

**CULTURAL INSTITUTIONAL REFORM
IN CHINA: FROM INSTITUTIONS
TO INDUSTRIES**

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Executive Summary

1. The provision of cultural products in China has long been considered as public welfare or political propaganda and cultural production mainly took place within the public cultural institutions (PCI).
2. Cultural products produced in the old system lacked competitiveness and this has resulted in the flooding of foreign products into the Chinese cultural market as well as China's "cultural deficit".
3. The guarded introduction of market forces into PCI has created government cultural organizations with substantial institutional ambiguity as their roles in providing public welfare and private products overlap.
4. Since the early 2000s, the country has embarked on a cultural institutional reform with the objective of separating the commercial from the social welfare function of CPI and building a strong cultural industry.
5. In 2003, pilot reforms to corporatize selected PCI were carried out in 9 provinces and cities, resulting in the formation of three types of government-linked cultural corporations: corporatized commercial arm under the control of the original PCI, fully corporatized state PCIs and joint-stock corporations.
6. Since 2006, government documents have begun to stress the complementary functions of cultural products as both public welfare and economic commodity. However, corporatization of cultural institutions still drew most attention.
7. The 2009 "Cultural Industries Revitalization Plan" for the first time elevated the reform of PCIs and the promotion of cultural industries to the level of national strategies. In the same year, reforms were to be implemented nationwide and touched upon much wider areas. It is anticipated that the reform would be completed in 2012.

8. Although market forces had been gradually introduced to PCIs, PCIs are still highly reliant on public coffers. Financial self-support rate differs among PCIs of different administrative hierarchies as well as among PCIs from different industrial sectors.
9. Future challenges to China's cultural institutional reform include looking into the needs of small cultural businesses and freelancers; overcoming setbacks caused by the government's ideological control of content production; promoting cultural activities in the non-commercialized realm that has wider citizen participation; and engaging the society in the provision of cultural services.