As China watchers fret about the compromises Hollywood, i.e. the United States, has made and the setbacks it has endured, what is missing from a frequently incessant political narrative about censorship and control is the more complex commercial logic and cultural dynamic at work that make the historical and contemporary Sino-Hollywood courtship so intriguing. This essay captures some of the major threads of this multi-faceted relationship during China’s Republic era and the post-Deng Xiaoping era. It puts into perspectives two historical periods when Hollywood dominated the Chinese market: one, during China’s Republic era (1911-1949), the other, since 1995 when Hollywood re-entered the Chinese market. In doing so, I call attention to a shifting global power dynamic that redefines Hollywood’s relationship with China—in particular, China’s rise as an economic power and its attempt to promote soft power abroad. By sketching out the evolution of Chinese cinema from its timid infancy to its current global economic ambition and soft power mission, the essay injects historical perspective, and thus a more nuanced understanding of the ongoing political, economic, and cultural negotiations between Hollywood and its Chinese counterpart.

**The Sino-Hollywood Relationship—Then and Now**

**Sino-Hollywood Relations during the Republic Era**

Chinese cinema had a long and difficult infancy, which coincided with one of the most disastrous periods
in Chinese history. Motion pictures entered China in 1896, two years after China’s defeat in the first Sino-Japanese War, a humiliating moment that would endow the nascent film industry with a patriotic purpose and mission. The development of early Chinese cinema occurred, to a great extent, under the shadow of imports from France during the early period and Hollywood later on. Foreign merchants acted as distributors and exhibitors in China’s cosmopolitan cities. Native exhibitors did not emerge until 1903 when a Chinese merchant screened films he brought back from the U.S. and Europe at a teahouse in Beijing. The first real movie theater, Pingan Theater, was built in Beijing in 1907 by foreign merchants and opened only to foreign patrons. The first production company, Asia Film Company, was founded in 1909, by a Ukrainian-American merchant, Benjamin Brodsky, who later sold the company to two American compatriots in 1913 (Leyda 22). The new owners hired a local theater lover, Zhang Shichuan, to run the company in Shanghai (Shichuan 1517-1548). Asia Film Company dissolved in 1916, as World War I caused a shortage of film stock. Zhang, with the aid of a group of likeminded cinema lovers, formed a new film studio, Mingxing (Bright Star), which produced mostly narrative shorts (Zhang 39). As Hollywood-style feature-length movies became the global prototype for narrative films, Mingxing began to experiment with making narrative features in an attempt to compete with Hollywood for the domestic market.

The early 1920s thus saw several waves of speculative film financing in China, all of which struggled under the shadow of imports. Demand for Hollywood imports was the force that drove the rapid theater expansion in China. Theaters either signed exclusive contracts with Hollywood distributors, or purchased films as they became available (China Film Archive 185-6). Meanwhile, block booking allowed Hollywood to sell films in a package deal, mixing mediocre pictures with a few good ones while forcing the Chinese to cover publicity expenses for all. With dozens of good films, Hollywood would force Chinese theaters to suspend or abandon showing domestically produced films altogether (Zhaoguang 57-65). An alternative to exclusive contracts and one-time purchase was splitting box-office proceeds half and half, though Hollywood frequently took more than 50% of the proceeds. The popularity of Hollywood films forced Chinese exhibitors to accept high exhibition fees and low-ticket prices. To better compete with Hollywood imports, Chinese filmmakers made an effort in the early to mid-
1920s to consolidate capital and human resources. The industrial consolidation reached its peak in 1927, reducing the number of production companies from well over 100 to only 32, with Mingxing, Dazhonghua-Baihe (The Great China-Lily, GL), and Tianyi (One Under Heaven) emerging as China’s big three. With the oligopoly in place, Chinese national film industry took its initial shape.

The dominance of Mingxing, Great China-Lily, and Tianyi remained unchallenged throughout the second half of the 1920s as the industry witnessed both a commercial entertainment wave and a series of institutional restructurings that emulated Hollywood’s integrated studio system. Both commercial wave and horizontal consolidation aimed to compete with Hollywood for domestic market share. China fostered its first commercial entertainment wave in 1927-28, initially led by Tianyi’s historical drama turned costume drama. By the mid-1920s, audiences had become fatigued with the formulaic contemporary Shanghai-based urban stories with little relevance to their daily grind. Meanwhile, film commentators had grown increasingly wary of contemporary urban dramas for their perceived feminization and Europeanization seen as detrimental to building a strong China.

Connoisseurs of Chinese literary classics and folk tales, Tianyi turned to make films with Chinese characteristics. The box-office success in China of Cecil B. DeMille’s *The Ten Commandments* (1923) and D. W. Griffith’s historical epics further inspired Tianyi—headed by the Shaw brothers Runje, Runme, and Runde—to mine China’s own historical heritage for culturally specific narratives. Historical drama evolved into full-blown costume drama in 1927, spurring a wave of imitation. The proliferation of cheap knock-offs tarnished the overall reputation of Chinese domestic pictures, steering middle class patrons further away from Chinese cinema, eventually triggering a critical backlash against the vulgarity and rampant commercialization of Chinese cinema. Costume drama metamorphosed into Mingxing’s martial arts-ghost drama film wave from 1928 to 1931 by merging two subgenres of martial arts and ghost stories. This prolonged Chinese cinema’s first full-blown entertainment wave (Zhu 56-66).
bition networks and initiated cooperation with other local companies to form a united exhibition network. The resulting company, United Film Exchange, screened exclusively films made by the affiliated companies (“Lianhua xuanyan” 4). 1930 saw the arrival of a formidable new studio, the Lianhua Film Company (United China Film Company) founded by Luo Mingyou, the owner of a theater chain located in Northern China. The son of a wealthy Southern merchant family with close ties to the KMT government and the Hong Kong business community, Luo ventured into film exhibition by building the Zhen Guang Theater in Beijing in 1918. By 1930, his company was managing over 20 theaters spread all over Northeast China. Foremost a Southern patriot, Luo considered the massive penetration of foreign imports a disgrace, and thus vowed to enter film production to compete with Hollywood (Mingyou 768). His timing was good because film was making the global transition from silent to sound, which presented an opportunity for producing Chinese domestic talkies.4 Luo courted existing production companies in an attempt to form a vertically integrated studio system seen by early Chinese film practitioners as a cure to the ailing domestic industry. Cinema to Luo was first and foremost a vehicle for nation building. Lianhua’s debut film, Spring Dream in an Old City (Guodu chunmeng, 1930), directed by the American-educated Sun Yu, was an instant classic that dealt with government corruption and society’s moral decay. The film’s box-office return during its premiere in Shanghai, Hong Kong, and Beijing equaled that
of an average Chinese film’s full run, signaling the beginning of the revival of Chinese national cinema via quality art films rather than the Tianyi- and Mingxing-led commercial fares, whose popularity was waning by the early 1930s. Influenced by Alexandra Dumas, fils’ play Camille and Frank Borzage’s Seventh Heaven (1927), Lianhua’s second feature Wild Flowers (Yechao xianhua, 1930), again directed by Sun Yu, was a melodrama about a romantic relationship between a wealthy young musician and a flower girl with singing talent. The film was a popular hit among urban youth and intellectuals, demonstrating the ability of quality domestic films in attracting elite viewers. Lianhua produced twelve pictures in 1930 and 1931, most of them socially conscious melodramas.

Though Chinese social realist films attracted much critical attention, Hollywood continued to dominate the Chinese screen. The outbreak of the second Sino-Japanese War in 1937 disrupted film activities in China, as Japan’s 1937 bombing of Shanghai destroyed much of the industry’s physical resources, forcing some thirty small companies out of business. 16 out of 39 theaters in Shanghai were also destroyed in the bombing, most of them theaters screening Chinese films. Production, however, resumed shortly after and the remaining studios and theaters resolved to make patriotic films. The war against Japan rocked the commercial, urban, and Hollywood-driven characteristic of early Chinese cinema, subsequently planting the seeds for a different cinema driven by patriotism and enlightenment, the ideological underpinnings that continue to drive Chinese cinema to this day.

When the Japanese took over Shanghai in 1942, they established the China United Film Production Corporation (Zhonglian) to take control of all film activities in Shanghai, which led to a ban on Hollywood films in 1943. The ban on Hollywood led to a surge of Chinese domestic films in 1943-44, breathing fresh energy into the industry. Chinese cinema’s surge proved to be short-lived, however, as Japan’s defeat in August 1945 meant the return of Hollywood films, which took up a 92% share of all screenings by 1946. To forcefully reclaim the Chinese market, eight Hollywood studios with interests in China formed the Film Board of Trade in 1947 to facilitate a concerted effort to block Chinese domestic films, which had experienced a brief reprise during the war. Hollywood’s effort in recapturing its old glory met strong resentment from the Chinese film community. Chinese cinema staged an unprecedented revival during the post-war era. More quality Chinese films entered the market beginning in 1947, splitting screen time nearly equally with Hollywood films. As the Chinese civil war drew to its end, with
the U.S.-backed KMT ceding ground to the CCP (Chinese Communist Party), Hollywood became disillusioned with China’s political and economic instability and the looming defeat of the KMT. It reduced its exports to China in 1948 and lost its market share, eventually coming to an abrupt halt during the Korean War when the newly founded People’s Republic of China put a ban on Hollywood imports altogether.

The defeat of the KMT ended Hollywood’s honeymoon in China. But Hollywood would return with a vengeance only decades after. The love-hate relationship would repeat itself. The following section sketches out Hollywood’s renewed China venture since the mid 1990s, as I tease out patterns of evolution reminiscent of the interwar period when economic imperatives frequently overshadowed ideological and political or cultural concerns.

Hollywood returned to China in 1995, with an invitation from none other than the Chinese film industry itself. Hollywood re-entered China in a splash, instantly resuscitating China’s film market. It has dominated the Chinese market since, provoking the same fascination and resistance in China of the Republic’s years, and thus a new round of restrictive policies aimed at curbing Hollywood’s popularity.

The post-1995 Sino-Hollywood Relationship

A private and commercial industry in its infancy and throughout its adolescence, Chinese film industry spent much of its adulthood getting cozy with a state-run system that treated film production as an ideological rather than commercial exercise. The newly founded People’s Republic of China kept Hollywood at bay, more out of political than economic concerns. The centralized economic model would last until the 1980s, when China’s economic reform brought Chinese cinema down to its bottom line, and the industry had to re-learn the difficult tricks of commercial operation. Meanwhile, the rise of alternative entertainment options such as TV and Karaoke began to erode cinema audiences throughout the 1980s. As the 1990s dawned, attendance continued to decline, revenues remained slim, and production funding meager. Hoping to bring back audiences, the Ministry of Radio, Film and Television (MRFT)—a state regulatory body in charge of Chinese media at the time—issued a policy in early 1994 to approve the importation of ten international blockbusters annually, primarily big-budget Hollywood films (Zhu). So after four and half decades in exile,
When Hollywood returned to China in 1995, the MRFT stipulated that films selected for import must represent the best in global cultural achievement and in cinematic art and technique. In practice, more than ideology, economic interest determined China’s selection of Hollywood imports. Star-studded, big-budget and high-tech blockbusters, such as *Natural Born Killers* (Oliver Stone, 1995), *Broken Arrow* (John Woo, 1995), *Twister* (Jan De Bont, 1997), and *Toy Story* (John Lasseter, 1995), were chosen as films representing the best in culture, art, and technology. These imports generated huge revenues, totaling 70 to 80 percent of the box office in 1995, and restoring Chinese audiences’ movie-going habit. The change subsequently benefitted domestic pictures, as recaptured Chinese movie-goers took notice of some of China’s own big-budget and high-tech entertainment fares that emulated Hollywood’s high-cost production formula. The domestic big-pics of that year all became box-office blockbusters, with *Red Cherry* (*Hong yingtao*, Ye Daying) even edging out over the imports (Lucian 6). Chinese cinema made a quick recovery, and 1995 came to be known as “the year of cinema” (Ping 7).

Yet Chinese state-run studios performed poorly overall. Two-thirds of the domestic films produced in 1995 were cheap knockoffs of Hollywood-and Hong Kong-style entertainment fares, which failed to generate profits while triggering critical backlash and, in turn, tough state sanctions. Cinema’s enlightenment/pedagogical function was once again foregrounded. Chinese studios responded with the only way they knew how, which was self-censorship, slating predominately propaganda films. Chinese audiences, after a taste of exhilarating Hollywood commercial fares, were not going to fall for drab socialist films again. Film revenue fell, together with the number of films produced (Jianghua et al. 4-7). The fear of a domestic film market overshadowed by foreign imports compelled the state to enact protective policies, which stipulated that two-thirds of the films distributed and exhibited must be domestic productions, and that two-thirds of screening time must be reserved for domestic pictures.

Such protectionist policies, however, did not steer Chinese audiences away from imports. Hollywood blockbusters continued to dominate the Chinese market throughout the late 1990s, owing primarily to the performance of *Titanic* (James Cameron, 1997) and *Saving Private Ryan* (Steven Spielberg, 1998), which together accounted for about one-third of the total box office in Beijing and Shanghai. As the state gradually came to terms with Hollywood’s dominance, it sought to maximize income by revising revenue-sharing formulas for Hollywood imports. By the 2000s, China was in a more powerful position to negotiate that than during the Republic era. This
was reflected in the restrictive financial agreement Hollywood had to consent to, which operated at two levels: revenue sharing and flat fee, both aimed at capping the amount of profit Hollywood was allowed to take home. The state allocated an annual quota to cap the number of imported blockbuster films that were allowed to share a percentage of box-office revenues. The rest of the imports operated under the flat-fee model, in which studios received a one-time fee of a few hundred thousand dollars and no cut of ticket sales, never mind that many films under the flat-fee model made millions at the Chinese box-office. Hollywood financiers were allowed up to 17.5% of all Chinese ticket sales, compared with the more typical 50% in U.S. theaters.5

Due to the high demand for Hollywood imports, the standard quota of 10 revenue-sharing pictures a year was increased to 20 in 2001, the year China joined the World Trade Organization (WTO). On average, 80 percent of the coveted revenue-sharing quota slots have been awarded to Hollywood films, and under the intense lobbying of Hollywood, the percentage of the China box-office revenue that a U.S. studio may keep has inched upward to 25%. In February 2012, under intense lobbying from the Obama Administration that directly involved Vice President Joe Biden, China agreed—on the heels of the then-incoming Chinese president Xi Jinping’s good will trip to the U.S.—to increase the revenue-sharing quota to 34, adding 14 Imax or 3-D films to the annual quota of 20 pictures (CRI).

In summer 2012, the time came for the newly jazzed-up Hollywood blockbusters to descend on the Chinese domestic market. China Film Group, the most powerful state run production company, which has been at the forefront in making and promoting China’s domestic blockbuster films and which holds the distribution rights to major Hollywood films, scheduled U.S. films of the same genres on the same dates, limiting their total grosses while boosting the percentage of box office revenue generated by Chinese domestic pictures. Thus, The Dark Knight Rises (Christopher Nolan, 2012) and The Amazing Spider-Man (Marc Webb, 2012) opened against each other; Ice Age: Continental Drift (Steve Martino & Mike Thurmeier, 2012) opened against The Lorax (Kyle Balda & Chris Renaud, 2012), and The Bourne Legacy (Tony Gilroy, 2012) and Total Recall (Len Wiseman, 2012) opened opposite each other.
Looper, meanwhile, was allowed a much sought-after Golden Week holiday release with a shifting story location from Paris to Shanghai. The practice of “double dating” undermined Hollywood’s performances in China. MPAA, the Motion Picture Association of America (formerly, the Motion Picture Producers and Distributors of America, a Hollywood trade association established in 1922) was promptly engaged to ease the tension between China Film Group and Hollywood studios. MPAA again turned to the U.S. government for assistance. Yet facing an increasingly assertive China, the U.S. government had little leverage in settling the case in Hollywood’s favor.

The relationship between Hollywood and Chinese film industry is more harmonious when it comes to co-production these days, as such deals allow Chinese producers to coast on Hollywood’s fame and reputation for a potential global market, a goal mandated by the Chinese state’s soft power mission. In this regard, China’s Hollywood partners are entrusted with the responsibility of safeguarding China’s image on screen. Addressing issues of perceived censorship, Zhang Xun emphasized that China Film Co-Production Company vets scripts for possible changes needed to ensure that the final products would be safe for distribution. Zhang’s clarification pretty much followed the playbook of China’s film censorship board during the Republic era and Hollywood’s Production Code that sought to ensure inoffensive entertainment. Overall, Hollywood has been acutely attuned, from its inception, to what is permissible and indeed preferred in its vast export destinations. To stay out of (financial) trouble, Hollywood has modified, obfuscated and even eliminated content that foreign regulators deemed inappropriate in an effort to appease global audiences of vastly different cultural, religious and political persuasions. The self-censorship trend has only intensified in the last decade, with the majority of moviegoers now living abroad, which accounts for up to 80% of Hollywood’s box-office income.

This essay has compared two periods in Chinese film history when Hollywood played a dominant role: one during the Republican era (1911-1949), and the other on-going since 1995, when China reopened its door to Hollywood imports, officially lifting a ban enacted 40 years earlier at the cusp of the Korean War. I’ve tried to show how commercial interests override, or complicate political and ideological posturing on both the U.S. and China sides. I argue that the story of the Sino-Hollywood relationship is one about competing cultural values and developmental models, as well as nationalism and exceptionalism—American and Chinese—and about the shifting global power dynamic and the struggle between transnational and local capitals.
NOTES


2. The Nationalistic sentiment was so strong in China in the early 1910s that when a cowboy from one of Brodsky’s American films cocked his gun at the camera (audience) on screen, the angry Chinese spectators shouted “white devil” and burned the theater.

3. Film distribution and exhibition in today’s China very much resemble the earlier period, driven by the demand for Hollywood features.

4. The first sound film was introduced to China from the U.S. in 1929.

5. The huge Chinese gross for *Transformers 3* brought Paramount Pictures less than $30 million.

6. The aggressive measure to keep imported films in check in the summer of 2012 was the result of a number of factors: imported films accounted for 65% of China’s $1.3 billion box office receipts by early summer in 2012, and all of the top five movies in China from January through June in 2012 were American, which was an embarrassment to the Chinese government. Also, in anticipation of the 18th Party Congress when the once-a-decade leadership transition was to take place in 2012, the Chinese government launched an aggressive campaign in 2011 to aggressively export its own culture and cultural industry.

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Dr. Ying Zhu is a leading scholar on Chinese media studies. She has published eight books, including Two Billion Eyes: The Story of China Central Television (New Press, 2013). Her writings have appeared in major academic journals and edited book volumes as well as national outlets such as The Atlantic, The Los Angeles Times, The New York Times, The Wall Street Journal, among others. Her works have been translated into Chinese, Dutch, French, Italian, and Spanish. Zhu is a recipient of a National Endowment for the Humanities Fellowship and an American Council of Learned Societies Fellowship. Zhu also co-produces with the Netherlands National TV current affairs documentary programs such as Google vs. China (2011) and China: From Cartier to Confucius (2012).