Techno-nationalism and Creative Industries:

The Development of Chinese Online Game Industry in a Globalized Economy

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Foreword

Winning an award at a peer-reviewed conference is an honor that most academics cherish. We like it because we enjoy being recognized by the research community. In addition, when rightly done, an award speaks to the quality of a paper. All this probably explains why the annual conventions of major communication associations of the world—ICA, NCA, AEJMC, WAPOR, IAMCR and the like—have set up awards for top student papers. While the authors will find the awards encouraging, the award-winning papers can be a source of inspiration to many others. Graduate students and budding scholars are particularly curious about these papers.

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Chloris Qiaolei Jiang

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Abstract

This paper examines how China responds to the dominant force of cultural globalization with a case study of its development of online game industry. Based on archive documents, in-depth interviews, and ethnographic data, this study elucidates an emerging strategy, namely, techno-nationalism. In the Chinese context, such a national strategy manipulates technology to create a version of popular nationalism that is acceptable and readily to be censored by the authorities. As a consequence, cultural industries which pitch in with the strategies could prevail in the Chinese market. This explains why the regional competitors of Chinese online games—Korean games—are more successful than most Western counterparts in China. By providing a snapshot of the current ecology of Chinese online game industry, this paper also discussed the role of cultural regionalization and globalization, and argues that the development of online game industry in China depends more on political factor than economic factors.

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The Chinese online game market has marked its eleventh years of development. According to the statistics of China Internet Network Information Center (CNNIC), by 31 December 2010, the number of Internet users in China has reached up to 457 million, making China the country with the world's largest Netizen population in absolute term (CNNIC, 2011: 5). Among them, 304 million are online game players (CNNIC, 2011: 40), who spend quite a considerable amount of time playing online games. Similar to other places in the world, online gaming as one of the major digital entertainments has become part of everyday lifestyle in China. As for the market, Chinese online game market was worth US$ 3.04 billion in 2008, about 27.1 percent of the world online game market (iResearch, 2009). At the end of 2009, the revenue gained by Chinese online game industry was about RMB 30 billion with average growth rate up to 50 percent (Sun, 2009).

Yet, the most popular online games in China are still foreign games. The top three online games in China now are *Crazyracing Kartrider/Popkart*, *Audition Dance Battle Online (AU)*, and *World of Warcraft (WoW)* (CNNIC, 2009a). The former two are Korean games, and the latter one is an American game. Chinese are now play global games, while the state-assisted Chinese online game companies are catching up and also export to foreign markets.

The rise of online game industry in China has gained worldwide attention in terms of the range and vibrancy of Chinese online game market, the growth in international co-production activities, and the intensification of transnational mergers and acquisitions. But more importantly, the globalization of cultural products—more precisely, the influx of global products to the Chinese market, has triggered the alarm of the Chinese authorities. Would the import of foreign games bring in dissident ideology to the state? Would they be regarded as a threat to the intact censorship system in China? In this paper, we examined how the People's Republic of China (PRC) responded to the challenge of the cultural globalization with the game industry as the illustration.

The Global/Regional/National/Local Continuum

Globalization is not a single process, but a complex set of processes with certain disjunctures between economy, politics and culture (Appadurai, 1990; Giddens, 2002). The various autonomous logics of globalization, such as the logics of media products (culture), their international trade (economics), and the exercise of state power (politics) are in such a coexistence that cannot be reduced into one another (Beck, 2000; Sparks, 2007). Therefore, the composition is far more complex than theories of media imperialism would suggest (Thompson, 1995).

Discussion of globalization often centers on the dialectics between the global and the local, while such a reduction may ignore the role of the regional vis-à-vis the global (Featherstone, 1996; Sinclair et al., 1996). Considering the world trade in media products, the U.S. may still be the dominant supplier, but some regional markets are developing (Sparks, 2007). Compared with the global, the influence of regional impetus is no less potent (Fung, 2007). It is no longer accepted as the reality that there is a single dominating center and a dominated periphery (Dayan, 1998). In the case of online game, there are certain patterns which do not fit into the simplistic model of total domination (Tracey, 1985), and there are certainly other regional production centers than the U.S.

Second, studies of cultural globalization often reduce the argument to an erosion of state power by an external agent. While to certain extent this is true, there are studies that emphasize the importance of nation-state still as the site of institutions, regulation, and symbolic interaction (e.g., Curran & Park, 2000; Curtin, 2005; Moran, 1998; Schlesinger, 2002). Although there are more multinational media corporations now, these global powers or capitals are not independent of states (Sparks, 2007). In various studies (e.g. Fung, 2007), there are clear evidences that these global capitals are politically subordinate to the nation-state which they would like to enter. In the global age, it may be more difficult for states to project their power, while there continues to be a small group of large states that still have the will and ability to do exactly that (Sparks, 2007). Curran and Park also argue (2000) that the national political authority continues to regulate media systems by various means both directly and indirectly. Therefore, some scholars call for a reconsideration of globalization based on their findings about the more complicated patterns of cross-border interactions and the role of the nation-state (Chan, 2009; Lee, 1980; Straubhaar, 1991).

Current formulations of globalization show less tendency to assume a monolithic and homogenizing globalization; more attention was given to the active interplays and interactions between global, regional, national, and local (Friedman, 1994). Are the global and the local conceived as two extreme opposites of a continuum of cultural appropriation, the regional and the national should be dotted somewhere along in this continuum (Fung, 2007). As Sparks (2007) argued, both the global and the local always exist alongside of the regional and the national, and the global-local polarization should not reduce the importance of the regionalization and the state in cultural production. Tensions might happen between all these levels, but there is no evidence that one is being undermined by the others (Sparks, 2007).

Chinese online game industry is also bound with forces at multiple levels. As a nation with the largest absolute number of Internet users and as an authoritarian government (Ernkvist & Ström, 2008), China is not only a huge terrain for the development of online game industry inbound but it is also a target for the regional or global players. Given the realpolitik, the study of the different levels of force in a concrete Chinese socio-historical context illustrates how these complex mechanisms, interactions and contradictions are at work. Based on the case study of Korean games in Chinese market, this paper could further analyze the role of the Chinese state in development of Chinese online game industry, and illustrate that regionalization could displace globalization in the specific politico-economic context of China.

A combination of qualitative methods is adopted in this study, namely, in-depth interviews, virtual ethnography, and analysis of archive documents. The interviews were conducted with industry informants within China and South Korea, and also governmental policy makers in China. We interviewed Hui Zhuge, the spokesman of Shanda Interactive Entertainment Limited (Shanda), which is the flagship of Chinese online game industry; Irene Choi, the overseas business manager of Actoz Soft Co., Ltd. (Actoz) in South Korea, which is the developer of *The Legend of Mir II (Mir II)*, the most popular Korean online games in China; and Gongfeng Pan, the marketing director of Wemade Entertainment Co., Ltd. (Wemade) Shanghai Branch. The interview data are also supplemented with some ethnographic data and archive analysis. In order to better understand different online gaming experiences, the author conducted virtual ethnography in two of the most popular online games in China, which are *MirII* and *WoW*. The author conducted regular game-play in *MirII* for four years

and in *WoW* for two years. During the period, the author logged on the games weekly at least, and performed participant observation within the game, which included extensive participation in game players' online and offline gaming activities. Interviews were also conducted among some game players. Moreover, the material presented here also draws on a close reading of existing archive sources, such as government documents, industry reports, company annual reports, the trade press, and statistics from non-governmental organizations.

When the Global Meets the Regional

Although Western games are usually well designed with rich experiences early from video and computer game era, most of them seem not to be quite acclimatized in China. Even though *WoW*, as an exception, is among the top three popular games in China, we found in our interviews that some players thought the avatars in *WoW* are not pretty according to their Chinese taste and standard. In the Chinese market, there are always rooms for regional players to come in, and even perform better than the global counterparts.

Korean games combine the cream of Western cultural products and Confucian culture...

South Korea has emerged as a major exporter of online games in East Asia and even more widely around the world ever since Nexon introduced the world's first graphic MMORPG *Kingdom of the Winds* in 1996. The popularity of Korean games makes them almost synonymous with the MMORPG genre in China. In Chinese online game market, Korean developers are able to outperform major competitors including American developers, publishers, and distributors of computer and video games, and Japanese console/handheld game makers (Jin & Chee, 2008).

The impact of Korean games in China is not too much about the negative effects such as violence and addiction, but its influence on gaming style—which is different in form from the west. Korean games combine the cream of Western cultural products and Confucian culture: typical features of Korean games, sarcastically labeled as "Korean kimchee style" by their Chinese fans, include subtle scenes, euphonic background music, and mellow gaming dynamics. For instance, as one of the most popular Korean online game in China, *MirII* is a great success underpinning

this logic, as it reduces business risks by choosing features, such as Chinese traditional music and scenes which the Chinese are familiar from the martial art fictions, films and related cultural memories. There are also episodes with the benefit of cultural similarities, such as intra-game marriage, which does not show up in Western games.

In this way, cultural similarities play an important role in the regional or geocultural markets, and help save extra production and marketing expenses, which embed regional processes in global media operations (Kraidy, 2005). In order to enter the Chinese market, Korean game producers pay more attention to the cultural proximity than their Western competitors. Game players' expectations are regarded as one of the most critical variables in designing and launching games for Chinese market. By articulating the cultural products closely within the Chinese social settings Korean game companies secure the contact with the game players in China.

There is a certain sense of regional cultural proximity, compared to the West, making the inter-textual insertions and acculturation of content, episodes, narratives, and values more accessible and acceptable (Fung, 2007). However, the factor of cultural proximity may be not enough to explain the success of Korean games in China. As Shim (2006) maintained, one thing we should keep in mind is that Korean developmental regimen is of an export-oriented economy. To create its own, Korean popular culture usually blends Asian and Western values skillfully.

Based on their early successful experience of cultural familiarity, Korean online game companies are able to culturally appropriate other nations' culture tactfully. The features of Korean online games, such as trappings, items, game plots and even rituals have corresponding Chinese prototypes. Based on the virtual ethnography, signs of the influence from Chinese martial art films can be easily found. In this way, Korean online games have prepared themselves for forays into Chinese markets (Shim, 2006). One of the interviewees explained this more explicitly:

> Our Chinese Branch employed many Chinese to work on the development and design of the game, and it intended to further exploit the Chinese market by developing a game with a pure Chinese background. Our new game *T.K.C.* is a resulting product, which is embedded in the famous Chinese historical story of the *Three Kingdoms*. (Interview 3)

The above quote illustrates that online game companies now think creatively about how games can be culturally and socially designed to meet the players' needs. As an indicator of transnational cultural product in the age of globalization, online games are tailored to local audiences' tastes, interests and attitudes as much as possible (Crane, 1992).

Besides adopting ways to fit in better with the local tastes, Korean online game companies also work along with the political logics in China better than their Western competitors—which is the focus of this paper. Foreign online games cannot be released independently in China (Shanda, 2006; Webzen, 2007). Western game companies usually find a Chinese operator for fear of the transfer of core technologies, while Korean companies are more actively to establish branches in China, and let their new games enter the Chinese market quickly. There are also more joint ventures and co-productions between Korean and Chinese companies, and the model of collaboration becomes a way for these companies to target Chinese market. China and South Korea have even established a cooperative venture fund for information technology (Kang and Segal, 2006). Through the interviews, we find that some Korean game companies opened their only overseas affiliation in China, and have partnered with Chinese game companies to produce online games both by Chinese and for Chinese. However, Western game companies seem to prefer the single-mode of franchising.

A Way Forward: Chinese Techno-nationalism

The development of Chinese online game industry is not such an organic evolution—purely under the molding of capitalistic forces—but under the influence of state power. The success of Korean online games in China precisely provides an alternative industry model for newcomers as well as rising companies in China: the popularity of the cultural product is not always a commercial factor; by maintaining a viable political relationship with the authorities, the latter could also guarantee a certain degree of success for the investors. Such an approach would be more prominent in a stage in which the Chinese authorities have depended on high-tech industries to boost its economic powers.

In this paper, we argue that there is the emerging concept of "techno-nationalism" in the construction of defensive, reactionary strategies and even cultural policy for China to tackle these globally-imported cultural products likes games. Techno-nationalism,

a term firstly coined by Reich (1987), is characterized as a sense of nationalism linked to the development of technology-related industries to mainly address the economic concerns (Drew, 1993; Low, 2003). Techno-nationalism often refers to government-initiated strategies and policy orientations which favor minimizing or avoiding technological dependence on foreign countries, and seeking technological autonomy (Kohno, 1995; Yoshimi, 1999). Contemporary forms of techno-nationalism seek to nurture and enhance local capabilities for economic rewards within globally integrated networks (Felker, 2009: 475).

We want to stress that techno-nationalism is perhaps a more Asian phenomenon. Although techno-nationalism was firstly used to characterize the change in the national technological innovation systems in the U.S. (Reich, 1987; Kohno, 1995), it was more frequently used to analyze the Japanese systems and other Asian countries, especially the economies of China, South Korea and India (Keller & Samuels, 2003; Lee, Chan, & Oh, 2009; Samuels, 1994). Across industrializing Asia, new techno-nationalist strategies have been launched aiming at driving national economies into more lucrative niches in the global economic system, which refers to both downstream into marketing, logistics, and value-added customer service and upstream into software and information-intensive business services, product design and R&D (research and development) process (Felker, 2009; Masuyuma et al., 2001; Yamada, 2000). In this way, the technological developments in Asia, as we can see, are heavily driven by government policy, which is motivated in large part by techno-nationalism (Kang and Segal, 2006).

Techno-nationalism is perhaps a more Asian phenomenon.

In retrospect, Chinese techno-nationalism, thought existed as a premature thought at this time, was manifested in the militarization of science and technology during the Maoist era (Suttmeier, 2004), and the former political leader Deng Xiaoping in his reform era (McKay, 2007; Suttmeier, 2004). What is different is that today the Chinese techno-nationalism mentioned in this paper is now more actualized in policy such as the renown China's National High Technology Development Programme (or the 863 Programme) to achieve national economic growth and political objectives by the development of new technologies and related industries (Kang and Segal, 2006). In particular, after China's accession to the WTO, maintaining its command information and communication strategies, China has come up

with more effective means to protect and promote its domestic industries (Lee et al., 2009).

Following the models set by Japan, South Korea and other NIC (newly industrialized country) states, China as a representative example of implementing the policy of techno-nationalism can be seen in its, attempt to increase its representation in high-tech industries through direct or indirect governmental support (Kang & Segal, 2006; McKay, 2007). Externally, the Chinese government has effectively implemented various policies to induce the inflow of cutting-edge foreign technologies and products congruent with developmental goals on one hand, and to reduce dependency and promote exports through bilateral bargaining, diversification, and domestic structural adjustment on the other (Kim, 1994), for example, *National Program for Medium- to Long-term Scientific and Technological Development*, policies of introducing foreign talents, etc. Internally, the Chinese government has orchestrated the supply-side push (e.g., financial support, tax incentives, R&D investment, and manpower training), the demand-side pull (e.g., domestic-market protection, direct and indirect procurement and regulation), and the infrastructural facilitation (e.g., the proliferation of new technologies, and nurture the related industrial clusters) (Kim, 1994: 1). Accordingly, we suggest that the development of Chinese online game industry need to be studied by examining the interactions between the state and industry within the Chinese context.

Techno-nationalism ... has now become a cultural policy to drive, guide and direct the national creative industries of its own...

The conception of techno-nationalism explained in this paper takes a little twist as it is from the theoretical illustration in the current literature. Techno-nationalism described here is not just a rhetoric or an ideology that is used by the PRC to expand its economic influence by means of technologies. It has now become a cultural policy to drive, guide and direct the national creative industries of its own and a guideline for foreign investors of technology to steer in China's cultural market. The impact of this political regulation is usually more immediate than market forces.

China's Promotion of the Korean Model

The techno-nationalist policy might be a follow-suit of South

Korea's which are successfully implemented on its development of the creative industries. Of course, in doing that, the rationale behind Chinese techno-nationalism is that the PRC desires to rapidly catch up with technological leaders and achieve economic growth to build and sustain its political leadership (Liew, 2005).

Learning from South Korea's rapid development path through its pursuit of assertive techno-nationalism, the Chinese government also invested in high bandwidth infrastructure (Keane, 2006; Kim, 1994). The "863" program was an example launched by the Ministry of Science and Technology (P. R. C. MOST) in 1986, with online game technology listed in it in October 2003 (P. R. C. MOST, 2006). Its first major project was an online game engine for the companies, a reflection of the techno-nationalistic focus concerning ownership of key standards (Suttmeier, 2005). One of the interviewees from Korean online game companies pointed out this similarity between the Chinese and Korean online game industry.

> An underlying technological infrastructure is the prerequisite for the development of online game industry. Only the government can manage this kind of big project and build the stage for the companies to perform on. It is true in China and also the case in South Korea. (Interview 1)

In this way, under China's contemporary techno-nationalism, the government supports the proliferation of information and communication technologies (ICTs) and development of related networks through heavy investment via the state-owned networks (Sohmen, 2001). In recent years, PC usage, broadband access, and Internet café in China have increased rapidly, providing the infrastructure for online game industry. Among them, Internet cafés as popular venues play a significant role in facilitating gaming culture by providing ubiquitous and economical access with loosely enforced regulations (Ernkvist & Ström, 2008; Jin & Chee, 2008).

Besides infrastructure investment, the national orientation has been given to the infant Chinese online game companies to help them survive more mature foreign ones. Under the umbrella of techno-nationalism, formal and informal barriers have increased to hinder foreign competition. The Ministry of Information Industry (MII) has effectively declared that non-Chinese companies are prohibited from owning, operating or managing telecommunications services in China (Sohmen, 2001). Based on our current understanding of the industry, foreign games are allowed to import into China but the line of censorship is different from that released by

the Chinese companies. For the former, only a very few number of them would formally get the approval as a token. Besides, these foreign companies cannot be released independently without joint-venturing with Chinese companies, while foreign financial capital, joint ventures and R&D cooperation have subsequently been encouraged, providing these may enable local companies to grow. In this way, partnerships and joint ventures provide Chinese game companies access to new technologies, management skills, new markets, and global distribution networks (Kang & Segal, 2006).

Moreover, the interpretation of the regulations is usually less tough for domestic companies than their foreign counterparts. Our interviewee also emphasized that only a few foreign games are allowed to be circulated in China every year as a token of openness, while games made-in-China are easily to survive the censorship. The Ministry of Culture (MOC) also promised preferential tax policies to support national game developers. For instance, Shanda, the top Chinese online game company, is a success in such context with the Korean 2D MMORPG *MirII* as its foundation stone (Shanda, 2006), of which the players peaked at 0.6 million in October 2002, the game with largest number of players in the world at that time (Zhang & Zhang, 2005).

Besides intervening in markets through tax- and interest-rate policies, Chinese government also provides industrial subsidies and guidance for the development of online game industry. With its East Asian neighbor making the running in this creative industry, China also aspires to nurture its own media capital and industrial clusters to develop online game industry (Keane, 2006). The successful Korean game industry becomes a prominent model to follow and catch up. Policy of clusters has been adopted as a competitive growth strategy. In order to build the high-tech clusters, Chinese techno-nationalism take the form of research and development subsidies, trade-related investment measures, tax relief, low-interest bank loans, waivers of location fees and export financing (CNNIC, 2009b; Stevens, 1990). One interviewee confirmed the influence for the development of Chinese online game industry.

> The development of online game is an integrated process, requiring technology, creativity and organization. A successful game needs a team of technicians, artists and managers. To be a blockbuster, games share similarities with films that they both need full investment and talented personnel. However, gaming elites with all-round professional abilities are still not enough in China. (Interview 2)

What the interview implied is that the consolidation within the state helps to nurture creative capital and creative workers and may reshuffle the companies in the industry. Catching up and surpassing Korean companies become one drive of online game industry in China (Zhou, 2010). According to CNNIC, at the end of 2009, Chinese online game companies account for 61.2 percent (RMB 15.78) of the total revenue (CNNIC, 2010a). Online games not only become the cornerstone for the portals in China (Yang, 2010), but also has outweigh the importance of the film, TV and music industries, becoming one of the highlight of the economic development within financial crisis (CNNIC, 2010a).

The Search for Independence

Always as the prime reason, the rationale behind techno-nationalism is to minimize dependence on foreign technologies and products (Drew, 1993). As for development of Chinese online game industry, attractive incentives have been offered to foreign companies to relocate R&D, while simultaneously other policy tools are used to raise the creative capabilities of domestic companies (Kang & Segal, 2006). In the long run, the local companies may gradually compete with the multinationals not only over cheaper manufacturing costs and lower prices, but also over technological and design sophistication (Kang & Segal, 2006). More attention has been paid to the latter to facilitate the abilities for independence.

To nurture domestic capabilities, techno-nationalism has certain autonomy over dependence on foreign technologies and products in the early stage (Lee et al., 2009). For example, due to the popularity and costs, many online games from South Korea have become templates for replication in China. Those popular Korean games in Chinese market provide successful formats for the Chinese game developers to follow, and even to clone. The trend was accelerated by the economic crisis in Asia amidst which the Chinese buyers could buy cheaper Korean games and their franchises (Shim, 2006), including the most popular Korean game *MirII*, a 2D game (Cao & Downing, 2008). In contrast, games from U.S. like *WoW* are usually too expensive for the Chinese followers. In this way, successful foreign formats are adopted and hybridized by Chinese companies to cater for the proclivities of players in pursuit of profit (Kraidy, 2005). Under the banner of techno-nationalism, Chinese governments' attempts to help nascent domestic companies develop new products happened more quickly, in a way that allows local, rather than foreign, companies to

reap the returns (Miller, 1995). With the development of Chinese online games, Chinese government has swung to impose stricter examination and approval procedures to foreign game importation (Xu, 2009).

Given the large China market, some Chinese online game companies experienced rapid growth by making similar games usually at lower cost, by duplicating not only foreign games but also those successful domestic games. This kind of cloning does provide economic benefits for the under-capitalized producers in Chinese online game industry and compensated for the comparatively lower development capabilities (Ernkvist & Ström, 2008), but the returns diminish when more local firms taking the same route (Keane, 2006).

To demonstrate its cultural independence, the power to export is vital. The threat of cultural invasion spurs the Chinese government to grow local content for export, and such exportable cultural products for global markets are also outputs of techno-nationalist policies. As Keane (2006) points out that the bubble of nationalism will deflate if China still remains only as a passive receiver of content from its neighbors. It is clear that the Chinese government has begun to work out cultural export strategies by R&D and brand development (CNNIC, 2010b). For instance, GAPP started *Chinese Original Online Games Offshore Popularization Plan* with a lot of incentives to help Chinese games "go global strategy" and even "go global rapidly" (CNNIC, 2010b). Therefore, although the main revenue of Chinese online games is still from domestic market, more companies turn to export (iResearch, 2009). In this way, the advantage of Chinese funds is changing into offshore R&D and multiple international channels, and help Chinese online game companies find more cooperative partners (Zhou, 2010).

To demonstrate its cultural independence, the power to export is vital.

Currently, we have also noticed that the Chinese online game companies begin to be more visible overseas such as India, Thailand and Vietnam. Since 2006, there started documented figures about the PRC's game export to Asian, European countries and the U.S. (iResearch, 2009). In 2009, there were 64 online games designed by 29 Chinese game companies that were listed in more than 40 foreign countries, with profit up to US$ 109 million (CNNIC, 2010b). Meantime, Chinese government keeps reshaping its cultural policies to support these cultural exports.

Based on similar ground, both Yoshimi (1999) and Iwabuchi (2002) argue that under the influence of techno-nationalism, export of technologies and culture has played a significant role in upholding national pride. In one speech at a national conference in January 2006, Premier Wen Jiabao of China emphasized independent innovation as core to the country's development strategy over the next fifteen years, and addressed that without it, "China would be unable to claim an equal place in the world or achieve national honor" (Kang & Segal, 2006: 6). Similar situation could be applied to the development of Chinese online game industry. Too early to tell as it is, quite certain, game industries are regarded as the apparatus of the PRC to break down Western game enterprises' monopolies either inbound or outbound.

Governmental Regulation of the Games

Online game industries are cultural industries. It can be harnessed to foster economic development, reaping the economic benefits and creating job opportunities. But in the eyes of the authorities, how they can serve the status quo consolidate national unity and promote social stability are more important goals. As a consequence, content and genre of the games are highly regulated in China.

The phenomenon of different bureaucratic agencies with overlapping jurisdiction is neither unique to China nor to the Internet, but it is true that in China the situation is worse because of a general lack of separation between state-owned operation and regulation. As a consequence, the regulations are always ad hoc and arbitrary. Playing a major role in legislation and regulation of the Internet, MII is supposed the primary body responsible for telecommunications and high-tech industry in China. But they are not sole policemen! At the same time, MOC is in charge of the planning, industrial base, project implementation, business deal and market supervision of the game industry, while General Administration of Press and Publication (GAPP) is the authority that grants approval for the release of new online games and the import of foreign games (CNNIC, 2009c). With these multiple governing bodies with overlapping network of power, game companies have been facing the daunting task of compliance with the web of regulatory regimes at different levels with conflicting interests (Sohmen, 2001).

However, in the society, government's heavy-handed policy on game industry seems quite legitimate. In China, online game

genres are closely related to controversial issues revolved around the compromise of "real-life" social activities, such as Internet addiction, violence, and pornography. The public tend to support and even demand the regulation to control the negative aspects of online games (Tsui, 2005). Under such pretext, apart from a number of licensing procedures, the government could legitimately use a number of measures, including real-name registration, anti-addiction system and anti-fatigue software integrated within games as control for game content and use. With the social fears that cast a negative image on online game industry (Ernkvist & Ström, 2008), for game companies, managing corporate image and working cooperatively with the government seems also a logical and reasonable move. One interviewee illustrated this point more explicitly.

> Shanda takes social responsibility seriously. We believe that building a healthy gaming culture is compulsory for game companies. For example, *Maplestory Online* is one of our causal games. In this game, we try to build a healthy virtual community by advocating the "anti-dirty-words" movement. We think it is short-sighted only to satisfy the desires for momentary stimulations. (Interview 2)

Thus, in China, it is not too much a surprise that we could observe similar outcomes in games as we could see hours of propagandist documentary on television and social realism in cinema. A classic example is the CCP-led nationwide youth organization, the Communist Youth League of China (CYLC) that spearheads the use of "healthy" content in online games. With its CEO, Tim Chen, as an alternate member of Central Committee of CYLC, Shanda pays much attention to creating "healthy" games, for example, the game *Following the example of Lei Feng* was a gift for the 85th anniversary of CYLC. Within this game, Chinese players are taught to learn from a historical figure Lei Feng to do good deeds. As we mentioned earlier, the Chinese government is particularly aware of the potential influence from without, and thereby is overtly vigilant of the foreign game industries while they know that in the last instance, they have to foster the development of nationalistic online games that fits the national agendas to end the dominance of game industries from without. It had become the issue for the industry at a point when Korean games were highly popular in China and the cultural flow was unidirectional. To reverse the follow, for instance, the National Online Game Publishing Project was such a five-year project established in 2004 to support the development of 100 good online games based on Chinese national culture (Ernkvist & Ström, 2008). Online game

industry was also included as one important part of Twelfth Five-year Plan (Sun, 2010). By formally drafting the online game policy into the national agenda, online game industry was also expected to shoulder the responsibility to promote nationalistic culture and give full scope to the national theme of the times, and needless to say, help to build a harmonious society as the united propaganda front of the PRC always promote (Sun, 2010).

Toward an Advanced Nationalism

Added to this, what we argued here is that the state tends to sustain a more advanced conception of nationalism through and with the online technology or something we called populist nationalism. What we observed is that game industries have rediscovered, reinvented and used many traditional Chinese folklores, stories, legends, sagas and other cultural resources to create the game plots, characters and scenes for game contents. The use of cultural resources in the development of games thus not only fits the local market but also coincidently pitch in with the authorities' agendas to promote the nationalistic fervor. In other words, the nationalistic project of the government seems more natural and non-artificial. It is not the authorities that preach their version of nationalism but that the game content also bears the popular appeal to attract players and at the same time indoctrinate them the traditional Chinese culture.

...now the Chinese companies are able to re-discover their own resources and clone the Korean strategies.

We want to emphasize that this is not purely a Chinese invention. It used to be the strategies of Korean games to target the Chinese market. One Korean interviewee admitted that China had a tremendous potential in online game industry because it was rich in cultural resources (interview 1). In the past, Korean game companies were able to partly exploit the resources to enter into the China market, but now the Chinese companies are able to re-discover their own resources and clone the Korean strategies. This also explained why, as this Korean interviewee said, the Korean games were able to temporarily conquer the Chinese market even though their games might not be perfectly designed. The key was the China's domestic cultural resources.

With the rediscovery of online games as a popular entertainment and a cultural project as well, the PRC then realizes that it is

possible to extend its propaganda instrument—particularly to the youth—from the media to their everyday culture in game plays and so forth. Such a more naturalistic passing of nationalistic values bottom-up through games could eventually legitimate the status quo in China. Such nationalism is no longer a crude propaganda but a populist movement, voluntarily and unconsciously acquired and engaged. Commercially, while we could say that the PRC attempts to integrate online game industry into the development of socialist culture, Chinese game companies could spare no pains to bring online games into Chinese "mainstream" culture. For instance, cooperating with GAPP, Shanda developed the nationalistic online game *Chinese Heroes*, teaching game players about Chinese ethics. In this way, online game companies like Shanda can secure the long-term development in the industry.

In a nutshell, in China, online game industry has been to certain extent integrated into the propaganda machine. All our interviewees seem acutely aware that Chinese online game companies have to embrace government intervention in terms of game design and production. As for game content, it acts as both a cultural arm of the ruling political party apart from the semi-autonomous creative industry that looks for profit.

Concluding Thoughts

This study addresses a key issue of cultural globalization: the nation-state being globalized is no longer passive; it reacts and proactively hammers strategies to respond to the changing cultural order. This paper has illustrated the phenomenon of cultural globalization with the unique development of Chinese online game industry which in sum is an outcome of interactions among global, regional, national and local politico-economic forces. Avoiding the over-simplistic thesis of globalization that overlooks the power of regionalization and that of the nation-state, this study presents a strong case in which the Chinese authorities have sought "aid" from a regional force to respond to the globalizing forces. In this paper, we argued that the success of its East Asian neighbor South Korea has become the model for China to develop its innovative activities and strategies in online game production for its own market and for reaching out to the world. Governmental policies, cultural borrowing, and trades between Korean and Chinese companies were shown to enhance the early development of the production and distribution of Chinese online game industry. We try to understand such phenomenon under the PRC's emerging

conception of techno-nationalism. The findings of this study re-affirm that in Chinese context, the authority pleads to use Internet technology, innovative ideas, game plots, to name a few to sell its nationalism as if the state uses its own media and mouthpiece to maintain political stability, social cohesion and global power apart from marking profit.

In the specific Chinese online game market, although the U.S. blockbuster like *WoW* is among the top three, global players are easily outnumbered by the regional and local players. South Korea has emerged as an export harbor in East Asia area and is more prominent than its Western counterparts. More than cultural proximity, skillfully adaptation of the Chinese techno-national strategies is the key to the success of Korean games in China. Appropriation of Chinese cultural resources also provided Korean games with fuel for prevailing in China. As exemplified by this study, the role of the regionalization and localization are still of potent impetus, which can and do sometimes counter certain forces of globalization.

Moreover, popular Korean games also become the model for China to follow suit. Chinese online game companies are good and wise students learning quickly from Korean games and then surpassing the teachers. Tactfully working along the political logics, the state-assisted Chinese online game industry has adopted a catch-up strategy by franchising foreign games, localizing them in the Chinese market, and then exporting games to other markets. In this way, China becomes an emerging supplier in global online game markets, building media capitals with the quick strategy from imitation to innovation.

However, the game design in China is still under the governmental regulation in terms of both content and genre. With series of direct and indirect policies, the Chinese government attempts to influence the online game industry with extensive state involvement, sometimes even controlling how games are developed and operated. Online game industry has been incorporated in the patriotism education instrument to maintain the status quo. Based on our analysis of archive documents, virtual ethnography and interviews with online game industry personnel, the paper illuminates techno-nationalism is the predominant characteristic in the development of Chinese online game industry. Techno-nationalist policies in China are forms of advanced nationalism in that the Chinese party-state calculates the economic and political benefits through the development of new technologies and those burgeoning creative industries. Realizing the huge profit potential

of cultural products such as online games, the PRC has developed techno-nationalist strategies to protect and promote local companies, and propel cultural exports into global markets. Under China's open techno-nationalism, Chinese online game industry has become such a dark horse in the economic development even within financial crisis. Tailoring to the particularities of Chinese political economy, techno-nationalist policies in sum take advantage of the risk and opportunities created by cultural globalization, absorb regional experience, raise local innovative competence and at the same time counteract globalization. As for the long-term social and cultural impacts, for instance, whether the rising of China as a globalizing power can eventually evolve as another phenomenon of cultural imperialism like the U.S., this need to be further explored.

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