Selling Ideology:

How China Engages Cultural Elites to Popularize Propaganda

Films

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Abstract

Why do autocracies often struggle to produce engaging propaganda, and under what conditions can this be achieved? Motivated by the resurgence of propaganda films in China, I investigate the strategies the state enacted post the 2018 administrative reform, wherein the Central Propaganda Department assumed control over the film industry from the state administration. I argue that when delegating the task of propaganda production, the dictator grapples with the trade-off between balancing the promotion of ideologically aligned views and allowing genuine creative freedom. I further contend that China's move to privatize propaganda production revitalizes its appeal. This shift encourages cultural elites to align with broader audience preferences instead of solely catering to the dictators. Moreoever, I show that the state effectively mobilizes private-sector cultural elites into the realm of propaganda creation by molding a marketplace full of risk, where state-sponsored projects are seen as safer investments. Utilizing novel observational data, qualitative fieldwork, policy analysis, and public interviews, this research uncovers a state propaganda strategy that successfully molds popular culture and sways public opinion in China.

Art is not a mirror held up to society but a hammer with which to shape it.

- Bertolt Brecht

Cinema represents the whole part of society. If a government wants to destroy a place, the first thing they want to do is destroy cinema... If you want to fight for freedom, the first thing to do is you have to support cinema.

— Hong Kong director Johnnie To at 2023 Berlinale

Introduction

Entertainment mediums, particularly films, have historically been leveraged by various politicians—including Goebbels, Stalin, and Kim Jong-il—as tools for propaganda.¹ However, even for the most powerful dictatorships, crafting engaging and captivating remains a significant challenge, a problem further exacerbated when utilizing entertainment to disseminate ideologies. This quandary is also observed in China, as Kraus (2004) insightfully noted, "From its inception, the new Chinese state found suppressing undesirable art more manageable than fostering innovative visions" (p. 11). Despite the growing body of literature on authoritarian propaganda, including studies by Guriev and Treisman (2020), Huang (2018), and Mattingly and Yao (2022), there remains a significant gap in understanding how autocracies successfully create propaganda with substantial entertainment value.

However, recent developments in Chinese popular culture demonstrate that while challenging, the task of making propagandist entertainment popular is not insurmountable in authoritarian regimes. Since China transitioned to a market economy, for decades, the culture and entertainment scene had been an area of significant liberation, increasingly similar to that found in most other countries. While cultural products promoting state ideology persist on the margin, the booming market provided diverse, globalized, and mainly depoliticized entertainment options, leading some to argue that the cultural economy gradually broke away from the constraint of the propaganda system.² However, the cultural economy in China recently witnessed a surprising revival of propaganda

¹For detailed studies and analyses on how Goebbels, Stalin, and Kim Jong-il utilized films for propagandistic purposes, see Welch (2008), Kenez (1985), Montefiore (2004) and Fischer (2015).

²See Brady (2017) and Shambaugh (2007) for more on this literature

content. For example, not only are the once-marginalized propaganda movies increasing in numbers and market share, but titles such as Wolf Warrior II and Battle at Lake Changjin also broke box office records in Chinese theaters and became major cultural phenomena.

The revival of entertainment-based propaganda in China presents an intriguing case for us to revisit some of the crucial questions: Why is authoritarian propaganda often boring, and under what circumstances can authoritarian regimes create captivating, influential content capable of competing in today's saturated information landscape? I theorize that, when delegating propaganda production, the state has two objectives that might clash. The first is whether to tame the creative process of the cultural elites to promote an exact ideological message. The second is to unleash the creative potential of the cultural elites.³ When the former objective takes precedence, it can stifle creativity. I further contend that China's move to privatize propaganda production revitalizes its appeal. This shift encourages cultural elites to align with broader audience preferences instead of solely catering to the dictators.

Empirically, I uncover the current political economy of propaganda within China's entertainment sector, particularly after the 2018 administrative reform. This reform had the CCP's Central Propaganda Department taking over film regulation from the state administration, thus intensifying efforts to champion propaganda. I highlight how the privatization of propaganda production has paved the way for the rise of popular propaganda in China. Moreover, I illustrate how the state has incorporated the private sector into propaganda production by fashioning a marketplace riddled with risks, where state-sponsored projects appear as safer investments.

In this paper, movies are my primary case of creative propaganda due to their prominence in China's current propaganda system and the country's cultural scene. To advance my argument, I collected evidence from multiple sources. I collect novel observational datasets related to movies' characteristics, market performance, producer information, state funding status, administrative registration information, etc. I also conduct interviews with filmmakers to have a better understanding of the likely mechanisms. Alongside the analysis of policy documents and open speeches by officials and famous filmmakers, these sources allow me to triangulate the state's strategy.

³My focus is not on the spontaneous creation of art. Cultural elites engaged in creative work may harbor different ideologies themselves, so so artists might produce creative work in line with the state ideology as a result of their self-expression. This project predominantly focuses on instances where the political authority's impact on creative work is discernible.

An alternative perspective suggests that the resurgence in the popularity of propaganda films is due to the rising nationalist sentiment among the Chinese populace (Griffiths, 2019; Xie, 2018; Han, 2019). While my primary aim in this paper is to forward a supply-side explanation to shed light on the lesser-known transformations in the entertainment industry, I will also demonstrate that this demand-driven theory may hold limited explanatory power. I show that when considering the supply-side adjustments, the audience's preference for propaganda content doesn't appear to have notably increased especially post the 2018 policy shift.

In this project, the propaganda movies discussed correspond to what is known as "main melody movies," or zhu xuanlü in Chinese, a genre of movies that actively promotes messages in tune with the party agenda. There is no fixed definition for this, and I rely on the audience's perception to identify propaganda.⁴ Given the sensitivities of political topics within the Chinese context, state sponsorship is evident, in one way or another, in most projects that audiences recognize as propaganda. Defining propaganda can be a challenging task, given its multifaceted nature. For the purposes of this project, I approach the concept from a distinct institutional perspective, that propaganda is what the propaganda department does. Recognizing the presence of state institutions dedicated to molding public culture and opinion, my working definition underscores my intention to examine their endeavors and their subsequent impacts.

Together, my paper makes three contributions to the literature. First, it speaks to the literature on authoritarian propaganda by focusing on the production of entertainment products, an aspect that received scarce attention from political scientists but is critical not only for the reach of propaganda, but also for whether it actually engages the audience. Second, existing literature has explored how authoritarian states co-opt journalists, intellectuals, and business elites (Dickson, 2003; Tsai, 2011; Perry, 2020; Perry, 2021; Stockmann and Gallagher, 2011). My dissertation takes a unique perspective by investigating the co-optation of private-sector cultural elites who are often considered resistant to political influence. It also responds to the broader debate on the role of the private media in sustaining or weakening the political regime (Besley and Prat, 2006; Stockmann and Gallagher, 2011; Gehlbach and Sonin, 2014; Larreguy and Marshall, 2020). Lastly, it helps us understand the changing contours of popular culture in China and how it can be shaped by the

⁴Specifically, if a movie is tagged as "main melody" on a movie website, I classify it as propaganda. My concurrent paper with Hanzhang Liu shows that, on average, Chinese citizens can distinguish propaganda.

dynamic interaction between the state, the private sector, and the audience.

The rest of the paper is organized as follows. The second section presents the theoretical framework for creative propaganda. The third section provides context on China's film propaganda, my empirical strategy, as well as the data sources. The fourth section presents the empirical evidence, demonstrating the dynamics of how the state and private industry interact in propaganda production and highlighting the limited explanatory power of the demand-side explanation. The paper concludes with a discussion of the findings and future research directions.

A Theory of Creative Propaganda

The power over opinions is one fundamental pillar of political power, and it is undoubtedly very important for authoritarian survival. As Guriev and Treisman (2020) show, most modern dictators survive not by overt repression but by information manipulation that convinces citizens of their competence. The Chinese political landscape offers a relevant context for comprehending authoritarian propaganda, given its enduring characteristics such as high regime support and extensive employment of propaganda and censorship (Brady, 2009; Stockmann, 2013; King, Pan, and Roberts, 2014; Lorentzen, 2014; Han, 2015; Huang, 2015; Huang, 2018; Repnikova, 2017; Esarey, Stockmann, and Zhang, 2017; Roberts, 2018; Pan, Shao, and Xu, 2020; Mattingly and Yao, 2022).

In particular, entertainment can be a helpful tool for propaganda. Mattingly and Yao (2022) has shown that propagandist TV drama can boost nationalistic sentiments among the audience. Kim (2021) presents a persuasive case for the influence of entertainment programs on individuals' beliefs about upward mobility and the American Dream, even when faced with a reality that contradicts such narratives. A separate line of literature has found that entertainment products may be particularly effective in capturing people's attention and changing people's political opinions (Baum, 2005; Baum and Jamison, 2006; Prior, 2005; Prior, 2005; Prior, 2007). This is helpul in an environment where the dictator needs to compete for people's attention (Lu and Pan, 2021). In a different light, Esberg (2020) examines film censorship during Chile's dictatorship, finding that the state use censorship decisions to please its allies, the conservative Catholic groups.

However, authoritarian regimes, despite their extension efforts into propaganda, often produced off-putting content. Guriev and Treisman (2020) describe this tendency: "The communists created

a discourse that was boring and arcane... Hungarian news coverage was 'ritualistic, repetitive, dull, and extremely boring.' Franco's state media 'effectively bored most Spaniards into passivity and acquiescence.' Throughout Saddam's rule, the Ba'athist press was 'one-dimensional, replete with verbiage, and boring.'" (p126)

Before we proceed, it is important to introduce an important alternative perspective that propaganda works via intimidation instead of persuasion. In her insightful analysis of popular culture in Syria, Wedeen (1998) and Wedeen (2018) demonstrated how propaganda serves as a manifestation of power, inducing compliance and complicity. According to Huang (2018), there exists a distinction between hard and soft propaganda. Hard propaganda, such as poems brimming with excessive praise for leaders, can reduce people's willingness to protest while simultaneously fostering negative sentiments towards the regime because it signals the power of the regime.

While recognizing the potential intimidating effects of propaganda, this research will primarily focus on the persuasive effects of propaganda. In the context of many authoritarian regimes, the creation of persuasive messages, commonly referred to as "soft propaganda" by Huang (2018), continues to be a significant objective. For instance, China's President Xi Jinping has stressed the importance of "telling China's story well" and cultivating the "four confidences" among its citizens—confidence in the path, theory, system, and culture of the Chinese Communist Party (CCP). This raises an intriguing question: why does propaganda in authoritarian regimes often seem dull and rigid, and under what circumstances can it become engaging and persuasive?

This section presents a theory of "creative propaganda" that examines the production of propaganda through entertainment and cultural products, emphasizing the significance of creativity in shaping audience reception. I argue that the problem lies in the principal-agents relationship: To produce creative propaganda, the state, or another political agent in other contexts, pre-determines a message and delegate the task to cultural elites who has the expertise in production to package this message in a creative way.⁵ In producing creative propaganda, the state have two objectives that might clash. The first is whether to tame the creative process of the cultural elites to promote an exact ideological message. The second is to unleash the creative potential of the cultural elites.

⁵My focus is not on the spontaneous creation of art. One should recognize that the cultural elites engaged in creative work may harbor different ideologies themselves, so there can be creative work in line with the state ideology as a result of the creators' self-expression with state interference. This paper is only concerned about the cases where the state tries to influence creative work and organization creative production.

Table 1: A typology of different ways to organize propaganda production

	Relaxed Constraints	Strict Constraints
State-funded	The Velvet Prison	Artists in Uniform
Privatized	Ride-along Propaganda	Propaganda For Sale

The state's balancing act can be broken down into two dimensions of action.

The first action revolves around imposing strict **constraints on creative work** to guarantee a precise ideological message. As the regime evaluates the amount of freedom to provide its agents, it encounters a dilemma: excessive constraint may suppress creativity, while too little can result in messages that deviate from the regime's ideology. Moreover, if a dictator becomes deeply committed to propagating a specific state ideology, they might struggle to establish transparent rules or decision-making procedures in advance due to the complexity of their beliefs. For instance, In Communist regimes, cultural product reviews are often subject to input from various party and state officials, as well as lobbying from interest groups (Knight 2018). Likewise, during Mao's era in China, ultra-leftists attempted to sway decision-making by promoting their own interpretations of artworks. This unpredictability can make the propaganda production process difficult for cultural elites who are fully committed to promoting the state ideology.

The second action is the implementation of an **incentive structure** to encourage the creativity of cultural elites, for example through using either state-funded or privitized propaganda. State-funded is where the government directly finances and oversees the creation of the content. Privatized propaganda entrusts private entities to produce propaganda. Privatizing propaganda production encourages cultural elites to align with broader audience preferences instead of solely catering to the dictator. While this might diminish the dictator's absolute control over content, it potentially enhances the overall perception of the propaganda.

A two-by-two typology present in Table 1 helps understand different forms of propaganda based on state-imposed constraints and incentives.

• Strict Constraints, State-funded: In the "Artist in Uniform" mode of propaganda production, state-sponsored cultural elites' creativity is strictly limited by ideological boundaries, resulting in often uninspired propaganda works. This term, originating from a description

 $^{^6}$ It's important to note that these categories are not always clear-cut; in reality, they exist on a continuum of control.

of the Soviet Union during Stalin's era, is also evident in Mao's China, North Korea, and Syria under Hafez al-Assad (Eastman, 1934; Wedeen, 2015). While these regimes prioritize ideological purity over engaging content, the need for audience engagement might be less in such controlled environments. However, not all leaders in these regimes are satisfied with their propaganda machinery. North Korea's Kim Jong-Il, a film enthusiast, once abducted a South Korean film duo due to his discontent with North Korea's film industry (Fischer, 2015). He lamented the industry's lack of creativity and its mundane repetitiveness, even though he himself instituted restrictive artistic codes (Fischer, 2015). Kim's critique of the complacency in his country's film sector underscores the paradox: while authoritarian regimes can control artists, they can't always stimulate true creativity.

- Relaxed Constraintss, State-funded: In the "Velvet Prison" mode of propaganda production, although state-sponsored cultural elites experienced relaxed creative constraints, artists, while enjoying state funding, often self-censored, aligning with state interests. An example is the post-Stalin Hungary (Haraszti, 1987). While artistic output could expand in this mode of propaganda, its orientation towards mass appeal remained ambiguous. The post-Stalin Soviet film industry grappled with a tension between "high culture" and "mass culture," with many artists leaning towards the former, even as the industry depended on "trophy films" from Nazi Germany and lowbrow Soviet productions for financial sustainability (Roth-Ey, 2011, p.43).
- Relaxed Constraints, Privatized: The "Ride-Along Propaganda" mode can be found in post-WWII America where the military maintained transactional relationship with the Hollywood, providing resources in exchange for better representation (Wilkinson, 2022). Through this, influential movies celebrating military life like *Top Gun* were born. It was revealed that the Pentagon generally takes a relaxed approach to details, including how individual soldiers are portrayed, as long as the broader military image was safeguarded (Wilkinson, 2022). At times, the propaganda was overshadowed by the movie's plot, like the

⁷The relaxed approach to soldier portrayal has sometimes led the military to question whether the content provided actually serves its objectives. The Navy refused to support a sequel to *Top Gun* because it believed that the original film had contributed to a regressive military culture. This decision followed a scandal in 1992, where more than 100 US Navy and Marine Corps aviation officers sexually assaulted or harassed at least 83 women and 7 men at an aviation-related conference. The military feared that such behavior had been influenced by the womanizing and drinking scenes in *Top Gun* (Robb, 2011). The sequel was only made long after the incident had been forgotten, which we finally saw in the theater in the year of 2022.

brief military cameo in Jurassic Park III. While military messaging rides the tide of Hollywood blockbusters and reaches a global audience, the propaganda effect is unclear because the military's messages may be diluted by the entertainment product.

• Strict Constraints, Privatized: I propose that China has developed a mode of propaganda production that combines strict constraints on propaganda work with commercialized propaganda, resulting in products that promote the state's approved worldview while remaining popular in the market. This approach relies increasingly on outsourcing propaganda production to the private sector, who need to succeed on the market that highly reward creativity. In addition, the state still maintains strict constraints on how the political message is conveyed. To incentivize cultural elites to engage and invest in propaganda projects, the state shapes a market environment that increasingly sanctions products based on their ideological content, especially by using its control over their access to the market, making propaganda products the best opportunities for profit-seeking.

A by-product of this mode of propaganda production is that it reduces the cost of propaganda, as the state does not have to provide compensation for all the efforts the cultural elites put in. Rather, this allows the state to "direct" the resources in the private sector according to its will. By turning propaganda work into commodities, the state also increases the likelihood that propaganda can be economically self-sustained, which has implications for our understanding of the cost of propaganda. But this strategy may come at the cost of economic inefficiencies since the government is intervening heavily in the market. The effectiveness of these strategies depends on a crucial factor: the overall health of the film industry and film market, which could be more prosperous if they can supply diverse content to consumers. For that reason, it remains a question whether this mode of propaganda production is actually a sustainable strategy. If the strategy goes too far, it can sap itself by hurting the prosperity of the film industry.

In order to unveil the aforementioned political economy of propaganda production in China and establish its potential contribution to the increasing popularity of entertainment-based propaganda within the country, the following sections will transition to my empirical evidence. Before delving into the evidence, the next section provides a contextual introduction.

Background: The History of Chinese Film Propaganda

In this section, I show how marketization has significantly hampered propaganda films in China up until recently. Since the market reform, the dismantling of the economic infrastructure of the socialist era greatly threatened the effectiveness of film propaganda. For example, after 1989, hardliners took control of the propaganda system and state-owned studios, the only ones allowed to make movies at the time, were pressured to create propaganda films. In an interview with New York Times, the head of the film bureau in the Ministry of Radio, Film, and Television, Teng Jinxian, admitted in 1990 that while there was a strong push to produce patriotic movies, fewer kung-fu thrillers, tame love stories, serious stories were made (Sterngold, 1990). He said: "young people were largely bored by the new type of politically correct movies that were being ordered up by his ministry on such subjects as the history of the Communist Party, the development of the economy and the construction industry." As TV viewership went up and other means of entertainment proliferated, film viewership further declined (Zhu, 2003).

The failure of propaganda movies throttled the state's intention to intensify propaganda in the film industry (Zhu, 2003). Knowing these limitations, the state kicked started another round of liberation in the film industry. State-owned studios were required to assume more financial responsibility for their survival in 1993. To revitalize the distribution system, a policy was issued in 1994 allowing Hollywood movies to enter China under a quota system. In 2002, private companies gained legal recognition to produce movies. Throughout the 2000s, private companies in the film industry grew rapidly, and by now, they control the majority of the industry's resources.

In the 2000s, however, private companies are mostly in the game of producing nonpolitical movies. In 2007, a famous director, Feng Xiaogang, told The New York Times how his films were changing to reflect the times, an era "when people are looking for more leisure and entertainment" (Barboza, 2007). He said: "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). All the while, main melody movies remain largely a marginalized genre. The government heavily promoted the "main melody" movies and major state-owned film studios were tasked to produce ten main melody films every year from 1996 to 2000. Most of these main melody movies

survived through various forms of government protection, with a few exceptions in the 1990s and 2000s (Johnson, 2012).

But since then, the production scene has changed. The first game changer is *The Founding of a Republic* (2009), known as the first propaganda blockbuster. It is about the founding of the PRC (the People's Republic of China), and it was dedicated to its national holiday. It was a project the state commissioned the biggest state-owned film production company to do. The movie had a star-studded cast, and it was recognized as the first propaganda movie to be able to gain genuine market success without the help of the government's "redhead" documents to safeguard it (Dai and Wang, 2019).

The film was produced with business reasoning in mind. Han Sanping, the producer in charge of the project who was also the head of the biggest state-owned film production company, debated about how to make this project commercially viable. Then, he took a piece of advice from an experienced director, Chen Kaige, who suggested that he should use a lot of stars.⁸ This turned out to be very successful. The Founding of a Republic ended up a box office hit and attracted much attention in China's public discourse. It gained 393 million yuan at the box office and became the third highest-grossing movie that year. Based on the average ticket price at that time, the movie attracted roughly around 10 million viewers.

Even though it managed to draw a large audience, *The Founding of a Republic* did not leave a very favorable impression on all of them. Due to the need to cram in all the stars, the movie has limited room for character development and nuanced storytelling. In fact, the Chinese film rating site Douban had to disable the online rating function for *The Founding of a Republic* because the reviews were embarrassingly poor for a movie dealing with such an important political topic.

During Xi's era, there was a notable increase in the production of propaganda blockbusters, as more private studios embraced and built upon the established model of propagnada blockbusters set by *The Founding of a Republic*. Bombastic action-thrillers with patriotic themes like the *Wolf Warrior* series (2015 and 2017), *Operation Mekong* (2016), and *Operation Red Sea* (2018) proved the genre's market appeal. During the national holiday break in 2019, three propaganda blockbusters, *My People, My Country* (2019), *The Climbers* (2019), and *The Captain* (2019), were in direct competition with one another in theaters. After them, the phenomenal *The Battle at Lake Changjin*

⁸For the behind-the-scenes stories, see "Jianguo; "Jianguo; Anonymous (2009)

(2021) broke China's box office record previously held by Wolf Warrior II.

Beyond the most noteworthy examples, I present a broad trend based on the data I collected.⁹ I classify movies screened into three categories: domestic main melody, domestic other, and foreign.¹⁰ In Figure 1, we see that, while main melody movies used to be a rather marginal category in terms of its appeal at the box office, their market share has steadily grown in recent years. More importantly, its growth in box office outpaced its growth in the number of titles released each year, pointing to the increasing profitability of this genre.

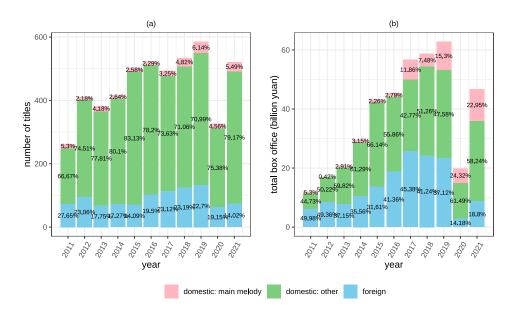


Figure 1: Movie Production and Market Performance, 2011-2021

Private companies are also contributing to these propaganda projects. To see how notable the private companies' contribution is, we graph the share of box office with private companies' participation or without, their total amount, and the average and the mean box office in each year in Figure 2.¹¹ We can see that the share of box office generated by private is very significant, compared with movies without their participation. It is also not because only private companies are producing propaganda movies. In fact, most propaganda movies are not produced by private

⁹More on how I collected the data later.

¹⁰I identify a movie as domestic if one of the movie's *regions* is China. It is very common for teams from different countries to co-produce a movie. By this rule, as long as one of the teams is from China, the movie is classified as a Chinese movie. This is because when a movie is officially co-produced by a Chinese company, it has to go through the review process by the Chinese government, which makes it distinct from a movie entirely produced by teams outside China.

 $^{^{11}}$ The companies' type is manually coded through searching companies' information online.

companies. However, private companies' involvement seems also to be increasing over time.

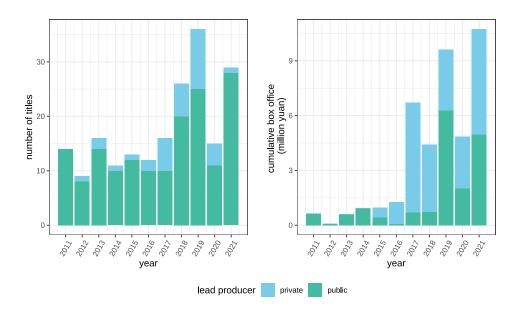


Figure 2: Private Companies and Main Melody Movies, 2011-2021

The audience seems very enthusiastic about the new propaganda blockbusters. We can use My People, My Country (2019) as an example.¹² My People, My Country was dedicated to PRC's national holiday, and it features seven historical events in China's history, including the founding of the PRC. But instead of focusing on the grand historical events, the movie adopts the perspectives of ordinary people whose lives were linked to these historical moments. Thus, My People, My Country differs from its predecessors like The Founding of a Republic in its remarkable ability to generate emotional resonance among the domestic audience. A vivid account comes from a personal article by a Media and Communications student Min Zhu, who seems to be well aware that the government is exploring various ways of patriotic education. After watching this movie, Min Zhu nonetheless "had a sentimental conversation with friends about how China created an economic miracle in the late 20th century by lifting more than half a billion people out of extreme poverty and became the second largest economy in the world." (Zhu, 2019)

The genuine popularity of these entertainment products adds up to a facade of pro-regime

¹²This movie gained 4.2 billion yuan at the box office. Based on the average ticket price shown for this movie, I estimate that the movie has attracted roughly around slightly less than 100 million audiences. Behind its production, we can see both the state sector and the private companies. These include Huaxia Film Distribution Company, a state-owned company, Bona Film Group Limited, a top private film production company, and Alibaba Pictures Limites, the film production company that belongs to the tech giant in China.

enthusiasm that has an impact on authoritarian political behaviors beyond these products' implication on political persuasion. This is shown in the previously mentioned personal article by Min Zhu. Reflecting on My People, My Country and patriotic hip hop music, Min Zhu notes that "[t]his is a time when a Chinese patriotic songs can beat Taylor Swift's new album." Min Zhu summarizes: "To some extent, there is a general public sense that being patriotic is fashionable in China."

These behavioral changes can be partly attributed to the fact that it is hard for individuals living in this political culture to tell if the mass enthusiasm is a genuine reflection of the public mood or if it is manufactured by the state, which establishes the urgency of studying popular cultural products to understand propaganda. In the following sections, I will explain my empirical strategy and delve further into how the Chinese state organizes propaganda production, including how it contributes to the audience's rising enthusiasm.

Empirical Strategy

To shed light on the state's strategy in organizing propaganda within the entertainment sector, I utilize three sources of data.

1. Three novel movie datasets that contain information on movies' market performance, producers, registration, other genre information, storyline, reviews, whether it is a main melody project, whether it received state sponsorship, and other key features

The first dataset is the dataset of all the movies screened in China between 2011 and 2021. It contains their market performance, production companies, genre information, storyline, reviews, whether it is "main melody," and other key features. To get this dataset, I web-scraped the Endata website, a movie with a record of the box office for all movies screened in China. To have more of these movies, I then web-scraped information about these movies from Douban. Douban is like the Chinese version of IMDB, and it is the most authoritative Chinese movie website for information and reviews. I coded a movie as a propaganda movie if it is tagged as a "main melody movie" on either website. This dataset contains information on 3589 movies, including 153 main melody movies.

The second dataset is the dataset of all movie projects registered between 2011 and 2021. It contains the registration date, registered production companies, registered movie name, registered

place, and registered synopsis. To get this dataset, I web-scraped the website where the government publicizes the list of movies that got shooting permits. This dataset contains information on 33049 movie projects registered.

The third dataset is the dataset of all movies whose shooting is funded by the biggest central government fund, Special Funds for Excellent Films, between 2016 and 2021, which is the period when such data is available. It contains the year of funding, the name of the movies funded, and the production company associated with it. To get this dataset, I web-scraped the website where the government announces its awards. The total number of awardees is 557 movies.

In addition, I manually searched and coded the movie companies' ownership to each state-affiliated or privately owned. Any signs of public ownership would qualify a movie as state-affiliated. To make my comparison of the state and the private sector more balanced, I limit the universe of production companies to those who have produced at least 2 movies and at least 1 propaganda movie. This eliminates the small companies that only produced 1 movie or those private companies that would never participate in the production of propaganda movies.

2. Interviews that I conducted with people working in the film industry. I conducted 12 semi-structured interviews with people working in the film industry in China between February 2022 to May 2022.

The government's role in the film industry is indeed recognized by all of my interviewees, and most are very knowledgeable about it. This confirms the idea that the government plays an important part in shaping the market conditions in China. My qualitative data provides a rich account of the likely causal mechanism underpinning my theory in the context.

3. Policies and open speeches by officials or influential filmmakers.

This is direct evidence of the state's calculation and strategy. The Chinese state is pretty explicit in how they conduct propaganda and thought work, which leaves plenty of opportunities for us to conduct policy analysis. There are also other influential filmmakers who have talked about propaganda movies openly, which aids my analysis.

To examine that the state's strategy to promote propaganda, I identify one important policy shock. It was a 2018 administrative reform when China's propaganda department took over the

control of the film industry from the State Council to "better play the special and important role of film in propagating ideas and cultural entertainment" (Anonymous, 2018). The details of this reform will be discussed in the next section. These policy changes allow us to examine whether the state policies are associated with different behavioral patterns among the filmmakers.

Empirical Results: the State's Strategy for Organizing Propaganda Production

A critical moment for the Chinese film industry came in 2018 where CCP's propaganda department took over the control of the film industry from a state agency to "better play the special and important role of film in propagating ideas and cultural entertainment" (XinhuaNet 2018). It was part of a broader administrative reform announced in March 2018 to reorganize the ministries and agencies under the State Council, which involved reducing eight ministerial-level government agencies. One of the agencies affected by this reduction was the State Administration of Press, Publication, Radio, Film, and Television (SAPPRFT). After that, the news publishing management responsibilities and film management responsibilities previously held by SAPPRFT were transferred to the Central Propaganda Department. The Central Propaganda Department was then given the additional titles of the National Administration of Press and Publication and the National Film Bureau. The remaining responsibilities of the former SAPPRFT, including the management of radio and television, were transferred to the newly established National Radio and Television Administration, which still operates under the purview of the State Council.

It is important to acknowledge that propaganda blockbusters existed even before this reform, as discussed in the previous section. The state, witnessing the success and impact of these earlier films, likely learned that promoting such movies could make a feasible strategy. This understanding could have contributed to its decision to intensify efforts to organize the production of propaganda blockbusters. The specific timing of the reform in 2018 has been associated by some interviewees with the trade war between the US and China, which negatively impacted the Chinese economy. This necessitated measures to mobilize resources and uplift the population, and the intensified production of propaganda films served as one such measure. The unique attention given to the film industry is often linked by interviewees to Xi's personal interest in cinema. As revealed in Wikileaks

documents, Xi has a particular taste for Hollywood World War II movies. He has even tried his hand at writing a movie script once.

The newly established Film Bureau has been placed under the leadership of Wang Xiaohui, who also held the position of Vice Minister in the Propaganda department at that time. The change marked that the movie sector became officially a part of the Party's propaganda systems again. It also led to strengthening the implementation of measures to carry out Xi's vision that art and literature should prioritize the promotion of social effects, while also striving to combine social and economic effects (XinhuaNet 2015). Subsequently, the newly established Film Bureau published a five-year plan for films, detailing its goals and measures (Film Bureau, 2021).

To understand the implications of the reform, it is important to comprehend the role of the Film Bureau in filmmaking, as depicted in Figure 8 in the Appendix. A significant shift in the regulatory regime is the move towards greater ex-ante delegation, as opposed to the use of ex-post censorship. The five-year plan stated that the regulatory agency is to "enhance the level of organization in producing key works and allocate high-quality resources for them." (Film Bureau, 2021) It seeks to help the "planning, project approval, creation, production, promotion, and screening" of these projects. And it strives to "establish a rolling and sustainable creative production pattern," with "a bunch of planned projects in reserve, a bunch of creations being polished, and another bunch being promoted."

The organization of the key films can be broken down into at least three steps. Firstly, the regulatory is in charge of the "theme planning." (Film Bureau, 2021) It refers to the process of planning and selecting themes for creative works, such as films, to ensure they align with the larger creative endeavor that the Film Bureau wants to promote. Here, it is stated that the "key themes" include Chinese history, CCP history, modern China history, reform and opening up history, socialist development history, realistic themes, and biography. In another part of the five-year plan, the creation of realistic themes was associated with an "emphasis on reflecting the remarkable journey of creating a better life for the people under the leadership of the Party, especially since the 18th National Congress of the Party and the significant changes that have occurred since the reform and opening-up era." Therefore, it can be logically inferred that the key films will predominantly align

 $^{^{13}}$ In CCP terms, social effects refer to promoting state-approved ideas, while economic effects refer to financial returns.

with the government's propaganda agenda.

To further the "theme planning," the five-year plan for films further stated that the administration aims to establish a "task ledger" of movie production with "key themes." (Film Bureau, 2021) The word "task ledger" is further elaborated as "a series of movie productions be timely and dynamically adjusted and enriched, forming a rolling and sustainable creative landscape" in this document. From the term "task ledger," it can be inferred that the state or relevant authorities will likely maintain a record of the progress of various tasks. This ledger might include information about the responsible individuals or teams assigned to produce specific themes or projects. It was also noted that the keys should be planned according to the key political anniversaries.

Secondly, the five-year plan discussed its plan to help the creation of the key themes (Film Bureau, 2021). The Film Bureau can provide partial funding to films as it manages the Special Funds for the Development of the National Film Industry. Typically, these funds are extracted from 5% of the film box office revenue. The Special Funds primarily aim to support the production of key films that align with the national agenda, while they may also be used for the expansion of cinemas or to support film technologies, such as animation. In addition to the national-level Special Funds, local governments may offer other subsidy programs. However, this does not mean that the government will fully cover the expenses of producing key films. According to the funding policy, main melody projects or "key revolutionary and social movies" can receive funding of up to 20 million yuan. Nevertheless, this amount falls considerably short of what is often required to produce a blockbuster film.

Thirdly, the five-year plan discussed its plan to help the promotion of the key themes (Film Bureau, 2021). According to reports, the Film Bureau will promote these films by handing out additional documents and hosting promotional exhibitions. The Film Bureau might require cinemas to prioritize screening these films, conduct marketing campaigns, and offer discounted ticket prices. Television stations will also be asked to engage in promotional activities to introduce the key films. Additionally, residential communities and universities may be requested to organize film screening events.

In Wang Xiaohui's speech and the five-year plan, it is evident that the participation of private companies in producing key movies is welcomed. During Wang's first meeting with the industry, many prominent producers, directors, actors, and actresses outside of the regime were present,

leading to speculation that they were feeling the temperature back then (ShangguanNews 2019). In interviews, Wang praised the "Chinese-style blockbusters" that private companies contributed to as films that "combined social and economic benefits" (X. Wang 2018; CareerEngine 2021; SouthernMetropolisDaily 2022; news 2019). The five-year plan also encourages the participation of private companies in the production and distribution of key films, while emphasizing the importance of prioritizing social benefits.

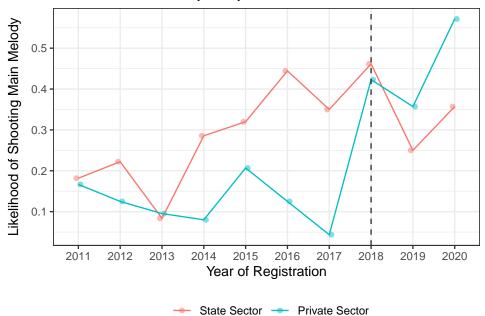
Using my data, we can investigate the decisions made by both the state and private sectors to participate in main melody movies before and after the key policy shifts mentioned earlier. In Figure 3, I present the likelihood of participation in propaganda production by the different sectors over the years. The year marks the registration year, which signifies the start of a movie project and renders them sensitive to policy changes during that time. The descriptive data is depicted on the top, whereas the estimated difference between the state and private sectors is demonstrated on the bottom graph, with the error bar representing the estimated 95% confidence interval. The data indicates that following the 2018 reform, private companies increased their production of main melody movies, and after the administrative reform, the private sector is just as likely to undertake main melody projects as the state sector.¹⁴

Furthermore, it is important to consider not only the participation of different sectors in propaganda production, but also the distribution of resources allocated to these projects. Since movie budget data is notoriously unreliable, I estimated the resources allocated to different projects by analyzing the star power of the directors and actors involved in their production. I estimate the directors' and actors' star power by examining their total box office earnings, measured in billions of RMB. For each movie, I calculate the average director power by averaging across different directors, and I calculate the total actor star power by summing the top three actors or actresses. ¹⁵ By analyzing data for each year and company type, I calculate the total star power associated with propaganda productions versus other productions. Figure 4 displays the distribution of director and actor star power in propaganda versus non-propaganda productions. Figure 4 shows that the

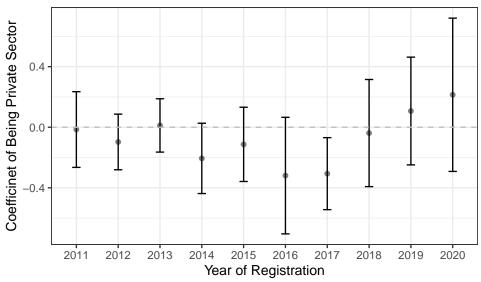
¹⁴The dataset only includes companies that have produced at least two movies and one main melody movie, which disproportionately excludes smaller private companies.

¹⁵The rationale behind calculating the mean director power through averaging across different directors is due to the presence of propaganda projects that involve 5 or 7 prominent directors, each directing a shorter story. Given the limited screen time allocated to each director, it is more reasonable to posit that their appeal does not result from the aggregate of all the participating directors, but instead, from the average attraction of these directors.

Different Sectors' Likelihood to Shoot Main Melody Movies: Before and After the Key Policy Reforms



Estimate of The Sector Difference



The sample is limited to companies those who have shot at least two movies and at least one main melody movie.

Figure 3: Different Sectors' Participation Decision

private sector commands more resources that the state sector. Historically, the state sector was more inclined to invest in propaganda production, while the private sector preferred non-propaganda productions. However, after the reform, private companies have become more willing to invest in propaganda production

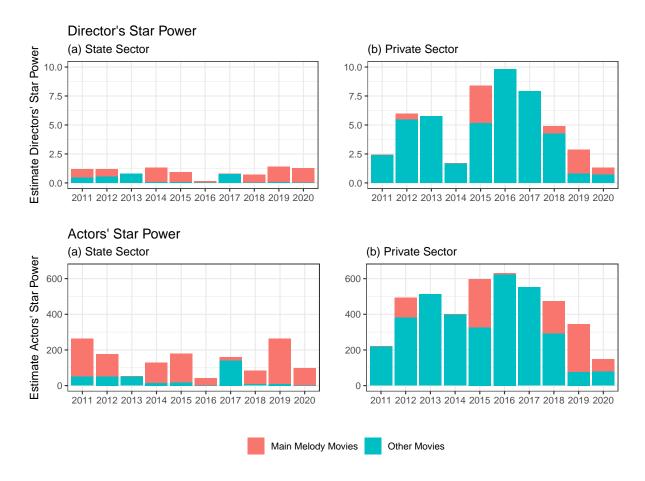


Figure 4: Different Sectors' Participation Decision

Why did the private sector's participation in propaganda increase? In the next subsections, I discuss the two likely mechanisms, whether it was achieved through direct mandates, in which the state reached out to famous directors or filmmakers to further their agenda, or through indirect incentives that the state shaped by influencing the market environment.

Direct Mandate: The Uneasy Partnership Between the State and the Private Sector

It is widely known that the government has played a significant role in initiating numerous propaganda movie projects, particularly the larger-scale ones. ¹⁶ Within the industry, these projects are given various nicknames. One such nickname is "assigned title essays," indicating that the government sets the theme while allowing filmmakers to decide how to convey it. Another nickname is "political task movies," suggesting that they are produced in response to directives from political authorities. In fact, it is uncommon to come across a blockbuster project that could be perceived as a propaganda production without a government, party, or military unit listed as one of its production companies or without receiving funding from the central government's Film Bureau fund. In addition, the authority especially reached out to influential filmmakers or big private companies to meeting its own "performance indicators", as stated in the five-year plan (Interviews).

While we are witnessing an increase in the involvement of private companies in these projects, it does not necessarily mean that the government has welcomed them into these projects by making the work easy. Producing political-themed projects can still be difficult and time-consuming due to the strict creative constraints imposed on filmmakers. Political topics are often sensitive in China, requiring filmmakers to ensure the correct conveyance of the intended message. An interviewee explained that when working with the government, officials outside the film industry may not have a clear idea of what they want, and the filmmakers must create the movie first and then undergo government officials' review. This process involves the cultural elites conducting the task of propaganda production reviewing a large amount of historical documents and performing a significant amount of "political commissar" work during the early stages of production (Interviews).

Take, for example, the 2021 film *Battle at the Lake Changjin*, which covers the Korean War and boasts the largest budget and box office return in Chinese cinema history. Of the two years allocated for its production, the team spent one and a half years reviewing the script to ensure its accuracy. With only half a year left for production, the project's massive investment enabled its completion despite time constraints. The film involved three shooting teams led by renowned directors working simultaneously during production and 86 post-production companies hired during post-production (Xinhuanet 2022). The reasons behind investors' eagerness to fund such a rushed production can be

¹⁶Open interviews often reveal the government's involvement in these projects.

further explained using the lens of market dynamics explained in later discussions.

Indeed, the authorities are highly concerned when individuals promote ideas that deviate from the state's viewpoint while pretending to be engaged in propaganda efforts. This concern is evident in the case of Guan Hu's film, Eight Hundred (2020). The movie depicts the legendary defense of the Sihang Warehouse in Shanghai in 1937. Despite its impressive production and nationalistic message, the film faced issues due to the portrayal of the resisting Chinese forces who were part of the Kuomintang party, who did not tend to get featured heavily in CCP's propaganda movies. The problems it encountered are widely attributed to a meeting held by the Red Culture Research Association, which criticized the film as a distortion of history. For that reason, its initial premiering in June 2019 was cancelled. While it eventually got to the theaters in August 2020 and, to most audience in China, "Eight Hundred" might look like a regular propaganda film, we can see that there are considerable risks that filmmakers may face when dealing with sensitive political topics.

Yet another example is Born to Fly (2023), a Chinese production often compared to "Top Gun: Maverick." While both films collaborated with their respective country's military, it was reported that the Chinese Air Force was not satisfied with the final product. The film's release was pulled last minute, possibly to avoid unfavorable comparisons to "Top Gun: Maverick." Indeed, when Born to Fly finally premiered in May 2023, it received poor reviews. Nonetheless, Born to Fly underscores that creating a sponsored film does not guarantee an easy path to filmmaking success. There are still challenges in meeting high expectations, especially when it comes to accurately representing the interests and perspectives of the parties relevant to the subject matter.

These cases serve as additional evidence that producing propaganda films in China is a challenging task, emphasizing the significance of the intricate expectations and requirements inherent in propaganda creation. The state continues to exert substantial constraints over the production process, often without clear ex-ante guidelines or specifications, in order to ensure that a controlled final vision is presented to the public.

Why do filmmakers participate in propaganda projects to produce for the state then? When the regulatory agency reaches out to filmmakers for producing these films, it can be challenging for filmmakers to refuse participation given the agency's significant influence over the industry. The recruitment of famous filmmakers by the government likely involves complex dynamics. In the film industry, a widely circulated speculation known as the "bargaining hypothesis" suggests that the government leverages its control over market access to negotiate with renowned filmmakers (Interviews). For instance, directors might be offered the opportunity to pursue personal projects in exchange for undertaking government-sponsored ones. There are also rumors that some filmmakers were promised the release of their previously censored projects if they took up a government assignment.

While these rumors cannot be directly confirmed, there are patterns that seem to support this speculation. Renowned director Zhang Yimou, for example, has alternated between propaganda and non-propaganda projects in recent years. Similarly, directors like Chen Kaige and Guan Hu have taken on more propaganda projects after facing censorship of their films. Guan Hu's film, which was initially pulled from its premiere due to its portrayal of the KMT's role in the anti-Japanese war, was released after he directed another propaganda project, *The Sacrifice*.¹⁷

However, some commentators argue against the "bargaining hypothesis," as accepting government projects does not necessarily benefit filmmakers (Fan Pai Ying Ping, 2022c; Fan Pai Ying Ping, 2022b; Fan Pai Ying Ping, 2022a). In the cases of Zhang Yimou and Chen Kaige, their censored films were never released, despite their involvement in propaganda projects. Another director, Tian Zhuangzhuang, took on propaganda projects as an actor after his film was refused review by the Film Bureau. He eventually expressed his grievances in an online documentary when he saw no hope of having his movie released. In such cases, the bargaining process appears more coercive than mutually beneficial.

While it is difficult for renowned directors to decline such opportunities, the career trajectories of other renowned directors suggest that an "exit" option might still be possible. For example, when Jia Zhangke cautioned against transforming Chinese theaters into exclusive outlets for main melody films, he revealed that he had not engaged in movie production for several years (Jia, 2022). Director Peter Chan, who participated in several propaganda projects in mainland China, relocated to Korea to advance his career, adopting inspiring slogans like making movies for the "pan-Asian" market. While leaving the film industry in China may be an alternative career path, it comes at a substantial cost.

Nevertheless, it is important to acknowledge that the participation of renowned filmmakers is

 $^{^{17}}$ Various alternative theories could also explain why Eight Hundred was eventually released, including the need to revive the market in the COVID-era.

merely the first step in the journey towards creating a successful movie. The production process heavily relies on the collaborative efforts of numerous individuals and necessitates substantial financial investment. Furthermore, it requires the commitment and dedication of all those involved in the project to give their utmost effort and bring out the best in their respective roles. In particular, many of my interviewees emphasized the crucial role of financial resources in the filmmaking process. Without adequate funding, the production of films become challenging, if not impossible.

Interestingly, the authority falls far short of providing sufficiently funding for these projects. To examine the funding aspect of propaganda projects, I analyzed the Special Funds for Excellent Films, the largest central-level film funding managed by the Film Bureau, which is primarily utilized to support political projects. According to the funding policy, main melody projects or "key revolution and social movies" can receive funding of up to 20 million yuan. Other types of movies, such as those related to children, rural areas, and ethnic minorities, are also eligible for funding, but with a lower funding limit of 0.2 million yuan. However, 20 million yuan falls far short of what is required to produce a blockbuster movie that can compete in today's market. That being said, the funding limit of 20 million yuan is considerably smaller compared to the budget required to produce a blockbuster movie that can effectively compete in today's market.

An analysis of the awardees confirms that the state strategically utilized private companies to produce propaganda movies. While the state-owned companies receive funding from the state anyway, securing this high-level fund can be regarded as a form of central government endorsement. Upon identifying the production companies that were awarded funding, I found that the main melody projects of top private companies had the highest likelihood of receiving funding. ¹⁸ In the top panel in Figure 5, I visualize the chance of getting funded for all movie projects of the same type of producers. Here, we can see that top private companies' main melody projects have the highest chance of getting funded, while other private companies' main melody movies have the second highest chance. The state sector's main melody projects' chances of getting funded are not quite as high as we would expect. ¹⁹. This confirms the idea that since market performance is part of the film administration's performance indicators, those who can produce the best-selling movies, usually the

¹⁸In terms of absolute numbers, as shown in Appendix , there are still more state sector companies receiving funding. However, considering that the state sector produces a much higher volume of propaganda projects overall, it is noteworthy that most of their projects are not funded.

¹⁹Even though the state sector always gets money from the state, such an award is still meaningful because the award is considered to be a signal of state endorsement

biggest private companies, can have a better chance of accessing state endorsement.²⁰

The bottom panel in Fig 5 illustrates the number of awardees each year. The trend indicates that the government's funding scope has not expanded over time, suggesting that in recent years, at least through this fund, the government has not allocated more resources to promote propaganda movies.

Furthermore, even if private companies secure state funding, they might not be able to rely on it during the movie production process. According to my interviewees, government funding for the private sector is often reimbursed after the movie has proven to be successful in the market, known as ad-hoc funding (Interviews). In contrast, the state sector can receive government funding while the movie is still in production. This disparity highlights the dynamics of collaboration between private and state-owned companies. In such collaborations, private movie companies bear the majority of the production burden, while state-owned companies can help secure state funding at an earlier stage. Without the assistance of the state sector, private companies may find it challenging to rely on state funding during the movie production process. Indeed, even with the option of state funding in place, these opportunities are more readily accessible to the major players in the industry, making it challenging for smaller entities to access the necessary financial resources from the state to understake a propaganda project.

In summary, the state strategically enlists the aid of the private sector for their expertise in producing politically significant films. In doing so, the state prioritizes those who have demonstrated success in the commercial cinema realm. While this may seem like a sound strategy, the allocated state funding falls short of the resources required for producing all these blockbuster movies. Moreover, working for the state presents additional challenges due to the complexities of presenting content in a "correct" manner. Furthermore, the government does not appear particularly concerned with fostering an equal partnership that benefits both parties. Given these inherent tensions, it raises the question of why such an unequal partnership remains attractive to private investors. In the subsequent subsection, I will argue that private companies are driven by indirect incentives shaped by the market environment, which compel them to fully commit to these partnerships.

²⁰Many of my interviewees, who are at the earlier stage of their careers, considered government funding extremely hard to get, if not impossible. Anecdotal evidence also suggests that a good connection with the government probably helps with securing funds from local government, but this is hard to measure.



Figure 5: The Allocation of Film Funding

Indirect Incentives: The Risks and Returns in the Film Industry

As previously discussed, the government's ability to fully motivate private-sector cultural elites to serve its goals cannot be completely explained if we only focus on their direct collaboration. In this section, I argue that the state is able to do so by shaping the market environment to favor projects that promote its preferred ideology. In order to understand how it works, it is essential to examine the rising risks associated with movie production in China. These risks can be categorized into two types: those unrelated to the movie's content and those related to the movie's content.

Firstly, risks unrelated to the movie's content have emerged due to the lack of regulatory oversight during the rapid expansion of the film industry. In June 2018, not long after the Central Propaganda Department took over the control of films, tax evasion scandals within the entertainment industry led to a government crackdown, causing a significant setback for the industry resulted in what was called "the cold winter of the entertainment industry." The subsequent COVID-19 pandemic further exacerbated the challenges faced by the film industry, including disruptions in production and theatrical releases. In June 2022, the film industry was enlisted among the official list of Industries in Special Hardship. These external factors have significantly impacted the industry, creating an environment where investors are more inclined to invest in safer options.

Secondly, risks associated with the movie's content are directly tied to the stringent censorship regulations imposed by the government. The ever-evolving censorship criteria in China make it difficult for filmmakers to anticipate the objections raised by censors, as concerns over political, social, and even quality aspects can result in unpredictable censorship decisions (Interviews). While some of China's recent censorship decisions have gained international attention and even sparked ridicule, it is crucial to examine the profound implications they have on the production teams involved. After all, when asked about the effect of censorship on their work, one of my interviewees described that operating amid censorship is just like "a fish living in a fish tank." It is so consuming that it became hard to tell the effect of censorship, when being asked about the impact of censorship

²¹In May 2018, soon after the Central Propaganda Department took over the control of films, a social media post by a previous TV anchor, Cui Yongyuan, exposed a huge tax evasion scandal of a famous actress, Fan Bingbing. This has led to a state campaign to crack down on tax evasion and overly high salaries in the entertainment industry. The Propaganda Department, the Ministry of Cultural and Tourism, State Administration of Taxation, State Administration of Radio and Television, and the Film Administration released a joint statement in June and demanded the correction of these issues. This campaign ended up hurting the industry a lot because a lot of people do not have such high-profit margins to pay for what is asked for.

on their work, one of my interviewees aptly described operating amid censorship as being akin to "a fish living in a fish tank." The pervasive nature of censorship extends its impact across various aspects, all becoming an integral part of a unique productive culture.

In an effort to mitigate these risks, filmmakers prefer to incorporate all constraints and considerations during the pre-production stage, meticulously planning budget allocation and logistics before shooting begins (Interviews). However, it is worth noting that China's censorship system conducts the final rounds of review during the post-production stage, after the shooting of the movie has been completed. This means that unexpected objections raised by censors at this late stage can have far-reaching repercussions for the production team. They may be required to make significant alterations to the plot or dialogue, recall the production team, and even reshoot scenes, incurring both financial burdens and significant time investments without the guarantee that these efforts will meet the approval of the censors. Moreover, due to limited budgets, it may not always be feasible to reshoot scenes entirely, resulting in quick edits that inevitably compromise the overall quality of the final product (Interviews).

Bureaucratic delays in the review process further complicate movie production. This is especially true as reviews from other relevant departments are frequently sought after now. For example, if a movie has police or crime, the Ministry of Public Security's consent is needed, who reviews whether the police are represented in a positive way (SohuNews 2019; TechLawyer 2012).²² These organizations, whose main task is not to deal with movie censorship, usually cause a long delay in the review process.

Due to China's complicated censorship regime, collaborating with state agencies is thus highly desired (SohuNews 2019; TechLawyer 2012). The five-year plan established by the film administration highlights the administration's willingness to assist movies with "key themes" in navigating the entire production process, from initiation to screening, which often aligns with significant political milestones. With the support of the authorities, filmmakers can better streamline the production and review processes, increasing the likelihood of their movies being screened within a specific timeframe and ensuring a return on their investment.

According to my interviewees, the risks associated with movie projects make investors more

²²Other examples include: If a movie has oversea content, the Ministry of Foreign Affairs' consent is needed. If a movie has teachers and students, the Ministry of Education's consent is needed. If a movie deals with history, the Chinese Academy of History's consent is needed.

inclined to invest in safer options, such as main melody projects: "...so everyone wants to make what is safe, what cannot go wrong. So everyone wants to make the main melody (movies). There is only so much room, and the capital always seeks safety." (Interviews) This idea was confirmed by a public interview with a prominent Chinese director that was released after my field research (Jia 2022).

To verify that main melody movies have had an easier time in the movie industry recently, I use my quantitative data to present a pattern of the likelihood of different types of movie registrations ending up in the theater. Between registration and screening, a movie needs to secure enough funding, go through the production phase, pass the final rounds of post-production movie reviews, and secure a screening schedule. ²³

In my datasets, I can associate some of the registered movies with movies screened in the theaters, and I define them as the movies that survived. Figure 12 and Figure 13 in the Appendix describe the general trend related to movies' registration and survival. Only a small portion of the movies registered can be associated with movies we have seen in the theater. To compare the survival rate of main melody movies and other movies, we have to overcome a problem, which is that we can only know if a movie is classified as a main melody movie if it has met the audience who can tag movies as being either "main melody" or not. For the movies registered, we have limited data. But we do have their registered outline. Therefore, we can "guess" their likely category based on their registered outlines.

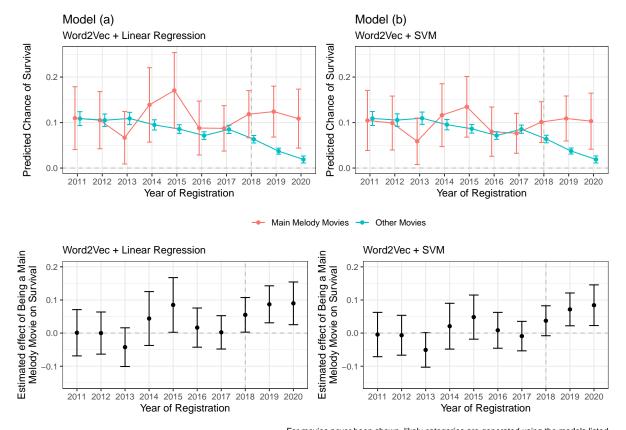
To classify the movies registered into either main melody movies or not, I use the natural language processing tool Word2vec to process the movie outline data.²⁴ I then use the outlines of movies whose likely categories we already identified (those that have met the audience) to train machine learning models to predict the likely category of remaining storylines. The outlines of movies with known categories, main melody or not, are partitioned into a training set and a test set with an 80/20 split. I train my model with two machine learning algorithms, Linear Regression and SVM. In Table 4 and Figure 15 in the Appendix, I describe how well my model predicts using my

²³The movie registration needs to be reviewed as well, so it does not represent the universe of movie scripts that movie producers would like to shoot. But the review of the registration, during which filmmakers provide an outline, is still considerably easier than having the final products pass the final review.

²⁴It uses pretrained embeddings to transform these words, which permits a better understanding of the words through previous processing of other text data. It is particularly suitable for this exercise at hand because I have a limited amount of text data.

models' accuracy scores, precision scores, recall scores, F1 scores, and confusion matrix.

The estimation of the survival rates may be biased for later registration because they do not have enough time to get to the theater. To address that, our registration data used is till the end of 2019, and the screening data is collected till the end of 2021. This means that the last registered movie in the data section would have about two years to make its debut. 63.97% of the movie registered and screened take less than two years to make it into the theater.



For movies never been shown, likely categories are generated using the models listed

Figure 6: The survival of movie projects

As shown in Figure 6, the empirical patterns suggest that movies with likely main melody content in them have a higher rate of survival after 2018, which means that the likely ideological content is a major concern for movie projects to survive. The difference in survival rate confirms the idea that the market environment for main melody movies is improving and the market environment for other movies is deteriorating. The failure to gather enough funding likely is the major factor, but this also reflects the investors' belief about the movies' chances of passing the reviews and making it into the theaters. Therefore, this confirms the account that filmmakers should be motivated to

find safety in these state-favored projects.

The Two-side Marketplace

The previous section has demonstrated how the state mobilized private companies to produce for the state and organized propaganda production by shaping a tilted market environment. This section further explores the two-sided nature of the film marketplace in China.

On the one hand, establish private companies and filmmakers can capitalize on the opportunities of making propaganda projects by infusing propaganda with mass entertainment. Yu Dong, the President of Bona Film Group known for revitalizing the main melody genre, summarizes their model of success: "We adopt the story of the main theme movie and the family-country sentiment, and we integrate it into the modern movie-making, fully utilizing modern movie-making technology and its emotional resonance." (Yu, 2021) Such is what he refers to as "the creative transformation and innovative expression of Chinese movies" (Yu, 2021). In another interview, he also talked about how the Chinese audience, after seeing American film production, became unsatisfied with the main melody movies of the past (Yu, 2022). He argued that "[i]n the process of marketization, the majority (of propaganda production) still stick to the old production logics, and they will likely be excluded from the market" (Yu, 2022). It is thus not surprising that many Bona productions use similar techniques as in Hollywood blockbusters, which contributed to its final market popularity. Such successes likely reinforced people's willingness to participate in propaganda production.

On the other side, many worry that the current emphasis on propaganda is detrimental to the overall movie industry. One of my interviewees, who expressed support for propaganda films, also acknowledged the negative impact of the over-management in promoting such films within the industry. They believed that the over-management not only made filmmaking more challenging but also hindered the flow of financial resources into the film industry from other sources. As a result, the industry faced limitations in accessing the necessary resources to support its growth and development.

The film industry faced significant challenges and struggles, to the extent that it was officially listed among the industries experiencing special hardship in June 2022. While the COVID-19 pandemic undoubtedly played a role in exacerbating these difficulties, some experts, such as internationally renowned director Jia Zhangke, are willing to argue that the challenges will persist

even after the pandemic subsides. In a public interview, he warned against turning the Chinese theaters into "a shop exclusively for main melody movies" (Jia, 2022). He said: "I just want to advocate for one thing: to give all films an equal and certain environment. With certainty, everyone's life will be easier. Otherwise, two-thirds of the production companies and directors will have a very difficult life." (Jia, 2022).

Jia's account highlighted the challenges faced by the majority of production companies and directors who are unable to access the benefits of state-sponsored projects and struggle to navigate a market filled with risks, an challenge he believes will persist even after the pandemic. In a sense, the true cost of this new mode of propaganda production is the economic inefficiency that burdens the companies and creators who cannot get the perks of producing state-sponsored projects and thus struggle to survive in a market full of risks.

Alternative explanation

An alternative explanation for the aforementioned revival of propaganda is that it stems from the audience's growing appetite for such content. In this section, I put the demand-side explanation to the test and present evidence indicating its limited explanatory power. From a demand-side perspective, movies achieve varying levels of market success based on the distinct features that might be noticeable to the audience. Thus, we can estimate a model where we use movie features to explain its market successes:

$$y_{jt} = \alpha_t I_{propaganda} + \beta_t X_j + \epsilon_{jt}$$

Here, y_{jt} is the box office of movie j at time t. X_j is the characteristics of movie j. α_t and β_t stand for the consumers' taste, which may change over time. In this model, immediate concerns about the movie's production company or its sponsorship by the state are not necessary, as the audience is unlikely to be significantly preoccupied with these factors. ²⁵ If the commercial successes of propaganda movies are from audience patriotic feelings, we expect α_t to increase over time. This

²⁵In an online pilot survey where I asked respondents what features they care about when choosing to watch a movie, allowing for multiple choices, three out of a hundred respondents selected the production company. So the amount of viewers who care about the movie producers when choosing to watch a movie is minimal. The audience is unlikely to know whether the state sponsors a movie since it is not information that is promote in any form of mass or social media.

is because α_t represents the degree to which a movie's box office success can be attributed to its ideological inclination. As such, if audiences are increasingly drawn to propaganda movies due to their ideological aspect, we should see a stronger correlation between a film's ideological content and its commercial success and thus an increasing α_t .

So is there an increase in taste for propaganda? In model 1, I did not add any movie characteristics as control variables. In model 2, I add the movies' director appeal and cast appeal as control variables. In Figure 7, I plot the estimated effects of being a main melody movie on the logged box office over the years using these two alternative models.

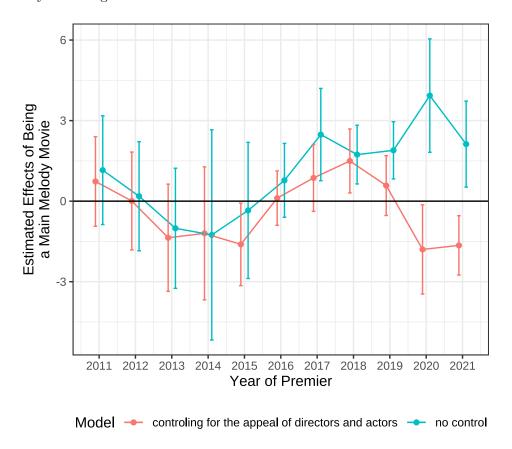


Figure 7: A demand-side investigation

The results in Figure 7 suggests that, when no control is added, main melody movies appear to be increasingly popular in recent years. However, when the appeals of directors and cast members are added as control variables, the upward trend lately disappeared.²⁶ In the second model, only in the year 2018 did we see main melody movies being more popular than other movies. Besides, the

²⁶The director and the cast's appeals were measured as the sume of the top three directors and actors/actresses's total box office performance. This is like the market shares these directors and actors/actresses have.

estimate of being the main melody movie is increasingly biased in the positive direction when no control is added. This bias widens after 2018. This suggests that the demand-side factor is more limited than what appears to be the case.

These may be partly attributed to how main melody movies recruit appealing star actors and actresses compared with other movies especially after 2018. I plot the trend of direct appeal and the cast appeal for main melody movies and other domestic movies in Figure 10 in the Appendix. This figure also shows that the effect of star appeal on box office is very strong, and the effect of director appeal on box office is less strong. This provides some suggestive evidence that the increasing use of stars contributed to the revival of propaganda movies lately.

However, a caveat is warranted: directors and actors might be gravitating towards these films precisely because of their expected commercial success. In other words, there is still a potential endogeneity concern. Therefore, I do not assert that I have enough evidence to fully dismiss the demand-side explanation. Instead, my evidence suggest that it could have limited explanatory power. The primary focus of the paper is still to advance the supply-side explanation, uncovering the lesser-known changes happening in the Chinese entertainment industry.

There is also a concern that the popularity of propaganda films may be due to the state's efforts to mobilize people to watch these films. In a pilot run of the online survey I conducted together with Hanzhang Liu, we collected responses from a convenient sample of 300 respondents and we asked about their viewing history for specific propaganda films. Our results, presented in Figure 9 in the Appendix, indicate that the vast majority of participants watched the films voluntarily, without any encouragement or mobilization from their employers or schools. Even though most participants watched the films on their own, for those who were organized to watch these films, the methods used by their employers were intriguing. Instead of paying for the tickets themselves, it is reported some of the employers had choose to assign "homework" to their employees. One respondent said that after they all complete their homework by submitting their film reviews, the employer pick the best review and reward the author with a small price.

Finally, there are concerns that the popularity of propaganda films may be partially attributed to the favorable screening schedules granted by the state. While this factor likely plays a part in filmmakers' participation and investment decisions because it affects a project's expected market return, it is important to note that screening schedules are a secondary consideration after the decision to produce a film has been made. From my interviews, I discovered that when films are released in theaters, projects with smaller budgets tend to avoid direct competition with larger budget projects, and projects with less star power tend to avoid those with more famous directors or actors. Consequently, if the state can mobilize private-sector investment and bring together influential individuals for propaganda production, these projects may naturally have an advantage in selecting the optimal release timing.

Conclusion

Despite the resources authoritarian regimes invest in entertainment-based propaganda, there is a paucity of evidence pinpointing whether such propaganda, by its own merit, garners support for authoritarian regimes. A significant factor contributing to this issue is the frequently uninspiring and stiff tone of authoritarian propaganda, which is detrimental to the reception of entertainment-based messages. Yet, as the former head of the Film Bureau, Wang Xiaohui, who assumed the position after the reform, characterized in 2021: "We have fostered a strong atmosphere of love for the party, the country, and socialism throughout the entire party and society." (Wang, 2021) So how did the state manage to make propaganda engaging, popular, and competitive in a modern-day market economy, transforming it into embraced popular culture?

In this paper, I forward s supply-side explanation that an authoritarian government can shape the production of propaganda products, thereby boosting their consumption. Traditionally, propaganda production in authoritarian regimes has suffered because cultural elites working for the state are subject to numerous creative constraints and often lack the incentive to appeal to the mass audience. The resurgence of propaganda in China, especially after the 2018 reform, illustrates how the state can ensure cultural elites are fully committed to producing state propaganda that not only aligns with state directives but also resonates with the mass audience. Employing observational datasets, qualitative fieldwork, and policy analysis, I argue that a new and sophisticated mode of propaganda production is at play. The government effectively mobilizes top private companies and resources to create high-quality, entertaining propaganda content. Instead of merely directing or contracting private companies, the state alters market incentives, motivating them to invest in projects favored by the state. Consequently, the government's efforts to promote propaganda become intertwined

with private companies' pursuit of profit, contributing to the popularity of commercial propaganda movies.

An important question left unanswered in this study is whether these propaganda films genuinely win the hearts and minds of the people for the regime. In a concurrent research project, I investigate whether these new commercialized movies are effective in promoting pro-regime sentiments and cultivating a preference for propaganda films. To achieve this, I conducted an online field experiment where I provided participants with free online movie accounts and randomly assigned them to one of watch a propaganda movie or a nonpropaganda movie. Following this, I surveyed the respondents' political opinions and tracked their viewing behavior over the next month. My findings reveal that among the majority of respondents, the new commercialized propaganda films effectively fostered a sense of nationalism, improved economic perceptions, and positively influenced views on the political system and government responsiveness. These films were generally well-received, increasing the likelihood of viewers watching similar films in the future. However, it is important to note that the positive effects were mainly observed among individuals who did not have a pre-existing dislike for propaganda films, accounting for approximately 80% of the population. For a relatively small percentage of people with negative views on such films, the propaganda films seemed to have a backfiring effect. This paper, along with my other research projects, demonstrates how the state can effectively win public support by producing engaging propaganda content disguised as commercial entertainment.

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Appendix

Process of Filmmaking in China

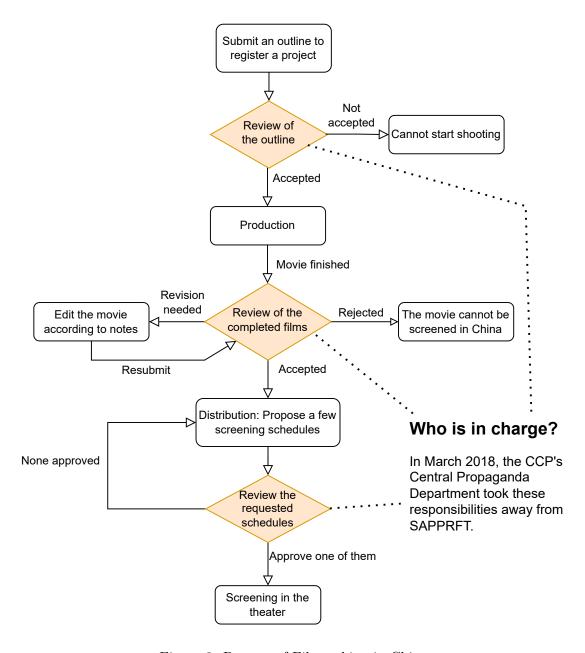


Figure 8: Process of Filmmaking in China

Dataset of all the movies screened in China between 2011 and 2021

This dataset contains information on 3589 movies, including 153 main melody movies. It contains their market performance, production companies, genre information, the appeal of its directors and cast, storyline, reviews, whether it is "main melody," and other key features.

To obtain this dataset, I web-scraped two movie dataset:

- 1. Endata website, a movie with a record of the box office for all movies screened in China. For movies screened after 2000, we have 4258 movies. For movies screened after 2010 (the part of the data used in this paper), we have 3589 movies, out of which 3469 are classified as domestic movies. This defines the unverse of movies in the main dataset.
- 2. Douban website, which is like the Chinese version of IMDB, and it is the most authoritative Chinese movie website for information and reviews.

In addition, when joining different movie datasets, alias information from Douban is used for identifying movies that have different names during different periods of production.

Variable Name	Description	Source
name	Name of the movie	Endata
year	Year of releasing	Endata
release	Date of releasing	Endata
box	Box office (RMB)	Endata
tag1	Tags	Endata
tag2	Tags	Douban
mm	Whether a movie is 'Main Melody'	
	(MM) or not. If either tag1 or tag2	
	has 'main melody' in it, a movie is	
	classied as MM	
region	Regions that participated in the	Endata
	production of movies	

Variable Name	Description	Source
domestic	Whether a movie is domestic or not.	
	If one of the regions in 'region' is	
	'China', a movie is classified as	
	domestic	
production_co1	The production company listed on	Endata
	Endata (only one)	
production_co2_1	Production companies on the movie's	Registration Data
	registeration license.	
production_co2_3	First production companies on the	Registration Data
	movie's registeration license.	
production_co2_3	Second rroduction companies on the	Registration Data
	movie's registeration license.	
production_co2_3	Third production companies on the	Registration Data
	movie's registeration license.	
production_co	The production company from	
	Endata is used. If that is missing, I	
	take the first companies listed in a	
	company's registration information	
company_type	Type of the production company. It	Manually coded
	can take four values:	
	'government', 'public	
	intitutions', 'state-owned	
	companies', 'private companies'	
private	Whether 'company_type' is 'private	
	companies'	

Variable Name	Description	Source
private_participation	A dummy variable to indicate any of	
	the production company listed on	
	Endata or the movies' registration	
	license is private	
directors	A movies's directors	Douban
actors	A movies's actors	Douban
$director_power$	The movies's first three directors'	
	total past box office performance	
star_power	The movies's first three actors or	
	actresses' total past box office	
	performance	
$director_power_alt$	The movies's first three directors'	
	average last movie' box office	
	performance	
$star_power_alt$	The movies's first three actors or	
	actresses' average last movie' box	
	office performance	
douban_score	A movies's rating on Douban	
genre dummies	Dummies indicating a movie's genre	
	based on tag1	

How voluntary is the consumption of propaganda?

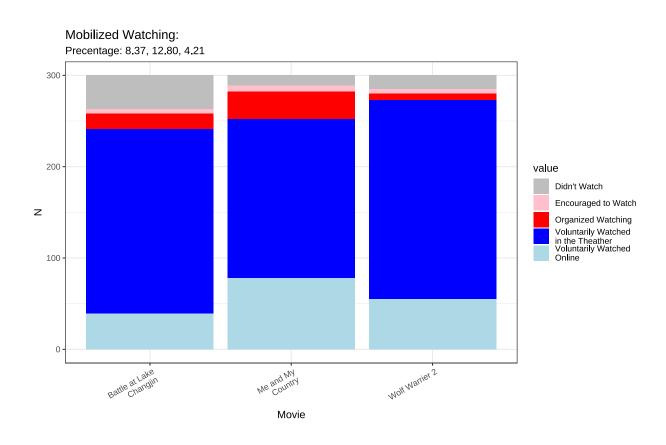


Figure 9: Organized or Voluntary Viewing

Table 3: Factors that affect movies' box office performance among main melody movies

Outcome: Logged box office			
	(1)	(2)	(3)
Director power	0.275***	0.281***	0.245***
	(0.050)	(0.050)	(0.052)
Star power	1.280***	1.230***	1.173***
	(0.056)	(0.057)	(0.057)
Main melody	0.093	-0.094	-0.116
	(0.229)	(0.239)	(0.975)
Year Fixed Effects	No	Yes	Yes
Genre Fixed Effects	No	No	Yes
Num.Obs.	1508	1508	1484
R2	0.395	0.414	0.443
R2 Adj.	0.394	0.409	0.434
AIC	64359.7	64357.7	64377.7
BIC	64386.3	64378.9	64451.9
RMSE	446 593 674.36	446 593 674.36	446 593 674.35

+ p < 0.1, * p < 0.05, ** p < 0.01, *** p < 0.001

Is there an increasing participation of famous directors and stars that caused an upward trend in the main melody movies?

Figure 10: Changes in the movie characteristics

${\bf State\ funding\ distribution}$

Who Receives State Funding?

	Company Type	Movie Type	Number of Awardees
1	State sector	Main Melody Movies	28
2	State sector	Other Movies	23
3	Other private companies	Main Melody Movies	11
4	Other private companies	Other Movies	21
5	Top private companies	Main Melody Movies	9
6	Top private companies	Other Movies	8

Figure 11: The allocation of funding to the film production industry

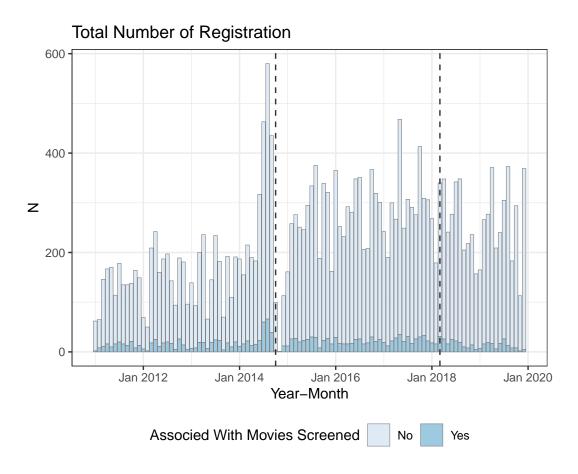
More information on movie registration

Figure 12 presents the empirical pattern based on my data. Before 2018, there seemed to be more and more movies registered. After 2018 though, the number of movies seemed to be on a slight decrease.

The survival rates of movies had a downward trend, shown in the second panel, which was more pronounced after 2018, consistent with the hardship the movie industry is facing.

For those projects that get into the theater, we can tell their types. Figure 13 presents the survival of propaganda movies versus other movies.

We can see that the supply of main melody movies remained small but steady. There is no sign that the survival of main melody movies decreased after 2018. On the other hand, the survival of other movies had a significant drop after 2018.



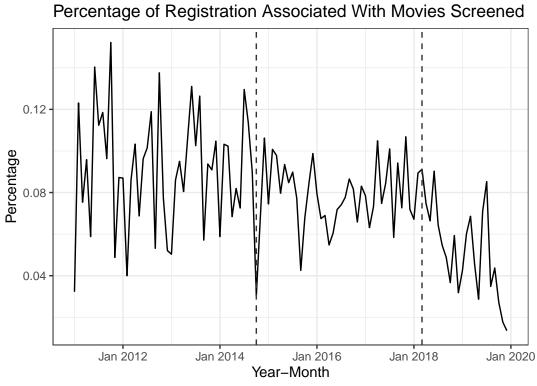
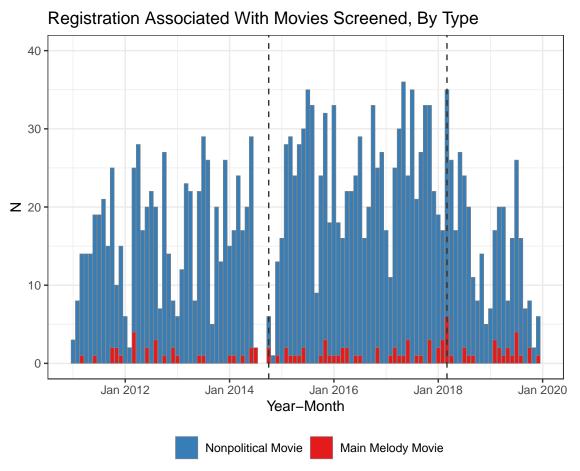


Figure 12: The survival of movie projects $\,$



Data for nonpolitical movies in Jul 2014 and Aug 2014 is dropped for better visualization.

Figure 13: The survival of movie projects, by type

How well does my machine learning algorithm predict?

Table 4 and Figure 15 present my models' accuracy scores, precision scores, recall scores, F1 score, and confusion matrix.

Table 4: The performance of the models

Score	Linear.Regression.Model	SVM.Model
Accuracy Score	0.95	0.95
Precision Score	0.62	0.57
Recall Score	0.56	0.48
F1 score	0.59	0.52

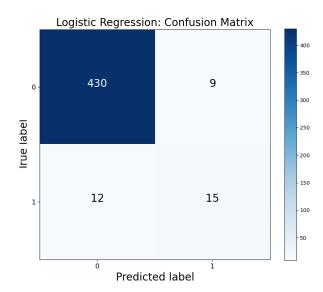


Figure 14: The performance of the models

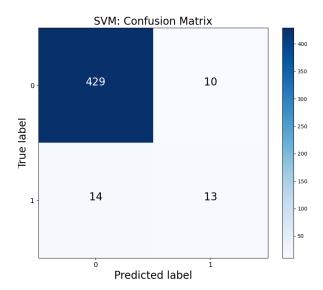


Figure 15: The performance of the models

The market performance of movie projects by different company type

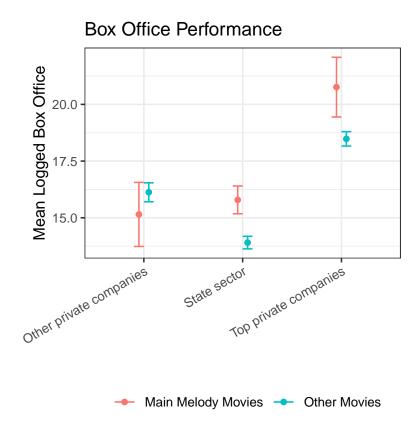


Figure 16: The market performance of movie projects