

State-owned Cultural Enterprises Should Play a Dominant Role in Cultural Industry¹

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Abstract: The state-owned cultural enterprises should play multiple roles in current economic and social development: they should play a fundamental role in boosting the cultural industry to become the national pillar industry, a leading role in innovating the development mode of the cultural industry, a key role in updating science and technology of the cultural industry, a pivotal role in protecting the national cultural security and international competition in cultural industry, an exemplary role in correctly handling the relationship between the social and economic benefits of the cultural industry, an linking role in realizing cultural prosperity for all and instructive role for non-public cultural enterprises, a mainstay role in developing the progressive socialist culture, and a guiding role in spreading the socialist values.

Keywords: State-owned Enterprises, State-owned Cultural Enterprises, Cultural Industry

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The Decision of the CPC Central Committee on Major Issues Concerning Comprehensively Deepening Reform of the Cultural Sector and Promoting Socialist Culture and Bringing about Its Great Development and Enrichment adopted in the Sixth Plenary Session of the 17th CPC Central Committee held in October 2011 pointed out, “Forming a cultural industry pattern featuring public ownership as the mainstay and co-development of diverse ownerships. To speed up the development of cultural industry, we must unswervingly support and strengthen the state-owned cultural enterprises, and unswervingly encourage and guide the healthy development of non-public cultural enterprises in all their forms. We should foster a batch of large state-owned or state-controlled cultural enterprises or enterprise groups with strong core competitiveness, which will play a dominant role in the development of industry and prosperity of the market.” The Decision also proposed, “Cultural reform must evolve around the core socialist values and the establishment of a culturally competitive country, so as to accelerate the improvement of the cultural management system and the cultural production and management mechanism, establish and improve the modern public cultural service system and the modern cultural market system, and promote socialist culture and bring about its great development and enrichment.” It is an important strategic decision made by the Party and the state in the new period to build a culturally competitive country centering on the core socialist values and boost the cultural industry into the national pillar industry in the process of reform.

With a special ideological function different from that of other economic industries, the cultural industry has its production and consumption not only directly influencing the industrial structure and the GDP growth of the country, but also directly or indirectly guiding and influencing the national values and social trends. They are equipped with a special ideological function to maintain and consolidate the fundamental system of the society, embodying its nature and

requirements. Therefore, the state-owned or state-controlled cultural enterprises (hereinafter referred to as the state-owned cultural enterprises), in a pattern of cultural industry featuring co-development of diverse ownerships, should control the lifeline of cultural industry related to the security of national cultural industry and the ideological security of cultural products, and play a dominant role in the whole in the development of the cultural industry.

§ I. State-owned Cultural Enterprise Should Play a Fundamental Role in Boosting the Cultural Industry into the National Pillar Industry

China's cultural industry is inconsistent with its status as an economic power, unfit for the ever-growing cultural consumption needs of its people, and far behind developed countries. The weak and lagging development of the cultural industry has seriously affected the upgrading of China's national soft power and enhancement of the comprehensive national strength. It is extremely urgent to vigorously develop the cultural industry and boost it into the pillar industry of the country, which requires us unswervingly upholding the predominant position of the public ownership and the dominant role of the state-owned cultural enterprises.

First, the assets of the state-owned cultural enterprise should dominate in the total assets of the cultural industry. On the one hand, besides having the advantage in quantity in the total assets, the assets of the state-owned cultural enterprises should keep the corresponding advantages in output value, fixed assets, tax paid, contribution to employment, and import and export in the cultural industry of the society as a whole, so that they can play a fundamental role in boosting the cultural industry into the pillar industry. On the other hand, the state-owned cultural enterprises should strive to grow big, strong, professional and superior, expand their sizes, and play a fundamental role in the "innovation of 'big production' mode, construction of 'big dissemination' system, establishment of 'big creation' platform, building of 'big consumption' pattern, and opening up of 'big trade' situation of the cultural industry".

Second, the control power of the state-owned cultural enterprises should be improved. On the one hand, the state-owned cultural enterprises should keep under control the major resources of the cultural industry related to the security of national cultural industry and of cultural ideology, such as press, publishing, radio, television and film, Internet industry, among others; on the other hand, they should strive to improve science and technology, management and core competitiveness, give full play to their cultural effect in clustering, scale and brand, and enhance their influence, radiation and control over the entire cultural industry of the country.

Third, the state-owned cultural enterprises should expand their coverage over the field of cultural industry. As the main force of the national cultural construction, the state-owned cultural enterprises must raise the industrial coverage over the entire cultural industry in an all-around, whole-process, and wide-range manner; they must cover both cities and rural areas, both the developed and the underdeveloped areas including the former revolutionary areas, areas inhabited by ethnic groups, remote and border areas and poverty-stricken areas, both the cultural consumption of high-income groups and that of low-income groups, both the production and services of elegant cultural products and those of mass cultural products, and both the hard cultural production and soft cultural production, and they must not only cover the domestic cultural industries, but also enter into the international cultural market and become the world cultural industries, thus playing a fundamental role in boosting the cultural industry into the national pillar industry.

Fourth, the state-owned cultural enterprises should increase the share in the cultural consumption market. The lack of effective supply and the relative shortage of cultural products and services are not only the bottleneck restricting the development and prosperity of China's current and future cultural market, but also the main hindrance to the cultural industry to be upgraded to the pillar of the national economy. The state-owned cultural enterprises should strive to expand and innovate the cultural consumption market so as to create and stimulate demand through supply, upscale the cultural consumption, raise the market share, and play a fundamental role in bringing about enrichment of the cultural market and boosting the cultural industry into the national pillar industry.

§ II. State-owned Cultural Enterprise Should Play a Leading Role in Innovating the Development Mode of Cultural Industry

Taking scientific development as the underlying guideline and change of the growth model as a major task is the requirement for the development of the whole economy in general and the cultural industry in particular. Most existing state-owned cultural enterprises were transformed from state-owned business cultural organizations. Although setting forth late in corporate management, they boasted a higher starting point. As the main force of the national cultural industry, the state-owned cultural enterprises should play a leading role in innovating the development mode and realizing the scientific development of the cultural industry.

First, the state-owned cultural enterprises should play an exemplary role in making the cultural industry larger in size, more intensive and more specialized. They should break the closed traditional “small and complete” or “big and complete” mode of production, integrate themselves into the “big external cycle” of market economy rather than the “small internal cycles” of cultural production, and adopt the path of an open, group oriented, intensive, and large-scale social cultural production rather than the small cultural production. The state-owned cultural enterprises should implement the group oriented strategy, take capital as a link, carry out cross-regional and cross-industrial association, strengthen restructuring and mergers among enterprises, expand the scale of production through powerful alliances, enhance the intensive management, improve the capital operation efficiency and the overall superiority, and upgrade the core competitiveness and self-development ability of the enterprises.

Second, the state-owned cultural enterprises should play an exemplary role in improving the modern enterprise system. In accordance with the requirements of “clear property rights, established rights and responsibilities, separated functions of the government from those of the enterprises, and scientific management”, the state-owned cultural enterprises should improve the modern enterprise system, establish the efficient and capable operating mechanism, improve the corporate governance structure, and form the asset organization form and management

mode, which comply with the requirements of modern enterprise system, reflect the characteristics of cultural enterprise, and follow the laws of market economy.

Third, the state-owned cultural enterprises should play an exemplary role in democratic and scientific management. The democratic management, which realizes the employees' position as masters of the enterprises, is the essential requirement and the basic characteristics of the socialist public enterprise. The state-owned cultural enterprises should set an example in democratic management for the private enterprises. The most important for democratic management is to comply with the requirements of the socialist system, meet the needs of the socialist market economy, improve the democratic management system, protect the right of employees to conduct democratic management in terms of system, institution and mechanism, maintain the position and rights and interests of the employees as the masters of the enterprise, and allow them to fully enjoy the rights of the masters, including the rights to information, supervision and democratic decision-making, among others. The scientific management is the important guarantee to realize the scientific development of the enterprise. The state-owned cultural enterprises should scientifically set up management mechanism, fully apply the modern scientific and technological means to the corporate management, improve the scientific level and efficiency of the corporate management, and set a model for private cultural enterprises.

§ III. State-owned Cultural Enterprise Should Play a Key Role in Updating Science and Technology of Cultural Industry

With the rapid development of science and technology in the contemporary era, culture is increasingly integrated with science and technology, and the development of cultural industry is more closely linked with the progress of science and technology. Without the scientific and technological progress, the cultural industry can by no means become the pillar industry of the national economy, but rather fail in the international cultural industry competition, and in guarantee of the national cultural security

First, the state-owned cultural enterprises should strive to occupy the

high-end technology field of culture industry. With the strong power, relatively advanced infrastructure and equipment, and large numbers of outstanding talented people, the state-owned cultural enterprises have possessed the power and ability to occupy the high-tech field of cultural industry. Instead of competing with private enterprises in the market of cultural products with low technology, they should undertake the historical task of developing the high-tech cultural industry and upgrading science and technology, and take the lead in the national development of high-tech cultural industry. The state-owned cultural enterprises should change the development mode of cultural industry through innovation in science and technology. On the one hand, by implementation of the technology-driven strategy and increase of efforts and investment in research and development, they should take the path of development with intensive technology, knowledge, and capital, push forward the development of China's cultural industry into the track of scientific development, and enhance the independent innovation of the enterprises. On the other hand, they should treat well the relationship between the extensive and the connotative development of the enterprises. They should stress on the enterprise's extension and development, constantly expand the scale of production, and strive to create the state-owned "aircraft carrier" of cultural industry to obtain benefits from the large scale; more importantly, emphasis should be laid on taking the road of connotative development to constantly improve the technological contents and scientific management level, strengthen researches on core technologies, key technologies, and generic technologies, widely apply digital and Internet technologies, improve the equipment level and technology content in an all-round manner, strive to ascend to the emerging high-tech cultural industries, occupy the high-tech ground of the development of cultural industry, make the enterprises professional and superior, and play a key role in upgrading the science and technology of national cultural industry.

Second, the state-owned cultural enterprises should improve the technological content in their cultural products and services. In the present time when science and technology change rapidly, the cultural industry cannot develop without the modern high-tech support, and the production and dissemination of cultural products are closely bound up with Internet, intelligence, digital

technologies, among other. The state-owned cultural enterprises must aim at the high-tech cultural production, and produce more high-end cultural products with higher technology contents. With the progress of science and technology, they can create brands for cultural products and services, increase their technology content, and enhance their market competitiveness and attraction to consumers by means of science and technology.

Third, the state-owned cultural enterprises should upgrade science and technology to disseminate their cultural products. The cultural inheritance and dissemination cannot do without the progress of science and technology. Every revolution in science and technology will lead to profound changes in the mode of cultural production, unprecedented development of cultural productivity, and the overall reform of dissemination mode of cultural products. Special in nature, the cultural products cannot enter into the cultural market without a corresponding dissemination system. The state-owned cultural enterprises should not just place stress on producing cultural products with high technology content, but apply high and new technologies to innovation of cultural dissemination, vigorous development of digital TV, Internet and new media, and construction of modern dissemination system of scientific and technological cultural products with advanced technology, fast dissemination and all-around coverage.

Fourth, the state-owned cultural enterprises should improve their scientific management. To upgrade science and technology of cultural industry, they should strive to improve their own scientific management. As the main force in the development of cultural industry, the state-owned cultural enterprises must attach great importance to scientific management, make efforts to improve it, and set an example for the private cultural enterprises. On the one hand, they should make great efforts to establish the modern scientific management system, and improve the top design of enterprise management so as to make the enterprise management institutionalized, standardized and scientific; on the other hand, they should fully apply the modern technology in the enterprise management, optimize the allocation of resources, improve resource utilization rate, make communication channels between the management and ordinary employees available, mobilize enthusiasm of the employees, and improve the corporate efficiency and labor

productivity.

§ IV. State-owned Cultural Enterprise Should Play a Pivotal Role in Protecting National Cultural Security and International Competition in Cultural Industry

With the rapid progress of scientific and technological and economic globalization, culture and culture industry follow suit and advance irresistibly towards globalization, and the international cultural industry and trade have witnessed an unprecedented fast development. In this context, the international cultural capital and products are stepping up the field of China's cultural industry, bringing not only rare historical opportunities for China's cultural industry to accelerate development and go global, but also severe challenges to the development and security of the country's cultural industry. In the face of the opportunities and challenges brought by the globalization of cultural industry, the state-owned cultural enterprises should play a pivotal role in maintaining the security of national culture and international competition of cultural industry.

First, the state-owned cultural enterprises should safeguard the security of national cultural industry for its development and growth. China lags behind the western developed countries in science and technology and the overall economic strength, and therefore, in the present time with the increasingly fierce international competition in the cultural industry, China is still staying at the weak position facing the strong Western powers, and socialism is similarly weak facing the strong capitalism. The enormous pressure results in many hidden troubles in security in the development of China's cultural industry. A slightly carelessness or mismanagement will impact or even threaten the healthy and safe development of China's culture industry. In the international competition of cultural industry, the state-owned cultural enterprises should not only grow strong, but also maintain autonomy, independence and integrity of the national cultural industry, and safeguard its security. The first is that the state-owned cultural enterprises must grow big and strong in the international competition. In the international competition, we are facing the giant international cultural groups or multinational cultural companies, most of which are the leviathans

in the world cultural enterprises and unable to be defeated by "dinghy-style" enterprises; only with "carrier-style" enterprises can we compete against them and score a success in the end. Therefore, the state-owned cultural enterprises should implement the group oriented strategy, strengthen the restructuring and mergers among enterprises, establish large state-owned cultural enterprises or enterprise groups through the powerful alliance, and take the path of scale management and specialized cooperation so as to promote the reasonable combination of assets, people of talents, technology and other factors, and form the large-scale cross-region, cross-sector, cross-ownership and even transnational cultural enterprises or enterprise groups which are linked with assets and led by enterprises with outstanding talents, high and new technology, products of famous brands, and high efficiency. In this way, we can boost the overall superiority, expand scale of production and management, improve the capital operation efficiency, and enhance the international competitiveness and influence. The second is that the state-owned cultural enterprises must have the courage to go global, explore the international market, and enhance the international competitiveness. Opening to the outside world is the basic national policy of China, and "bringing in and going global" is the basic form of the opening-up policy. To implement the opening-up policy, on the one hand, we should open the cultural market and bring in foreign cultural products and enterprises to increase the supply, enrich the cultural market, and better meet people's cultural needs; on the other hand, China's cultural products and enterprises should take courage to go global, skillfully develop the international market, and try to occupy a space in the world cultural market. Therefore, the state-owned cultural enterprises should implement the going-global strategy, build well-known international brands, develop the international cultural market, compete with foreign cultural enterprises in the international cultural market, export the Chinese culture, expand the international influence of Chinese culture, earn profits in the foreign cultural market, and narrow down the trade deficit of cultural industry.

Second, the state-owned cultural enterprises should safeguard the security of national ideology. Cultural industry has the economic attribute as an "industry", and the ideological function as "culture". The special dual attributes of the cultural industry require the state-owned cultural enterprises to not only protect the

economic security of national cultural industry, but also the ideological security of national culture in the international cultural competition.

In the present world with rapid wave of globalization, the Western monopoly capitalist class exports their thoughts, theories and values through the carrier of cultural products for the purpose of ideological and cultural penetration, confusing and eventually occupying the ideological and cultural battlefield, and controlling ideology of other countries. The state-owned cultural enterprises must keep a clear mind and a high degree of vigilance, and tighten the string of ideological struggle. In the competition of cultural industry, besides laying stress on the economic benefits, settling financial scores, and earning income in foreign exchange, we should focus on social effect, settle political scores, and safeguard the security of national ideology. The state-owned cultural enterprises should give full play to the ideological function of cultural products, incorporate the function into the consumption of cultural products, imperceptibly disseminate the national ideology and socialist values through the consumption, and enhance resistance to and immunity from the Western ideological and cultural penetration.

§ V. State-owned Cultural Enterprise Should Play an Important Role in Meeting and Guiding People's Needs of Cultural Consumption

As the main force of cultural industry, the state-owned cultural enterprises assume the social responsibilities for meeting the people's needs of cultural consumption, guiding the mass cultural consumption, and help the masses acquire wealth through the development of cultural industry, and they must take meeting the people's needs of cultural consumption as the fundamental objective of production and operation.

First, the state-owned cultural enterprises should take meeting the people's needs of cultural consumption as the starting point and foothold in terms of production and direction of operation. As the major supplier of the national cultural products and services, the state-owned cultural enterprises should do everything possible to expand the scale of cultural production, improve the quality of cultural products and services, and fully tap their initiative in meeting the

people's growing needs of cultural consumption. On the one hand, efforts should be made to reduce the cost and provide more cultural products and services with high grade, low charge, good quality and cheap price so that the masses, especially the low-income groups, can spend less money to enjoy more benefits. With their spiritual and cultural lives enriched and burdens of cultural consumption relieved, the masses can obtain the visible and tangible benefits from the cultural consumption services provided by the state-owned cultural enterprises. On the other hand, the state-owned cultural enterprises should meet the cultural consumption needs of the people at different levels. Except for the needs of people with high income and developed regions with high cultural consumption, stress should be laid on meeting the cultural consumption needs of the low income masses and the vast rural areas, especially the former revolutionary areas, areas inhabited by ethnic groups, remote and border areas and poverty-stricken areas. The cultural products and services should go into the rural and mountainous areas, assist the frontier regions, support agriculture, benefit peasants, and help alleviate poverty. High quality and inexpensive cultural products and services should be provided for these people.

Second, the state-owned cultural enterprises should give full play to guiding the needs of cultural consumption. Generally speaking, the structure of cultural consumption is determined by the development of social production, which indicates that the upgrade of culture consumption is a historical process. However, the changes of cultural consumption structure also need to be fit with improvement of consumers' education degrees, especially with the internal demand of the development of socialist intellectual civilization in China. The large cultural enterprises shoulder an important historic task in this respect¹. Therefore, the state-owned cultural enterprises should not only meet the people's needs of cultural consumption, but also correctly guide, innovate and enhance their needs, help them establish a reasonable concept on cultural consumption, and constantly adapt to new changes of their consumption structure and new aesthetic demand. Cultural products and services should be innovated, consciousness of cultural consumption be improved, and new and hot spots of consumption be fostered so as to promote and guide the structure of cultural consumption to upgrade from

¹ Cheng Enfu, *The Study of Cultural Economy* (Beijing: China Economic Publishing House, 1993), 124-126.

sheer entertainment to the high-level entertainment and pursuing knowledge and beauty.

§ VI. State-owned Cultural Enterprise Should Play an Exemplary Role in Correctly Handling the Relationship between Social Effect and Economic Benefits of Cultural Industry

The economic attribute and ideological function of the cultural industry indicates its development must not only comply with the requirement of market economy development and follow the economic law, but also accord with the requirements of the socialist cultural construction and follow the law of ideological development.

First, different from the non-profit cultural undertakings, the state-owned cultural enterprises, as part of an industry, are profit-driven and pursuing economic benefits. They should be skilled in business, conduct scientific management, strive to improve the core competitiveness, resource utilization, labor productivity and market coverage, and reduce the cost of production and management. While providing quality cultural products and services for consumers, they should create more fiscal revenue and foreign exchange earnings for the country, preserve and increase the value of assets, and strive to have better economic benefits than the private cultural enterprises do.

Second, different from enterprises in other economic sectors, the state-owned cultural enterprises, as a part of the cultural industry, have the ideological attribute and function which require them to adhere to putting social effect first in business. Cultural products and services, mainly meeting people's needs of spiritual and cultural life, affect citizens' ideology and conduct, and guide the development of social trends. A good book, a good newspaper, a good film or TV play, or a good song can inspire a generation or even several generations, and on the contrary, some cultural products filled with pornography, violence, terror, blood, and decadence will be the scourge of the society, especially of the young people. Therefore, as the pillar of the national cultural industry, the state-owned cultural enterprises must adhere to putting social effect first. When the

economic benefits of the enterprises conflict with the social effect, the former must consciously obey and give way to the latter. Economic benefits should never be pursued regardless of or at the expense of social effect.

To this end, four relationships should be properly handled. The first is to correctly handle the relationship between catering to the mass cultural consumption and guiding the cultural consumption. Consumption needs of cultural products and services are varied with good and bad mixed together. Some are elegant and healthy, and others are vulgar and unhealthy. As the main force to disseminate the advanced socialist culture, the state-owned cultural enterprises should not cater to consumers for economic benefits while ignoring the social effect, let alone meeting some people's needs of vulgar or even mean cultural consumption. Instead, they should put social effect first, guide the people's cultural consumption with healthy and progressive cultural products and services, and help the people establish the correct concept of cultural consumption. The second is to correctly handle the relationship between "box-office success" and "good social effect" of the cultural products. "Box-office success" means the cultural products should be enjoyable, entertaining, and attractive to consumers so that they sell well and obtain economic benefits. "Good social effect" means the cultural products should be thoughtful and artistic, and provide consumers with a healthy and progressive guide and influence so that they can sell meaningfully, acquire social effect, and allow the masses to relax, cheer up, have fun, and raise the happiness index while enjoying the cultural consumption. The cultural products produced and disseminated by the state-owned cultural enterprises must firstly be a "box-office success" so that consumers love to hear, watch or use. If consumers are moved and attracted, the cultural consumption market can thus be occupied, which is the foundation of the enterprises. However, without "good social effect", "box-office success" is far from enough, nor "attendance", "audience ratings", "click-through rate", and "sales". The relationship between "box-office success" and "good social effect" should be correctly handled. Besides achieving a "box-office success", the cultural products should more importantly acquire "good social effect". Efforts should be made to improve the quality of cultural products, making them more watchable and attractive, so that the masses can enhance the spiritual realm and aesthetic taste while enjoying the cultural products. The third

is to correctly handle the relationship between "profitability" and "education" of cultural products. As enterprises, the state-owned cultural enterprises will certainly make money, pursue profit, create economic benefits, and earn more profits and revenue for the country and the people. However, as cultural enterprises, they should not only focus on "profitability", as "profitability" alone is neither adequate nor correct. They should shoulder more social responsibilities of education, play an educational role, enrich people's spiritual connotation and intellectual life with their cultural products and services, improve people's morality and scientific and cultural qualities, achieve the objectives to edify, influence, cultivate, shape, perfect, and upgrade the people, and exert a subtle influence of "education". The fourth is to correctly handle the relationship between contributing to GDP and inspiring the people. It goes without saying that the state-owned cultural enterprises, as enterprises, must do as much as possible to contribute to GDP, and preserve and increase the value of the state-owned assets, so as to repay the country and the society. As the state-owned cultural enterprises, they should make more contributions to inspiring the people, boosting national prestige, rectifying folk customs and leading social trends with their cultural products. They should adhere to putting social effect first, guide people's healthy spiritual pursuit and correct value orientation, soothe spirit, boost confidence, enhance wisdom, and stimulate creation with their cultural products and services.

§ VII. State-owned Cultural Enterprises Should Play a Linking Role in Realizing Cultural Prosperity for All

Realizing prosperity for all is the essential requirement of socialism and the goal the Party constantly and persistently pursues. Prosperity for all does not only refer to the material life and the economic category. On the contrary, its content and scope are closely linked with the all-round development of people. With the economic and social development and progress, its connotation continuously upgrades and expands, covering both material and intellectual wealth. Therefore, the abundance or wealth of cultural life belongs to the category of prosperity for all. At present, the cultural consumption gap of Chinese residents is wider than that between rich and poor in material and economic terms with rural areas lagging behind cities, and the central and western regions behind the southeast

coastal regions. In many rural areas, especially the former revolutionary areas, areas inhabited by ethnic groups, remote and border areas and poverty-stricken areas, residents lead a poor cultural life, and some areas are even in a "cultural desert". In face of China's urban-rural disparity of cultural life, and among regions and residents, the state-owned cultural enterprises, as the main force of the national cultural industry, should play a linking role in reducing such disparity, and realizing the cultural prosperity for all.

First, they should give full play to the function of cultural industry to enrich people. As the main force of the national cultural industry, the state-owned cultural enterprises should not only create revenue for the state, but also enrich people through the development of cultural industry, especially those people of the rural areas and the former revolutionary areas, areas inhabited by ethnic groups, remote and border areas and poverty-stricken areas. Therefore, in their development and expansion, the state-owned cultural enterprises should lead and attract more people to participate in the cultural industry and enlarge employment of the cultural industry, allowing more people to start business, earn money, and share blessing of the cultural industry. The establishment of a cultural enterprise will invigorate the local culture, develop the local economy, and enrich the local people.

Second, the state-owned cultural enterprises should conscientiously help the urban and rural residents realize the cultural prosperity for all. The state-owned cultural enterprises should consciously implement the national cultural industry policy on production and management, adhere to serving the people and socialism, and work for the national strategies of "cultural enrichment", "cultural poverty alleviation", "cultural development of the western region", and "cultural construction of new rural areas". For the business distribution of production and management, instead of just being keen on the urban and developed regions, or high-profit and high-return businesses, enterprises should turn center of gravity downward, expand coverage, improve radiation, take the initiative in extending to the rural areas and the former revolutionary areas, areas inhabited by ethnic groups, remote and border areas and poverty-stricken areas, expand to the construction of cultural infrastructure, and give priority to meeting cultural consumption need of the masses. Besides adding brilliance to the present splendor,

they should do more to give timely help, contributing more to narrowing down the gap of cultural life among residents and realizing the cultural prosperity for all.

§ VIII. State-owned Cultural Enterprise Should Play an Instructive Role for Non-public Cultural Enterprises

In recent years, the rapid rise of China's cultural industry has seen a primary formation of the pattern featuring public ownership as the mainstay and co-development of diverse ownerships through restructuring state-owned cultural organizations into enterprises, absorbing social capital, encouraging non-public capital to flow into the cultural industries and a variety of other approaches. In the context of co-development of diverse ownerships, the requirements of the basic socialist economic system must be implemented, and the dominant position of the public ownership must be upheld so that the state-owned enterprises, as the national pillar industry with the important ideological function, can play a dominant and instructive role in the development of culture industry.

First, the state-owned cultural enterprises should peripherally play an exemplary role to influence the non-public cultural enterprises. Encouraging the non-public enterprises to enter into the cultural industry is not only the requirements of the basic economic system, but the need of the development of cultural industry at the primary stage of socialism in China, which is conducive to the prosperity and development of cultural industry. However, we must have a clear understanding that the non-public cultural enterprises will spontaneously and blindly pursue profits and have some parts inconsistent with the socialist ideology. Under the effect of the laws of the market, they may be defective in pursuing economic benefits at the expense of social effect, fulfilling the task of earning profits by discarding social responsibilities, and highlighting economic function rather than ideological function. On the contrary, the nature and functions of the state-owned enterprises determine that their goal and fundamental task of existence and development are to serve the fundamental and common interests of the people as a whole¹. Therefore, as the main force

¹ Zong Han, "State-owned Enterprises and Prospects for the Development of China's Socialism," *Economics Study of Shanghai School*, No. 4 (2011).

of the national cultural industry, the state-owned cultural enterprises should set an example in implementing the national policies of cultural industry, operating according to law, and delivering taxes as required; in giving priority to social effect, and correctly handling the relationship between economic benefits and social effect; in consciously fulfilling social responsibilities, and properly playing the role of cultural products to lead the trends and serve the society; in giving full play to the ideological function of cultural products, and actively disseminating the core socialist values; and in adhering to the right operating direction, purifying the market of culture industry, and constructing the harmonious labor relations. Put differently, they should set a good example in the above aspects to peripherally lead and influence the non-public cultural enterprises.

Second, the state-owned cultural enterprises should go deep into the non-public cultural enterprises to play a leading and guiding role. They should guide the latter's management decision and regulate their corporate behaviors by means of cooperation, capital penetration, etc. The first is to help and guide them to consciously implement the national policy of cultural industry, obey the laws and regulations, safeguard the security of national ideology, comply with the social morality, operate honestly, pay taxes as required, serve the country with industry, actively participate in the activity of Glorious Cause and Thanksgiving Action, repay the society, and serve the masses in production and business activities. The second is to help guide the non-public cultural enterprises to adhere to the right operating direction, properly handle the relations between economic benefits and social effect, avoid problems of earning profits at the expense of social responsibilities and pursuing economic benefits rather than social effect, prevent and prohibiting behaviors only in the interests of enterprises but ignoring or even infringing the interests of the state and of consumers. The third is to help and guide the non-public cultural enterprises in international competition of cultural industry to take courage to compete and cooperate with international cultural enterprises, carve out in the international cultural market, popularize the Chinese cultural brands, and develop and grow strong in the international competition on the one hand; and to guide them to keep a clear mind and cautious of the Western ideological and cultural penetration through exporting their cultural products, and improve their ability to identify and resist the Western penetration.

§ IX. State-owned Cultural Enterprise Should Play a Dominant Role in Developing Progressive Socialist Culture

In contemporary China, the so-called progressive culture is the healthy, ethnic, scientific and public socialist culture and civilization with Chinese styles and characteristics, which faces modernization, the world and the future with Marxism as the guidance and with cultivating ideal, moral, intellectual and disciplined citizens as the goal. As the main force to construct the national culture, the state-owned cultural enterprises shoulder the historical mission and important responsibility for the development of the progressive socialist culture.

First, the state-owned cultural enterprises should consciously observe and disseminate the core socialist values. The core socialist values are the soul of the Chinese nation and the essence of the progressive socialist culture. The construction of the progressive socialist culture must be dominated by the core socialist values. In the face of the major environment with more frequent communication, integration and confrontation in various thoughts and cultures, and the major trend with diverse and changeable social concepts and value orientation, the state-owned cultural enterprises should firmly grasp the "backbone" of the core socialist values, hold the battlefield, build the firm foundation, and prevent the corporate operation deviating from the correct orbit of the progressive socialist culture. Fully reflecting the requirements of the core socialist values, the cultural products and services of the enterprises should be taken as the carriers to imperceptibly disseminate the core socialist values.

Second, the state-owned cultural enterprises should lead the social trends with the progressive socialist culture. The production and consumption of cultural goods directly or indirectly influence the social trends, and the culturally advanced, healthy, harmonious, trustworthy, and friendly social trends need to be led and created by the progressive culture. Holding the most important cultural resources of the country, the state-owned cultural enterprises should create and disseminate the products of the progressive socialist culture, and lead the social trends with the progressive socialist culture. While producing and disseminating the cultural products, the state-owned cultural enterprises must not spread the

kitsch, cheap and vulgar culture products to mislead social fashion for economic interests. Instead, they should lead the social trends with the products representing the progressive socialist culture.

Third, the state-owned cultural enterprises should hold the ideological battlefield with the progressive socialist culture. Cultural products and services are the important carrier of social ideology with the special function of ideological dissemination. In the present time when domestic and foreign hostile forces go to all lengths to weaken the socialist ideology and propagandize the capitalist ideology, the state-owned cultural enterprises should make use of the cultural products and services reflecting the requirements of the progressive socialist culture to resist and defeat the rotten, decadent, reactionary and backward culture representing the bourgeois ideas and feudal remnants, and take a clear-cut stand to disseminate the socialist ideology. As an important tool of the state to control the right of ideological discourse of the cultural industry, they should hold the strong battlefield of the socialist ideology.

§ X. State-owned Cultural Enterprises Should Play a Guiding Role in Spreading the Socialist Values

The 18th National Congress of the CPC called for dissemination of socialist values, and clearly put forward: “We should promote prosperity, democracy, civility, and harmony, uphold freedom, equality, justice and the rule of law and advocate patriotism, dedication, integrity, and friendship, so as to cultivate and observe core socialist values.” As known to all, in any society, social values are permeated by cultural products and services, which are the important carrier and channel to disseminate the values. As the main force of the national cultural industry, the state-owned cultural enterprises should play an important role in disseminating the socialist values.

First, the state-owned cultural enterprises should consciously observe and disseminate socialist values. As we know, the consumption of cultural products and services is different from that of pure economic products. Besides meeting people’s needs of intellectual life, the cultural products and services imperceptibly

influence the people's values. The consumption of cultural products is a process to accumulate and develop values as well as the intellectual enjoyment. This special function of cultural products requires the cultural products and services of the state-owned cultural enterprises to reflect the requirements of socialist values, take a clear-cut stand against kitsch, cheap and vulgar cultures so that the masses can be influenced and edified by core socialist values while consuming the cultural products and services.

Second, the state-owned cultural enterprises should create a social atmosphere to disseminate the socialist values. To truly become the mainstream values of the masses, the socialist values cannot do without the edification, guidance and influence of cultural products and services. The state-owned cultural enterprises should spread the socialist values to each field of cultural production and life and different levels and groups of cultural consumption by offering their cultural products and services, and thus creating strong social trends and public opinions to recognize and adhere to the socialist values in the whole society.

Third, the state-owned cultural enterprises should take a clear-cut stand against the pervasion of the Western values. The exportation of the Western cultural products is essentially the exportation of the Western values, which have infiltrated into the Internet and the "blockbusters". The state-owned cultural enterprises should not only courageously compete with the Western cultural industry and products for market share and economic benefits, but also skillfully contend and struggle for the ideological battlefield and spread the values. In the face of the Western competition and struggle for ideological battlefield and values in cultural industry, the state-owned cultural enterprise must strengthen consciousness to occupy and dominate China's cultural consumer market with the cultural products and services carrying the socialist values, spread socialist values to the world, win this battle without gun smoke with the West for the ideological battlefield.

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State-owned Cultural Enterprises Should Play a Dominant Role in Cultural Industry