pointed to future directions and still evolving trends, and suggested some of the key issues that are likely to remain contentious for the foreseeable future. Since these developments are closely linked to the interactive role between Chinese film and society, it is useful at the outset to note some of the major recent developments suggested above. First, 2010 continued the familiar annual increase in box-office performance that has been a feature of the Chinese market over the last decade. By 2008 China's box-office revenues had hit RMB 4.3 billion, bringing the country for the first time into the top ten film markets in the world. After climbing to RMB 6.1 billion in 2009, the figure for 2010 reached a remarkable RMB 10.17 billion, a 43 percent increase over the previous year; as recently as 2003 the box-office total had been under RMB 1 billion (H. Liu 2011).1 While previously lacking an "industry" in any commonly understood sense of that term, Chinese film authorities and filmmakers are now driven more and more by the bottom line, dedicated to making films that will bring audiences into the theaters. The increasing importance of the box office and the implications for the Chinese film industry and Chinese society are a major theme of this chapter.

Second and very much related to the first point, the familiar boundaries – and contradictions – among art, politics, and commerce (Zhu and Rosen 2010) have begun to break down, with films previously designated as "main melody" in China and "propaganda" films abroad successfully finding ways to stimulate audience interest. The best example of this recent phenomenon is *The Founding of a Republic* (Han Sanping, Huang Jianxin, 2009), prepared for the sixtieth anniversary of the founding of the People's Republic of China (PRC), with box-office receipts over RMB 400 million. The age of the "main melody commercial blockbuster" has

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arrived. Han Sanping (b. 1953), the CEO of the biggest film group in China, the state-owned China Film Group, openly noted the "need to make mainstream ideology mix well with commercial means" (Danwei.org 2009). Another highly successful main melody blockbuster in late 2009 was "the first commercial spy thriller," *The Message* (Chen Guofu), which subverted many of the conventions of past mainland spy thrillers, and was described in the film's production notes as a "populist film" with "a new look" (Tsui 2009).

There are real questions, however, over the sustainability of this new fusion of politics and commerce. Interviews and survey data suggest that the primary attraction for Founding's audience was the appearance of 177 of China's leading stars and directors, including such Hong Kong legends as Jackie Chan and Jet Li (Li Lianjie, b. 1963), leading to the amusing game of trying to discern which star was hiding under the makeup of a late 1940s historical figure. A number of film industry insiders noted that the willingness of so many stars to donate their time to provide cameos in the film is a testament to the power of Han Sanping, by all accounts the most powerful individual in the film industry, and that it would be difficult to repeat the success of this phenomenon. In addition, the Internet "debate" over Founding revealed the increasing importance of the Web, and public opinion more generally, as a factor in the film industry. Well-known blogger Han Han posted a list of the actors in the film who had given up their Chinese nationality, leading to a heated discussion over whether they were still "Chinese," compelling these stars, and the China Film Group on their behalf, to defend their love of China (Chinadaily.com 2009c). While such "ultra-nationalistic" views were clearly in the minority, as we will see below in the case studies of Lust, Caution (Ang Lee, 2006) and Kungfu Panda (Mark Osborne, John Stevenson, 2008), such online debate now accompanies the release of any prominent film.

A third recent phenomenon is the increasingly complex relationship between Hollywood and China, which now comprises several components. For example, reflecting perhaps his reputation for having a "patriot complex" (aiguo qingjie), Han Sanping's interviews are indeed quite openly critical of the Chinese media in fawning over Hollywood films while criticizing the commercial impulses of Chinese filmmakers, and in suggesting his very strong motivation to beat Hollywood in the Chinese market by using Hollywood methods of production and marketing (Danwei.org 2009). But if Han is dedicated to learning about Hollywood, the American industry in turn seems to be refining its knowledge on how to sell tickets in China. In late 2009 the American blockbuster 2012 (Roland Emmerich) became the all-time box-office victor in the Chinese market up to that time, leaving The Founding of a Republic in third place, behind Transformers 2: Revenge of the Fallen (Michael Bay, 2007). Indeed, for Chinese audiences 2012 had a number of similarities to Founding, despite the widely divergent themes of reconciliation in the former and global disaster in the latter. Ironically, 2012 is also a "propaganda" film, one in which only China can save the world. In one theater, the entire audience erupted into applause after a People's Liberation Army (PLA)

soldier saluted American refugees arriving in China, and Chinese publications have noted Hollywood's more positive approach to China (BBC Monitoring Asia Pacific-Political 2009; Shanghaiist 2009). Bloggers in China have lost no time in producing lists of "the top ten Hollywood movies that suck up to China" (EastSouthWestNorth 2009); 2012 made it to the top of the list. Both of these films raise important issues about film marketing and audience response, and both films have been extensively discussed in the Chinese media, both positively and negatively.

In late December the World Trade Organization (WTO) rejected China's appeal against a ruling that it must stop forcing content owners from the United States to use state-owned companies to distribute movies and books. While the WTO ruling does not address China's import quota of twenty revenue-sharing foreign films a year and agreed with China that the country has the right to ban foreign films and books that government censors deem objectionable, the ruling appears to break the monopoly that China Film Group and Huaxia Film Distribution – which is partially owned by China Film – currently have on the distribution of foreign films in China (Shackleton 2009). Ironically, one of China's leading producers has accused China Film of favoring Hollywood imports over domestic blockbusters.

The three developments from late December 2009 noted above – the continued rapid growth of the box office in China, the blurring of the lines between political and commercial films, and the evolving relationship between Chinese domestic films and Hollywood productions - are all relevant to the role film plays in the relationship between the Chinese state and the society it governs. With measurable performance replacing ideology as the key factor in political legitimation, governmental strategy has become dependent on making China rich (improving the standard of living and offering more varied lifestyle choices) and powerful (able to take its place among the major powers and demonstrate its ability to be world class in a variety of areas, including film). This strategy has led directly to the continuing expansion of a more confident and demanding middle class and the coming of age of a new generation of youth (the "post-80s generation") who have extensive knowledge of international cultural trends, an individualism that poses a challenge to official and otherwise "authoritative" voices, and a strong sense of "nationalism" (Rosen 2009). Given the changes in Chinese society the state can no longer simply dictate cultural policy, but must "negotiate" with social and cultural forces in trying to balance contradictory values, including the political (e.g., the "propaganda" or socialization function of film) and the commercial (e.g., the need to compete with the ever-present Hollywood product). These contradictions and the negotiations they produce are manifested in a variety of ways, including the tension between producing blockbuster films that promote mainstream values and the production of more popular "super-commercial" blockbusters.

Using survey research and public opinion data, box-office statistics, documentary sources, interviews, and case studies, this chapter will assess government policies

toward film, audience exposure and receptivity to film, the winners and losers in China's evolving film industry, and likely future prospects for film as a factor in the Chinese state's relationship with society.

An Overview of the Film Audience

In the United States and many other countries the traditional manner of viewing films – collectively, in a darkened theater populated primarily with strangers – has long been in decline as a revenue stream for the major film studios and production companies. New technologies, including the delivery of films through DVD, the Internet, or television broadcasts, have had a major impact on theater attendance. China has an Internet community that is now the largest in the world, raising questions as to how this revolution in new technology has affected viewing habits. A number of surveys have addressed this question.

For example, the Chinese Film Copyright Protection Association did a sample survey of 1,200 respondents in fourteen large and medium-sized cities, which discovered that, on average, the respondents watched 57 films a year (Wei Zhang 2009). In terms of venue, 47 percent generally watched films on the Internet; 29 percent watched films on television; 17 percent on disks (such as DVD); and 7 percent most often watched films in theaters. Interestingly, those below the age of eighteen were most likely to see a film in a theater (11 percent), while other demographic groups hovered between 6 and 7 percent, a result consistent with other surveys. One survey conducted among university students attending the Fifteenth Beijing College Student Film Festival in 2008, discussed in more detail below, found that over 60 percent of the respondents most often watched films on the Internet, primarily through downloading (Zhou and Song 2008).

The surveyors found a lack of correspondence between film attendance and the importance of the box office in generating revenue for the film industry, contrasting the results with the United States. For example, in 2007 the total revenue for the film industry was RMB 6.7 billion, of which the theatrical box office made up RMB 3.3 billion, or just under 50 percent. Given the importance of theater attendance to the industry, the surveyors were surprised that only 7 percent chose film theaters as their most common means for watching a film. They also noted that in a more mature film market like the United States, the theatrical box office only made up 20 percent of the total film revenue, suggesting both the high ticket prices for theatrical films in China relative to incomes, and the greater development of revenue streams from alternative viewing sources in the United States.

The survey conducted at the Beijing College Student Film Festival included more than eight hundred students from thirty universities in Beijing and ten universities outside the capital, and addressed audience preferences over the entire thirty-year Reform period. First, the surveyors discovered that film directors of the

Fourth and Sixth Generations were not as popular as such well-known Fifth Generation directors as Zhang Yimou and Chen Kaige, and some "films with a special quality" such as In the Heat of the Sun (Jiang Wen, 1994) and Kekexili: Mountain Patrol (Lu Chuan, 2004). When asked about the benefits the reforms had brought about for the film audience, over 40 percent chose the opportunity to see films from Europe, Japan, and Korea, which was new to them, followed by 29 percent who chose the increasing variety of mainland films; 14 percent chose the ability to see Hollywood films in theaters, and 11 percent chose theatrical showings from Hong Kong, Taiwan, and other coproduced films. This suggested to the surveyors less a lack of interest in Hollywood and Hong Kong films and more a reaction to the high ticket prices needed to see such films in theaters, particularly with the availability of inexpensive alternatives. Offered fifteen names and asked to designate the "real" film stars, it is striking to note that the person who came out on top, scoring even higher than Ge You (b. 1957), Gong Li (b. 1965), and Jiang Wen, was Chen Daoming (b. 1955), who perhaps is best known in films for playing Emperor Qin Shi Huang in Hero (Zhang Yimou, 2002), but is even more popular for his leading roles in television dramas, including the Kangxi Emperor in Kangxi Dynasty (Chen Jialin, Liu Dayin, 2001), demonstrating, as many surveys have done, the continuing popularity of such TV dramas.

When asked why they would spend money to see films in a theater, of the five choices offered by far the largest number (over 44 percent) chose the opportunity to see special effects and a big spectacle on the big screen; only about 25 percent were attracted by either film stars or a famous director. Given these findings, it is not surprising that in 2010 *Avatar* (James Cameron, 2009) took in around RMB 1.4 billion at the box office, more than double the total of any film ever marketed in China, or that *Inception* was also a major success (see Table 11.1, below). When it came to choosing films to celebrate the New Year, by far the largest number wanted to see comedies (41 percent), explaining the enduring popularity of China's leading director of New Year comedies, Feng Xiaogang, and its leading comedic star, Ge You. When asked which "hot films" they had seen, *Lust, Caution*, to be discussed below, had been seen by the most respondents (72 percent), followed by *Cape No.* 7 (Wei Te-sheng, 2008) from Taiwan and *The Warlords* (Peter Chan, Yip Wai Min, 2007) from Hong Kong. It is noteworthy that films that scored highest were either highly controversial films that faced government censorship or films from Taiwan and Hong Kong.²

A series of questions was asked about the consumption of low-budget art films. Since one of the main conclusions of this chapter is that art films and independent films more generally have been severely disadvantaged by explicit government strategies and the logic of the market, making it difficult to compete with commercial and main melody films, it is useful to examine some of the results. While students generally see as many art films as commercial films, they also note that they do not spend any money watching the art films (59 percent). Those that do pay to see these films are more likely to watch them on disk (21 percent) than see them in theaters (16 percent). One of the disadvantages such art films face is

 Table 11.1
 The top box-office hits in China (as of April 17, 2011)

Rank	English title	Chinese title	Year	Box office (RMB 100 million)
1.	Avatar (H)	阿凡达	2010	13.78
2.	Let the Bullets Fly (M)	让子弹飞	2010	6.64
3.	Aftershock (M)	唐山大地震	2010	6.48
4.	If You Are the One II (M)	非诚勿扰 II	2010	4.74
5.	2012 (H)	2012	2009	4.66
6.	Inception (H)	盗梦空间	2010	4.57
7.	Transformers II (H)	变形金刚II	2009	4.55
8.	The Founding of a Republic (M)	建国大业	2009	4.20
9.	Titanic (H)	泰坦尼克号	1998	3.60
10.	If You Are the One (M)	非诚勿扰	2008	3.25*
11.	Red Cliff I (HK)	赤壁上	2008	3.12
12.	Detective Dee and the Mystery of the Phantom Flame (HK)	狄仁杰之通天地国	2010	2.96
13.	Bodyguards and Assassins (HK)	十月围城	2009	2.93
14.	Curse of the Golden Flower (M)	满城尽带黄金甲	2006	2.91
15.	Transformers (H)	变形金刚	2007	2.82
16.	A Woman, a Gun and a Noodle Shop (M)	三抢拍案惊奇	2009	2.61
17.	Red Cliff II (HK)	赤壁下	2009	2.6
18.	Hero (M)	英雄	2002	2.5
19.	Assembly (M)	集结号	2007	2.48*
20.	Ip Man II (HK)	叶问II	2010	2.32
21.	Painted Skin (HK)	画皮	2008	2.3
22.	Alice in Wonderland (H)	爱丽丝梦游仙境	2010	2.26
23.	Battle: Los Angeles (H)	洛杉矶之战	2011	2.24
24.	Harry Potter and the Deathly Hallows I (H)	哈利•波特与死圣	2010	2.21
25.	The Message (M)	风声	2009	2.16
26.	The Expendables (H)	敢死队	2010	2.13
27.	Shaolin (New Shaolin Temple) (HK)	新少林寺	2011	2.10
28.	CJ 7 (HK)	长江七号	2008	2.03
29.	Eternal Moment (M)	将爱情进行到底	2011	2.028
30.	The Warlords (HK)	投名状	2008	2.01
31.	Sacrifice (M)	赵氏孤儿	2010	1.96
32.	The Forbidden Kingdom (C)	功夫之王	2008	1.88
33.	Kungfu Panda (H)	功夫熊猫	2008	1.86
34.	My Own Swordsman (M)	武林外传	2011	1.83
35.	The Promise (M)	无极	2005	1.795

Table 11.1 (cont'd)

Rank	English title	Chinese title	Year	Box office (RMB 100 million)
36.	Iron Man II (H)	钢铁侠II	2010	1.76
37.	Clash of the Titans (H)	诸神之战	2010	1.75
38.	City of Life and Death (M)	南京南京	2009	1.72

- ullet (H) = Hollywood; (M) = primarily mainland; (HK) = primarily Hong Kong; (C) = coproduction, with a major Western as well as a Chinese release. Since almost all of the domestic blockbusters can be considered as coproductions today, I have tried to distinguish those that have primarily mainland components most often the film's director from those that have primarily Hong Kong components.
- * The figure in this source had a total box office slightly lower than the figure provided in Table 11.2 (260 million). Box-office data are quite often inconsistent between sources, particularly since the use of computerized box-office data is a recent phenomenon in China and most data come from the film companies rather than the theaters, generally leading to inflated results. These problems do not significantly affect the overall results in this table.

Source: Derived from http://mtime.com/my/964883/blog/1255510/ (accessed April 25, 2011).

the lack of an arthouse cinema circuit. China has a relatively small number of screens and the most favorable venues are fully booked for Chinese or foreign blockbusters, leaving little room for everyone else. This situation has led directly to a war of words between commercially successful and arthouse directors over film policy. Art films and independent films more generally are often consumed not in standard theatrical venues, but at film clubs, on university campuses, or in makeshift venues (Nakajima 2006).

Another interesting section of the survey asked the students about their preferences with regard to Hollywood and Chinese domestic films. While 41 percent would see both kinds of films, if they were showing at the same time 33 percent would opt for the Hollywood product over a Chinese film, while 17 percent would choose the Chinese film. This is consistent with other survey data on film preferences of Chinese youth; indeed, in many surveys the Hollywood product scores even higher (Rosen 2008a).

The Increasing Importance of the Box Office in China

During the first decade of China's thirty years of reform, box-office results did not play a major role in the decision-making of China's film authorities. In 1979 film attendance hit 29.3 billion, the highest figure in the Reform era that began at the end of 1978. Since China had a population of around one billion at that time, on average a person would enter a film theater 29 times a year. After 1979 the number of filmgoers steadily declined, but the state took relatively little action to try and

ameliorate the decline (F. Xie 2009). Despite the obvious improvement in the diversity of film content in comparison to the Mao years, the primary role of film remained the socialization of the Chinese public, particularly its youth, into a proper system of values.

During periods of greater openness, film authorities did try to encourage filmmakers to produce a more audience-friendly product. For example, pleased when Red Sorghum (Zhang Yimou, 1988) won the Golden Bear Award at the Berlin International Film Festival - what became known in China as the "Red Sorghum phenomenon" (Renmin ribao 1988)³ – Teng Jinxian, the Director of the Film Bureau of the Ministry of Radio, Film, and Television (now SARFT), told an interviewer in March 1989 that films in the future would be classified into three types. The first type of film would be serious films that would promote the proper ideology for the Reform movement and a correct understanding of past history. He acknowledged that such "important" films, while essential, would be unprofitable. The second type of film would be entertainment and commercial films, which would make up the majority, and "must stand the test of the market and audience judgment." The third type of film would be "artistic and avant-garde films," the purpose of which would not be profits. Although few in number they would be representative of the highest creative level and would be the films that would win awards at international film festivals (Teng 1989).

A month after Teng's appeal for more entertainment-oriented and artistic films, Chinese students were marching to Tiananmen Square, leading to the military crackdown on June 4, 1989. In Teng's summary of the film industry a year later significantly titled "Harmful Trends in Film Creation" - he enumerated five erroneous trends that needed to be corrected, which, with presumably no irony intended, excoriated filmmakers for doing exactly what he had urged them to do in 1989! The first mistake was "downgrading the ideological and political substance of films, by merely stressing their entertainment and aesthetic value, and neglecting film's social uplift capability" (Teng 1990). Other erroneous trends included "national nihilism," a term also used to criticize the popular 1988 television series River Elegy (Heshang), which offered a critique of China's past and present and urged a closer relationship with the Western world and a greater role for Chinese intellectuals in developing that relationship; the advocacy of abstract human nature, humanitarianism, and the theory of human nature; using the creation of films as a means of personal expression rather than focusing on the economic and social benefits of film; and the increasing importance of money worship in the film industry, in which "everything is subordinated to the box office."

Not surprisingly, the new conservative line coming from film authorities led immediately to an even greater drop in the box office beginning in 1990. By 1992 attendance was down to 1.06 billion, but the lowest point was reached in 1993, with a decline of more than 500 million from the year before. The frequency of film attendance per person was now well below once per year. However, with the political line shifting back toward reform after Deng Xiaoping's southern trip in

the winter of 1992, film authorities also got the message and began to draft new regulations that would bring audiences back to the theaters. A variety of solutions were considered and adopted – including limitations on the distribution monopoly held by China Film and introducing flexibility in ticket pricing, both in 1993 – followed by the decision in 1994 to bring in Hollywood films on a revenue-sharing basis, beginning with *The Fugitive* (Andrew Davis, 1993) from Warner Bros., so long as imported films to be shown theatrically would be limited to ten per year (L. Fan 2008; R. Tang 2008; F. Xie 2009; Rosen 2002). After the first Hollywood films began to arrive – and to do very well at the box office – many in the Chinese film industry "demanded protection from the invasion of foreign 'megafilms' that are wiping local movies off cinema screens" (Reuters 1995).

As will be noted below, complaints over access to screen time have continued, but are now far more complicated since most of the combatants come from within the Chinese film industry, and the Hollywood imports are only one part of a larger picture. The overwhelming importance of the bottom line in judging the success of a film has divided the creative community. On one side are the film authorities and those filmmakers who have achieved box-office success, although there is division within this group as well. On the other side are those filmmakers whose films are less commercially viable. Some filmmakers refuse to accept the standard tripartite division that Chinese films must serve a political, commercial, or artistic function, and argue that political or artistic films can also be commercial.

Feng Xiaogang, not surprisingly given his popular success, told the *New York Times* that his films were changing to reflect the times, as we now live in an era where people are looking for more leisure and entertainment. More specifically, as he suggested, "Now China has gradually adopted a market economy... Movies have changed from a propaganda tool to an art form and now to a commercial product. If someone continues to make movies according to the old rules, he'll have no space to live in today's market" (Barboza 2007). Feng's leading actor, Ge You, has also expressed no interest in making any more arthouse films. As he put it, "if an actor is always acting in movies nobody watches, he's over"; he further noted that Jia Zhangke's films "were not bad, just not popular" (*Straits Times* 2006).

For his part, Han Sanping has shown that it may be possible to combine the political and the commercial in a new hybrid, the "political–commercial blockbuster," as *The Founding of a Republic* and *The Message* have suggested. However, one area that appears to unite both Feng and Han is the limited place for arthouse films in China's developing marketplace. Han has been quite explicit in his critique, bordering on contempt, for China's internationally acclaimed arthouse auteurs:

Some of our directors, after bringing home an international prize, choose increasingly narrow paths. Even 2 million yuan in box office can't be achieved after an international prize. We allow you to chase it, but you can't complain, and can't complain about how stupid moviegoers are, and how stupid the distribution is,

and how bad the cinemas are; this is a complaining-woman complex and no one will give a damn. (Danwei.org 2009)

For their part, directors known for their art films that do well on the international film festival circuit have been equally open in criticizing the sole emphasis on box-office results. In a panel at the 2009 Shanghai International Film Festival, Wang Xiaoshuai (Chinadaily.com 2009b) castigated those he called "successful members of the 100 million yuan club," but who "fail as directors." Going further in his critique of films that are "too commercial," he concluded that "the biggest problem of Chinese cinema is the over-obsession with money. I strongly believe cinema is art. Films need dignity and confidence. I am happier than these other directors because I can still make films I really like."

Jia Zhangke as well has been critical of Chinese blockbuster successes in part because, with two or three exceptions, the most successful directors are not really mainland directors, but come from Hong Kong and Taiwan. Moreover, using John Woo and Ang Lee as examples, he asserts that they have been so contaminated by their experience in Hollywood that they are no longer making quality films (B. Xu 2008; Z. Jia 2009). He even threatened to sue when Still Life (2006), despite winning the top award at the Venice International Film Festival, could not find any theater with digital projection facilities because they were showing Zhang Yimou's Curse of the Golden Flower (2006) everywhere. Jia's critique of Zhang Yimou is both artistic and personal. Not only does he think Zhang has lost his artistic integrity, but he also appears to blame members of Zhang's creative team for persuading film authorities that Jia's films gave the world a bad impression of China, leading to a ban on his films at that time (Straits Times 2007). Indeed, Jia deliberately chose to open Still Life on the same day as Curse, to show his contempt for Zhang's work. In turn Zhang's producer Zhang Weiping asserted that Jia was "sick with revenge against the rich" (Osnos 2009). Han Sanping's tirade, quoted above, was clearly intended to respond to directors such as Jia Zhangke and Wang Xiaoshuai, for privileging film as an art without regard to commercial considerations.

There are also some well-known directors who have recognized the importance of the box office, but have argued that art films need not be treated as orphaned children. Lu Chuan, the director of *City of Life and Death* (2009), which made RMB 172 million at the Chinese box office, spoke at the same panel as Wang Xiaoshuai. He suggested that it was "an outdated opinion to divide art and commerce. Film first and foremost is a consumption product. Do not try to guide viewers and look down on them from such a lofty position" (Chinadaily.com 2009b). Ning Hao (b. 1977), the director of the commercial hits *Crazy Stone* (2006) and *Crazy Racer* (2009), likewise sees no contradiction between art and commerce, pointing to the necessity of producing a box-office return commensurate with a film's investment.

Questions of distribution and access to the limited number of digital and other reasonably modern screening facilities have become major issues in the

development of the Chinese film industry. Although the number of Chinese cinemas has increased from 900 in 2000 to 1,545 in 2009, and the number of screens has gone from 2,000 to 4,097, the screen-to-audience ratio in China is 1:300,000 compared to 1:7,000 in the United States (Chinadaily.com 2009a; South China Morning Post 2009). In a fascinating circle of irony, Jia Zhangke has attacked Zhang Yimou's blockbuster films for dominating all the digital screens, Han Sanping has attacked Jia Zhangke for making films no one wants to see, and now Zhang Weiping has launched a tirade against Han Sanping and China Film for using their monopolistic position in the distribution of imported films to favor Hollywood films such as 2012 and District 9 (Neill Blomkamp, 2009) over Zhang Yimou's most recent release, A Woman, A Gun and a Noodle Shop (2009). In noting the more than four thousand screens available in China and the increasing presence of private capital in the industry, China Film spokesperson Weng Li denied the existence of such a monopoly, suggesting that the audience should decide what to see, while sarcastically adding – in a response that Jia Zhangke would no doubt appreciate – that "just because your new film has arrived, you think nothing else should be screened!" (Ent.163.com 2009a, 2009b; Ent.sina.com 2009).

The war of words between Zhang Weiping and China Film indicates the increasing importance that Chinese producers such as Zhang Weiping and Fang Li – the producer of *Lost in Beijing* (Li Yu, 2007) who laughed off his two-year ban on producing films after *Lost* was removed from theaters because the sex scenes deleted from the mainland theatrical version were posted on the Internet – are playing in the cinema industry. It also reveals that the real battles ahead are between heavyweight producers and directors on one side and film bureaucrats on the other, further marginalizing arthouse directors such as Jia and Wang, no matter how artistically accomplished their films might be. Ironically, Han himself has noted that the dearth of successful producers is one of the major reasons for the continuing obstacles to the Chinese film industry reaching maturity (Danwei.org 2009).

An Overview of Chinese Box-Office Data

Examining the Chinese box office provides a useful guide to how films are consumed in China. First, film revenue is generated primarily at the theater chains in large cities. In 2007, 83.8 percent of all urban box-office revenues came from these theater chains, and the number has been on the increase every year. For example, between 2005 and 2007 ticket sales at these theater chains went from RMB 1.6 billion to RMB 2.8 billion. At the same time, ticket sales at theaters in second-level cities and the rural areas only increased from RMB 446 million to RMB 539 million (Chinese Film Distribution and Screening Association et al. 2008). In 2008 the theater chains dramatically increased their revenue to RMB 4 billion,

while the increase in second-tier cities only went from RMB 339 million to RMB 341 million. Even more striking, the "brand name" (*pinpai*) theater chains are increasingly monopolizing the market. For example, in 2008 the five leading theater chains in Guangzhou, Shenzhen, Beijing, Shanghai, and Wuhan took in 58.3 percent of all theatrical revenue in the urban areas (*Research Report on Chinese Film Industry* 2009: 62–71, hereafter *Research Report*), and over 37 percent of all theatrical revenue was generated from just Guangdong, Beijing, and Shanghai (J. Liu 2009). If we add Tianjin to the mix, the top ten theater chains were located in just six cities. Disaggregating the data further, in 2007 rural film markets took in only 6 percent of all revenue; a survey in one Anhui province locality found that around a third of primary and secondary school students in the rural areas had never seen a Chinese or Hollywood blockbuster film (Y. Qiu 2008). Moreover, although as many as 406 films were produced in 2008, very few had rural themes (Q. Zhao 2009).

Second, and clearly related to the first point, much of the box office in China is generated by a relatively small number of films. In 2008 the ten most successful domestic and imported films in China's cities brought in 65.7 percent of the box office. The 146 other new films distributed that year – 85.7 percent of the total number of films distributed – brought in 34.6 percent of the box office, with many films going virtually unseen (*Research Report* 2009). In the first half of 2009 the top nine films brought in 55.9 percent of the total box office, with three films – *Red Cliff II* (John Woo), *Transformers II* (Michael Bay), and *City of Life and Death* – far ahead of all the others (L. Fan 2009).

Looking in more depth at the most successful films of all time in the Chinese market – those which made at least RMB 175 million – offers some additional insights into the film market and audience tastes. Table 11.1 presents the 38 films that have reached the RMB 175 million milestone.

First, leaving aside the most obvious hybrid, the coproduction *The Forbidden Kingdom* (Rob Minkoff, 2008), thirteen of the films (35.1 percent) are Hollywood products, including four of the top seven. This appears to mark a change from earlier years when it appeared to some observers that Chinese film authorities had been reluctant to allow Hollywood films to continue in theaters after they reach the RMB 100 million mark, with the exception of "super-blockbusters" such as the Harry Potter, Spiderman, James Bond, Transformers, and Pirates of the Caribbean franchises (Rosen 2006).

Second, the expansion of the box office in recent years is very clear, with the results no longer as heavily driven by one or two blockbuster releases. Of the thirty films that made RMB 200 million, only two were released before 2006, with ten released in 2010, seven released in 2009, and three released in the first few months of 2011. Moreover, the top four films were released in 2010 and the top eight films were from 2009 or 2010. This trend becomes even clearer when we look at number eighteen on the list – *Hero* (Zhang Yimou, 2002) – in the context of other Chinese films that appeared that year. The RMB 250 million *Hero* generated made up

42.2 percent of all Chinese films at the box office in 2002. The top film in 2003, *Cell Phone* (Feng Xiaogang), brought in 33.9 percent of the total box office. By 2004, *House of Flying Daggers* (Zhang Yimou) only brought in 18.6 percent of the total receipts (*Blue Book of China's Media* 2009: 253). Even *Avatar*, a box office bonanza unlikely to be duplicated, only took in 13.5 percent of the total box office in 2010.

Indeed, the relatively lower percentage for *House of Flying Daggers* can be attributed to a recent phenomenon, the production of multiple blockbusters by the Chinese film industry, driven in part by the Closer Economic Partnership Arrangement (CEPA) signed by the governments of the PRC and Hong Kong on June 29, 2003, and implemented in January 2004 (Davis and Yeh 2008: 102–5). Under this arrangement Hong Kong films have been able to enter the mainland market as coproductions without being subject to the quota restrictions under which foreign films are admitted. Thus, in 2002 and 2003, only three of the top ten domestic box-office successes were coproductions with Hong Kong; by 2004 and 2005 that number had risen to six; and in 2006 and 2007 no fewer than nine of the top ten films were coproductions with Hong Kong (R. Hu 2008a).

While House of Flying Daggers brought in less than 20 percent of the 2004 box office, the top five films that year brought in 55.7 percent. As the box office has expanded in recent years, along with an increasing number of quality films, these percentages have dropped, although there has been considerable variation each year. In 2005 the top five films brought in 42.1 percent of the box office, roughly equivalent to the 43 percent of 2006. By 2007 that figure had fallen to 34 percent, although the figure for 2008 was 45.4 percent (Blue Book of China's Media 2009: 253); by 2010 the figure was back to 35.6 percent, despite Avatar's success. This provides some background to the complaints of Jia Zhangke and other arthouse directors that there are now a continuing series of blockbuster films, marketed one after the other throughout the year, leaving no space for low- and medium-budget films to make it into theaters. From the perspective of a Jia Zhangke, the "debate" between a powerful producer such as Zhang Weiping and the CEO of China Film, Han Sanping, over whether Chinese or Hollywood blockbusters should be promoted and marketed more heavily, is the equivalent of a fight between two elephants. Jia's films, in this analogy, are simply the grass that is being trampled on by both. Ironically, despite this imbalance in favor of the blockbuster films, the number of films being produced continues to get larger. In 1998 China produced only 82 films, but by 2008 that number had risen to 406! Not surprisingly, only around a hundred films were actually released in theaters (Chinadaily.com 2009a-b). But by 2010 the number of film productions had further increased to 526 (H. Liu 2011).

Third, from Table 11.1 we can see which filmmakers have been most successful in the mainland market. Of the fifteen films on the list with mainland directors, Feng Xiaogang had four entries and Zhang Yimou had three, although Zhang just missed with *House of Flying Daggers* (RMB 154 million). They are followed by Hong Kong's John Woo, who has also been successful in Hong Kong and Hollywood,

English title	Chinese title	Year	Box office (RMB million)
The Dream Factory	甲方乙方	1997	33
Be There or Be Square	不见不散	1998	43
Sorry, Baby	没完没了	1999	50
A Sigh	一声叹息	2000	30
Big Shot's Funeral	大腕	2002	42
Cell Phone	手机	2003	56
A World without Thieves	天下无贼	2004	120
The Banquet	夜宴	2005	130
Assembly	集结号	2007	260*
If You Are the One	非诚勿扰	2008	314*
If You Are the One II	非诚勿扰II	2010	473.5
Aftershock	唐山大地震	2010	647.8

Table 11.2 The New Year and Anniversary films of Feng Xiaogang

Source: R. Hu (2008b); Y. Luo (2009); http://mtime.com/my/964883/blog/1255510/.

with two films that made over RMB 200 million. The only other "mainland" films that did as well were the two recent "political" films – *The Founding of a Republic* and *The Message* – made to celebrate the sixtieth anniversary of the founding of the PRC, with almost all the remaining Chinese films coproductions which relied heavily on talent from Hong Kong. Feng and Zhang are clearly the most bankable directors in China. Examining all films that have made at least RMB 20 million at the Chinese box office, we find that twelve were directed by Feng and seven were directed by Zhang (Mtime.com 2009; R. Liu 2008; Y. Luo 2009). As Table 11.2 suggests, Feng has been remarkably consistent with his reliability almost every year with a "New Year film," and his steadily increasing totals mirror closely the upward trajectory of the overall Chinese box office.

Government Strategies in the Development of the Chinese Film Industry: State Initiatives and Societal Responses

The co-optation of the Hong Kong film industry through the CEPA agreement is part of a larger strategy that seeks to incorporate Chinese filmmakers from outside the mainland who have achieved an international reputation into the mainland filmmaking orbit. In terms of directors, the most prominent are Ang Lee and John Woo, both of whom have had successful careers and made high-profile films in Hollywood. The success of John Woo's *Red Cliff I–II* (2008, 2009) has been noted

^{*} The box office figures for *If You Are the One* and *Assembly* in Table 11.1 are somewhat different; see the explanation for such discrepancies in there.

above, but the case of Ang Lee is much more intriguing. In particular, the Chinese government's treatment of Lee's NC-17 film *Lust, Caution* reveals the potential dangers of attempting to co-opt someone as independent as Lee. It also provides a convenient window into the role film plays in the evolving state–society relationship, particularly in terms of the options beyond state control now available to China's rising middle class.

A very persuasive case can be made that Ang Lee is the most successful Asian film director in the world, whether measured in terms of international recognition, artistic achievement, breadth of work, or even box-office results. Not only did Lee win an Academy Award as best director for Brokeback Mountain (2005), but his Chinese-language film Crouching Tiger, Hidden Dragon (2000) garnered the Academy Award for best foreign-language film for 2000 and is still the top grossing foreignlanguage film ever marketed in the United States, with its US\$128 million more than twice as much as the second place film Life is Beautiful (Roberto Benigni, 1997) (Rosen 2010). Crouching Tiger, however, won the Academy Award as a Taiwan, not a PRC film, although its qualifications as a mainland Chinese film would appear to be stronger.⁵ Film authorities in China were therefore less than pleased that the glory of Lee's victory went to Taiwan. When Lee set out years later to do another Chinese-language film, mainland film authorities were eager to cooperate, despite the controversial nature of the original source, a novella of the same title by Zhang Ailing (Eileen Chang). Indeed, Lee was invited to act as an artistic advisor to the opening ceremony of the Beijing Olympics.

Given the explicit and brutal sexual relationship between the two leading characters, Lust, Caution earned an NC-17 rating in the United States, with Lee asserting that the graphic sex was crucial to the story and that he would rather the film lost money than be shown in a "compromised" form (Smith 2008). Although the film was shown unedited in Hong Kong and Taiwan, Lee was permitted to edit out seven minutes for the mainland release. After various delays the film opened on November 1, 2007 with four hundred film prints on two hundred digital screens, grossing more than US\$5.36 million in its first four days, making it the most successful opening for a Chinese-language film to that point in 2007 (S. Yu 2007). Film journals for professionals in China detailed the reasons for the film's success, noting how such films made by a world-class director, based on a work by a revered novelist, and cast with attractive and marketable stars could serve as a template in producing and marketing future box-office successes. As these articles noted, an important component in this success would be the advance buzz generated when such films garnered major international awards (Z. Fan 2008).6 And of course the marketing people were correct. Lust, Caution ranked third among domestic films at the 2007 box office, and sixth overall, bringing in RMB 138 million.

As is now well known, that was far from the end of the story. In addition to the excised sex scenes, which were being shown outside China, Zhang Ailing's original story, based in part on her brief, unhappy marriage to Hu Lancheng, an intellectual who collaborated with the Japanese-installed puppet regime in early 1940s

Shanghai, placed a traitor as the leading male character and presented him not only in relatively sympathetic terms given his actions, with the role played by Hong Kong superstar Tony Leung, but in addition allowed him to escape punishment while the student revolutionaries seeking to assassinate him were executed for their efforts. The key female character, played by Tang Wei, chose to save her collaborationist lover, thereby betraying the revolution. In retrospect, the release of such a film – it should be remembered that Lee's *Brokeback Mountain* was denied a release because of its gay-oriented theme – was courting disaster.

The reaction was not long in coming and took several forms. First, in a clear indication of the increasing mobility and sophistication of the Chinese public, those who were able to do so simply traveled to Hong Kong to view the uncut version. As one businessman from Guangxi informed a Western reporter, "I went to Hong Kong with my girlfriend to see *Lust, Caution* because it was heavily censored here. We could have bought a pirated copy of the movie ... but we were not happy with the control and wanted to support the legal edition of the film" (French 2007). Indeed, the presence of *Lust, Caution* in Hong Kong provided a boost to the local economy. When the Disney representative based in Shanghai noticed the sudden large spike in attendance at their Hong Kong theme park, she was told that the number of mainland tourists had increased because of Lee's film (Rosen 2008b).

Within the mainland the film was a constant topic on the Internet, where the deleted scenes were of course conveniently posted, particularly on various blogs, with the discussion focusing on the nature of love and the issue of patriotism. Bloggers, newspaper critics, and liberal intellectuals generally supported Lee's vision, and he was widely praised by other film directors for revealing the "complicity and immorality of human nature" (V. Wu 2007). One PhD student from the China University of Political Science and Law in Beijing filed a lawsuit against SARFT, seeking an apology and US\$90 in "psychological damages" since the failure to implement a rating system that would allow adults to see the film had infringed upon the public's interest. While it was clear that no court would take the case, it was a further embarrassment to the film authorities and was widely reported in the Western press (New Zealand Herald 2007). On the other side were those on the "Left," including such well-known cultural and political critics as Wang Xiaodong, who attacked the film for its ideologically unsound theme, its "insult to the good women of China," and its defamation of patriotic students, among other ills (V. Wu 2007).

Given the controversy it was inevitable that the government would act. Reportedly, as is often the case, the trigger was provided by a veteran Communist Party cadre who, during the annual meeting of the National People's Congress, viewed the film on DVD and was disgusted by what he saw as its "glorification of traitors and insult to patriots," complaining to SARFT that the film should never have been exhibited. As a result, several SARFT staff members lost their jobs (Callick 2008). In addition, SARFT quickly "reiterated" and widely publicized

censorship guidelines on its website – while claiming that these were not new and stricter regulations – detailing the various types of content that would not be allowed to be shown in films. The guidelines offered points both specific (e.g., "explicit sex") and general (e.g., "distort the civilization of China or other nations"); however, perhaps just to ensure that nothing was left to chance and that self-censorship would play an important role, the last point (number 10) noted that "any other content banned by relevant state laws and regulations must be banned" (Sina.com 2008).

Ongoing calls for a rating system – and the debate was reignited in the aftermath of the *Lust, Caution* controversy – that would restrict the audience for such provocative films were rebuffed. As Liu Binjie, the Director of the General Administration of Press and Publications (GAPP) put it: "Under the current circumstances, a film rating system equals legalizing the mass production of pornographic publications" (Chinaview.cn 2008).

In a further act of retaliation, the widely acclaimed female star of the film, Tang Wei, was banned from Chinese awards shows, advertisements, and Web forums as a result of her role. Her name no longer appeared on a Google search on the Internet in China. Unilever, which had signed a "seven-digit," two-year contract with Tang, and had spent a year to prepare their ad campaign for skin-care cream Pond's, was simply informed not to run the commercial, without being given any official notice. Reportedly, staff members at television stations in Beijing and Shanghai were informed of the ban in meetings, but were not shown any official document. Tang herself would not comment on the ban, hoping the storm would blow over (Callick 2008; Macartney 2008; Zhuang and Lai 2008). By early 2009 the ban had apparently been lifted and Tang was working on a new film in Hong Kong, having joined such other A-list mainland performers as actress Zhang Ziyi (b. 1979) and pianists Lang Lang and Li Yundi in becoming Hong Kong residents under the Quality Migrant Admission Scheme (Mak 2009).

This case has been discussed in considerable detail because it so clearly demonstrates the tensions and contradictions among the various goals the state has envisaged for a revived and rising Chinese film industry, particularly at a time when China is actively pursuing the expansion of its soft power around the world in competition with both the Western powers (the United States and Europe) and the East (Japan and South Korea). It also reveals the limitations on the state's control of society as the middle class now has enough knowledge, disposable income, and mobility to seek advanced culture beyond the circumscribed limits set by the PRC.

This case also raises important questions with regard to censorship. One of the key areas under contention in China is the desirability of a rating system. Liu Binjie's views, cited above, are not necessarily representative of the public at large, and even less so of Chinese netizens. In one Internet poll conducted by *China Youth Daily*, 90 percent of the 2,032 respondents supported such a system, with those opposed making up only 6 percent of the sample (X. Wu 2009). More specifically,

34 percent felt that a rating system could protect adolescents and children from violent and sexual content; another 32 percent felt that such a system would be a stimulus to the creativity of filmmakers; and 25 percent thought that it would give theater attendance an important boost. At the same time, 31 percent worried that the film audience lacked the maturity (*suzhi*) to obey the guidelines from the ratings and 24 percent were concerned that it could lead to the legitimacy of sex and violence in films. The debate over a rating system rises periodically and the various arguments have been spelled out in the Chinese media (Xinhuanet. com 2007; Chai 2009).

If *Lust, Caution* is a useful case study of a commercial art film by a world-renowned director, given space one could devote at least as much time to noncommercial art films that have been released in China, albeit subject to censorship, as I have done elsewhere with *Lost in Beijing* (Rosen 2008b), those that were not released theatrically but allowed a DVD release with a number of scenes excised, such as *Blind Shaft* (Li Yang, 2003), and those that have been denied any Chinese release, as with Lou Ye's recent films *Summer Palace* (2006) and *Spring Fever* (2009). Censorship takes many forms and, of course, is not limited to Chinese films. Some of the most successful Hollywood releases have generated extensive discussion in the Chinese media, and others are shown in truncated form or denied any release, owing to sex, violence, or the presentation of a poor image of China or Chinese people.

Because of the extensive debate it generated in the Chinese media – most films that are banned are discussed very briefly if at all – it is useful to address some of the issues that surrounded *Kungfu Panda*, a film that was released in China to great success (Rosen 2008a). While some self-appointed cultural critics objected to an American film about a Chinese cultural treasure, particularly in the aftermath of the Sichuan earthquake, most commentators praised the film and lamented the fact that martial arts and pandas are both national treasures, but a film with the humor and quality of *Kungfu Panda* could never have been made in China, precisely because they were national treasures. As with the controversies over various political decisions made during the Olympics (e.g., the lip-synching incident in which a more attractive young girl was substituted for the actual singer), decisions on panda films are too important to be left to artists and filmmakers; the political authorities would have to ensure that any Chinese film on this subject was appropriately reverent.

Film director Lu Chuan, in bravely defending the film against its detractors such as performance artist Zhao Bendi, who were calling for a boycott of the film, recalled his own negative experience when he was hired in 2006 to produce an animated film for the Olympic Games. He noted how he kept receiving directions and orders on what the film should include. He and his colleagues were given specific rules on how animated films must promote Chinese culture. For Lu, the joy of filmmaking and creating something interesting had been removed; the film was never made (C. Lu 2009). In the end Zhao Bendi, who had claimed

victory when *Kungfu Panda* had its Sichuan debut delayed by one day, was openly ridiculed in the Chinese media (H. Li 2008).

In one online survey about *Kungfu Panda* conducted by *China Youth Daily*, around 70 percent of the 2,865 netizens had already seen the film while less than 8 percent said they were not planning to see it. Further, over 62 percent said they liked American animated films and about 46 percent liked the Japanese variety. Only 14 percent liked Chinese animated films, while as many as 82 percent felt that the biggest weakness of the Chinese films was a lack of creativity (Liu and Han 2008). Other surveys comparing Hollywood and Chinese animation have been equally critical.

Conclusion

This chapter has suggested several key themes that mark the development of the Chinese film industry and the impact of that development on the relationship of the state to Chinese society. First, we have seen the growth of an actual "industry" in the Hollywood sense, with the box office taking on an increasingly important role as the arbiter of the success of a film, representing the victory of economics over art. This process has contributed directly to the rise of the film producer as a major player, and the introduction of private investment capital in the financing of a film. Tensions between producers and film bureaucrats have already erupted into open conflicts of interest, publicized in the increasingly market-driven media and spread widely on Chinese blogs. As producers increase their influence, private money pours into the industry, and public opinion continues to be expressed on the Internet, this contradiction is certain to intensify.

Second, this process of commercialization is still evolving and the intrusion of politics into the market continues, entering at several points and in various ways. For example, Chinese leaders remain concerned about the image of the country that is projected domestically, as they seek to maintain social stability, and abroad, as they seek to enhance China's soft power (*Straits Times* 2010). A major effort has been made and considerable funding has been devoted to developing China's cultural industries, including film, and promoting the products of those industries throughout the world. This desire to present China's best face has had an impact on the kinds of films funded, distributed, and promoted domestically and abroad, leaving the more edgy art films to fend for themselves, often at international film festivals. Thus, the economics of the box office and the political goals of the film bureaucrats equally conspire against those who seek to use the film medium for individual creative expression and as a window on China's current realities.

Third, despite the quite remarkable growth of the Chinese box office in recent years, the numbers are still quite small by Hollywood standards. For example, as a leading industry trade paper noted in detailing the "astonishing

climb" of the Chinese box office over the last decade, the US\$366 million generated in the first half of 2009 was still less than the global tally of the raunchy Hollywood comedy *The Hangover* (Todd Phillips, 2009). While this astonishing climb has continued unabated – indeed, the box office for the Asia Pacific region increased by 21 percent in 2010, and China now accounts for 40 percent of the total – a recent report issued by the Motion Picture Association of America (MPAA) noted that China remains a "highly restricted market for foreign film distribution" (Verrier 2011). However, as always, the potential riches of the China market still beckon (Coonan 2009).

Notes

- 1 In the first quarter of 2011, the Chinese box office was down 11 percent from the previous year, reflecting the distortions brought about by the success of the 3-D, IMAX film *Avatar*, which represented 46 percent of the total box office for that quarter. Removing *Avatar* from last year's results would show a 65 percent increase instead of a decline.
- Despite Cape No. 7's record-breaking box-office success in Taiwan, the version released in mainland China was shortened by more than half an hour by censors, so most viewers simply downloaded or purchased street copies of the unedited version. By contrast, *The Warlords* is number 15 on the all-time box-office list at RMB 201.1 million. Respondents could also choose "None of these films" and could write in the names of other films, but neither of these choices had much support. Lost in Beijing (Li Yu, 2007), a film banned after a brief showing, also scored well.
- 3 As the first Chinese film in the Reform era to win a major Western prize, *Red Sorghum* was endlessly praised and attacked in the Chinese media. What was significant, however, was the fact that such a discussion was allowed to take place. Indeed, *People's Daily* (*Renmin ribao* 1988) encouraged such free discussion at a time when, as the newspaper put it, "'letting leaders make a ruling' will never be successful in dealing with theoretical and academic debates."
- 4 Box-office returns have long been a controversial and complex issue. The results are published in the media, which get them from the film companies. Many insiders note that the figures are inflated and would be much smaller if they came from the theaters (Chinadaily.com 2009d).
- Indeed, *Lust, Caution* was also submitted as a Taiwan film for Academy consideration but to Lee's disappointment it was rejected since the selection committee ruled that too few of the film's key crew members came from Taiwan for it to be eligible.
- 6 Among the major awards noted in this article was the Golden Lion at the 64th Venice International Film Festival, presented on September 8, 2007, prior to the film's November 1 opening in China.
- 7 One typical example of this intrusion occurred at the Fourteenth Beijing College Student Film Festival in 2007 when *The Knot* (Yin Li, 2006) was announced as the best film. According to interviewees, however, *The Knot* was actually the third choice. The first choice had been *Tuya's Marriage* (Wang Quanan, 2006), a film about a Mongolian

woman seeking a new mate to replace her incapacitated husband. However, complaints about the treatment of Mongolian men – most of whom are presented with various deficiencies in the film – compelled the jurors to make an alternate choice. Since the second choice – *Crazy Stone* – had already received a director's award for Ning Hao, the jurors went to their third choice, *The Knot* (Rosen 2008b).