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China's monopolization of newspaper ownership in the context of changing policies

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Abstract

This paper examines the mechanism of the Chinese Communist Party's (CCP) monopolization of media outlets, especially newspaper ownership, from the 1950s by analyzing the process of the institutional development of newspaper ownership. The CCP's substantial monopolization of newspaper ownership and the exclusion of private and foreign capital influence on media outlets leaves the CCP in the position of the owner of all newspapers. This study reveals institutional changes by examining the institutional development and path dependency of "newspaper owner-sponsor institutions" (主管主办单位制度) from the perspective of Historical Institutionalism. The Newspaper Owner-Sponsor Institution evolved as an institution to ensure that the party owns newspapers while avoiding controversies over the property rights of newspapers. The development of the Newspaper Owner-Sponsor Institution was fostered by the threat of private and foreign capital inflows. The Newspaper Owner-Sponsor Institution has led to the stability of the control over newspapers, but the institution might generate instability because the CCP is stuck in a path dependency and cannot change the institution.

Keywords: China, Chinese Communist Party, Newspaper, Ownership, Institution, Non-public capital

INTRODUCTION

This paper examines the mechanism of the Chinese Communist Party's (CCP) monopolization of media outlets, especially newspaper ownership, from the 1950s by analyzing the process of the institutional development of newspaper ownership.

In China, the CCP and government control every news outlet. Only the CCP and government organizations can own newspapers, while on the other hand holders of private and foreign capital are prohibited from owning a newspaper. The CCP's substantial monopolization of newspaper ownership and the exclusion of private and foreign capital influence on media outlets leaves the CCP in the position of the owner of all newspapers. For example, the CCP and the government censor the content of newspaper articles before and after publication, and also distribute press releases through Xinhua News Agency (新华通讯社).

How has the CCP maintained Chinese newspaper ownership? Since China joined the WTO in 2001, the domestic media industry and foreign governments have demanded that private and foreign capital invest in the media market to develop the media industry. Despite these demands, the CCP has continued to monopolize newspaper ownership and suppress other media outlets.

However, research on Chinese mass communication has not fully examined the dominant mechanism of newspaper ownership by the CCP for two reasons. First, previous studies assumed different newspaper owners. Because the Chinese media is in the public sector (事业单位), the CCP and the government do not disclose the ratio and composition of newspaper capital or stock. Therefore, it is difficult for researchers to determine who owns the newspapers. Second, researchers have assumed that the CCP and government media control are absolute in China. They assume that the CCP has maintained the system of "the Party Controlling the Media" (党管媒体) since the founding of the People's Republic of China until now. However, as researchers have pointed out, this assumption has prevented the study of the mechanisms of CCP media control (Chen 2008; Zhao Yuezhi 2011). Because of this problem, researchers have overlooked the possibility that the CCP changed its media control at various turning points. This cognitive problem can be replaced by the problem of analytical methods, that is, how to capture institutional

changes.

This study reveals institutional changes by examining the institutional development and path dependency of “newspaper owner-sponsor institutions” (主管主办单位制度) from the perspective of Historical Institutionalism. This institution requires newspaper companies to have management and sponsoring departments. The management department (主管单位) has a license to publish a newspaper, and the sponsor departments (主办单位) are investors of the newspaper (Stockmann 2013: 52, note 4). Additionally, these departments must be limited to related parties or government departments, and private and foreign capital cannot be invested in media outlets. Previous studies have argued that the management department is a substantial owner of newspapers (Xi 2008: 106). For example, in an interview news report, an official of the General Administration of Press and Publication (GAPP, 新闻出版总署) stated that the management department had newspaper ownership.¹ According to Zhao Yuezhi, the CCP maintained leadership and control of newspapers at this institution (Zhao 1998: 127).

To conclude, the Newspaper Owner-Sponsor Institution evolved as an institution to ensure that the party owns newspapers while avoiding controversies over the property rights of newspapers. The development of the Newspaper Owner-Sponsor Institution was fostered by the threat of private and foreign capital inflows. The Newspaper Owner-Sponsor Institution has led to the stability of the control over newspapers, but the institution might generate instability because the CCP is stuck in a path dependency and cannot change the institution.

The remainder of this paper is organized as follows. Chapter 1 introduces the theory and the subject of the analysis. Chapter 2 explores the prototype of the Newspaper Owner-Sponsor Institution between 1949 and 1977. Chapter 3 examines the legalization of the Newspaper Owner-Sponsor Institution from 1978 to 2000 from the perspective of ensuring newspaper ownership by the government. Chapter 4 discusses the relationship between the Newspaper Owner-Sponsor Institution and the inclusion of nonpublic capital

¹ August 3, 2004, “General Administration of Press and Publication: selected 8 media group for Newspaper Reform Trial Points, the system of the Party Controlling the Media is unchanged,” *China Youth Daily*, cited in China.net (中国网), <http://www.china.com.cn/chinese/2004/Aug/625257.htm> (accessed July 23, 2019).

after 2001. Chapter 5 summarizes the institutional development and path dependency of newspaper owner-sponsor institutions. Finally, we summarize our results and discuss their implications.

1. Research method: Historical Institutionalism

Based on Historical Institutionalism, this study captures the process of institutional development of the Newspaper Owner-Sponsor Institution on the continuum of past institutions. Historical Institutionalism posits that past institutions influence the construction of subsequent ones. Historical Institutionalism captures the processes of exogenous and endogenous institutional change (Mahoney 2000; Pearson 2004; Thelen 2004; Streeck and Thelen 2005). The characteristics of path dependency, an essential concept in historical institutionalism, can be summarized under the following three points (Mahoney 2000: 510-511). First, in a causal analysis, attention should be paid to events in the early stages of the entire sequence. Second, events in the early stages contingently occur and are difficult to adduce for explaining the reason of the occurrence. Third, institutions reproduce itself by self-reinforcement, with specific rigid patterns like determinative causal patterns or “inertia.” Historical institutionalism argues that the choice of an institution in the early stages influences the characteristics of later institutions. Streeck and Thelen, who focused on institutional continuity and discontinuity, argue that institutional change results from both incremental and abrupt changes. Incremental change results in either institutional reproduction (institutional continuity) or gradual institutional transformation (institutional discontinuity; Streeck and Thelen 2005: 9).

This study uses two analytical perspectives (Pierson 2004). First, from the perspective of the self-reinforcing process, the CCP has developed institutions and strengthened the party’s control based on past institutions. For example, in its early years, the CCP established a newspaper ownership monopoly. The CCP then developed the institution, ensured its monopoly on newspaper ownership, and stabilized party control of newspapers. In other words, the CCP has continued to develop institutions to prevent anyone other than the party or the government from owning newspapers. Second, through the process of self-reinforcement, the party is constrained from changing its system within

the existing institutional framework. This constraint suggests that institutional change leads to institutional transformation when it can no longer adapt to the situation.

This study focuses on the exclusion and inclusion of non-public capital as a factor that leads to the institutional development of Newspaper Owner-Sponsor Institutions. The CCP faced two crises in monopolizing newspaper ownership. One is the increase in the number of illegal newspapers since the Reform and Opening Up (改革开放), and the other is the limitations of the media grouping policy in the late 1990s. In both crises, the CCP faced the problem of the inclusion and exclusion of private and foreign capital for the ambivalent goals of developing the media industry and monopolizing newspaper ownership.

This study considers the Newspaper Owner-Sponsor Institution as a set of policies and analyzes the policies related to the institution. The most important policy in the institution that defined the specifics of the Newspaper Owner-Sponsor Institution is the Tentative Regulation on the Responsibilities for the Sponsor and Management Departments of the Publication Unit (出版单位) in 1993.² For example, under this regulation, the main role of the sponsor and management departments in newspapers' decision-making can be summarized under four points. First, the departments inspect newspaper articles. Second, they fund publication. Third, they manage personnel affairs. Fourth, they supervise and are accountable to the sponsor departments and newspapers. Thus, the management department is a substantially higher-level institution. In addition, this study analyzes the policies permitting the establishment and publication of newspapers and relevant documents related to capital.

2. Prototype of the Newspaper Owner-Sponsor Institution from 1949 to 1977

Chapter 2 explores the prototype of the Newspaper Owner-Sponsor Institution from 1949, when the People's Republic of China (RCP) was founded, to 1977, when the Cultural Revolution ended.

² National Press and Publication Administration (国家新闻出版署, NPPA), June 29, 1993, "Guanyu Chuban Danwei de Zhuban Danwei he Zhuguan Danwei Zhize de Zanxing Guiding" (Xinwen Chuban Zongshu Faguisi 2010: 100–102).

The management model of the publishers is the prototype of the Newspaper Owner-Sponsor Institution. In the early years of founding, publishers, regardless of whether private or state-owned, should have a management organization (Song 2003: 9). Similarly, Fu related the system of control over publishers to domination by the public ownership system, and states that the CCP “created a cultural management system in the mid-1950s based on unified control of the public ownership system and ‘administrative management, responsibility structure at each administrative rank, and management and supervision by the Party and the government’” (Fu 2014: 62).

In the 1950s, as in the case of publishers, newspapers were also publicly owned. During this process, several policies stipulated that newspapers should have a management department, which became the prototype for the Newspaper Owner-Sponsor Institution. In 1950, the Draft of the Registration Method for National Newspapers and Magazines stipulated that all newspapers and magazines must register with the local newspaper and publication administrative organization to obtain permission to publish.³ Furthermore, the 1952 document required the application of “the leader organization (领导机关) and politically responsible persons for newspapers and magazines.”⁴ In February 1956, the CCP required that the Party Committee’s permission be obtained to establish, suspend, or change newspapers according to their administrative ranks. Specifically, procedures regarding the Central Party organ or newspapers of the State Council required the decision and approval of the Political Bureau of the Central Committee of the Communist Party of China (CCCPC).⁵

There were three common features of these policies during this era. First, the prototype of the Newspaper Owner-Sponsor Institution consists of several policies restricting newspaper establishment and requiring registration with administrative agencies in various procedures. The term “management organization” (主管单位) or “sponsor organization” (主办单位) did not appear in the policies, and the Newspaper Owner-

³ 1950, “Quanguo Baozhi Zazhi Dengji Zanxing Banfa Caoan” (Zhongguo Shehui Dexueyuan Xinwen Yanjiusuo bian 1980: 11-12).

⁴ December 1952, “Zhonggong Zhongyang Guanyu Baokan Faxing Wenti de Zhishi” (Zhongguo Shehui Kexueyuan Xinwen Yanjiusuo bian 1980: 231).

⁵ February 1956, “Zhonggong Zhongyang Guanyu Baozhi he Qikan de Chuankan Tingban huo Gaikan de Banli Shouxu de Jixiang Guiding” (Zhongguo Shehui Kexueyuan Xinwen Yanjiusuo bian 1980: 481–482).

Sponsor Institution had not yet been explicitly constructed at this point.

Second, the policies required party organ newspapers to obtain permission and decisions from the party committee according to their administrative rank, creating a system in which the party committees at each administrative rank directly controlled the newspapers. As a result, a practice emerged in which newspapers could not criticize administrative organizations higher than their own.⁶ This practice continues under the current Newspaper Owner-Sponsor Institution.

Third, party committees' direct control of newspapers can be regarded as substantial newspaper ownership. None of these policies allowed nonpublic capital to invest in newspapers. This means that the CCP and people's newspaper ownership were synonymous. In other words, substantial CCP ownership and ideological ownership by the people were compatible. Therefore, there was no need to establish an institution to ensure CCP newspaper ownership.

3. Construction of the institution from 1978 to 2000

Chapter 3 covers the period from 1978, when The Reform and Opening-Up began, to 2000, when China joined the WTO. During this period, the CCP established by law the "Newspaper Owner-Sponsor Institution, which ensured the CCP ownership of the newspapers by excluding non-public capital.

In the 1980s and the early 1990s, non-public capital invested in newspapers influenced news outlet editing. The CCP explained the newspaper disorganization as follows: "There are 1,700 registered newspapers and 5,200 magazines in the country, as well as an amount self-edited, illegal newspapers and magazines."⁷ In Guangdong Province, there were four other cases of non-public investment in a newspaper: "1) a newspaper company and a corporation both invested in the newspaper and established an editorial department; 2) a corporation invested in the newspaper and participated in advertising and printing and publishing, and earned profits; 3) a corporation invested in the newspaper did not

⁶ March, 1953, "Zhongxuanbu Guanyu Dangbao Budei Piping Tongji Dangwei Wenti gei Guanxishengwei Xuanchuanbu de Fushi" (Zhongguo Shehui Kexueyuan Xinwen Yanjiusuo bian 1980: 279).

⁷ March 29, 1987, "Zhonggong Zhongyang Guanyu Jianjue Tuoshan de Zuohao Baozhi Kanwu Zhengdun Gongzuo de Tongzhi" (Xinwen Chubanshu Bangongshi 1990: 297-300).

participate in editing or management and did not claim profits. However, the newspaper placed the corporation's name on the front page as a sponsor and prioritized articles provided by the corporation; 4. several companies have invested in newspapers and have jointly formed boards of directors to make crucial decisions. However, the editorial department was responsible for their work independently" (Zhongxuanbu Xinwen Diaocha Xiaozu 1996: 13).

The confusion caused by this flood of newspaper launches, including illegal self-published newspapers and magazines, led the government to issue a notice in 1987 reinforcing the responsibilities of management and sponsor departments (Song 2003). The significant turning point came in 1993 when government enacted the Tentative Regulation on the Responsibilities for the Sponsor and Management Departments of the Publication Unit. As noted above, the regulations clarified the responsibilities of the management and sponsor departments.⁸ After the implementation of the Publication Management Regulations in 1997, the Newspaper Owner-Sponsor Institution was "recognized as a law of the supreme administrative authority of the nation" (Song 2003: 10).

In 1999, the document regarded the sponsor department as a newspaper investor. The document is as follows: "The sponsor department provides the necessary funds and equipment to establish the publishing unit and satisfies other requirements; therefore, the sponsor department is an investor in newspapers or magazines."⁹

The institution's characteristics during this period were the limitations of the management and sponsor organizations to only those related to the CCP and government. We summarize the limitations as three points.

First, the policies explicitly exclude nonpublic capital. The 1997 Regulations on the Publication Management Regulations, Article 10(3), state that "there must be a management and sponsor organization that is admitted by the publication administration

⁸ "Guanyu Chuban Danwei de Zhuban Danwei he Zhuguan Danwei Zhize de Zanxing Guiding."

⁹ Guowuyuan Jiguan Shiwu Guanliju, Xinwen Chubanshu, and Caizhengbu, September 27, 1999, "Guanyu 'Zhongguo Jingying Bao' and 'Jingpin Gouwu Zhinan' Baoshe Chanquan Jieding de Han" (Guoguancaizi [1999] 219), *Baokan Guanli* 2000 (1): 7.

of the State Council” to launch of newspaper and establish a newspaper company.¹⁰ The 1993 Regulation also set the requirements for becoming a management and sponsor organization as follows:¹¹ (1) The management organization’s administrative rank must match that of the newspapers (Article 5). For example, if a newspaper’s administrative rank is central, the management organization must be at the same or higher level.¹² Limiting management organizations with administrative rank to the CCP or government-related agencies excludes individuals and private investors. (2) The management organization must be an agency in the same region as the newspaper (Article 4). (3) Relationship between the management and sponsor organizations: The management organization is the senior organization of the sponsor organizations, and the sponsor organization is responsible for the publishing unit (Article 6). As these regulations show, the Newspaper Owner-Sponsor Institution defines the relationships of subordination in newspaper control.

Second, the policies restricted funding to newspapers through nonpublic investments. For example, a 1999 document stated, “it is clear that our country’s newspaper and magazine companies are equally state-owned assets.”¹³ In addition, “if an individual or group is funded to launch a newspaper, this fund should not be considered an investment but should be treated as a debtor-creditor relationship, and sponsor organizations should return the debt according to the bank’s loan rate.” In short, the document regarded newspapers as “state-owned assets” and limited the investors to sponsor organizations.

Third, the CCP ensured the newspaper ownership of the CCP and the government by legalizing the Newspaper Owner-Sponsor Institution. In newspapers, the policies do not mention whether the CCP has ownership or property rights. It is unclear who owns the newspapers and media groups. However, the CCP monopolized substantial newspaper ownership by constructing the Newspaper Owner-Sponsor Institution to restrict the management and sponsor organizations to administrative ranks.

¹⁰ Guowuyuan, February 1, 1997, “Chuban Guanli Tiaoli” (Zhonggong Zhongyang Xuanchuanbu Zhengce Fagui Yanjiushi 1998: 26).

¹¹ “Guanyu Chuban Danwei de Zhuban Danwei he Zhuguan Danwei Zhize de Zanxing Guiding.”

¹² For example, the management organization of the *People’s Daily* is the Central Committee of the Communist Party of China, which is at the central administrative level.

¹³ “Guanyu ‘Zhongguo Jingying Bao’ and ‘Jingpin Gouwu Zhinan’ Baoshe Chanquan Jieding de Han”

4. Reconstruction of the institution since 2001

Chapter 4 covers the period from 2001, when China joined the WTO. During this period, the CCP reconstructed the Newspaper Owner-Sponsor Institution based on the past institution and developed the economic activities of the newspaper.

The CCP and government revised their policies to accept some private and foreign capital because of the limitations of the media grouping policy and China's accession to the WTO in 2001. The CCP and government promoted a media grouping policy in the late 1990s to strengthen media groups' capital to survive in the highly competitive environment of globalization by cooperating in various areas, including capital, experience, and human resources (Esarey 2007: 31; Xi 2008: 41-50). During this period, the CCP and government allowed only capital within the media industry to invest in media groups.

However, in 2001, the CCP and the government enacted Document No. 17 to deregulate capital.¹⁴ The main factor that led to the enactment of Document No. 17 was that the Newspaper Owner-Sponsor Institution was an obstacle to the development of the media industry. For example, regional restrictions on newspaper control, regulations on the types of industries involved in the media, and restrictions on the types of capital prevented China from accession to the WTO (Xi 2008: 64). These problems resulted from the exclusivity of the Newspaper Owner-Sponsor Institution. As a result, the CCP and the government were forced to change their institutions.

What changes have occurred in the Newspaper Owner-Sponsor Institution since 2001? The Newspaper Owner-Sponsor Institution has not changed significantly since the 1997 Publication Management Regulations. In addition, the Publication Management Regulations (December 12, 2001, state council) and Regulations on the Management of Newspaper and Publication (September 20, 2005, GAPP) continue to state that

¹⁴ Document No. 17 is entitled "Opinions on Deepening Reform of the Newspaper Publishing, Film and Television Industry" (Zhongbanfa 2001, no. 17) of August 2001. However, the original document is closed. Thus, this paper refers to the Details Regulations of 2002 Document No. 17 by GAP. GAPP, July 2, 2002. "Guanyu Guanche Luoshi 'Guanyu Shenhua Xinwen Chuban Guangbo Xiangshiye Gaige de Luogan Yijian' de Shishi Xize" (downloaded by CNKI).

management and sponsor departments are necessary for newspaper management (Wu 2011: 135).

On the other hand, the government began the deregulation of media groups, mainly through 2001 Document No. 17, which partially opened up markets for the management operations of media groups. The details regulations of 2002 Document No. 17 required separating the management operations of the test case media groups as limited liability companies (有限责任公司) or companies limited by shares (股份有限公司), then permitted that if media groups maintained at least 51% of their equity, state-owned enterprises or the public sector could invest in these companies. In 2003, the CCP and government allowed “the incorporation of social capital under the condition of absolute state ownership.”¹⁵ Note that the definition of “social capital” is ambiguous and is not detailed in the regulations or in previous studies (e.g., Wei 2001, Xi 2008: 78). It can be assumed that “social capital” includes non-media capital (业外资本) by state-owned enterprise capital and public sector and non-public capital (private capital).

Xinhua Media, a publicly listed company in Shanghai, was one of the examples of “social capital” entries (Liu 2011: 55-67). In April 2007, the capital structure of Xinhua Media¹⁶ had two characteristics: a media group controlled by state-owned capital, and private capital invested in the company. The Shanghai Xinhua Distribution Group holds a 30.58% stake in Xinhua Media. The 51% stake in the Shanghai Xinhua Distribution Group is held by the Jiefang Daily Press Group, which publishes the *Jiefang Daily* and is controlled by state-owned capital. On the other hand, Shanghai Ludi Group (上海绿地集团), a private company, held the remaining 49% stake in Shanghai Xinhua Publishing Group, indirectly investing in Xinhua Media. Thus, the media created stock companies that successfully brought in non-state-owned capital (social capital). The CCP and government have combined the expansion of the media group’s businesses by controlling state-owned capital.

¹⁵ Guowuyuan Bangongting, December 31, 2003, “Guanyu Yinfa Wenhua Tizhi Gaige Shidianzhong Zhichi Wenhua Fazhan he Jingyingxing Shiye Danwei Zhuanzhi wei Qiye de Liangge Guiding de Tongzhi (Shixing)” (Yang 2013: 96-98).

¹⁶ Xinhua Media is a publishing company that also manages and publishes newspapers and provides advertising agency services. Xinhua Media website, “Main Business Affairs,” <http://www.xhmedia.com/cn/index.jsp> (viewed January 7, 2020).

In this period, the Newspaper Owner-Sponsor Institution ensured the CCP's ownership of newspapers while encompassing non-public capital. The characteristics of Newspaper Owner-Sponsor Institutions can be explained as exclusiveness and inclusiveness toward nonpublic capital. These characteristics are related to the mechanism by which the CCP monopolizes newspaper ownership. The first is exclusiveness, which has persisted since the inception of the institution. The Newspaper Owner-Sponsor Institution requires management and sponsor organization in the editorial work of the newspaper, and they are restricted to the relevant organs of the CCP and government. The second is inclusiveness. Since 2001, the CCP and government have set the ratio of state-owned capital, allowing non-public capital to invest in management operations. In other words, the entry of non-public capital was allowed as long as the control relationship under the Newspaper Owner-Sponsor Institution. Management and sponsor organizations remain the primary managers and investors in editorial and management operations.

5. Institutional development and path-dependency

This chapter summarizes the institutional development of the Newspaper Owner-Sponsor Institution over the past 70 years and points out the path-dependency of the Newspaper Owner-Sponsor Institution. In summary, the institution has worked to the advantage of the CCP to maintain its monopoly on newspaper ownership. At the same time, however, the CCP has faced the problem of not changing its institutions to maintain its monopoly on newspaper ownership.

(1) Institutional Development

This study argues that the threat of the entry of private and foreign capital led to the development of the Newspaper Owner-Sponsor Institution, which ensured the CCP monopoly of newspaper ownership. The entry of private and foreign capital is closely related to institutional development. During 1949 to 1977, the period of the establishment of the prototype of the institution that required registration with the management organization, the CCP had already established a monopoly on newspaper ownership. Therefore, the CCP did not need to establish an institution for regulation. From the 1980s

to the 1990s, the flood of illegal newspapers or investments by non-public capital pressured the CCP and government to establish the Newspaper Owner-Sponsor Institution. The pressure led the CCP and government to enact the legalization of the Newspaper Owner-Sponsor Institution, which excluded non-Party and non-government organizations and ensured Party ownership of newspapers. After 2001, with demands for developing the media industry and exposure of the limitations of the institution, the CCP and government made policy changes that included allowing the investment of non-public capital. Consequently, the CCP and the government allowed non-media capital and partially approved non-public capital (social capital) in management operations.

Thus, this paper claims that the structure of the Newspaper Owner-Sponsor Institution substantially defined CCP ownership and has served to maintain the CCP's monopoly on newspaper ownership through the self-reinforcing mechanisms of the institution. The CCP and government have legislated in such a way as to fix the institution based on its initial prototype. Since 2001, the CCP and government have changed their objectives and functions within the institution's framework as it changed from excluding nonpublic capital to including and managing it.¹⁷

(2) Path-dependency

Self-reinforcement through institutional path dependence has other implications. The Newspaper Owner-Sponsor Institution structure leaves the newspaper's ownership and owner's rights and obligations unclear. Media groups have expanded their operations by investing in state-owned capital and establishing holding companies. This kind of control was intended to avoid ownership problems and allow management to expand media groups (Jin and Zheng 2011: 96). Although the CCP and government have clearly stated that they will protect investors' rights in their policies,¹⁸ the problem of newspaper ownership and owner rights and obligations has not been solved. The Property Law in

¹⁷ Thelen defined "conversion" as a change in the function of an institution to meet a new purpose and its incorporation with a new group. This perspective explains the changes in the Newspaper Owner-sponsor Institution (Thelen 2004: 36).

¹⁸ Zhonggong Zhongyang Bangongting, Guowuyuan Bangongting, September 13, 2006, "Guojia 'Shiyiwu' Shiqi Wenhua Fazhan Qiye Gangyao" (Yang 2013: 63).

2007 stipulates that state-owned assets are to be owned by the people and represented by the State Council. Previous studies have discussed newspaper and media groups that use state-owned assets to manage and operate their businesses, which do not have such rights (lack of property rights, 产权缺位; Wang 2011: 185).

This paper argues that the inability to change the Newspaper Owner-Sponsor Institution has created the above problems. Therefore, to clarify property rights in management operations, the CCP and government need to fundamentally change the Newspaper Owner-Sponsor Institution. However, since the Newspaper Owner-Sponsor Institution ensures the CCP's ownership of newspapers, the CCP could lose its basis for owning the media if it fails to establish an alternative system. Thus, the CCP faces policy change limitations because it cannot change these institutions.

CONCLUSION

This paper examined how the CCP monopolizes and maintains ownership of newspapers through the Newspaper Owner-Sponsor Institution based on an analysis of the institutional development process. Chapter 1 summarizes the theory of historical institutionalism and presents the analytical framework of this study. Chapters 2–4 discuss the institutional development process in the three periods and explore the characteristics of the institution: exclusiveness and inclusiveness. Chapter 5 discusses the advantages and limitations of institutions based on the theory of institutional development and path dependence. In sum, this paper argues that the mechanism whereby the CCP dominates and continues the ownership of newspapers cannot explain the system of “the Party Controlling the Media,” for the CCP is constantly changing its mechanism.

Finally, we argue that the Newspaper Owner-Sponsor Institution still plays a central role in China's news website management policies. The CCP and government introduced a permitting system for news websites as a development of the Newspaper Owner-Sponsor Institution.¹⁹ In July 2017, the government required management and sponsor

¹⁹ For example, the 2005 regulations restrict news reporting, editing, and reprinting, depending on the organization operating the news site. Guowuyuan Xinwen Bangongshi, Guojia Xinxi Chanye Ling No. 36, September 25, 2005, “Hulianwang Xinwen Xinxi Fuwu Guanli Guiding” (*Guowuyuan Gongbao* 2006: 41–44).

organizations to manage news websites launched by new media outlets, such as Weibo, Weixin, and other APP.²⁰ News websites thus are not free from control and supervision, but remain under the control and supervision of the Institution. As described above, the CCP continues developing its policy on media control in China within the Newspaper Owner-Sponsor Institution.

The conclusions of this study hold several implications. First, the CCP derives its legitimacy for controlling the media from the Newspaper Owner-Sponsor Institution. There is no description of the CCP as having newspaper ownership in any policy documents related to the institution. However, the institution provides the basis for the CCP's control over the media by stipulating the CCP and government as the departments authorized to manage newspapers and ensure their ownership. Second, the breakdown of the institution could lead to the loss of the CCP's legitimacy. Institutions may reach their limits of adaptation owing to constant changes in the situation, leading to their collapse through fundamental institutional transformation.

The implications described above prompt us to shift our analytical perspective toward two important viewpoints: first, that the CCP is committed to maintaining its authoritarian regime and second, that the regime is inherently fragile. This perspective answers the question of the persistence of China's authoritarian regimes in contemporary politics.

Future research is required to analyze the influence of institutions on news stories and specific cases.

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²⁰ Guojia Xinwen Chuban Guangdian Zongju (SAPPRFT) "Guanyu Guifan Baokan Danwei jiqi Suoban Xinmeiti Caibian Guanli de Gongzhi," (Xindianchufa 2017 No. 44), SAPPRFT website, <http://www.sapprft.gov.cn/sapprft/govpublic/6684/1803.shtml> (viewed January 7, 2020).

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