

FINANCIAL MEDIA, GLOBALISATION, AND CHINA'S
ECONOMIC INTEGRATION
—COMPARING NARRATIVE CONSTRUCTION OF
THE ECONOMIST AND CAIJING

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Abstract

In June 2015, legal frameworks of the Asian Infrastructural Investment Bank were signed by its 57 founding members. Proposed and initiated by China, this multilateral development bank is considered to be an Asian counterpart to break the monopoly of the World Bank and the International Monetary Fund. In October 2015, China's Central Bank announced a benchmark interest rate cut to combat the economic slowdown. The easing policy coincides with the European Central Bank's announcement of doubts over US Fed's commitment to raise interest rates. Global stock markets responded positively to China's move, with the exception of the indexes from Wall Street (Bland, 2015; Elliott, 2015). In the meantime, China's 'One Belt, One Road' (or New Silk Road Economic Belt) became a topic of discourse in relation to its growing global economy, as China pledged \$40 billion to trade and infrastructure projects (Bermingham, 2015). The foreign policy aims to reinforce the economic belt from western China through Central Asia towards Europe, as well as to construct maritime trading routes from coastal China through the South China Sea (Summers, 2015).

In 2012, *The Economist* launched a new China section, to reveal the complexity of the 'meteoric rise' of China. John Micklethwait, who was then the chief editor of the magazine, said that China's emergence as a global power justified giving it a section of its own (Roush, 2012). In July 2015, Hu Shuli, the former chief editor of *Caijing*, announced the launch of a think tank and financial data service division called *Caixin* Insight Group, which encompasses the new *Caixin* China Purchasing Managers Index (PMI). In cooperation with Markit Group, a principal global provider of PMI, the index soon became a widely cited economic indicator. One anecdote from November's *Caixin* shows how much has changed: in a high-profile dialogue between Hu Shuli and Kevin Rudd, Hu insisted on asking questions in English; interestingly, the former Prime Minister of Australia insisted on replying in Chinese.

These recent developments point to one thing: the economic ascent of China and its increasing influence on the power play between economics and politics in world markets. China has begun to take a more active role in rule making and enforcement under neoliberal frameworks. However, due to the country's size and the scale of its economy in comparison to other countries, China's version of globalisation has unique characteristics. The 'Capitalist-socialist' paradox is vital to China's market-oriented transformation. In order to comprehend how such unique features are articulated and understood, there are several questions worth investigating in the realms of media and communication studies, such as how China's neoliberal restructuring is portrayed and perceived by different types of interested parties, and how these portrayals are de-contextualised and re-contextualised in global or Anglo-American narratives.

Therefore, based on a combination of the themes of globalisation, financial media and China's economic integration, this thesis attempts to explore how financial media construct the narratives of China's economic globalisation through the deployment of comparative and multi-disciplinary approaches. Two outstanding elite financial magazines, Britain's *The Economist*, which has a global readership and influence, and *Caijing*, China's leading financial magazine, are chosen as case studies to exemplify differing media discourses, representing, respectively, Anglo-American and Chinese socio-economic and political backgrounds, as well as their own journalistic cultures. This thesis tries to answer the questions of how and why China's neoliberal restructuring is constructed from a globally-oriented perspective. The construction primarily involves people who are influential in business and policymaking. Hence, the analysis falls into the paradigm of elite-elite communication, which is an important but relatively less developed perspective in studying China and its globalisation.

The comparing of characteristics of narrative construction are the result of the textual analysis of articles published over a ten-year period (mid-1998 to mid-2008). The corpus of samples come from the two media outlets' coverage of three selected events: China becoming a member of the World Trade Organization, its outward direct investment, and

the listing of stocks of Chinese companies in overseas exchanges, which are mutually exclusive in sample collection and collectively exhaustive in the inclusion of articles regarding China's economic globalisation. The findings help to understand that, despite language, socio-economic and political differences, elite financial media with globally-oriented readerships share similar methods of and approaches to agenda setting, the evaluation of news prominence, the selection of frame, and the advocacy of deeply rooted neoliberal ideas. The comparison of their distinctive features reflects the different phases of building up the sense of identity in their readers as global elites, as well as the different economic interests that are aligned with the corresponding readerships. However, textual analysis is only relevant in terms of exploring how the narratives are constructed and the elements they include; textual analysis alone prevents us from seeing the obstacles and the constraints of the journalistic practices of construction. Therefore, this thesis provides a brief discussion of interviews with practitioners from the two media, in order to understand how similar or different narratives are manifested and perceived, how the concept of neoliberalism deviates from and is justified in the Chinese context, and how and for what purpose deviations arise from Western to Chinese contexts.

The thesis also contributes to defining financial media in the domain of elite communication. The relevant and closely interlocking concepts of globalisation, elitism and neoliberalism are discussed, and are used as a theoretical bedrock in the analysis of texts and contexts. It is important to address the agenda-setting and ideological role of elite financial media, because of its narrative formula of infusing business facts with opinions, which is important in constructing the global elite identity as well as influencing neoliberal policy-making. On the other hand, 'journalistic professionalism' has been redefined, in that the elite identity is shared by the content producer, reader and the actors in the news stories emerging from the much-compressed news cycle. The professionalism of elite financial media requires a dual definition, that of being professional in the understanding of business facts and statistics, and that of being professional in the making sense of stories by deploying economic logic.

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Declaration of authorship

The work included in this thesis is the author's own. It has not been submitted in support of an application for another degree or qualification of this or any other university or other institution of learning.

Introduction

This is a thesis that considers financial media as a special genre, but with a particular focus on its narration of China's economic globalisation. It is also about neoliberal discourse, in which the concept of neoliberalism primarily concerns the conflict between the state and the market. Both as ideology and economic practices, neoliberalism is closely linked not only to the campaigns of economic freedom in Western societies in late the 1980s, but also, and perhaps in this thesis more importantly, to the liberalisation of markets in emerging economies that were immensely influenced by the West (Xu, 2011). But let us begin by addressing why this project tackles financial media from the perspective of its neoliberal narratives, and why it focuses on China. The answer to these questions is based on two sets of theoretical foundations that underpin the project as a whole.

The first set of theories are based on the notion that that financial media exhibits a special role as mediator between the economic system and political system (Parsons, 1989). The reason for this is partly due to the fact that the 'economic discourse has come to subsume many political and social discourses' (Cheney, 1998:31). It is also because financial media can profoundly guide the decision-making processes of their consumers, who are influential in both markets and governments (e.g. Gavin, 1998; Schuster, 2006; Mair and Keeble, 2009; Thompson, 2010). The conceptualisation of financial media as mediators is directly linked to the notion that financial media serve to facilitate the neoliberal narrative. The narrative construction of financial media could be related to how people perceive neoliberalism in both economic and political contexts. In studying markets and governments, the forces that act as intermediaries that disseminate information, persuasively articulate values, and connect the realms of business and politics, have been generally neglected, and this discussion is under-developed in the disciplines of media and communication studies.

The second set of theories feature financial media's legitimate role as 'important prerequisite for democratisation of the financial market', in which the financial media help

to legitimise the relationship between finance, economics and other social activities (Schuster, 2006: ix). Moreover, by conceiving financial media as a social organ, the liberal economic discourses act as an extension of political democracy in the formation of public opinion (Herman, 1982; Greenfield and Williams, 2007). The legitimate role of financial media addresses the question of why China is integrating into a globalised economy where financial media is a vital impetus to overseas business expansion. In the contemporary world, the expansion of global capitalism not only refers to Western powers operating in the less developed areas, but also strikingly demonstrates the rapid expansion and consolidation of emerging powers such as China in the global financial sphere.

China, financial media and neoliberal narratives

Among other emerging economies, China is considered as a prominent case under such arguably ‘neoliberal restructuring’ (Yan, 2003), or a ‘mutated form of neoliberalism’ (Zheng, 2008). Since the market reforms initiated by Deng Xiaoping in the late 1980s, China has grown into a global economic superpower. In 2014, according to the International Monetary Fund, China surpassed the United States to become the world’s largest economy in terms of purchasing power parity. This economic success has been achieved by China’s gradual integration into the globalised marketplace. Today, China has emerged as a growth engine for the world economy, rebalancing and even challenging the economic hegemony of the West, led by the United States, and is fast becoming a military force able to contest Western domination of the world.

However, some reformist claims of China’s ‘marketisation’ and ‘opening up’ as being an ‘integration into the global economic system’ (Xu, 2011) are not exactly synonymous with neoliberalism. Paradoxically, one of the core objectives of neoliberalism—eliminating state power—is yet to be achieved in China, as the power of the ruling Communist Party is being further reinforced and legitimised by economic prosperity. David Harvey describes China as ‘a particular kind of market economy that increasingly incorporates neoliberal elements interdigitated with authoritarian centralised control’ (2005). However, other

scholars have been arguing that China's economic development can hardly be characterised as neoliberal, from either an ideological or a practical perspective.

China's paradoxical 'capitalist-socialist' combination of political control and market reform (Sigley, 2006) raises new questions and challenges to the global capitalist system shaped and supported by the democratic West. Given the legitimate role that the financial media play in economic globalisation, the construction of media narratives with regard to neoliberal globalisation becomes crucially significant and therefore needs to be explored, for which a comparative and multidisciplinary approach is appropriate.

Research Questions

- (1) What are the narrative characteristics of two outstanding elite financial magazines — the British magazine, *The Economist*, which has a global readership and influence, and *Caijing*, China's leading financial journal— in portraying China's embracing of neoliberalism and economic globalisation?
- (2) How do the two journals construct the neoliberal narratives by linking language with ideology and power, and how does this reflect the different economic and political parameters of news production?

Hypotheses

- HYPO 1.* Different narrative characteristics in *The Economist* and *Caijing* reflect their own historical and institutional natures.
- HYPO 2.* Editorial stances are distinguished in the way that *The Economist* is neoliberal by imbuing economic events with political implications, while *Caijing* is merely economically liberal.
- HYPO 3.* Narrative structures are closely related to the known characteristics of the media's target readerships.

Methodology

Epistemologically, the project aims to build a framework in which both the qualitative and

quantitative comparisons between two financial journals can be conducted by accessing media studies' tools for textual and contextual analysis, and by deploying a narrative approach. 'Narrative' is a well-established concept, rooted in areas such as philosophy, linguistics, psychology and the arts. Narrative construction in media outlets that function not only as social institutions but also as economic or political actors, has often been inadequately and ambiguously defined and utilised in existing academic works. In answering the research questions, this thesis aims to create a comparative model that could be of broader application for investigating narrative texts in a global context.

Through a study of China's political economy, this thesis attempts to go beyond the dichotomy of either emphasising the communist characteristics of a one-party political regime or the enthusiastic endorsement of neoliberal economic reforms. A specific focus on the globalised elite communication paradigm will help to guide the investigation of China's economic integration in a hybridising and sometimes contesting way, because, at a fundamental level, it will be argued that, in the contemporary world, the elites across borders share similar material interests and the subsequent need to promote and protect a neoliberal global capitalist environment.

Chapter outline

The thesis is divided into nine chapters. The first three chapters of literature review critically summarise the theoretical foundations in three different but highly correlated aspects. Chapter 1 contextualises the definitions of financial media from three perspectives: historical development, production and institutionalism and the elitist nature of financial media. Two leading financial journals—*The Economist* and *Caijing*—are introduced in more detail in order to justify their selection as comparators, i.e. despite their distinct institutional backgrounds, they are comparable when examining the dual nature of financial media, as mediators and their legitimate role of creating a bridge between economics and politics.

Chapter 2 reviews the scholarly works in the three basic areas that serve as the theoretical bedrock for this project: globalisation, neoliberalism and elitism. The discussion provides the premise for the comparative study that economics and politics are inextricably interlinked and examines key factors in the processes of global capitalist expansion. There is a particular focus on the circle of international *stateless elites*, which are rather exclusive and closely connected by shared beliefs and material interests.

Chapter 3 goes on to examine China's economic globalisation in the language of business and economics. Three key events are considered as representative in understanding China's economic globalisation and together shape a holistic picture of it:

- ***China's accession to the World Trade Organization (WTO)***: after years of negotiation, China joined the WTO in 2001; from then on, China has been adapting its foreign trade and investments to be fully incorporated within a multilateral system.
- ***Foreign listing – Initial Public Offering (IPO)***: since 2002, there has been a surge of Chinese companies getting their shares publicly traded in foreign capital markets, reflecting the privatisation and restructuring of big state-owned firms, as well as deeper global integration for smaller private companies.
- ***Outward Direct Investments (ODI)***: along with the 'going out' policy initiated in 2000, the flow of China's companies setting up factories and/or conducting cross border mergers and acquisitions increased dramatically between 2004 and 2008, encouraging the privatisation and internationalisation of the Chinese economy.

The economic and political backgrounds of the three events will be employed as basic guidelines in selecting sample articles for textual analysis. These will also help to stratify the corpus of articles in relation to the two research questions, according to the explorations of *text* and *context*, in which the causal complexity among three events is perceived and interpreted in media content.

As to the methodological design, Chapter 4 elaborates three issues. Primarily it provides theoretical grounds for narratives, focusing on identifying the toolkit for how narrative

elements could be categorised and analysed. Secondly, the chapter emphasizes the justification for the comparative approach adopted in this thesis. The third issue is the core of the thesis — the structure of the methodology in relation to the questions and hypotheses and how they work within the comparative content analysis framework.

Chapter 5, as a transitory chapter, scrutinises how the sample articles are selected and justifies their validity and reliability for analytical purposes. As a preparation for the textual analysis, it also offers a brief account of the overall distribution, patterns and trends of the narratives and highlights some of key features which are further investigating in later chapters.

The main findings and analyses are presented in the following four chapters, with Chapter 6 tackling the first research question, and Chapters 7 and 8 the second research question, while Chapter 9 provides empirical analysis. In Chapter 6, three main aspects of narrative characteristics have been closely examined: *style*, *narrator*, and some of the issues that are tailored to specifically analyse the economic and business stories in agenda-setting, such as *topics*, *countries/regions* and *industries/companies*.

From a qualitative perspectives, Chapters 7 and 8 designate two dimensions of frame analysis—narrative structure in news headlines and frames, with viewpoints pertaining to the three key events being analysed in articles from the two magazines. Particularly, Chapter 7 elaborates findings from the first dimension by singling out three narrative elements for analysis: *actors*, *focalisation*, and *metaphor*. Chapter 8 focuses on the second dimension of frames of articles, incorporating the viewpoints. Four frames are identified from a semi-deductive approach for analysing the neoliberal discourse—*cost-benefit analysis*, *economic consequence*, *political consequence* and *elitism*.

Finally, Chapter 9 examines interviews with journalists and editors, as well as observations of the newsroom routines of the two magazines. It provides complementary empirical evidence for the textual analysis from the perspective of the political economy of media as

social institutions. Such 'context in the real world' provides another dimension of comparison, and helps in understanding the construction and reconstruction of neoliberal discourse in Western and Chinese contexts.

Chapter 1.

Contextualizing Financial Media

In media and communication studies, only a handful of literatures have grappled the special characteristics of financial media, and its relationship with economic development and social changes. Therefore, the concept of financial media needs to be identified in the contexts of history (1.1.1), media production (1.1.2) and institutionalism (1.1.3). More specifically, the target cases—*Economist* and *Caijing*—will be spotted to justify their validity and significance for analyzing the neo-liberal discourses constructed by financial media. To briefly sum up, the first chapter seeks answers to three sets of questions: (1) What is financial media? (2) What are the *Economist* and *Caijing*? (3) How are they selected? And why are they comparable?

1.1 What is financial media

Financial media refer to the media covering stories of economics, business, and finance. They are to inform people about the economic environment that they inhabit (Kinsey, 2009; Parsons, 1989). Financial media could be synonymous with economic or business media/journalism/press. Three terms are interrelated and sometimes overlap with each other. Strictly speaking, economic media emphasize macroeconomics, such as unemployment, inflation, trade, wages, and environmental issues. Business media apply to businesses of corporations and industries. Financial media specifically refer to capital markets, securities, and investments. The thesis chooses to use ‘financial media’ instead of ‘financial journalism/press’, because the cases *Economist* and *Caijing* manifest characteristics beyond journalistic pieces of works. The following sections will define their nature as professional journals. Additionally the texts that will be analyzed in methodology include more than just pieces of works by journalists. Therefore, the thesis attempts to use ‘financial media’ as a general term to include all above mentioned categories.

1.1.1 History of financial media

Since the mid-1500s, the Fugger family began its newsletter system, which employed correspondents across the European continent to disseminate information of local business conditions that may affect the interest rates they charged to the clients and even to entire economies across Europe (Roush, 2006: 14-15). The Fuggers are regarded as the first to invent a complex system to provide information about business and economics. Major European ports such as Antwerp, Amsterdam, and Hamburg were accustomed to receiving such published form of business information (Parsons, 1989; Roush, 2006). The emergence of such a financial information system was even earlier than the existence of the political press (Storey, 1951). In 1588, the world economic centre shifted from Europe to the United Kingdom when the British Navy defeated the Spanish Armada. London had replaced Antwerp to become the ever-complex location for trade and communication (Roush, 2006; Parsons, 1989). At this time, the earliest business press appeared in London with the primary goal of extending the market efficiency beyond their immediate locality, while the publications at that age contained information of bills of entry (lists of exports and imports of commodities at various ports), price currents (details of market prices of commodities), marine list (information of shipping), and exchange currents (foreign bills of exchange and stock market prices) (Parsons, 1989: 13).

In the eighteenth century, the business press in America started alongside the thriving commercial expansion. The initial printed business information took the form of advertisements on papers for merchants to publish their business and notices. Then the local postmasters used papers like *News-Letter* founded by John Campbell to exchange information among colonies and across the Atlantic Ocean (Roush, 2006: 18-19). After the American War of Independence, trade papers like *Price Current* (earliest trade newspaper founded in 1795 in New York), became essential publications providing prices of imports and exports for manufacturers and dealers in America. The flourish of the trade papers accompanied with the emergence of industries, of which the shipping business was the first to grow, followed by the railroad industry (Gussow, 1984), manifested clearly the importance of the newspapers in fostering international trade and new ventures among commercial elites (Parsons, 1989: 15).

The Industrial Revolution marked a key formative stage in the evolvement of financial media for both continents—Europe and North America, consisting of two aspects in the process. First, as the business press industry started to become more competitive and readers more financially literate, there was segmentation by functions between financial dailies and financial periodicals. The emergence of financial dailies in London and New York signaled the dawn of a new economic era (Parsons, 1989: 36). In Britain, *Lloyds List*, one of the most prestigious ‘mercantile newspapers’ (Parsons, 1989), still exists today with its reputation for accuracy, covering shipping news as well as London Exchanges and the prices of commodities. In America, what further boosted the industry was the ‘penny newspaper’ (Roush, 2006: 25). The *New York Herald*, founded by James Gordon Bennett in 1835, is among one of the first penny newspapers devoting large amount of space for regular business and economic news reporting, to attract wider readers with different interests and varied incomes (ibid). Almost simultaneously, the financial periodicals played a role as a forum for new ideas, evolving from a traditional channel for market information. It reached a group of elite readers who were ‘critical, articulate, influential’ (Shattock and Wolff, 1982: xiv), in order to be considered ‘opinion forming’ media. *The Economist*, founded in 1843, is one of the pioneering examples until now (*The Economist* started as a newspaper, it converted into magazine format only in the twentieth century).

A second evolvement was the shifting role from market information provider to economic opinion debating forum. Adam Smith’s new economic ideas and the laissez-faire political economy rhetoric won the first victory (Parsons, 1989). The existence of magazines and newspapers spread and generated new economic ideas of how the market should work, not like the old forms of academic debates. Not only did they inform, educate, and entertain audiences with economic ideas and literature (James, 1982: 351-2) but they also introduced a new focus and language of public affairs with political and economic discourses (Parsons, 1989). John Maynard Keynes, Milton Friedman, and more recently Paul Krugman are the most famous names as celebrity economists in media, promoting their own theories and policies (Parsons, 1989; Roush, 2006; *Economist*, 2003).

Intertwined with the development of the global financial market, new communication infrastructure has emerged since the early nineteenth century. Financial media became more influential on global monetary transactions, with the invention of communication

technology, the telegraph (Carey, 1995). Since the transnational business expansion, there was an increasing need of convergence of price differences in order to make profits from these arbitrage opportunities in dimensions of both space and time (ibid: 156). With the growth of global financial markets, media have participated in these speculative activities (Thompson, 2010: 38) as ‘space adjusting technologies’ (Barnett *et al.*, 1999). It spatially extends the global capital market, and separates it from commodities transactions. In the late twentieth century, financial wire services offered us both timely news reporting and innovation in trade practices (Craig, 2001). The Reuters founded in 1851 and Bloomberg founded in 1981 have developed electronic trading platforms, in which direct market interface can be achieved through multimedia forms (Thompson, 2010). Financial wire services have catered to wider individual investors, who trade financial products through traditional brokers. Under the circumstance, the asymmetries of accessing financial information between professional/institutional investors and general/individual investors have been reduced. In this sense, financial media have certainly increased the turnover of the securities and in turn intensified the short-term price fluctuation (Porter, 1998).

In the early twentieth century, the development of financial media in both quantity and quality had profound intellectual influence in changing economic and political agenda settings. Particularly the rise of business magazines not only changed the way of reporting of financial journalism but also made contributions to new ways of interaction between financial journalists and elite readers in business and politics. *Forbes*, founded in 1904 in New York, and *BusinessWeek* in 1929 shortly before the Depression, are two of the most prominent examples. They provided in-depth coverage, often three to four times longer than the old format, and reporters spent months working on the stories to find new styles or angles on how the subjects were covered (Roush, 2006:88-9). Together with the elite newspapers’ depth and breadth of reporting, such as the *New York Times* and *Financial Times*, their economic discourses have actively shaped business and political ideas (Parsons, 1989) by interacting with the ideas’ professional originator—economists and the economic policy makers—politicians. From the 1920s to the 1930s, the Keynesian revolution caused the emergence of a group of economic journalists who had greater influence on British policymaking and dissemination of Keynesian ideas to the public (Parsons, 1989). In the 1970s Milton Friedman overtook Keynes as a celebrity on the *Wall Street Journal* to skillfully publicize his ‘monetarism’ opinions, as part of the ‘counter-

Keynesian' revolution, which also occurred in Britain (Parsons, 1989). The 1980s witnessed a new growth of financial media with the deregulation of the financial market and privatization (Parsons, 1989). The power of financial media could be characterized by 'its capacity to establish a community of economic discourses' (ibid) to change the attitude and opinion of its readers, especially the affluent readers who are influential in shaping the economic agenda (Jackson, 1985).

1.1.2 Production of financial media

Financial news reporting as a specialist subgenre manifests a much-compressed news cycle, according to the studies by financial media. People who are well informed and influential in the market and government perform various roles in the cycle, in which the 'boundaries between producers and consumers of financial knowledge are increasingly fuzzy' (Clark *et al*, 2004: 304; Porter, 1998). Journalists' role in the process could be fluid and ambiguous with constant challenges (Borden, 2007; Davis, 2007). The financial news cycle generally feature an elite network, because the complexity of economic and financial knowledge enhance the reliance on professional sources and exclude people outside the profession (Parker, 1997; William, 1998; Sherman, 2002). The literature of the production of financial media are categorized into three dimensions in term of the journalists' relationship with elite actors.

(i) Elite source

The relationship between financial journalists and elite sources of finance and business are more subtle and intense than other news genres. In financial news reporting, the media largely depends upon the professional in the fields of business and finance as the 'primary definer' (Hall *et al.*, 1978) to make sense of market events, even the well-informed financial journalists lack financial knowledge (Matolcsy and Schulz, 1994). The specific expertise in mathematics and business is more unlikely to be mastered by journalists as the markets evolving fast with new models and financial instruments (Parker, 1997; Williams, 1998). Immediacy is the 'dominant journalistic value-even over accuracy' in financial reporting (Malmqvist, 1998:163; also Doyle, 2006). The dual pressures of both time constraint and complexity of market are obstacles for journalists to critically access the sources. The relationship between journalist and source become subtle as business elites,

financial analysts, PRs, and journalists are all involved as the market actors in financial reporting as well as market activities (Davis, 2000).

Some studies shed light on the homogeneity of the views of elite sources. Malmqvist (1998: 164) explores that reporters and analysts tend to strengthen each other's view on average, in order to avoid being 'insufficiently informed'. There is an awareness to reinforce the prevailing news value (Doyle, 2006: 447). Similarly Rothkopf (1999) and Kunczik (2002) also point out the self-referential nature of financial journalists and analysts, especially in covering the markets in remote locations. However, most of these studies focus on information-oriented news, which are seen in business segments of the mainstream media (Doyle, 2006) and stories in sugar coating of entertainment to compromise the public taste (Millman, 2006). By contrast, specialist financial media that write in-depth investigative stories, receive much-less academic attention, in relationship between journalists and elite sources. This kind of financial media do not take the immediacy as the prime editorial concern (Lenzner, 1997). They tend to spend more time on months-long investigation and follow up on the important hard news. Journalists' knowledge and insights into the topics could be different from the journalists reporting information-oriented news.

(ii) *Elite audience*

The audience of the financial media is depicted as quite different from more commonly researched audiences, who are seen as the victims of media effect in the 'pleasure-seeking' process in a 'leisure or social environment' (Davis, 2000: 306-7). Since the production-consumption dynamic is distinct from other media genre, the audience becomes one of the decisive parameters in financial news production. Dividing financial media by audience profiles, there are specialist financial news cultivated for elites and mainstream financial news for the masses. The mass audience is unconscious and unaware of media effect (Hall, 1980; Graham, 1979; Murdock and Golding, 1977). The elite audience is empirically defined as well-educated, financially literate (Doyle, 2006), active and rational individuals who are immune from media impact (Davis, 2006), and 'upscale' readers (Dreier, 1982: 128; Parsons, 1989). However, financial elites are powerful people in society with specific decision-making objectives when consuming media (Davis, 2005: 307); they are 'rational', 'profit-maximizing' individuals in finance and economics (Davis, 2010: 605-6). When

financial journalists consciously consider such imperatives in production, they take these features of being active and influential into judgments (Doyle, 2006). Therefore, financial news is produced and encoded primarily for a narrower elite interest (Parsons, 1989: 3; Davis, 2000), excluding the general public. In addition, the way the general audience consumes the media is likely to be of a different nature.

Studies of the mass, lay audience of the financial media take a different approach, but it is worth mentioning as it reflects the changing structure of market and a different style of reporting. In recent decades, the financial deregulation and growth of personal investment has shifted the audiences from financial professionals to a broad, lay audience for financial ‘infotainment’ (Livingstone, 1999). The emerging plurality of financial audiences include a vast majority of untrained amateurs, investment clubs, and people who are aware of their mortgage, insurance, and pensions (Clark *et al.*, 2004; Lewis, 2001). Because of the greater level of financial literacy and integrating global markets, ‘the watching audience became powerful players in their own right, rather than being simply represented in the markets by knowledgeable professionals’ (Clark *et al.*, 2004: 294-95). The transformation of the readership leads to two changes in production. First, financial reporting tends to be more accessible and appealing to cater to the general public’s financial literacy (Doyle, 2006); and, they adopt human angles centred by characters and dramas in the realm of business and finance (Tumber, 1993). Second, economic news coverage could be correlated to people’s economic expectations perceived from news and the actual economic conditions¹ (Blood & Phillips, 1995; Goidel and Langley, 1995; Wu *et al.*, 2002). Economic news coverage could to some extent form the economic expectation of average citizens and have an independent effect on economic evaluation (Goidel *et al.*, 2010).

(iii) *Elite reporting target*

The elites as the actors in financial news stories refer mainly to the corporate executives, PRs, economists, economic policy makers, and so forth. From the perspective of seeing elites as the reporting targets, the existing literature emphasizes business stories, which

¹ Several studies using a statistical model have tested the three variables— real economic conditions, economic news coverage, and people’s economic expectation—under different circumstances and time spans. The results are not consistent with each other but still to some extent it shows a certain correlation between news coverage and real-world economic conditions.

have been classified into two types—pro-business and anti-business reporting. For the first type, ‘corporate bullying’ is acknowledged as one of the consisting pressures financial journalists have to bear when writing company stories (West, 2005: 9). The ‘spin culture’ is derived from companies’ need for a positive public image (Doyle, 2006). In particular, the corporate public relations play a crucial role as the source of business stories; and in turn benefit the corporate sector as a whole (Davis, 2000). From a political economic perspective, elite media act like big business, selling a privileged audience as a product to the market or businesses (Chomsky, 1997). It is the business source dominance that captures the elite audience’s interest and advertising (Parsons, 1989; Andrew, 1995). The limited autonomy of media is the result of integrating the business community when aggressively mobilizing to offset the media’s hostility to corporate wrongdoings (Dreier, 1982).

Some scholars argue for the second type that financial media have an anti-business agenda. In one way, financial media enjoy a certain degree of independence for being skeptical toward the business and financial elites (Doyle, 2006). As Roush (2006) describes, American financial media is ‘muckraker’ to the business world. However, the claim of objectivity is elaborated as a systematic bias of business reporting in the studies of business-media conflicts. The misrepresentation of business coverage refers to negative stories of management failures, corporate fraud, broken deals, and so forth (Tumber, 1993). Business people complain that the scandal stories are due to journalists’ ‘economic illiteracy’ and misunderstanding of business (Sethi, 1977; Rippey, 1981). But this opinion has been controversially discussed in journalistic perspective. The ‘biased’ business coverage is one of the audience-building strategies (Tumber, 1993) by adopting the human angle to cater to the appetite for a wider audience in a more ‘accessible’ and ‘appealing’ way (Doyle, 2006: 436, 438). Schudson (1991: 147) explains that media’s dissenting representation of business is partly because of their own legitimation need. As a capitalist institution itself, financial media need to legitimate a capitalist system as a whole.

1.1.3 Institutionalism of financial media

The business and economic news incorporates values that could cause the redistribution of wealth of the society, because of the institutionalization of new economic communication

(Schuster, 2006). Recent approaches of economics and finance studies on 'behavior economics/finance' conclude that markets should be understood by considering their communication environments. Media coverage of the market become a crucial parameter when analyzing economics and business, by regarding financial media as a social sector interacting with other economic, social, or political actors at organizational levels. In the sociology of news, journalistic text is the product of cultural, technological, political, and economic forces (McNair, 1998 and 2006). Bourdieu's field theory and the new institutionalism conceptualize how the internal and external forces shape the news and the complexity of their interactions (Benson and Neveu, 2005). He hypothesizes the internal heterogeneity of news media, emphasizing related autonomy from external pressures (Benson, 2006). By contrast, new institutionalists assert that the news media as a social sector features internal homogeneity. They equate the news routine and practices to organizational sense with respect to other social or political actors (Cook, 1998 and 2006; Sparrow, 1999 and 2006).

There are special features within the field of financial media. The core value of financial media is its 'important prerequisite for democratization of the financial market' (Schuster, 2006: ix), in which the financial media help to legitimate the relationship between finance/economics and other social activities. Distinct from social or political news, financial news exhibits a special role as mediator between price system and political system (Parsons, 1989). The dual nature in politics and economics establishes the relationships between market, government, and society. The 'economic discourse has come to subsume many political and social discourses such that it often seems that everything is redefined in purely economic terms in order to have greater practical significance' (Cheney, 1998: 31). Therefore, the literatures of the institutionalization of financial media contain three parts, with each representing the interaction between financial media and the corresponding social institutions—market, government, and civil society.

(i) Financial media vs. market

In a capital market, mediated financial information, particularly for those carrying the comments of celebrity financial analysts, could be the trigger of financial market movement, at least in the short term (e.g. Sant and Zaman, 1996; Vickers and Weiss, 2000; Busse and Green, 2002). The mass investors are audience, primarily following the media

for investing activities. In the relation between financial media and stock markets, financial media as a whole have ‘neither extraordinary forecast abilities, nor are they capable of triggering the fulfilment of their own prophecies’ (Schuster, 2006). So there is little chance for private investors who rely on media information to benefit from small or short-term price movements, partially because there is a self-fulfilling prophecy between the non-institutional investors and financial media. Short-term abnormal returns will occur when media provide certain expectations for mass investors (Sant and Zaman, 1996). The arbitrary opportunity is the short term ‘noise’ generated by financial news (Lenzner, 1997). The media report market events in an over-simplified way to proximate the financial rationality in order to cater to the general public’s understanding of market movement. To further confirm the point by studying the institutional investors, the elite audiences are immune from media effect, because they have a better understanding of professional knowledge and acute logic in receiving financial news (Davis, 2005). It is tentative to conclude that the media play a role in the process of homogenization of investors’ decision-makings (Hirshleifer and Teoh, 2003), in which they are infected with each other’s emotions in the media as a big ‘learning lab’.

The ‘intentional manipulation’ of media (Schuster, 2006) to mass investors raises increasing attention in the areas of finance and economics. The ‘expert’ sources in financial media attribute market events to a certain focus of variables (Shiller, 2000) or attach collective significance to ‘an arbitrary reference point’ (Thompson, 2010: 46), such as ‘high-tech’ stocks or a certain record-high hit of Dow Jones. Cassidy (2002) and Shiller (2001) describe the media as ‘irrational exuberance’ in late twentieth century of the Telecommunication, Media, Technology (TMT) stocks booming. At the time, financial media acted as a speculative forum for financial information to circulate about the ups and downs of the market and help to hype the stock market (Davis, 2006: 619). To test this hypothesis, Bhattacharya *et al* (2009) study the IPOs of Internet stock, proving that media do hype the fluctuation of Internet stocks’ performance. Hence, from the aspect of capital market, the ‘mediatisation of the market’ has negative consequences negating cost on both individual and systematic levels (Schuster, 2006).

From a macro perspective and taking real commodities business into account, mediated economic rhetoric try to re-formulate the economic rationality or concepts and also helps

to provide implications in practical circumstances (Cheney, 1998). Financial media is ‘a machine for producing and disseminating knowledge to business elite’ (Thrift, 2001: 415). By ‘re-describe[ing] market fundamentals’, financial media help to form a new market culture as a consequence of economization of the public sphere since the ‘New Economy’ boom (ibid: 245). To echo the point from a macroeconomic and long-term insight, Duval (2005) examines French financial journalism by adopting the field theory and concludes that the role of financial media is for legitimation rather than critique and transformation, because the news production is subject to the economic interest pursued by institutions and agents involved in economic field (ibid:137). From the view of political economy, it is in the media’s commercial interest to make the public believe that financial reporting can forecast and actively stimulate the market movements, from which people can benefit by consuming more of their news. So it is generally agreed upon that financial media serves neither as an early warning system nor as reliable forecaster of the economy (Schuster, 2006: 37).

(ii) *Financial media vs. government*

Scholars in the fields of economics, finance, and political science firstly pay attention to the organizational role of financial media to political activities, as the economy is increasingly becoming central to government competence and reputation of politicians (Gavin, 1998: 3). The economy sphere and business climate occupy the central importance in daily political debates (Goddard *et al.*, 1998: 33). Macroeconomics has been the ‘prerequisite for engaging in the politics of the 1980s’ (Boynton and Deissenberg, 1987). The news in economics and finance aims to legitimate neo-liberalism ideas, which are supply-side economics (Krugman, 1994; Brown, 1994) or synonymous with globalization as a broader political framework (Greenfield and Williams, 2007). So the media convey the policy arrangement such as market privatization, government deregulation, and society ‘financialization’ as rhetorical persuasion to public, in order to rationalize the political decisions (ibid).

Some studies argue about the way journalistic discourse legitimating political policies fails to ‘facilitate a sound public grasp’ in the news development of economic or financial stories (Doyle, 2006: 435). By excluding the general public, the reporting erodes the civic entitlement and restricts political participation, which further fails its potential implication

to democracy (Greenfield and Williams, 2007). Brand (2010) confirms the point by studying the histories of African financial journalism. As a political institution, financial media act as information disseminator among corporate, market, and policy-makers to circulate and normalize the free market advocacy particularly to elite decision makers. From the perspective of journalistic professionalism, financial media has a political editorial stance by examining the source, target audience, and code of ethics. Due to its nature, the connection between financial news and government is less obvious and further away from the focus of media research than the tie between financial media and market.

However, some studies attach importance to the issue when the economy is experiencing a transitory situation, in which the financial media is featured as an effective factor in people's ideological transformation. Ainamo *et al* (2006) study the impact of business journalism in Cold War Finland on economic decision-making. When Finland was under transition from central-planning to free market economy, media played a vital role in the ideological struggles among nationalist, pro-Western and pro-Soviet political forces. The study shows Finish business journalists gradually became an influential force promoting neo-liberal ideology. Tienari *et al* (2003), from the perspective of corporate management, investigated the media discourse in cross-border M&A and concluded that global capitalism dominates the media representation of nationalist articulation. The rationalistic discourse makes the 'logic of the contemporary neo-liberal global economy factual' (ibid: 390; also see Fairclough, 2000). More recently Slovenian media coverage has been analyzed regarding the EU's financial integration (Erjavec and Erjavec, 2009) based on sufficient empirical data. In reflection of government and party communication strategy, the media's economic discourse is to promote government politics; rather than to build up an EU public sphere from the integration of financial markets.

(iii) *Financial media vs. civil society*

Scholars observe financial media's connection with civil society by adopting two mechanisms, which lead to opposite conclusions. (1) Market mechanism: By legitimating the idea of free market ideology and financialization, a new financial culture has been framed (Greenfield & Williams, 2001 & 2007). The media engage the mass audience into the economic sphere and identify them as economic actors (Hindess, 1989). Financial rhetoric takes the constitutive role in raising the public's

awareness of economic discourse or financial activities, which are promoted as the driving force of capital accumulation and good implications to civil society (Greenfield and Williams, 2007; Thrift, 2001). Despite the growing sense of public engagement, observation over coverage of market failures (financial crisis or economic recession) reveals that the public has also become more sensitive to its own unintentional exposure to financial hazards (Hope, 1998; Thompson, 2010). In consequence, this kind of public uncertainty leads to the potential for financial media as being more critical toward the misbehaviour of market and even the legitimization of capitalism (Thompson, 2010). (2) Political mechanism: In democratic societies, politicians are essential to win public confidence in government (Gavin, 1998). Media portrayals of economics have political and ideological implications to affect the public's decision-making in elections (Glasgow University Media Group, 1976 and 1980). The messages conveyed by financial media are distortedly explained (Jenson, 1987; Emmison, 1993) in order to favour the interests of a certain political party (Mosley, 1984; Gavin, 1992; Sander *et al.*, 1993). By contrast to what has been argued via market mechanism, financial media attempts to exclude the general public and to make the financial rationality politically irrelevant to majority ordinary citizens (Greenfield and Williams, 2007; Davis, 2005; Wilby, 2009). Media operate within the prevailing neoliberal market logic. Financial media are particularly vulnerable to editors and producers who interlock with financial institutions (Dreier, 1982; Wilby, 2009). Thus, they fail the role in educating the public with the knowledge of economics and finance (Dolye, 2006). Financial media behave to circumscribe the public from democratic participation in political-economic arrangements (Greenfield and Williams, 2007; Parker, 1997).

Dolye (2006) studied the UK financial media by interviewing the practitioners and summarized two reasons why financial journalists are unaware of the responsibilities to civic empowerment and democracy. Her results show that the production of elite-targeted financial news is commercially oriented and not designed for public education (Doyle, 2006: 450). Similarly, the economists, politicians, and media collude with each other in the interpretation of economic and financial stories to 'obscure rather than illuminate the grip of big business over public life' (Galbraith, 2004). Parker (1997) reaches similar conclusion by examining the American financial media based on surveys from various sources. Instead, he offers another set of reasons—growing complexity of economic theories and lack of professional training among financial journalists. The

economic/financial rationale has become more difficult to be understood for both journalists and the ‘anxious public on concerns that matter most’ (ibid: 128). Today’s media coverage of economics is enormously related to the economic policy. But there is a huge gap between what people care about related to their daily economic routines that directly link to government policies and the public’s understanding of the how economics work—how the inflation, the deficit, or CPI change their incomes, job prospects, and savings (ibid: 130-31).

1.2 What are the *Economist* and *Caijing*

1.2.1 The *Economist*

James Wilson, a London-based businessman, founded *The Economist* in September 1843. Originally it was called *The Economist: the political, commercial, agricultural and free trade journal* (Alfredo, 2000) and referred to itself as a newspaper until today even it has transformed to magazine format printed on small glossy paper. The commitment to investigation of public affairs and the advocacy of free trade initially involved the magazine in the battle to repeal the England’s Corn Laws, which imposed the tariffs on cheap food imported from abroad to protect local landowners, but on the contrary hampered the industrial development and international trades (ibid; Beal, 2008). To describe the publication with a one-sentence narrative:

The Economist was founded in 1843 to campaign for free trade, *laissez-faire* and individual responsibility through the medium of rational analysis applied to facts; its good fortune is that both its principles and its methods remain relevant 150 years later (Edwards, 1993).

Based on existing studies in scholarly works and in other media, this subsection will summarize three main characteristics of the *Economist*: **(i) international elite readership**, who are a globetrotting crew (Starr, 2010: 377) to make sense of a globalizing world and to pursue economic prosperity as well as political influence; **(ii) editorial anonymity**, which ensures the unified opinionated content in admired and distinct voice; **(iii) neo-liberal editorial stance**, as the key success of the media over centuries in promoting free trade, free market and other social issues towards liberal bent.

(i) International elite readership

The most remarkable controversy of the *Economist* is its role as ‘the house journal of those for whom the world is their constituency’ (Jay, 1985: 52). By 2010, it had 56 percent of readers from North America, 17 percent from continental Europe and 14 percent from home. They are among the most affluent figures in the population, constituting decision-makers from business and politics. For a relatively small number of subscribers in non-English-speaking countries, they are as influential as their capitalist counterparts as the *Economist* claims (Jay, 1985). According to Bill Emmott the former editor of *Economist*, the journal purposively insists on targeting an elitist-niche market when most of the competitors move to entertain the mass audiences (Langfitt, 2006). Various forms of marketing and advertising campaigns emphasize the elite status of its subscribers. According to the brand marketing manager Jacqui Kean, the magazine’s brand positioning is the ‘intellectual rigour, independence, irreverence, and an international outlook’ (Alfredo, 2002: 196). For instance, the use of advertisement to promote the magazine, some of which only contain words, the perpetual theme colours of white and red and its slogans to flatter its readers, such as ‘makes white collars brighter’ (ibid; Gottipati, 2010). All these give people the impression that the *Economist* has a more sophisticated readership. It provides the snob appeal (Gottipati, 2010) and convince people that ‘you would be proud to be seen reading on the tube, train or aircraft’ (Alfredo, 2002).

Such elite-targeted marketing strategy lays on the solid foundation of its global-oriented content. Rooted in the free-market position, the journal positively portrays globalization and neo-liberalism (Starr, 2010) rather than emphasizing a voice from any country. As Bill Emmott asserts in *The Pursuit of Reason*, ‘The *Economist* believed in internationalism, seeing the world as an inter-related political and economic whole rather than as a mere collection of British interests’ (Edwards, 1993). Such globalized intellectual identity publishes only one edition—what you read in London or Chicago is exactly what you read in Beijing or Bombay. It requires high-quality of analysis of ‘an increasingly interconnected world’ (Langfitt, 2006). The interplay between the neo-liberal stance and international elite readership have clearly manifested by the journal’s investigation of the American market, which today accounts for the magazine’s largest market share. Since its first move across the Atlantic after the Cold War, the *Economist* has been blamed for pleasing the affluent American readers by embracing the belief of American

exceptionalism. One of the former editor Andrew Knight, who himself is an Atlanticist, defended that the magazine has the advantage of being in the 'healthy offshore' position to provide independence voice (Jay, 1985; Edwards, 1993); and former editor-in-chief John Micklethwait also explains the magazine's niche position in America is to 'look at the world through global eyes' when the 'local-local' journalism prevails (Beal, 2008).

(ii) Editorial anonymity

The *Economist* formulates its content in unified voice that appears to be admired and distinct within a hierarchical system (Sullivan, 1999). Not only every journalist not have a by-line but it also refers to a hierarchical editorial structure. Compared with its counterparts, the *Economist* has much fewer staff to centrally control the reporting and writing (Jay, 1985; Sullivan, 1999). As it claims on its website, 'a collective voice and personality matter more than the identities of individual journalists'. Although the journal favours the philosophy of free enterprise, its own structure is paradoxically a socialist, mercantilist 'dictatorship' (Sullivan, 1999). The absolute authority of the editors is not merely in order to shelter individual journalists; rather it asks for everyone to think 'as good as the [magazine]' (Jay, 1985: 54). However, there are criticisms over the drawbacks of the virtual monopoly in journalistic practice. The editorial authority gives senior editors absolute power to opinionize the media as they see fit. While, the juniors are less certain about remaining anonymous (Jay, 1985). Hiding the names of the journalists creates illusions that the editors 'dispense disinterested truth rather than opinion' (Fallows, 1991). The identical voice is produced by young people pretending to be old and sophisticated (quoted from Michael Lewis, *ibid*). Also it is ineffective in terms of correcting internal flaws (Sullivan, 1999).

(iii) Neo-liberal editorial stance

The development of the *Economist* reflects its perspective of seeing the market not only as a tool but almost 'a code of morals' which has been in tune with the times despite the critics (Edwards, 1993; Jones, 2006). Norman Macrae, editor in 1960s and spiritual father of today's *Economist*, believed everything could be privatized. Pennate-Rea, another important person leaning in the liberal direction, also believed passionately in free markets (*ibid*). Because of such fundamental guidance in editorial, the concerns of political stance can easily give way to more broadly defined neoliberal bents. By 'serving liberty and the

common good', *Economist* claims to remain politically neutral, because that 'no one can say 'they are on our side' (quoted from Geoffrey Growther, 1943, in Jay, 1985). The neutrality is ensured by the institutional independence. 50 percent owned by Pearson, 50 percent by private investors including family shareholders of Rothschild, Cadburys and Schroder, and with a trust to preserve the editorial independence—its ownership structure² makes sure it is immune from outside pressures. The board of trustees aims to protect journalistic standards by separating from financial operation and appointing the editors (Jay, 1985; Davidson, 2008; Brook, 2008).

The *Economist* maintains its own style of writing under a neoliberal stance. It contains much less hard facts and data analysis with less original reporting than other media counterparts. The tone is set to deliver the ideological stance by producing more in-depth stories or by specializing in one area and covering it exhaustively (Sullivan, 1999). It adopts a rational, reasoned, with an opinion-oriented essay-writing style. The business reporting, which is the 'engine room' of the magazine, according to Micklethwait, presumes the familiarity with fundamental concepts of economic jargons and rationales (Beal, 2008). At times it does not even translate quotes or phrases in French, Ancient Greek, or Latin as such are familiar to its educated readers. So *Economist* is often regarded as a 'journalist's journal'—written by professionals for professionals (Jay, 1985: 54). The pro-free market and pro-globalization editorial stance is represented through this way as the dominant code to its clubby elite readers without persuasion.

In the recent decade, neoliberal economic policies have started to fail, especially in many developing countries and for the poor. There are voices of dissent of neo-liberalism and globalization (e.g., Rodrick, 2011; Chang, 2010). Joseph Stiglitz and Paul Krugman are among the most renowned economists being critical of the dominance of neo-liberalism in the world economic system. The *Economist* receives criticisms for its enduring mission in support of free market and free trade. The strong opinion tradition gathers the editors and journalists who also hold the beliefs in neo-liberal philosophy, most of whom have graduated from the same college—Magdalen College, Oxford University (Stern, 2005). Such tradition makes the journal looks at the market through the lens of 'neo-liberal meta-

² In July 2015, Pearson sold the FT Group to Japan's Nikkei Inc. During the same period, it was in discussion to dispose the 50 per cent of holding of the Economist Group.

narrative' (Starr, 2004: 375). Some scholars argue that it is an editorial constraint, which limits the discourses to the realms of economics and business, excluding or devaluing the knowledge of any other domain (ibid). The inevitability of globalization is represented as a mere positive extension of free trade and market capitalism; and, it mostly serves the need of transnational capital elites, who are the target audience the magazine sets for itself (Finkel, 1999; Starr, 2004; Stern, 2005).

1.2.2 *Caijing*

Caijing (literally means 'economics and finance') is a Beijing-based media specializing in companies, capital markets, and other social issues. The cover story of the inaugural issue—'Who should be responsible for *Qiong Min Yuan*? - uncovered China's biggest corporate scandal since the establishment of the domestic capital market (Lin, 2006). As the Chinese version of 'glasnost' (Chen, 2010), *Caijing* has adhered to such fearless reporting style on issues of corruption, pollution, public health scares, and other sensitive topics (Olesen, 2009). More crucially, *Caijing* digs down into what are the deep-seated reasons or consequences of the stories with social and political implications (Chen, 2009). It becomes a leading iconic media in terms of advocating China's economic reform on the ideological front and challenging the gray area of media censorship by confronting the government and the market (Lin, 2006; Lin, 2008; Chen, 2009).

(i) Journalistic professionalism in Chinese context

The emergence of *Caijing* coincided with China's media reforms since the mid-1980s. Media have been commercialized, and press freedom became part of the agenda that came with political democratization after economic reform (Zhao, 1998; Lin, 2006). The concept of journalistic professionalism was borrowed and adapted from an Anglo-American tradition (Lu and Pan, 2002; Zhao, 1998). As China established capital market in the late 1990s (CSRC, 2008), *Caijing* commits to educate readers about the knowledge of capital market, and uncover the frauds or deceptions to enhance market transparency and the accountability of the state-owned enterprises (Hu, 2011). It has been on 'near-perfect pitch' for consistently practicing professional journalism with the tradition of skepticism and fearless questioning (Osnos, 2009). *Caijing* adopts a similar tone as the *Economist* for reasoning and using economic jargons without explanation, intentionally targeting elite

readers. In this way, it allows more tolerance from the Chinese Government's propaganda department toward its aggressive provocation of liberal ideas since most people are not financially literate (Olesen, 2009). For those who were keen to practice journalistic professionalism in China, *Caijing* provides them with such unique opportunity. The magazine gained wider attention not only from reform advocacy but also by letting loose on censorship over the exposure of market deficiencies, paving the way for freedom of speech and for future political democratization (Hu, 2011; Schuster, 2006).

(ii) Personal influence of Hu Shuli

It has been widely believed that the success of *Caijing* was closely tied to Hu Shuli's personal style. As the founder and former editor-in-chief, Hu has been symbolized by other media as the pioneer for the liberal editorial stance and advocating for deeper market reform. During the time that she was leading the *Caijing* team, Hu Shuli had been awarded as one of 'The Stars of Asia' by *Business Week* in 2001 (Clifford, 2001); 'International Editor of the Year' by *World Press Review* in 2003 (World Press, 2003); one of the 'most powerful commentators in China' by *Financial Times*; one of the 'Ten Women to Watch' by *Wall Street Journal* in 2006³; the Louis Lyons Award for Conscience and Integrity in Journalism by Nieman Foundation at Harvard University in 2007 (Nieman Foundation, 2007); and one of the top 100 public intellectuals in the world by *Foreign Policy* in 2008 (FP, 2008). Furthermore, after she left *Caijing* in 2009, she was called one of the 100 most influential people in the world (i.e., TIME 100) by *TIME* in 2011 (Ignatius, 2011). Hu was born in Beijing into the lineage of a journalism family. Her grandfather Hu Zhongchi was a famous translator and editor at *Shen Bao*; her mother Hu Lingshen was a senior editor at *Worker's Daily*, China's second-largest newspaper. After her graduation from People's University of China in 1982, she worked as an assistant editor, reporter, and international editor in *Worker's Daily*. In 1989, she was suspended from being a reporter because of 'her sympathy' for the Tiananmen Square demonstrations (Osnos, 2009). She then joined *China Business Times* in 1992 as international editor and became chief reporter in 1995.

During her eleven years as the editor-in-chief, both her personal fame and the media's reputation grew for 'divining the boundaries of free expression in China' (ibid). By the end

³ These two awards do not have original reports online. But they are cited several times in other feature articles about Hu Shuli.

of 2009, Hu Shuli resigned along with 90 percent of *Caijing*'s journalists, among which nearly 60 percent were from the business department (Hu, 2009). With regard to the exodus, there has been no official explanation from either Hu or the Stock Exchange Executive Council (SEEC hereafter), *Caijing*'s parent company. The media's growing influence and its interference with the 'gray areas' arose political attentions, which came with financial pressures (Kong, 2009). The conflicts of the commercialization of SEEC and *Caijing* also contributed to the editorial disagreements between Wang Boming—publisher of parent company—and Hu, over ownership and editorial autonomy (Chan, 2010: 16; also Su, 2009). Hu hoped SEEC could surrender majority control and allow more outside investors to take part in the management of the magazine (Olesen, 2009; Barboza, 2009; Osnos, 2009; Ansfield, 2009). After she resigned, Hu started her own media venture—*Caixin*, short for 'Caijing Newsweek'—where she is at the helm of a new magazine, 'Century Weekly,' to carry on *Caijing*'s tradition of muck-racking reporting (Chan, 2010).

(iii) Institutional success

In Hu's legacy, *Caijing*'s management company has been marketized and separated from the editorial team of the magazine (Su, 2009). Such institutional structure ensured the editorial integrity, and guaranteed the primary funding. Its parent company SEEC is a government-backed institute for improvement of China's security market. In earlier years, the interests of SEEC investors had coincided with those of the magazine's targeted readers in market deregulation and privatization. Because both group of people are regarded as privileged people. As the market survey in 2001 show, 82.4 percent of its readers were male, aged thirty to forty. Over half of the readers earned more than 100,000 Yuan annually. Comparing with other Chinese media, *Caijing* has sufficient financial support, which set its editorial management free from advertisers and government. Similar to the *Economist*, *Caijing* tries to market its brand as part of the privileged, global-minded intellectual club, not only through professional reporting in the fields of economics and politics, but also in the way of elite-targeted marketing strategy. In order to build up the identity of global elites among emerging financial classes in China, *Caijing* conducts a series of conferences, forums, and roundtables each year on key political and economic issues. The elite readers who are willing to participate are 'sold' as products to advertisers (Chomsky, 1997). The conference series under the name of *Caijing* has become another

important channel to profit (Cheng, 2010). Like the *Economist*, such ‘agenda-setting’ media structure operates within a circle of elites in the realms of economics and politics, excluding ‘ignorant and meddlesome’ general population (Chomsky, 1997).

1.3 Contextualizing two financial media in comparison

The *Economist* and *Caijing* manifest their distinct characteristics not only in different languages, but also in different socio-political, cultural, and economic backgrounds. Their comparison should go further, as Hallin and Mancini stressing that ‘comparative analysis is valuable only to the extent that context matters’ (2004, 2012). This section aims to justify the comparability of two cases, and to provide similar, or overlapping, elements in the media-market/media-state relations in the realms of economics and politics.

1.3.1 Specialist professional journals for globalized elites

As summarized and emphasized from the section 1.2, two financial media epitomize the characteristics of highly specialized journal in the fields of economics and business, targeting at transnational elites. This subsection will analyze two dimensions of the similarities—both as magazine format, and as elite media. Based on two fundamental similarities, it is tentative to conclude two points. *(i)* The characteristics of target readership of two media are the elites with global perspectives. The financial media, like the *Economist* and *Caijing*, have direct or indirect control over symbolic production, manufacturing knowledge, beliefs, and so forth (Krippendorff, 2004). *(ii)* The elite financial media are also informal ‘social institution’ to reflect elite opinion (Pool *et al.*, 1970: 63). They maintain intimate relations with the government and market, and can be good index of elite behavior (ibid: 68). Both the *Economist* and *Caijing* gain global readership, who seek information and opinions in the geographical locations in which the contents are written. Table 1.3.1 compares the average circulation of each issue of some of the most popular specialist media (mainly financial media and elite media). The numbers are compiled and rounded only for purpose of comparing, but it clearly shows that as elite financial journals, *Caijing* and *The Economist* do not top the list in terms of circulation compared with their regional and international counterparts. But with hindsight, they are

much more recognized as a special social institution, a testimonial to the importance of perceptions of decision makers (ibid: 33)—not only paralleled the development of capitalism and globalization in its own context but also pioneered the ideas leading to the changes.

Table 1.3.1 Compare China and Anglo-America's most circulated specialist media on estimated average circulation (2009, in thousands)

	Issues/ year	Circulation/ issue		Issues/ year	Circulation/ issue
<i>Caijing</i> 财经	24	300	<i>Economist</i>	52	27
<i>21st Century Business Herald</i> 21 世纪经济报道	260	750	<i>Newsweek</i>	52	60
<i>Global Finance and Economics</i> 环球财经	12	198	<i>Wall Street Journal</i> (Daily)		593
<i>Newsweek</i> 商业周刊中文版	12	160	<i>Financial Times</i> (Daily)		401
<i>CBN week</i> 第一财经	48	270	<i>USA Today</i> (Daily)		1,900
<i>Sales and Markets</i> 销售与市场	36	700	<i>New York Times</i> (Daily)		928
<i>Business World</i> 商界	12	400	<i>Times (US)</i>	52	79
<i>Chinese Entrepreneurs</i> 中国企业家	24	200	<i>Times (UK)</i> (Daily)		593
<i>Managers</i> 经理人	12	200	<i>Guardian</i> (Daily)		337
<i>Money Talks</i> 钱经	12	380	<i>Independent</i> (Daily)		201

Magazine format: A number of scholars have studied magazine both as news institution and genre of journalistic writing. Specialized financial periodicals have the basic objective of informing it readers of developments, innovations, and news about a particular industry or group of related fields, through establishing high journalistic standards in which magazines, written by expert journalists, and editors cater to the market with specific needs (Gussow, 1984: 90). For establishing readers' identity, reader experiences of magazines differentiate the communication manner as their time and the frequency of readings much higher than other daily papers, according to report by Media Management Centre (2008) of Northwestern University. The magazine subscriber is looking more for the why and how, which newspapers usually do not provide (Buckman, 1993). By consuming certain

magazines, readers feel being part of the community of other readers and to be further engaged in the social experience (Ingham and Weedon, 2008).

From the production perspective, the specialized journals focus on producing the stories that are more descriptive, have a narrative and therefore are more persuasive. The texts are often written by specialized writers or reporters, who value more on their opinions and the ideas (Ali, 2005: 6). Magazine editors prioritize the judgement and the selection of information with far more importance than daily journalistic writings (ibid: 10). Such articles are more like a self-evident exercise in individual judgement, as the audiences may be sophisticated or knowledgeable in the relevant field. So 'the emphasis shifts to greater depth and more arcane information' (ibid). The main reason is that magazine journalists have more time, and responsibility to report in a broader, and deeper way to position the events in a more comprehensive context than most newspaper journalists do (Michaels, 1981). The features echo the distinction of a specialized financial periodical, which places greater emphasis on writers' judgement, interpretation and intuition. They are required to be more capable and willing to think the subject through to a conclusion than most other types of media as information disseminators.

Elite media: The features of financial magazines overlap with the nature of elite media in the financial media subgenre. Parsons (1989: 3) defines the financial press as

... a unique interpreter, less of 'mass opinion' than of the views and values of a more limited and narrower elite, which composes the readership of the financial pages.

The substantial amount of power in capitalist democracies is controlled by a small number of elites who share similar values, informal social networks, and common economic interests (Mann, 1986; Molotch and Lester, 2004; Domhoff, 2005). The structure of stratified social order with inequalities of wealth, opportunity, and influence (Mills, 1956; Hunter, 1953) emphasizes the importance of social and economic interlocking of the top-level decision makers from the fields of politics, corporations, and military (Corcoran and Fahy, 2009: 101). Within the structure, specialist financial magazines as elite media themselves are big, profitable corporations. They are institutionally linked or outright owned by bigger corporations or other power centres such as the government or universities. They sell the audience—the privileged people as products—to the advertisers (Chomsky, 1997).

In the era of globalization, transnational elites benefit from the emerging global public sphere with the rise of globalizing elite communication (Sparks, 1992). It is widely agreed upon that elite media have the major function in sustaining the elite networks by influencing the decision-making processes in market and governmental environments (e.g. Parsons, 1989; Cheney, 1998; Schuster, 2006 as mentioned in section 1.1). When the international transactions intensify and financialization of the societies become global phenomenon, a more globalized elite-elite communication has been generating alternative narration in integration of world economics and politics. Under such circumstances, the specialist financial media deserve more attention to study its role in forming a genuine globalized and financialized sphere, because of its growing influence on the elite's stretching material interests and nourishing social imaginations beyond national boundaries. The traditional elite-media-mass paradigm may not be sufficient to study the changing world order and how the media act as means to maintain dominant elite powers both in the Western capitalist democracies and the newly emerging economic powers such as China. Therefore, specialist financial magazine is a perfect niche to gain a globalized vision in exploring answers to these questions.

1.3.2 Justify different institutional settings

Presumably, there are two layers in comparing the two cases. At the first layer of comparison, two media are dependent parameter of the society, and influenced as 'material existence' (Nerone, 1995: 23) by their social, political, and economic structures (Siebert, *et al.*, 1963). Accordingly, the *Economist* and *Caijing* are shaped by the Anglo-American and Chinese models of capitalist developments. Their distinctive characteristics manifest the different social connections between media and other institutions with shared conception, particularly the conceptions of the integrating local and global markets. However, the second layer of comparison will stress the independent influence of the elite financial media. Within each of the media's institutional setting, they are comparable counterparts in terms of the ideological function and unique role in taking part in social, economic, and political transformations. In other words, media can also be an 'exogenous' variable to other social settings (Hallin and Mancini, 2004, 2012). Thus, in order to justify two media's comparability from the aspect of their different institutional settings, this

subsection addresses two vital and closely linked issues: **(i)** The main function of the opinion shaping, elite financial media is to educate, legitimize and reinforce the existing power structure and capitalist governance in global marketplace. **(ii)** Based on the first point, journalistic professionalism of elite financial media is fundamentally coherent in both Anglo-American and Chinese contexts. The texts produced by such media ‘have no objective—reader-independent—qualities’ (Krippendorff, 2004: 22).

Financial media play a crucial part in the capitalist development and power structure in Western democratic countries, both as a means to communicate ‘economic culture’ (e.g. Berger, 1987; Samuelson, 1972; Greenfield and Williams, 2007), and the propagator of economic agenda to public (Parsons, 1989; Schuster, 2006; Gavin, 1998; Friedman, 1980). The function of financial media is not only to disseminate information but also, and more importantly, to legitimize values of capitalist governance. Across each of the timelines of economic developments in Anglo-American and Chinese contexts, the *Economist* and *Caijing*’s magnitudes of impact on their own social settings could be reasonably comparable. The rationale is that, because of media being powerful relative to other social institutions, a comparison at contextual level is inevitable with regard to how the media operate with their dominant ideologies, by which social systems legitimate themselves (Martin and Chaudhary, 1983; Hallin and Mancini 2004). To underpin the ideological role of two financial journals, it is important to unravel their interplay with the economics and politics. As special form of social construction, the *Economist* and *Caijing* could manifest the institutional nature of elite financial media in not only one developed democratic countries, but also comparably in developing ‘gray zone’ between classic democracy and classic dictatorship (Carothers, 2002). As the political and economic systems converging or diverging in analyzing different media systems, new hybrid patterns of interplay between media and other social institutions emerge and attract scholarly attentions (Roudakova, 2012).

With the spread of democratic capitalism, journalistic professionalism has been established in the Anglo-American context, which constitutes notions of objectivity, autonomy, and public-service orientation (Hallin and Mancini, 2004). Though it maintains a nature of detachment with rational analysis and critical reasoning, *Economist* can’t be strictly defined as being journalistically professional. This is primarily because it does not fall into

the field of mass communication. There is no doubt that elite media like *Economist* have actively participated in discussing and shaping economic policymaking in the well-established capitalist West (Parsons, 1989; Edwards, 1993; Kiely, 2005; Arrighi, 2007), especially the neoliberal restructuring of capitalism in the early 1980s under the context of globalization. There are criticisms over the ‘paternalism’ of financial media being unable to inform publicly the failure of global economic and financial systems and intensifying the uneven world development (Peston, 2009: 18); also Starr, 2004; Davis, 2003; 2005; 2006; Mair and Keeble, 2009). However, the reality remains that the decisions in the power sites of economics and politics are made by a small group of self-selected international elite, and financial media like *Economist* primarily attempt to cater to their interests and legitimate their powers.

In China, the economy, media, and their interplay are composed of many separate, overlapping, or even inconsistent elements, distinct and beyond what can be perceived from the Anglo-American models. China has transformed its political economy into a ‘hybrid’ model (Roudakova, 2012), which combines democratic (economy) and authoritarian (state control) elements (Alexander, 2008; Carothers, 2002). The primary motivation of the economic reform in 1978 is to sustain the legitimacy of the one-party political regime (Fewsmith, 2008). The country’s ‘performance legitimacy’ is more important than a Leninist ideological legacy in justifying the Communist party’s continued rule (ibid: 5). As China dealing with challenges of transition, development, and globalization simultaneously (Nolan, 2004), the mainstream ideologies are the combination of communism, nationalism, and developmentalism (Lin, 2006). When Deng Xiaoping’s capitalism reconstruction brought up quests of creating a more open and liberal society (Fewsmith, 2008), Chinese media help to reestablish the state legitimacy. They act as the dual means of articulation of capitalism with its merits of legality, regulation, and ‘democratic consumerism’ (Roudakova, 2012: 265) on one hand, and being the ideological propagandist to take control over public opinion on state sovereignty (He, 2003; Wang, 2001) on the other.

Along with economic reform in 1980s, it is the *Southern Weekend*, instead of *Caijing*, that represents the pioneering case of Chinese journalistic professionalism (Lu and Pan, 2002; Pan and Chen, 2004; Chen, 2008). *Southern Weekend*’s narratives of China reform is

rather provocative and sensational, at the cost of losing journalistic objectivity by engaging in or affecting the events (Chen, 2008: 69). It shares sympathies with people devoting to China's transformative economic development. Comparatively, *Caijing* is more like the *Economist* than *Southern Weekend* for underlying the tone of being objective and even aloof. It is partly because that, in the late 1990s when *Caijing* was founded, the economy started to prosper, and the market becomes even more complicated and integrated (ibid). *Caijing's* style of being objective and rational style had been more reasonable to persuade readers, who were more knowledgeable, sophisticated, and exposed to global economic and cultural trends. The rhetoric of free market is conveyed through investigation based on original data collection, analysis, and reasoning. What is distinguishable of *Caijing* being Chinese elite media is that it adopts an international perspective (Lu, 2002; Wan, 2003). As Lu (2002) explains, it interprets the Chinese market through a global lens, and the global market through a Chinese lens. Unlike Western capitalist countries, where validity of economic liberalization has been confirmed over centuries (Wan, 2003; Edwards, 1993), China is still undergoing a transformation of its economy, in which the power-plays at domestic and international sites are interacting in an intensified and complicated way. In such an environment, *Caijing's* globalized vision is vital in legitimizing the development path under the current regime (Wan, 2003).

Similar to the development of the financial media in the West, China's financial media was born with the economic liberalization. Concluding the phases of 'primitive capitalist accumulation' in different societies, the early forms of financial media mostly have the main task of advocating values and beliefs in free market and competition. So does the earliest form of Chinese financial media, when economic reform tops the political agenda to maintain social stability in the 1980s (Hu, 2011). *Caijing* was founded at a stage of China's economic liberalization, during which there emerged a significant portion of intellectuals being skeptical of the neoliberal economic prescription (Nolan, 2004; Fewsmith, 2008; Zhao, 2008). This camp, called neo-conservatives or New Leftists, regarded the elite interests in China combining and colluding 'with international interests to strengthen the hold of socioeconomic elites and reinforce the gap between rich and poor' (Fewsmith, 2008: 274). Therefore, in the midst of the economic boom, Chinese media tries to reinvent itself on journalistic and organizational levels (liberal ideological

stance and media marketization) (Pan, 2000; Pan and Lu, 2003), and with it comes with the rise of investigative journalism (de burgh, 2000; Tong and Sparks, 2009).

1.4 Conclusion

This chapter reveals the elitist nature of financial media, by situating them in the history of market globalisation, compressed circle of news production, and inter-relations with other social institutions. Despite the intention, or tendency of expanding its influence towards mass population, financial media is a kind of media subgenre that targets narrowly at elite audience, tells stories of elites, and operates as elite themselves within the fields of business and politics. The economic rationality is the fundamental logic in constructing its media content and social institution. Beginning as an essential tool for disseminating information and exchanging ideas, financial media was born with witnessing the global expansion of capital. Its economic logic has then been closely interlocked with the material and non-material imaginations in the 'de-territorialised' world (Latouche, 1996: 23), in which elites share similar life styles and values. Therefore, financial media manifest its unique feature beyond the national boundaries of differences in political regime, cultures, social changes, and market systems. Profitability is the universality, appearing both desirable and necessary, because of the elites from any part of the world have *colluded* in values of free market and free trade.

There are two presuppositions for selecting cases to represent the financial media in narrating global elites. First one is to recognise the co-anchor of market and government in understanding the feature and function of financial media. In a handful of scholarly works studying financial media evolving from developed West to other part of the world, economic liberalization has been regarded as an important prerequisite in the process of political liberalization. Such interconnection of market and state offers the global elites the privilege to gain economic powers, and to legitimise and reinforce the beliefs of the power structure. So the cases need to fulfill such characteristics of being economically and politically significant not only in constructing media content but also in interacting with other social institutions. Secondly, it is necessary to clarify and justify the definition of 'professionalism' in financial media. In the much more compressed production circle, some of the journalistic norms need to be redefined. The concept of 'professionalism' means

simultaneously two things—possessing professional knowledge in economics and finance, and being professional in journalistic practices. Particularly for the journalistic professionalism, objectivity is much less weighed, as the financial media's main goal is to advocate the liberal economic ideas. Based on these two points, the *Economist* and *Caijing* have been chosen to represent financial media articulating information and ideas among global elites.

In order to tackle the multi-faceted comparison that includes global expansion of capitalism, the neo-liberal policies or ideas, and elite power structures, Chapter 2 will provide theoretical evidences to support that these aspects are fundamentally necessary and inter-connected. Base on these theories, Chapter 3 will identify more specifically the economic and political realities that represent the narrative constructions of neoliberal discourses, and verify that why China's economic globalisation is sufficient to the research aim.

Chapter 2.

Globalization, neo-liberalism, and elitism

In the first chapter of literatures, three concepts have been constantly mentioned in related manner. So this chapter aims to explore the relevant theories of globalization, neo-liberalism, and elitism from the areas of political economy, and more generally, social sciences, in order to construct a deeper theoretical grounding for analysis.

2.1 Globalization

Globalization has become an over-fashionable concept. It applies to various circumstances with fluid definitions concerning the time, location, and changing situations. This section will first review the major conceptualization of globalization and the interrelations among these conceptualizations. The second subsection will examine more closely the role of power in the evolution of globalization. In this respect, two areas will be focused on: state power and corporate power. Third, it will be suggested that media and communication are an inseparable part and have become increasingly important in the globalization process. The global circulation and consumption of ideas that can shape people's opinions will also be examined.

2.1.1 Conceptualizing globalization—contested definitions and classifications

Globalization is a multi-faceted concept, involving discussion in many fields such as

economics, politics, and culture. In this thesis, the concept also needs to be contextualized from a multi-disciplinary approach. Appadurai (1990) in his famous article, 'Disjuncture and difference in the global cultural economy', stresses the complex, overlapping, and dynamic order in the globalization process. He established a framework to study such 'disjunctures' by dividing the global flows into five related dimensions: ethnoscaples, mediascapes, technoscapes, finanscapes, and ideoscapes. They are, according to Appadurai, deeply perspectival construct, infected by 'the historical, linguistic, and political situatedness of different sorts of actors', including nation-states, multinationals, and sub-national groups (ibid). 'Ethnoscape' refers to people composing of the shifting world as they 'affect the politics of and between nations to a hitherto unprecedented degree'. 'Technoscape' is the global configuration, in which the technology moves across all kinds of previously impervious boundaries. Notably, the roots of multinational enterprises in certain countries, reflecting the peculiarities of the technoscapes, are driven by increasingly complex relationships between political possibilities, the mobility of labour, and money flows, in which 'finanscapes' take part in the forms of currency markets, national stock exchanges, and commodity speculations moving at mysteriously rapid speed.

Based on the three dimensions mentioned above, Appadurai claims that an elementary model of global political economy has been constructed in their 'deeply disjunctive relationships with one another'. However, what is more valuable as the theoretical tool for this thesis is that he further establishes two other relational dimensions for information dissemination and idea shaping. 'Mediascape' refers to not only basic electronic infrastructures for disseminating information but also, and more importantly, to the 'images of the world created by these media'. The mediascape produces narrative-based accounts of globalization, based on a series of elements, such as what the thesis will investigate as the textual forms: news articles, narrative structures, media's agenda settings, and frames. The systematic study of these elements will collectively reveal the 'ideoscapes' that directly relate to 'ideologies of states and counter ideologies of movements explicitly

oriented to capturing state power or a piece of it'. Collaboratively, these two landscapes constitute elements of the 'Enlightenment worldview, which consists of a concatenation of ideas' such as economic integration, free trade, and laissez faire. The main goal of the thesis is to find out the internal logic and certain presupposed relationship between the 'master-narrative' formed from the interlocking mediascape and ideoscape and the construction of the Enlightenment in the public sphere (perhaps more specifically the elite sphere, because the up-scale financial media is to be researched as primarily targeting and shaping opinions among the global elites).

If Appadurai's framework of five dimensions of globalization in disjunctures inclined to focus primarily on cultural flows, the four-approach-classification of conceptualizing globalization by Sklair (1999) has particularity that helps to specify the thesis's main theme of economic globalization. (1) 'World system approach' is derived from international perspective, distinguishing countries into 'core, semi-peripheral and peripheral' in terms of their 'changing roles in the international division of labour dominated by the capitalist world system' (ibid: 149). (2) The 'global society approach' focuses on the ideas of an emerging 'global consciousness' and their implications for global community, governance, and security. The global theorists argue that 'the concept of world or global society has become a believable idea only in the modern age and, in particular, science, technology, industry, and universal values are increasingly creating a 20th century world that is different from any past age' (ibid: 154). (3) 'Global cultural approach', as a complement to the previous approach, emphasizes what threats the 'homogenizing mass media-based culture poses for national identities' (ibid: 151). (4) The 'global capitalism approach', as primarily inspired by Karl Marx and Adam Smith, locates the dominant global forces in the structures of an ever-more globalizing capitalism. Here the concept of global 'involves more than the relations between nation-states and state-centrist explanations of national economies competing against each other' (ibid: 156). Sklair (1995) stresses that the concept 'transnational practice'—meaning the practices that

originated with non-state actors and across state borders—serves as bedrock for the model of the global system. The transnational practices are classified into three spheres: economic, political, and cultural-ideological, with each characterized (though not exclusively) by a major institution, which accordingly refers to transnational corporations (TNC), transnational capitalist class (TCC), and cultural-ideology of consumerism. Table 2.1.1 depicts how the three types of institutions work to transform the world.

Table 2.1.1 Transnational practice in the global capitalist project

Transnational practices	Leading institutions	Integrating agents
<i>Economic sphere:</i> Transnational capital International capital State capital	<i>Economic forces:</i> Global TNCs World Bank, IMF, BIS State TNCs	Global business elite
<i>Political sphere:</i> TNC executives, globalising bureaucrats, politicians and professionals, regional blocs Emerging transnational states	<i>Political forces:</i> Global business organisations, Open door agencies, WTO, Parties and lobbies EU, NAFTA, ASEAN, UN, NGOs	Global political elite
<i>Culture-ideology sphere:</i> Consumerism Transnational neo-liberalism	<i>Culture-ideology forces:</i> Shops, media, think tanks, elite social movements	Global cultural elite

2.1.2 Role of power in globalization

The power-play between the state and market is the perpetual and the central theme in the development of globalization. Thus, in order to justify the financial media in the context of economics and politics, it is necessary to go through the history of globalization to discover the changing role of state in the formation of global capitalist activities as well as global cultural ideologies. To explain it chronologically, the first phenomenon considered as the origin of globalization happened in parallel with the emergence of financial media, when government initiated companies like Hudson's Bay, English East India Company, which are chartered trading monopolies based on beliefs of free trade and capitalism

(Rodrik, 2011: 8). The mercantilists' narrative of capitalism was that 'the state and commercial enterprise were out to serve the needs of each other' (ibid). However, such thoughts and practices are against Adam Smith's view that it is the competition that maximizes economic advantages, and government should only take the role in 'national defence, protection of property rights and administration of justice' (ibid). It is widely accepted by economists world-wide that the true globalization—in accordance with Adam Smith's vision—did not occur until the nineteenth century (Brutt, 2005; Zhang, 2012; Rodrik, 2011). It has been suggested that the state's room for maneuver was constrained, which 'pushes states to converge on a liberal model of political economy' (Weiss, 2003: 262). The state is compromised as an actor in the domestic political economy through the global establishment of international markets (Cerny, 1990; Reich, 1991). The globalization favours 'those national capitalism that have in the past done with comparatively little state intervention, over those institutional economies that required a high level of state mediated political organization' (Crouch & Streeck, 1997: 14). The state's role is constrained to facilitate capital to enhance the country's competitiveness. Converging toward a liberal, more Anglo-Saxon way of organizing the economy, a less regulated, more marketized political economy model is preferred.

However, in his more recent work, Rodrik (2011) thinks that there is still interplay between market and state, 'just differently and less obviously'; in the manner that power was exercised through the special institutional arrangement. Imperialism as the basic institutional setting during that time serves the primary function for imposing trade-friendly rules. The international markets operate outside the formal institutional framework of sovereign entities, so that special institutions are required to be established for international trade. There are three most important changes that lead to the new era of globalization. (1) New technology such as steamships, railroads, and telegraph revolutionized international transport and communication. (2) New economic narratives, represented by key figures such as Adam Smith and David Ricardo, advocated the idea of

free market and free trade. The convergence in belief systems, as the previous chapter explained, the evolving role of financial media, had influence upon the key economic decision makers. (3) Gold standard enabled capital to move internationally without arbitrary change in currency or other financial hiccups (ibid: 20-25).

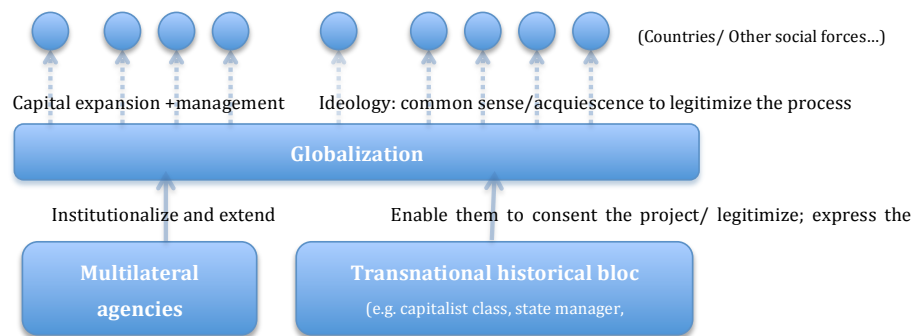
More recently, during World War II, social reform, nation-building, and assertion replaced the international economic ties as the priority, in order to eliminate the protectionism that emerged during World War I. Bretton Woods Model has been established by Keynes and White (ibid: 69-70). Hence, multilateralism emerged based on the foundations of international institutions like International Monetary Fund, World Bank, General Agreement on Tariffs and Trade (GATT), where 'the rule enforcement and belief system work henceforth' (ibid). In the late twentieth century, the Reagan-Thatcher revolution (1979-1990) marked the new era of globalization, which became an imperative, apparently requiring all nations to pursue a commons strategy of low corporate taxation, tight fiscal policy, deregulation, and reduction of the power of unions (Findlay & Rourke, 2007). In this sense, World Trade Organization, revised from GATT, represents the desire even better than Bretton Woods (Rodrik, 2011: 76). It was the time when the literatures on globalization emerged, creating a second wave of contested conceptualization. The shifting form of globalization has simply produced a 'more complex system in which both international and transnational networks have developed in parallel with, and complementary to, national systems of production and finance' (Weiss, 2003: 265). Thus the state still enjoys considerable room to maneuver because of a country's competitiveness and ability to adapt to change is less based on deregulation, marketization, and policy disarmament. Weiss stresses the decisive role of domestic institutions in multi-linear state responses to the economic challenges from globalization. China is a striking example of this tendency of re-emphasizing state capacity within the neo-Marxist view, as an alternative perspective of globalization. As Karl Marx himself reckoned in 1848, internationalization is a powerful transformation force to society, economy,

government, and the world (quoted from Zhang, 2012). It advocates an alternative societal model of globalization with a socialist perspective that globalization is the bourgeoisie's world expansion of capitalism (Admin, 1997).

Starting from the late twentieth century, in parallel with the evolvement of financial media in articulating economic ideas, globalization has been more about discursive construction on issues of 'how globalization is perceived and acted upon across time and space' as it became 'deeply political, contested, contingent and complex' (Bruff, 2005: 270). During this time, the role of power in the globalization process helps to determine which ideas about globalization are selected and retained, and consequently helps determine the development of the very process itself, in a multi-scalar, multi-dimensional approach (Hay & Marsh, 2000; Jessop, 2004; Fairclough, 2006). Globalization as a narrative is the inspiration from post-structuralism and tends to be skeptical toward theories or definitions of globalization (Larner & Le Heron, 2002). Cameron and Palan argue that it matters less that 'globalization is not taking place, or at least is not weakening the state, than whether people believe the globalization thesis or not' (2003: 268). Globalization is more about a fundamental and significant concept in 'rewriting the collective imagery of society' (ibid: 7). Stuart Hall's comment on the definition of globalization is akin to the understanding of capitalism that the material sphere or reality is shaped by people's understanding of political economy within the frames, which the 'capital has had to negotiate and by negotiate I mean it had to incorporate and partly reflect the differences it was trying to overcome' (Hall, 1991: 32). Hall argues that there is a time lag between the shift in organization of capitalist social relations and how the capitalism/globalization is interpreted and acted out. Methodologically, neo-Gramscian theory further explores the process of how the globally expanding capitalism is framed and discursively constructed with the changes in socio-economics. Figure 2.1.2 outlines the idea of viewing globalization as a *hegemonic project*, which institutionalizes and extends global capitalism under the auspices of *multilateral agencies* such as the IMF and the World Bank. Within

the framework, *historical bloc* refers to a combination of the social groups that develop and complete the control for the hegemonic projects. It attempts to influence the evolution of the political economy via the implementation of hegemonic project (Poulantzas, 1978).

Figure 2.1.2 Hegemonic project of globalization in neo-Gramscian theory



2.1.3 Role of communication in globalization

Besides the intertwining actors of state and market in the process of globalization, another key actor—communication—plays an important part to influence the transformation of cultural, socio-economic, and political lives in the era of globalization. Not only financial media, which helps to initiate the business expansion across borders with information dissemination and idea shaping as explained in previous chapter, but also the general perspective of communication provides an alternative vision of how the globalization as media narratives construct people's perceptions and acts upon the transformative of economic, political, and social changes. Since the Industrial Revolution in Europe, theories of communication emerged and reflect its significant role in the growth of capitalism and empire (Thussu, 2012: 40). It multiplies many folds, in response to increasingly integrated international economic and political system after World War II. Scholars started to realize the essential role of media in shaping and constructing the structure of capitalism, more specifically, in a deepening and integrated global scale. There are two main approaches for

the theories of media and communication studies developed into in the 'elite-media-mass paradigm' (ibid). One is the political economy approach. It interprets the relations between economic and political powers based on national and translational class interests. The transnational communication in this sense is perceived as 'an instrument of control by the ruling class' (ibid: 41). Second one is the Cultural Study approach founded in the United Kingdom in the 1970s, targeting studies of popular and mass culture. It emphasizes the role of media in the reproduction of social hegemony and inequality.

Since the 1960s in the United States, 'free flow of information' took the role of a liberal, free-market discourse (ibid: 42). Media's was defined as the 'public watchdog', and the assumed global relevance based on premises of democracy and freedom of expression. 'Western way of life and its values of capitalism and individualism' were conveyed through the free flow of media products in advertising and marketing to foreign markets. Such ideologies had been strengthened in Western propaganda as a counter to strict regulation and media censorship among Communist countries. Similarly dependency theory also emerged as the transnational corporations from North exercise control over developing countries by setting the terms for global trade (Baran, 1957; Gunder Frank, 1969, among others). Thus Herbert Schiller (1969, 1976) argued that the TNCs from the United States dominate the global economy, and their economic growth has been underpinned with communication know-how. In pursuit of commercial interests, they undermined 'the cultural autonomy of the countries of the South' and create 'dependency on both the hardware and software of communication and media in developing countries' (Thussu, 2010: 47). Modernization theory illustrates this one-way flow of information 'from government and international agencies to Southern peasantry at bottom' (ibid: . 44) in the way that Western pattern of economic development is portrayed as most effective way for the 'transitional backwardness' (Lerner, 1958: 46) of the newly independent countries of the South. Galtung's structural imperialism interprets that each central and periphery state has a highly developed 'core' and a less developed 'periphery' (1971).

Such a relationship serves primarily the interests of the dominant groups. These approaches and theories construct the existing paradigm in the studies of communication under globalization context with distinctive characteristics of ‘one-way flow of values, ideas, models, methods, and resources from North to South’. More specifically, it is a flow ‘from the Anglo-Saxon language fraternity to the rest of the world’ (Halloran, 1997: 39).

On the other hand, Marxist Antonio Gramsci promoted and conceptualized hegemony by emphasizing the ownership and control of cultural production. It echoed the hegemonic project of globalization by neo-Gramscian theory and further specified that in capitalist economy, media products are produced and sold as commodities and consumers buy them in exchange ‘for entertainment or to fulfill their psychological needs (ibid: 54). Public sphere, conceptualized by Jürgen Habermas (1989), focuses on the booming entrepreneurs in eighteenth century Britain along with the expansion of capitalist society, which becomes powerful enough to achieve the autonomy from state and church and demands more political representation so as to facilitate further expansion of businesses.

The debates within the bourgeoisie with greater accessibility of information caused the emergence of ‘bourgeois public sphere’. However, none of these counter-arguments are readily applicable for the analysis of new trends of globalization—the newly emerging industrial economies such as China with different, and even oppositional, ideologies have experienced fast and enormous economic growth and possibly decouple the existing structure of globalization. Also, mostly these trends and patterns of communication theories stick with the elite-to-mass paradigm from social, cultural approaches. Collaboratively by taking the role of financial media into the context (as the previous chapter showed), an ‘elite-to-elite’ paradigm needs to be constructed in a global context to explore a new world-system in globalization, in which the flows of materials and ideas are in a more complex flow than merely in a one-way direction, and such complexity further counter-balances the political economic structures by restructuring the narrative of

globalization among the elite circle who are in a position to influence institutional building, policy making, and idea-shaping of the masses.

2.2 Neo-liberalism

Neo-liberalism is another dominant, and contested, term to have emerged in the past three decades, shaping discussion and debate in the fields of economics, politics, and academia. It has developed into a combined body of economic theory, political stance, and moral virtue. Primarily it refers to the neo-liberal market practice in privatization, deregulation, and minimal barriers to trade and capital (Kilminster, 2004). As a new paradigm evolved from the classic liberalism advocated by Adam Smith, neo-liberal practices also discuss the relationship between market and state (Klees, 2002), despite the ruthless promotion for minimum state intervention. As an economic theory, the role of state is to ‘create and preserve an institutional framework appropriate to’ the neo-liberal practices of ensuring ‘strong property rights, free markets and free trade’ (Harvey, 2005, p. 2). From the perspective of political economy, neo-liberalism can be viewed as political ideology, in which the neo-liberal policy is a way to organize society so that the individual human beings are ‘free to choose’ (Friedman, 1962; 1980) and are secured with individual liberty and well-being (Hayek, 1973). Furthermore, such policies are the right measures for creating a society with justice and natural rights, as contrary to the legitimate role of state (Nozick, 1974).

Additionally, the concept has been developed to a loose set of ideas as the interaction between the state and its external environment. It includes moral virtue—the good and virtuous person is one who is able to access the relevant markets and functions as a competent actor in these markets (Friedman, 1980). Within such a context, the neo-liberal advocacy goes beyond the political stance of democracy. As Harvey has argued, if democracy slows down neo-liberal reforms, or threatens individual and commercial liberty,

then democracy ought to be sidestepped and replaced by the rule of experts or legal instruments designed for that purpose (2005: 66). Therefore, it is observable that despite three divided areas of definition of neo-liberalism, they are closely correlated and partly overlapped with each other. What is more important is that they are characterized with the key issue as repeatedly discussed in the concept of ‘globalization’—the role of power. More specifically, all three definitions relate to the state intervention in the creation and conduct of neo-liberalism.

2.2.1 Neo-liberalism in economic theory

Neo-liberalism is viewed as a distinct economic theory, of which the commitment to laissez-faire lives independently of the mainstream liberal values and policies (Harvey, 2005). Neo-liberalism as economic practice has been formed and constructed closely in relation to the development of globalization. For several decades now, free market capitalism generated the ‘ever-increasing corporate power, gradually surpassing even that of nation states’ (Nafstad *et al.*, 2007: 316). Therefore, the ‘global free market ideology’ had emerged from the ground of growing power of multinational corporations, which argued for free trade by means of removing governmental rules and regulations considered to hinder the movements of goods, services, and capital across borders. Such ideas have been studied and interpreted in many ways, such as globalization (Cowling & Tomlinson, 2005; Sklair, 2002), neo-liberalism (Harvey, 2005), consumerism (Bauman, 2000), and individualism (Bourdieu, 1998). Because of the increasing power of corporates, the market gradually replaces the state as the principal regulatory force in society (Touraine, 2001). Nowadays people in the era of globalization recognize a world that is characterized with a pervasive set of beliefs in competition, freedom from others, self-fulfillment, and consumerism, taking place within a so-called free market (Bauman, 2000; Nafstad, 2003; Stiglitz, 2002).

Therefore, as Kotz concludes, the rise and persistence of neo-liberalism ‘at least in part’ attributes to the changed competitive structure world capitalism in the process of globalization (2000: 77). The historical roots of the emerging popularity of neo-liberalism as ‘an instrumental fashion’ (Kotz, 2000: 65). In the 1970s, the economic instability of that decade made businessmen decide that Keynesian approach worked barely as obstacles for profit making. They looked for alternative ideas that serve the ideological basis for dismantling what remains of the regulationist welfare state—the state needs to be assigned a very limited economic role. In the context of international trade, neo-liberalism ‘calls for free movements of goods, services, capital and money across national boundaries’ (ibid). Furthermore, the corporations, banks, and individual investors not only should be free to move their property across borders but also be free to acquire property overseas, although the free cross-border movements by individuals are not part of the neo-liberal programme. As neo-liberalism gained influence in that period, it accelerates the progress of globalization. So when the globalization has been reversed, the global capitalists choose to adopt neo-liberalism for corporate interests to propel globalization further. However, neo-liberal dominance in economic policies does not completely justify the continuing and deepening global integration of economics and finance, because ‘the globalization reflects a long-run tendency in the capital accumulation process’ (ibid: 77).

Such causal linkage between globalization and neo-liberalism, or specifically called the practices of neo-liberalization by Harvey (2005:19), is echoed in Harvey’s work ‘Brief history of neoliberalism’. The earliest emergence of neo-liberalism as an influential antidote to capitalist social order started as an exclusive narrow group of advocates known as ‘Mont Pelerin Society’ in 1947, gathering around Friedrich von Hayek, with some notables including economist Milton Friedman (ibid: 19-20). The group members labeled themselves as ‘liberal’ adherent to free market principles of neo-classical economics. They also held to Adam Smith’s vision of hidden hand of the market as the best device for mobilizing even the human instincts of gluttony, greed, and the desire for wealth and

power. From then on, the neo-liberal doctrine has been established to deeply oppose state interventionist theories as the prevalence of John Maynard Keynes in 1930s, as well as and more fiercely to theories of centralized state planning in Marxist tradition. Yet the neo-liberal theories remained marginal until the 1970s, when they gained academic respectability with the award of the economic Nobel Prize to Hayek and Friedman. Therefore, the neo-liberalization 'in its monetarist guise' began to exert practical influence in a variety of policy fields (ibid, p. 22).

As Margaret Thatcher was elected in Britain, she initiated a strong mandate to reform the economy and abandoned Keynesianism. Her monetarist 'supply-side' solutions included attacking all forms of trade union powers that hindered competitive flexibility, dismantling commitments of welfare state, privatizing public enterprises, reducing taxes, encouraging entrepreneurial initiatives, and creating a favorable business climate to attract inward foreign investment. Across the Atlantic, following Carter's deregulation policy on stagnation, Ronald Reagan's administration provided requisite political backing through further deregulation, tax cuts, budget cuts, and attacks on trade unions and professional power (ibid: 25-26). He took the campaign against big government to higher levels in the ways in which almost every sector was deregulated, tax breaks were implemented on investments, financial capitals moved more freely abroad, and the market consolidated monopoly powers, and so forth. Coincidentally, or purposively, along with Thatcher and Reagan, Deng Xiaoping is considered as another key figure in implementing neo-liberal economic practices on a national scale. China, in the vision of Harvey (2005), takes its own peculiar path toward 'privatization with Chinese characteristics' and constructs a kind of market economy that 'increasingly incorporates neo-liberal elements interdigitated with authoritarian centralized control' (ibid: 120-121). Like China, there are other countries/regions that demonstrated the well-established compatibility between authoritarianism and a capitalist market, such as Chile, South Korea, Taiwan, and Singapore.

2.2.2 Neo-liberalism as a political stance

Neo-liberalism is regarded as a theory of political practices based on the policy-makings and implementations of prominent stages conducted by Reagan, Thatcher, and Deng. Harvey (2005) states that the political philosophy of neo-liberalism aims to propose the advancement of well-being by liberating individual entrepreneurial freedoms and skills within the 'institutional framework characterized by strong private property rights, free markets, and free trade' (ibid: 2). The central question of perceiving neo-liberalism is to identify and justify the power of government in such institutional framework. Harvey argues that the role of state is to create and preserve the appropriate institutional framework. The state must set up military, defence, police, and legal structures and functions to secure private property rights and to guarantee, by force if needed, the proper functioning of market. Furthermore, certain public sectors need to be created, such as land, water, education, healthcare, and environmental pollution. And the state should not intervene. According to neo-liberal theorists, the state could not possibly have enough information to second-guess market signals price because 'powerful interest groups will inevitably distort and bias state interventions' (particularly in democracies) for their own benefits.

Harvey argues that neo-liberalism is fundamentally incompatible with the political regime of democracy. Governance by majority is a 'potential threat to individual rights and constitutional liberties' (ibid: 66). The neo-liberalist intends to prefer governance by experts and elites in the forms of executive order and judicial decision rather than democratic decision-making. Therefore, there is a transformation of political ideologies based on neo-liberalism's replacement of the natural and spontaneous characteristics of liberalism to 'artificially arranged or contrived forms of free, entrepreneurial, and competitive conduct of economic rational individuals' (Burchell, 1996: 23). Neo-liberalism in such contexts need to be understood through the development of a 'new relation

between expertise and politics (Peters, 2001: 23). In political philosophy, market is claimed to be a 'morally superior form of political economy' (ibid: 19). The key event that entangled this ideological transformation is the Reagan-Thatcher revolutions in the 1980s.

Free market has been ascending, producing what has been expressed in various ways as 'Washington Consensus', 'market fundamentalism', or 'neo-liberalism' (Rodrik, 2011: 77). Such a belief system advocates optimistic views upon what markets can achieve on their own with a 'very bleak view of the capacity of governments to act in socially desirable ways' (ibid). The role of state is seen more as an obstacle in the way of markets instead of being indispensable to their functioning. In consequence, international institutional framework such as the World Trade Organization (WTO) envisaged a rebalancing of nation states' domestic and international responsibilities (ibid). The neo-liberal states, such as the United States and the United Kingdom, have been not only privatizing public sectors, deregulating business, and dismantling social welfare programs domestically but also successfully imposing and 'dictating' neo-liberal policies partly through WTO, IMF, and World Bank to the developing world, except in China (Kotz, 2000: 64).

2.2.3 Neo-liberalism as moral virtue

Nafstad *et al.* (2007) identify neo-liberalism as a set of values that emerged with the 'globalized capitalist market ideology' that increasingly permeate and influence the established welfare state. They emphasize that such 'globalized neo-liberalist capitalist ideology' has a profound effect on not only on the macro ideological level of the societal arrangements of power and social order but also to the views and ideas of micro level social practices and individual human nature, because the 'ideological level encompasses and permeates the other levels' (ibid: 314). Their premises are that the neo-liberalist ideology is less committed to both the traditional value of the welfare state and more peculiarly the set of central ideologies of many Western democracies. Such configurations of belief systems about human beings located within variants of capitalism reflect the

fundamental function of the neo-liberal ideology as the ‘vehicles of power’ that control how the individual or group adapt to and master their environment.

More specifically, as explained previously, modern individuals are situated in the free market world characterized by globalized ideology of competition, freedom, self-fulfillment, and consumerism. Material, as well as social, life is conceptualized as a ‘market’, where each individual is ascribed a price or value (Kasser, 2004; Nafstad *et al.*, 2006) with freedom to choose or compete to maximize one’s own material and nonmaterial goods. Within such a context, people are presumed to be preserving self-interests, competitive, and independent, and thereby driven by social greed. Therefore, they conclude that a continuing ideological shift manifests the ‘renegotiation and restructuring of social contrast between individual and community’, particularly as understood in the media narrative of the global neo-liberalist views (ibid: 324). The findings of Nafstad *et al.* (2007) are echoed by Harvey from the perspective of political philosophy. Harvey (2005) believes that neo-liberal thought reflects ‘political ideals of human dignity and individual freedom as fundamental’, central values of civilization (ibid: 5). These values are oppositional to fascism, dictatorship, and communism—any form of state intervention that ‘substituted collective judgments for those of individuals free to choose’ (ibid).

From those arguments with empirical evidence, there is a key word, individualism that is repeatedly mentioned. In the politics of post-structuralism, Peters (2001) defines that philosophically, neo-liberalism involves a return to a primitive form of individualism, which is ‘competitive, possessive’ and constructed in terms of doctrine of ‘consumer sovereignty’ (ibid: 19). Thus, as Harvey stresses in the neo-liberalism as political stance, neo-liberal idea puts emphasis on freedom over equality. Here the concept of ‘freedom’ is identified by Peters (2001) with ‘negative’ and individualistic characteristics. The ‘negative freedom’ is the freedom from state interference with the implication that inequalities generated by free market is accepted. He further characterizes such individuals

with features of ‘actuarial rationality and new forms of prudentialism’ (ibid: 23), which manifest and constitute themselves discursively in the language of ‘purchaser-provider’, audit, performance, and ‘risk management’. So the presumable ‘rational individual’ in neo-liberalism becomes the ‘entrepreneur’, as suggested by Gordon (1991). Taking the form of individualism, people in neo-liberal lives commit to ‘institutionalizing the game of enterprise as a generalized principle for organization of society as a whole’; and involve their lives as enterprise of oneself—the individual becomes ‘the entrepreneur of himself or herself’ (ibid, p. 44). Such enterprise culture is echoed by Burchell (1993) as the ‘enterprise form’, which is generalized to all forms of conduct and constitutes the distinguishing style of government. The key narrative of ‘enterprise’ and ‘enterprise culture’ become major signifiers of a new governmental discourse (Peters, 2001), transforming individuals from dependent, passive welfare recipients to ‘an enterprise self’.

2.3 Elitism

Elitism is a vital discipline to address as an inseparable part of theoretical foundation of this thesis. The primary reason is that two cases are decisively defined as elite financial journals in both institutional settings. Their targeted readerships are the circle of international elite people, who include also the media practitioners from two magazines. Elitism is also a set of concepts closely related to neo-liberalism and globalization, in the sense that capitalist accumulation and transformation involves the analysis of changing relations between people in possession of power and/or wealth and people in subject classes. Like in the studies of neo-liberalism and globalization, the balancing and rebalancing of economic and political powers are perpetual themes in founding and developing the theories of elitism.

2.3.1 Founding theories in elitism

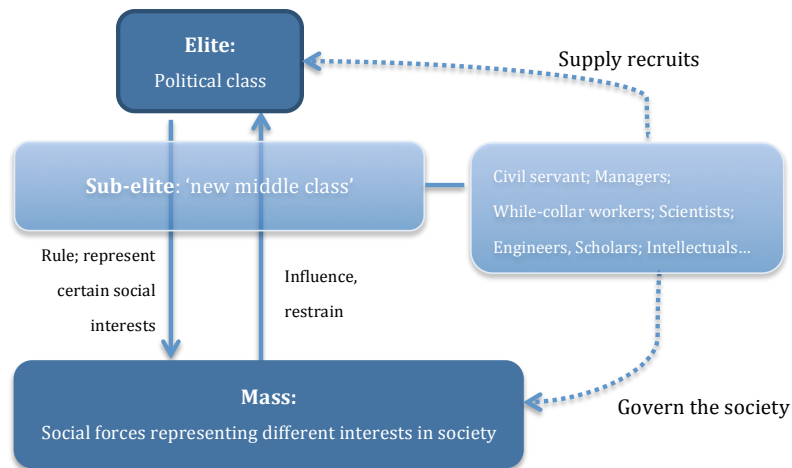
The concept of 'elite' was first proposed to describe the commodities of particular excellence in the seventeenth century (Bottomore, 1993). Then more extensively it was used to refer to superior social groups, such as prestigious military units and high ranks of the nobility. The founding figure of elitism theory was Vilfredo Pareto in the late nineteenth century Europe. In his four-volume work *Treatise on General Sociology* (reprinted in 1935 under the English title *The Mind and Society*), a certain group of people is identified as those 'who have the highest indices in their branches of activities, and to that class give the name of elite' (Pareto, 1935: 1422-423). He defines 'elite' with the emphasis of inequality of individual endowment in every aspect of social life. More importantly, he classifies elite into two categories: (1) the 'governing elite' is the individual who 'directly or indirectly play some considerable part in government (ibid: 1423-4); (2) the non-governing elite comprise of the rest of 'elite class'. Thus universally the whole population is divided into two strata—upper stratum referring to elite class consisting of governing and non-governing elite and the lower stratum of non-elite groups.

Geatano Mosca (1939) advances the elitism theory in the work *Ruling Class* that is credited with the systematic distinction between elite and mass. For all societies, Mosca defines that there are two classes of people—a class that rules and a class that is ruled. The ruled majority is characterized as being more numerous, and directly controlled, by the former in the way that is more or less legal, arbitrary, and violent (Bottomore, 1993). The rule of minority is less numerous, and performs all political functions, monopolizes power, and enjoys the advantages of power. The ruling class is composed of 'superior individuals who have some attribute, real or apparent, which is highly esteemed and very influential in the society in which they live' (Mosca, 1939: 53). He comments on the modern democracy as a representative system, in which many different social forces can participate in such a political system and, therefore, 'to balance and limit the influence of other social forces

and the influence of bureaucracy in particular' (ibid: 258).

Bottomore (1993) further promotes a group of sub-elite as the crucial part for the stability of any political organism; the 'new middle class' creates the heterogeneity and plurality of political elites. The new model is conceptualized and incorporates Raymond Aron's work that emphasizes the interaction and relation between political elite and other social classes. Figure 2.3.1 depicts such social structure based on Bottomore's arguments (1993).

Figure 2.3.1 Elite – sub-elite – mass structure



Early elite theorists like Perato and Mosca perceive that the 'governing elite' in mass society manipulates democratic ideals to legitimize their dominant position, and the masses do not participate in the processes whereby they are ruled. Some American scholars (e.g., Dahl, 1961) have witnessed a series of social changes in the twentieth century that lead to the diminishing of class society in the nineteenth century to an overall diversification of the social structure (Stanworth and Giddens, 1974). At higher levels of society, the old ruling class is replaced by a plurality of elites, who have limited influence and competitiveness compared to their formers, to ensure that they could not form a coherent class of 'power elite' set off from the rest of society (ibid). Configuring the early

definitions in European context and modern ones in the American context, they come together to be complementary of each other from different types and aspects of a democratic political system. Meanwhile, the more consolidated conceptualization features clearer differences among three kinds of societies. The society of the first kind contain a *ruling class*, and *elites* representing particular aspects if interests. The second kind has no *ruling class*, but a *political elite* that founds its power upon the control of administration, or upon military force, rather than upon property ownership and inheritance. The third kind of society exists as a multiplicity of *elites*, among which no cohesive and enduring group of powerful individuals or families seems to be discoverable at all.

In such divisions, two notions—‘class’ and ‘elite’— need to be clarified in order to better understand the interpretation of elites in economics and politics. ‘Class’ marks the definite types of social formation based on different market relationships. The identifiable factors of *class* reflect the mediation of economic and political power, in the way that the possessions of economic resources can be, and are, mobilized to pursue political ends, and vice versa. As Giddens explains, the term *class* ‘implies a separation between the ‘economic’ and ‘political’ spheres’ (1976: 3). ‘Elite’, on the other hand, is more fundamental in terms of the social structure of the upper class. The hierarchy of elite groups is one principal medium whereby the translation of economic into political power, or the reverse, is effected (Stanworth & Giddens, 1974). Rather than being a conclusive mode (‘class’), the privileged access to private property for upper class (‘elite’) should be considered the starting point of analysis of the power structure in a society. Thus, *ruling class* refers to the mode, in which the economic hegemony is translated into political domination. The particular mode reflects not only the process of recruitment to *elite* positions in the major institutional spheres but also the relationship among economic, political, and other elites with their power to definite class interests (ibid).

More specifically, Karl Marx’s theory of social class and class conflict illustrates the

structuring and restructuring of power in society. He claims that the possession of the major instruments of economic production is the means for the *ruling class* to gain dominance. Political dominance is obtained through military force and over the production of ideas. The perpetual conflict between the *ruling class* and *subject classes* is primarily influenced by the development of productive forces. The conflict will eventually lead to more radical polarization of classes. Marx's economic interpretation manifests that the *ruling class* 'entails the dependence of political power upon economic control' (Stanworth & Giddens, 1974: 3). The class that is economically dominant also holds the reigns of political power. However, Pareto and Mosca's founding theory of elitism emphasizes that the division of *elite* and *nonelite* is most significantly differentiated in political forms, so that their preference for the concepts are *governing class* and *political class* (ibid).

Schumpeter (1942) holds critical views toward the economic perspective that it is the operation of noneconomic factors that maintain or decline the principle types of societies. Weber also argues that the development of capitalism required, 'besides the economic changes and the formation of a new class, which Marx had postulated, a radical change of attitude towards work and the accumulation of wealth, which the Protestant religion brought about' (Weber, 1958: 18). Despite the criticism, Marx's theory still explains how the individuals, who are *governing elite* as defined by Mosca and Petato, come to occupy these positions (Bottomore, 1980: 19). A *ruling class* requires the combination of powers in economics, military, and politics and in most societies such *ruling class* formation starts with the acquisition of economic power (ibid).

2.3.2 Contesting and isolating elite sphere in global context

Based on the founding theories of who are the elites and how people come to the position of elites in various types of societies by gaining possession of economic and political powers, more recent studies in the globalizing capitalist development mostly find that elite

sphere has been holding the consensus of neo-liberal ideology, such as free market and free trade, through the concentration of wealth and power in the era of globalization (Peters, 2001; Harvey, 2005; Nafstad *et al.*, 2007; Dittrich-Lagadec, 2009, among others). Because contemporary elites are becoming more international and cosmopolitan, not only in developed democracies that the elite has accumulated economic and political powers by creating and imposing neo-liberal policies and ideas to the mass but also in other less developed countries, where the elites share the same value and way of life with other elites. As Lasch argues, American elites 'have more in common with their counterparts in Brussels or Hong Kong than with the masses of Americans not yet plugged into the network of global communication' (1995: 35).

Since neo-liberalism is the main economic practice, political policies, and/or even broader perspective of ideology, it widely spread and contributed to the global integration of societies with transnational corporations, globalizing capital markets, and a freer flow of labour and ideas circulating with internationalizing mass communication. Material and nonmaterial inequality in various types of societies has increased as neo-liberal consensus of individualism and enterprise culture dominates societies (Gordon, 1991). Institutional arrangements have been established such as the WTO, the World Bank and the IMF to settle disputes across-borders and to legitimize the power of the 'stateless elites' (Rodrik, 2011). Hence, many argue that deepening social inequality can only be further ensured by the multi-faceted inhabitation of the globalization and neo-liberalism as not only the dominance of economic production and distribution but also and perhaps more importantly the dominance of values and beliefs.

Particularly in terms of ideological dominance, the general scholarly arguments suggest that a global elite sphere, to a lesser extent, is in a dominant position by imposing governance by 'rational management' (Lasch, 1995; Dittrich-Lagadec, 2010) and by circulating and deeply incorporating within the elite category of belief system

(Abercrombie & Turner, 1978). In their paper 'The dominant ideology thesis', the crucial role of dominant ideology in maintaining and legitimizing the dominant class is specifically emphasized in early capitalism. It argues that the partial divorce between ownership and control of the dominant class leads to the decreasing importance of dominant ideology in class formation. However, in the more recent circumstances, when social inequalities in the global economic integration has been intensified and neo-liberal values initiated and disseminated by global elites has been challenged, the elite-elite paradigm reemerges to be a vital aspect to renegotiate the stateless elite sphere when the global economic and political systems are restructuring.

The basic idea can be tracked back in the work of Marx and Engels's *The German Ideology*, in which one can find the arguments that 'there is in most class societies a pervasive set of beliefs that broadly serves the interests of the dominant class' (ibid: 149-50). As each mode of production has a dominant class, which controls both material and mental production, each mode of production has a dominant ideology. The dominant class is able to impose its system of beliefs on all the other subordinate classes. According to what Marx and Engels assert, the ruling class 'are in every epoch the ruling ideas, i.e. the class which is the ruling *material* force of society, is at the same time its ruling *intellectual* force' (1974: 64). Later, as the capitalism advanced to the liberal commitment of laissez-faire, legitimizing institutions (e.g., family, church, school, and mass media) play a crucial role in maintaining and justifying the capitalist system of class inequality (Miliband, 1969). More recently, various arguments point to the manifestation that ideology of private property and individualism is closely connected with continued existence of social inequalities (e.g., Westergaard & Resler, 1975; Abercrombie & Turner, 1978; Harvey, 2005).

To examine the issue from a global perspective, free trade often has negative effects over people in the lower stratum of society, as opposed to what the free trade advocates

argue—that in the long-run everyone will be better off while some people may get hurt in the short-run. Therefore, economists are criticized for advocacy of international trade without presenting the trade-offs on behalf of the people with lower skills, little education, and who are less mobile, and passing off their values as the conclusion of scientific research (Rodrik, 2011: 64). Such free trade ideology is the shared consensus among economists and viewed as the ‘hired guns for the *stateless elites*, whose interest is to remove the impediments to their international operations (ibid: 66). From the perspective of communication, media productions flow from the developed West to developing countries in the South. The ‘unrepresentative elite’ owns the economic and political powers and ‘the mass media play a key role in legitimizing the political establishment’ (Thussu, 2010: 43). The media, therefore, share close proximity to the ruling elites, and reflect their view of development (ibid). Davis (2007) also argues that mass media attempt to maintain the dominant elite hegemony or ensure the continued circulation of power elites, regardless its relation with democratic regimes (ibid: 6). To briefly sum up, because of the closed elite sphere and its institutional and ideological means of legitimizing the power particularly under the circumstance of capitalist global expansion, it makes more sense to take closer look at the actual sites, actors, and ways of how power is maintained within the exclusive global elite sphere.

Chapter 3.

Constructing economic and political realities of China's economic globalisation

This chapter will introduce three main events—China's accession into WTO, foreign IPO, and outward direct investments— representing how China has been integrating its economy into the global marketplace. In the languages of economics and politics, it explains how they initiated and developed, why they can be selected, and how they reflect the media's narrative construction of China's economic globalisation.

3.1 WTO accession

After World War II, John Maynard Keynes and Harry Dexter White crafted the Bretton Woods regime in order to restore the open global economy. These two economists provided the world with new economic philosophy by introducing three international institutions—the International Monetary Fund, the World Bank, and the General Agreement on Tariff and Trade (GATT)—under the rule enforcement and belief system of multilateralism rather than 'naked power politics or imperial rule' (Rodrick, 2011: 70). Ultimately GATT was to achieve the maximum amount of trade compatible with different nations, and it showed the deficiency in terms of minimizing international trade cost and patent enforcement (ibid). Therefore, World Trade Organization (WTO) was created in 1995 to take over GATT. WTO marked the new pursuit of globalization—hyper-globalisation, which required all nations to pursue a common strategy of low corporate taxation, tight fiscal policy deregulation, and reduction of the power of workers' unions (Friedman, 1999).

3.1.1 Backgrounds

The story of China's entry into WTO consists of both accession event and the pre-entry negotiations and post-entry trade issues, such as disputes and compliances. The textual material essentially covers issues regarding the imports and exports of China, closely relating to economic liberalization in the domestic market as a coherent part of China entering the global market. Along with transforming from a centrally planned economy to a market-oriented one, China gradually abolished designated trade regime, slashed tariffs, unified the dual exchange rate in 1994, and removed exchange control on current account transactions in 1996 (Adhikari & Yang, 2002). In 1986, China formally submitted a request to resume its contracting party status in the GATT, from which it withdrew in 1950. The trade to GDP ratio grew from 10 percent at the beginning of the reform to about 40 percent in late 1990s (ibid.). In November 1995, China formally requested to accede to the WTO. Agreement about final details of China's WTO accession package with the United States was signed in November 1999 and agreement with the European Union was signed in May 2000 (Ianchovichina & Martin, 2001: 9). On December 11, 2001, after fifteen years of negotiation, China officially became the member of WTO. In agreements, transitional procedure is included in order to 'make it easier for China's trading partners to impose product-specific protective barriers' (ibid) during the transition period, when China needs to adjust sharply in response to deepening liberalization.

China's trade had increased dramatically before accession for two decades. Its trade plan used to coexist with the exchange control (Lardy, 1991). In order to offset the rising export from the overvalued official exchange rate, China first introduced a dual exchange-rate system and a system of foreign exchange retention by exporting enterprises in the early 1980s (Yang, 2006: 42), then gradually relaxed the exchange control with a less-distorted internal settlement rate. In 1994, the dual exchange rate was unified at the prevailing secondary market rate, and the exchange control on current account transactions were abolished in 1996. The pre-reform Chinese trade regime was dominated by planned import volumes, reflecting a trade policy determined by the projected difference between

domestic demand and supply for particular goods. These types of quantity-based trade policies were less responsive to prices. After trade regime reform, more price-based measures such as tariffs were applied, and protection on merchandise and services were reduced (Lardy, 1991). Besides market access, China also made commitments on increasing transparency of trade and investment regimes. It agreed to eliminate all prohibited subsidies including State Owned Enterprises (SOEs), liberalize trading rights, and require state trading companies to conduct their operations in a commercial manner. Also, the laws, regulations, and other measures published beforehand need to be applied uniformly across the country (Adhikari & Yang, 2002).

3.1.2 Economic significance

China's accession into WTO has important implications for China's economic liberalization in terms of changing structure of output, orientation of production between domestic and international market, and the benefits from liberalization (Bach, *et al.*, 2000). In addition, China's domestic economy grew due to substantial changes in the composition of output (Ianchovichina & Martin, 2001:16). According to World Bank's evaluation, China's accession offered less impact on output but a significant impact on the share of trade. However, at the sectoral level, there were structural changes in output. In Figure 3.1.2-1, output of textiles and clothing received most impacts. Though it is a very important sector in China, China has not benefited from the integration of textile and clothing products into GATT before accession. As to the WTO agreement, existing quotas since 1994 were to be phased out by 2005 (Ianchovichina & Martin, 2001:11); and due to massive export expansion of textiles and clothing after quotas were abolished, a special safeguard mechanism until 2008 was in place, to allow importing countries to restrict China's imports when they cause market disruption (WTO, 1994a). The FDI inflows shifted from manufacturing sector to services slowly, and as the import barriers fell, services sectors were expanding as well (Adhikari & Yang, 2002). China has made important commitments on distribution of services and tourism; and wide-ranging commitments on telecommunications, insurance, banking, construction, professional, and

audio-visual services. These areas are essential to the merchandise trade because of the transparency they create, and because ‘they preclude the emergence of de facto barriers through controls on distribution at any level of government’ (Ianchovichina, Martin, & Wood, 2000).

Figure 3.1.2-1. China’s output (percent change 1995-2005)

(Ianchovichina and Martin, 2001:22)

	<i>Output</i>	
	<i>Without Accession</i>	<i>With Accession</i>
Foodgrains	46.3	44.5
Feedgrains	28.9	26.9
Oilseeds	32.4	32.3
Meat & livestock	75.0	81.3
Dairy	74.9	84.4
Other agriculture	53.2	50.0
Other food	50.5	51.8
Beverages/tobacco	80.7	13.8
Extractive industries	61.9	60.2
Textiles	71.6	88.0
Wearing apparel	57.0	263.5
Wood & paper	103.6	93.9
Petrochemicals	105.8	98.6
Metals	135.7	126.2
Automobiles	189.6	-3.8
Electronics	142.5	169.1
Other manufactures	131.7	125.5
Utilities	103.2	101.2
Trade/transport	110.9	114.4
Construction	147.9	149.0
Business/finance	104.6	105.1
Govt services	85.0	85.9
Wages of Skilled Labor	39.2	42.2
Wages of Unskilled Labor	83.0	87.1

As an importer, China continues to act as a powerful driver of growth, especially in East Asia. ASEAN countries had been benefiting from China’s economic growth during the 1990s. After accession, China provided most merchantilist benefits to exporters in Taiwan, Japan, and other newly industrialized countries (Figure 3.1.2-2). Industrial countries also benefited from China’s opening up, notably the United States and Australia, which expanded the access to China’s agricultural market. Even after accession, China’s protection on agricultural sector remained largely unchanged. But, it increased agricultural imports of oil seeds, meat, and various good productions and reduced export subsidies while increasing the volumes of tariff-rate quotas on most imports. Most of the industrial countries have increased exports to China in capital and technology-intensive manufactures. Service sectors provide these industrial countries with larger trade and

investment opportunities. But it also means that ASEAN countries lose, because of the diversion of FDI to China and increased competition from China in the export market (Rumbaugh and Blancher, 2004). As an exporter, China is a big beneficiary as a member of WTO. The automobile sector experiences a substantial increase in exports after accession. The high-tech sector (‘electronics’) is export-driven with big export growth. The total welfare gains from the liberalization of trade are on the order of 44 to 30 billion US dollars a year for China and 2056 billion for the global economy, and China’s GDP increased in range from 1.5 percent to more than 10 percent, according to various methods of calculations (Figure 3.1.2-3).

Figure 3.1.2-2. China’s imports by source (US\$ Million)
(Ianchovichina & Martin, 2001: 25)

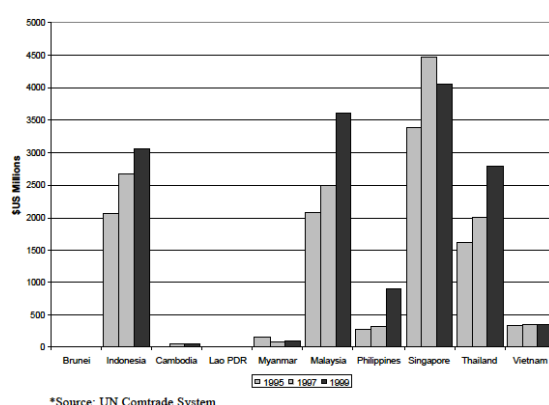


Figure 3.1.2-3. Economic effects of China’s WTO accession
(Adhikari & Yang, 2002)

Study	Effect on China	Global effect
Walmsley and Hertel (2000) ²	Welfare: \$23.7-25.6 billion ³ GDP increase: 8.7-10.8 percent	Welfare: \$35.7-38.2 billion
Wang (1997) ²	Welfare: \$12.4-30.3 billion	Welfare: \$25.3-56.7 billion
Zhai and Li (2000)	Welfare: 1.2 percent of GDP GDP increase: 1.5 percent	
Walmsley and others (2001) ^{2, 4}	Welfare: \$3.9-10.5 billion	Welfare: \$20.5-25.7 billion
Ianchovichina and Martin (2001) ⁴	Welfare: \$28.6 billion GDP increase: 2.2 percent	Welfare: \$56.1 billion GDP increase: 0.2 percent

3.1.3 Political implication

On a domestic level, China inevitably experienced difficulties in implementing the commitments of WTO as interest groups tried to delay trade reforms and market liberalization. The WTO framework included three basic principles concerning the trade administration system: uniformity, transparency, and judicial reviewability (WTO, 2002). Applying the WTO framework to the case of China, it means that (1) China must ensure

that provisions of the WTO agreement are applied uniformly through its entire customs territory, including on the sub-national level (He *et al.*, 2001); (2) China would make laws and regulations with regard to foreign trade to ensure transparency; (3) and China would make trade administration actions subject to prompt judicial review, such as independent tribunals, contact points, and procedures for the prompt review of all administrative actions by governments (Agarwal & Wu, 2003). More fundamentally than liberalizing the merchandise trade regime, China needed to set up its institutional building and rebuilding, which means to dismantle the existing central planning institutions, formulating policies consistent with WTO agreements, amending law inconsistent with WTO rules, and imposing uniform rules throughout the country. China was forced to increasingly adhere to the rule of law (Adhikari & Yang, 2002). Also, huge amount of fiscal resource was needed to strengthen social safety nets and narrow economic and social disparities between regions.

From a global perspective, China's increasing openness holds many promises not just for industrial countries but also for the developing world. Apart from fiercer competition, stronger trade and investment ties provide its Asian neighbors with a more stable external environment, as long as its business cycles are not synchronized with those of Japan, North America, or Europe (*ibid.*). As a major trading nation in the WTO membership, China has a greater influence over the multilateral trading system. It plays a vital role in the reform of WTO anti-dumping rules, guards against attempts to use labour and environmental issues as disguises for protectionism, and pushes for reduction of agricultural subsidies. Moreover, China's WTO accession provides an impetus for economic and structural reform in the Asian region. The then-Director General of the WTO, Supachai Panitchpakdi, characterized China's WTO accession as a 'wake-up call' that should rouse other countries to accelerate their reforms (*ibid.*). The entry into WTO also made China recognize that globalization is not only an economic phenomenon but also, as the growing scholarly and elite discourses showed, affected great power politics (Deng & Moore, 2004). China's subsequent WTO participation has reiterated its fresh attitude toward leadership in a globalized world. During the 2001 Doha conference, China insisted that the

‘developmental dimension’ to be fully incorporated into the multilateral trading system. Similar to the Cancun WTO ministerial meeting in 2003, China emphasized the unbalanced obligations and unequal gains between developed and developing countries.

3.2 Foreign Listing /cross-listing

Foreign listing, or cross listing, means the listing of a company’s common shares on a different exchange than its primary and original stock exchange (*Investopedia*; Wójcik & Burger, 2010: 276). According to the rationale of ‘financial hierarchy’, the firms’ preference order of seeking financing for investment (Myers & Majluf, 1984) is internal funds, debt, and equity, in that order. The listing and trading of corporate shares on the stock market outside the home country of the issuers manifest the firms’ various motives other than a purely financing need. The firms choose foreign listings (especially in the United States) as a primary means to raise external capital. These are with growth opportunities that cannot be funded internally; and the benefit (their ability to get external financing) should be greater than cost (reduction in private benefits of control for majority of shareholders) (Doidge, *et al.*, 2004). Therefore, cross-listing firms tend to be relatively large, from capital-intensive, export-oriented, and high-growth sectors (Wójcik & Burger, 2010).

At the macro level, foreign listing could be a catalyst for collateral or indirect benefits to issuers’ home country, such as financial market development, institutional development, better governance practices, and macroeconomic disciplines in the long run (Kose *et al.*, 2006 & 2007; Mishkin, 2006). Over time, the collateral benefits will spill over into domestic economy, thereby influencing the development of domestic institutions, driving further reform over the long term. For developing countries, the collateral benefits sheds light on institutional evolution, or institution building, that took richer countries many decades, if not centuries, to achieve (Kirkpatrick & Parker, 2004; Tobin & Sun, 2008). At a micro level, the ‘bonding effect’ is expected for firms listing abroad and is hypothesized

in corporate governance and accounting reporting (Coffee, 2002). By trading the shares overseas, a firm enters the legal and regulatory environment of the host market with stringent disclosure of information that is valuable to investors and insiders of the firm (manger and controlling shareholder) can ‘bond’ themselves to a legal system with the more effective protection of minority shareholders (Stulz, 1999). Foreign listing firms may also be subject to scrutiny by intermediaries, such as analyst and investment banks with better expertise than institutions at home market (Doidge, Karolyi & Stulz, 2004). In financial aspects, listing shares abroad makes the firms more accessible to investors in the host market and overcomes international stock market segmentation (Karolyi, 2006) by improving a firm’s information environment and visibility (Baker *et al.*, 2002).

3.2.1 Backgrounds

Foreign listing consists of mainly two types: Depositary Receipts (DRs) and Initial Public Offering (IPOs). DR represent equity in a foreign company, but they are denominated in the currency of the host market and traded like domestic stock. Best known DRs are American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs). As an alternative to DRs, IPO means the stock exchanges allow foreign issuers to list directly (JP Morgan 2009). For Chinese companies, IPO is the main means of cross-listing (Table 3.2.1), whereas cases of ADRs are marginal. Another more commonly used classification with respect to Chinese issuers is based on ownership and host market locations (FTSE, 2012; Index Universe, 2013).

‘H shares’ means the securities of the companies incorporated in Mainland China and listing/trading in Hong Kong Stock Exchange. ‘Red chips’ are state-owned Chinese companies trading in Hong Kong with majority of revenue or assets derived from Mainland China. ‘P chips’ are non-state-owned Chinese companies trading in Hong Kong with the establishment, and though originally from Mainland China they are incorporated outside mainland, often in certain foreign jurisdictions (e.g., Cayman Islands, Bermuda). ‘N shares’ are those Chinese companies incorporated in certain foreign jurisdictions as

well, and more often are referred to as US-listed on the NYSE or NASDAQ. Sometimes, ADRs of H shares and red chips are also classified as N shares.

Table 3.2.1 Number of Chinese firms listings by year and type¹
(Zhang and King, 2010)

Year	ADRs	Foreign IPOs	Domestic listings
1993	1	7	180
1994	1	10	109
1995	0	3	30
1996	1	7	203
1997	3	19	214
1998	1	4	109
1999	0	10	99
2000	4	12	142
2001	2	12	79
2002	1	16	72
2003	2	31	67
2004	10	49	100
2005	7	38	14
Total	33	218	1418

Activities of Chinese firms listing on foreign exchanges can be traced back to the early 1990s. The Chinese Securities and Exchange Committee was formed in 1992; and right after that, Qingdao Beer (Tsingtao Brewery Co. Ltd.) became the first Chinese company successfully listed overseas in 1993. The wave of cross listing soared after Asian financial crisis of 1996-97. As most Chinese firms were performing strongly during the financial turmoil, Chinese stock became sought-after investment in the Hong Kong and Singapore markets, which drove rapid growth for Chinese firms' foreign listing activities. In the meantime, major stock exchanges expressed a keen interest in Chinese issuers (Claessebs *et al.*, 2006; Zhang and King, 2010). Unicom, China's second largest telecoms provider, went for international IPO on June 21, 2000 (Tobin & Sun, 2008). Baidu issued its American Deposit Receipt (ADR) in 2005 on New York NASDAQ at an issuing price of \$27 US dollars (CSRC, 2006). Later in the same year, China Construction Bank (CCB), the fourth largest bank in China, had its IPO on listed on the Hong Kong Stock Exchange. It marked the first big step toward a grand-scale privatisation of Chinese state-owned banks (Zhang & King, 2010). In 2006, the Industrial and Commercial Bank of China (ICBC) collected \$21.6 billion as the biggest initial public offering of the time (more IPOs

¹ The table reports the number of listings of Chinese companies in foreign IPOs, ADRs, and domestic listings respectively. The sample includes 33 ADRs, 218 foreign IPOs, and 1418 domestic listings.

of state-owned commercial banks and the implications to bank reform and economic liberalisation will be discussed later).

3.2.2 Economic significance

The striking economic growth, indicated by higher income, growth opportunities, and other factors, leads to a strong presence of Chinese firms on the global capital markets (Claessebs *et al.*, 2006; Zhang & King, 2010). In the 2000s, emerging markets generated the boom of foreign listing due to their rapidly developing corporate sectors demanding external capital and international securities market expertise (Figure 3.2.2-1). Chinese firms' earliest target was to raise foreign capital as well (Jia, Sun & Tong, 2005). In 2007, four main emerging markets (Brazil, Russia, India, and China [BRIC]) accounted for 72 percent of the new DRs listed on the foreign stock exchange, 63 percent of the capital raised, and 48 percent of the trading value (Bank of New York Mellon, 2007). By the end of 2006, a total of 143 Chinese companies had issued shares overseas, raising \$94.89 billion in total. H-shares, listed on the Hong Kong Stock Exchange, performed as the main index of the overall cross-listing activities (Figure 3.2.2-2), because other forms, such as N-shares, meant that Chinese firms listing in New York (as ADRs) were thinly traded and could be neglected (Jia, Sun & Tong, 2005). Between 2004 and 2007, the number of cross-listed firms tripled in China. The 2008 global financial crisis slowed down the activity but did not stop it (Wójcik and Burger, 2010: 280).

For Chinese companies, the location of cross listing depended on cultural (Stulz & Williamson, 2003) and geographical (Huberman, 2001) proximity. Theoretically, the best destinations of foreign listing should be markets that offer the best access to capital and shareholder-friendly corporate governance regime. Firms tend to choose markets that share proximity between the host and home market (Sarkissian & Schill, 2004). In most cases, firms also tend to list in leading financial centres (Leyshon & Thrift, 1997). Therefore,

Hong Kong and the United States are two of the most popular destinations for Chinese cross listings (Figure 3.2.2-3).

Figure 3.2.2-1 Cumulative number of foreign-listed firms from BRIC²

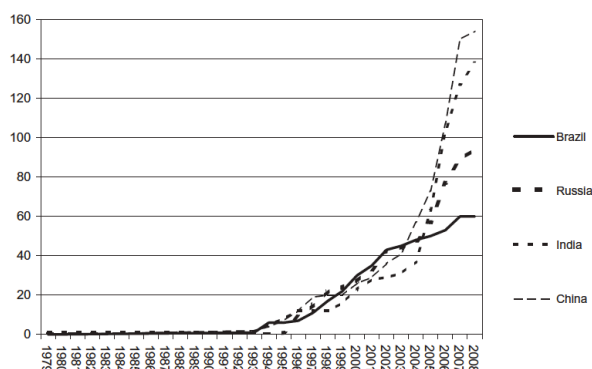
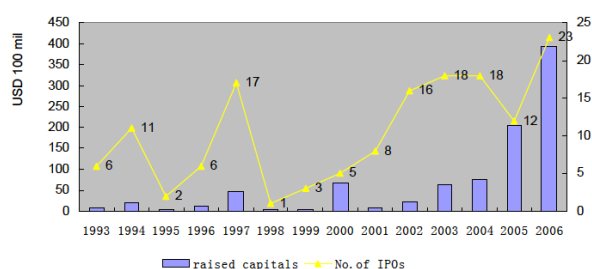


Figure 3.2.2-2 Summary of raised capital by H-shares 1993-2006

(CSRC, 2007:22)



To get listed in well-established foreign markets is an important means to at least partial privatization for Chinese companies, especially State Owned Enterprises (SOEs). H-shares consist of mostly Chinese SOEs. By 2005, H-shares had already accounted for 20 percent of the market capitalization in the Hong Kong stock exchange (Jia, Sun & Tong, 2005: 6) (Figure 3.2.2-4).

² Calculation by the authors (Wójcik and Burger, 2010) based on data from BNY Mellon and LSE.

Figure 3.2.2-3 Geographical distribution of Chinese firms foreign listing³

Year	Hong Kong	United States	Singapore	London	Foreign total	Domestic total
1986	2	0	0	0	2	0
1987	2	0	0	0	2	0
1988	0	0	0	0	0	0
1989	0	0	0	0	0	0
1990	0	0	0	0	0	10
1991	0	0	0	0	0	4
1992	8	1	0	0	9	39
1993	25	5	1	0	31	130
1994	18	11	0	0	29	108
1995	4	8	1	0	13	32
1996	11	7	1	0	19	207
1997	28	9	1	3	41	215
1998	2	3	0	0	5	106
1999	8	3	0	0	11	98
2000	9	7	0	1	17	139
2001	12	4	1	1	18	72
2002	18	9	0	0	27	64
2003	11	1	1	0	13	54
Total	158	68	6	5	237	1278

Figure 3.2.2-4 Equity funds raised by listing on Hong Kong Stock Exchange, 1993-2007, HK \$millions⁴ (Tobin and Sun, 2008:282)

Year	No. of IPOs	Fund raised on IPOs	Fund raised post IPOs	Total fund raised
1993	10	9092.04	14128.71	23220.75
1994	14	11421.18	11685.17	23106.35
1995	2	3581.10	6083.86	9664.96
1996	12	10261.46	16619.31	26880.77
1997	25	71432.34	42636.69	114069.04
1998	3	2214.74	18712.63	20927.37
1999	7	6249.22	53191.82	59441.04
2000	5	95847.15	249562.21	345409.36
2001	6	17630.92	7518.44	25149.36
2002	5	37824.16	31771.67	69595.83
2003	11	49214.99	2522.19	51737.18
2004	12	54565.38	31046.63	85612.01
2005	13	138222.23	42846.02	181068.25
2006	19	292790.48	61800.44	354590.92
2007 ^b	8	52687.69	43003.56	95691.25

3.2.3 Political implication

Overseas stock exchange could play important role in a government's privatization programme (Megginson & Netter, 2001). Chinese SOEs contributed significantly to China's privatization policy. As China has dominated the worldwide initial public

³ The table shows the number of new listings by year. Apart from foreign exchanges, Chinese firms are also domestically listed in Shanghai and Shenzhen. The data are compiled from the websites of Chinese Securities Regulatory Commission, various stock exchanges, and investment banks (Yang & Lau, 2006:316).

⁴ Data is derived from Hong Kong Stock Exchange website: <http://www.hkex.com.hk/>, including both H-shares of enterprises incorporated in China and 'red-chips' listing of Chinese enterprises incorporated in Hong Kong. The numbers in 2007 are provisional figures up to August of that year (Tobin & Sun, 2008:282).

offerings in recent years, capital-raising activities of Chinese SOEs have triggered fierce competition among global stock exchanges to seek new listing from China (Kissel & Santini, 2004). However, contrary to the primary motive of foreign listing of financing and product market expansion, either politician's self-interest or the government's political or economic objectives drive Chinese SOE's overseas listing decision. Paradoxically, since the mid-2000s, for many private firms the bureaucratic pressures had become more cumbersome (Ling, 2005). The Chinese government decided which state-owned enterprises will undergo privatization and should go for foreign listing (Huang, Wong & Zhang, 2008). The Chinese Security Regulatory Commission (CSRC), the government body with direct control over home stock exchanges in Shanghai and Shenzhen, is responsible for selecting the SOEs and approving their application for an overseas listing, with certain criteria such as net assets higher than RMB400 billion, pre-listing Return on Equity (ROE) above 10 percent, and so forth (Handbook of State-Owned Shareholders, 1999). As the process is tightly controlled, the decisions are subjected to lobbying and political pressures. Selections are often based on noneconomic factors, for instance political connection, geographical quotas, and 'protected industry' status, and such (Jia, Sun & Tong, 2005).

On the positive side, strong political connections increase the cross-listing effect on governance and accounting quality (Huang, Wong & Zhang, 2008). For Chinese SOEs, firm-level benefits were not exclusively capital raising. Much more important was the range of commitments and opportunities that were attached to international capital (Tobin & Sun, 2008). Theoretically the implicit opportunity cost of using international capital at a micro level could be diminished by the improvement in governance, organizational learning, and the knowledge and technological transfers that accompany foreign listing (Kose *et al.*, 2006 & 2007). For example, the Bank of China Hong Kong branch became the first foreign listing of a subsidiary of a state-owned bank, represented a pioneering banking reform. The main motives were about self-regulation and restructuring rather than raising equity (another example is Unicom China, previously mentioned above). Though it gained no additional fund from IPO on HKSE, its governance reform was a key aspect of

its flotation, effectively subjected to more rigorous external market discipline (Tobin & Sun, 2008: 830). There are also cases that show that strong political ties cannot be mitigated by improved governance and accounting quality due to government influence to meet state objectives such as employment (Hung, Wong & Zhang, 2008).

3.3 Outward Direct Investment

Outward/outbound Direct Investment (ODI) is a business strategy where a domestic firm expands its operations to a foreign country. It is a natural progression for firms, as better business opportunities will be available in foreign countries, and seen as proxy that the country's economy is booming to the extent that sufficient risk capital is available for further ventures (*Investopedia*). ODI could take the forms of Greenfield investment, cross-border mergers, and acquisitions and/or expansion of an existing foreign facility. Greenfield investment means to build a sales network or production facility from scratch (Schüller & Turner, 2005). It is more effective to transfer a company's competitive advantages to foreign countries (Sarala & Sumelius, 2005). Cross-border mergers and acquisitions (M&A) is the investment in existing assets. As a market for sales and purchases of substantial company shares or specific assets, cross-border M&A is regarded as strategically more effective when intent is to absorb knowledge from the acquired foreign companies (ibid.).

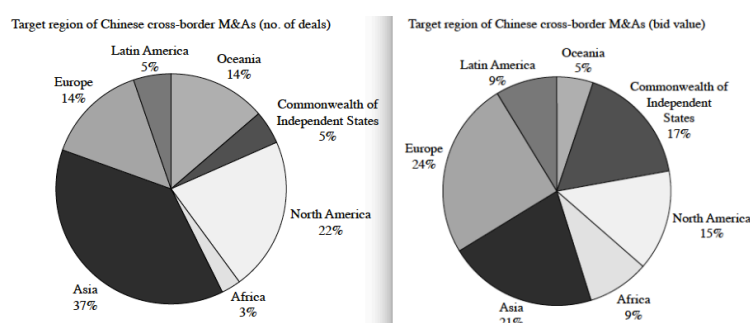
M&As are equity participation activities, including not only mergers and acquisitions but also takeovers, consolidations, management buyouts, and so forth. (Business Library, 2007). In the case of China, cross-border M&A activity sometimes is seen as an index of overall ODI, though it accounts for a relatively small share of total ODI—18 percent of total ODI in 2003 (MOFCOM/NBS-Report, 2004). Because (1) strategically the acquisitions of well-known foreign companies have been central in the perception of China becoming an aggressive buyer of overseas assets and a global threat (Schüller and Turner, 2005; *The Economist*: 'The dragon tucks in', 30.06.2005); (2) China's outward FDI is mainly state-led in the energy sector, but M&A is better comprised of both state-funded

and private commercial deals (Yueh, 2012); and (3) China does not yet have systematic and comprehensive statistics of ODI due to ambiguity in nontrade capital movements and round-tripping activities, and in comparison M&A provides much transparent data (Hong and Sun, 2006).

3.3.1 Backgrounds

For the ODI in general and cross-border M&A in particular, there are strategic differences between the motivations in the context of China entering global economy and in other theoretical/empirical contexts. In the theory of internationalisation, the ODI by multinational firms is thought to add value by raising the returns to corporate investment in research and development (R&D), brand creation, and other ventures with large fixed costs and high risks of market transactions (Buckley and Casson, 1976). But, this is not the case for Chinese firms with large past investments in enhanced productivity leading the ODI surge. Instead, relatively inefficient SOEs dominate ODI in China, and more efficient private enterprises remain largely domestic (Mork, Yeung & Zhao, 2008:345). Also the ODI should be disproportionately into countries with large domestic markets that can better contribute to economics of scale and scope in the use of such productivity enhancement. In term of bid value, cross-border M&As in China seem consistent with this theory (Figure 3.3.1-1).

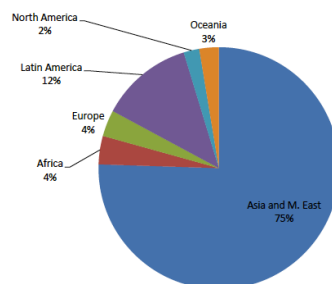
Figure 3.3.1-1 Regional distribution of Chinese cross-border M&A, January 1999-May 2007⁵



⁵ Authors' (Zhou & Schüller, 2009:34) own calculations based on Dealogic data (data as of May 2007).

As ODI Figure 3.3.1-2 shows, in general most of the target destinations are in Southeast Asia and Africa, with weak institutions such as a high-level of state intervention, insecure property rights protection, and opaque corporate governance (ibid; Huang, Morck & Yeung, 2004). Mainly M&A deals in ODI are located in developed countries to attract public attention to generate ‘an illusion that China already contains world-class companies joining the ranks of multinational giants based in developed countries (Mork, Yeung & Zhao, 2008: 338). On the other hand, at the firm level, high-profile cases of Chinese manufacturers sought to acquire the firms in rich countries that provide them with proprietary technologies, brand names, and transactional advantages such as the firm’s capability to manage both internal and external relationships (Rugman, 1996); the opportunity to access higher value-added markets and to catch up with global market leaders (Child and Rodrigues, 2005); and support their competitiveness vis-à-vis multinationals in their domestic markets (ibid: 389). For instance, Lenovo’s acquisition of IBM’s PC unit and Haier’s bid for Maytag meant to apply the technology on global scale.

Figure 3.3.1-2 Chinese 2009 ODI by region-stock⁶, \$million, per cent share

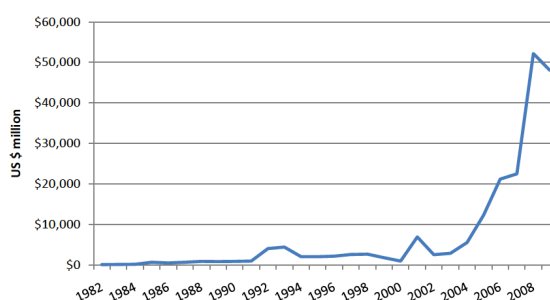


ODI by emerging market enterprises (EMEs) has become increasingly noteworthy in recent decades. In 2007, ODI from emerging and developing economies reached \$304 billion US dollars, the highest level ever recorded. The surge came from the rapid pace of economic development and liberal market policies implemented by home governments,

⁶ Source: MOFCOM, 2009 *Statistical Bulletin of China's Outward Foreign Direct Investment* (Beijing: 2010) (Salidjanova, 2011:16)

along with offshore availability of market opportunities, an entrepreneurial desire to hit key international markets, strategic intent to exploit competitive advantages in international market, and cost-effective massive manufacturing (Mathew, 2002; Luo & Tung, 2007; Rui & Yip, 2008). Throughout the last three decades of economic reform, China has evolved from a marginal player to an important source of ODI among developing countries. This process began from near zero in the 1970s and early 1980s and surged to over \$17.6 billion in 2006. Between 2002 and 2007, Chinese ODI reached \$110 billion in various industries with \$15 billion in 2007 alone. By 2007, nearly 7000 Chinese enterprises had engaged in ODI in 173 countries, establishing over 10,000 overseas enterprises abroad (MOC, 2008).

Figure 3.3.1-3. Chinese ODI flows, 1998-2009⁷ (Salidjanova, 2011: 2)



Despite the impressive growth rate, the absolute magnitude of this time period remains small (Mork, Yeung & Zhao, 2008: 338). China's purchasing power parity⁸ in 2006 was \$9.98 trillion, nearly 77 percent of US GDP and 15 percent of the global total, according to IMF (ibid). But its ODI of that year accounted for only 2.3 percent of the global total—a disproportionately small sum even among countries at similar stages of development, such as Russia, and other recent command economies in transition. It is only since 1999 that China has showed a catch-up trend (Figure 3.3.1-3 and 3.3.1-4), partly as a result of a 'go

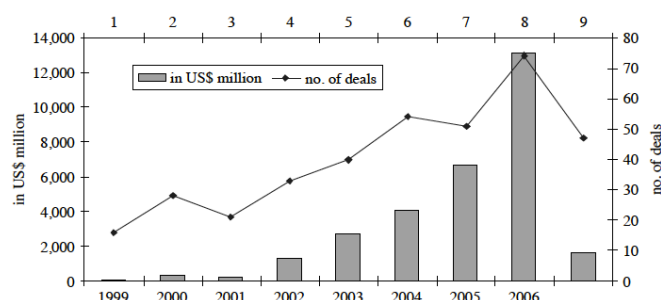
⁷ Source: United Nations Conference on Trade and Development (UNCTAD), 'Inward and Outward Foreign Direct Investment Flows, Annual', *UNCTAD Start Database*. <http://unctadstat.unctad.org>.

⁸ Purchasing power parity (PPP) is used to determine the relative value of currencies, showing how much money would be needed to purchase the same goods and services in two countries. It indicates the implicit foreign exchange rate (*Investopedia; Wikipedia*).

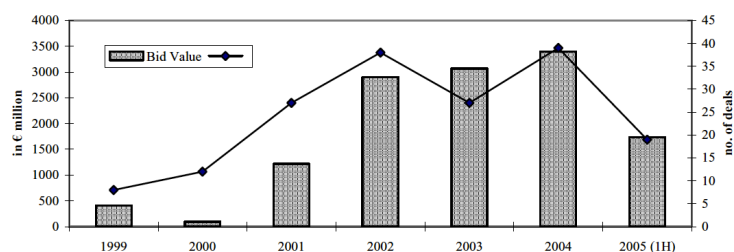
global' policy and partly due to its continued growth with increasing demand or shortage in almost all raw materials, particularly in oil, iron ore, aluminum, and uranium (Salidjanova, 2011).

Figure 3.3.1-4. Chinese companies' equity purchases, January 1999-May 2007⁹

(Zhou & Schüller, 2009: 33)



Note: The data above is highly skewed by one single offer—\$18.5 billion bid for the US oil company Unocal by CNOOC in June 2005 (Schüller & Turner, 2005:7). The trend without the Unocal deals looks like the following figure:



3.3.2 Economic significance

To look at the sector composition of Chinese ODI, cross-border M&A is the main market entry mode used in mining and manufacturing sectors, whereas Greenfield or other entry modes are preferred in other sectors such as leasing and business services (Zhou &

⁹ First graph including CNOOC deal is derived from authors' (Zhou & Schüller, 2009) calculations based on Dealogic data as of May 2007. Second graph excluding CNOOC deal is based on authors' (Schüller & Turner, 2005) calculation based on Dealogic data as of July 7 and 8, 2005.

Schüller, 2009). Chinese M&A are heavily concentrated in the mining sector, accounting for 65 percent of the total M&A stock, followed by the manufacturing sector with 25 percent. Manufacturing accounts for the largest share in terms of number of deals (Figure 3.3.2-1). For overall ODI, the flow of investment in natural resource extraction accounted for nearly half of the total in 2003, one third in 2004, and about 40 percent in 2006, but it dropped to less than 16 percent in 2009 (Salidjanova, 2011:18). Apart from energy-related sectors, overall ODI consists of a high percentage of investment flow in service sector with 30 percent in business service and 19 percent in finance in 2009 (Figure 3.3.2-2). It reflects the fact that ODI is largely used to serve and promote the export of Chinese commodities (Zhou & Schüller, 2009).

Figure 3.3.2-1. Sectoral distribution of Chinese cross-border M&A activity, January 1999-May 2007¹⁰ (Zhou & Schüller, 2009:35)

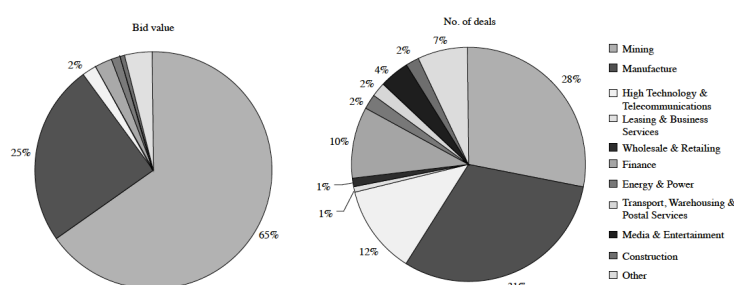
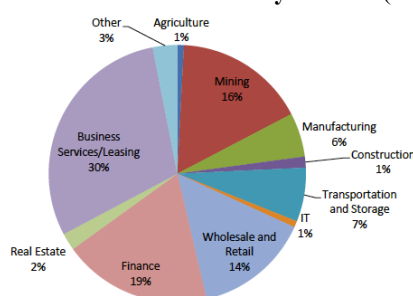


Figure 3.3.2-2. Chinese ODI in 2009 by stock¹¹ (Salidjanova, 2011:18)



¹⁰ Source: authors' own calculations based on Dealogic data as of May 2007.

¹¹ Source: MOFCOM, 2009 Statistical Bulletin of China's Outward Foreign Direct Investment (Beijing: 2010).

Lenovo and Huawei¹² are the only two private firms not explicitly state controlled to acquire overseas assets in 2004 and 2005 (Cheng & Ma, 2007). In between 1999 and 2001, firms were encouraged through subsidies and other incentives to set up plants abroad that could process Chinese raw materials or assemble Chinese-made components (Wong & Chan, 2003:281). In 2009, centrally controlled SOEs provided about \$38.2 billion (67.6%) of total Chinese ODI (MOFCOM, 2009: 12).

Another crucial factor affecting the dominance of SOEs was the higher saving rate in China than in many other countries at substantial margins (Table 3.3.2-1). The domestic savings flow mainly into state-controlled banks as deposits. Corporate savings as the form of retained earnings (the portion of earnings not paid out to equity investors) stands mostly the amount of money for internal investment. Most of the SOEs with ODI are particularly dividend-averse. Due to deficiency of domestic capital market to raise fund (Khanna, 2000), restrictive domestic business environment (Witt & Lewin, 2007), and CSRC's new regulations in 2004 and 2005 to explicitly force listed SOEs to pay a minimal 20 percent after-tax profit as dividends (Mork, Yeung & Zhao, 2008), both SOEs and private firms hold more cash internally to get ready for growth opportunities, and market expansion.

Table 3.3.2-1 Saving rates as percentage of GDP (Kuijs, 2006, Table 4)

Country	China	USA	France	Japan	Korea	Mexico	India
Total domestic savings	41.7	14.3	20.7	25.5	31.0	20.8	28.3
Household savings	16.0	4.8	10.8	8.2	4.5	8.0	22.0
Enterprise savings	20.0	10.3	9.5	19.4	14.8	10.6	4.8
Government savings	5.7	-0.9	0.3	-2.2	11.7	2.2	1.5

¹² Lenovo is owned by the government body Chinese Academy of Sciences, State-owned Assets Management CO., Inc. (CAS) with 36% stake. Huawei, though it officially claims its private ownership structure, bears suspicions that it is backed by Chinese government to win overseas contracts in terms of subsidies, low-interest loans and generous export credits (*The Economist*, 'Who's afraid of Huawei?', 04-08-2012).

As previously explained, there are distinct strategic differences between overall ODI and the M&A activities in term of geographic distribution. According to the OECD classification of developed/developing countries, 55 percent of M&A deals occurred in developed countries with 52 percent bid value (Figure 3.3.1-1). Developed countries are more attractive destinations to strategic assets seeking, such as technological changes, 'established chain', in the learning perspective (Zhou & Schüller, 2009: 39). Within the developing countries, Asia was the main destination with 37 percent of deals, followed by the countries of the former Soviet Union (ibid: 32-33). Most of the deals were acquisitions by high-profile Chinese firms, such as Lenovo for IBM's PC unit and Minmetal for Noranda in Canada. ODI has a distinct focus on the locations of South and East Asia and Africa. In 2006, 76 newly planned ODI projects in these two regions accounted for over 60 percent of the total 125 reported (Mork, Yeung & Zhao, 2008: 338). In 2003-2006, Chinese ODI with a combination of large natural resources and poor institutions mostly targeted at non-OECD countries (Kolstad & Wiig, 2012). These two factors together have an interactive effect, which attracts Chinese investment in countries with poor institutions but rich natural resources (ibid: 33).

Buckley *et al.* (2007) argue that China's direct ODI to the undemocratic countries with institutional dysfunctions, especially in private sectors (i.e., institutions governing the profitability of the productive enterprises such as rule of law), is aimed mainly for ideological or strategic reasons. To obtain greater security access to energy and other resources (Cheng & Ma, 2008) is a vital motive to maintain a high rate of economic development, especially investment in Africa. Given the geopolitical importance of oil, controlling energy resources may also be of strategic importance, as the shortages or rising price of energy may cause unrest in the country as other empirical experiences showed (Frynas & Paolo, 2007). Therefore, there is an investment pattern that believes the worse off the institutional environment of a host country, the more Chinese ODI is attracted to the countries' natural resources, according to data from 2003 to 2006 examined by Kolstad and Wiig (2012). This particular pattern also reflects the background characteristics of the

Chinese economy with the institutional context of being predominating by state-ownership of multinational companies (ibid: 33; Huang, Morck & Yeung, 2004; Perkin, 2005).

Apart from obtaining access to natural resources, another incentive of Chinese ODI is to evade tax. According to MOFCOM (2009), the top destinations of China's ODI by volume are Hong Kong and the Caribbean tax havens, which account for 79 percent of the net, non-financial ODI flow (Table 3.3.2-2). These locations provide confidentiality to foreign investment and are used by Chinese firms to store wealth beyond the purview of tax authorities (Harris, 1993) and hide wealth even from public shareholders (Mork, Yeung & Zhao, 2008: 339). For instance, Hong Kong as a favourable origin of Chinese ODI is the main facilitator for *round tripping* capital. It means to take money out of China and then 'invest' it back, as new investment, in order to qualify for special tax breaks reserved for foreign investment. Chinese-controlled subsidiaries might serve as a holding company for investment elsewhere, or even back to China if its Hong Kong subsidiary has Foreign Owned Enterprise (FOE) status in Mainland China, where FOEs pay lower taxes than domestic firms.

Due to the lack of data transparency for round tripping activities, the actual ODI figures vary from different sources; hence, sometimes more measurable cross-border M&A figures are used as the main index of ODI movements. Because M&A frequently serves as the main vehicle for Chinese investments in developed market, though it comprises a small percentage of ODI. The acquisitions of technology, brands, and know-how are the 'bargains' of what the Chinese companies look for in American and European markets (Gao, Woetzel & Wu, 2003). Moreover, the trend toward expansion in Chinese cross-border M&A purchases is driven by the same macro factors as ODI growth in general—the intensified level of domestic and international competition faced by Chinese companies (Salidjanova, 2011:9). Since foreign companies initially control virtually all intellectual property in China and account of 85 percent of China's technology exports, Chinese firms have realised that they can't compete on low cost alone and have targeted

overseas acquisitions as a route to enhanced research, development, and brand recognition (*The Economist*: ‘The struggle of champions’, 2005).

Table 3.3.2-2. Top destinations of China’s ODI, US\$ billion (Mork, Yeung and Zhao, 2008)
2003-2006 (*China FDI Statistics Report, Ministry of Commerce and China Statistics Bureau*)

Country/Region	2003		2004		2005		2006	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Hong Kong	11.5	40.4	26.3	47.8	34.2	27.9	69.3	39.3
Cayman Islands	8.1	28.3	12.9	23.4	51.6	42.1	78.3	44.4
British Virgin Island	2.1	7.4	3.9	7.0	12.3	10.0	5.4	3.1
South Korea	1.5	5.4	0.4	0.7	5.9	4.8	—	—
Australian	—	—	1.3	2.3	1.9	1.6	0.9	0.5
USA	0.7	2.3	1.2	2.2	2.3	1.9	2.0	1.1
Russia	0.3	1.1	0.8	1.4	2.0	1.6	4.5	2.6

2008-2009¹³ (MOFCOM, compiled by US-China Business Council)

Country/Region of Origin	Amount Invested 2008	Amount Invested 2009	Year-on-Year Growth (%)
Hong Kong	\$41.0	\$54.0	31.6
Taiwan	1.9	6.6	245.7
Japan	3.7	4.1	12.7
Singapore	4.4	3.9	-12.4
United States	2.9	3.6	21.5
South Korea	3.1	2.7	-13.8
United Kingdom	0.9	1.5	60.7
Germany	0.9	1.2	36.3
Macau	0.6	1.0	71.9
Canada	0.5	1.0	76.5

3.3.3 Political implication

From the perspective of policy making, there are three phases of China’s ODI development. The first phase occurred between 1984 and 1990, during the time of economic reforms advocated by Deng Xiaoping. The issue was heatedly discussed about the extent to which FDI benefited the Chinese economy and the signalled departure from socialist ideology (Zhang, 2003; Buckley *et al.*, 2007). The Chinese government at early stage took eclectic, ad hoc or even half-hearted approaches toward outward FDI because of its (1) pragmatic and experimental nature, (2) policy focusing on attracting inward FDI, and (3) ideological opposition (Zhang, 2003:54). Since Deng’s journey to the South (‘邓小平南巡’) in 1992,

¹³ The data in 2009 includes investments in these countries but made through Barbados, the British Virgin Island, the Cayman Islands, Mauritius, and Western Samoa.

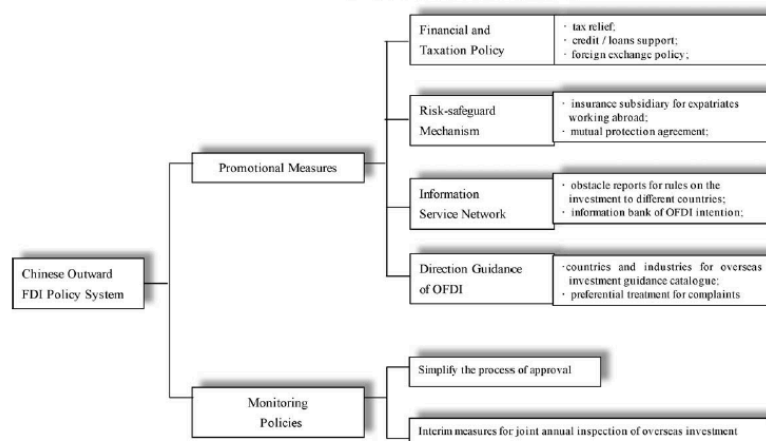
the landmark journey strengthened the liberal politicians in CCP along with bureaucrats in government agencies, and the 14th Party Congress had new momentum to overseas investment activities. In the second phase from 1991 to 2001, premier Zhu Rongji set up the SOEs reform in 1998; further market liberalisation allowed nonstate firms to invest offshore as well. Many local and provincial enterprises started to establish overseas offices in the property sector and for speculative purposes (Schuller & Turner, 2005). Though the policies with regard to approving ODI were increasingly strict due to the Asian financial crisis in 1997 (Wong & Chan, 2003), regulations on foreign exchanges were relaxed, as the foreign exchanges could be purchased from State Administration of Foreign Exchange (SAFE) to finance ODI projects regardless of whether the applicant firms had earned any foreign exchange (Buckley *et al.*, 2007).

The most noteworthy phase starts from 2001 to 2010 (the year indicated by most recent literature with conclusive data and analysis). In 2000 China formally initiated the ‘Go Global’/‘Going Out’ (‘走出去’) policy, providing strong national public endorsement for an institutional environment that fosters ODI. In particular, the support for cross-border M&A became part of the country’s overall industrial policy to promote the internationalization of Chinese companies (Schuller & Turner, 2005:9). Government evolved to construct more complex policy regime (Figure 3.3.3)—regulations of foreign exchange were further relaxed by sequentially issued regulations on quotas of purchasing foreign exchange for overseas investment or the domestic and overseas foreign exchange loans; favourable financing in the form of credit lines and low interest-rate loans from state-owned banks; regulations on monitoring the performance post hoc investments with a statistical system, and so forth. The role of government shifts from regulator to supporter of ODI by liberalization and decentralization measures and political assurance. The main state actors were SASAC (State-Owned Assets Supervision and Administration Commission) set up in 2003 to manage and reform large central-level SOEs, SAFE (State Administration of Foreign Exchange), and MOFCOM (Ministry of Commerce), evolving at central level state bureaucratic agencies to foster ODI and state-owned banks, with

China Export-Import Bank also playing a role by providing loans to enterprises that wished to invest abroad (Salidjanova, 2001:12).

Apart from the profit maximising incentive at the firm level, the ‘go global’ strategy was set primarily to create a number of ‘global champions’—large multinational firms with globally recognised brands able to compete in the international marketplace. These ‘champion’ firms could enhance the national pride by showcasing China’s economic power to the world. Phrases such as ‘the age of Chinese acquisitions’ became frequent media headlines. The government realised that especially the SOEs participation in globalisation via ‘go global’ procedure would ‘materially facilitate China’s rise and fortify its influence, regionally and globally, over the structure and protocols governing international politics and the world economy’ (Luo, Xue & Han, 2010: 69). Meanwhile, the ODI helped accelerate Chinese economic reform ‘while the socialist market economy provides an institutional mechanism through which to filter some negative consequences of globalisation’ (ibid: 70).

Figure 3.3.3. China’s extent ODI regime (Luo, Xue & Han, 2010:76)



3.4 Interconnection of three events—conjunctural causal complexity

This section will further explore the empirical economic phenomenon in combinatorial examinations—causal relevance among three topics and between three topics with the economic integration. In order to pick up the sample texts from two media with accordance to the relevance to three illustrated topics, it is crucial to understand how they are jointly valid to present China's economic globalization from an interactive, macro perspective. Because fundamentally there should be a holistic view to examine the causation of events—parts are not viewed in isolation but in context of the whole they form (Nisbett & Ross, 1980). Especially at the macro level, national events of interest to comparative studies researchers show a great deal of causal complexity (Ragin, 1987). The causal configurations shed light on the intersections of a set of conditions in time and space that produces many of the large-scale qualitative changes, not the separate or independent effects of these conditions (ibid: 25). For a given type of outcome (China's economic globalization over time), there are many causally relevant intersections of conditions (international trade, financial globalization, outward direct investment, etc.). The key consideration for figuring out the conjunctural nature of the conditions is how different conditions or parts fit together. The problem particularly points to the second research question of the thesis in twofold perspectives—how the three topics portray China's economic globalization and how they together narrate neo-liberalism as economic and political interactions.

3.4.1 'Open door' and 'Going global' policies

Foreign trade, cross listing, and ODI are three different but complimentary market entry modes for China integrating into the global economic system. In the interplays among three realms, they act as parameters and outcomes of each other, and jointly represent the economic and political agenda of China's 'going out' strategies. Prior to joining WTO,

China had already held a strong competitive position in a diversified range of industrial products, with mainly labour-intensive manufactures, and quickly developed into complex, capital, and technology-intensive goods. In 1978, the 'open door' policy, as part of the market reform, which was designed to encourage foreign trade and investment, was launched. The economic agenda shifted gradually from this point until the early 1990s, especially after Deng Xiaoping's famous journey to the southern coastal region was found to be tremendously successful in attracting foreign direct investment (i.e., inward FDI), developing its infrastructure and utilizing foreign investment, particularly with respect to manufacturing and exports (Yeuh, 2012). Through participation in the multilateral trade and investment global network, China has had great influence on the world economy. In terms of trade, China's expanding market has been re-balancing the product, pricing (most acutely), and distribution strategies on a global scale (Agarwal & Wu, 2002). Highly speculative estimates suggest that demand from China account for 50 percent of the recent boom in world commodity prices (Yeuh, 2012). In the meantime, Chinese exports have resulted in substantial price drops. Lower import prices have also contributed to more benign inflation levels than expected in the global economy. But trade integration also poses competitive threats to countries with similar export products mix, or with similar comparative advantages.

Even under the WTO umbrella, there are protectionist barriers for accessing global markets. So in term of investment, outbound FDI ensure access to some foreign markets. China has rivaled the United States, United Kingdom, and other developing countries as a destination for FDI; and, its own outwards investments have begun to be felt across the world (ibid). In terms of capital flow, China's financial sector is an integral part of its economic globalization. The policies about financial liberalization are implemented with accordance to promote trade (included in WTO agreements) and offshore investments, in the aspects of saving, bank credit, interest rates reform, and capital account liberalization, among others (e.g. financial liberalization to be discussed later). As did China's capital market in the early stage of development, cross-listing activities provide another means for external financing.

'Go global' policy—WTO membership and Foreign Direct Investment

'Go global' policy was implemented in 2000 to promote the 'international operations of capable Chinese firms with a view to improving resource allocation and enhancing their international competitiveness' (UNCTAD, 2006). The policy included consolidated strategies and enacted legislations to aid foreign investment. For example, the State Council started to grant export tax rebates, financial assistance and foreign exchange assistance, and other incentives to Chinese enterprises wishing to tap overseas markets (ibid:210). More specifically, in October 2004, National Development and Reform Commission (NDRC) and the Export-Import Bank of China (EIBC) jointly issued a circular to encourage overseas investment in specific areas: (1) resource exploration projects to mitigate the domestic shortage of natural resources, (2) projects that promote export of domestic technologies, products, equipment, and labour, (3) overseas R&D centres to utilise international advanced technologies, managerial skills, and professionals, and (4) M&A that could enhance the international competitiveness of Chinese enterprises and accelerate their entry into foreign market (UNCTAD, 2006:210; UNDP, 2007: 55). Notably, until 2009, there was a consistent high percentage of investment flow in the service sector, with 30 percent in business service and 19 percent in finance in 2009. This reflects the second point mentioned above, that outward FDI has the strategic purpose to serve and promote the export of Chinese commodities.

The accession into WTO further assures the secure access into overseas markets, and induces more sustained investment in the development of exports (Yeuh, 2012). The WTO principles call for transparency in legal system, which has improved the business environment in China, and met the expectations of foreign investors gaining access into China's domestic market. So, inward FDI has increased from an average of \$50 billion per year in the late 1990s to about double that amount in the 2000s. In particular, the opening up of the service sector under WTO accession helped to boost FDI, covering financial and other professional services such as law and accounting. Meanwhile, the legal system reform also included passing a law governing mergers and acquisitions, by unifying different codes that used to govern foreign and domestic corporations separately. Initially

the inward FDI composed of mostly export-oriented investments from neighboring economies (e.g., Hong Kong). Over time, more industrial countries contributed a larger share of FDI to serve the Chinese domestic market. Conversely, the outward FDI were essentially designed to circumvent trade barriers and to protect and promote export (Hong & Sun, 2006). Therefore, an increasing number of Chinese companies have opted to establish foreign subsidiaries to ensure access to market that still have quantitative restrictions in certain product categories under the WTO umbrella. Textile and clothing factories are established in Africa and South Asian countries, as well as assembly plants of bicycles and household appliances in the European Union, United States, and Latin America.

State sector dominated expansion—business cycle and economic development

China's economic growth is, to a very large extent, dominated by the state sector. Though the economy has been through three decades of deregulation and privatization, the private sector still lives in the shadow of the state. Official data shows that the private sector accounts for less than one-third of GDP. Only about 40 out of 1,600 Chinese companies are listed on domestic and overseas stock markets; less than 10 percent of credit in banking goes to private enterprises; and the combined market capitalization is less than 3 percent of the total (Zhang, 2005). The state sector not only exclusively controls major sectors such as oil, petrochemical, mining, banks, telecommunications, and so forth but also retains significant control over deregulating sectors, such as retail, textile, and beverage. (ibid). The phenomenon behind Chinese SOEs' capacity to leverage the whole economy is the vague nature of company ownership. According to Joe Zhang, who formerly worked in People's Bank of China and was co-head of China research at UBS Securities Asia, the ownership ambiguity needs to be understood in three aspects:

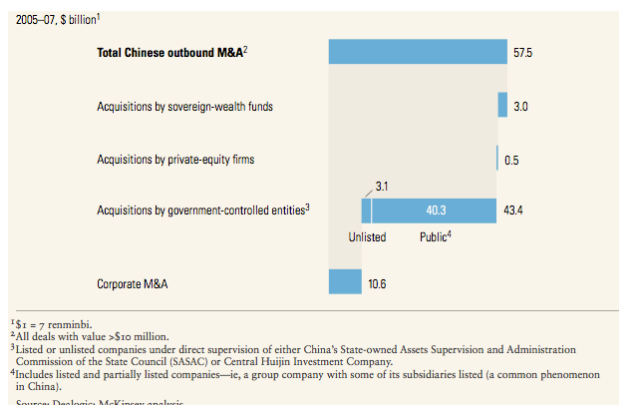
First, many private entrepreneurs are former officials. Most of their businesses are reincarnations of former SOEs, partly due to the special context of Chinese private-sector growth. Second, Chinese entrepreneurs never experience a complete business cycle, as China's capitalism is in the very early stage of development, and its economy has not

synchronized with Europe, America, and Japan. Hence, there are always plentiful opportunities to expand businesses in scale rather than to consider consolidation on production or investment. Third, private firms hold close ties to the state sector—they are influenced by state sector sentiment; they budget the capital expenditure or production schedules accordingly, and even the contract rewarding and personnel appointments are closely relevant to government's impact. Some are even indirectly owned by local governments through financing vehicles. So on the negative side, reformists see the retreat of the private sector under the advance of the state sector ('*guojin mintui*' or '国进民退') as a threat of entrepreneurial vitality and the biggest risk facing the Chinese economy (Rabinovitch, 2012). Nevertheless, the advance of the state sector is more obvious in the agenda of integrating Chinese economy into global marketplace.

Consolidated strategy of SOE reform—Overseas IPO and M&A

One special feature of the SOEs privatization in China is that share-issuing firms typically go through primary offering instead of secondary offering (Qian and Tong, 2003:183-222). This is because under secondary offerings the government sells existing equities and receives all the sales proceeds, and the only effect on the privatised firms comes from ownership change. In contrast, under the primary offering, share issuing is a capital-raising event. IPO increases a firm's asset and equity accounts by an equal amount and consequently changes the firm's ownership structure somewhat. In the case of Chinese SOEs, most of the firms in cross-border M&A were publicly listed companies at home market (Luedi, 2008: 80; Figure 3.4.1). They choose to go for overseas IPOs in developed countries as an important way to raise equity capital directly in hard currency to finance their overseas M&A, and to establish an international image by increasingly adapting to international standards in the areas of corporate governance, accounting and auditing, strategic management, and business conduct (Hong and Sun, 2006: 627). Thanks to the capital raised by the primary offers, these SOEs' overseas M&A has gradually become the main form of China's direct investment abroad.

Figure 3.4.1. Sources of capital for Chinese overseas M&A



Resource-based large corporations greatly increase the availability of capital in hard currency to enable them to conduct large-scale acquisitions. Especially in minerals and oil, the availability of foreign capital used to be the tightest constraint on large-scale acquisition until the late 1990s, when large SOEs started to list on Hong Kong and New York stock exchanges. From 2002 to 2004, four major oil companies accounted for a large share of the total M&A deals (Hong & Sun, 2006: 630-631; Table 3.4.1-1).

It is worth noting that all these major deals took place after successful IPOs in Hong Kong and New York. PetroChina is a good example. It is currently the largest producer of crude oil and natural gas in China and was ranked second in *Fortune's* 2002 list of China's top 1000 companies. PetroChina was incorporated in November 1999 as a result of comprehensive restructuring of China National Petroleum Corporations (CNPC) with the purpose of seeking a listing in Hong Kong and New York. This IPO-motivated restructuring was regarded as China's most ambitious reform project before 2001. In April 2000, PetroChina completed a global IPO pursuant. The share issued to the public represented 10 percent of the total capital of the company. The outstanding 160 billion shares were state-owned and held by CNPC. Due to the primary offering, the net proceeds to the company were about \$2.4 billion.

Table 3.4.1-I Major cross-border M&A by Chinese companies, 2002-2004¹⁴

(\$million)

	<i>Acquirer</i>	<i>Target</i>	<i>Industry</i>	<i>Value</i>
2002M1	China National Offshore Oil Corp. (CNOOC)	Spanish Repsol-YPE's five oil fields (equity stake), Indonesia	Energy	585
2002M1	China National Petroleum Corp. (CNPC)	30% interest in two oilfields, Azerbaijan	Energy	52
2002M1	China Petrochemical Corp. (SinoPec)	Oil field assets, Algeria	Energy	394
2002M4	Petro China	US Devon Energy's six oil fields in Indonesia	Energy	260
2003M10	CNOOC	12.5% stake in Gorgon liquefied natural gas field, Australia	Energy	275
2003M12	D'Long International Strategic Investment Co., Ltd	Murray Inc., US (100% equity stake)	Machinery (Environment)	80
2004M7	SAIC	MOU with Ssangyong Motor, Korea (48.92% equity stake)	Automobile	500
2004M8	China Aviation Oil (Singapore) Corporation Ltd	Purchase 20.8% stake in Singapore Petroleum Company Ltd.	Energy	227 (\$\$)
2004M12	Lonovo Group Ltd	IBM's Personal Computer (PC) business	Personal computer (PC)	\$1750

The success of this IPO not only produced significant net proceeds in hard currency but also established the image of PetroChina in the international capital market and strengthened its ability to conduct international acquisition. Soon after IPO, PetroChina started to look for overseas investment opportunities. In April 2002, the company achieved a breakthrough after researching and assessing more than twenty opportunities. It acquired all the share capital in Devon Energy Indonesia Ltd, a company in Indonesia controlled by American interests and engaged in exploration and production of crude oil and natural gas. This business showed a production capacity of 17,100 barrels (oil equivalence) per day in 2002 and 22,200 barrels per day in 2003. In 2002, the business contributed turnover of \$76 million and operating profit of \$16 million to PetroChina. After this initial success, in April 2003, the company completed the acquisition of a 50 percent equity position in Amerada Hess Indonesia Holdings Ltd for \$82 million.

¹⁴ Source: Global M&A Research centre in Institute of World Economics and Politics, Chinese Academy of Social Sciences (<http://www.onlin-ma.com.cn>), PriceWaterhouseCoopers Asia-Pacific M&A Bulletin (<http://www.pwchk.com>), and websites of these companies.

Bank reform—state-owned commercial banks privatisation via foreign IPOs

Under WTO framework, emerging economies members are expected to erect barriers to get cross listed by committing to remove hindrances to imports of financial services in exchange for freer exports of goods (Germain, 1997; Sarre, 2007). WTO framework for liberalising trade in financial service was established in 1999. The commitment China has made since 2001 has eased foreign listing (Wójcik & Burger, 2010: 282). The membership has forced Chinese SOEs to be more competitive by lifting trade barriers and opening industries to international competitions (Megginson & Netter, 2001). Hence, it forces an increasing number of SOEs to get listed overseas (Hung, Wong & Zhang, 2008). Meanwhile, China's WTO accession agreement contains large concessions relating to financial services. It means that the state banking system faces increasing competition from foreign financial institutions expanding into the domestic financial market. On the other hand, Chinese banks have also been active in undertaking offshore expansion. By the end of 2001, domestic Chinese banks had established 452 banking institutions overseas with total assets of \$151 billion. The largest share of the expansion goes to the Special Administrative Regions of Hong Kong and Macao, accounting for 374 of such institutions and assets of \$117 billion (ACFB, 2002). Additionally, China's assets management companies and banks form joint ventures with foreign financial institutions in an effort to sell off the bulk of nonperforming assets sitting on their balance sheets (Lauranceson, 2005).

At the domestic front, as increase in savings by firms in 2000s outpaced that of even households, reform in the banking sector became more pressing. For private firms, it was difficult to obtain bank credit or other sources of funding from the domestic capital market, and the interest rate regime restricts the efficiency of credit allocation between state and non-state sectors (Yeuh, 2012:8). For state sectors, the lending to SOEs is predominated by 'Big Four' state-owned commercial banks¹⁵, which have nationwide networks of branches

¹⁵ The big four banks are Bank of China (BOC), China Construction Bank (CCB), Industrial and Commercial Bank of China (ICBC), and Agricultural Bank of China (ABC). People's Bank of China (PBOC) is the central bank of China. The fifth largest bank is Bank of Communication with 19.9% of the stakes

and control the majority of assets in the banking system (Allen *et al.*, 2012). Prior to Asian financial crisis from 1997 to 1998, the biggest problem had been the high levels of nonperforming loans (NPLs) due to inefficiency of state sector. After China joined WTO in 2001, a series of reforms were set up to make the state-owned banks behave more like profit-maximising commercial ones and lower the level of NPLs. As the banking sector is important to overall market privatisation, Chinese government initiated the reform of state-owned banks focusing on Initial Public Offering. A transformation to public ownership could increase exposure to competition, as capital markets, especially those from developed countries, force companies to accept market supervision that result in greater commercial focus and creation of a corporate culture designed to significantly improve shareholder value (*IBM Business Consulting Service*, 2005). Through issuing shares to the public, banks are enforced with greater transparency and more stringent reporting standards and aim to raise capital to support long-term growth more economically with fewer operational restrictions.

Prior to IPOs, the Chinese government made preparations for the banks for public listing by establishing four asset management companies (AMCs)¹⁶, which are specialised to handle NPL disposal. The NPLs have been transferred off the banks' balance sheets to the AMCs, allowing the state-owned banks to be more attractive to international investors. As of the mid-2004, there was roughly \$73 billion of the original \$170 billion in bad loans remaining on banks' balance sheets after AMCs removed NPLs from the banking system (Chen, 2004). Another way to remove NPLs is to split bank operations into two companies—the one with attractive operations would eventually list, the residual assets remain government owned, and continue to manage the nonperforming assets (*Dow Jones*, 2004). In addition, there is a pilot reform programme set up to inject cash from China's foreign reserves into big four banks (BOC and CCB together received \$22.5 billion) to

acquired by HSBC in 2004. Big four banks, along with Bank of Communication concentrate 91% of all the banking assets in China by 1997 (Demirgüç-Kunt and Levine, 2001). Nowadays, big four still control more than half of the total banking assets.

¹⁶ Four AMCs are Huarong, Great Wall, Xinda, and Oreintal, established in 1999 to assume rmb1.4 trillion worth of NPLs from big four banks (Allen *et al.*, 2012).

further reduce bad debt (Zhang, 2004). At the end of 2003, Central Huijin Investment Corporation was in charge of allocating this amount of money. PBOC injected multiple rounds of capital in various forms of foreign reserves into the Big Four banks through Huijin to further improve their balance sheets.

Table 3.4.1-2 IPOs of Big Four Chinese state-owned commercial banks¹⁷ (\$billion)

	IPO date	Stock markets	Foreign ownership	Total Assets	Market capitalisation
BOC	01.06.06	HKSE (H-shares)	14.4%	1776.572	130.22
	05.07.06	SHSE (A-shares)			
CCB	27.10.06	HKSE (H-shares)	14.39%	1818.539	196.66
ICBC	27.10.06	HKSE (H-shares)	7.28%	2304.516	235.31
	27.10.06	SHSE (A-shares)			
ABC	15.07.10	HKSE (H-shares)	40.08%	1568.722	137.49
	16.15.10	SHSE (A-shares)			

Source: Data compiled from various sources and press releases by author

Zhou Xiaochuan, former governor of Chinese central bank PBOC, said that ‘share-holding reform is a major way to boost corporate governance’ (China Daily, 2004). Empirical evidence shows that partial foreign ownership of the Big Four banks is associated with improved operating performance (Berger, *et al.*, 2009). Listing the Big Four banks on HKSE is an important step in banking reform, and these listed banks actually outperformed large banks from other emerging, even developed markets during the 2007-2009 crisis period (Allen, *et al.*, 2012). Bank of China, Hong Kong branch (BOCHK) is the first international listing of a subsidiary of Big Four, pioneering the bank reform. Its listing on HKSE indicates the strategic orientation of the IPO as ownership reconstruction rather than fund raising. BOCHK gained no additional fund from the IPO, but it put governance reform to the fore of its flotation, effectively subjecting itself to more rigorous external market disciplines (Tobin & Sun, 2008: 830). In 2006, China Construction Bank issued shares for \$9.2 billion on HKSE, marked the first step toward a grand-scale privatisation of the Chinese state-owned commercial banks (Zhang & King, 2010). At the same time, Bank

¹⁷ Total assets and market capitalization are presented as data updated till August 2011.

of China sold its H-shares for \$9.7 billion. Industrial and Commercial Bank of China was listed dually in Hong Kong (H-share) and Shanghai (A-share). It raised \$14 billion on HKSE and \$5.1 billion on SHSE. Agricultural Bank of China raised \$22.16 billion in both Hong Kong and Shanghai to become the biggest IPO replacing ICBC¹⁸ (Table 3.4.1-2).

Hong Kong as Special Administrative Region and financial centre

Included in all three issues, Hong Kong is a hot spot in attracting exports, foreign listings, and outward FDI (M&A and round-tripping). The destinations of foreign listing could be determined by the trading link with host market with certain industrial specialization or by destinations of already acquired companies in order to inject business into those companies (Yang & Lau, 2006: 314; Wójcik and Burger, 2010). Hong Kong as a financial centre absorbs a large portion of China's foreign listings. Since 1993 and the first foreign listing company Qingdao Beer on HKSE, until 2004 when there were 84 'red chips' companies listed in Hong Kong, the total capital raised was over \$100 billion. The top three companies in terms of fund-raising were China Mobile (red-chip share) with about \$14 billion, China Unicom (red-chip share) with \$5.6 billion, and Sinopec (H share) with \$3.4 billion (Chow, 2003; Fok, 2003). Hong Kong is a special administrative region but of an independent market from Mainland China. Under the 'one country, two systems' policy, Hong Kong enjoys a high degree of autonomy in almost all areas except defense and foreign affairs, so that it maintains a capitalist economic system and its own legal/court system that follows the English Common Law tradition established during British rule.

Apart from geographical and cultural proximities with the Mainland, Hong Kong is one of the leading financial centres, ranking as the freest economy of the world in the *Index of Economic Freedom* for fourteen consecutive years. At the end of 2007, the Hong Kong Stock Exchange was the sixth largest in the world and held the second highest value of IPOs, after London. Therefore, Hong Kong enjoys specific political advantage for attracting Chinese SOEs to pursue political agenda in IPOs (IFC Project, 2010). Xi (2006a)

¹⁸ In US dollar, ABC beats the record of ICBC's IPO for raising \$22.1 billion. However, in term of rmb, ICBC still holds the record of largest IPO since the rmb has appreciated significantly since 2006.

argues that economic globalisation has put the CSRC (China's domestic security market) under competitive pressure to adopt the higher standards of corporate governance in order to be more competitive in the global marketplace. So it generates regulatory competition at an international level and brings improvement of regulation at market level in China. After weighing the political considerations against financial and legal implications, cross-jurisdictional cooperation between HKSC and CSRC has been built up to deepen the regulatory cooperation (Zhu, 2001). CSRC also set up policies to offer incentives to reform, even to push, problematic sectors to improve financial performance, and to increase enterprise demand for more standardised regulatory pricing structure.

3.4.2 Premature financial sector— China's financial globalization

Financial sector globalization is essential to economic globalization. However, China's financial globalization progress is much more gradual compared to its economic one and to its other counterparts with transitory economies. The positive views on the financial liberalization policies argue that: (1) China's development is less dependent on foreign capital due to capital control and lack of RMB convertibility, which jointly contribute to rapid increase in domestic financial depth¹⁹, and so as to avoid the 'foreign debt trap' (McKinnon and Pill, 1996; Laurenceson, 2005); and (2) removal of FDI control on one hand, while maintaining tight control over foreign borrowing and portfolio investment on the other, keep the stability of foreign capital inflows. The stability contributed to China's escape from financial crisis (World Bank, 1996). However, there are also drawbacks to a less globalized financial sector. (1) Policies skewed the financial liberalization toward more developed coastal regions. The regional inequality further effects globalization (of trade and finance) in distributional consequences, especially for sustainable growth of large countries. (2) The cost of weak capital market mainly goes to the private sector. They

¹⁹ Financial depth captures the financial sector relative to the economy. It is the size of banks, other financial institutions, and financial markets in a country, taken together and compared to a measure of economic output. It usually is measured as broad money minus currency in circulation divided by nominal GDP.

are difficult to access external financing, because the state-owned banks had channeled the bulk of savings from households and investments towards SOEs (Gergory & Tenev, 2001). The sample texts in the project aim to focus on economic globalization as the premature financial sector has a much less clearer impact on the overall economic growth and expansion, even with WTO-mandated finance and investments agreements. Despite the potential pros and cons of financial liberalization, it is worth illustrating what are the links to the main economic globalization issues in contexts, and making connections with sample texts.

Exchange rate reform and trade

The undervalued currency has been the outcome of China's trade surplus (particularly significant surpluses with the United States and European Union), import restrictions, and attractiveness to FDI. At the beginning of the open door policy, Chinese currency RMB was not convertible and highly overvalued. A gradual devaluation of RMB started with the introduction of the Internal Settlement Rate in 1981, known as shadow exchange rate alongside the official rate and calculated from the average cost of earning a dollar through exports at RMB 2.8/USD. Soon after, the official exchange rate experienced downward pressure by the emergence of swap markets for foreign exchange, where companies and individuals could sell surplus foreign currency at market rates. An estimated 80 percent of foreign exchange was traded at market rate by 1992 (Laurenceson, 2005:12). So even though RMB was seen as overvalued in the early reform period, it had somehow reflected its equilibrium value by the 1990s (Chou and Shih, 1998). Since the mid-1990s, China's exchange-rate system had been a managed float, determined in the interbank foreign exchange by market forces. However, daily movements of the RMB/USD exchange rate are limited to only 0.3 percent on either side of a basic rate announced by the central bank (IMF, 2003).

Prior to WTO accession, China had already made progress in trade regime liberalization, which was interactively effective to the current account convertibility at the time (Tsang, 1997). Coupled with RMB becoming convertible for current account transactions in 1996,

China had reduced various trade barriers by the eve of the WTO accession, such as 80 percent decrease in quotas and licenses of import restrictions in the early 1990s, and an average statutory import duty rate reduced to 15 percent, and so forth. (Lardy, 2002). The WTO-mandated trade and investment liberalization, together with the currency convertibility for current account transactions, had been serving the de facto capital account convertibility even before the actual policy agenda was implemented (Hu, 2001). Apart from interactive effect to liberalizing trade, flexible exchange rate, with greater capital account liberalization, has supported the ‘going out’ policy.

Capital account liberalization and global expansion

The capital account liberalization allows firms to operate in global markets, including accessing credit markets that are much better developed. So outward foreign investments and foreign listings under the policy agenda of ‘going out’ are closely related to capital control. Initially, China only allowed capital inflow in open-door policy. The foreign capitals were mainly in the forms of foreign loans, and official donors from other governments and international organizations (e.g., IMF and WB). As policies liberalized foreign direct investment in 1990s, FDI inflows increased from less than 1 percent of GDP in 1980s to about 4 percent (Lardy, 1995; Laurenceson, 2005). Establishment of the domestic stock market in 1991 also provided channels for foreigners to undertake portfolio investment in China. Apart from these two channels, the control remained largely for other types of capital flows, such as foreign loans and Chinese overseas investments (Yu, 2000; IMF, 2003). But despite tight capital control, China has been a net capital exporter ever since the early reform period (empirical evidences provided by Chai, 1995; Lardy, 1995; Gunter, 1996; Wu & Tang, 2000, etc., to support this argument). During the 1990s, due to porous regulations in capital control, nonbank financial institutions borrowed heavily from abroad and large increasing volumes of capital flights from China. World Bank data showed (quoted in McKibbin & Tang, 2000) that in 1995 China was already the eighth largest capital supplier in the world and the largest one among developing countries. One example of Chinese companies illegally moving capital abroad was through the

mis-invoicing of trade (over invoicing of imports and under invoicing of exports) under the combined current account convertibility and liberalized trade system as discussed above.

As the 'go global' policy launched in 2000, China aimed to transfer its companies from low-end goods manufacturers to multinational corporations with international competitiveness. Ever since the 1997-1998 Asian financial crisis, China had announced the going out policy that the foreign exchange reserves would be used to help finance the global expansion of its firms and thus allow capital outflows and reduce its balance of payment surplus, which has the effect of lessening reserve accumulation (Yeuh, 2012:10). There has been remarkable growth of outward FDI since the mid-2000s, including both SOEs investments and commercial M&A for private companies (e.g., Lenovo for IBM PC unit and Geely's acquisition for Volvo). In 2008, total outward FDI reached \$55.6 billion, of which \$40 billion was in the financial sector and \$11.9 billion in the nonfinancial sector (ibid: 9). Given the inward FDI of about \$60-80 billion per annum, outward FDI accelerated and even overtook inward FDI by the end of the 2000s.

Being a net capital exporter, China demonstrates the ambition to upgrade its industrial capacity on a global scale. The capital account liberalization particularly helps private firms for offshore expansion. As the domestic capital market is less developed and most of the funding goes to the state sector from Big Four state-owned commercial banks in control of most of the savings, nonstate firms find it more difficult to obtain bank credits. The 'going global' policy allows them to access funding from a better-developed overseas credit market, and do not have to rely on their own retained earnings or domestic banking system. The development of the private sector is important for China's economic transition away from central planning. Instead of competing with SOEs that are capital-intensive monopolies in home markets, the ability to operate in overseas markets helps them grow and gain economies of scale. These private firms further help China sustain economic growth by gaining scale and financing on world markets.

Chapter 4.

Theorising methodological issues and method design

Before designing the research method, two vital issues need to be addressed based on existing literatures. The first methodological issue is to define the narrative. In existing literatures of media studies, narrative construction is seldom explicitly and comprehensively explained. Thus, it is not practical to create a meaningful framework to analyze the textual materials without explaining the characteristics of narrative, and identifying a suitable measurement of narrative construction. The second issue is the justification of comparative framework and its integrated strategy of combining quantitative and qualitative approaches to measure narrative elements.

These two issues will be tackled from three main epistemological perspectives. Positivism looks to establish universal laws, akin to those of natural sciences (Gunter, 2000), based on large-scale quantitative research and deductive logic. Interpretivism uses inductive method of reasoning (Wimmer and Dominick, 2003: 109) instead of numerically defined variables. Critical social science, based on Marxist theories of class struggle, aims to ‘reveal, explain and understand power structures and relationships within society’ (Gunter, 2000: 7). Conventionally, a combination of different perspectives is preferred in order to move beyond ‘entrenched dualism’ (Jensen, 2002:1).

The last section 4.4 explains specifically the essential issues before conducting analysis based on the methods. In general, the qualitative content analysis framework will be explained in detail, by deconstructing it into three analytical dimensions, and incorporating all the narrative elements mentioned before. Then, three hypotheses that will be tested have been outlined with explanations of why and how they are addressed. The last two subsections mention two more practical issues—(4.4.2) units in recording (operational definitions) and data selecting (contextual units), and (4.4.3) the justification of time frame and process/logic of collecting all relevant samples.

4.1 Theorizing narratives

This section aims to build up a toolbox of narratological concepts concerning the characteristics of narrative, and rhetoric that relates to narrative construction. These analytical tools serve as a bedrock of the methodological framework with the emphasis on identifying the characteristics of audience, the role of narrator and the ideological purpose of the discourse (as Fowler, 1991). The root of narratology goes back to Plato and Aristotle, with their distinct genres of diegetic narrative (narration in novels, epic narratives, etc.) and mimetic narrative (imitation in plays, films, etc.) (Genette, 1988; Chatman, 1990). Narratology started to become a discipline in 1966 when the French journal *Communication's* special issue called for 'the structural analysis of narrative'. Hence, the narratology is defined as the theories to present a 'structural description' of narrative by dissecting the narrative into component parts and determining the functions and relationships, according to French narratologist Todorov (Jahn, 2005). As a form of communication that presents a sequence of events caused and experienced by characters, narrative is so essential to the way humans speak, think, and act that communication scholars refer to homo sapiens as 'homo narrans' (Fisher, 1987).

From a communication perspective, narrative is an ongoing process of creating and using symbols that organize human experience in sequential and consequential ways, as units of discourse and ways of seeing, behaving, and being (ibid: 63; Sunwolf and Frey, 2001:121). Since the mid-twentieth century, narrative paradigm contributes more systematically to the communication research for studying the processes of producing and perceiving messages. It is a mode of reasoning that directs rhetorical inquiry, invites moral evaluation, and guides human behaviour through various counting and re-accounting practices (Fisher, 1987:59). Despite this focus, narrative in communication expands the scope to examinations of international, organizational, public, and mediated contexts (Herman, *et al.*, 2005). For examples, communication theories of narrative include the media representations as vehicles of myth and ideology (Hall, 1997), and narrative discourse used by members of institutions and the media to socialize, legitimize, and exercise social control (Mumby, 1993).

In the context of narratives, two commonly studied concepts—story and discourse—need to be jointly justified. Todorov's basic framework initially draws a distinct line between the 'story' and the 'discourse'. The *story* is WHAT is narrated, whereas *discourse* refers to HOW the story is transmitted (Herman, *et al.*, 2005; Jahn, 2005). The notion of *discourse* in classic Genettean narratology comprises three aspects: tense (order, duration, and frequency), mood (forms, and degrees of narrative representation), and voice (the way in which the narrating itself is implicated in the narrative). In a broader sense, van Dijk defines that a full account of discourse should include (1) a description of textual structures, (2) a description of the production, and (3) reception processes of discourse in communicative situation and sociocultural contexts (1988: 30). The thesis attempts to investigate narrative construction (rather than discourse) that coincides with the first two requirements of van Dijk's discourse analysis.

The *story-discourse* distinction accordingly mirrors the structuralist difference between signified and signifier. According to Saussure, the founder of structuralism, a sign consists of a 'signifier' and a 'signified'—a form and a meaning (Manfred, 2005). The same goes for the Russian Formalist's distinction between *fabula* (the basic story stuff) and *sjuzhet* (the story that actually is told in artistic presentation and arrangement)¹. Marie-Laure Ryan (2004) explains that narrative texts create a world by describing particular entities or events and make the world 'coherent and intelligible by evoking a network of relations—casual links, psychological motivations, goods, plans—among the entities and events' (Prince, 2004:14-15). A narrative text is a complex sign with the signifier seen as the 'discourse' and the signified as the 'story'. Discourse narratology orients the investigation toward the stylistic choice that determines the form or realization of a narrative text, and the pragmatic features that contextualize the text within the social and cultural framework of the narrative act (Genette, 1980), while the story narratology focuses on the trajectory of arranging the themes, motives, and plot lines (Prince, 1982; Ryan, 1991; White, 1996).

¹ To avoid overlapping meanings, the terminology as *story* and *fabula* will be defined more specifically in a later section as accordance to Bal's more recent framework of narrative (Bal, 2004).

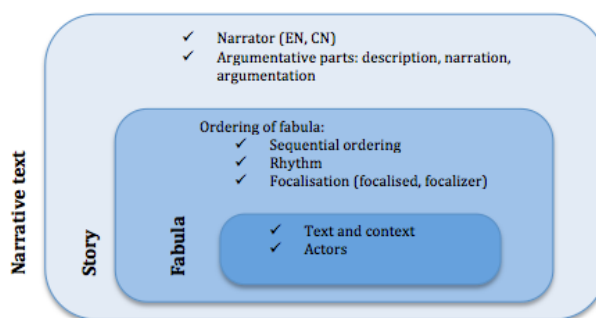
4.1.1 Narrative characteristics in cultural studies approach

Among a number of approaches to studying narratives, what pertains more to the thesis is the cultural studies approach to narrative. It emphasizes the social practices to acknowledge the importance of narrative in cultural processes (Herman, *et al.*, 2005: 89). The main reason of choosing the approach is the conceptualization of the intricate relations between text and context. From the perspective of a cultural studies approach, the *text* is conceived as an integral part of its (cultural) *context*. The narrative can articulate collective experience, values, and concepts of identity as well as restructure the symbolic order of a given cultural formation (ibid: 91). From the sheer amount and variety of investigations into the relation of culture and narrative, Mieke Bal's 'cultural analysis' approach appears to be the most important synthesis of cultural studies and narrative theory in an interdisciplinary way. Her term *cultural analysis* rather than *cultural studies* implies that the focus is on objects (e.g., text) not cultural processes, and also the analysis reflects the methods of performing a 'close reading' of the objects' formal properties (Bal, 1990; 2001). Therefore, it is easier to justify her framework methodologically for the use of the thesis to look at more specific economic and political texts and contexts.

To locate texts within cultural contexts, Bal proposes that in the narrative texts 'an agent relates a narrative' (Bal, 1994: 5). The agent is the narrator, or the writer's spokesman, or one of the actors to whom the narrator temporarily transfers his or her function when quoting direct speech. The agent establishes the communicative contacts with the addressee (narratee) (Genette, 1980: 186). Narrative appears to be more tentative than 'explanation' or 'argument', less judgmental than 'ideology' and less indeterminate than 'message'. Here it is worth explaining the distinction between narrating and *narrativizing*. To *narrate* something means 'to report a series of events in chronological order'; to *narrativize* something is 'to impose "story form" on events or making the world speak itself as a story' (Prince, 2004). Comparing with narrativity, 'reportability', or 'tellability' is what makes a narrative worth telling, interesting, and appealing in a given context; 'text value' is what can be found in a narrative with more wit, imagery, psychological insight, philosophical vision, and documentary information (ibid: 15-16).

Bal (1994) divides narrative into three layers—fabula, story, and text. The fabula means a series of events in reality that is constructed based on certain rules. The story, as the treatment of materials that constitutes the fabula, is the arrangement of the series of events in a specific manner. And the text refers to the linguistic feature and different speakers (or narrator). There are different models of analyzing narratives by other narratologists, such as Genette’s classic model². To avoid overlapping terminologies, the thesis will mainly adopt Bal’s model as basic analytical tools, with some concepts such as focalization that need to refer to Genette’s framework. Figure 4.1 illustrates the relationships of three layers, which will be explained in the following.

Figure 4.1.1 Bal’s model of narrative construction



Fabula

Fabula includes the analysis of plot and actor who cause or experience the series of events. Bal’s theory of narrative consists of five main features of fabula that relate to the research: (1) The gap between narrative fabula and real fabula. ‘Pointing out correspondences does not imply that absolute equality is suggested’ (Bal, 1994: 12). (2) By nature, fabula could be a human construction for the sake of self-interests. (3) The materials of a fabula usually include events, actors, time, and location. (4) Events are selected by certain criteria from facts. (5) There is classification of actors. For the fourth feature, the criteria are change, choice (alternatives), and confrontation. The first indication for selection is that a series of

² According to Gerard Genette (1980; 1988), the field of narratology is divided into three parts termed: *Tense* that treats the possibilities of temporal arrangement and presentation (order, speed, and frequency), *Mood* that analyses the regulation of narrative information (presenting action, selection/restrictions of information—the so called focalization theory), and *Voice*. As explained in the *story-discourse distinction*, these comprise of *discourse*.

changes make the event meaningful ‘for the further development of the fabula’ (ibid: 15). Choice provides another clue when a fact presents a number of alternatives. The third criterion is confrontation meaning that when two actors or groups of actors are confronted by each other, a fact is likely to become an event.

For the fifth feature, Bal develops three models. The first model consists of three classes. The first class of actors are subject and object, which correspondently indicate the actor that is following an aim and the actor that aims at itself. Or, the object, as a person, is the aim of the subject and the subject aspires toward the object. The second class of actors is power and receiver. The power is most likely an abstraction. The receiver is the person to whom the object is given. In many cases, the receiver is also the subject. The third class of actors is helper and opponent. The helpers often assist the subject in achieving the goal. Contrary to the power, there are usually a number of helpers, mostly concrete and can give only incidental aid. The Opponents are those who prevent the subject from realizing his or her aim.

The second model of classification complements the first one to further specify different roles of actors. Three ways of specifications are: doubling, competence, and truth value. The doubling refers to the double subjects—a subject and an anti-subject. The anti-subject pursues his or her own object, which happens to be at cross purposes with that of the first subject in certain circumstances. Thus the anti-subject is different from the opponent. Competence distinguishes subjects into different levels. Competences are further divided into three types: those with determination or will to proceed to action, those with the power or potential, and those who have the knowledge or skill necessary to execute the aim. The truth value specifies not only subject but also the helper and opponent, according to the degree of how different they appear in a fabula from what they are in reality. So ‘we may distinguish certain categories of actors: liars, master figures, false heroes, invisible fairies, but also truth-tellers, false clues, sudden moments of inspiration or misgivings which instigate the subject to take wrong decision, seducers, etc.’ (Bal, 1994: 35).

The third model classifies the actor in their relations among people and between people and the world. The first specification is the psychological relations in the fabula, such as father to son, man and wife, strong and weak. Second, Bal stresses that actors often need to

deal with the ideological oppositions in fabula. The occurrence of ideological relations could be the oppositions between liberalism and socialism, black and white, haves and have-nots and so forth. The third specification covers all other kinds of differences, for instance the physical appearance and past experiences. All the above-mentioned methods of classifications are instrumental in analyzing narrative, as Bal puts it (ibid: 50).

Table 4.1.1 Classification of the actors in fabula

	Actors	Examples
1st Model (Classify actors)	Subject/Object	China reformist/Free trade policies
	Power/Receiver	Free market society or minds/ Entrepreneurs in private sector
	Helper/ Opponent	Small and Medium size Enterprises/ Government officials in SOEs (Goal: market privatization)
2nd model (Classify subjects)	Doubling	Free trade advocates/ Patriotism for 'national interests'
	Competence (Three types)	Policy decision-makers/ Influential economists/ Corporate executives
	Truth value n/a (Also for helper and opponent)	
3rd model (Actors' relations)	Psychological relation	n/a
	Ideological opposition	Liberalism/socialism Democracy/authoritarian
	Other kinds of opposition	n/a

Story

Story concerns the technical way of ordering the events and the point of view or perspective as reflected through it. It means 'how the fabula is treated with different ways of ordering, which reflects different interpretations of the reality'. 'It is basically at this level that ideology is inscribed' (Bal, 1994: 46). The fabula is treated by four main techniques. First, sequential ordering means the relations between the sequence of events in the story and their chronological order. The chronological order is reconstructed to create chaos or deviation, which can have a confrontation effect on the readers. Chronological deviation could be: direction, distance, and range. Direction refers to retroversion (flashback) and anticipation (flash-forward). Distance reveals the case that an

event presented in the story is separated by an interval from the present, when the narration of the event is being carried out. Range features the stretch of time covered by a chronological deviation.

The second technique is rhythm—the relationship between the amount of time covered by the events of a fabula (time of the fabula, or FT) and the amount of time involved in presenting those events (time of the story, or TS). Examination of the rhythm shows how much attention is paid to an event and how the attention is patterned. For instance, if FT is given an extensive presentation, then certain episodes are given more attention. Otherwise, certain episodes are paid with less attention so that the ellipsis occurs. It is how the reality has been created and shaped. Third, frequency is the numerical relationship between the events in the fabula and those in the story. Bal identifies two types of frequency—repetition and iterative presentation. Repetition is about repeating the same event. A strong repetition of a significant event tends to create a prominent effect on readers. Iterative presentation is about a whole series of identical events presented at once. It often provides and stretches a background, ‘against which the singular events were highlighted’ (ibid: 78).

Focalization is the most important concept in the story. Functionally, focalization is for selecting and restricting narrative information, of seeing events and states of affairs from somebody’s point of view, of foregrounding the focalizing agent, and of creating an epithetical or ironical view on the focalizer who present the vision (Herman, et al., 2005; Jahn, 2005). Focalization is a subtle means of narrative manipulation. It manifests the relations between the vision of reality and the vision of how the reality is being narrated or created by the perceiving body. Objectivity is impossible, because the narrative perspective is ‘a psychological process, strongly dependent on the position of the perceiving body’ (Bal, 1994: 100). Genette begins his account of focalization by introducing systematic distinction that sets the question ‘who sees?’ (identifying a subject of focalization) against the question ‘who speaks?’ (identifying the subject of narration, i.e., the narrator); and by detailing a typology comprising three major focalization types based on Pouillon’s and Todorov’s knowledge approach. According to Genette’s model of focalization, three main types of analyzing focalization are: (a) *zero-focalization*: events are narrated from a wholly unrestricted or omniscient point of view; (b) *internal focalization*: the presentation of events is restricted to the point of view, perception, and cognition of a focal character;

(c) *external focalization*: presentation restricted to behaviorist report and outside views, basically reporting what would be visible to a camera (Herman, *et al.*, 2005:174).

Bal justifies Genette's model with five modifications. She throws out three types of focalization analysis, arguing that focalization is a necessary rather than optional feature of narrative texts. Specifically, the analysis of news content should involve focalization in the investigation beyond semantic analysis of content (Bal, 1994:117). First, there are two main aspects consisting of the concept of focalization—focalized subject (focalizer) and focalized object. The focalized subject is the focalizer, as the central character. The focalized object is the person or something focalized by the central character. The studies of these two separately, and their relationship, help to reveal the central characters and their beliefs and values. The combination of a focalizer and a focalized object should be constant. Second, external focalization is redefined as a technique that orients the text around the perception and point of view of the narrator, acting as external or narrator-focalizer. Third, *internal focalizer* replaces the term 'focal character' to enable a systematic opposition between internal and external focalizer/focalization. Fourth, Bal distinguishes between perceptible and imperceptible 'focalizeds' (objects of focalization)—things visible in the real world as opposed to things visible only in a character's consciousness or imagination. Fifth, as a consequence of admitting the unequal status of focalizers and textual power (especially narrators vs. characters), she inquires into the mechanics and hierarchies of presenting other minds' perceptions, of adopting somebody's point of view, of 'delegating' textual focalization to a subordinate focalizer, and of chaining or embedding focalizations.

(Narrative) text

The text focuses more on the identity of the speakers and genre of writing. At the textual level, the analysis focuses on identity of the narrative agent (or narrator) and its relationship with the textual narrative. The narrator is someone quoted in the story. It is the agent who utters the words, which constitute the texts. The identity of the narrator, as indicated by Bal, the degree to which and the manners in which that identity is specified in the texts, 'lend the text its specific character' (ibid: 117). Narrators are classified into two types: external narrator (EN) and character-bound narrator (CN). EN never refers explicitly to itself as a character, only telling about others, whereas CN is the character in the fabula

itself. Their narrative intention is different. EN's intention may be to present a story to others as truth it invented. CN proclaims that it recounts true facts about itself as writing its autobiography. Both of their narratives reveal the ideology of a text from the argumentative parts of the text, in which the narrators may be to denote a fact, describe an emotion or objects, and communicate an opinion or a vision of reality (ibid: 129).

As suggested, there are three forms of the argumentative parts of the text: description, narration, and argumentation. The types of description and levels of narration will be explained in detail, below. Five types of description in Bal's work appear to be more relevant to this research: metaphoric metonymy, systematized metaphor, metonymic metaphor, and series of metaphors. These types could be vital as the descriptions 'interrupt the line of the fabula' or 'replace the theme or accompany it' (ibid: 130-132). In the metaphoric metonymy, 'only comparings are found in the text which as a result is of very metaphoric nature' (ibid: 133), such as Leviathan in the Western media to represent the power of the state. There is a large metaphor in the type of systematized metaphor, with the elements of comparison systematically relating to one another, balancing each other, and implying each other. Metonymy is also a large metaphor but manifests in the way that the elements of comparison continually relate to each other to form a coherent description. Last, the series of metaphors can be easily distinguished from other methods of constructing description, dominated by the principle of continuity. This category consists of a metaphor that is repeatedly adjusted in order to create the impression of elusiveness and indescribability.

For the levels of narration, Bal conceptualizes three levels of narration, besides direct discourse. First, indirect speech/free indirect speech is one level higher than direct discourse. The narrator utters the message from the actor as it is supposed to have been spoken with indirect speech. In free indirect speech, the narrator's text 'explicitly indicates that the words of an actor are narrated by means of a declarative verb and a conjunction, or a substitute for it' (ibid: 140). At this level, the narrator's perception is under investigation. The second level is when the embedded narrative text indicates that at each episode a story has been told, and in that story *new* stories are embedded for the forthcoming episodes. The embedded system implies a value-judgment, suggesting a sign of how the text should be read (ibid: 147). The third level is non-narrative embedded texts, such as dialogues.

4.1.2 Rhetoric

Rhetoric is a common human activity, a mean of persuasion. In communication, people engage in rhetoric when they want to influence or persuade others by expressing emotions and thoughts (Herrick, 2004). Through rhetoric, thoughts can be transmitted via a system of signs, such as language, to others, to influence decision making (ibid: 5). The word *rhetoric* comes from the Greek, in Plato's dialogue *Gorgias* (Kennedy, 1994). It was a specific cultural subset for describing the power of words and their 'potential to affect a situation in which they are used or received' (ibid: 3). Rhetorical approaches conceive of narrative as an art of communication and usually have one of two major emphases: '(1) on the language of the narrative text, particularly the logic of its patterns; (2) on narrative as an interaction between an author and an audience through the medium of a text for some purpose' (Herman, *et al.*, 2005: 500). In narratology, rhetorical approaches examine the role of narrative in the formation of identity as well as the relations between narrative and gender or identity (ibid: 575). Despite the emphasis, rhetorical consideration has mostly overlapped with the narrative studies, but has become more essential in contemporary, post-classical, deconstructive approaches to narrative. This subsection will further introduce some theories and methods related to studying rhetoric but go beyond narrative disciplines to avoid repetition.

Principles of rhetoric

There are five elements (Kennedy, 1994) or skills (Mark, 2002) in classical rhetoric: invention, arrangement/disposition, style, memory, and delivery. Invention concerns subjective matters, such as the ways to obtain the interest of the audience, topics to assist in discovering argument, and forms in which to present argument. The means of persuasion includes, first, direct evidence, such as witnesses and contracts that the speaker 'uses' but does not 'invent' (Kennedy, 1994: 4); second, artistic means of persuasion, which consists of presentation of the speaker's character (*ethos*) as trustworthy, logical argument (*logos*) that may convince the audience and the emotion that the speaker can awaken in the audience (*pathos*), according to Aristotle's artistic proof of arguing (Herrick, 2004: 82). Arrangement/disposition considers the order of speech and whether the strongest appears first or toward a climax. Basically the rationale of an oration has four parts: introduction for securing the interest of the audience; narration of being clear, brief,

and persuasive; proof to provide logical arguments to support the speaker's position; and conclusion.

Style (*elocution*) tackles 'how' to say it—that is how to embody the topic and view into words and sentences. There are two parts in style: diction, the choice of words; and composition, putting words into sentence in different structures. The first three features are most important in classical rhetoric. Another two were added later to make the theory more applicable to a wider areas. Memory means that once the speech was planned and written out, the audience was expected to memorize it. Delivery refers to the control of voice and gesture. Elizabethan rhetoric further displayed the development of these five skills into eleven (Mark, 2002: 37), among which narrative has been treated as a separate composition, a component in a larger work and as an approach to the analysis of a text. Narrative is divided into six elements: the person acting, the thing done, the time about which, the plane in which, the method by which, and the reason why.

Rhetorical discourse

Herrick (2004) summarizes five characteristics of rhetorical discourse in communication. First, the rhetorical discourse is planned. The choices are made according to audience, including: which arguments are advanced, what evidence best supports their point, how the argument and evidence are ordered and arranged, what resources are available, and so forth. Second, the rhetorical discourse is adapted to an audience. An argument can be more effectively built from values, beliefs, or knowledge held in common by a speaker and an audience. It emphasizes the role of audience and its values, experience, beliefs, social status and aspirations, which could determine the quality of the argument. 'A well-informed and critically minded audience demands that the rhetoric addressed to it be well-reasoned and honestly presented' (ibid: 10). Third, rhetorical discourse reveals human motives. Speakers address the audience with either admitted or concealed motives in mind. Fourth, rhetorical discourse is responsive: it could be a response to a previous rhetorical statement, or it may elicit an opposing view. In both cases the rhetorical expressions are situated and dialogic. Fifth, and last, rhetorical discourse seeks persuasion—the aim of the discourse is to influence the audience to accept an idea and then to act in a manner consistent with that idea (ibid: 12).

Theory of persuasion

George Campbell, in late eighteenth century, proposed his persuasion theory (Walzer, 2003; Herrick, 2004). In his view, the complex discourses of persuasion are concerned with two things. The first is to excite some passion in the audience: passion could be derived from lively communication, gleaning ideas of object and gratification by presenting the best and most forcible argument that the nature of the subject allows. The second is to satisfy the audience's judgment. It refers to the connection between the action to which the speaker persuades the audience and the gratification of the desire of passion that speaker excites (Herrick, 2004: 185). Additionally, effective persuasion requires the narrative to be plausible. Plausible discourse is also closely related to the audience's experience so as to be believable.

Persuasive content features

In van Dijk's analysis of news discourse (1988a, 1988b), the rhetoric deals with the persuasive dimension of language use and, specifically, with an account of those properties of discourse that can make communication more persuasive. In this broader sense, rhetoric as a discipline is almost 'identical with at least a large part of discourse analysis' (but more restrictedly rhetorical structure is optional property of discourse) (van Dijk, 1988a:28). However, in terms of analyzing discourse, rhetoric is specifically used as theoretical subcomponent in discourse analysis that explicates every specific, rhetorical structure, such as syntax, semantics or pragmatics, which are based on grammatical structures aiming at social psychological aspects of persuasion. In his work, van Dijk breaks down the rhetorical structure into a number of standard strategies to promote the persuasive process for assertions (also see Tuchman, 1972). These are called persuasive content features, which he claims news rhetoric conventionally uses to target at three main strategies listed below (ibid: 84-85).

(A) Emphasize the factual nature of events:

1. Direct descriptions of ongoing events
2. Using evidence from close eyewitnesses
3. Using evidence from other reliable sources (authorities, respectable people, professionals)
4. Signals that indicate precision and exactness such as numbers for persons, time, events, etc.

(B) Build a strong relational structure for facts:

1. Mentioning previous events as conditions or causes and describing or predicting text events as possible or real consequences
2. Inserting facts into well-known situation models that make them relatively familiar even when they are new
3. Using well-known scripts and concepts that belong to that script
4. Trying to further organize facts in well-known specific structures, e.g. narratives

(C) Provide information that also has an attitudinal and emotional dimension:

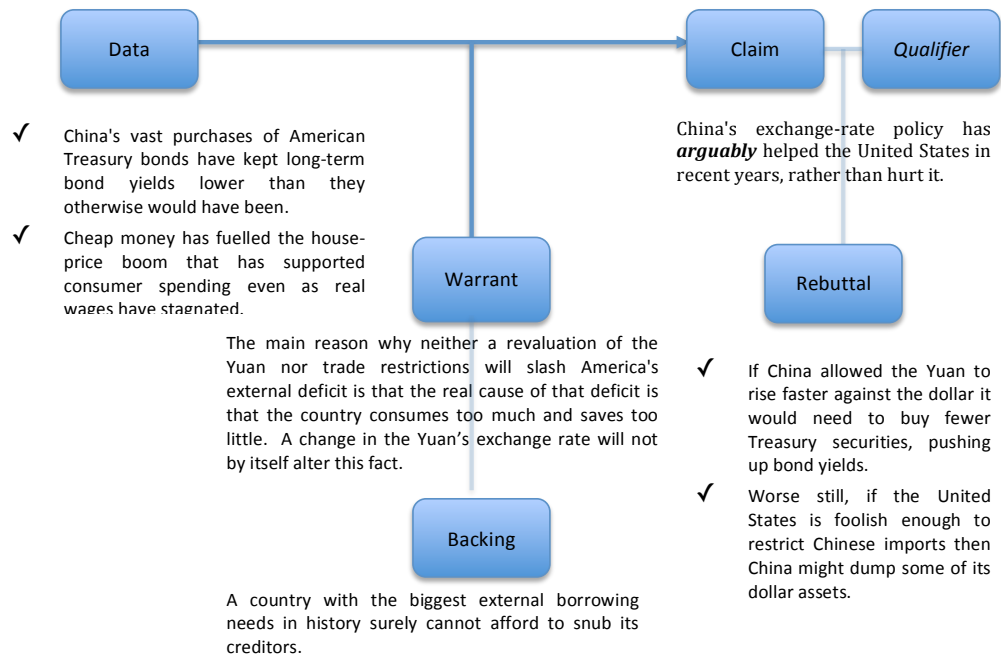
1. Facts are better represented and memorized if they involve or arouse strong emotions (if overly strong emotions are involved, however, they may be disregarded, suppression, and hence disbelief of the facts ensues)
2. The truthfulness of events is enhanced when opinions of different backgrounds or ideologies are quoted about such events, but in general those who are ideologically close will be given primary attention as possible sources of opinions.

Toulmin's model of argumentation

British philosopher Stephen Toulmin constructed a model for assessing elements in argument. He proposes the concept of the argument field, questioning the singular universal standard of argument analysis. Toulmin thinks that the standards for assessing arguments should be different depending on the subject matter under discussion. The criteria to be applied when determining the soundness of the argumentation depends on the nature of the problem to which the argumentation relates (Harrick, 2004: 202). Based on the concept of argument fields, he establishes the Toulmin model of argumentation consisting of six elements to assess the argument. *Claim* is the statement being argued. *Data* is the relevant evidence to prove the argument. *Warrants* is the hypothetical, often implicit, logical statement that serves as a bridge between the *claim* and *data*. The warrant should authorize the sort of step 'to which our particular argument commits us' (Toulmin, 2003: 98). *Qualifiers* means a different degree of confidence or forces the *warrants* confer, such as must, possibly, presumably, and certainly. *Rebuttals* is the counter-argument or statement in the circumstance that the authority of the *warrant* would have to be set aside. *Backing* is the states that serve to primarily to support the warrant (i.e., it does

not necessarily prove the main point being argued, but it does prove the *warrants* are true). The *backing* is expressed in form of categorical statement of fact.

Figure 4.1.2 Toulmin's model of argumentation with an example



To illustrate how the model works, there is a presumed *challenger* in the argument, asking question of 'how do you get there' (Toulmin, 2003: 94), in other words, how *data* lead to a *claim* with a *qualifier*. So the argument in Toulmin's model is a process of defending a particular claim against a *challenger*. The process, as well as the structure of six elements, is field-invariant, applicable to all the fields of argument. What is varying across fields is the nature of backing used to establish the authority of the *warrants* in a particular field. Figure 3.3 elaborates on how the model works in analyzing an argument picked from the sample article of the *Economist* (from the article in the 1 April 2006 issue, 'Yuan step from the edge - China's exchange rate') in arguing that the United States should not look for the rise of Chinese currency Yuan as it will further deepen the trade deficit and hurt overall economy of the United States.

4.2 Comparative study—Integration of quantitative/qualitative strategies

This section tackles another methodological issue—comparative studies in a synthesized qualitative and quantitative approach. Three main questions to be addressed and answered are: (i) why the comparative study? (ii) how the data are compared? (iii) what outcomes are expected from comparison?

In a broad sense, ‘thinking without comparison is unthinkable’ (Swanson, 1971: 145). More specifically, the distinct features of comparative research are defined in two ways. First, more traditionally the comparison aims at the large macro-social unit (Easthope, 1974). This definition emphasizes that the data come from at least two different societies, to examine cross-societal similarities and differences (Armer, 1973: 49). But this way of defining the comparative method in term of its specific data is sometimes misleading and restricted (Ragin, 1987: 4). More prevailing definition stresses the multilevel characters in comparative studies. The comparison works simultaneously at two levels—level of systems (macro-social level) and within-system level (Przeworski and Teune, 1970). Variables at system level should be employed, to explain the variation across systems in the within-system relationships (ibid: 50-51). The *macro-social units* at the level of systems are of great importance to comparative studies as a meta-theoretical category, rather than data category. Because they provide an essential part of the explanations, especially the qualitative comparison that seeks to interpret specific experiences and trajectories of specific countries/societies through differences and similarities (Ragin, 1987: 6).

4.2.1 Boundaries between qualitative and quantitative approaches

In comparative study, there is a wider gap between quantitative and qualitative approaches. Quantitative comparison (or *variable-oriented* approach) uses statistical tools to examine and generalize the variables and their interrelationships (Ragin, 1987). This is regarded as a mainstream method in social science to broaden the scope of study, connecting the

research with the ‘theoretical, substantive, and political concerns’ (ibid: ix). A quantitative approach is distinctive in the way of how data is collected. In a quantitative comparison, the *unit of analysis* refers to ‘data unit’, which is observational in data collection and analysis (ibid: 9). The main constraint of the quantitative approach is the theoretical stricture. The greater the theoretical or empirical specificity, the smaller the number of cases relevant to the investigation (ibid: 10). By reducing the number of cases, the researcher will find it more difficult to evaluate the explanatory statement to reach a general conclusion; because, the number of relevant explanatory variables could very likely exceed the number of cases (ibid). In the thesis, the observational units are the semantic and pragmatic elements in the texts of *Economist* and *Caijing* as comparing variables. The specifications of the investigation on ‘elite’ financial media with ‘global perspective’ excludes those cases that do not target elite readers and whose viewpoints are oriented toward national interests rather than favouring the interests of stateless elites. The data collection, restricted on selected topics of China’s economic globalization, further attracts Chinese financial media and financial media with a distinct Western capitalist background, as a pair of comparison. In the language of quantitative approach, the characteristics of the variables, the correlations among the variables, and the trajectory or dynamics of the variables over time (1998-2008) are going to be explained as the characteristics of narrative construction of China’s economic integration portrayed by two financial journals. However, this statistical strategy is deficient to address the consequences concerning the macro-social unit—Chinese and Anglo-America socio-political and economic institutional settings. To make it combinatorial, examination of hundreds of statistical interactions is demanded (Ragin, 1987: 15), yet the outcome is hardly holistic. Thus, a qualitative method is required to analyze the cases in their contexts.

A qualitative (or *case-oriented*) approach is more dominant in comparative studies with its tradition of being. It is more sensitive to complexity and historical specificity (ibid: ix), so that it is more suitable to address empirically defined historical outcomes and generate new conceptual schemes. A qualitative method is easier to perceive a meaningful connection to social and political issues, as it is concerned with actual events, with human agency and process. The comparison involves analysis of variables, as well as comparing configurations. In this way, a qualitative comparison features a holistic view toward the context of the whole (ibid: ix and 3). Also, a qualitative approach is a historically oriented

interpretive work. It tends to account for specific sets of comparable historical outcomes or processes from their significance for current institutional arrangement or for social life in general. According to Ragin (1987: 3), being historically interpretive means to make sense out of different cases by ‘piecing evidence together in a manner sensitive to chronology and by offering limited historical generalization that are both objectively possible and cognizant of enabling conditions and limiting means—of context’.

The *unit of analysis* in qualitative approach is analytical and explanatory, referring to the unit that is used to account for the pattern of results obtained. It is also called *explanatory unit*. In the context of this thesis, the *explanatory unit* is the societal contexts of the two magazines—Chinese and Anglo-American socio-political and economic institutional settings and their ideological interpretations of neoliberalism and globalization. In the following discussion hereafter, *observational/explanatory units* of analysis with accordance to their data/theoretical categories will be used instead of the unified term *unit of analysis*, in order to avoid confusion explaining in statistical and case-oriented languages. The research question in qualitative method tends to be circumscribed to the historical and substantive, to address the cultural and historical significance (ibid: 11). Thus in the thesis, the media texts representing neoliberalism are covered by the three topics (as Chapter 3 explained) that are significant to China’s economic integration into the global marketplace. They are much more specific and representative to provide a basis for empirical generalization (ibid: 14).

4.2.2 Two combined comparative strategies

As discussed above, both quantitative (variable-oriented) and qualitative (case-oriented) comparisons have strengths and weaknesses. A case-oriented comparison suits for identifying general patterns that are applicable to relatively small sets of cases; but has a tendency toward particularization. Variable-oriented comparison is in favour of formulating a probabilistic relationship between features of social structure as variables; but, it is dangerous to assert abstract, or even vacuous, generalizations (ibid: 69). Case-oriented strategy could help the variable-oriented comparison to generate complex, conjuncture causal arguments; the variable-oriented strategy, on the other hand, could assist to make the specific comparable cases more applicable to larger number of cases.

However, Ragin (1987) explains the simple combinations without deeper interplay between the two strategies should be avoided and enhanced by more reconciled strategy.

One way of integrated synthesis is to use interpretative, case-oriented investigation as the main strategy, and the quantitative method as a supplementary one to serve as bedrock for case analysis to provide structural explanations. The downside of the combination is that the structural explanations may hardly help the cases with structural variables, which often change slowly over time for a single case. Another means of combination uses the case-oriented strategy to support the findings of the dominant quantitative investigation; and also to provide assurance that the variables, distributions, and correlations observed are real and have historical soundness. In this method, the statistical language could disaggregate the cases into variables and their relationships; even the structural explanations could be biased to explain the relationship between human agency and historical process. Also, as the research does not orient to test theory but to remain open questions of what and how the neoliberal narrative is constructed, it is unlikely for the comparison of two financial magazines to be contextualized with accordance to their institutional settings by merely using the second way of combined strategy.

4.2.3 Synthetic comparative strategy

A synthetic comparative strategy should better integrate features from quantitative and qualitative analysis. The notion of reconciling two methods is that it aims to ‘compare wholes as configurations of parts’ (ibid: 84). It anchors the full interplay of statistical and case analysis and requires the researcher to move back and forth between these two in investigation. To achieve this, the thesis needs to simultaneously consider the following: structural factors (institutional settings and the constantly changing dynamics of economic structures) and the factors reflecting historical processes (the changing perceptions of China’s economic globalization in the past decade) and human agency (two magazines as forceful advocates of neoliberal ideas and globalization). Therefore, the synthetic strategy will yield not only the relationships among discursive variables in narrative constructions and structural explanations of these but also the chronological particularities of two cases and human agencies. In other words, a successful synthetic comparative research will

ultimately generate similar, or at least comparable, outcomes across a range of cases in different settings, which cope with multiple different conjectural causations (ibid: 78-79).

For example, the thesis aims at uncovering possible common findings that show financial media, aiming for an international elite readership, play a primarily ideological role to legitimize the neoliberalism in the globalization process, and China's economic globalization is narrated in a similar way favoured by decision-makers who are active and benefit from market and state, regardless of the different institutional arrangements in politics and economics or the different patterns of capitalist development. The strength of this synthetic comparison is that it pertains to analyze a larger number of cases. The thesis's methodological design could be applied to other types of financial media with their different types of narratives relating to the actors of market or state, or to examine other types of capitalist developments beyond Anglo-American and Chinese models. Additionally, the logic of the synthetic comparison allows researchers to investigate complex, conjectural causation of the common finding as well as the different consequences led by the common outcome. Implicitly both *Economist* and *Caijing* differentiate their narrations of neoliberalism with the correlations between economics and politics, which generate different combinations of social causes to the institutional backgrounds of the two case studies.

4.3 Synthetic qualitative comparative framework

Based on summarizing and justifying the related methodological issues both in theory and in practice, this section will unravel the methodological design, incorporating the analysis of agenda-setting, frame, and interviews, from media and communication studies, and how they are justified, combined and coordinated with each other to bridge the research questions with goals. Methodological guidance from previous studies in financial media shows evidence of investigating content (Glasgow University Media Group, 1976 and 1980; Lenzner, 1997; William, 1998; Gavin, 1998; Tienari *et al.*, 2003; Sherman, 2002; West, 2005; Duval, 2005; Ainamo *et al.*, 2006; Erjavec and Erjavec, 2009), related interactions with market or state (Rippey, 1981; Herman, 1982; Dreier, 1982; Tumber, 1993; Sant and Zaman, 1996; Parker, 1997; Porter, 1998; Shiller, 2000; Thrift, 2001; Clark *et al.*, 2004; Borden, 2007; Davis, 2007; Greenfield and Williams, 2007; Wilby, 2009;

Thompson, 2010), interviews with/observation of financial journalists (Rothkopf, 1999; Davis, 2002; Kinzik, 2002; Doyle, 2006;), historical developments (Gussow, 1984; Parsons, 1989; Carey, 1995; Roush, 2006) and audiences (Davis, 2005 and 2006). The following discussion tries to establish a model that is able to provide a comprehensive view of what and how the financial media narrate neoliberalism as economic policy and political ideology through cross-national comparison.

4.3.1 Two categories of qualitative content analysis comparison

The thesis chooses to use comparative content analysis framework by Holsti (1969) as the methodological skeleton, with the qualitative analytical tools perspectives (e.g. operational definitions and categorization in coding) embedded in. The numerical outcome primarily serves the need to generalize and theorize the analytical results from a macro view. Meanwhile, the substantial integral portion of the analysis will be qualitative. In Holsti's framework (1969: 26), there are three main categories of comparison between media and time: (1) 'to describe characteristics of communication'; (2) 'to make inferences as to the antecedents of communication (the encoding process)'; (3) 'to make inferences as to the effect of communication (the decoding process)'. The thesis will adopt the first two categories that target production concerns of the media contents (see Figure 4.3.1).

Table 4.3.1 Two levels of comparative content analysis

	Methods	Questions to be answered
I. Narrative characteristics (Semantics/ Syntactics)	Style Agenda setting	<ul style="list-style-type: none"> • What is the trend/pattern in content? • What is the style and technique of persuasion? • What is the relation between known characteristics of the media and its content? • What is the relation between known characteristics of the media's target audience for the content?
II. Narrative construction (Pragmatics)	Frame Interviews	<ul style="list-style-type: none"> • How does content relate to the producers' cognition with the discourses they produce? • How does content infer ideological, political aspects and how do the inference change? • How has the relationship between the discourses represented by producers and the ideological intentions of the producer been established and how does it change?

From a quantitative perspective, Holsti's framework aims to measure the content variables in multiple dimensions—time, media, and contexts. To measure the essential narrative elements in the contents, the framework could be able to provide systematic, replicable, and consistent form of methodological ground in conducting longitudinal analysis between media and time (Hansen *et al.*, 1998; Messenger-Davies and Mosdell, 2006). Holsti's content analysis model has drawbacks. First, it was generated 40 years ago based on empirical examples at that time. Many analytical details need to be critically renewed and improved. More generally, quantitative content analysis is not completely objective, in the ways that researchers inevitably exercise a degree of subjective delineation in choosing variables and samples (Hansen *et al.*, 1998: 95), and might speculate on journalists' intentions, interpretation, or effects on a wider audience (Messenger-Davies and Mosdel, 2006; Altheide, 1996; Hansen *et al.*, 1998). These drawbacks could be overcome by piloting some sample contents through semi-deductive ways in choosing and defining each category and attribute.

I. Narrative characteristics—first category of comparison

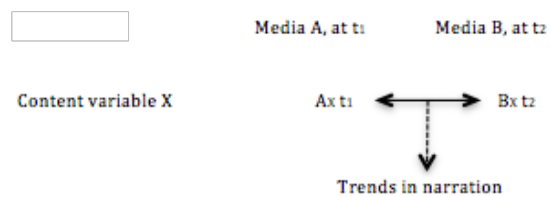
The framework starts with demonstrating the characteristics of content narration, in semantic and syntactic natures. This category of content analysis is most frequently used to describe the attributes of messages, without reference of either the intentions (encoding process) of the sender or the effect of the message upon those to whom it is directed (decoding process) (Holsti, 1969: 27). Two main types of comparison (*inter-message* and *contingency analysis*) in this category will be introduced. *Inter-message analysis* means comparisons of contents across time, situation, or audience³ (Holsti, 1969). The results take the forms of *absolute frequencies* (e.g., number of words/articles), and *relative frequencies* (e.g. percent of sample size, proportion, probabilities) (Krippendorff, 2004: 192). *Contingency analysis* documents the relationship of two or more content variables within one or across different media publications. The statistical representation of the result is *chance*, which cross-tabulates the frequencies of several content variables and notes the frequencies of co-occurrences of certain attributes (Holsti, 1969; Krippendorff, 2004: 194-195). In practice, each comparison may not strictly stick to each type of

³ In the thesis, the characters of audience have been identified based on researches of two journals and the studies of rhetoric discourses. Therefore, hereafter the method related to audience will be intentionally neglected.

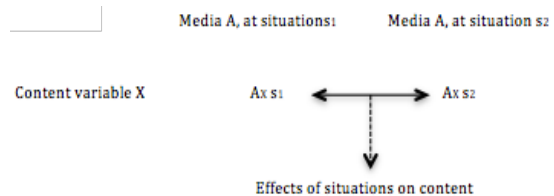
analysis, as they could contain both or partly overlapping elements of comparing methods. Each representation of numerical result may be composed of one or several of these units of analytical tools⁴.

There are two types of comparisons to describe the characteristics of the contents (Holsti, 1969: 27-29):

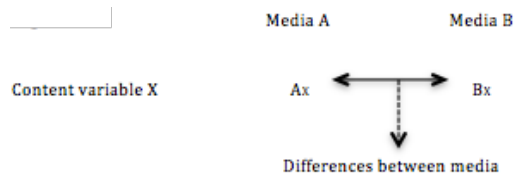
(i) *Comparison of messages over time* draws inferences about trends of certain content variable.



(ii) *Comparison of messages across difference situations* aims to find out the possible effect of changes circumstances on specified characteristics of certain content. The *situation* refers to the circumstances that may have implications with the related narrations.

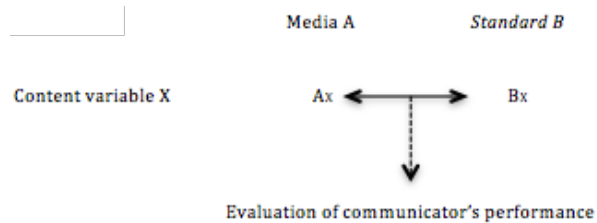


(iii) *Comparison of messages over different media* aims to ‘relate theoretically significant attributes of communicators to differences in the message they produce’ (ibid: 30).



⁴ For the first category, more obviously, (i) and (ii) types of comparisons belong to the *inter-message analysis*; and (iv) is *contingency analysis*.

(iv) *Comparison of messages to 'standard' of adequacy or performance* in the case that researchers employ a comparable standard to compare against the investigating variable in order to evaluate the communicator's performance.



There are three ways of defining *standard B*:

- (a) *Priori* standard is inductively decided by researcher's preference. It generates problem of being biased, so the thesis chose not to use this.
- (b) Deductive standard is derived from content data.
- (c) A third type of standard is non-content indices, which can be the kinds of sources other than media to compare against the content variable, for instances of overall economic statistics or expert opinions that have been elaborated in Chapter 3.

Style

The *style* echoes specific ways of writing so that the narrative elements are arranged and sequenced in certain formula to reflect editorial choices and attract a particular group of readers. Under some circumstances, *genre* is a substitute for *style*. Strictly speaking, *genre* is more broadly implied as journalistic genre including different fields of journalism. The previous literature chapters also refer financial media as a specific genre distinctive from other types of journalism. So to avoid ambiguity, *style* is the more precise term to use for counting the variety and distribution of two media's ways of constructing three events collaboratively at macro level that represent the editorial orientation.

Agenda setting

Measuring the agenda setting mostly means to examine the frequency and prominence of issues in the news media and the subsequent importance given to the issues by the public (Krippendorff, 2004: 174). Research is concerned with the 'transfer of issue salience' from the media to the public (first level of agenda setting) and the 'transfer of attribute salience'

(how media and people discuss the issue). Media's agenda setting means that it intentionally determines the criticality of a subject by selecting and directing to the public certain issues and neglecting others in the process (Zhu and Blood, 1996). Consequently, the public's awareness of issues—what they think, discuss, and act upon—is largely influenced by the choices made by editors and journalists. In coding, measurements of agenda setting usually include the frequency, amount of time/space, prominence, type of article (e.g., lead story, feature, news-in-brief, op-ed), and placement given to issues indicates media priority (Wimmer and Dominick, 2003; Gavin, 2007). Once an issue is on agenda, some facts are emphasized while others are understated (Miller, 2002: 262). Focusing on the accessibility of information processing, the thesis deliberately choose three aspects to explore the clear political nature and global perspective of the economic stories two media cover: (1) Selection of specific *topics*, (2) topics' coexistence with different *countries/regions*, and (3) *industries/companies* chosen to be highlighted with relation to different events.

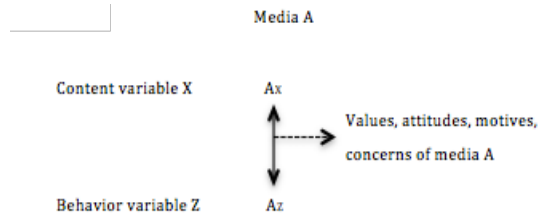
II. Narrative construction—second category of comparison

Instead of analyzing the text itself, the second classification of comparison takes a pragmatic approach, by relating the narrative components to the parameters of relevant causes or antecedents that produce them (Holsti, 1969; Altheide, 1996). It concentrates on the encoding process and investigates how the media texts are explained ideologically. To examine how the overall narration of China's global integration constructs, the analysis of the media texts is not sufficient and self-validating, and requires collaborating evidences from non-media variables, which are referred to as independent source, non-content variable, or more specifically in comparison it refers to *behavior variable* (Holsti, 1969:32). Therefore, this category of comparison incorporates frame analysis and interviews as coherent parts of method.

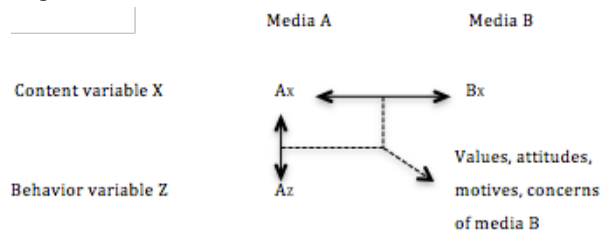
Basic ideas of drawing the inferences between media content variables and the producer's intention/feelings are composed of three types of comparison:

(v) Comparing direct relationship between content and independent measure of behavior. The latter (*behavior variable*) can be seen as a content parameter regarding the same event or discourse but being found from another content source, such as government statistics or other academic findings from different disciplines.

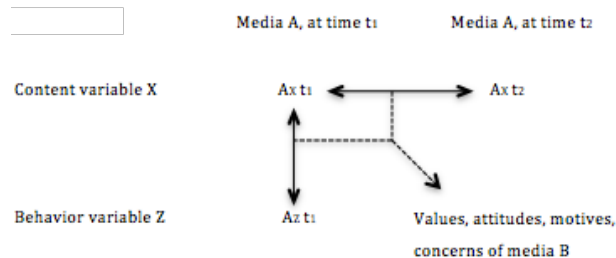
Correlations between two contents from different sources could help in gaining insights about the values, attitudes, motives, and concerns of producers from media A.



(vi) *Comparing indirect relationship between symbolic and other form of behavior.* The logic of exploring this kind of relationship is that the possible likenesses in the contents produced by two publications under certain circumstance may serve as the basis for inferences about the similarity of the motives under another similar circumstance. The logic can be explained as a syllogism: in a given situation, individuals whose behaviour patterns are known to be z , z' , and z'' produce messages with characteristics x' , x'' and x''' respectively. If in similar circumstances a source produces messages with attributes x'' , the inference is that it was related to behaviour pattern z'' .



(vii) *Comparison of relationship of events to symbol of a single source.* The inference can be made by examining some demonstrated relationship between events and media messages over time.



Frame

While agenda setting tends to focus on the selection and salience of issues, framing analysis is concerned with attributes (Ghanem, 1997; Scheufele, 1999) and reveals the 'nuances of coverage' (Jasperson *et al.*, 1998). Framing goes beyond simply organizing ideas; it constructs a dominant perspective that makes information intelligible and encourages news to be interpreted in a certain manner (Pan and Kosicki, 1993; Alheide, 1996; Gavin, 2007). A frame is a 'cognitive structure that guides the representation of everyday events' (Goffman, 1974), and frames are 'tacit mental categories for the sorting of everyday event' (Fowler, 1991). Therefore, framing is potentially for manipulation of public opinion but as a by-product of the necessity to focus (McCombs, 2004: 19). It tells the audience what is important and what is not without repetition or elaboration once it is established. Because successful framing reduces the probability that competing frames will appear in the future (Entman *et al.*, 2009:177), strategic framing is important in setting political and economic agendas in media, particularly in the cases of this thesis. A news frame can define a problem, diagnose causes, make a moral judgment, and offer solutions (Entman, 1993) through the contextualization of the story, style of narration, overall tone, and through details and viewpoints that are included in or excluded from the story (Tuchman, 1978; Gitlin, 1980).

Frame analysis is separated from the *agenda-setting* rather than being subsumed within it. First with regard to theoretical premises, framing is conceptually based on the applicability model that focuses on the individual's preexisting cognitive schema (Kim *et al.*, 2002). There is a meeting ground of the individual's prior knowledge and the media's selection of issue salience for interactions (D'Angelo, 2002). The cognitivist's approach in frame paradigm nicely pertains to *The Economist* and *Caijing*, which are narrowly focused in subjects and target audiences in the much compressed news cycle. Second, from a pragmatic perspective, *agenda-setting* could be devoted to enumerations of certain information's accessibility, so that it is ready to be quantified as long as proper questions are designed. Comparatively, frames shed the light on interpretive cues corresponding with or activating individuals' pre-existing cognitive schema (Kim, *et al.*, 2002). The frames require classification and definition of the prior interpretations of issues by audiences, before encoding and counting statistics. In regard to being more qualitative in

methodological practice, *frame* analysis will be analyzed separately, including the investigations of *headline and point of view*.

Interviews

Media scholars typically use interviews with journalists to gain understandings of journalistic practice (e.g., Davis, 2000, 2005 and 2007; Doyle, 2006). The thesis will apply the method to interview editors and journalists from *The Economist* and *Caijing*, to explore their rationale for deciding whose views and which data, organization, and, ultimately, which political discourses are significant. As their conceptions of neo-liberalism, globalization, and their subsequent perceptions of news values are investigated, the interviews can also reveal the agenda setting, framing, and sourcing practices. More importantly, interview narrations can be used as the *behavior variable* to infer to the contents they produce and to further examine the social and ideological factors in production. The methodological shortcomings of an interview is obviously subjectivity, which could be derived from the nature of social interaction itself (Peräkylä, 1997), and the interviewer's active involvement in creating meanings that reside within the subjects (Holstein and Gubrium, 1997) or the ability of the interviewer to distinguish between personal political sympathies of the interviewees and those of the media organization they work for (Fürsich, 2009). So, interview strategies should be taken care of beforehand, and the researcher should maintain a balance between gathering relevant, valid, and usable data and allowing the interviewee to develop his or her own viewpoints. The interviewees belonging to the two elite journals are writing for professionals. The editors/journalists mostly hold the same financial and economic background as their readers. The interview strategy, therefore, tends to be a challenging one, and the researcher asks questions to make the journalists/editors defend their positions or in some cases they even refuse to answer some questions.

4.4 How the comparative content analysis works

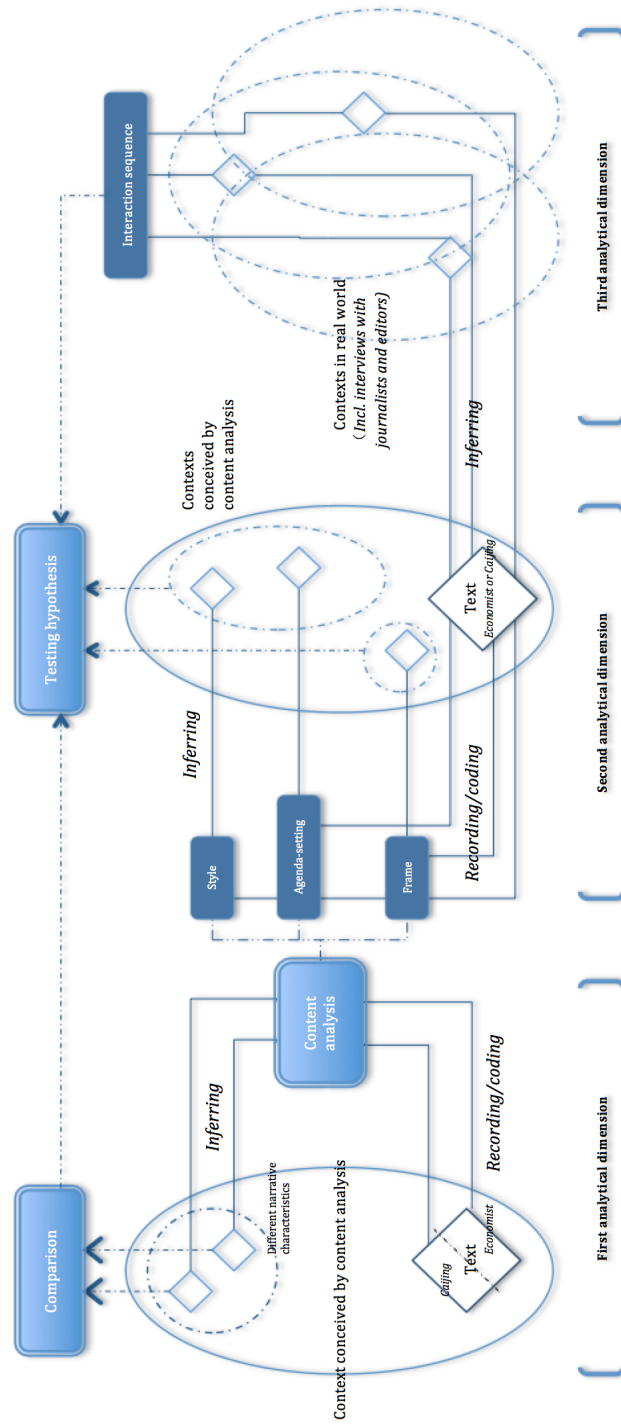
As the first category of comparison is being conducted by content analysis, the method aims at testing hypothesis, which are generalized from observations and conceptions 'inherent in or indistinguishable from texts' (Krippendorff, 2004: 93). By highlighting the notion of the comparative feature of content analysis, this part of the research is designed

to compare three contextual phenomena of China's economic globalization—China's WTO accession, foreign IPO, ODI (see Chapter 3). In supplement, the text within each media will be analyzed from different perspectives, with reference to different phenomenon, through different analytical constructs, or addressing different dimensions of meanings (ibid: 94) to test hypothesis; then the separately inferred phenomena can be analyzed, compared, and causally linked or interpreted to draw the overall picture of narrative characteristics across different sources and over time.

Adjusted and collaborated from Krippendorff's work (2004: 93-96), Figure 4.4 visually concludes three analytical dimensions in content analysis. The two biggest solid-line ovals in the first two dimensions represent the contexts conceived by distinguishing the sample texts as elaborated in Chapter 3. However, particularly in the first dimension, the oval stands for the backgrounds of China's WTO accession, overseas IPO or ODI, within which the texts from two media will be separately recording/coding and comparatively analyzed inferring from two sets of texts. The oval in the second dimension represents three events together, in which texts from each media will be compared, correlated, or subjected to test the hypothesis of their different or similar characteristics in narrating three events.

The second dimension of analysis specifies four methods—*style*, and *agenda-setting* in quantitative approach, which are used to map out the different narrative characteristics, and the *frame* analysis in more qualitative nature, aiming to find out similar ideological construct and reconstruct of reality. Three dotted, partly overlapped ovals in the third dimension mean three events in the real world, with which the inferences from sample texts are compared (Chapters 1 and 2). The *interaction sequence* in the third dimension refers to the real-world figures of three events and the *interviews* of journalists and editors. Accordingly, this dimension of comparison is tempted to further test the hypothesis of the causes and correlates of the narrative characteristics, and focus on individual participants' awareness of the phenomena being inferred.

Figure 4.4 Content analysis framework—three dimensions of comparison



4.4.1 Hypothesis

HYPO 1: Different characteristics in narratives of *The Economist* and *Caijing*'s are the reflections of their own historical and institutional natures.

The Economist's narrative appears to be more global, abstract, macro, and with a long-term perspective. *Caijing* is conceived to be more local, concrete, micro, and with a short-term perspective. One of the most contrary features is that *Caijing* focuses extensively on capital market whereas *The Economist* favors macroeconomic stories.

HYPO 2: Editorials stances are distinguish in the way that *The Economist* is neo-liberal by imbuing economic events with political implications, while *Caijing* is merely economically liberal.

The ideological orientation of *The Economist* is more a liberally advocate in a political sense, while *Caijing* inclines to be more economically liberal. *The Economist* prefers to explore economic stories to the extent that the market issue is an inseparable 'sphere of political management' (Gavin, *et al.*, 1998: 6). *The Economist* tends to provide political interpretations and anticipations in covering most of the economic stories. *Caijing* on the contrary prefers to shape the stories for propagating the economic liberalization of China, and sometimes as the force for push the liberalization of political system further.

HYPO 3: Narrative structures are closely related to the known characteristics of the media's target readerships.

The two media tailor the narratives to their targeting readers, who have the dual role as audience of the media and stakeholders in the events the media covers. Therefore, what causes the above two hypothetical phenomena are that the different narrative characteristics were ascribed to the degree of involvement of different readers in one event or the other.

The hypotheses are reasonably derived from the studies of two media organizations, their characteristics of audiences, and a pilot study of quantitative content analysis. The distinct structural characteristics of *The Economist* and *Caijing* reflect differences in the editorial

decision-makings of news values, space allocation, origins of news, choices of sources and narrators, changing foci of industries and companies, evaluation of selected economic/political symbols, and so forth. The *H1* refers to such difference in narrative characteristics. *Caijing* was founded and survived in the strict media censorship in China, where the economy is centrally controlled by government to a large extent under Communist regime. It is reasonable to presume that the magazine may combine unorthodox elements with orthodox regime in its narrative. On the other hand, *The Economist* carries the tradition of a laissez faire approach embedded in Anglo-American democracy is hypothetically more critical toward China's centrally planned economy (especially the dominant state-owned-enterprises) and its socialist ideology. Thus, *H2* points out the possible difference of two media's narrative from another dimension. More generally, *H3* underlies the reason behind the hypothetical narrative differences stated in *H1* and *H2*. The global economic news is closely intertwined with the market activities of their readers. What is happening and how it is narrated are closely related to the businesses the readers are involved in and how the readers maximize their profits. Some of these undergoing participations in the fields of economics and politics may even change with the issue, which provides the story's main focus and ideological orientation (third dimension).

4.4.2 Defining units in coding

The primary task to conduct content analysis is to decide the units of analysis as precisely as possible that collectively support a hypothesis or conclusion or that 'exhibit patterns that single cases cannot reveal' (Krippendorff, 2004: 98). In data unitizing, it addresses the distinctions of observational data so that the counting of meanings is accurate and the interpretation of numerical results is more efficient and reliable. Divided by analytical purposes, the first type of unit is the *sampling unit*, which is distinguished for selective inclusion in the comparative content analysis. Or, it is called the *unit of analysis* by Messenger-Davis and Mosdell (2006). According to section 5.1.1, each piece of article has the acknowledged natural boundaries for inclusion in and exclusion from the content analysis. Functionally each sampling unit (article) forms a complete story or integral argument with regard to certain events. In between articles, it is unlikely to be biased in defining the connections across sampling. Because relevant information contained in each unit is independent, it ensures that issues or opinions cannot be regarded as overlapped or

omitted, and instead, meaningful interconnections can be made. As Krippendorff indicated, it is 'not easy to break a highly interconnected stream of messages into separate sampling units' (Krippendorff, 2004: 98).

Recording/coding unit, contained within or coincided with the sampling unit, attempts to record/code a specific segment of content in a given category (ibid: 100; Holsti, 1969: 116). The sampling units of article items constitute natural beginnings and endings identifiable without much reading. But, they are often too complex to describe reliably and too superficial to make inferences from. Whereas, smaller recording units are easier to capture analytical meanings, collective characteristics, or tendencies. It can also be addressed as *unit of measurement* (Messenger-Davies and Mosdoll, 2006). The information of a recording unit may be distributed throughout a text in rich vocabulary of descriptive terms. So it is vital to describe the recording unit with regards to various analytical procedures on several levels of inclusion.

In the analysis of agenda setting, the recording units to be measured are defined as following:

- HEADLINE, as the smallest unit to code, is 'the most salient cure to activate certain semantically related concepts in readers' (Pan and Kosicki, 1993). It makes some information more noticeable and meaningful to audiences (Entman, 1993). Therefore, investigating the cognitive function of *headlines* is an essential part of frame analysis. From a linguistic perspective, Bowker (2008) has explored the headlines of *The Economist* in a discourse-based framework, concluding that the playful language pragmatically is the preparation for 'engaging with the technical, expository and argumentative text which characterizes the magazine' (ibid: 183) and creating the meaning gap to reinforce the readership's identity as being included into the 'club', as the texts are culturally bounded.
- NARRATOR refers to an agent who narrates the story through establishing the 'communicative contacts' with the readers and is often included in the texts (Bal, 1994). According to Bal's classification of narrators, two types of narrators will be counted. *External narrator* (EN) points to those who are invited by the media to write the article and are in most cases more professionally acknowledged than journalists in the fields of economics, business, or policy-making. EN also refers to

those exclusively interviewed by the media, who are discussing issues so that the narrator is not the central character involved but the one who tells the truth of the story along with others. The *character-bound narrator* (CN) is the character in the story itself. The CN proclaims the ‘true facts’ concerning the individual propositions. Specifically, there are articles portraying individual stories of those who are famous business people, top officials involved in certain economic conflict or policy-making, and ordinary people representing significant changes/development. The narrators, particularly CN types, tend to emerge bit by bit in sentences or paragraphs over the course of the narrative, and the information about this kind of recording unit may be distributed throughout a textual item. Thus, the counting of narrator is contained within each *sampling unit* (i.e., article basis). For a certain article, there will be only one count of narrator recording unit, with even the narrator appearing in several discontinuous paragraphs.

- COUNTRY/REGION is the unit representing each occurrence of country/region. Under certain set of category, it concerns the significance or influence of the event relating to the particular *country/region*. For example, stories of China’s WTO accession could be embedded into articles with other main focus, such as international relations in political languages, impact to other economics, global trade disputes and trade negotiation or international establishment under the context of regionalism and multilateralism. Thus, it is desirable to capture the meaningful variety and distribution of *country and region* in order to understand China’s interconnection with the world in economic and political affairs under larger contexts. Different units of country and of region can mutually exist in more than one category, even in the cases where that certain country is contained within region (e.g., Australia vs. APEC), or one region is partially geopolitically overlapped with another region (e.g., ASEAN, vs. APEC). The coexisting units can be simultaneously identified for the reasons that a *country’s* account of the linkage with topics of China is distinctive to a *region’s* account in clear semantic boundaries separated by their economic or political contexts. For instance, Hong Kong as a recording unit of *country* refers to mostly its cultural and geographical proximity to Mainland China because of the trade and convenience for overseas financing and investments. While the APEC, including Hong Kong as a unit of

region, echoes predominantly multilateral corporations among members across the globe as economic entities.

- INDUSTRY/COMPANY is recorded each time a certain industry/company is mentioned in conjunction with related topics. Similar to *country/region* unit, this type of recording unit also pertains to counted occurrences of any industry/company mentioned, as a meaningful object actively participating in the stories. But unlike COUNTRY/REGION, the unit of *industry* or the unit of *company* is recorded separately for different analytical purposes. The investigating the WTO topic, it is more feasible to define the variety and distribution of certain industry as a whole benefiting or losing from China's economic integration via the global institution. Rarely any particular company is mentioned. On the contrary, conceivably, for topics of cross listing and ODI, characterization of a certain company's business activity or even political implication is more identifiable. Under each subcategory of industries for these two topics, the distributions of companies manifest different narration styles and changing foci of relating issues. The multilevel recording units form an inclusion hierarchy and reconstruct the narrative characteristics in various numerical ways for content analysis.

Context unit sets limits on the information to be considered in the description of recording units (Krippendorff, 2004: 101). Unlike the sampling unit and recording unit, *context unit* cannot be counted, or be exclusive with each other, and could be consulted in describing several recording units. The *character-bound narrator* needs to be ascertained with the plot, so that an entire section of the article is the context unit for counting each *CN*. Whereas, the context unit of *external narrator* is more naturally defined as article, because the *EN* is either the writer or the sole narrator for each piece of the article. For the recording units of *country/region* and *industry/company*, it is feasible to have a context unit of paragraph or sentences coherent for describing the recording units. For most of the non-main-themed articles, there is one continuous segment consisting of sentences or paragraphs that are targeted for analysis. So in most of the cases, the paragraphs/sentences coincide with the article as the context unit. For some articles, each item is included according to the rule of whether there is significant paragraph describing or commenting on the related topics. So the paragraph or sentences within the targeted paragraph is the smallest possible context unit for recording *country/region* and *industry/company*. The

definitions of context units ensure the reliability and efficiency of the descriptive efforts, and further provide the reconstructibility of analyzing data in multi-levels (ibid: 102). In the coding process, *contingency analysis* is more practical to address so long as the *context units* clearly identified. The coding of the articles depends on the presence of the attribute within the article (Holsti, 1969: 7). Equivalently, *contingency analysis* means to code a *recording unit* within its textual limits (*context unit*). In practice, each contingency analysis tabulates the number of occurrence of each term (*recording unit*) appears in conjunction with references to three main topics in the *context unit* of the whole article or paragraphs/sentences.

Chapter 5.

Data collection and sample description

This chapter explains the rationale of sample collection, by constantly referring back to the previous literature reviews of the contexts of China's economic globalization. According to the methodological framework designed in Chapter 4, samples need to be further stratified into two categories, tailoring for different analytical purposes. Second part of the chapter (5.2) reveals how the samples present across the ten-year timeline. More specifically, the section tries to portray a holistic picture of the distributions and trends of the media coverage of three events, by comparing them with real world data from Chapter 3.

5.1 Sampling

This section demonstrates three practical issues: (1) what are the sample texts, (2) how are the sample texts collected, and (3) how they are categorized to fit into different comparative, analytical purposes.

5.1.1 Between text and context—qualitative approach of sampling

Chapter 3 has already explained and solved such sampling issues in the language of economics and politics, in which the narrative is abstract, systematic and mathematical (Richardson, 1998). The fundamental concern above all these questions is the interplay between texts and contexts—to draw inferences from the textual materials to their specific contexts (Krippendorff, 2004). In other words, the sampling process is primarily qualitative. Textual dimension aims at the structures of discourses at various descriptive levels, such as syntax and semantics (van Dijk, 1988: 24-25). Contextual dimension relates these structural descriptions to various properties of context (i.e., pragmatic component of description) such as cognitive processes or socio-cultural factors. A comprehensive understanding of both dimensions and their relation is vital before analyzing how the elite financial media reconstruct the economic and political realities of globalization and to

what extent they shape neoliberalism as dominant ideology. In particular, the texts cover three relevant topics—WTO accession, foreign listing, and outward foreign direct investments. Their contextual parameters refer to the relevant economic, political, and ideological implications to these issues.

Compared with media discourse, Chapter 3 shows the comparative complexity in term of the special features of China's transitory economy and its Communist ideological doctrine under the general framework of Western consensus in economic globalization. Section 3.4 particularly illustrates the causal linkages of three topics in order to stratify the sample data to more closely interconnected substratum. In this way, it also justifies the validity of using three topics to test the discursive reproduction of China's economic globalization with respect to the construction of a discourse. Additionally, these reviews of studies provide empirical evidence and rationale in economics and geopolitics for descriptive and analytical purposes in later chapters.

The vital step of sampling is to reduce the amount of analytical texts to reasonable size from the universe of discourse as representative and generalizable (Holsti, 1969:130). Though the sample texts will be enumerated in various ways for both categories of comparisons, the sampling method is dominantly qualitative instead of statistical sampling. According to Krippendorff's theory of sampling texts (2004:112-13), the consideration is associated with four reasons. First, the textual units may be variously conceptualized and unitized. Textual units here can be articles, phrases, symbols, or even hierarchies that refer to sequentially ordered events. Second, the sampling units do not have to be consistent with coding units. For example, the research uses an article as each sample unit; whereas different forms of variables or narrative elements will be quantified to serve the need for answering research questions in the coding/recording process. Third, all the sample units are not equally informative with regard to answers to the research questions. The texts are generated on different purposes in order to answer research question, but they are not considered to have equal relevance to do so. As the two-fold research questions to be solved by two corresponding categories of comparison, they imply different degrees of quantitative or qualitative analysis. The whole sample population will be designated for content analysis, whereas there will be a stratified subclass of samples for discourse analysis. Fourth, the textual sample is not the accurate representation of the universe of discourse, nor does it feature the same distributional properties as the population. The texts

have to be sampled to give the research question ‘a fair chance of being answered correctly’ (ibid: 113). In that sense, the textual sample of interest is the number of answers to the research questions themselves.

Relevance and stratification of sampling

The last two points Krippendorff raises implies that the thesis needs to not only draw all the relevant texts but also stratify them to different comparative categories. All the textual units contributed to answer the given research questions are selected as relevance sampling (Krippendorff, 2004:119) or purposive sampling (Riff, *et al.*, 1998). The elaboration of the economic rationale are vital to not only verify how the sample articles covering three topics are selected but also manifest why they are valid as the data to cover the investigation of China’s economic globalization. In order to fit the sample texts into different categories of comparison that will be explained in next chapter, it is crucial to constantly refer to section 3.4 in the previous chapter, which offers guidelines of how to further stratify the samples into a subdivision for different analytical purpose. Stratified sampling recognizes distinct sub-populations (strata) within a population (Krippendorff, 2004:115). Theoretically, each sampling unit belongs to only one stratum, and the researcher carries out the systematic sampling for each stratum separately. Thus stratified samples represent all strata according to a priori definition, whereas ‘the properties within individual strata are sampled without a priori knowledge’ (ibid.). However, the conduct of stratifying samples needs adaptation, because the thesis designates to multidimensional comparisons between the two magazines in the aspects of methodological categories (content analysis vs. discourse analysis), causal complexity in combinatorial features (economic globalization vs. three different topics—WTO accession, foreign listing, and ODI) and inter-contextual comparison (Anglo-American vs. Chinese socio-political and economic institutional settings).

5.1.2 Justifying the time frame

The sample articles included in the thesis cover the period from 1998 to 2008. There are both epistemological and contextual considerations for this ten-year time frame¹. For

¹ As will be explained later, the exact date of sample selecting starts from April 1998, and ends at November 2008. So together it counts for about ten years, rather than 11 years.

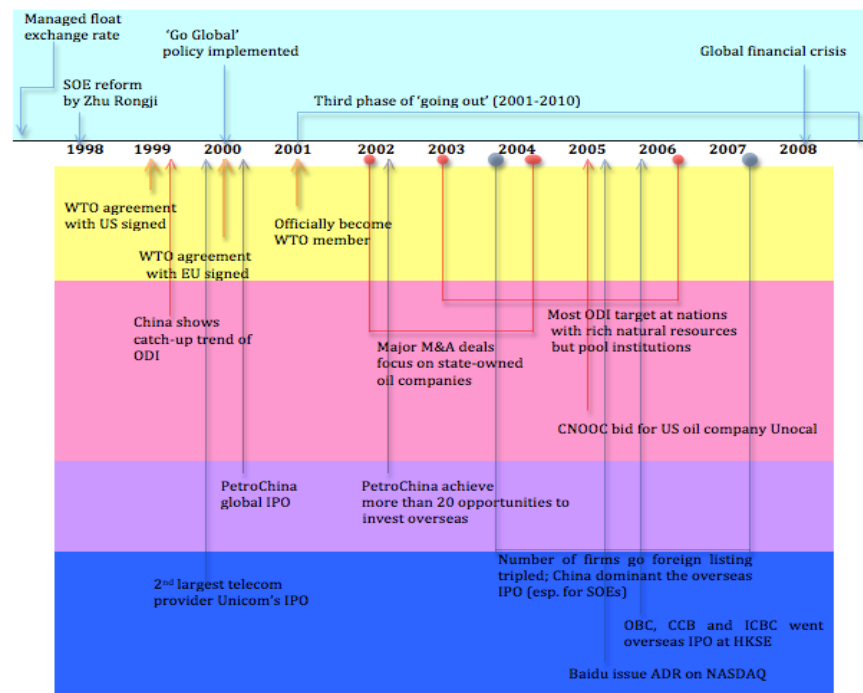
practical reasons, the time period of the samples covered, needed some compromise as *Caijing* has been undergoing the earliest stage of its development while *The Economist* has been in operation for a much longer period. *Caijing*'s publication began in April 1998. To make two sets of data comparable, all the sample articles were selected starting from April 1, 1998, when *Caijing* published its first issue. In 2009, *Caijing* experienced a ground-breaking personnel change as Hu Shuli chose to leave with over 90 per cent of her editorial team to start her new media venture—*Caixin*. Undoubtedly Hu made a great impact on the magazine. As most of the core editorial staff left, the new *Caijing* without Hu was regarded as incomparable to its former self. Her new magazine *New Century* (now called *Caixin*) had inherited the strong free market advocacy and kept being a neo-liberal ideological shaper. According to various media sources, there were disputes with regard to Hu's departure in 2009. Therefore, in order to avoid any possible bias of whether the materials of *Caijing* were by Hu's team or not, the sample data for this project ends by 2008, instead of at the end of 2009.

The total time period might have been arbitrarily defined as precisely a ten-year span (data ends April 1, 2008), or several months more than ten years (data ends in December 31, 2008). The decision as to where to draw the line is derived from two considerations. (1) There were significant symbolic changes relating to three topics happening during these periods. It is more empirically convenient to include these events so that the narrative of these stories could have both causes and effects. (2) As the data has included the Asian financial crisis in 1998, it is more sensible to include the other financial turmoil on a global scale in 2008, so that the sampling data contains a complete business cycle, which is more suitable to trace the dynamics and trends of narrative development. In retrospect, if the samples ended before April 2008, the general historical pattern would be different and the narrative of financial media as a reflection of the economic reality would be different as well.

The global financial crisis in 2008 is an important turning point that led to a recession worldwide. China appeared to be less affected by financial turmoil than many other countries. The crisis put Chinese companies in a better position to buy up ailing Western companies. After several years of trade surplus, China had more foreign exchange reserves than any other country—totalling \$1.9 trillion by September 2008 (SAFE, 2008). These reserves may be put to use by SOEs interested in acquiring companies abroad (Chen and

Young, 2010: 524). To include any data after the global financial crisis would direct the whole development patterns in reality and narrative into a different scenario, which is still highly controversial, especially regarding China's role in globalization with its growing economic and political significance. The theme of China's possible decoupling economic effect and controversial Communist regime to the globalization process is beyond the scope of the thesis, so it will not be included in the samples. To sum up, Figure 5.1.2 illustrates all the major events within the ten-year period, relating to three outlined cases of China's economic globalization.

Figure 5.1.2 Timeline for sample texts



5.1.3 Sample collection

The *Economist* has their accessible archives stored in *The Economist Historical Archive* from *Gale*. Since the first publication in 1843 up to articles published in 2006, the website provides all searchable colour-image copies of each issue. Most of the items come from

this database, as it provides free access and the ability to highlight keywords with remarks of which segmentations the articles come from. But the setback is that once downloaded, the image format cannot be imported to textual analytical tools, so the process of data analysis is manual. For the articles from 2007 to 2008, and any other relevant items in between 1998 and 2006, they are picked from *The Economist* website that are accessible to subscribers and searchable via Google. As the results showed, there are several pieces missing from Gale's archive searching. So the official website offers a filter and reinforcement function to make sure all the relevant items are collected. At one time, *Caijing* had all the archives open to the public until 2012. Some of the WTO articles are referenced from the official website at that time. But as its historical archives closed on its official website and withdrew from news databases, most of the samples are manually chosen from the reserved hard copies at the library of the University of Hong Kong. To avoid any mistakes made from handpicking, word-searching on the official website was adopted to assist with finding specific target articles to browse and also to validate the results.

Key word search strategies for narrowing down the textual items vary and should be explained in advance, depending on the topics' natures of direct or indirect inferences concerning not-clearly-defined facts, intentions, effects and consequent conditions. China's WTO accession is the most straightforward case, because it has to contain a particular global institution—World Trade Organization—in most of the circumstances. Considering the different languages and targeted audiences of the two magazines, *The Economist* suits the simple key words of 'China' + 'WTO'. For *Caijing*, an even simpler 'WTO' ('世贸组织') would contain all the required articles. The word choices of other two topics are arbitrary as the terms foreign listing and outward direct investment cannot exactly define all the relevant stories. According to the illustrations in economic and political contexts, there are various conventional linguistic representations of the two topics.

In the case of foreign listings, the Initial Public Offering (IPO) of a certain Chinese company is *preparing to/in process of/has achieved or failed to list in foreign capital markets* is the most obvious search string that makes inference to the topic. These articles can be gathered from a combination of key words 'IPO'/'listing'+ 'China'/'Chinese' in *Economist*; and 'overseas'/'foreign'+ 'IPO'/'listing' ('海外/境外'+ 'IPO'/'上市') in *Caijing*.

Other related textual elements could be (1) restructuring of certain company or even a whole industry in order to get prepared for overseas listing, which is used as the way to enhance international competitiveness, or to undergo market reform; (2) institutional establishment and integration of capital markets, such as market regulation aiming at listed Chinese firms, domestic stock market development, or corporate frauds/rent-seeking scandals, and so forth; (3) other forms of overseas financing, for instance the trading of a company's existing shares/equities at foreign markets and issuing of Depository Receipts (DRs), mostly American Depository Receipts (ADRs). These instances can be traced via the designed word combination or obtained through a deal-basis search, in which some of the cases are prominent enough to be stated in other research and yearbooks and browsed deal by deal in the media.

The topic of outward direct investment (ODI) also starts with simply the key words of 'outward/outbound (foreign) direct investment' or 'ODI'+ 'China'/'Chinese' in *The Economist*, and 'outward/outbound (foreign) direct investment' or 'ODI' ('境外投资' or 'ODI') in *Caijing*. Substituting 'ODI' with 'M&A' for *The Economist* brings some new items that aim at more specific mergers and acquisitions cases. But the language representation of this topic is also subtle in the way that most of the sample articles do not bear the mark of ODI. They are gathered through the following ways: (1) A deal-basis search serves as the most effective way to find out any particular (often significant in terms of economics or politics) deals that Chinese companies merge/acquire, set up new factories overseas, and so forth. The rankings of Chinese ODI and cross-border M&A deals can be found in various research and yearbooks. In such cases, companies' names are the primary keywords to be searched. (2) A policy-oriented search is an alternative way to find related articles, as Chinese ODI is primarily policy-led by government. As the 'go global' (or 'going out') policy was initiated in 2000, the Chinese government endorsed a strong institutional environment to foster outward investment projects. For both magazines, 'Going out'/'Go Global' + 'China' ('走出去') helps to collect articles that incline to comment on the going out policy in general. In addition to the above points, relevant articles also include cases that show Chinese firms are not major participants but yet have a significant impact on the deals. For example, the steel industry's wave of consolidation has been notably driven by China's soaring demand for iron ore by steelmakers and steels consumption. The giant merger deal of BHP Billiton bidding for Rio Tinto has prominently

involved China in aspects of not only commodity prices but also the possible influence of the deal by being partnered with either side of the merger.

In general, articles collected on each of these three topics are ensured to be mutually exclusive. Many stories feature more than one theme, because China's WTO access promises the opening up of both foreign trade and investments (inward and outward), which presumably contains elements of overseas financing and/or overseas investment. For instance, big SOEs reform and state-owned banks restructuring could be achieved via either international IPO or M&A, or both. In this case, articles fall into either the IPO or ODI topic depending on their main focus. If articles contain both WTO accession and either one of IPO or ODI topics, they are usually included into (1) later ones if the texts contributing to WTO take less than one sentence, or (2) WTO topic if the textual contribution shows the other way around. There are four exceptional sample items that mutually coexist in two topics. Two of *The Economist's* pieces² cover China's big SOEs reform with the strategies of global IPO and outward investment collaboratively. The third item from *Caijing*³ talks about how private firms get listed in the foreign capital market through ODI. And the last one from *Caijing*⁴ reports how PetroChina has been reforming by simultaneously undertaking overseas IPO and M&A. Because the textual elements of IPO and ODI cannot be separately determined and equally distributed, two of these mutually exist in the IPO category and the other two in ODI. As the WTO topic is quantitatively much more substantial than the other two, the four exceptional items have negligible effect in quantitative comparison for analytical purposes.

5.1.4 Sample stratification

The steps illustrated in the previous section provide methodological guidance for the relevance sampling in a qualitative way that the thesis needs. In practice, the collecting process is based on several empirical justifications, according to a pilot study conducted for one topic—WTO accession, which manifests a broader vision than the other two topics as the WTO membership assuring the policy foundation and law enforcement for China to

² 18th March 2004, 'We are the champions'; 1st September, 2005, 'The myth of China Inc.' in *The Economist*.

³ 5th January 1999, 'Private firms come to front stage' (民营企业走上前台) in *Caijing*

⁴ 14th November 2005, 'PetroChina halted listing for acquisition' (中石油无股改收购) in *Caijing*

open up foreign trade and investment. Each selected item has to contain more than one paragraphs of textual contribution to the topics; or several sentences with opinions or comments directly linking to the topics. The corpus of articles' relevance sampling gathered serves the first category of comparison that discusses the narrative characteristics. As to the second category of comparison of how the media construct such narratives, the discourse analysis demands strictly narrower samples to specify the textual components to microstructures, such as syntactic, semantics, or other narrative elements which were explained in Chapter 4.

The stratification restricts the corpus of samples to merely the *main-themed* ones. Being the main-themed articles means that it devotes the whole body of texts to cover any of the three topics, rather than merely several sentences or paragraphs. There are Distinctions are made between main-themed articles and non-main-themed ones. For instance, the articles with the main focus on American or European textile industries may involve China's WTO entrance into discussion under the context that China's cheap labor cost could have important impact on any industrial deal. On the contrary, the main-themed articles of WTO accession shift the main focus to trade disputes between China and the United States or Europe under WTO rules and the relevant political implications. The empirical experience of sample selection manifests that the main-themed articles are often more opinionated than others, because they intend to develop an argument with facts, analysis, and comments that directly relate to three topics. Therefore, they make the discourse analysis more feasible. The Table 5.1.4-1 summarizes the entire sample items collected according to steps stated in a previous section, above. Table 5.1.4-2 shows the strata of articles for discourse analysis that is the number of main-themed articles in both absolute and relative values. The relative attentions of main-themed articles for a particular topic in a particular year are calculated as following:

$$\begin{aligned} \% \text{ Attention of main-themed articles/topic/year} &= \frac{\text{No.of main-themed / topic / year}}{\text{Total No.of articles / topic / year}} \times 100\% \\ \text{Total \% attention of main-themed articles/topic} &= \frac{\text{Total No.of main-themed / topic}}{\text{Total No.of articles / topic}} \times 100\% \end{aligned}$$

It is notable judging from the total number of articles in *The Economist* ($N_{\text{Economist}}=244$) and in *Caijing* ($N_{\text{Caijing}}=507$) that the items in the latter are almost double in number. The big difference cannot be justified by the fact that *The Economist* is a weekly periodical

while *Caijing* publishes bi-weekly, because in each issue, the number of articles of *Caijing* significantly outnumber those in *The Economist*. The difference in the number of articles is mirrored not only from the possible variety of topics but also from the number of articles devoted to a specific topic (i.e., *Caijing* tends to use more stories from various perspectives for a certain topic than *The Economist* does, as will be shown in later analysis). So both magazines are in comparable status and the numerical difference of their total textual volume inclines to show the basic distinct status of two magazines being from Western and Chinese media targeting different-language-speaking audiences. Despite a global-oriented perceptions that *Caijing* claims for itself, it can be reasonably assumed that a fundamental difference it has with its Western counterpart is that like other Chinese media, in *Caijing* too domestic stories still abound.

Table 5.1.4-1 Total number of sample articles

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total/topic
<i>Economist</i>	WTO	8	24	29	20	16	11	20	9	9	4	164
	IPO	0	0	3	0	4	4	7	6	3	1	29
	ODI	0	0	0	5	0	5	13	8	10	10	51
	Total	8	24	32	25	20	20	40	23	22	15	244
<i>Catling</i>	WTO	1	12	15	33	56	29	34	32	24	26	288
	IPO	7	31	21	14	7	19	17	13	5	3	158
	ODI	0	1	0	0	0	9	20	11	7	7	61
	Total	8	44	36	47	63	57	71	56	36	36	507

Table 5.1.4-2 Attentions (absolute and relative) of the main-themed articles

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total/topic
<i>Economist</i>	WTO	2; 25%	5; 20.8%	4; 13.8%	3; 15%	1; 6.3%	0	0	1; 11.1%	0	0	17; 10.4%
	IPO	0	0	0	0	1; 25%	0	2; 28.6%	1; 16.7%	0	0	5; 17.2%
	ODI	0	0	0	3; 60%	0	1; 20%	6; 46.2%	1; 12.5%	4; 40%	3; 30%	18; 35.3%
	Total	2; 25%	5; 20.8%	4; 13.8%	3; 15%	1; 6.3%	1; 20%	9; 69.2%	2; 16.7%	4; 40%	3; 30%	40; 72.9%
<i>Catling</i>	WTO	0	6; 50%	1; 6.7%	9; 27.3%	7; 12.5%	3; 10.3%	1; 2.9%	3; 9.4%	2; 8.3%	1; 3.8%	35; 12.2%
	IPO	0	5; 16.1%	10; 47.6%	2; 14.3%	3; 42.9%	14; 73.7%	7; 41.2%	8; 61.5%	3; 60%	2; 66.7%	64; 40.5%
	ODI	0	0	0	0	0	7; 77.8%	12; 60%	5; 45.5%	4; 51.7%	3; 42.9%	34; 55.7%
	Total	0	11; 56.1%	11; 56.1%	11; 56.1%	10; 47.6%	24; 117.6%	20; 95.2%	16; 76.2%	9; 42.9%	6; 28.6%	109; 51.6%

5.2 Distribution and trends

Observing the numbers across different topics, the distribution of textual items is apparently skewed toward WTO accession stories in both the magazines. This is a fair outcome, as noted also in the discussion in Chapter 3. As WTO accession paves the way for opening up of foreign trade (services included) and investment, three topics together manifest the conjectural causal complexity in economic and political contexts. WTO membership is an essential political prerequisite in order for China to be economically integrated into global marketplace. Apart from bilateral negotiations with major WTO members (notably United States and the European Union) and exclusive reports of China's WTO entrance, most of the coverage contains trade disputes and China's concessions made when joining the organisation under enforcements of multilateralism. Contrary to overseas listing and outward investment, these stories deploy a macro perspective and are widely linked to political and social aspects. Also as the WTO topic is more covered, the four exceptional sample items that mutually exist in both IPO and ODI categories are quantitatively neglected. If we compare IPO and ODI topics in the two magazines, *The Economist* tends to favour ODI ($N_{Economist}^{IPO}=29 < N_{Economist}^{ODI}=51$); while *Caijing* favours IPO ($N_{Caijing}^{IPO}=158 > N_{Caijing}^{ODI}=61$). Before a deeper investigation of the texts, there are straightforward explanations for the numerical difference. *The Economist* originally was founded as a political, commercial, and free trade journal, so that business coverage such as Chinese companies acquiring Western counterparts reveals slightly more than simply the financials stories. *Caijing* was initially set up for educating professional financial knowledge, as its parent company Stock Exchange Executive Council is government backed, and it was born when China's domestic capital market had just been founded in the late-1990s. Consequently the reports of Chinese companies seeking international capital would be much more focused.

5.2.1 WTO accession

From 1998 to 2008, the 10-year period measures a relatively long-term tendency, which traces the changing preference of topics and the foci of media styles and attitudes of reporting across the time. If we compare Table 5.1.4-1 with 5.1.4-2, it is remarkable that the absolute numbers of total WTO articles are high but much lower in relative amount of

main-themed articles each year. For instance in *The Economist*, since 2001, relative attention paid to the main-themed articles is only up to about 15 percent of total reporting covered for a particular year; whereas the absolute amounts devoted to WTO stories are typically the highest among three topics. Especially during 2001 to 2004 $N_{Economist}^{WTO}$ abnormally outnumber the other two. For *Caijing*, WTO stories get more attention after 2002, compared with *The Economist*'s value of $N_{Economist}^{WTO}$ reaching its peak in 2000, when China was about to officially join WTO the following year after finishing the pre-entry bilateral negotiations and when it was undertaking bilateral trade talks with the United States and European Union on clauses and treaties of its WTO membership from 1998 to 2000. Though *Caijing*'s major attention of the WTO topic was given to the post-entry period (2003-2008, $N_{Economist}^{WTO}$ is always much lower than $N_{Caijing}^{WTO}$ each year), their relative amount of main-themed items is rather less than the other two topics each year.

Compared to the dominant textual volume reporting on the WTO topic, the similar pattern of the low relative attentions paid to main-themed WTO accessions for both magazines represent the nature of the topic being multi-angled. Both media before 2000 choose to emphasize the stories that cover pre-entry trade talks and the outlook of China's possible influence after it becomes a major player in global trade. But after 2001, most of the articles are primarily themed, diverging from WTO accession to the issues that demonstrate certain economic or political linkages to China's official membership of the organisation. The main-themed articles in *Caijing* take up no more than 10 percent of total space each year (except in 2002, when it came to 12.5%); and in *The Economist* they are even less significant. The issues include other country's trade or political relations with China, the overall development or structural change of certain industries with China's participation, global trade talks conducted under WTO rules, China's domestic manufacturing or financial markets development, and free trade rhetoric like globalization/multilateralism, markets liberalization/integration and regionalism, and so forth. An interesting phenomenon worth noting is that though China's WTO accession has internal logical connections with the other two topics due to the economic and political contexts, the sample articles show little relevance to the global institutional framework's support for Chinese companies going global, even among the non-main-themed articles. The reasons will be further explored in later chapters.

5.2.2 Foreign IPO

Before 2002, *The Economist* did not take up too much space for overseas IPOs. $N_{Economist}^{IPO}$ reached the highest point in 2005 and 2006, when big Chinese state-owned banks were undertaking their internal restructuring and getting IPO in Hong Kong or New York Stock Exchanges. These stories are significant in the way that they have successfully raised up more than 9 billion US dollars for each deal. Especially in the banking-IPO-year of 2006, Industrial and Construction Bank of China (ICBC) won the world's largest-ever listing as being the biggest bank by market capitalisation that year. Also the Sarbanes-Oxley Act (SOX), enacted in 2006, is a notable focus to discuss under the cases of Chinese firms' listing agenda in US stock exchanges. Also known as the 'Public Company Accounting Reform and Investor Protection Act' or 'Corporate and Auditing Accountability and Responsibility Act', SOX is a reaction to the corporate scandals such as Enron that cost investors billions of dollars and affected public confidence in the United States security markets. The enhanced corporate management and accounting standards affect the location choices of Chinese companies cross-listings after the act was implemented. So both magazines devoted some space to discuss the impact of SOX on the emerging Chinese firms seeking American capital.

The Economist's relative share of main-themed IPO stories looks similar to the trend of absolute numbers as the highest percentage appearing in 2005 and 2006. The parallel trends can be considered as systematically lacking interest of IPO stories for *The Economist*. Besides big deals that raised billions of dollars, Chinese companies' overseas financialization neither represents much news value compared with the other two topics (lower values in Table 5.1.4-1), nor do they have significant linkages to other issues (lower values in Table 5.1.4-2). *Caijing's* IPO stories were exceptionally high in numbers in 1999 and 2000. This was a time when China's telecommunications and Internet firms emerged to list in NASDAQ, NYSE, and HKSE. Big Internet companies like Netease, Shanda, Soho, and Sina for the most part choose NASDAQ, except Chinae.com, an investment consultant website, financing via US and German OTCs⁵. Telecom companies like China

⁵ 'Over-the-counter' refers to the security traded in some context other than on a formal exchange such as the NYSE, TSX, AMEX, etc. The phrase 'over-the-counter' can be used to refer to stocks that trade via a dealer network as opposed to on a centralized exchange. It also refers to debt securities and

Unicom listed in both HKSE and NYSE, breaking the record of Chinese companies' IPOs. China Mobile made its IPO (ADRs) in NYSE. Among these listing deals, apart from China Mobile and China Unicom, which both exceeded \$6 billion of capital raised, most of the Internet firms were small in terms of capitalization. But domestically they were portrayed as a comprehensive story of the evolvement of the Chinese information industry and mark a 'golden era' of cross-listings for China's Internet industry.

Comparing the year 1999 with 2000, absolute values show $N_{Caijing}^{IPO,1999} > N_{Caijing}^{IPO,2000}$, whereas in relative terms main-themed articles take a larger share in 2000 (47.6%) than 1999 (16.1%). In other words, to look at specific textual items, *Caijing* in 1999 used most of the space reporting IPO-related stories, among which two prominent issues are extensively discussed. The first issue was the setup of a second board in Hong Kong in October 1999—Growth Enterprise Market (GEM)—as the 'Chinese NASDAQ' ⁶. The second board meant that within a stock exchange there could be a separate market for smaller companies or companies that have not yet built up the earnings or sales record needed to qualify for a main board listing. GEM would provide opportunities for growing small and medium-size enterprises (SMEs) from Mainland China to list in Hong Kong if NASDAQ was not the preferable choice.

A second issue was the bankruptcy of Guangdong Trust and Investment Company (or Guangxin '广信') that marked as the first bankruptcy case in the financial institution in China. Guangxin was a 'window' (窗口) financial organization in Guangdong Province.

Governments at central, provincial, or municipal levels usually sponsor the 'window company' to register in Hong Kong or Macau, but still maintain main executive powers toward targeted industries or companies. Guangxin, as the second largest trust and investment company in China, had been the most active Chinese financial institution in the global capital market. Though it was a government-backed 'window', Guangxin appeared as a mixed type of institution that issued overseas debts and helped Chinese firms to list in Hong Kong in the early 1990s, but did not issue sovereign debt or equity. According to bankruptcy liquidation, Guangxin bore foreign debts of over 30.6 billion RMB, involving

other financial instruments such as derivatives, which are traded through a dealer network (definition from *Investopedia*).

⁶ 05.10.1999, *Caijing*, 'GEM is coming'.

more than 130 financial institutions and banks abroad⁷. From a market perspective, Guangxin case represents the challenges of Chinese players trying to enter the games in global capital markets, particularly for issue of trustworthiness. From a broader perspective, the groundbreaking bankruptcy of Guangxin indicated crony capitalism in the context of China and how it succeeded and failed in the global market. *Caijing* also covered how the company restructured in the aftermath, in aspects of corporate governance and privatization.

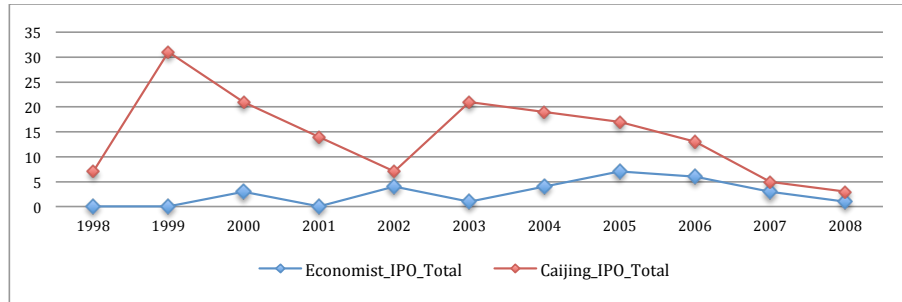
Along the time index, the highest textual volumes exist in 2005 and 2006 for both *The Economist* and *Caijing* (besides the exceptional cases in 1999 and 2000 in *Caijing*), as this time frame covered the years of Chinese IPOs. But another sharp contradiction existed in 2007 and 2008, in that *Caijing* $N_{Caijing}^{IPO}$ was low but slightly even higher for main IPO stories as the % $N_{Caijing}^{IPO,main-themed}$ in 2008 reaches to the highest of 66.7%. For the last two years, *Caijing* still focused the coverage of new listing deals to the extent that it included real estate companies and other private companies into the narrative. In terms of market capitalization, these IPOs are not as eye-catching as those record-breaking listings of banks and natural resources/state-owned companies. However, they are representative or even benchmark cases to their own industries and to the growing private sectors from an economic viewpoint. Another perspective of explaining the comparison in ten-year dynamics is to compare the numerical results with real-world data. Figure 5.2.2 containing four charts adapted from previous figures and tables has visualized the interaction.

⁷ 03.1999, *Caijing*, 'The ups and downs of Guangxin'.

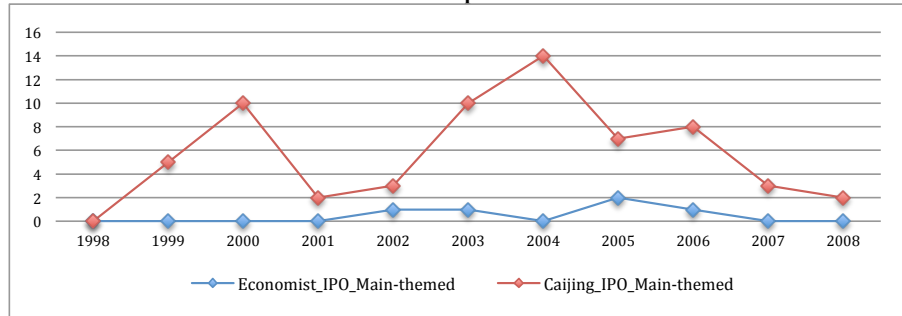
Figure 5.2.2 Comparing the real-world data with the trends in media texts

—Foreign IPO

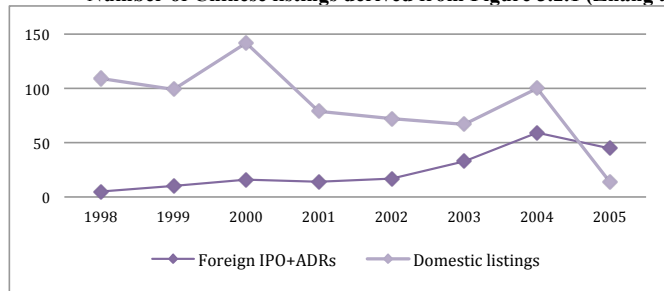
- Media attention for total IPO articles derived from Table 5.1.4-1



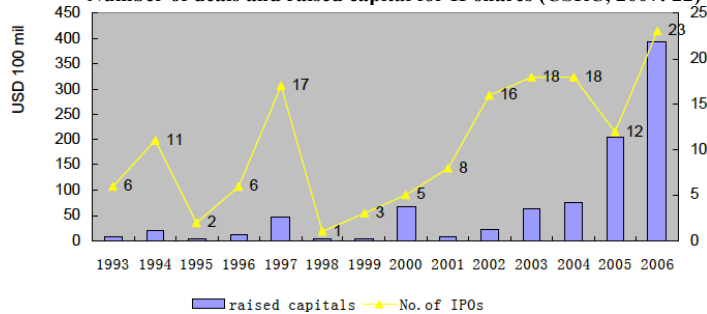
- Media attention for main-themed IPO topic derived from Table 5.1.4-2



- Number of Chinese listings derived from Figure 3.2.1 (Zhang and King, 2010)



- Number of deals and raised capital for H-shares (CSRC, 2007: 22)



Two seemingly contradictory results are found. (1) Up until to 2005, the trend of total number of *The Economist's* articles roughly coincides with the trend of raised capital by H-shares—Chinese firms listing in HKSE. (2) The trajectory of *Caijing's* main-themed articles matches the number of domestic listings, rather than the foreign listing deals. The first finding mirrors the economic analysis that H-shares perform as the main index of overall Chinese overseas offerings, both in terms of number of deals and trade volumes. In other words, *The Economist's* media agenda of Chinese cross listing had reflected the real-world situation on a macro scale. The second finding indicates that though *Caijing* appears to value much more of the IPO topic in general, its primary agenda is to strictly target to the development of the domestic capital market. Contrary to *The Economist*, *Caijing's* textual volume follows the pattern of number of deals rather than market capitalization, according to real-world statistics. It demonstrates substantial distinctions of news prominence evaluation in the way that local market privatization, regulation, and capital liberalization are clearly spotted, while *The Economist* clearly evaluates the importance of the IPO stories in accordance with the capital raised from the markets. That is also why sample items are more concentrated on the IPO-years of 2005-2006 in *The Economist* but much more evenly distributed in *Caijing* over a period of ten years.

5.2.3 Outward direct investment

Before China's 'going global' policy was implemented in 2000, there was little space in both magazines for the topic, besides only one article from *Caijing* in 1999, talking about a private firm, Heng'an International Group, registered in the Cayman Islands and planning to list in Hong Kong Stock Exchange. This sample item underpins two topics of overseas IPO and ODI with equal prominence. However, it is still exceptional under the ODI category in the way that it focuses on discussing how Chinese private companies absorb international capital through registering abroad. By 2003, there were some other pieces primarily targeting private firms. With a forward-looking perspective, *The Economist*, in 2001, spotted the globalization strategy of Lenovo when it was merely the leading PC maker in China, but three years later, Lenovo bought up the PC unit of IBM, turning it from a 'little-known upstart' to the third largest company in the industry after Dell and HP. Also in that year, *The Economist* documented business strategies such as the Hong Kong tycoon Li Ka-shing's telecommunication investment in India, giant state-owned natural

resources companies' opening up pipelines or oil fields abroad, white-good producers' international expansion, and automobile companies' cross-border merger and acquisitions deals. Unlike *The Economist*'s coverage in 2001, in 2003 *Caijing* devoted most of its pages to policy discussion. More importantly the magazine put the reform of the foreign exchange management system initiated in 2002 under the spotlight. The reform aims at decentralizing the old authoritarian system, further simplifying the application procedure, and relaxing control for 14 cities and provinces as foreign-exchange pilots for overseas investment. Articles tackle the measurements from various aspects, for example, the discussions by policy makers, economists, and informed businessmen and specific case studies of how the companies benefited from the reform.

Starting from 2004, China's ODI enters into a phase when the investment flows rapidly, steadily increasing each year. Judging from the results in Table 5.1.4-1 and 5.1.4-2, the evaluation of news prominence of the two magazines shows sharp distinctions. Except for the year of 2007 and 2008, the relative attention of the main-themed articles shows the numerical differences of $\%N_{Economist}^{ODI} < \%N_{Caijing}^{ODI}$, while the absolute values do not present as much difference as the percentages. The main reason is that *The Economist* tends to narrate the topic in industry-oriented perspective, whereas *Caijing* adopts a case-oriented perspective. In other words, there are more pieces from *Caijing* that cover certain deals counted as the main-themed topic articles. Except for some big deals that cause significant economic or political impact, each piece in *The Economist* contains several deals that together map out China's global expansion of a certain industry or the socio-economic/political consequences of China's investment link to countries or areas. *Caijing*, in contrast, portrays ODI stories on a deal basis. For the most part, each article is devoted to report detailing one particular deal. For those significant cases (those also reported in single articles in *The Economist*), *Caijing* uses more than one article to follow up the development of the stories and further discusses the consequences for the markets and for policy-making.

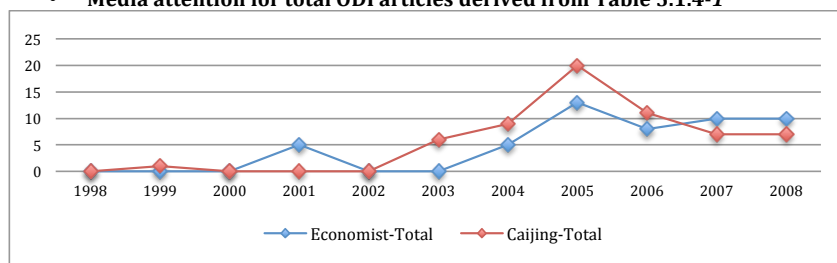
As to the cases extensively covered with more than one article in both the magazines, the *The Economist* and *Caijing* show strikingly similar patterns: Lenovo's bid for the PC unit of IBM (2 from *E*, 1 from *CJ*), CNOOC's failed bid for American oil company Unocal due to political opposition (5 from *E*, 6 from *CJ*), China's possible influence in the deal of BHP

for Rio Tinto (3 from *E*, 2 from *CJ*), joint-venture of TCL and Thomson (1 from *E*, 2 from *CJ*). To be more specific, the volumes of sample articles in both magazines concentrate in 2005 ($N_{Economist}^{ODI,2005}=13$; $N_{Caijing}^{ODI,2005}=20$). But the highest $\%N_{Economist}^{ODI,main-themed}$ (46.2%) appeared in 2005, and the highest $\%N_{Caijing}^{ODI,main-themed}$ (77.8%) appeared in 2004. In 2005, except for two articles talking about overall situations regarding China's ODI and related authoritarian rules, *The Economist* used four articles discussing the state-controlled China National Offshore Oil Corporation's cash bid for the US second-largest oil company, Unocal, but failed because of US concern about national security and hostility toward CNOOC's government backing. In the same year, except six items covering the CNOOC-Unocal deal, *Caijing* set out other six main-themed articles reporting various ODI cases. In 2004, *Caijing* covered seven big ODI deals that accounted for 77.8 percent of the total volume of coverage.

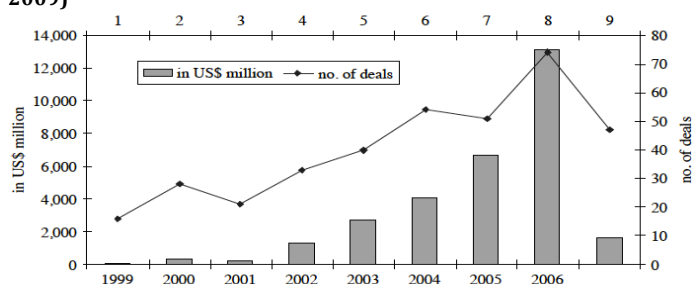
Comparing the trends with the real economic statistics, Figure 5.2.3 unravels that though the two magazines have similar patterns of agenda along the time index, clearly neither of them match the economic agenda of Chinese ODI. Except for *Caijing*, which echoes the small surge in 2001 for the Lenovo-IBM (PC) case, their trends differ in opposite directions, especially from 2005 to 2006. Speaking of the amount of overseas equity purchase, the real-world figures show the upward tendency since 2005. Whereas the media intends to set apart the ODI activities in 2005 as much more important than the following increasing investments. The main reason is that in 2005 some of the influential deals occurred and obtained worldwide attention, including the failed CNOOC bid for Unocal. Though the deals may not be as economically significant as those soaring in later years, they drew international attention to China's phenomenal economic development and expansion. Thus, the image-building feature of the deals shape and drive the media agenda under a political context instead of an economic agenda at the market or the firm levels.

Figure 5.2.3 Comparing the real-world data with the trends in media text—ODI⁸

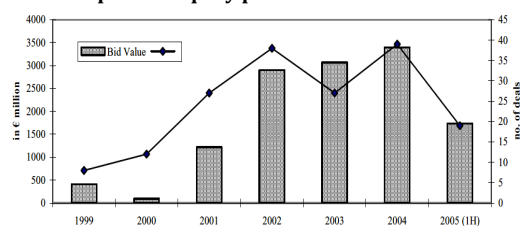
- **Media attention for total ODI articles derived from Table 5.1.4-1**



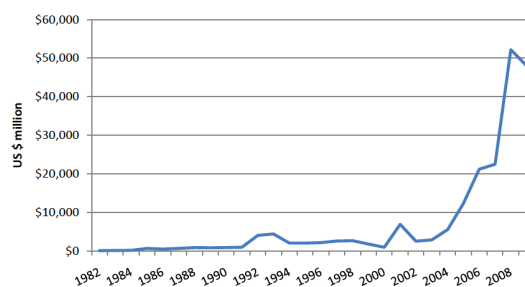
- **Chinese companies' equity purchase including CNOOC-Unocal deal (Zhou and Schüller, 2009)**



- **Chinese companies' equity purchase without CNOOC-Unocal deal (ibid)**



- **Chinese ODI flows (Salidjanova, 2011)**



⁸ The main-themed articles trend looks quite similar to the total amount of attentions, so that it doesn't show up in the figure.

5.3 Concluding points

As a transitory chapter, the first part of Chapter 5 employed the literature reviews from Chapter 2 and 3 to elaborate how the media texts are selected, with accordance to their economic and political contexts; and the validity of the collected data, by constantly referring back to their economic and political significance. The second part (5.2) further collaborated the identified characteristics of two elite journals from Chapter 1, to depict the overall trends and patterns of the narrative. It provided the essential material basis for the textual analysis in the next three chapters. The aim of concluding the trend and pattern of narrative across the predefined timeline is two-fold. (1) *To provide a holistic picture of the textual materials*, before deconstructing them into media and narrative elements for different analytical purposes. An overview of the narrative trends and patterns not only reflect the economic realities in Chapter 3, but also reinforce the causal complexity of three selected events in covering China's economic globalization. (2) *To highlight features that are worth investigating*. For understanding the quantitative results in comparison, section 5.2 tries to answer the questions such as what kind of stories are spotted, what are neglected, what kind of patterns/ trends look similar to the real world data, and what deviate from the real world data, etc.

Comparing the numerical outcomes, there are two findings that can be tentatively noted. Firstly, the differences in two magazine's evaluation of news prominence echo the recognized characteristics of the two journals. Their narrative patterns and trends differ in the way as *Hypo 1* has identified. Particularly in contrast to the *Economist*, in most of the circumstances domestic stories abound in *Caijing*. Such inward looking perspective is reflected from the exclusive focus on stories of failed business cases, obstacles of Chinese firms going global, corporate frauds, bankruptcy and other types of problems that is regarded as a cost to be paid in the process of economic development. In 2006, the stories of Sarbanes-Oxley Act's effect in rising standards of Chinese companies cross-listing in US, and in 2005 the stories of CNOOC's failed attempt to buy the US state-owned Unocal both have received significant media attention from the *Economist* and *Caijing*. Distinctively, *Caijing* spots a series of stories of the bankruptcy of *Guangxin*, which was the government's 'window' institution to help financial companies to invest abroad, revealing China's institutional deficiency in a global context. Also in covering foreign IPO,

Caijing used a lot of space discussing the issues in relation to the development of domestic capital market. It portrays the cross listing activities as an alternative route to gain capital when the domestic market fails. These comparing cases showcase the distinct feature of *Caijing* being more domestically focused than the *Economist*, and explain the reasons by using examples in their media texts.

The second finding seems to disagree with the *Hypothesis 2* that the editorial stance of *Economist* is of a more neo-liberal bent, by incorporating political implications in economic stories; but the *Caijing* emphasizes primarily on economic liberalization. By examining their preference of stories comparing with the real world data, both of them intend to favour discussing policies issues with the ultimate goal of how China can better adapt to the global framework of economic development. In telling stories of ODI, both the magazines concentrate on discussing the globalization of Chinese firms. Contrary to the *Hypo 2*, the *Economist* focuses more extensively on individual companies which have been achieving significance progress in marketizing their brands abroad, such as Lenovo bid for IBM, and Li Ka-shing' investment in India. On the other hand, it is *Caijing* that intends to infuse the business strategies into broader discussion of policy-makings. For example, it offers a series of articles in 2003 advocating China's foreign exchange management system, which aimed to relax foreign-exchange controls and about simply the process of overseas investments in pilot cities. Also for the significant failure of CNOOC's bid for UNOCAL, *Caijing* devotes many pages connecting the business case to the political implication of image-building for some SOEs' going global strategy. The seemingly reverse features of the *Hypo 2* and overall trends possibly mean that *Caijing* adopts the same neo-liberal editorial stance as the *Economist* does in the way that China in *de facto* should accept the development strategy in a globalizing framework.

However, the findings from the comparisons of trends and patterns are not decisive to reach the two concluding points. The textual analysis in the next three chapters will provide more evidence to further test the hypotheses.

Chapter 6.

Identifying narrative characteristics —Style and agenda-setting

This chapter attempts to select and code the narrative elements in style (6.1) and agenda-settings (6.2-6.4), in order to test the hypothesis 1 and partly hypothesis 2, and to seek answers to the research questions in the first category of comparison (6.5). Based on the demographics of overall descriptions of the corpus described in Chapter 5, the quantitative results are primarily presented with elaborations of the *operational definitions* of the various units and characterization of numbers. The numerical results in this chapter contain more statistical significance to the investigation of narratives and appear to be variable-oriented by emphasizing variables and their interrelationships (Ragin, 1987: 16-17).

6.1 Style

Starting with the most general proposition, the prominence of the *style* is based on counting articles as units of measurement. The *style* echoes specific ways of writing so that the narrative elements are arranged and sequenced in certain formula to reflect editorial choices and attract a particular group of readers. Under some circumstances, *genre* is a substitute for *style*. Strictly speaking, *genre* is more broadly implied as journalistic genre including different fields of journalism. The previous literature chapters also referred to financial media as a specific genre distinctive from other types of journalism. So to avoid

ambiguity, *style* is the more precise term to use for counting the variety and distribution of two magazine's ways of constructing three events at a macro level that represents the editorial orientation. The coding decisions are made through defining the characteristics of different types of *style*. Conventionally, a certain style of reporting can be identified by structural elements, such as headline, subhead, and lead (or intro); or formulated structure, such as an inverted pyramid that puts the most important information at the beginning of the story; or other editorial judgments, such as news values of timeliness, proximity, and prominence, and so forth. However, these judgments need justifications when analyzing the *style* of two elite financial journals with global perspectives, as they have developed distinct styles of reporting for an elite audience and in dealing with rather specialized professions of economics and finance.

- **News**, short for hard news, is the reports of timely events that come to light in every issue of the periodical without much comment or opinion. The *news* items are often found to be shorter and usually within one page. *Caijing* may have three pages for a piece of *news* as it contains more advertisements per page. Though it is unidentifiable in *The Economist* to judge by the number of the authors, because of its policy of editorial anonymity, *Caijing* generally uses one journalist to write *news* pieces as indicated by one byline for each news report.
- **Editorials** are more easily identified as they appear with a fixed format and at a place where a distinctive commentary style will be found. This style of articles mainly express the opinion of the magazine's view on issues. In the *Economist*, the section is the *Leader*. In *Caijing*, apart from the similar section called *Editorial* (社评), there are some items less distinguishable for drawing a clear-cut line between the editorial and the news. They are also short and generally evaluative, so that they serve the purpose of editorial. These *editorialized* articles are included into the style of *editorial*.

- **Feature** is another format covering immediate events with backgrounds and opinionated statements. In other words, *Features* is the longer version of *news* stories with editorialized elements. There will be at least two pages devoted to *features*. Important information of the event (i.e., 5 'W's) usually is not revealed in the intro. In *Caijing*, another way of identifying the *feature* is that, compared with news, *feature* in most cases is written by more than one journalist. Each single article often contains two or more bylines.
- **Special Report** attempts to feature a specific section in two financial journals. The *Special Reports* are mostly flagged explicitly for a specified subject that contains several current events and has further consequences or significant impact in the future or to other parties on a broader scale and extended contexts. Sometimes the *Special Report* is even longer than *feature* stories, as it has multiple themes within one article. For both magazines, it is also often under the disguise of taking an investigative nature with much detailed first-hand figures and interviews. Particularly for *Caijing*, most of its muckraking reports of capital market frauds and government wrongdoings are presented in the form of a *Special Report*. And, they are also authored by more than one journalist.
- **By Invitation** is defined as those written by professionals who are decision makers in the fields of business and politics. As expected, elite financial journals articulate information and opinions that manifest highly complex and timely professional knowledge in economics and politics. Even the specialty financial journalists cannot make themselves as authoritative as the business leaders, well-known economists, and policy-makers. So it is reasonable for both magazines to invite the most authoritative people to write articles, because sometimes the backgrounds of the authors are a bigger draw and more impressive and persuasive than what they actually write about. Thus, even

though the articles may appear in the style of news, features, or investigations, they are classified in a separate category in order to show the direct elite-to-elite conversation where the media act as merely social institution, not the producer of the messages.

- ***Exclusive Interview*** is categorized as those articles writing from the perceptions of one or a group of people with regard to the business in which they are involved or the policies they have initiated. *Caijing* usually adopts the question-answer format for *exclusive interviews*, while *The Economist* sometimes puts the interview in a feature-like form for portraying the individuals from personal narratives. These types of articles can be found in the section of *Face Value*, and they are still included in *Exclusive Interview* when the portrayed figure is indicated to be interviewed by the magazine.

What is worth illustration is that the last two types of styles are specifically designed for *The Economist* and *Caijing*. As various investigations on elite media show, intra-elite communication is central for ‘sustaining political and economic forms of power in society’ (Corcoran and Fahy, 2009: 100). The authors featured by invitation and the people exclusively interviewed by the two magazines presumably match the elite power structure that shares similar values, social networks, and common economic interests (Mann, 1986; Molotch and Lester, 2004; Domhoff, 2005, etc.). As elite media becomes an essential institutional organ in the circuit of elites (Davis, 2003), the last two categories of style distinctively represent the role of media in elite networks and their influence on economic activities and policymaking. *The Economist* and *Caijing* both hold unique positions in the Anglo-American and Chinese media landscape, with particular readership - decision-makers in business and finance, high-ranking government officials, researchers in other institutions, and other financial journalists involved in covering international

economics. They also have records of reporting exclusives, groundbreaking stories with the voices of those who are authoritative in related areas. So the *By Invitation* and *Exclusive Interviews* are divided from other ordinary types of *style* to feature the intertwining phenomena of media immersed in the elite sites of power and benefiting from exclusive information and opinions in privileged ways.

Table 6.1 Prominence and frequency of Styles

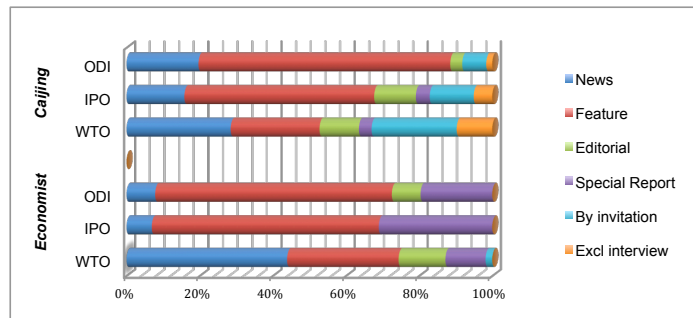
	<i>The Economist</i>			<i>Caijing</i>		
	WTO	IPO	ODI	WTO	IPO	ODI
<i>News</i>	72 43.9%	2 6.9%	4 7.8%	82 28.5%	25 15.8%	12 19.7%
<i>Editorial</i>	21 12.8%	0	4 7.8%	31 10.8%	18 11.4%	2 3.3%
<i>Feature</i>	50 30.5%	18 62.1%	33 64.7%	70 24.3%	82 51.9%	42 68.9%
<i>Special Report</i>	18 11%	9 31%	10 19.6%	10 3.5%	6 3.8%	0
<i>By Invitation</i>	3 1.8%	0	0	67 23.3%	19 12%	4 6.6%
<i>Excl. Interview</i>	0	0	0	28 9.7%	8 5.1%	1 1.6%

Table 6.1 tabulates the prominence of each style in covering three different events for two media in both absolute amount and relative percentage to total number of articles of each event. The equation calculating the relative attention paid to styles of article in each

magazine shows as
$$\%N_{(topic)}^{(style)} = \frac{N_{(topic)}^{(style)}}{Total\ N_{(topic)}} \times 100\%$$
. The ratios represented as the frequency or relative attention paid to each style compared across two magazines instead of absolute amounts (Figure 6.1). The two magazines favour the style of *Feature* that account prominently in reporting of all three events, particularly for the events of cross-listing and overseas investments. Due to the complexity of the stories pertaining to

the WTO accession, the styles of reporting appears to be more diversified, with *News*, *Features*, and *Editorials* relatively more evenly distributed, in contrast to those of the other two events.

Figure 6.1 Relative frequency of style



But the opinionated articles are more prominently devoted to WTO accession stories for both magazines, except that *Caijing* favours to place the *Editorials* on overseas IPO mainly because it was founded to serve the educational purpose of establishing the domestic capital market. In the relative percentage to total number of each style also manifests the similar preference of style choice. Parallel with the comparison of absolute numbers, *Feature* articles are more frequently used to write about specific issues of overseas IPO ($\%N_{IPO}^{Feature}$ shows 62.1% and 51.9% respectively) and outward direct investments ($\%N_{ODI}^{Feature}$ shows 64.7% and 68.9% respectively) than WTO accession (30.5% and 24.3%), which contains mostly hard news for *Economist* and *Caijing*. As a general conception, those analytical and opinionated articles, which are represented by *Editorials*, *Special Report*, *By invitation*, and *Exclusive Interviews*, are more evenly distributed in *The Economist* at around 30% for reporting all three events, but clearly skewed toward WTO topic in *Caijing*, accounting for 50% in WTO (compared to roughly 30% for IPO and 10% for ODI).

The most remarkable difference is that *Caijing* prefers to use more extensively the external narrators (i.e., *By Invitation* and *Exclusive Interviews*) than *the Economist*. In Table 6.1, especially for the coverage of WTO accession, $N_{WTO}^{By\ Inv}$ equals to 67 in *Caijing* and only 3 in *The Economist*; $N_{WTO}^{Excl\ Int}$ is 28 in *Caijing* and zero in *the Economist*. The *Economist* relies more on their own judgments by contextualizing the event to the extent that other countries and issues may be affected from different perspectives (as the $N_{WTO}^{Special\ Report}$ of *Caijing* is 10 compared with 18 in *The Economist*). Overall, *The Economist* has much less authoritative narrators than *Caijing* in covering all events, as total $N^{By\ Inv} + N^{Excl\ Int}$ equals to merely 3 in *The Economist*, sharply contrasting to 127 in *Caijing*. *The Economist* prefers the *Special Report* by its own anonymous journalists or editors. Compared with the other two types of articles, *Special Report* attempts to investigate and analyze the event in a more comprehensive way with more global perspectives. In Figure 6.1, distribution of styles confirms the contrast. An obvious explanation for this difference is that *Caijing* has better access to Chinese elite who actively participate in the events. The following section will further investigate the categorization of narrators *Caijing* use, and explore how the powerful elites use *Caijing* to convey their opinions and stir up discussions or debates.

In comparing the coverage of different events, the two magazines show distinctiveness in the choice of styles. For the reportage of cross listings, various styles are more evenly distributed in *Caijing*, while *The Economist* uses merely three types of style to report. As the absolute number indicated, *The Economist* does not give much prominence to IPO stories but certain aspects of it are covered in other stories about Chinese economy and its globalization. *Caijing* holds its educational function for domestic capital market, financing via foreign capital markets, and covers it fully and in various styles. Conversely, ODI, is

emphasized more by *The Economist*, because many single cases of China's overseas investments have profound impact in international markets and even extended ideological significance when talking about merging corporate cultures and national politics.

6.2 Narrator

Prior to examining the narrator, it is necessary to distinguish the narrative situations of each context unit. Narrative situation describes how the narrative is articulated, or in what way the voice is mediated. The narrator's identity is the central distinction of Bel's classification of *External Narrator* and *Character-bound Narrator*. It is tentative in the thesis to discuss if the narrator's identity constructs the narratives or the other way around. However, narrator's identity establishes certain imaginative, socio-categorical, or institutional frames, which affects the narrative structuration (Lucius-Hoene and Deppermann, 2000; McAdams, *et al.*, 2006). In recording the units of *narrator*, it is expected that the constructed narrative could also reflect the establishment's identity in a socio-political sense, through systematically internalising the narrator's interpretation of the stories. By Stanzel's (1984) definition, according to different narrative situations, first-person narrator provides the perceptions and opinions of the central character. Third-person narrator gives a more panoramic view on the whole story targeting many characters and broader backgrounds. These roughly coincide with how Genette (1980) and Prince (1982) categorise the narrators. The first person narrative situations parallel with what Genette refers to as homo-diegetic narrator focusing on personal experience; or engaging narrator by Prince admittedly to inspire beliefs and move readers. To some extent, homo-diegetic narrator coincides with *character-bound narrator*. A hetero-diegetic narrator (Genette) or distancing narrator (Prince), in the third-person narrative situation, is not the character in the story but is able to describe everything about the story (*external narrator*).

The differentiations of the identity of narrators hold different goals of communication. When the article's main narrator is also the author who writes the article (*By Invitation*), the identity of the narrator/author serves primarily the educational purpose as the central character or agency initiating the business activity or economic agenda. When the article's narrator is separated from the author (*Exclusive Interview*), the identity of the interviewee suggests that the article means to persuade readers to accept a certain idea or policy. Either way, it is not conclusive to decide if the narrator is protagonist or external to the stories. Thus, it is necessary and complimentary to look at the title and institutions the narrators represent. Most of the narrators are addressed by both titles and working institutions, there are cases that (1) the same person has been referred to different titles in the same institution or the same title in different institutions; (2) only one aspect of the narrators' identity has been addressed to reflect how varied the fields of economic and finance are.

By titles: The narrators are recorded as the occurrences of each author/interviewee which appears in accordance to the context unit of articles. If a certain article is collaborated on by more than one author or if the author interviews more than one person, there will be multiple counting within one article.

- **Academics** include those who are titled as doctor and professor from universities and other research-oriented institutions. For elite financial media, the academic identity does not imply neutrality or objectivity in their statements. The renowned economists and researchers tend to advocate their ideas to influence policy makings in governments and business decisions in the markets.
- **Executives** refer to the business people running their companies. They can be chief executives overseeing other managers or managers taking charge of certain departments. It is worth noting here that some people take dual roles as both

company executives and academics. In order to avoid repeat counting in one context unit (article), the title taken as a part-time job will be omitted.

- ***Political officials*** suggest that narrators work for governments of any country. Officials narrating the globalisation topic also mean the politicians from international organisations propagating for cooperation among different countries or regions with power of enforcement. As the themes of regionalism and multilateralism contain a much wider range of political dimensions, they consist of an essential part in this category when discussing the economic agenda of globalisation.
- ***Others*** include any other types of narrator title that do not belong to three previous categories.

By Institutions: To investigate what organisations they represent, the occurrences of each institution the author/interviewee works for are counted. In cases where the same person changes the workplace when writing different articles or are being interviewed for different times, the narrator will be counted more than once, according to different institutions.

- ***Universities*** refer to the universities in China and abroad
- ***Financial institutions*** imply the institutions providing financial services such as investment and underwritings. Mostly the investment banks and their affiliated research departments are categorised.
- ***Think Tanks*** mean the research-endowed institutes specialising in research and policy advocacy and implementation. Though most of them are funded by government, business, or other advocacy groups, they provide alternative independent perspectives because for the most part they are non-profit organisations with tax exempted status in some countries (China's think tanks are

still in the premature stage of development, most of their profit status are not transparent to be identified).

- ***Companies*** are those involved in business activities.
- ***Governments*** include not only those of certain nation states but also the intergovernmental organisations. Such organisations must bear the international legal personalities, apart from treaties and administrative apparatus. They are part of the previous category of *Political officials* as both belong to the field of politics.
- ***Others*** include any other type of narrator or institutions that do not belong to the three previous categories.

The Economist merely uses *narrator* to make sense of stories, as the counting in the categories of *By Invitation and Exclusive Interviews* is neglected. There are totally three articles *By Invitation*, all of which related to WTO accession. Two invited authors' work for the Institute for International Economics in Washington, DC. Fred Bergsten, writing about financialisation of East Asia area, is the founder and director of the think tank, which proclaims itself as a 'private, non-profit, and nonpartisan research institute' focusing on international economics and politics of globalization. Another senior fellow Jeffery Schott advocates the WTO trade talks for the goods of the poor. The third author is Robert Zoellick, who was the United States Trade Representative and a member of President Bush's cabinet. He is invited to interpret Bush's American trade policy and also write for *Caijing*.

There is a strong political dimension in *The Economist's* decision to invite non-staff to narrate. The think tank contains research fellows formerly working in key US government sectors, including Edwin Truman, former assistant secretary for international affairs at the US Treasury Department, and John Williamson, who coined the term 'Washington

Consensus' (Williamson, 2004). Its board of directors also includes influential politicians—Chen Yuan, former Deputy Governor of China's Central Bank; Alan Greenspan, the former chairman of US Federal Reserve; and Lee Kuan Yew, the former Prime Minister of Singapore; global business tycoons—Lynn Forester de Rothschild, David Rockefeller, and Toshimi Inaba of Toyota Motors; and also bankers from big financial institutions. The phenomenon signals that, in producing the WTO-related stories, the magazine intends to synthesize the internal agenda of economics and external agenda of political discussions.

In Table 6.2, the total number of *By Invitation* articles indicate that the magazine has close contact with academic and business communities (including companies and financial sectors). In contrary, *Exclusive Interview* articulates the voices of political figures. For the identities of the invited authors, the difference between the two magazines needs more illustration. Strictly speaking, *The Economist's* three invited authors are all from political backgrounds as may be expected; and, their professional fields echo their articles which cover China only partially. *Caijing* manifests as a platform for economists, businessmen, and financial analysts to enunciate their economic ideas or political views. An obvious explanation to the numerical gap is the deference in communication purposes. *Caijing* was founded by a government-backed institute and is based in China. Its geographical and cultural proximity, combined with the greater degree of political centralization and intervention in economy allows it to be physically closer to both the economic policy-makers and business decision-makers than *The Economist*. As the economists and businessmen are exclusively engaging in the policy-making process and business activities, the means they utilize to mediate the economic discussions and debates in the circle of elite communication is through media such as *Caijing*, which takes a more active role to communicate their contentions and extend influence beyond the exclusive professional

world of economics into the realms where opinions are formulated and articulated. As to the articles in *Exclusive Interview*, politicians and officials working for international institutes play major roles judging from the quantitative results. It is reasonable to assume that politicians are much less prolific as economists and businessmen. Politician's roles as narrators are external to the events they narrate. Their main interest is to interpret the story from various perspectives and provide the viewpoints of the governmental bodies they represent, rather than to shape popular economic discourses.

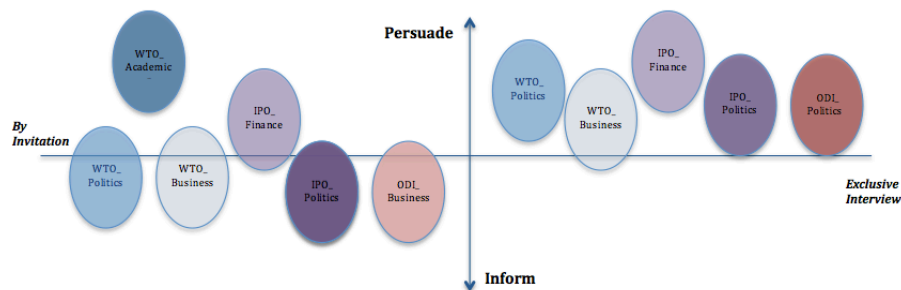
Table 6.2 *Caijing's* categorization of narrators

	By Invitation				Excl. Interview			
<i>By titles:</i>	WTO	IPO	ODI	Total	WTO	IPO	ODI	Total
Academics	35	1	0	36	3	1	0	4
Executives	24	17	6	47	6	6	0	12
Political officials	6	1	0	7	31	4	1	36
Others	4	0	0	4	1	0	0	1
<i>By institutions:</i>	WTO	IPO	ODI	Total	WTO	IPO	ODI	Total
Universities	32	2	2	36	2	1	0	3
Financial institutions	20	15	4	39	1	3	0	4
Think tanks	9	0	0	9	0	0	0	0
Companies	3	2	0	5	5	3	0	8
Governments	9	1	0	10	31	5	1	37
Others	5	0	0	5	2	0	0	2

The WTO accession topic attracts most of the professionals to write for the media. A general pattern applies to almost all categories of the narrators' identities: China entering

WTO typically has the highest frequency of all types, the occurrences of overseas IPO follows, and ODI is merely narrated by non-media professionals. For both invited articles and exclusive interviews, China's WTO membership obtains most of the academic and business concerns. Figure 6.2 depicts the narrators from three different fields of academics, politics, and business scattering across two different styles of articles and across two different incentives of narrating – to *persuade* and *inform*.

Figure 6.2 Narrators scatter in different degree of persuading/informing



To *persuade* means that the author or interviewee intends to influence readers with ideas and judgments by their writing, personality or invented discourse. In *persuade* direction, narrator desires to convince and convert, in the ways that the 'conventional wisdom' (Parsons, 1989) can be reinforced or new economic opinions and culture can be formed. To *inform* refers to the narrator's media output and tends to be more information-oriented to educate, interpret, and explain rather than persuade readers to believe in certain set of economic values or shift toward new social, economic, and political order. *Inform* type of narrator is characterized by maintaining professional detachment by sustaining balanced views and leaving conclusions for readers to make. Each narrator cannot be clearly divided into two dichotomous styles, the vertical in Figure 6.2 axis maps out the degrees to either the persuasive or informative type of narrators from each field writing about different

events. The illustration shows that the mediations of the professions in realms of economics (academics), politics, and business are inclined to serve different functions when narrating different events.

The media outputs of the economists and other renowned researchers writing about WTO accessions are solely persuasive. Though China entering the WTO includes a broad range of issues of foreign trade and investment and other related international affairs, most of the economists are tempted to propagate the general idea that the WTO membership is beneficial to China with deepening integration in the global economy. These articles are written in often abstract ways looking at the macro picture that can appear to be more rhetorical than believable. It is rather refreshing for Chinese media to provide such a platform for neo-liberal discourses not only in the area of business but also in political circles (Tobin, 1974). For illustrating specific issues, the invited authors from politics and business are employed to write for policy implementation and effects of certain industry after China entering the WTO.

In contrast, *Caijing* interviews people from these two fields for a more persuasive purpose. It is interesting to note that the narrators in political and business communities addressed as either interviewers or invited authors are two groups of people exclusive from each other. In other words, the narrators intending to convey certain values (*persuade*) do not overlap with the narrators aiming to provide information (*inform*) that is exclusive to the small circle of professionals in politics and business. For the topic of overseas listing, attentions should be more concentrated to specific case-oriented information. As the scattered circles in Figure 6.2 confirm, unlike those writing for the WTO accession, politicians prefer to interpret micro-level issues with regard to international financing of Chinese firms. Most of the narrators under IPO category are employed to persuade. The

invited politicians write for interpreting policies of overseas financing (*IPO_Politics* in *By Invitation*) indicates the complex interplay between politics and economics in China. Conversely, the interviewees of financial analysts (especially directors from big investment banks) and politicians concentrate on the *persuade* type to advocate further pushing the market reform alongside the wave of international capitalization of Chinese firms, especially the giant state-owned-enterprises. For the event of ODI, similar to WTO story, clearly people working in governments and corporations are appointed to serve different functions of narration. Business practitioners are supposed to have expertise in providing details of particular deals or contextualizing policy-making background, while politicians lead the reform advocacy from government perspective.

In summary, from general conception of Figure 6.2, it is hard to conclude that *Caijing* has clear intentions to classify a certain type of external narrators (*By Invitation/ Exclusive Interview*) for certain narrative purposes (*Persuade/Inform*). As hypothesized, the *character-bound narrator* (CN) features the characteristics of invited authors (*By Invitation*), who intentionally provide the perception and opinions based on personal experience to persuade readers. And *external narrator* (EN) coincides with the exclusive interviewees, who prefer to describe a situation and give broader backgrounds to the story in the third-person narrative. However, the quantified results in Figure 6.2 show that exclusive interviewees are rather adopted as homo-diegetic narrators for persuasive purposes. The invited authors can be either CN or EN, and their narrative purposes vary according to different topics and identities. What is clear from the above discussion is that in either comparing cross topics or cross professional identities, the narrative situations are relatively more evenly scattered, except academics writing for the WTO accession. Thus, a conclusive point could be made that a kind of dialogue occurs between internal

preoccupations with market privatization in abstract economic discourse and external problems of policy implementation and other arguments with concrete real world issues.

6.3 Topics

Besides comparisons among three main event categories, different frequencies of covering specific issues such as international relations, industries/companies and capital markets, and so forth are further investigated. The idea partly coincides with the examination of newsworthiness—a cognitive construct or mental judgment, through which stories are identified and selected for coverage (Shoemaker, 2006). Conventional criteria of newsworthiness do not strictly apply here. This is because specialist financial media have a much compressed news cycle, where elite readers and producers are ‘colluded in myth’ (Doyle, 2006). The topic selecting process of two media involves the interplay between editors and elite readers. The social judgment of newsworthiness more straightforwardly reflect the media’s perceptions of the target readers’ interests and their understanding of business and economics. So the investigation of *topics* collaboratively reflects both elite readers and elite financial media’s mental process of constructing China’s economic globalization. However, the recording practice is not as simple as newsworthiness analysis due to the fact that it involves not only the classification of specific issues across three topics but also the categorization of issues in broader sense.

Table 6.3 states the frequencies of topics/issues mentioned by all the non-main-themed articles, because the aim of examining *topics* is to see how the media construct three main events by connecting them with other related issues and fields. So it is considered to be more precise to exclude the main-themed articles and focus on the non-main-themed ones that manifest a more causal complexity between the main-themed issues and other related ones. Rather than using article as the unit of analysis, *topics* count the occurrences of the

texts that interpret China's WTO accession/overseas IPO/ODI in relation to any other issue. It is important to point out that there is a difference in recording a non-main-themed article into a certain category of *topic* based on article as unit of measurement or part of the texts as unit of measurement existing in contingency with three main events in the article. For example, an *Economist's* article covers the story of India's free-trade policies as its main focus; it could fall into the category of *International relations* if it discussed the trade between China and India or in the category of *Political liberalization* if it compared two countries' political regimes and impacts on economic globalization.

The table lists four broad types of topics in connection with three main events. Every context unit (article) must be recorded once under each category, regardless of the categories being parallel or inclusive of each other. Some of the operational definitions of the categories need to be justified.

- ***Economics/markets*** refers to the texts that discuss general macroeconomics or specific business and finance issues. Issues like unemployment, demography, and foreign reserves belong to ***Domestic economics (macro)***, in which Chinese economy is the basic unit of economic entity in the context. With regard to specific business, at market level, there are textual elements mentioning different ***Industries/companies***. At company level, discussions of ***Corporate governance*** and investigations of ***Frauds*** are worth being recorded separately, as these are two vital issues relating to IPO and ODI events. Apart from the business sector, ***Finance*** needs separate attention in the WTO event as opposed to trade in commodities and foreign investments, especially from policy perspectives. For the other two events, ***Market regulation/integration*** refers to how the domestic financial market is regulated and liberalized, and how it can cooperate with markets

abroad (especially Hong Kong) to better serve the financial needs of the global expansion Chinese firms.

- **Reform** classifies the advocacy for market privatization. Instead of more descriptive texts categorized above, here the units emphasize on the persuasive attributes including all *subject-matter* words like reform, privatization, and liberalization repeating to advocate the pressing need of market reform. Therefore, besides reform of **Financial market**, **SOE** (state-owned-enterprises) and **Banking** are most important in the way that the main institutional and corporate actors in these areas take the leading role in Chinese business going global.
- **Free trade rhetoric** also sheds light on ideas rather than facts so that **Trade dispute** is collected here rather than being listed under *Domestic economics*. Under the context of WTO, it depicts the disputes operating under multilateral or regional agreements with inclination that the WTO as a supranational global institution is the optimal solution. Two relevant concepts—**Multilateralism** and **Regionalism**—refer to institutional establishment, regulation, trade policy-making, negotiations, and talks on a global and regional scale. Switching from country to company as a basic unit in economic activities, **Global business** and **Global finance** contain policymaking and interpretation with regard to particular corporates.
- **Politics** covers issues focusing on political aspects of the stories. **International relation** involves other countries/regions into story that China's economic integration could have profound political impact and implications in the sense of national interests, power blocs in the trade, business, or diplomacy. **Political liberalization** extends the discussion to China's possible political reform initiated by deepening economic integration with a democratic West. **Political risk/hurdle**

more specifically refers to Chinese firms, which may confront unfriendly policy (e.g., China bashing) or security issues in overseas activities.

- **Others** include those social or cultural affairs that have relevant news values. **Rule of law** specifies how it influences the free market and how market liberalization pushes China toward rule of law. **Society** constructs the economic globalization toward possible changing social cognition and cultural impact.

Table 6.3 Frequencies of topics for non-main-themed articles

		WTO		IPO		ODI	
		<i>The Economist</i>	<i>Caijing</i>	<i>The Economist</i>	<i>Caijing</i>	<i>The Economist</i>	<i>Caijing</i>
<i>Topics</i> <small>Note</small>							
<i>Economics/markets</i>	Domestic economics (<i>macro</i>)	23, 14%	47, 16.3%	—	—	—	—
	- Industries/Companies	17, 10.4%	59, 20.5%	6, 20.7%	28, 17.1%	13, 25.5%	8, 13.1%
	- Corporate governance	—	—	—	—	2, 3.9%	0
	- Frauds	—	—	3, 10.3%	14, 8.9%	0	6, 9.8%
	Finance	4, 2.4%	53, 18.4%	—	—	—	—
	-Market regulation/integration	—	—	3, 10.3%	30, 19%	—	—
	Other economies	7, 4.3%	0	—	—	—	—
<i>Reform</i>	SOE (<i>state-owned-enterprise</i>)	—	—	2, 6.9%	7, 3.8%	2, 3.9%	0
	Financial market (<i>domestic</i>)	—	—	4, 13.8%	3, 1.9%	2, 3.9%	1, 1.6%
	- Banking	—	—	5, 17.2%	11, 7%	—	—
<i>Free trade rhetoric</i>	Trade dispute	16, 9.8%	36, 12.5%	—	—	—	—
	Regionalism	9, 5.5%	7, 2.4%	—	—	—	—
	Multilateralism	32, 19.5%	17, 5.9%	—	—	—	—
	- Global business	—	—	—	—	8, 15.7%	2, 3.3%
	- Global finance	—	—	—	—	0	3, 4.9%

Politics	International relation	30, 18.3%	20, 6.9%	—	—	3, 5.9%	2, 3.3%
	Political liberalisation	4, 2.4%	2, 0.7%	—	—	—	—
	- Political risk/hurdle	—	—	—	—	2, 3.9%	3, 4.9%
Other	Rule of law	2, 1.2%	13, 4.5%	—	—	—	—
	Society	0	1, 0.3%	0	1, 0.6%	—	—

Note: The topics highlighted in darkest blue suggest that the relevant texts consider nation state as the basic unit of economic entity, i.e., the stories involve two, or more than two, countries (China incl.). There are *Finance*, *Other economies* from the theme of *Economics/market*; *Trade dispute*, *Regionalism*, *Multilateralism* from *Free Trade Rhetoric*; and *International relations*, *Political liberalisation* from *Politics* at macro level. The topics highlighted in the lightest blue indicate that the recorded narrative use particular corporates as basic unit in economic activities, including *Industries/companies*, *Corporate governance*, *Frauds*, *Global business* and *Global finance* at micro level. Other units left adopt certain markets within Chinese economy as basic economic actor. They are *Domestic economies*, *Market regulation/integration*, *SOE*, *Financial market*, *Banking*, *Political risk/hurdle*, *Rule of law* and *Society* at meso level.

The percentages followed absolute values mean the relative amount of attention paid to specific issues in relation to each event ($\%N_{Event}^{Issue} = \frac{N_{Event}^{Issue}}{Total\ N_{Event}} \times 100\%$). Comparing across issues that scatter across three events, some are observed to be more frequently correlated to all three events while others are only specifically mentioned in regard to a certain event. A glance at the table provides an impression that both the magazines show similar judgments on how they place the issues into different levels of narrative understanding. This signals that the two magazines share similar understandings of how the three events of economic globalization are constructed by selecting and shaping topics under different categories. There are issues that are truly international in the sense that they are extensively covered by both magazines and transgress more than one event. For example, *Industries/companies* are prominent scorers in both relative and absolute values in all categories. Both the magazines see individual companies as the prominent economic actors, as opposed to institutional or inter-governmental actors.

Instead of covering more of institutional arrangement and policy interpretation or prescriptions, *Caijing* shows an equivalent portion of covering investigation and analysis of individual companies as *The Economist*. The case-oriented (or business oriented) narrative serves the purpose of proving the established model of Anglo-American approach of neo-liberal economic practices. The similarity echoes two magazines both prioritizing the company activities as the most valuable component of constructing the neo-liberal ideology, by emphasizing entrepreneurship and corporate governance. However, there is still a strong political dimension in news agenda of covering WTO and ODI events, as *International relations* also receives a significant portion of media coverage after *Industries/Companies*.

Another similarity is reflected by comparing the two magazines' judgments from the purpose of articulating editorial stance. Stories of *SOE* and *Financial market* are assigned to be important in covering overseas IPO and ODI. The notion of *Reform* is emphasized to feature two prominent areas of China's market reform are in state enterprises and capital market (especially *Banking*). In covering the WTO accession, issues of *Trade disputes*, *Multilateralism and Regionalism* are selected to propagate *Free trade rhetoric*. As a global-oriented value, contrary to domestic reform, the idea of free trade being advocated through the WTO and ODI events proves that they are two most important ways for Chinese economy to globalize, while cross listings are intentionally to be used for domestic reform implementation and market liberalization. It is notable that the two magazines share similar agendas of how financial stories are narrated in different levels of economic understandings and events. *Finance*, contextualizing macro issues such as policymaking, currency, foreign reserves, and integration of capital markets, relates to merely the WTO accession as it adopts nation state as a basic economic actor. Meanwhile, *Financial market* features the collective themes of reform with regard to IPO and ODI at

domestic market level. The clear-cut division of the two magazine's agenda with regard to financial stories, along with the different ideological functions (*Reform* and *Free trade*) assigning to different topics (IPO/ODI and WTO), can point to the fact that three events serve different purposes of imposing neo-liberal values and unravel different levels of China's economic globalization.

The differences in evaluating news worthiness of topics can be drawn from comparisons within each event. As expected, the category of the WTO entry shows clearly that *The Economist* put more emphasis on global issues involving other countries or economic entities in *Regionalism*, *Multilateralism*, and *International relations*. *Caijing*, in contrast, focuses on domestic interests like *Domestic economics (macro)*, *Trade dispute*, and zero count of mentioning *Other economies*. Also, the *Economist* tends to select issues from a political perspective ($N_{Politics}^{Economist} = 34$ versus $N_{Politics}^{Caijing} = 22$); in comparison *Caijing* prefers to use case-oriented stories ($N_{Industries/companies}^{Caijing} = 59$ versus $N_{Industries/companies}^{Caijing} = 17$). As to IPO, *Caijing* notably emphasizes on policymaking and interpretation of financial markets ($\%N_{Market\ regulation/integration}^{Caijing} = 19\%$). *The Economist* leans more in the direction of Chinese capital market (13.8%) and particularly banking reform (17.2%); whereas *Caijing* values less these topics and privileging instead the analysis of policies and regulations of the financial market at a macro level. *The Economist* prefers the topic of ODI while *Caijing* favours IPO. Specifically for ODI, *The Economist* devotes more coverage examining industrial sectors and individual firms, emphasizing their global strategies and influence toward foreign partner or competitor. It views privatization and reform to dominate the theme of ODI within the context of Chinese economy ($\%N_{Reform}^{Economist} = 7.8\%$ versus $\%N_{Reform}^{Caijing} = 1.6\%$); and the prominence of Chinese firms being more competitive as global

players ($N_{Global\ business}^{Economist} = 8$). Also at company level, *Caijing* sheds more light on negative sides of corporate wrongdoings ($N_{Fraud}^{Caijing} = 6$); but *The Economist* tends to provide reports of corporate performance, strategies, and possible cooperation or competitions with foreign companies ($N_{Corporate\ governance}^{Economist} = 2$).

In summary, in measuring ‘issue salience’ (Zhu and Blood, 1996), both *The Economist* and *Caijing* feature similar formulation of constructing the three events in the selection of topics. Intentionally, they set out the news agenda to provide intertwined topics of both factual reports of business practices at market or company level and the propagations of economic or political ideas at national or global level. The political economy approach features ‘a meeting ground between practical business, abstract theories and political argument’ (Parsons, 1989: 26), as Bagehot suggested in *The Economist*. *Caijing* shares a similar formula as *The Economist* in narrating China’s economic integration, serving as a forum for Chinese elites to discuss business and politics. However, in measuring ‘attribute salience’ (Zhu and Blood, 1996), different subsequent importance is given to topics for contextualizing the three events.

There are two dimensions reflected from the differences—(1) readers’ economic and political interests, and (2) the causality of business circle and ‘idea cycle’. The first dimension means that, as elite financial media, *The Economist* and *Caijing* are both conscious for whom they are writing, based on similar ‘interpretive judgments’ (Hallin and Mancini, 2004: 40) of valuing topics. Thus, the bias toward different choices of issues relating to the three events directly represents the commercial interest and even political concerns of two groups of readerships. The causality of business circle and ‘idea cycle’ in the second dimension indicates that media’s incentive for advocating economic ideas

increases when the economic situation plummets; and inclination for factual, statistical reporting increases when the economy prospers. This thought by Bagehot suggests that the ideological advocacy emerges in opposite trend of economic development. When China experiences higher economic growth, *Caijing* focuses on investigating and analyzing institutions, markets, and companies on a case by case basis with investigative details. *The Economist* rather reinforced these themes with more abstract theoretical preoccupations of economic ideas of market privatization, free trade, and globalization, and oriented towards more political debates at an inter-governmental level.

6.3.1 Country/Region - WTO entry

The distribution of attention for different countries or regions is a key question in the study of international news (Gerbner and Marvanyi, 1977). To be more focused on covering international trade, the media's perspectives of categorising different countries/regions reflect the representations of the world economic order in the geopolitical context. According to Table 6.3, the topic of the WTO accession reveals a distinct feature that it attracts extensive attentions to *International relations* in political context and the discussion of two concepts of *multilateralism* and *regionalism*, which directly link to how the media attribute the politicised views of international trade agendas to the phrasings of *country/region*. Ideologically, multilateralism represents the set of beliefs combined with the excessive optimism of market fundamentalism that the 'international governance of the many' (Kahler, 1992) dismantles trade barriers and effectively become domestic rules (Rodrik, 2011). As a political philosophy, multilateralism refers to the process whereby countries solve problems in an interactive and cooperative way (Yarbrough and Yarbrough, 1992).

Multilateralism is the rule enforcement emphasising the institutional embodiment of which the international organisations—International Monetary Fund, the World Bank and WTO—are endowed with legitimacy independent of power politics of any country for rule making and enforcing. From the policy perspective, multilateralism specifically refers to the characteristics of national trade policy behaving in ‘a multilateral fashion’, with positive functions that (1) trade partners receive identical treatment; and (2) country’s trading regime approximates free trade (Winters, 1996). Generally, the concept requires all nations to pursue a common strategy of low corporate taxation, tight fiscal policy, deregulation, and reduction of power of unions (Friedman, 1999). Thus the multilateral trade policies for goods and capital ‘become an end in itself’, overtaking domestic economic agendas to facilitate deepening economic globalisation (Rodrik, 2011: 76).

Regionalism, on the other hand, is more controversially defined. Mylonas and Yorulmazlar (2012) coined the term ‘regional multilateralism’ to promote regional integration. In a broader sense of international relations, regionalism refers also to the formation and implementation of interstate associations that represent a particular identity and take collective actions within geopolitical regions (Nye, 1968). Regionalism, in international trade, denotes the body of identical values and goals in pursuit of the overall economic development. The political initiative of different forms of regional integration have soared in the last two decades as a substitute for multilateral trade pattern. It focuses on the policy design that reduces trade barriers ‘between a subset of countries regardless of whether those countries are actually contiguous or even close to each other’ (Winters, 1996). The seemingly closer relationships intertwine between political co-operation and economic competitiveness.

As an interrelated but sometimes opposite political ideology to multilateralism, regionalists aim at increasing the region's economic power and political influence by demanding for greater autonomy or separation. Therefore, regional integration arrangements (RIA) could set obstacles for the evolution toward globally freer trade under the WTO regime, rather than being stepping stones toward multilateralism. Various topics in foreign trade and investment feature the impact of economic globalisation upon various forms of spatial entities in terms of (1) 're-scaling' (Fairclough, 2006), or relocating (Rodrik, 2011) the national economic powers and sovereignty; and (2) repositioning of China in the changing world order, with relation to other nation-states, regions, or global institutions such as the WTO.

Focusing upon such aims, the recording units of different nations and regions represented in both the geographic sense (e.g., South East Asia, Central America) and regionalist's sense (e.g., European Union, APEC) are of equal status in categorisation. In addition, regions are used as inclusive of countries (e.g., APEC vs. Hong Kong), as the analytical purpose is the connectivity between China and the others in a geopolitical context. Brief backgrounds of RIAs that are integrated in political economic purposes are specified below:

- ***European Union (EU)***, consisting of 28 member states, is the largest influential RIA at the world scale, based on a set of supranational independent institutions and intergovernmental negotiations. As a single market, EU's legislation applying to all members ensures free flows of labour, goods, service, and capital. Diplomatically the union represents at the United Nations, WTO, G8 and G20 with a strong advocate of trade liberalisation via a multilateral approach (De Gucht, 2013). By 2014, there were 18 countries which had joined the European Monetary Union,

which is active in pursuing privileged free trade agreements with other countries or regions beyond the auspice of WTO's multilateral principle.

- ***Asia-Pacific Economic Cooperation (APEC)*** is a forum facilitating economic growth, cooperation, free trade, and investment for twenty-one members in the Asia-Pacific region. Unlike the European Union as a legal entity, the intergovernmental grouping operates under non-binding commitments. It aims to liberalise the trade by consensus and commitments undertaken on a voluntary basis at annual meetings, which are attended by heads of governments since 1993 (except Taiwan, as it is represented by a ministerial-level official). Combined as a trade bloc, member economies account for 44 per cent of global trade and 53 per cent of world's GDP.
- ***Association of Southeast Asian Nations (ASEAN)*** is a political and economic organisation of ten member states located in Southeast Asia, with the signing of ASEAN Charter as a legal constitution to provide institutional framework. Compared with other RIA discussed here, ASEAN aims to promote not only economic cooperation and growth but also regional peace, stability, and cultural development. In 1997 after the East Asian financial crisis, further integration of *ASEAN Plus Three* (which are China, Japan, and South Korea) was called intending to counterbalance the growing influence of the United States in APEC and Asia as a whole (Hamilton, 1993).

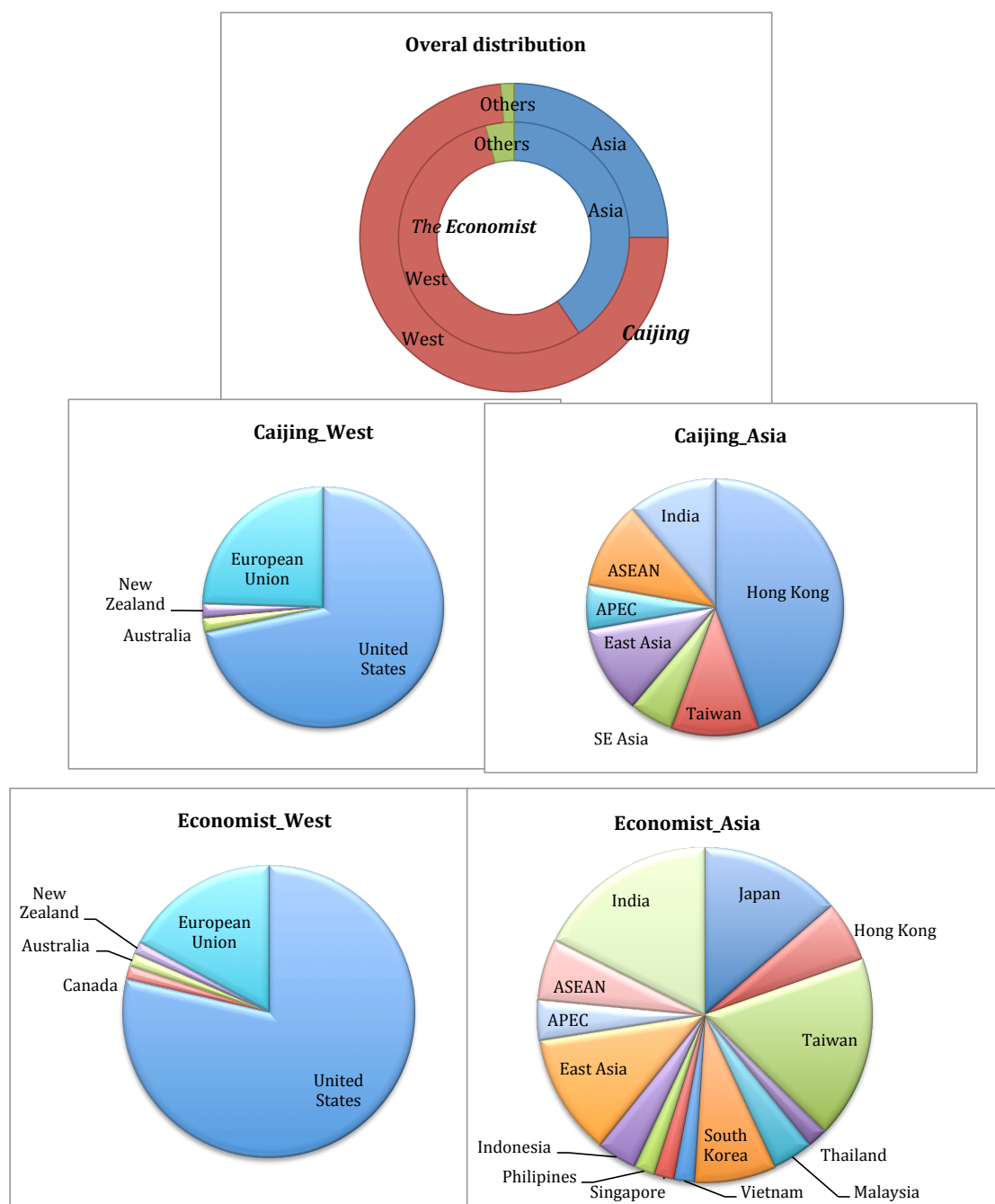
Figure 6.3.1 depicts the distribution of attention paid to different countries/regions in the two magazines in the broad sense—*Asia*, *West*, and the *Others* which are separated at the centre with the inner ring representing *The Economist* and outer ring as *Caijing*. The other four surrounding pie charts depict specific geographical classification. The double annular rings show similar distributions of attention for mentioning China in relation to the whole

Asia region, the *West* (referring to Western countries in geopolitical and cultural senses) and *Others* (including Russia, Mexico, Brazil, central America, and other developing countries). *Caijing* covers Western countries in greater detail, since negotiations need to be made with major Western trading powers, such as the United States and European Union bilaterally in confrontational or progressive ways (Eglin, 1997). Its other focus is primarily on Free Trade Agreements (FTA) with other countries or regions on a bilateral basis. The quantitative results show that media agenda coincide with the target reader's involvement in economic activities. On the other hand, *The Economist's* attention is more evenly distributed. On behalf of the major global economic powers, *The Economist* views China's accession to the WTO as not only being a formidable trader in the multilateral regime but also, perhaps more saliently, as active player in the global politics. Therefore, its portrayal in the perspective of geopolitics appears to be more complex by including players across the world in interrelated ways that the global marketplace is changing and becoming more competitive as China enters the game as a major player. To be more specific, further analysis of the occurrences of each single nation state or RIA within the broad category of *Asia* reflects the more diverse interests of *The Economist* in discussing and positioning China in economic integration. The higher degree of diversity is consistent with hypothesis that *The Economist* intends to contextualize economic globalization in a political perspective. Regional multilateral communities of APEC and ASEAN receive more attention in *The Economist*. *The Economist* depicts a more globally connected view of China's joining of the WTO. The seemingly insignificant countries/regions that trade relatively in lower volumes with China are more strategically relevant in the power politics of those freer economic entities with relation to China.

For instance, the coverage of Japan and India in *The Economist* are rarely found in *Caijing*. As to the coverage of Taiwan, *The Economist* intends to link its relevant issues

with China in a political way so that the expecting regional economic integration could boost political cooperation or confrontation, and would further change America's influence in East Asia. In sharp contrast, *Caijing* regards Hong Kong rather than Taiwan as its primary interest because of Hong Kong's geographical and cultural advantages of providing financial services to China. Two pie charts on the left side of the graph show that the proportions of occurrences of elite countries look the same for both magazines. United States and the European Union are the most important economic entities that matter to China, not only because the bilateral negotiations with EU or US are of primary importance to determine China's progress of joining the WTO but also because they are politically influential in the multilateral regimes or RIAs' rule-setting and decision making process.

Figure 6.3.1 Attention to country/region for covering WTO accession



6.4 Industries/companies

As Table 6.3 demonstrated, the coverage of *industries/companies* composes of the essential part for formulating all the three events. As expected, both the magazines frame the economic globalization in the business-oriented narrative. The distributions of different industrial sectors or individual companies demand further investigation led by three basic questions. (1) *Selection*: who are the market actors (industries/companies) involved in media coverage? (2) *Distribution*: how are media attention paid to different industries/companies? (3) *Construction*: how are these businesses related to each other and to the three events in constructing China's economic globalization from a market perspective? The first two questions measure the occurrences of each time a certain industry or company is mentioned under the same context in each article. The third question contains more qualitative measurement that requires the counting practice to be *context-matter*, for recognizing the interconnections among various mentions of the industry/company.

The *context-matter count* applies to the categories in IPO and ODI. The nature of the WTO topic determines that there is no need to count specific companies, because the distribution and connections of industries have is sufficient to map out the media agenda of covering foreign trade and investment under the hyper-globalization frameworks. For example, of Chinese banks' foreign IPO, the count of Minsheng Bank should contain its relevant context that it was China's first private bank listed overseas. While the mentions of ICBC focus on its destination capital markets being collaboratively Hong Kong and Shanghai that set new A+H mode IPO for China's SOE; Bank of China's listing failure in New York reveals its internal problems. Therefore, the measurement contains the coder's judgment of how the article frames the mentioned industry/company. Some of the absolute counts are

too small to make sense in terms of numerical comparison, but significant in relative measure as the contexts relating to judgment of their existence or absence of the industry/company, toward which the magazine's editorial judgment might be an important *market index*.

6.4.1 WTO accession

Table 6.4.1 explores the formation of market actors in narrating the WTO accession. Recording in the *Main-themed* category, it refers to those industries/companies which are the main actors themselves in the articles. Others in the *Non-main-themed* category mean that they are mentioned in respect of topic but somehow have interaction with the WTO accession affecting or being affected by the industry/company. Two categories are distinguished because they are different forms of expression reflecting the extent to which the magazines evaluate the significance of the mentioned market actor; and furthermore, how they separately set agendas for narrating the market actors in different contexts. In general, both the magazines choose to mention more diverse sectors or individual firms with linkages to other issues.

Table 6.4.1 Frequency and distribution of industries for WTO accession

WTO		The Economist		Caijing	
INDUSTRIES		Non-main-theme		Main-themed	Non-main-themed
		Main-themed	d		
Agriculture		5	3	15	10
Manufacture	Textile/wearing				
	apparel	1	7	3	9
	Automobiles		2	8	8
	Steel		1	2	3
	Electrical appliance		1		1
	Computer		2		
	Chip				1

	Semi-conduct		1	1
	Furniture			2
	Silk			1
	Shoes			1
	Beverage	1		2
	Tobacco			1
	Coated /Glossy paper	1	1	5
	Aviation/airlines	1		2
	Photographic material	1		
Resource	Coke			1
	Oil		3	1
Capital market	Banking	4	10	20
	Security/brokerage	3	7	17
	Insurance	1	11	4
Services	Retail		2	5
	Telecom	2	1	12
	Internet		1	2
	Human resource	1		
	Healthcare		1	1
	Postal service		1	2
	Media	1	2	1
	Cinema			1
	Music			1
	Tourism			2

Manufacture and *Service* are two highly-valued sectors for both magazines. Particularly, *Agriculture*, *Textile*, *Banking*, and *Telecom* receive the most attention, but for different reasons. Remarkably similar to both the magazines, the *Agriculture* sector has not been further stratified into detailed industries, such as food-grains, oilseed, meat, and livestock so that in economic terms they are equally prominent as the stratifications in manufacture and service, let alone capital market, which is far less affected by China's WTO entrance in terms of output change. Comparing with other industrial categories, *Agriculture* involves more main-themed articles to discuss, even though the protection remains largely

unchanged after China's entry into the WTO, because of mostly domestic reasons. In fact, though China increased the export of most of the capital and technology-intensive industries (especially manufactures), the agricultural sector notably increased the import of various productions from the United States and Australia by reducing export subsidies and increasing the volumes of tariff-rate quotas on most imports. Therefore, most of the domestic outputs in agriculture dropped, as opposed to the general trend (see Figure 3.1.2-1 and 3.1.2-3).

On the one hand, increasing agricultural imports benefited farmers, especially in the United States and Australia, which are the biggest importers to China; on the other, confronting intensified global competition, and China met the urgent need to liberalize the agricultural sector sacrificing farmers' interests. For the business of finance (*Capital market*), it received equivalent coverage, and in the case of *Caijing* even more extensive attention than *Agriculture*; but in fact, experienced much less impact in the volume of economic change. By comparing across narrated industries and linking them with real-world situations, the magazines' agenda's deviation from the real-world situation features the fact that selection and accession of market actors are primarily concerned in serving the interests of stakeholders, who are also the elite readers of media outlets. From the media's perspective, the interests of agricultural goods producers, to a large extent, are ignored while the interests of the elite, who have more to do with capital-intensive activities, receive higher priority.

Apart from the capital-driven agenda mentioned above, both magazines intend to concentrate on the industries where there are controversial issues involved, for example, in bilateral trade disputes, organizational restructuring, and state security risks. In economic discourse, the domestic output of beverage, tobacco, and automobiles decreased in highest

volumes after China entered the WTO. However, they are relatively less covered, except for *Caijing*'s reportage on automobile industry. Because though the car industry as a whole benefit from increasing export as a result of opening of the market after WTO accession, the percentage of output drop is most noticeable (Figure 3.1.2-1). But the big jump is largely due to domestic factors. Among most controversial sectors, the automobile has been built as a significant yet vulnerable production system. The old-line heavy industry had employed some seven million people, about 3.3 per cent of total urban workforce up to 1998 (Harwit, 2001).

The domestic vehicle manufacturer employees were most directly affected after the auto sector was opened up. It was estimated that China needed at least nine years to restructure the whole industry to improve the competitiveness under the WTO rules (ibid.). As to high quality foreign producers and joint venture companies, they were much less affected and more easily adjusted to the change. China's auto industry, however, faced a dilemma: should it liberalize under the WTO rules and make it globally competitive by increasing exports, or use subtle protections to make the industry transit gradually in exchange of lower risk of losing control over key parts of the economy? Therefore, domestic market issues seemed to be much more complicated, and *Caijing* tried to establish the meeting ground for the need of mentioning more of the challenges and a new developmental path.

The telecommunication sector (including *Telecom*, *Internet*, *Postal Services*) is another case to show the controversy-led narrative. Telecommunication infrastructure is also a key sector in China's economic growth. The complexity is reflected not only in the state security concerns, but also (perhaps more vitally) in the internal regulation adjustment process, especially with regard to complying with the WTO commitments. *The Economist*'s limited attention paid to the *Telecom* industry echoes the general difficulties

in both EU and US bilateral negotiations on the WTO entrance agreements with China. *Caijing* focused more specifically on various issues such as distribution of regulatory responsibilities, strengthening of domestic competition¹, and the relevant impact on the vested interests of monopolistic powers of the SOEs, such as China Mobile and China Unicom, and multiple governmental agencies that include Ministry of State Security, Ministries of Railroads, Energy, Ministry of Finance, and MOFTEC, depending on different foreign investment levels (DeWoskin, 2001). Due to the complicated regulatory framework with a higher degree of political implications, it is difficult to access to what extent China will and can meet the WTO commitments.

In summary, *The Economist* and *Caijing* provide two features of market index to narrate China's entrance into multilateral protocol in trade and investment. (1) *Capital-driven* agenda indicates that media prefer to pay attention to capital-intensive industries or companies. Lack of detailed classification in *Agriculture* sector is one of the facts proving that. On average, the attention paid to *Manufacture* and *Service* by both the magazines account for the largest proportions. As FDI inflows slowly shifted from manufacture to service with import barriers diminishing under the WTO rules, the service sector expanded rapidly (Adhikari and Yang, 2002), and both magazine chose to focus primarily, sometimes even extensively, on manufacturing production systems ($N^{Manufacture} > N^{Service}$). From this perspective, both *The Economist* and *Caijing* manifest similar preference of selection and distribution of industries/companies.

(2) *Controversy-driven* agenda focuses the media attentions to industries/companies that involve dispute and market disruption in economic or political aspects. Confronting the

¹ Accessing to foreign capital market is an important means to increase the competitiveness and achieve the restructuring goals. This part will be further analyzed in IPO category,

institution building and rebuilding when China entered the WTO, there are key sectors that are salient to not only the economy but also (perhaps more importantly) to state sovereignty, for instances of textile (trade disputes with the European Union), automobile (internal redistribution of welfare), insurance (level of foreign investment), banking (national security), telecom (security and infrastructure), and so forth. These key industries and some of the big monopolistic corporate names are more often covered by *Caijing* for propagating market reform, especially SOE liberalization; and the complicated interplay between market restructuring, and law and regulation adjustments. So in comparison, *Caijing* is naturally proactive in discussing the unique internal obstacles with Chinese characteristics when confronting the opening up its market to the world.

6.4.2 Foreign IPO

As Table 6.4.2 demonstrates, there are more notable differences than similarities in the way the two magazines discuss stock markets. What is most alike is that neither magazine follows the economic agenda of cross listings of Chinese firms, though they set their own agenda differently. According to real world data, H-shares that list in the Hong Kong Stock Exchange conventionally perform as the main index of the overall cross-listing activities; because other types of shares are relatively much-less traded therefore it is reasonable that they might be neglected (Jia, Sun and Tong, 2005). As Table shows, let along the thinly mentioned listings in Singapore Stock Exchange (SGX), Tokyo Stock Exchange (TSE), FTSE, and other forms of DS or OTCs, amount of Hong Kong-listed firms only slightly outweigh those that are US-listed ($n_{HK}^{Economist} = 11$ versus $n_{US}^{Economist} = 9$; $n_{HK}^{Caijing} = 44$ versus $n_{US}^{Caijing} = 30$). In terms of trade volume, the US-listed deals are higher in the narratives of both the magazines. From the aspect of fund-raising, the companies in the fields of *Internet*, *Real Estates*, and miscellaneous *Other Private firms* exclusively covered in *Caijing* are primarily listing

their shares abroad to get better access to international investors, expand market, and/or promote export, by improving the firms' information environment and visibility (Baker *et al.*, 2002). Companies in *Aviation*, *Insurance*, and *Electric Power*, occasionally mentioned by *The Economist*, but in *Caijing* exclusive companies are discussed for their fund-seeking-motivated IPO, even though they are not significant in term of capitalization and trade volume.

Table 6.4.2 Frequency of industries/companies for foreign IPO

	Companies	Stock markets	<i>The Economist</i>		<i>Caijing</i>		Remarks
			Main-themed	Non-main themed	Main-themed	Non-main themed	
Banks	Bank of China, HK branch	HKSE	1		1		
	Bank of China	NYSE	2	6	5	4	Failed
	China Construction Bank	NYSE	2	6	9	2	
	Bank of Communication		1	1	4	2	
	Minsheng Bank		1		5		First private bank listing
	ICBC	HKSE (+SSE)	1	3	2		A+H mode
	Agricultural Bank of China			1			
	Industrial Bank (兴业)				2		
	Citic Bank (中信)				4		
Resource	China Merchant Bank				1		
	CNOOC		1		4	2	Failed
	Sinopec	HKSE		1	1	7	
	ChinaAvOil	SGX		1	1		
	Angang New Steel	HKSE		1			
	CNPC	HKSE+NYSE			2	7	
	Chalco	HKSE+ADS			1		
Telecom	Shenhua Group	NYSE				1	Biggest IPO of 2005
	China Unicom	HKSE+NYSE		1	2	4	
	CNC	HKSE+ (ADS)		1	1	1	
	China Telecom-HK Branch	HKSE+NYSE	1		1		
	China Telecom			2	1	3	
	China Mobile			3	1	1	
	China.com (中华网)	NASDAQ			1	4	

Internet	ChinaE.com (中贸网)	US/German OTCs		1	1	
	Shanda (盛大网游)	NASDAQ (ADS)		2		
	Tom.com (TOM 互联网)			1		
	Sparkice.com (实华开)	NASDAQ			1	
	Sina.com	NASDAQ		2	4	
	cei.gov.cn (中经网)	NASDAQ			1	
	Homeway (和讯 / 中金)				1	
	亚信	NASDAQ			1	
	Utstarcom	NASDAQ			1	
	Sohu	NASDAQ		1	2	
	Netease (网易)	NASDAQ		1		
	Baidu.com	NASDAQ	1			
Insurance	China Life	HKSE+NYSE	2	1	4	1 Biggest IPO of 2003
	PICC (人保)	HKSE			1	
	CPIC (太保集团)	HKSE+TSE (POWL)			1	
Insurance	Air China	HKSE+FTSE	1		1	
	China Southern Airline	HKSE			1	
	China Eastern Airlines	HKSE			1	1
Aviation	Air China	HKSE+FTSE	1		1	
	China Southern Airline	HKSE			1	
	China Eastern Airlines	HKSE			1	1
Logist	Sinotrans (中外运)	HKSE			1	
	Cosco (中远)	HKSE			1	2
Real estate	SH Forte (上海复地)	HKSE			2	
	SOHO	HKSE+NYSE			4	
	Silcon (上海首创)	HKSE			1	
	Country Garden (碧桂园)	HKSE			2	
	Henda (恒大地产)	HKSE			1	
	Renhe Comm (人和商业)	HKSE			1	
Electric power	CLP Power Int'l	HKSE			1	
	Shandong Electric Power	NYSE			1	
	China Guodian Corp	HKSE			1	
	Datang Power	HKSE			1	1
	Huaneng Int'l	HKSE+ADS			1	3
	Huaneng Shandong	ADS				2
	Huadian Power Intl	HKSE			1	
Media	北青传媒	HKSE			1	
	新华文轩	HKSE			1	

	辽宁出版集团			1	
	AsiaMedia	TSE		1	Fraud
	上海新华	HKSE			
Private firms	Dongfeng Automobile Co.	HKSE		1	
	Huachen Auto Group	NYSE+HKSE		1	
	Belle (百丽)	HKSE		1	
	DAPHNE INT'L	HKSE		1	
	Hongguo Int'l	SGX		1	
	EagleCeramics (鹰牌)	SGX		1	
	裕兴	HK GEM		1	2
	Kingdee (金蝶)	HK GEM		1	
	Ctrip	NASDAQ		1	
	HengAn Int'l (恒安国际)	HKSE		1	
	Foundary (中芯国际)	HKSE+NYSE		1	
	TsingTao Beer	HKSE		1	
	Guangnan (广南集团)	HKSE		1	
	蓝点 linux	OTC in US		1	
	yhconnector (世纪永联)	OTC in US		1	
	同仁堂	HKSE		1	
	INT 政华集团	OTC in US		2	
	杰威			1	
	CREH (中国稀土)	HKSE		2	
	上海实业	HKSE		1	

A shared reason for both the magazines' narrative deviating from real-world situations is that they view the cross-listing event as a government-led SOE reform, as section 6.3 *Topics* discovered. There are twofold implications resulting in the different agenda of *The Economist* and *Caijing*. The first implication is to 'bond' big state-owned *Banks*, *Natural Resource*, and *Telecom* firms to a more effective legal and regulatory system in the host market in order to initiate reform via restructuring (see the discussion on 'bonding effect', referred to in Chapter 3). Though there are big deals in economic terms, the main motive of offering abroad is about self-regulation, restructuring rather than raising equity. For instance the Bank of China Hong Kong Branch, as a subsidiary of a state-owned bank,

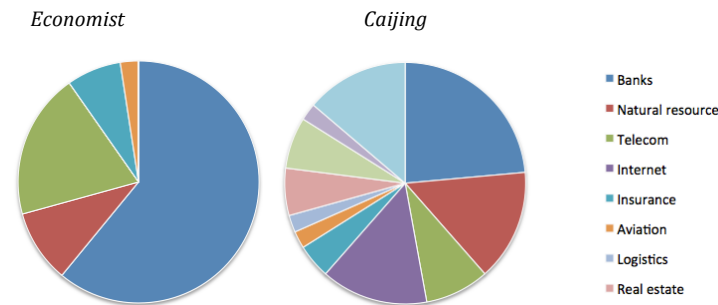
represents the pioneering banking reform though it gained no additional funds from IPO on HKSE.

Both the magazines use main-themed articles discussing the case. For Bank of China's frustrating experience of IPO in NYSE, most of the media attention paid to its failure because of the scandal of its high-ranking official Wang Xuebing, whose corruption indicates the internal obstacles of the governance reform². China's third-largest national oil company CNOOC's failed attempts of IPO provide alternative perspectives about the external environment and how the big names restructure and incorporate themselves in the stringent global marketplace.

Telecom is another key sector indicating the internal restructuring covered more exclusively in *Caijing*. The big *Natural resource* companies are special in the way that they raise capital in hard currency to conduct large-scale acquisitions abroad in order to meet China's soaring demands for minerals and oil. Thus, *Caijing* also concentrates on the resource-based big firms, so as to feature the consolidated strategy of going out, which will be further illustrated later. In general, *Caijing* intends to reflect the 'bonding effect' from two aspects (Figure 6.4.2). The first aspect is the exclusive coverage of private firms' listings that aim to overcome the restricted domestic market environment and find overseas developmental path. The second aspect is that *Caijing* pays attention to both significant and insignificant (including failed and mostly fraud cases) SOE listings, so that it reveals various dimensions of the IPO activity.

² Wang Xuebing was the president of China Construction Bank and abruptly sacked for corruption. The scandal is a typical case to reflect China's urgent need for restructuring of the state-owned banks ('Wang Xuebing Shock', 20.01.2002, *Caijing*).

Figure 6.4.2 Distribution of industries/companies for foreign IPO



The second implication refers to the internal reason why the SOE privatization is being policy-led. The overseas stock exchanges play a vital role in privatization programmes (Megginson and Netter, 2001). More importantly, in China the private firms face cumbersome formalities when seeking approvals from government for new listings (Klssel and Santini, 2004; Ling, 2005). There are criteria for corporate selection by the Chinese Security Regulatory Commission (CSRC), which is directly responsible for approving applications of foreign listing, the decisions are often subject to noneconomic factors since the process is tightly controlled by the government. Thus, for instance, the factors such as political connection, geographic quotas, and 'protected industry' status largely exclude private corporates, which have much less access to government resources and ability for lobbying (Jia, Sun and Tong, 2005). From this perspective, the wave of Chinese IPO on a worldwide scale is to achieve the government's primary goal of SOE privatization under the context of market reform. Therefore, contrary to *Caijing's* approach, *The Economist* appears to follow more closely the Chinese government's agenda of SOE-triggered listing echoing the reform advocacy. In the words of Walter and Howie (2006), *The Economist's* industry/company distribution in Figure 6.4.2 features the sale of state assets in a parallel market, called 'privatization with Chinese characteristics'.

In summary, except big deals prominent in both financial and political terms (e.g., Bank of China, China Construction Bank), *The Economist* and *Caijing* show sharp differences in addressing the market with regard to Chinese listings abroad. *The Economist*, with clear emphasis on state-owned sectors, prioritizes political agenda over IPO deals' economic significance. The distribution mirrors the picture of how China intends to restructure and privatize the SOEs. *Caijing* tends to shift the focus to private firms that are comparably neglected in terms of capitalization but are a salient aspect of market reform. *Caijing* discursively undermines the impact of Chinese government on the IPO activities and sheds light on *de facto* market reform, which is defined and set as a pioneering example of the effective reform regardless of those market actors' economic or political strengths.

6.4.3 ODI

Compared with the media pattern addressing foreign offering, *The Economist* and *Caijing* appear to be more alike in distributing their attentions to sectors/industries when covering outward investments. Despite the fact that China's ODI is also mainly state-led, both the magazine's coverage tends to be skewed toward private commercial deals, especially in manufacturing. Also, the state-dominant characteristic is not as clearly identifiable as the IPO event. Except the state-led energy sector that receives the most attention, both magazines (particularly *The Economist*) put emphasis on private manufacturers. Those spotted deals—e.g., Lenovo (bid for IBM's PC unit), Huawei (failed acquisition for 3Com, US tech firm), TCL (joint-venture with Thomson, French TV maker), Hair (failed bid for Maytag, US white good producer) and SAIC (completed bid for Ssangyong Motor of South Korea and failed acquisition of MG Rover)—are mostly controversial or failed in the respect that they have triggered surprise or even unease in the West (Schüller and Turner, 2005).

Table 6.4.3-1 Comparing investment pattern and media pattern of ODI

Real world statistics ranking (by bid value)	Media conceived significance (by frequency)
1. CNOOC	1. CNOOC
2. Lenovo	2. Lenovo
3. BOE Tech	3. TCL
4. Haier	4. Haier
5. SAIC	5. CNPC
6. PetroChina	6. SAIC

NB: The real-world data is compiled from a table in Schüller and Turner (2005:11) by the bid value in Euro.

By investigating individual companies, it is observable that media patterns clearly deviate from real-world situations. Table 6.4.3-1 shows that in terms of bid value, the companies ranking the first six positions by real-world statistics do not exactly match how the magazines rank the deal in terms of prominence. The third-largest deal of BOE Technology acquiring South Korea's Hydix is completely absent in both the magazines. TCL-Thomson's joint venture instead is the third-most-focused case for both the magazines because of the controversy associated with this deal³. CNPC is another case where extensive media attention does not match its economic significance, because its various investments in oil or gas projects on a worldwide scale has been mentioned excessively in both magazines.

Table 6.4.3-2 Frequency of industries/companies for ODI

ODI	The Economist				Caijing		Remarks
	Companies	Main-theme d	Non-main-t hemed	Main-the med	Non-main-t hemed	Target Markets	
Oil/Gas	CNOOC	15	7	14		Indonesia, US, Norway, Nigeria, Iran, Kazakhstan	Unocal

³ TCL failed its European market expansion after it merged with Thomson, the French TV maker.

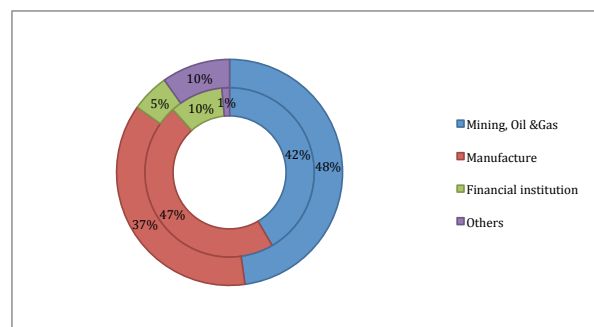
	PetroChina	3	1			Kazakhstan, Africa	
	Sinopec	5	1	3		India, Brazil, Angola, Gabon, Iran, Columbia, Kazakhstan, Russia	
	Andes Petroleum	2				Ecuador	
	CNPC	6	2	9		Kazakhstan, Peru, Venezuela, Russia, Iran, Canada	
	Longdu Oil Corp			2		Russia	Private firm
	GUPC			1			
	CITIC Group			2		Kazakhstan	
	Aviation Oil			2			
Mining	Baosteel	7	1	2	2	Brazil, Australia	
	Sinosteel	1	1			Australia	
	Shougang Group	1				Peru	
	Chalco	1	1		3	UK, Canada, Australia	
	Yanzhou Coal	1					
	Minmetals	1		2	2	Canada	Noranda
	Zijin Mining			1		Peru	
High-tech	Lenovo	8	10	4	5	US	
	Huawei Tech	6	1	4		India, Sweden/Germany/US, UK	
	China Mobile	1	1			Pakistan	
	Hutchinson Ports	1				India	
	Hutchinson Whampoa	1				India	
	PacificCenturyCyberWork	1				India	
	SEPCO	1				India	
	SVA	1				Japan	
	中信泰富				1	HK	
	BenQ			1		German	
	CNC (网通)			1		HK	
White goods	TCL	8	2	4	4	France	
	Haier	7	3		2	Iran/Indonesia/US, India, US	Maytag
	Konda	2				Mexico	
	Hisense		1			Algeria/Hungary/Iran/Pakistan/S outh Africa	
	长虹				2	US	APEX
ut	SAIC	7		5		South Korea, UK	

	Great Wall Motor	1		Iran, Ukraine	
	Wanxiang	1		US	
	NAC		1	UK	
Financial Institutions	Bank of China	1	1	Singapore	
	China Development Bank	1	1	UK	
	China Investment Corp	1	2	US	
	CITIC Group	2		US	
	Minsheng Bank	1		US	
	ICBC	2	1	1	South Africa
	Ping An	1		1	Belgium
	[Government]	2			
	[State investment funds]	1			
Others	Holley (华立控股)		1	US	
	Shenzhen SEG (赛格)		1	South Korea	
	HengAn Int'l (恒安国际)			1	Cayman Islands
	Holley 华立集团			4	US
	[Zhejiang motorcycle factory]			1	Nigeria
	SHANGHAI HONGSHENG TECHNOLOGY CO., LTD			1	
	Anonymous [oilfield]	1			Sudan
	Anonymous [ex grains]	1			Philippines

Though there are various market entry modes such as mergers and acquisitions (M&A), Greenfield investment, joint ventures, M&A is conventionally preferred in the context of real economic data or for the interpretation of data in economic/political discourses. Chapter 3 has explained reasons for the domination of M&A in theoretical and interpretative aspects. The similar media patterns seem to echo these characteristics. Judging from Table 6.4.3-2, the company categories distribute evenly to joint ventures, new factory set-ups, acquisition, and so forth. But the most counted main-themed articles covers almost exclusively the M&A deals. According to the actual Chinese M&A data in sector distribution, *Mining* and *Manufacture* (including *High-tech*, *White goods*, *Auto* in

Table 6.4.3-2) account for almost all M&A deals, or over half of total stock (Figure 3.3.1-3). By overall ODI flow, natural resource extraction projects also take the largest proportion during the same period of time (Salidjanova, 2011). In terms of coverage in the two magazines, *Mining* and *Manufacture* rank in the first two places (Figure 6.4.3). Though the media pattern matches the general investment pattern, it is not necessarily indexed by mainly the cross border M&A activities, as the deals both magazines addressed do not particularly concentrate on M&A. The comparison indicates that media intends to reflect the overall ODI trend, rather than using M&As as an index.

Figure 6.4.3 Industrial distribution of covering ODI



However, comparison with real-world data of regional distribution manifests that media still focus more on the M&A activities with purposes other than profit-maximizing. From Figure 3.3.1-1, M&A deals in Asia and Africa account for slightly more than in Europe and North America by both number of deals and by stock. And in Figure 3.3.1-2, Asia and Middle East take 75 per cent of total ODI stock in 2009. In contrast, Table 6.4.3-2 indicates that most of the heavily concentrated deals in both magazines are cross border M&As in North America, Europe, and Australia, though the overall pattern does reflect that the Asian region ranks in the first place in ODI deals. The phenomenon proves that on one hand Chinese M&A serves as the main vehicle for investment in developed markets

and the acquisitions of technology, brands, and know-how are the ‘bargains’ of what the Chinese companies are seeking in Western markets (Gao, *et al.*, 2003); on the other hand, the coincided patterns of general ODI, cross border M&A, and media presentation are driven by the same macro factor—the intensified level of domestic and international competition faced by Chinese companies and their foreign counterparts (Salidjanova, 2011).

There is another reason why M&A has rather been the index of overall ODI activities, even though it accounts for a relatively small share of total ODI. Due to a lack of transparency for round-tripping activities, China does not have systematic statistics on ODI, which vary depending on the source. So, M&As provide much more comprehensive figures that are more measurable (Hong and Sun, 2006). If non-trade capital movement and round tripping were included, top destination markets for Chinese ODI would be Hong Kong, Cayman Islands, and British Virgin Islands, and so forth (Figure 3.3.2-2), which are only occasionally mentioned by *Caijing* in the *Others* category of companies’ round-tripping activities. Therefore, it is conclusive that statistic comprehension is a salient factor affecting the two magazines’ decisions on selection of which ODI deals are to be covered.

As Table 6.4.3-2 shows, there are differences between the two magazines’ presentation of industries/companies. There are also similar patterns of covering big or controversial deals as previously illustrated. It is recognizable that *Caijing* prefers to focus extensively on failed or disputed deals, which *The Economist* tends to ignore, for example, Minmetal’s failed bid for Canada’s Noranda and Changhong-APEX dispute in the TV making industry. Whereas, in the category of *Mining, Oil and Gas*, *The Economist* puts more emphasis on Chinese SOEs in energy sector by analyzing them with main-themed articles; *Caijing*, in

comparison, pays more attention to the ODI activities of the private oil firms. In the category of *Manufacture*, *The Economist* shifts its focus to private firms, while *Caijing* shows much less interest in covering either state-owned or private manufacturers. Also, for the *Financial institutions*, *The Economist* intends to mention far more regarding Chinese banks' investments than *Caijing*.

There are two main reasons to explain the differences in coverage of the ODI deals in the two magazines. First, the reason *The Economist* addresses natural resource investments, the state-sector-dominated characteristic is due to the political rather than profit-maximizing incentive. To a large extent, the Chinese government supports the ODIs to create world-class companies that could better showcase China's economic power and enhancing national pride. SOEs' participations in the 'go global' procedure particularly promote China's institutional mechanism—market economy with socialist characteristics—in the competition of international marketplace (Gao, *et al.*, 2003; Luo, *et al.*, 2010). The ideological purpose, together with deeper degree of policy support, make ODI activities to be the more direct and important means of liberalization and decentralization. It also explains why *The Economist* ODI coverage outnumber the IPOs. Though in *Manufacture* sector *The Economist* shifts the focus to more private deals, most of the acquisitions that the manufacturers account for regarding the biggest share are still largely government funded, according to an unofficial source (Figure 3.4.1). The second explanation for *Caijing*'s contention of covering more private firms is that its incentive is to advocate market reform. *Caijing* inclines to shape the ODI activities as the *de facto* market reform by emphasizing the private sector's participation in the globalization process, even though it accounts for a much smaller share of total investments in real-world situations. Thus it is reasonable for *Caijing* to put more emphasis on failed and controversial deals that may not have much economic significance (except the

CNOOC-Unocal case, as it was too prominent to ignore). It can be argued that such experience serves an educational purpose for real market economy (other than state sector) on how to become truly competitive internationally in the structure and protocols governing global economy and politics.

6.5 Discussion and Conclusions

This chapter utilizes comparative content analysis in a quantitative approach to explore the narrative structures of *The Economist* and *Caijing* in reporting the compelling stories of Chinese economy going global. Specific narrative elements that could be quantified are measured to compare across the two magazines and across three selected events. It is hypothesized that two magazines would manifest distinct narrative characteristics based on their differences in the studies of the media content and institutional natures, as indicated by *Hypothesis 1* and *2*. However, the numerical results provide a general proposition that unexpectedly *The Economist* and *Caijing* share rather similar formations of portraying Chinese economic globalization and the agenda of synthesizing commercial facts with economic and political debates.

The similarities are summarized as follows:

1. Amongst the three events, the WTO accession attracts most diversified *styles* of reporting for the two magazines, with *News*, *Features*, and *Editorials* much more evenly distributed. Generally, the two magazines favour the style of *Feature* that accounts prominently across coverage of the three events.
2. In examining the *Topics*, both show similar judgments and understandings of how the three events inherent within the economic globalization are constructed by selecting and shaping different topics under different categories of events.

3. In *Topics*, both the magazines shed light on case-oriented or business-oriented narrative, which prioritizes the entrepreneurial activities as the most prominent component of constructing all the events.
4. The overall pattern in *Topics* reveals two dimensions of the media narrative methods—factual reporting of commerce and articulation of economic/political ideas.
5. In the investigation of *Countries/Regions*, the two media appear to distribute the attributes of mentioning the general regional categories of *Asia*, *West*, and *Others* - in relation to China.
6. The United States and the European Union are the two most cited economic entities not only because of their economic prominence in the integration process of Chinese economy but also—and perhaps more importantly—because of the political influence in the rule-setting and decision-making processes under the frameworks of global institutions.
7. In measuring the occurrences of *Industries/Companies*, it is notable that for both magazines their media agenda do not match the economic agenda derived from real-world statistics across all three events, although, the ways of deviating from real-world situations vary according to the specific agendas set to construct different events.
8. In covering China's WTO accession, the two magazines' agenda of selecting and accessing market actors primarily serve the interests of stakeholders, who are also the readers of two magazines. The capital-driven agenda indicates that capital-intensive industries/companies attract most media attention rather than those of overall economic significance.
9. Deliberately avoiding the SOE-dominant phenomenon in real-world situations, the two magazine's coverage of ODI is clearly skewed toward deals of private

enterprises, especially private manufacturers. Also the overall deals the two media address do not emphasize the cross borders M&As as the economic statistics indicate.

These conclusive points of narrative similarities primarily provide a general picture of media agenda covering all the three events, while more specific characteristics of difference are perceived from comparisons across both media and events, as summarised below.

10. *Caijing* more extensively prefers to use the external narrators (i.e., inferring the styles of *By Invitation* and *Exclusive Interviews*), while *The Economist* prefers the *Special Report* by its own journalists/editors.
11. *The Economist*'s selection of invited authors manifests a strong political dimension. *Caijing* acts as a platform for economists, businessmen, and financial analysts to disseminate the information of policy-making or corporate activities and enunciate economic ideas or political views, according to their different communicative purposes.
12. In measuring Countries/Regions in the coverage of the WTO accession, the *Economist* contains more diverse interests in discussing China's economy with relation to more national players. In particular, *The Economist* highlights some seemingly insignificant countries that trade relatively in lower volumes with China, but are more strategically relevant in the power politics with relations to China and others.
13. The examination of *Industries/Companies* indicates how the media set different agenda to reflect their construction of China's economic globalization, incorporated with different understandings and compositions of the three events.

14. In the story of the WTO accession, *Caijing*'s narrative tends to be controversy-led, such as its extensive reports on automobile and telecommunication industries that are key sectors confronting unique internal developmental obstacles as the markets open up.
15. In covering foreign IPO, in contrast to *The Economist*'s clear emphasis on political initiatives of the cross-listing agenda ('privatization with Chinese characteristics'), *Caijing* intentionally chose to follow the agenda of private firms that are comparatively neglected in terms of capitalization and economic significance. It discursively tries to undermine the government-dominant characteristics, so as to advocate the de facto market reform that reflect the business mentality of modern China.
16. As to the event of ODI, *The Economist* also manifests the state-sector-dominated characteristics as it follows the political agenda rather than the firms' profit-maximizing incentives. Whereas, *Caijing* inclines to cover more private firms that account for a smaller share of total investment and—more extensively and exclusively—controversial, even failed deals. Its contention is to picture the ODIs as the de facto market reform by emphasizing the private sector's participation in the globalized processes and serve the educational purpose for market reform—how to become internationally competitive regardless of the policy support in the structure and protocols governing global economy.

Based on the similarities and differences, it is worth discussing the following three issues. They are not only significant in extending the findings in the *Economist* and *Caijing* to conceptualize the characteristics of elite financial media in general, but also could identify the reasons embedded in market or state to explain how and why the distinct agenda settings are formed, and how they interplay with other social institutions.

I. Two-layered narrative formula: facts + opinions

The conclusions infer that the overall quantitative similarities portray a big picture of how elite financial journals cover the topic in a shared professional manner. More specific points of differences mostly echo the *Hypo 1* that their different narrative characteristics are the reflections of their own historical and institutional natures. What is neglected from the comparison of differences is that both the magazines fuzzily divide their specific narratives and show a mix of styles. Therefore, the similarity of the narrative methods—reporting of facts and discussion of opinions— appears to be more prominent than the differences based on *Hypo 1*. The two financial journals are widely influential in the small circle of the elite, because they bring together these two strands of financial journalism to the table among practical business, abstract theories, and political views. The language for shaping economic reality and popularizing ideas refers to the ‘intimacy of this literary form which informed, educated and entertained specific social groups’ (Parsons, 1989: 22).

However, by testing *Hypo 2*, we cannot conclude that the difference between the two magazine’s agenda of their ideological orientations is either strictly political or economic. The similarities mirror that media agendas of two magazines clearly do not match the real economic situations. The agenda deviation proves that they mean to construct the realities in the shared, sustained, and committed ways. The differences infer that their structuration of reality contains different narrative purposes. By focusing more on domestic controversies, *Caijing* provides the Chinese business community with articulated language in business to inform and educate the emerging commercial and financial classes in China. It puts business facts and economic opinions into a kind of language and legitimacy, which China had hitherto lacked since the market reform in early 1980s. From a different standpoint, *The Economist* has already developed to better understand the economic

attitudes with ‘the same sort of coherency and intellectual respectability that the English Constitution provided for political order’ since the mid-nineteenth century (Parsons, 1989: 27). Thus compared with *Caijing*, *The Economist* appears to narrate the three events in such a way that economic and political issues appear to be inseparable.

II. Contextualizing ‘journalistic professionalism’

From the perspective of the political economy of media, so far both the similarities and differences concluded above confirm that *Caijing* has become a hybrid model of financial media under media censorship and transitory economic status (*Hypo 1* and *2*), and that the ‘production incentives’ are primarily relational to the financial interests of readers, who take the dual role as both audience and the stakeholders in the events the media cover (*Hypo 3*). To understand the mixed characteristics of *Caijing*, it is helpful to revisit the historical development of *The Economist* for its intellectual interplay with the domains of economics and politics and compare the situations across the Atlantic with the US elite financial media. During the nineteenth century in the United Kingdom, the idea of free trade was wavering. The magazine led by Wilson and then Bagehot had established the reasoning economic writings reveal how the business mind worked and shaped the ‘common ground’ for both commercial facts and ideas of professional economists. At the height of Victorian economic prosperity (1862-79) and the age of empire, financial media like *The Economist* provided the market and the nation with analysis of institutions, markets, and companies, which complemented and reinforced the theoretical preoccupations of the economic profession and opinion of the City (Parsons, 1989: 31). Since the 1900s, the ‘economic era’ ended, as did the political system of the mid-Victorian period. Financial media were largely forced to shift focus toward financial market and speculation. The old controversies in economic policy debates were settled (e.g., currency,

trade, and income distribution) but new controversies did not call for media analysis yet (ibid: 42).

Due to these factors, demand for economic ideas declined according to Bagehot's explanation that the 'idea cycle' follows the business cycle—that is, in times of crisis men need ideas, when times are untroubled they do not. However, when comparing across the Atlantic, the elite financial media has diverged in economic discourse along with the changing economic and political contexts. In the UK, *The Economist* stood out as the 'last bastion' (ibid: 40) of the old quality financial journalism based on intellectualism and maintained the role as teacher rather than tipsters to readers, despite confronting the more complex investment world and new demand for notes and advices. Whereas, in the United States during the same period parallel to Britain's free trade movements, it was Jacksonian democracy as opposed to the influence of special interests. This reform led to the 'muckraking' journalism with a sensationalist style of reporting behind the scenes that was totally different than Bagehot's quality journalism. Therefore, as the times changed and the investment world became more complicated, US financial media that depended on circulation had been devoted to the growing speculative public, to puff up shares in the unregulated business world.

From the reviews and comparisons in the UK and the US, it is conceivable that the establishment of financial media is coherently embedded in the changing scenes of political economies and market development. Thus, an analogy between comparisons across the Atlantic and comparisons between the West and China is reasonably necessary to pin down the underlying factors of *Caijing* being a unique case of Chinese elite financial journal. As China opened up its trade and foreign investment for over three decades, not only has China experienced the profound impact of its commercial expansion but also the

world's politics, economics, and societies are reshaped by the emergence of China as the leader of the East Asian economic renaissance. The rise of China and its possible decoupling effect from world economy may not be as representative or radical as movements of the US and UK trade during the Jacksonian democracy in the 1800s, which was led by single nations. But, it is a key factor for unfolding economic globalization, as well as manifesting a unique developmental path in transitory status of political economy and contesting ideologies. Though initiated by a governmental institution, *Caijing* was funded by a group of private investors who support the market liberalization for the sake of their business interests.

Given the context in which it was established to educate the growing numbers of wealthy people about the rationales and ideas of trade and investment, from the very beginning, *Caijing* has shown the dual nature of the financial journalism professionalism, which provides professional knowledge of economics and finance on one hand and on the other is inherently on shaky ground to uncover scandals in business and politics to legitimize the logics of profit-maximizing in a free market. Tentatively, it is conclusive to discover that the narrative similarities reflect the committed economic discourse developed by *The Economist* of being factual and opinionated collaboratively. In addition, the differences shed light on *Caijing's* mixed narrative characteristics of 'muckraking' market wrongdoings and catering to thriving investment opportunities. To summarize, by showing the hybrid characteristics of elite UK and US financial journals at different stages of evolution, *Caijing* acts as a reflection of the fast-growing Chinese economy under the ever-complicated and much-larger scale of global political economic situations within a shorter period of time than demonstrated by the development of Western capital and its expanding dominance in the nineteenth and the twentieth century.

III. Elite financial media's agenda setting

Both *The Economist* and *Caijing* set their media agenda deviating from the real economic world but in different ways. What can be inferred from this observation is that the production incentive of the two magazines incorporates the external economic and political agenda with their internal agenda of narrative construction. Within certain economic contexts, both magazines portray China's economic global integration in *case oriented* and *capital driven* manners. The picture is shaped to emphasize the entrepreneurial activities rather than government-dominant ones in order to make the business mentality outweigh the political factors in China's economic expansion. However, in other—perhaps a broader—sense, *The Economist* inclines to internalize the economic agenda of private sectors with the political agenda of the economic events, which were actually taking a dominant place. *Caijing* tended toward inhabiting an economic world full of controversies on the domestic front.

These seemingly contesting and contradicting observations are not hard to justify by searching the logic of highly intertwined relationship between economic news and their readers who are simultaneously the consumer of the news and the market participants taking part in the stories. For catering the interests of Anglo-American investors and policy-makers, *The Economist* provides readers with ideas and economic analysis that are the principles inherited from centuries of developing the journal, as well as the investigative facts in statistical approach so as to meet the speculative needs of people wishing to profit from a rising economy by joining global marketplace. For *Caijing*, though its readers are also interested in both economic discussions and speculations, they demand them for different purposes. The business activities and policy debates in China involve not only the motives of profitability in immature markets of commodities and financial services but also the high tide of political economy on a new scale including

controversies. Therefore, based on the assumption that both the magazine's ideological stances were neo-liberal, the 'production incentive' of *The Economist* is to synthesizing (of economic and political agendas) and improving (to confront a more complex investment world, a new scale of economic activities and new demand for opinions and advices). While *Caijing's* is to disseminate ideas of free trade and neo-liberal economic reasoning and work towards 'winning converts' (for market liberalization under the rules of Communism). The reasons for the different agenda setting is at least partly due to the incentives of the media to serve the interests of their readers who are ultimately the stakeholders of what the media chooses to cover.

Chapter 7.

Constructing neoliberal narratives— Frames of headlines

Based on Holsti's comparative content analysis framework, the previous chapter investigated the quantitative aspects of the narrative characteristics in the first category, targeting the 'what' question. The question of how the narratives are produced and, crucially, how the ideologies are embedded in journalistic texts are to be revealed from a qualitative approach. Frame analysis will be employed and compose of two parts—headline narrative structure, and frame of the main texts. This chapter will explore the headline texts in their narrative construction and examine the processes of structuration of the discursive elements and their interconnectivities. Chapter 8 will continue to examine the how the texts under the narrated headlines are framed. In Chapter 9, empirical evidence (including interviews with journalists and editors from two media) will also be brought into the analysis, as another dimension of comparison.

7.1 Synthetic analytical framework

In Chapter 4, narrative structure was explained in detail from a cultural perspective in accordance to Bal's theory of narratology. The following three chapters will employ a combined analysis of narrative structure, frame, and interviews in the attempt to combine the necessary qualitative analytical parameters in order to explore narrative construction. According to Entman, 'to frame is to select some aspects of a perceived reality and make them more salient in a communicating text, in such a way as to promote a particular problem definition, causal interpretation, moral evaluation, and/or treatment recommendation for the item described' (1993: 52). An example is the 'Sinophobia' frame that dominated *The Economist's* coverage during the period leading up to China's joining

the WTO. The Sinophobia frame highlights a type of Western perspective toward China's growing economy—as problems, identified the source (some American politicians), offered judgments (not beneficial for US), and commended particular solutions (cooperate for a win-win outcome). Frames have the functions of (1) *defining problems*—determine what a causal agent is doing with what costs and benefits, measured by common cultural values, (2) *diagnosing causes*—identify factors creating the problem, (3) *making judgments*—evaluate the causal agents and their effects, (4) *suggesting remedies*—offer and justify treatments for the problems and predict their likely effects (ibid). The framing process, according to Entman, coincides with the flow of frame construction. It is a combination of what Sheufele (1999) calls frame-building and frame-setting. Frame construction is the process researchers take up where journalists leave off (D'Angelo, 2002), because journalists do not engage in the extensive self-reflexive examination of the role news plays in the construction of reality (Tuchman, 1978). For researchers, the realities that journalists construct are analyzed in discourse units that consist of framing devices that carry frames.

7.1.1 Synthesizing critical and constructionist paradigm

Epistemologically, the frame analysis contains a combination of critical and constructionist paradigms for defining frames. Scholars in the critical paradigm hold that frames are the 'outcome of news gathering routines by which journalists convey information about issues and events' from the perspective of political and economic elites (D'Angelo, 2002, p. 876). For instance, in *Caijing*, there are a substantial number of articles written by invited policy-makers and economists analyzing market trends. Some articles are portrayed in the frame of *elitism*, which demonstrates that elites' opinions on political and economic issues are authoritative and influential in promoting the magazine's advocacy of free market and free trade principles. This confirms the suggestion that news is 'a significant part of the structuration process as it works to frame the hegemonic social relations' (Martin and Oshagen, 1997: 690). The critical paradigm argues that (1) in constructing frames, news outlets select some information and intentionally omit others, and the selection and

omission process will foster a single viewpoint supportive of the status quo (Reese and Buckalew, 1995; Entman, 1991) and (2) that audiences could cognitively mediate the power of news frames. On the other hand, the constructionist paradigm provides the alternative perspective that ‘journalists are information processors who create “interpretive packages” of the positions of politically invested “sponsor” (e.g., sources) in order to both reflect and add to the “issue culture” of the topic’ (Gamson and Moddiliani, 1989; D’Angelo, 2002: 877). For example, in the *Economist*’s coverage of free trade issues in bilateral and multilateral basis, *political consequence* is a highly accessible frame for such stories, instead of economic discourse and statistics. In the *political consequence* frame, *The Economist* would narrate the economic stories by interviewing policy-makers and interpret them within the political context, as the previous chapter suggested. Key features of the constructionist paradigm are that a frame can dominate coverage for long periods of time, and secondly, that constructionists see frames as a ‘tool kit’ (Swidler, 1986), which is ‘developed, spotlighted, and made readily accessible’ in order to have a higher degree of being used (Gamson and Moddiliani, 1989), a more pragmatic approach than that of critical scholars.

However the two different paradigms can be used in a complementary approach by looking at their common features. Since the aim of this frame analysis is primarily to investigate the ideological role of two magazines as ‘belief producer’ (Edwards, 1993)—how they form opinions and in what ways opinions are advocated—a comparative framework is adopted to study how texts are given particular meanings incorporating different cultural artefacts (Pinker, 1994). In the point of view of critical scholars’, source selection is a process of ‘media hegemony’ (Solomon, 1992), while the constructionists believe that it is the news organization that limits the range of information on a given topic. Despite these distinct views of how the hegemonic structure is formed, both paradigms agree that collectively the frames have impact on the audiences’ understanding of events and the reactions to the media frames, while they reach an agreement via different but complementary approaches. Constructionist research focuses specifically on the ‘moods and gestures that “key” a phenomenon from one frame to another’, whereas the critical

research sheds more light on the ‘ideological function of news-work’ in the institutional aspect that accomplish transformation (Tuchman, 1978: 195). Based on the synthesis of the multi-paradigmatic framework, the methodological design of this chapter comprises of two flows of frame construction process (Sheufole, 1999), in which the researcher needs to ‘identify journalistic intentions, news values, discursive structures, and content formats’ (D’Angelo, 2002: 881). According to the different type of *framing device* that denote the constitutive elements of the frames, one flow of framing pinpoints the headlines’ *narrative structure*. Another flow aims at investigate *frames* of the article, incorporating *headline frames* and *viewpoints* that the opinionated elements in each article carry.

7.1.2 Two-layer frame analysis

As Table 7.1.2 depicts, three narrative elements from each of the three layers of narrative structure in headlines comprise the first flow of construction from a constructionist perspective. The reason to use the *headline* as a separate frame device is for its mega-cognitive function, which focuses the audience, creates interest and arouses curiosity. ‘A headline is the most salient cue to activate certain semantically related concepts in readers’ minds; it is thus the most powerful framing device of syntactical structure’ (Pan and Kosicki, 1993: 59). Bowker (2008:170) explains that headlines serve vital functions that are ‘describable in cognitive, textual and affective terms’. Because of the headline’s cognitive function, the linguistic features of the headline are examined alongside the frame coding. The ‘narrative structure’ is an essential set of headline index that specifically deconstructs the linguistic nature of the headline into three layers—fabula, story, and text—drawing on definitions of Bal (1994). Within each layer certain features have been picked up to trace the process of journalist – reader’s constructions and thus uncover the ideological components. Chapter 3 has already explained the definition and detailed classifications of each narrative layer. As Bal indicates, three layers of narrative are distinguished in order to analyze separately, but that does not mean that they exist independently of one another. The classification is a theoretical supposition derived from a

process of reasoning. In the framework, the sample texts of headlines are identified as different layers based upon the criteria of which narrative layer embodied in the texts directly accessed by readers as the most effective for its readers. By the same token, each element highlighted from narrative layers (i.e., the actor, focalization, and metaphor) is the most accessible part for readers to catch and for the headline texts to manifest.

Table 7.1.2 Two flows of frame construction¹

Headline	Article
<i>Constructionist paradigm</i>	<i>Critical paradigm</i>
<i>Narrative structure</i>	<i>Frames</i>
<ul style="list-style-type: none"> • Fabula—Actor • Story—Focalization • Text—Metaphor 	<ul style="list-style-type: none"> • Cost-benefit analysis • Economic consequence • Political consequence • Elitism

FABULA—Actor: Three models of the classification of actors display major narrative function in fabula (see Table 3.1 in Chapter 3). What is needed to justify is the third model—actors’ relations. Besides the *ideological opposition*, such as democracy versus authoritarian regime, the most commonly found relation between actors is the international political relation. Under this category, further classification is to identify the countries, for example the Sino-America and Sino-Japan relation.

STORY—Focalization: focalization is the most important concept in the story, where fabula is treated in different ways to reflect different interpretations of the reality. Three strategies of focalization are identified for different ways that the headline selects information from a particular point of view—zero-focalization, internal-focalization, and external focalization. Specifically, the headlines, quoted statements, or key words, or those indicating someone’s opinion as an invited author or interviewee are counted as internal focalization. But the titles framed in internal focalization are not necessarily those in the *style* categories of ‘by invitation’ and ‘exclusive interview’. For example, one of *Caijing*’s

¹ As Chapter 7 looks at the headlines narrative in the constructionist paradigm, the frame of each article will be explained in more detail in the next chapter.

exclusive interview articles titled ‘Not merely because of promise’ ([并非因为承诺], 29.11.2004) is categorized as internal focalization, because it is a direct quote from Long Yongtu, who was in-charge of bilateral negotiations for China in its attempts to join the WTO. External focalization, however, refers to the textual presentation of the headline restricted to the perception of journalists, or the magazine (in *The Economist*, journalists are anonymous). It is the journalist that acts as the focalizer reporting what is visible to the media (i.e., camera).

TEXT—metaphor: Instead of focusing on the identity of narrators in the text level (as the issue has been investigated in previous chapters), metaphor is particularly underpinned as a type of description in the argumentative characteristics of the texts, because it points to the headline’s textual role of presenting opinions or advocating the magazine’s own. Metaphors in headlines often serve the function in the way that the more meta-discursively explicit the metaphoric titles are, the more the reader is intrigued to read the preceding co-text in order to find out what it is all about and at the same time ‘persuasively positioning the reader as to what perspectives they should bring to the text’ (Bowker, 2008: 171).

7.1.3 Summarizing numerical results

This part attempts to map out how the narrative structure and frames are distributed as a whole picture, based on three streams of comparison: (1) shared characteristics for both media and all three events; (2) difference across three events for both media; (3) different features for the two magazines across events. To start examining the headlines’ narrations, each headline is recorded twice. The first count of narrative structures reflect how the information and/or idea contained in the headlines are interpreted and understood in three different ‘functional processes’ (Jahn, 1996) or ‘filters’ (Genette, 1980). The second count of frames show the semi-deductively defined frames derived from the viewpoint-loaded elements in each article. Table 7.1.3 compiles and consolidates all the counts for these two

types of data, comparing across media and events. Figure 7.1.3 visualizes the numbers in both absolute and relative terms in bar charts.

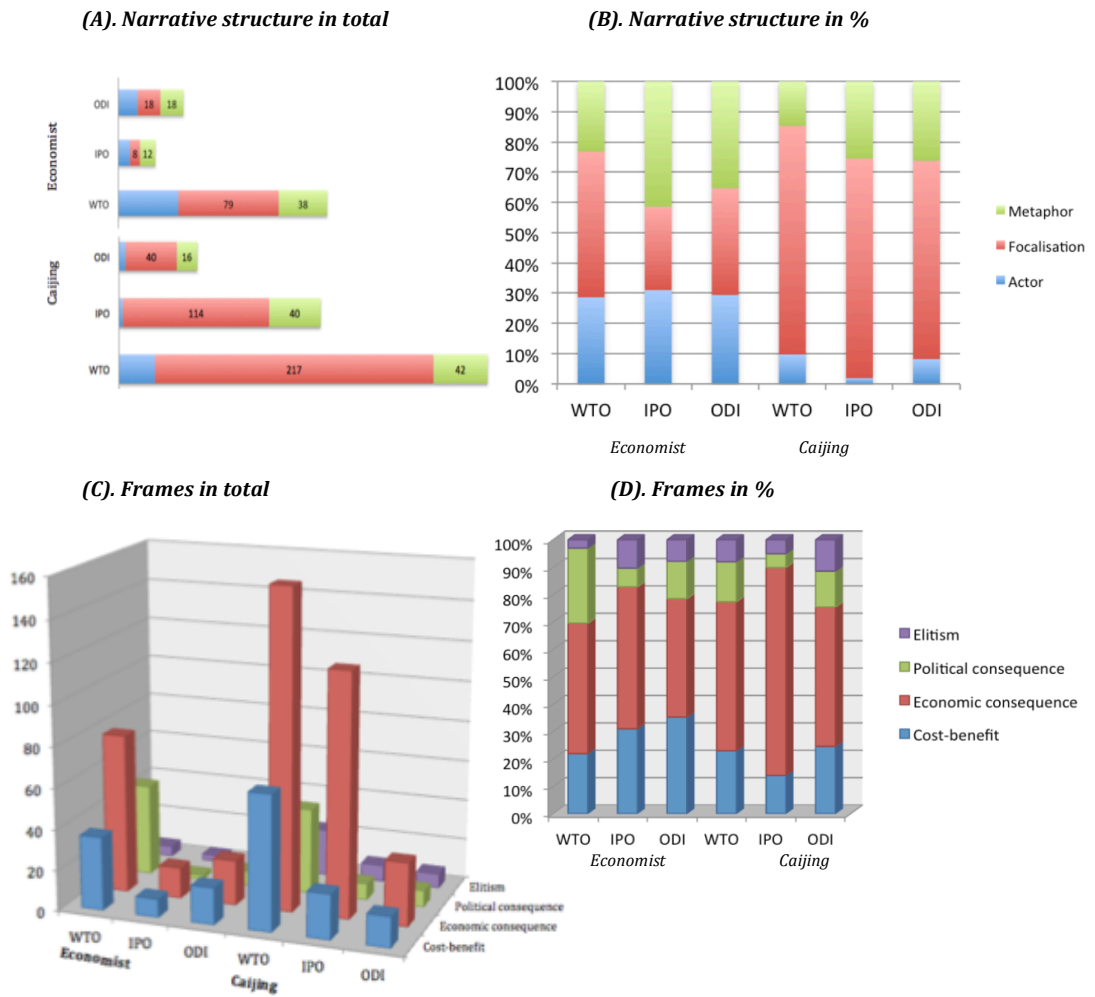
Table 7.1.3 Summary of narrative structures and frames

Narrative structure:	Economist			Caijing		
	WTO	IPO	ODI	WTO	IPO	ODI
Actor	47	9	15	28	3	5
Focalization	79	8	18	217	114	40
Metaphor	38	12	18	42	40	16
Frame:	Economist			Caijing		
	WTO	IPO	ODI	WTO	IPO	ODI
Cost-benefit	36	9	18	66	22	15
Economic consequence	78	16	22	156	119	31
Political consequence	45	1	7	42	8	8
Elitism	5	3	4	23	8	7

For three layers of narrative structure in general, headlines in the *Economist* are in favour of spotting *Actors* other than those in *Caijing* in both absolute and relative terms. The numerical results show as $N_{Actor}^{Economist} > N_{Actor}^{Caijing}$ and $\%N_{Actor}^{Economist} > \%N_{Actor}^{Caijing}$ (from Figure 7.2.2 [B]) in all three events. The sharpest contrast is in covering the WTO accession that $N_{Actor_WTO}^{Economist} = 47$ compared with $N_{Actor_WTO}^{Caijing} = 28$. Instead, what *Caijing* favours more in structuring the headlines is the focalization, ($N_{Focalisation}^{Caijing} > N_{Focalisation}^{Economist}$, $\%N_{Focalisation}^{Caijing} > \%N_{Focalisation}^{Economist}$) both in absolute and relative values. *focalization* in *Caijing*'s headlines accounts for much larger bulk in all three events than those in *The Economist*. As to the metaphoric style of headlines, both magazines choose much less *Metaphor* than in the other two narrative strategies. Only *The Economist* slightly outweighs *Caijing* for adopting *Metaphor* of headlines in relative terms. By comparing across three events, the stories of China accessing WTO accounts for the most usage of focalization for both media ($N_{Focalisation}^{WTO} > N_{Focalisation}^{IPO\text{ or }ODI}$) are clear, while the reporting of overseas listing (IPO) and outward investment (ODI) intentionally adopts a larger share of *Metaphor* than the percentage of

Metaphor in WTO ($\%N_{Metaphor}^{WTO} < \%N_{Metaphor}^{IPO or ODI}$).

Figure 7.1.3 Absolute/relative numbers of narrative structures and frames



7.2 Narrative structures of headlines

7.2.1 Actors

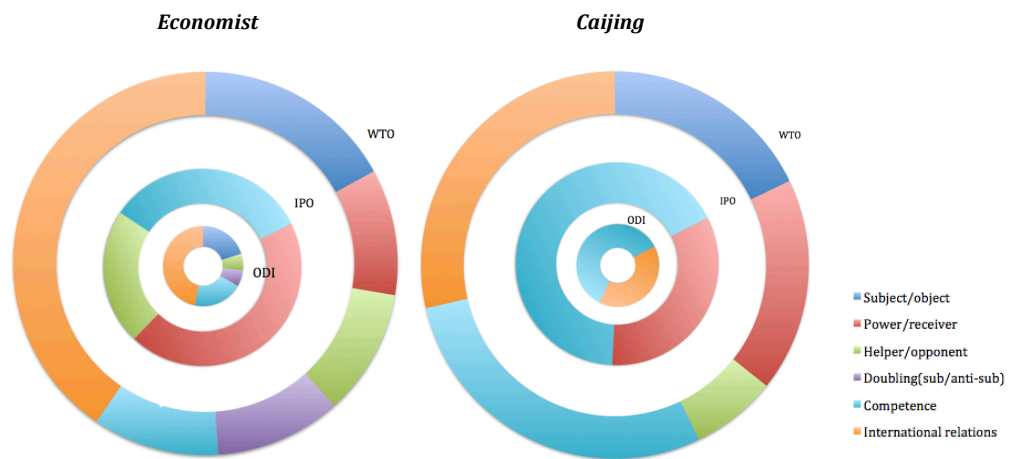
What can be concluded from the above findings is that *The Economist* and *Caijing* have quite distinct preferences for different techniques of storytelling and story understanding in framing headlines. Comparably, *Actor* appears to be much less ideologically loaded than the other two categories, focusing on (1) who are selected and presented as experiencing in the events; (2) what kinds of relationship among these actors the titles choose to depict; and (3) how are the selection and interpretation of actors constructing the narrative fabula for the interests of the audience. From Figure 7.1.3, *The Economist* tends to utilize *Actor* (who has experienced the event) in the titles to first draw readers' attention to the articles more than *Caijing*. In many cases in *The Economist*, this *Actor*-centred style also serves the function of reinforcing the elitist identity among its readership. By pointing out the *Actor* in several words, the headline is impenetrable to those who live a life that is isolated from the world of the actors.

For example the title 'Christopher Cox and the Chinese dance' (20.03.1999, *The Economist*) covers the US allegations on China's espionage on their nuclear information and puts more emphasis on analyzing the impact on trade relations with China. If the reader is not familiar with the 'Cox Report' in the first place, the headline makes little sense. Thus, the headlines of *The Economist* contain the cognitive function that they try to intrigue the readers before reading the story by focusing on the *Actors*, who could be an individual person, corporation, institution, or states engaging in the events, and who can connect to the readers' own perspective or experience.

In order to further understand the logic of selection and formation of sequence in fabula, it is necessary to have a closer look at the subdivision and distribution of actors. Presupposition of the narrative construction by Bal (1994) indicates that human thinking and action is directed toward an aim. In the subdivisions of actors, each *actant*, defined by Bal as a class of actors with shared characteristic quality and 'related to the teleology of

the fabula as a whole’ (ibid: 26), is selected and constructed in the model to represent certain relations to the aim (and only *functional* actors included in the analysis). Therefore, actors are important elements in the way that ‘they cause or undergo’ (ibid: 25) the sequences of events. The distribution of actant in comparing perspective across events and media provides clues to how the media select the actors, form the relations, and guard the boundary between inside and outside. Figure 7.2.1 maps out the comparison based on the types of actant mentioned in Table 4.2 in Chapter 4. Analyzing the findings, elaboration, and interrelations of the actants will be explained further.

Figure 7.2.1 Distribution and comparison of *Actors* in headlines



The diagrams indicate that *The Economist*’s usage of actors outnumbers that of *Caijing* but also and perhaps more significantly much more diversified classes in *The Economist* than in *Caijing*. In the first two categories, a subject-actant is identified in *Subject/Object* and *Power/Receiver*, in which the *receiver* is often the same as the *subject*. The merging area of dark blue and red indicates that such a format is mostly employed in covering international trade (WTO). In the stories of IPO, the *subject* in both magazines’ portrayal is in itself not of sufficient intention or capability to reach the *object* (the aim). Only red areas in the IPO topic indicate that there is a *power*, consisting of those who support the subject ‘in the realization of the intention, supply of the object, or allow it to be supplied or given’

(ibid: 32). In comparison, stories of Chinese companies' overseas expansion (ODI) do not have such *subject*-empowerment.

In *The Economist*, coverage of WTO and ODI shares similar characteristics that actor X (*subject*) is directly identified by pointing out the goal Y (*object*). X aspires toward stating the oppositional relation (*International relation*). In association with the direct and most basic relation between actor who follows an aim and the aim itself, *International relations* coexist with the *Subject/Object* actant in WTO and ODI, with the connotations of ideological opposition or/and conflict of economic interests. The class of *International relations* is derived from Bal's 'other divisions into classes' of actant (36), which refers to the kind of relations between individuals, individual and collective, or individuals and the representatives of power, in the sense that these actors 'always deal with psychological or ideological opposition of the world in which they move'. *International relations* adapts to the circumstance of foreign trade and investment by further including conflict of interests between two parties (usually countries, regions, or multilateral organization of all sorts). It emphasizes the oppositional ideas in Bal's definition and contradicts economic interests.

Competence is another type of actant both media adopt for reporting. It indicates the possibility of the *subject* to act in order to proceed to the execution. Bal specifies the *competence* into three kinds—*determination/will*, *power/possibility*, and *knowledge/skill* (31). The distinguishing categories of the *competence* of actors lead the readers to different perspectives of understanding the process in which actors proceed to execute to achieve the goal. Table 7.2.1-1 illustrates the examples in each kind. From the table it is apparent that both *The Economist* and *Caijing* perceive the second and third categories similarly: the big state-owned enterprises and individuals who are representatives of such institutions are seen as the actant with competence of power and possibility; private market practitioners who have much less connection with the government and individuals who represent such acts of market behavior belongs to the competence category of knowledge and skill.

Table 7.2.1-1 Categories of *competence* and examples

<i>Economist</i>	<i>Caijing</i>
<i>(i) Determination/will:</i>	
a. Angry and Effective —The threat of renewed demonstration against global capitalism hangs over next week's annual meetings of the IMF and World Bank. This new kind of protest is more than a mere nuisance: it is getting its way [23.09.2000]	A. Long Yongtu: it is how the (WTO) negotiation is accomplished [龙永图: 谈判是这样完成]—...as Deng Xiapping proposed the market economy under socialist regime we finally found common language with foreign negotiators [issue 14. 2001]
<i>(ii) Power/possibility:</i>	
b. Hunting the big one —Oil industry's urge to merge seems insatiable. But does it make sense? [21.10.2000]	B. Success or failure on Chen Jiulin [成败陈久霖]—Fraud of Aviation Oil is due to Chen's failed gamble with market and unregulated state-owned monopolies' illusionary heroic courage to gamble [13.12.2004]
<i>(iii) Knowledge/skill:</i>	
c. China's gas guzzler —Fu Chengyu must balance China's thirst for energy with its desire for corporate respectability [23.06.2005]	C. Private enterprises on front stage [民营企业走上前台] —though market maintains doubt over the red chips, good news is that the IPO of Hengan Int'l brings hope [05.01.1999]

For the headline **b**, the state-owned oil companies are eager to have a transnational merger in order to gain the overseas market. The competence of these companies by conventional international standard—such as corporate culture and transparency in finance—is questioned in the headline. Hence the *object* to acquire global competitiveness is in question, as the assuredness of the possibility is uncertain for the actors. In **B**, *Caijing* uses the case of the CEO of China Aviation Oil to represent such institutions that are endowed by the Chinese government with monopolistic market power. And, the actual power/possibility to survive in the global marketplace is questioned. The competence indicates the discrepancy between the primarily state-controlled economy under the Communist regime and international market standards of Western capitalism. The third category of competence *knowledge* and *skills* are characterized in the perspective of individual's behavior/influence and private sectors that play with the rule of market economy.

The headline **c** in *The Economist* features the dual competence for executives in big SOEs

to meet the need of the government ('China's thirst for energy') and to adapt to international rules for the overseas markets ('corporate respectability'). *C* in *Caijing* also manifests similar characteristics indicating that, though the listed state-owned companies in Hong Kong ('red chip') do not perform well, the private firms start proving that they may adapt better under the exposure of foreign capital ('IPO of Heng'an International') with the *knowledge/skills*. While two magazines differ in perceiving the first category of competence *determination/will*, *The Economist* recognizes that the actant with *determination* and *will* is in abstract form and often remains in collective actions, as background.

As in example *a*, there are two oppositional forces (actors)—international institutions (e.g., WTO and IMF) and the anti-globalization protests—as their different but changing competences are antagonistic against each other. The headline shines light on the willingness of the demonstrations that have become more 'effective' to break through the old pattern of confrontation. On the contrary, in *Caijing*, *A* uses a concrete person—Deng Xiaoping, the initiator of the market reform—to represent such competence level with the power or influence over the whole country. In the headline, the proposed solution - to build up common language with 'foreign negotiators' is the key to success in finalizing the pre-entry negotiations. To further illustrate that, *Caijing* uses an individual representative as the form of depicting *determination/will* competence; another example is as follows:

Dialog with 'Mr. Rmb' [对话'人民币先生']—Exclusive interview with Zhou Xiaochuan, who is the President of the Central Bank, on issues of (1) establishment of capital market (2) balance the opening up of financial service (3) exchange rate and foreign reserves (4) banking reform (5) banking regulation [02.10.2006]

Similar to example *A*, 'Mr. Rmb', the Central Bank President, is the concrete person in an authoritative position to speak on behalf of the government on various currency issues. The *determination* or *will* that the Central Bank has to execute the listed programs in the subheadlines are narrated through 'Mr Rmb', in order to convince readers that such aims will be achieved with the highest level of attention paid by the most legitimate institution in the country.

A remarkable difference between the two journals is that the categories of *Helper/Opponent* and *Doubling* occupy some space for the coverage of each event in *The Economist* and only a small part for covering WTO in *Caijing*. Two categories discussed hitherto are both of functional relations with the subject—either connecting subject with object (in *Helper/Opponent*) or containing an *anti-subject* with a different object of the subject (in *Doubling*)—so that such narrative strategy guides the readers’ attention to the developmental process of the fabula, rather than focuses on the subject or the objects he or she pursues. In the context of samples, these two categories of actants further stress the intra-elite competition or conflict in the activities of China’s economy going global (referring to Chinese elites) and outside economies adapting to the integrating Chinese market (referring to Western elites).

In two categories, the actants’ (*helper*, *opponent*, and *anti-subject*) functional relations to the subject are necessary for the development of a fabula and of no direct assistance or opposition to the object. In other words, these actants only come across as influential in relation to the subject pursuing the goal. They are parameters merely at certain moments in a series of events. This feature is vital in the way that international economic activities such as trades and investments are changing—the relations between countries, companies, and individuals are fluid depending on their profit-making status. Therefore, the fabula structure in these two types pertains to the internal conflicts among Chinese and Western elites who are involved in such activities.

Table 7.2.1-2 Examples of *Helper/Opponent* and *Doubling*

<i>Helper/Opponent</i>	<i>Doubling</i>
<u><i>The Economist:</i></u> d. India’s hesitation (World Trade)—Trouble with free trade [03.10.1998] Subject: India’s trade liberalization Helper: growing foreign trade competition Opponent: domestic political obstacles due to democratic regime e. Last rights (MG Rover) —The Chinese have	<u><i>The Economist:</i></u> f. China’s snake charmer (Beijing)—Zhu Rongji conquers the West [24.04.1999] Subject: Zhu Rongji Object: to convince Americans who said no in the previous negotiation that China’s WTO accession is mutually beneficial Anti-subject: the ‘West’ (particularly the North American Zhu visited) in sour atmosphere’

<p>already got what they wanted [14.04.2005]</p> <p>Subject: MG Rover</p> <p>Helper: Protests</p> <p>Opponent: Shanghai Automotive Industry Corporation (SAIC), in a bid for Rover</p> <p><u>Caijing:</u></p> <p>D. Those P and Gs ‘China problem’ [宝洁们的‘中国问题’]—P and G joined the line of ‘dragon’, to fight for counterfeiting. As China about to enter WTO, it becomes central problem. Transnational corporates question the investment environment as well as the attitude and capability of how China deal with it [05.09.2000]</p> <p>Subject: foreign companies</p> <p>Helper: P and G</p> <p>Opponent: counterfeiting problem</p> <p>E. Chinese steel’s anti-subsidy confrontation [中国钢铁遭遇反补贴]— US steel industry blames 393 billion RMB government subsidy received by its Chinese counterparts. Thus China’s steel export becomes new target under US dual measure of anti-dumping and anti-subsidy [04.08.2007]</p> <p>Subject: China’s steel industry</p> <p>Helper: government subsidy</p> <p>Opponent: US steel industry</p>	<p>g. Taiwan stands up—Will China find this a reason to talk peace or threaten war? [27.05.2000]</p> <p>Subject: Taiwan</p> <p>Object: Taiwan trying to avoid violence that mainland China ‘has long threatened to invade if Taiwan declares independence’ and obtaining peaceful relationship through ‘trade, transport and communication’.</p> <p>Anti-subject: Mainland China</p> <p>h. Imperfect market (China’s stock markets)—China’s different share classes damage its own prospects [05.10.2006]</p> <p>Subject: China’s immature stock market</p> <p>Object: financial growth of the Chinese companies with their ‘shares trading simultaneously on the mainland and in Hong Kong’</p> <p>Anti-subject: Hong Kong Stock Exchange</p> <p>i. I spy spies (Fear of China)—American politicians are attacking IBM’s Chinese deal [03.02.2005]</p> <p>Subject: America’s Republicans</p> <p>Object: to prevent the suspected Chinese government controlled company Lenovo to acquire American advanced technology</p> <p>Anti-subject: China’s largest PC maker Lenovo offered \$1.75 billion purchase for IBM’s personal-computer business</p>
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There are two points worth illustrating from the examples in Table 7.2.1-2. First the texts indicate that the *helper*, *opponent*, and *anti-subject*’s structural relations with the main subject are not constant; instead their relational status is in the developmental process of various episodes of plot or sub-plots. Especially in *Doubling* that only *The Economist* employs, the incidental oppositional relation between subject and anti-subject is applicable to describe the changing trade or business ties between two parties. According to Bal’s explanation, there are two kinds of structural position for the *anti-subject* (32). One is that the *anti-subject* pursues his or her own object and the pursuit is at a certain moment at cross purposes with that of the main subject. This *anti-subject* is only at the incidental

opposition. In Table 7.2.1-2, article *i* in *Doubling* is a representative example of this kind. The text indicates that Lenovo acts as an *anti-subject* against US Republicans only because of its acquisition of IBM's PC unit. The structural position the text puts the Chinese PC maker onto suggests the Sinophobic attitude held by some American politicians; and the business deal itself is a reflection of the 'China threat' mentality in the United States. But the story in *i* is merely one episode in the whole process of the deal. As IBM has been successfully acquired by Lenovo, the incidental opposition between subject and anti-subject mirrors the internal conflict of economic interests between part of the Chinese and American elites.

The second kind is that the *anti-subject* pursues his or her own aim that does not come into opposition with that of the main subject. Headline *h* demonstrates a good example of this. The *anti-subject*—Hong Kong Stock Exchange (HKSE)—is entirely independent from its mainland counterparts (i.e., Shenzhen Stock Exchange and Shanghai Stock Exchange). Because, HKSE adopts international standards as being open and transparent to foreign capital, whereas Mainland China's stock markets were still in the early stages of capitalism, dominated by Chinese government with ambiguity in 'relinquishing control' of ownership of Chinese companies. The A+H model leads to the event that there are share price discrepancies between Chinese firms that both list in China (A-share) and Hong Kong (H-share), particularly for investors who can get access to both capital markets. Such a circumstance is the 'moment', as Bal refers to in the fabula, when different and independently performing subjects touch or cross. The appearance of two independent subjects always indicates a *sub-fabula* (ibid: 33). In the example of *h*, in order to solve the price disparities, relevant Chinese authorities have to call for further reforms on stock-markets, as well as freer flow of foreign capital for cross-border trade. The reform-themed *sub-fabula* coincides with and reinforces the aim of the main subject as the headline text indicates—to 'enhance economic growth and market efficiency'. Example *d* also proves the characteristic result of this kind. In India's efforts to increase its foreign trade, the opponent is indicated as the democratic regime with fierce political controversy before implementing trade liberalization. China with its authoritarian system is explained

as proof to illustrate why India maintains a slower pace of reform than China—‘We’re a democracy. We’re not like China, where Deng Xiaoping could say what goes’, to quote Manmohan Singh, India’s then–Prime Minister and the architect of its liberalization program.

By taking the reader’s perspective into consideration, whether the actant seems to share the same economic interest and/or political ideology with the readers determines what kind of opinion/attitude in what perspective the structured texts tries to convey. Compared with *Doubling*, the *Helper/Opponent* both seem rather fixed with their structural position in the program of subject pursuing aim. They demonstrate unique characteristics in the actants in that they are ‘not in direct relation to the object, but to the function that connect subject with object’ (ibid: 31). They determine various adventures of the subject. Each of the *helper* or *opponent* separately behaves as a necessary but not sufficient variable in the development of the fabula, and each one stands at either supportive or resistant social, economic, or political position to the main subject. However, the actant still can have a changing relation with the subject as either *helper* or *opponent*, depending on the readers’ perception. In Bal’s words, if the subject seems unsympathetic to the readers, ‘the helper will, most likely, be so too; and the sympathy of the reader will go toward the opponent of the subject’ (ibid). Here according to the analytical contexts, the word ‘sympathy’ is equivalent to the shared economic interest or political ideology. Examples *d*, *e*, *D*, *E* in the first column show how the *helper/opponent* is defined and positioned and is closely linked to whether the media share similar/different economic interest or political ideology with its readership.

In *e*, for instance, local workers in protest is the *helper* for MG Rover to prevent the Longbridge factory in Birmingham from being acquired by Chinese carmaker SAIC. As the article explains, what SAIC wants from the company is merely the intellectual property rights of some Rover models and the technology in order to be an internationally competitive car company. Thus whether the workers (as *helper*) can maintain their job in the factory has no direct relation with the success of SAIC’s acquisition for MG Rover, as

the deal is purely based on money-making logic. While from the perspective of *The Economist*'s readers, they share 'sympathy' with the *helper*. Even though the *opponent* SAIC does not have direct intention to sack local workers, its potential for being a global competitor in the car industry is in conflict with the Western elites, the readership of *The Economist*.

In *D*, *Caijing* chooses to put P and G, the representative foreign company fighting against Chinese counterfeiting, in the position of *helper*, in order to demonstrate that the protection of IPR is vital for not only building up a healthy market for foreign investors but also ensuring that domestic businesses are better off. Example *E* features the opposite by positioning the Chinese government offering steel sector subsidies as the *helper*, and the US steel industry as the competitor is the *opponent*, to prevent China's steel export from further growth. Such arrangement reveals the obstacles China meets in its trade after joining WTO, where the multilateralism institutional rule-enforcement works both ways to protect its privilege for overseas expansion as well as its foreign counterpart's measurements to protect it from fiercer competition.

7.2.2 Focalization

In contrast to *The Economist*'s *Actor* in headlines, *Caijing* displays much more extensive use of focalization. Focalization basically denotes the perspectival restriction and orientation of narrative information relative to somebody's perception, imaginary, knowledge, or point of view. The scale of focalization includes not only perceptual process (e.g., regulating, selecting, and channeling narrative information, particularly seeing events from somebody's point of view) but also, and more importantly in this chapter, psychological and ideological orientation. Headlines in *Caijing* thus have a clear aim to create a 'window' (Jahn, 1996) in the headline that regulates, guides, and manipulates the reader's perception by restricting the representation of the existing narrative facts. Comparing with the *Actor*-centred style in *The Economist*'s headlines, focalization headlines spend more words on narrating the story from the viewpoint of narrator, who can

be the one writing the story or the one expressing an opinion toward what happened. So, headlines with focalization as the main filter to manage information appear to be more ideologically charged. For example, regarding the event of China's banking reform and its impact and interplay with overseas listings, the headlines in *The Economist* and *Caijing* show distinct styles in using different narrative to filter information and reveal perceptions.

Table 7.2.2-1 demonstrates that in covering three cases of banking IPOs, two magazines show contrasting styles of framing headlines. For *The Economist*, none of the three titles have direct-meaning linkage with their preceding texts. In the reporting of the first two issues, *The Economist's* headlines choose to point out the *Actor* in the stories with clever word play. On the other hand, *Caijing* has more of a direct link between the meaning of the headline and the consequent appeal. With the adoption of focalization, they state clearly what has happened and how it happened from the perspective of focalizer. The headlines in *The Economist* create a 'meaning gap' (Bowker, 2008: 172), which refers to a forging semiotic link between text in the headline and its co-texts (main article). The gap allows readers with diversified views toward the topic to have certain interpretative spaces before reading the main article (ibid).

Three articles in *The Economist* represented in the table provide good examples of how such positioning of headlines works pragmatically to separate semiotic meaning in them with what the subsequent article would construct or interpret. In sharp contrast, headlines in *Caijing* using focalization bypass such intertextuality (Bakhtin, 1986), and straightforwardly focus on the *fabula* of how the realities are reconstructed and directly restrict and orient the texts around the perception of focal character/focalizer. Such headlines do not have the linguistic playfulness as in *The Economist*. In this way, *Caijing* ensures the uniformity of the linguistic style between title texts and the co-texts being drafted in serious language. Also, as there is no meaning gap between headlines and main texts, the pragmatic objectives of why the headlines are structured more in focalization are easily understood and coherent with a closer semiotic linkage with the main text.

Table 7.2.2-1 Comparing narrative structures in covering three banking IPOs

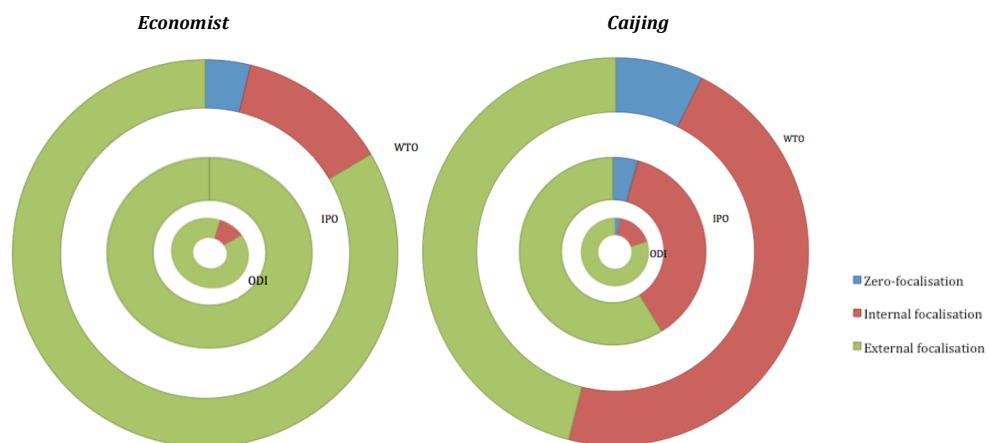
	Events	Headlines	Narrative structures
<i>Economist</i>	1. Banking reform	[19.01.02] Something rotten in the realm —China has abruptly sacked a top banker	Actor (Competence)
<i>Caijing</i>	background	[27.06.05] Banking IPO as the incomplete mission [银行上市, 不完全的任务]	Internal focalization
<i>Economist</i>	2. China Construction Bank (CCB),	[21.05.05] Foreign fillip —China Construction Bank is at last securing international investors	Actor (Power/Receiver)
<i>Caijing</i>	Bank of China (BOC)	[20.04.03] CCB and BOC accelerate the process of listings [建行中行加速上市]	External focalization
<i>Economist</i>	3. Industrial, Construction Bank of China	[12.10.06] A dragon stirs —Investors flock to the world's largest-ever listing, but ICBC reflects China's murkier side as well as its promise	Metaphor
<i>Caijing</i>	(ICBC)	[16.10.06] ICBC's IPO: a new climax or turning point? (工行 IPO: 新高潮还是转折点?)	External focalization

Such contrast seems to disapprove with the findings from the study of past literature in the perspective of political economy and the chapter on quantitative analytical comparison. The previous findings reveal that *The Economist* appears to be more hieratical in editorial structure by journalists' anonymity (from literature review) and selecting/reconstructing various narrative characteristics (from quantitative analysis). By the examination of the linguistic structures based on a smaller unit of utterance, the results show that *Caijing* is in favour of ensuring uniformity based on the principles of being rational, ideological and demonstrating a serious linguistic style, whereas *The Economist* retains the heterogeneity of how the realities are interpreted (by journalist) and conceived (by reader). The explanation for the contradictory findings also relates to the past studies and previous results. The structural format of headline serves the function of solidifying the shared readership identity.

The Economist has already established the brand by advocacy of free trade and *laissez-faire* ideas and included a small circle of elite readers. So in the headlines, it 'decodes' the reporting topic into lighter components that demonstrate the readers' worth

as ‘an insider’, providing an invitation to be ‘part of the club’, not excluded (Rogerson-Revell, 2007). *Caijing* was founded recently, in 1998, and therefore needs a uniform style across every component of the news article, so as to make the readers aware of the style of facts and ideas that the magazine tries to portray and articulate. Compared with *The Economist*, it plays a more important role as an educator to build-up collective identity, or even a certain ‘consensus’, to the emerging financial class in China. To convince the group of people whose primary concern is profit-maximization, sober material, and rational, serious language wins out at an early stage of the developments for both economic globalization and the elitist financial journal itself.

Figure 7.2.2 Distribution of three types of focalization



To look more specifically at the identification of and relation between ‘who sees’ and ‘who speaks’ in what perspective, Figure 7.2.2 shows the distribution of different types of focalization by Bal’s classification, which consists of two vital concepts in focalization—focalized subject (*focalizer*) referred to as ‘who sees’, and focalized object, as ‘what is seen’. The classification is based on to what extent the focalizer is involved in the event the text covers. In other words, *internal focalization* depicts that the focalizer is also the character, or one of the characters, in the story. Thus the *internal focalizer* is also called *focal character*. The *external focalization* refers to the narrating technique that orients the text around the perception of the narrator. So there exists such systematic

opposition between the internal focalizer (*focal character*) and external focalizer (*narrator-focalizer*). When such oppositional characteristics are absent, events are narrated from a wholly unrestricted or omniscient point of view that is in *zero-focalization*. To compare across three events' coverage, WTO accession contains all three types of focalization. To compare across two media, *Caijing* distinctively favours more diversified focalizing techniques than *The Economist*. Generally, the *Economist* adopts mostly the selected facts and conveys opinions from the editorial staff's standpoint. *Caijing*, on the other hand, intends to use different perceptions from the character, the narrator (in the sense of *External Narrator* in Chapter 6), and the editorial team².

Table 7.2.2-2 lists a couple of cases for each type of focalization covering China joining the WTO. The headlines in zero-focalization provide an omniscient point of view to examine the economic growth and overseas expansion of China (*f'*), and the overall situation of international trade and investment on China's fifth anniversary of entering the WTO (*F*). The unrestricted perspectives of these two headlines suggest that the articles are going to develop as investigative pieces at length, so as to serve the audience's need for information. It is observable from the previous chart that both magazines do not intend to provide too many narratives with zero-focalization that offer no editorial stance. Simply, they both prefer to choose a certain perspective from either character or the narrator in storytelling and for the audience's story understanding.

Table 7.2.2-2 Examples of focalization types in covering China's WTO accession

<i>Economist</i>	<i>Caijing</i>
<i>(i) Zero-focalization:</i>	
<i>f'</i>. Wealth and power (China SURVEY) [08.04.2000]	<i>F</i>. Five years in WTO [WTO 五年] [09.12. 2006]
<i>(ii) Internal focalization:</i>	

² The terminology may appear a little ambiguous and therefore needs clarification. In the context of quantitative analysis on agenda setting (Chapter 6), *external narrator* refers to the narrator, who provides narrative of the whole article, as opposed to outside the magazine's editorial staff, i.e. invited authors from other professions and exclusive interviewees. While in this chapter, more specifically the term *narrator* refers to Genette's distinctive question of 'who speaks?' to identify the subject of the narration. Thus the *narrator* of the headline in this chapter is universally recognized as the media outlet. To distinguish different concepts of *narrator*, *focalizer* and *actor* under such circumstance, Bal convincingly argues that 'the *narrator* speaks the text whose content is the narrative; the *focalizer* presents the narrative, whose content is the history; the history is acted out by the *actor*' (ibid, p. 45).

<p>g'. Portman's complains (China-bashing) —Can the White House hold back rising Sinophobia in Congress? [18.02.2006]</p>	<p>G. Paulson's signal [保尔森信号]—Henry Paulson, secretary of the Treasury, had exclusive interview talking about Sino-US economic relation in short/long term, principled consensus and difference in pace [18.03.2007]</p>
<p>(iii) External focalization:</p>	
<p>h'. Stuck with the second best (World trade)—It has been a bad week for free trade [12.11.2005]</p>	<p>H. Tug-of-war in textile negotiations [纺织品谈判拉锯战]—The forth negotiation with EU on port congestion and with US on textile imports failed... [05.09.2005]</p>
<p>i' (1). Gimme smelter (Aluminum)—Are more big deals ahead? [19.07.2007]</p>	<p>I (1). Who manipulates the mining industry [谁主矿业沉浮]—The second largest global M and A deal in history starts the groundbreaking change in resource mining industry, China has vividly experienced it [05.12.2007]</p>
<p>i' (2). Financial prospecting (BHP Billiton and Rio Tinto)—Mining companies have figured out how to boost reserves—takeovers [15.11.2007]</p>	<p>I (2). Chalco's raid [中铝的突袭]—Three possibilities for Chalco to intervene the ever-largest mining merger: prevent BHP's bid for Rio Tinto; participate in taking shares after BHP successfully acquired Rio; take control of Rio Tinto [05.12.2007]</p>
<p>i' (3). The sun sets on BHP's bid (Mining)—An audacious attempt by BHP Billiton to get control of Rio Tinto has fallen apart [25.11.2008]</p>	

Also based on ‘trade quarrels’ with the United States (and European Union included in **H**), headlines **h'** and **H** further investigate the import quota on China’s textiles. In these two examples, the readers see the stories through the lens of the focalizer, who is, in the case of external focalization here, the journalist as the author of the article. Parallel to cases in internal focalization, *The Economist* and *Caijing* offer surprisingly a similar focalized picture of what has happened and viewpoint of how it has developed—either the ‘second best’ or the ‘tug of war’ indicates that the lack of import quota on China’s textiles in the United States and European Union has caused losses to both parties. Two titles narrate the situation with not much metaphor or analogy. However, the readers’ ‘imaginary’ perception is manipulated in the way that the protectionism in such circumstances is indicated as disliked standpoint to the media. Hence, the idea of free trade is advocated. These two cases feature similar processes of how journalists from two magazines construct the ‘window’ of the reality, and unravel shared belief of free trade.

Another set of examples *i'* (*I-3*) and *I* (*I,2*) illustrate how they construct differently from the readers' perspectives to portray the focalized object—a series of stories to form an event, BHP Billiton as the world's biggest mining company acquiring Rio Tinto. It could be the biggest ever merger in the steel industry on a worldwide scale. China plays a special, yet significant, role in two ways. China's rapidly booming demand for steel, especially aluminum, is the main reason that it 'led to a wave of consolidation' as it raised up the share prices of big companies and the incentives to buy up their rivals in smaller sizes. Another significance is that though China is not involved in the merger, it is influential as a major consumer of steel and in possession of strong motive that a failing deal is favorable for not raising up its cost of production. It seems the title texts in *i'* (*I,2*) and *I* (*I*) present the same picture of the event background and emphasize the deal of BHP-Rio. However, the drifts to *i'*(*3*) and *I*(*2*) are meant to be caught by different readerships based on the actual instance that the deal has 'fallen apart', but China's main aluminum producer has successfully acquired 12 percent stakes of Rio Tinto UK. It was by then the largest overseas investment of Chinese companies.

It is worth noting here is that both titles coincidentally choose the same analogy from the concept 'dawn raid'. In investment context, it refers to an attempt to acquire a substantial portion of a company's shares at the start of a day's trading typically as a preliminary to a takeover bid. In *i'*(*3*), 'sun set' instead of 'dawn' is emphasized to estimate the potential gain or loss of the major players and those who would be affected. In *I*(*2*), as its co-text states, the Chinese company's last-minute intervention in the failed deal is a 'sunset raid' in order to ensure that China stay up in the supply chain of steel-making. So in constructing how the deal initiated and developed, two media guide their readers' gaze toward different directions: *The Economist* tries to analyze the events from a purely business logic, and *Caijing* stands for the perspective of China's steel-making sector for clarifying how they gain the economic benefit from the deal. Apparently the *Economist* does not intend to imply the causal linkage between the China effect and BHP's failed bid for Rio, and *Caijing* infers the readers to the influential parameter of Chalco in the development of the deal.

7.2.3 Metaphor

Though metaphor may not be a too ideologically charged narrative technique, it has rhetorical value. Scholars consider that metaphor was the primary figurative language in rhetoric, as it serves as a better means to attract the audience's attention and guide attitudes toward understanding the narratives than practical and referential discourse (Al-Sharafi, 2004). Though both magazines do not adopt too much of *metaphor* in narratives, they manifest similar discursive styles and functions. These kinds of headlines are highly opaque, which provide 'a gloss' for the description, explanations, arguments, and most importantly, opinions in the article to follow, and at the same time they are 'persuasively positioning the reader as to what perspectives they should bring to the text' (Bowker, 2008: 171). By disambiguating the headlines narrating in *Metaphor*, two magazines not only adopt considerable amounts of *Metaphor*, but also share similar types of metaphoric expressions. There are five types of *Metaphors* to be investigated and compared as listed below.

- (i) *Fixed expression* and *saying* consist of multi-word units that contain a great deal of socio-cultural knowledge and experience of a specific kind. To understand such fixed expression or saying with socio-cultural referencing, one needs a sophisticated grasp of grammatical and semantic system, but also idiomaticity, referring to both lexemic polysemy (i.e., the basic lexical, isolatable linguistic units) and holistic stock phrases and idioms (Bowker, 2008: 180). Examples in the following table illustrate the *fixed expression* and *saying* in comparison. By numbers, *Caijing* uses much less of this type of headlines than *The Economist* ($N_{Fixed\ expression}^{Economist} = 15$, $N_{Fixed\ expression}^{Caijing} = 6$).

Table 7.2.3-i Examples for *fixed expression* and *saying*

The Economist	Caijing
[25.03.2006] Good things in tiny packages —A little democracy has to go a very long way	[20.01.2002] Don't bet stock index on tomorrow [别拿股指赌明天] —In early development of market economy, index
"Good things come in small packages" means that	future is used as a gambling tool for people to make

<p>small packages often contain valuable things. The idiomatic phrase implies that to emphasize that something does not need to be big in order to be good. The phrase here is employed to refer to the brave act of a town official in China to reveal government statements to journalists.</p>	<p>a great fortune overnight</p> <p>'I bet the youth on tomorrow' [我拿青春赌明天] is a lyrics from famous song in 1980s China. The phrase contains notion of being fearless and ignorant in front of unknown and sophisticated world. In Chinese context, the sentence is usually paraphrased as 'don't bet something on tomorrow' to emphasize that something is unworthy/unstable/unreliable to wager on.</p>
<p>[29.01.2005] Big apple blues (Foreign listings in New York)</p> <p>—China's banks are the latest companies to shy away from a New York listing</p> <p>'Big apple' here refers to New York City. Because the first paragraph cites the lyrics from the song <i>New York, New York</i>—'if you can make it there, you can make it anywhere'. The article uses the conventional name of the city to reflect phenomenon of big state-owned banks in China trying to get listed in New York stock exchange despite of Sarbanes-Oxley act that rises the cost and strict he requirements for foreign listings.</p>	<p>[24.01.2007] Job-hopping, job-hopping [跳槽, 跳槽]—In 2006, one phenomenon reflecting Chinese stock market from 'bear' to 'bull' is that China-related financial institutes have experiencing higher degree of labour turnover</p> <p>'AB, AB' (in Chinese A and B are two separate words but comprising of a phrase as AB) is an idiomatic format used in various literature titles, such as 'Beijing, Beijing' for a popular song and a novel, 'Nanjing, Nanjing' for a movie depicting Anti-Japanese war. The format is commonly recognized as description for some phenomenal, significant event, signaling humanistic spirits among Chinese literary elites.</p>
<p>[30.06.2005] Never give a sucker an even break (China and Unocal)—A good motto for American capitalism, especially if the buyer is owned by the Chinese state</p> <p>Conventionally, 'I never give a sucker an even break' means that one takes advantage of fools at every opportunity. This is the motto of a con man, that is, someone whose profession is tricking people out of their money. In the context of the article, it mirrors the Sinophobia feeling of the American politicians towards the deal that a Chinese state-owned oil firm (CNOOC) buying Unocal—US's eighth-biggest oil company.</p>	<p>[30.08.2008] Don't make free trade a 'scapegoat' [莫让自由贸易当'替罪羊']</p> <p>—Free trade is not the reason for wider income gap; the unclear blame to free trade will put a stop on the 'win-win' situation</p> <p>'Make something a scapegoat' is a stock phrase used to imply that 'something' is not the real reason to be blamed. The article by Bradford Delong, an Economics Professor from UCLA, tries to advocate that free trade would not be the cause of income inequality in the US by listing the domestic reasons for the widening income gap. Instead international trade should be further accelerated in order to improve social welfare.</p>

(ii) *Speech act (dialogical technique)* indicates that the headlines are narrated in dialogical technique, which adopts ordinary or familiar conversation, not formal or literary style. Such colloquial style is well employed by both media to address the reader in direct speech mode (Bowker, 2008: 178). The voice of a hypothetical protagonist, instead of journalist, takes part in the narrative. Thus various forms of speech act and illocutionary function with intended action of ordering, warning, or promising are performed in the headlines. Table 7.2.3-ii illustrate some examples of this kind.

Table 7.2.3-ii Examples for *speech act (dialogical technique)*

<i>The Economist</i>	<i>Caijing</i>
<p>[06.05.2000] Yippee! —At last, a foreign-policy debate in America's presidential campaign</p> <p>'Yippee' in informal dialogue is mostly used as the exclamation by younger girls. The word has implication that the addressee is superficial in nature and naïve. Here it is ironic and indicates that it is uncertain if the two US presidential candidates were debating over 'thorny' foreign issues with sustainable attention and motives, or they were merely discussing them for electoral votes.</p> <p>[10.08.2006] Go east, my son (Management in China)—Jobs at Chinese companies are starting to appeal to foreign managers</p> <p>The sentence is originated from the quote 'Go West, young man, and grow up with the country', from the book about America's expansion to farmland of the west. The dialogical phrase rises up readers' attention to the vast opportunities and fierce competition in China as well as the difficulties they may encounter</p>	<p>[Issue 17. 2001] How to write a book about '(China's) WTO accession' [入世的书该如何书写]</p> <p>The author of the article put such question in title to straightforwardly point out the main theme of how to identify proper books that help to understand the consequence of China entering WTO. The question in conversational format makes readers to be aware of being smart in choosing books on such subjects.</p> <p>[01.11.1998] Farewell to red capitalists [告别红色资本家]—The shutdown of <i>Guangxin</i> implies the failure of 'window' model, and further end the history of local government-dominance in overseas financing via 'windows'. Whether we like it or not, the era of 'red capitalist' in the context of overseas financing is officially over.</p> <p>The headline directly brings readers into the reported event as participants to emphasize that the overseas financing activities have undergone the reform of privatization.</p>

(iii) *Evaluative format* is a mix of straightforward description and explicit evaluation. Description refers to the delineation—the action of describing or portraying something precisely, or a gloss of the main subject (ibid: 176). Evaluation means the evaluative components in the texts, referring to either protagonists’ assessments or those of the journalists’. Contrary to *The Economist*’s preference to *fixed expression*, *Caijing* apparently likes to use the *evaluative format* more extensively ($N_{Evaluative\ format}^{Economist} = 18$ versus $N_{Evaluative\ format}^{Caijing} = 32$). Comparing with the first type of fixed expression, evaluative format appears to be more direct in depicting the event and expressing opinions. Judging from the numerical totals, *The Economist* prefers to forge a meaning gap between the headline texts and the main articles, by using fixed expressions that are opaque in making sense of facts and opinions, while *Caijing* intends to build up closer linkage between two parts of texts.

Table 7.2.3-iii Examples for *evaluative format*

<i>The Economist</i>	<i>Caijing</i>
<p>[04.10.2007] The China trade syndrome —Europe’s next big globalization row will be over trade with China</p> <p>The headline directly point out that the article is about trade relations (competition) between China and Europe, from the perspective of Europe. ‘Syndrome’ refers to a group of symptoms indicating certain features of disease, or extensively it is a characteristic combination of opinions or behaviors. The word contains intrinsic judgment of China-bashing that China’s deepening economic globalization becomes the new competition the Europe must confront.</p>	<p>[20.02.2006] Sino-US trade: Game 3.0 [中美贸易：游戏规则3.0] —US challenges the Sino-US trade relation in the post-transitional phase of WTO accession: urge China to further open up the market based on trade deficit and protection of IPR</p> <p>‘Game 3.0’ indicates that the existing trade relation between China and US will soon be changed as China has passed the transitional phase of WTO accession. ‘Sino-US trade’ is a direct description of fact; ‘Game 3.0’ refers to the opinion and also the perspective of the article—it is the US who requires a new set of rules between two countries for ‘more balanced, sustainable’ trade relations.</p>
<p>[17.03.2005] China Corruption Bank (A bank scandal in China)—The latest bank scandal suggests that China is too hasty to float its big lenders</p>	<p>[17.10.2005] China Construction Bank’s IPO: Sunshine and shadow [建行IPO：阳光与阴影]—As the first state-owned bank baptized by the market, CCB has learned from the negotiation for inviting</p>

<p>'China Corruption Bank' is a pun referring to the removal of the chairman of <i>China Construction Bank</i> (CCB) for taking bribes. The humorous result emphasizes the negative consequence of the scandal on a global scale.</p>	<p>strategic investors, selection of underwriter and IPO location, and pricing strategies. These lessons have profound impacts on the latecomers and for the whole banking reform.</p>
<p>[04.09.2003] Spreading their wings (Chinese firms abroad)—While all eyes are on foreign investment in China, the country's companies are busily buying up assets overseas</p>	<p>[11.12.2004]Lenovo's grand gamble [联想豪赌]—buying the IBM's PC unit that has total assets four times of its own, is it a mouthwatering opportunity or dangerous road with obstacles?</p>
<p>Chinese firms offshore expansion is the subject of the article, being depicted in the metaphoric gloss of 'spreading wings'. The phrase contains the notion of doing exciting and new things with your ability for the first time. Thus the evaluation of the going global event is mostly positive in the headline.</p>	<p>The headline directly depicts the main actor in the article is the Lenovo—a Chinese technology company. 'Grand gamble' indicates the assessment that by assets Lenovo and IBM (PC unit) are incomparable. The outcome of the buyout could be rewarding or risky.</p>

- (iv) *Metonymic metaphor* features a specific kind of metaphor. It is a large metaphor but manifests a series of elements of comparison continually related to each other to form coherent description. Separately the concepts of *metonymy* and *metaphor* contain opposite discursive features. Metaphor is the substitution based on similarities of two things, while metonymy is the association, drawing contiguity between two things (McCarthy and O'Dell, 2006). In these cases, metonymic metaphor is primarily continuous form of analogy; at the same time it also forms a regular semantic relationship in repetition. In this way, it creates the impression of elusiveness and indescribability. *Caijing* employs much more extensively of this kind than *The Economist* ($N_{Metonymic\ metaphor}^{Caijing} = 28$), by drawing four types of analogies between events of China's economy going global and (a) romance, (b) battle/contest, (c) milestone, (d) sailing. *The Economist* has two kinds of metaphors ($N_{Metonymic\ metaphor}^{Economist} = 12$) for China's growing and expanding economy: (a) champion,

and (b) dragon (or monster). Table 7.2.3-iv illustrates examples of each kind of metaphor from all three events of economic globalization.

Table 7.2.3-iv Examples of metonymic metaphor

<i>The Economist</i>	<i>Caijing</i>
<p>(a) 'Champion'</p> <p>[08.11.2007] Consumer champion (Technology in India and China)—China's leaders want their own technology titans. But China's true national champion is its big market</p> <p>[10.03.2004] We are the champions (Business in China)—China's state-owned enterprises want to make their mark on the world stage. They will struggle.</p> <p>[18.09.2008] The new champion (Globalization)—Emerging markets are producing examples of capitalism at its best</p> <p>'Champion' signals a call for China's big state-owned firms' strong competitiveness, and indicates a positive view of China's development.</p> <p>(b) 'Dragon' or 'monster'</p> <p>[15.02.2003] Is the wakening giant a monster? (China's economy)—Fear of China's growing industrial might is widespread. But not entirely rational.</p> <p>[12.10.2006] A dragon stirs (China's biggest bank)—Investors flock to the world's largest-ever listing, but ICBC reflects China's murkier side as well as its promise</p> <p>[30.06.2005] The dragon tucks in (Chinese companies abroad)—Chinese companies are becoming aggressive buyers of overseas assets. It will take longer for them to become smarter ones</p>	<p>(a) 'Romance'</p> <p>[20.01.2004] Seduction of IPO [IPO 诱惑]</p> <p>[27.12.2004] The trial marriage between CNC and PCW is approaching [网通与电盈试婚将近]—It has been a year for negotiation of CNC's bid for PWC's fixed telephone services. Though ups and downs, it approaches to an end, which is also merely a first step</p> <p>The romance analogy tries to portray the overseas IPO and M and A in idealistic perspective, demonstrating the sentiment of being attracted and expecting.</p> <p>(b) 'Battle/contest'</p> <p>[20.02.2003] Retail industry in the first round of business battle [零售业入世商战第一波]</p> <p>[05.11.2000] Sinopec finished the final spurt [中石化结束冲刺]</p> <p>[28.02.2003] CNPC, defeated troop in Russia [中石油兵败俄罗斯]</p> <p><i>Caijing</i> likes to use the concept of battle or contest to substitute the competitiveness in the global marketplace. It aims to spot the difficulties of Chinese firms' overseas expansion, particularly in covering the outward investments.</p> <p>(c) 'Milestone'</p> <p>[20.04.2002] China-ASEAN free trade agreement will be another milestone [中国—东盟自由贸易区将是另一个里程碑]—China has close trade tie with the East Asian countries, especially ASEAN. The FTA won't cause too much internal shake, but increase the free flow of trade and investment in the region. The free flow of trade</p>

Dragon is a common emblem of China in Western media. The most frequently used metonymic play to substitute dragon for China's economy or a particular company to reflect the Sinophobia feeling from Western perspective. Unlike the positive mythological image in Chinese culture, the <i>Economist</i> uses it mostly with the notion that the dangerous side of China's going global phenomenon will be revealed.	<p>and investment in the region will have positive impact to the domestic economy.</p> <p>[20.03.2003] Milestone for the transition from Rule of Law to democracy [从法治到民主的里程碑]</p> <p>Milestone indicates the profound impact of certain policies in economic or political areas.</p> <p>(d) 'Sailing'</p> <p>[05.05.2000] CNPC: state-owned flagship difficult to launch [中国石油：国企旗舰艰难下水]—the delayed roadshow of CNPC's IPO is finally on the road...</p> <p>[01.05.20.06] Chinese money sets sail [中国钱出海]—Large amount of domestic capital finally got the change for overseas investment...</p> <p>Sailing and voyage is the most frequently used metaphor attempting to portray the 'going out' activities.</p>
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- (v) *Dislocation of genre* means genre switching—‘juxtaposing different discourse worlds, and drawing on ‘deep’ socio-cultural referent and allusions’ (Bowker, 2008: 182). This type of metaphor is the most opaque one as it requires the readers to possess a considerable amount of background cultural knowledge. The pragmatic strategy of this ‘interdiscursivity’ is to provide ‘sideways glances’ in a world composed of a multitude of codes. Despite the fact that two media prefer to use a different range of cross-domain mapping (political slogan in modern China for *The Economist*, and classical ancient poems for *Caijing*), the headlines narrated in such strategy create a collective image of being intellectual and well-educated.

Table 7.2.3-v Examples of *dislocation of genre*

<i>The Economist</i>	<i>Caijing</i>
[19.09.1998] Long March (China and the WTO) —The finishing line may be in sight in China's marathon negotiations to rejoin the	[05.07.2004]What behind the ‘gathered crowns in metropolis’ [冠盖满京华的背后] —The visit of US ministers and new president of IMF

<p>world-trading system. But the final stretch will be grueling</p> <p>Long March (1934-35) was the military retreat undertaken by the Red Army (later the People's Liberation Army) of Communist party of China, and traversed over 9,000 kilometers over 370 days (Zhang and Vaughan, 2002, p65). The Long March not only ensured Mao Zedong's support in the party, but also provided the opportunity of isolation the party needed to rebuild in Northern China. It offers an 'external voice' from the political domain to help people understand the dual nature of the negotiating process for China joining WTO being politically loaded and 'grueling'.</p>	<p>manifests: exchange rate problem will be the main theme in near futures</p> <p>'Gathered crowns in metropolis' is in the poem of Du Fu (杜甫) in Tang Dynasty. 'Crowns' (冠盖) refers to authoritative, prestige people, particularly the government officials in the poem. 'Metropolis' (京华) represent the capital city in Tang dynasty; here it means Beijing. In the poem, what follow is 'he appears gaunt alone' (斯人独憔悴) ('he' refers to Li Bai, also a famous poet and cultural icon). The context features a contrast between what is prosperous outwardly and what the intrinsic nature it really is. So the quote indicates such perspective for analyzing visit of US delegations to China.</p>
<p>[02.10.2004] The real Great Leap Forward —If reforms continue, China's economy could sprint ahead for many more years</p> <p>Great Leap Forward (1958-61) was an economic and social campaign initiated by Mao Zedong, transforming agrarian economy to communist society via rapid industrialization and mandatory agricultural collectivization (Perkins, 1991). Foreign scholars argue that the campaign led to famine of up to 45 million deaths (Gráda, 2011), as well as economic regression (Perkins, 1991). The headlines phrases 'real' Great Leap Forward is an irony that the current economic reform is comparably an effective and efficient one.</p>	<p>[11.1999] 'Coup d'état' of Sina.com [新浪 '政变']—The media depicted 'dream team' including Wang is part of the will of risk capital, and indicates the internal conflict of interests. Sha's resignation signifies that.</p> <p>Coup d'état means a sudden and violent seizure of power from a government. It refers to the sudden change of CEO just before Sina's IPO in NASDAQ. The conventional mode in Silicon Valley is that the invited capital chooses the professional people in management to replace the founder once the company listed. Sina presents an opposite case by using the founder Wang Zhijun from Zhongguancun (China's Silicon) instead of Sha Zhengzhi, who is famous in Silicon Valley.</p>
<p>[20.07.2002] One country, two banks (Bank of China)—For the first time at a big state bank, outside capital is invited—up to a point</p> <p>The title is adapted from Deng Xiaoping's constitutional principle 'one country, two systems'. Deng suggested that under one-China principle special regions could retain the capitalist system—to maintain their own legal,</p>	<p>[28.11.2006] CITIC's Long March of petrol [中信的石油长征]—CITIC Group gains the first grand deal in oil exploration and development, yet the future is murky</p> <p>Long March is again chosen but to illustrate the difficulty in the process of CITIC Group obtaining the first overseas deal in oil exploration. However the circumstance <i>Caijing</i> implies is different from</p>

economic and financial affairs and external relations with foreign countries. The headline uses the political slogan to refer to the offering of shares in the Bank of China's Hong Kong subsidiary. The original term co-opts the subtle modification for the case of BOC in smaller scale, to emphasize the significance of the IPO as a first step to invite foreign capital into state-owned banks.

those in the *Economist*. From Chinese (particularly the Communist Party's) perspective, Long March represents the first successful step towards fully legitimating the power and gaining leadership. So here it indicates that there is still a long way for the company to take the global market share. And the success of the first step can't ensure a good prospect.

7.3 Discussion and conclusion

This chapter first outlines the methodological design of the second category of comparative framework in attempt to test the *Hypothesis 2* relating to two media's similar ideological stances. Broadly and epistemologically, this category will be explored in the way of frame analysis. More specifically, the frame analysis will combine the constructionist and critical paradigms complementarily so as to deconstruct the investigation of opinion-shaping narratives into two parts—narrative structure of the headlines (constructionist) and the frame of the articles (critical paradigm). The later part fosters the viewpoints each sample articles attempt to deliver by selecting and/or omitting process; and will be illustrated in further detail in next chapter. The former part, as this chapter explains, underpins the 'interpretive packages' the journalists create to draw readers' attention in the most direct way by examining the headline texts upon the salient aspects of the reported topic. In the meantime, the media's narrative strategies of reflecting and adding to the 'issue culture' are to be revealed. Bal's cultural approach of narrative theory will be adopted in order to not only distinguish the second part of more directly identified frame, but also to unravel the specific 'tool kit' for the journalists to employ.

Based on the findings of the narratives structure of headlines, there are some provisional comparative results that can be concluded. The different features are listed below.

1. The overall numerical comparisons show a sharp distinction that *The Economist* more often stresses *Actor* in the headlines. The *Actor-centred* style sheds light

on the interaction between subject and the object it pursues. On the contrary, *Caijing* uses more of the ideology-loaded focalizing techniques, as the ‘main filter’ to represent the events in the sense that *Caijing* conveys a more unified, strongly opinionated voice than *The Economist* does in narrating its headlines.

2. In comparing different actants in *Actor*, headlines in *The Economist* manifest the **subject-empowerment**, by directly emphasizing the subject X and its aim Y. Subject/Object and *international relations* account for a larger portion in *The Economist* than in *Caijing*. While, the Chinese magazine focuses on a certain actor’s *competence*—if the actor had the power or ability to successfully achieve the goal. Thus it contains more of the *Competence* and *Power/Receiver*.
3. More specifically to *The Economist*’s feature of subject-empowerment, it refers to the narrative strategies that direct readers’ attention to the **developmental process** of the fabula. In such strategies of the *Helper/Opponent* and *Doubling*, the actants (i.e., helper, opponent, or anti-subject) maintain functional relations to the subject by occasionally influencing the subject of pursuing the goal.
4. *Caijing*, on the other hand, focuses primarily on **concreteness**, in picturing actants by pointing out specific significant person. Unlike *Caijing*’s intention to use particular individuals, *The Economist* recognizes such actants mostly in abstract form and remains with them in collective actions as backgrounds.
5. Contrary to *The Economist*’s more extensive and diversified usage of *Actor*, *Caijing* balances different types of *focalization* by using all three kinds of focalizing techniques from the lens of *focal character*, the narrator, and explicitly the editorial stance.
6. As to the *external focalization*, two media manifest how they construct the ‘window’ of reality from the perspectives of the different interests of their readership.

Despite all these different characteristics in narrative techniques, there are following similarities to uncover the shared editorial stances of two journals.

7. Two media show the same preference in employing the actant characteristics of

International Relations to cover stories about foreign trade and investments (WTO). It emphasizes the relation between individuals, individual and collective, or individuals and representatives of power, dealing with economic or ideological oppositions of the world in which they move.

8. They also share the same classification of what kind of actants fall into the category of the second (*power/possibility*) and third (*knowledge/skill*) levels of actor competence.
9. For the usage of *helper/opponent*, both media fix their structural positions in the process of the subject pursuing aim. Examples of this category reflect how the *helper* or *opponent* are defined and positioned closely linked to whether the media share similar/different economic interest or political ideology with (i.e., share 'sympathy' with) its readership.
10. In the examination the *focal character* (in *internal focalization*), two magazines demonstrate similar choice of selecting who should speak out to convey what kind of opinions.
11. Though *Metaphor* doesn't account for big numerical proportion, two financial media show strikingly similar way of adopting and classifying the types of metaphors. Each individual example has been closely examined as it carrying essential rhetoric function to provide 'a gloss' for description, explanation, argument, and most importantly opinion in the article to follow.

It is worth noting that the frame analysis is primarily qualitative in studying the texts of the sample corpus. The numerical findings are interpreted only when the quantitative outcomes are valid enough to be compared. Thus most the similar characteristics found above are inferred from such a situation. Two conclusive points can be made as below.

I. Established vs. establishing the elite identity of the readerships

In testing *Hypothesis 3*, their distinct styles of narrating headlines feature the different readerships and the roles they play in constructing the identity of the readers. Under the

category of *external focalization*, a signify event has been covered extensively by both media—China’s intervention in BHP Billiton’s bid for Rio Tinto. In interpreting how China plays a part in the economic activity, the *Economist* narrates to its Anglo-American readers in purely business logic perception by catching the drift of the story in the cost-benefit analysis of every participant on a worldwide scale; *Caijing* stands from the perspective of Chinese readers by emphasizing how the Chinese companies are being affected. It is even more obvious to observe the usage of *helper/opponent*, in which two media define the *helper* or *opponent* according to whether the readerships share similar or different economic interests and/or political ideology (‘sympathy’). For example, in covering China’s bid for MG Rover’s Birmingham branch, the *Economist*’s readers share the sympathy with the factory workers (*helper*), who were expected to be laid off by their new Chinese boss. For *Caijing*, the foreign company P&G’s fighting for intellectual property rights in Chinese market is the *helper* as it also represent the interests of Chinese entrepreneurs for a better, healthier market competition. These two examples echo that, despite different positioning of the actant in the story, both media follow the same logic of pursuing profitability in the neoliberal economic environment.

Besides examples highlighted before, more generally speaking, *The Economist*’s headlines prefer the direct linkage between the subject in the event and the object it pursues (**actor-centred**); and concentrating on the developmental process in the fabula that related actors are influencing or influenced by the program of subject seeking the object (**subject-empowerment**). In such ways, a ‘meaning gap’ is created between the headlines and the co-texts. Because the intertextuality makes the headlines impenetrable to those who don’t belong to the circle of the actors the texts refer to; *The Economist* utilizes such style to reinforce the elitist identity among its readership. On the other hand, *Caijing* shows clear inclination to more **ideologically charged** narratives in focalization. It prefers to draw readers’ attention primarily and explicitly to opinions shaped by either journalists or narrators (*focal characters*) who are authoritative in explaining the stories. Unlike *The Economist*’s long history with its Anglo-American elite readership, *Caijing* rather plays a role as an educator with the aim of building up the elitist identity among its readers who

are the emerging financial class in China in three decades of market liberalization. So in comparison, *focalization* in narrating headlines provides stronger and more unified opinions for readers to make sense of the stories. Also for *Caijing's* category of *actor*, **concreteness** is emphasized so as to use detailed facts and particular important figures to convince readers and advocate ideas. For example, in *Caijing* Deng Xiaoping, the initiator of China's market reform, and Zhou Xiaochuan, the president of central bank of China have been frequently emphasized and quoted.

II. Same neoliberal narrative in different manifestations

One of the key similarities concluded from the quantitative analysis is that both journals share the same formula in constructing narratives and pioneering in the professionalism of financial media—a combination of commercial facts and advocacy of laissez-faire principle. The *Hypothesis 2* then is further tested in the sense that it is the similar rather than different ideology editorial stance the two media manifest in their narratives. The sameness concluded from above fairly answer the question of how the formula is applied to two magazines with different backgrounds. By deconstructing the narratives into three layers of fabulation, storying, and textualization in repetition and evolvement, it is conceivable that *The Economist* and *Caijing* adopt the same implicit professional ideologies about how to perceive and frame the topic of China's economic globalization. For example, in the same classification of *power/possibility* and *knowledge/skill* of the actor's *competence*, both media perceive the big SOEs and those who work for these companies as the actants with power and possibility to achieve the goals; and the private market practitioners who have much less connect with government organs as the actants with knowledge and skills.

Through comparing each narrative element separately across media or collaboratively across events, two media's narratives in headline texts demonstrate a complex and recursive cognitive structure that either guides the readers to fill in their understandings (*The Economist*) or directly promotes the opinionated messages (*Caijing*) in order to

present their versions of ‘neo-liberal economic discourse’ (Fairclough, 2006) of the real economic events. A prominent example of ‘Sinophobia’ (or China threat) evidently shows how they represent the theme in the same method of mental constructing that the pragmatically intellectual idea of free market and free trade serves as the bedrock for framing all relevant issues. In examining the *focal character* in the coverage of the United States’s ‘Sinophobia’ with regard to trade, the *Economist* and *Caijing* choose two top-level politicians from the Bush Administration directly involved in the Sino-US trade negotiations, and they deliver the same viewpoint that despite the imbalance, further liberalization of trade ties is beneficial to both countries and disagreement is merely limited to the issues of pace—how fast the structural changes will be justified. In the category of external focalization, ‘China threat’ sentiment is also undermined. Two journals offer a similar focalized picture of the United States and European Union’s import quota on Chinese textiles that the protectionism needs to be disliked and the idea of free trade should be embraced for the financial goods of both Anglo-American and Chinese businessmen.

To briefly sum up, findings from this chapter have solidly confirms the statement in *Hypothesis 3* that the financial media’s narratives of globalization closely collude with their readerships’ economic interests and social imagination, and are highly relational to the formation of the readers’ identity as being international elites. With regard to *Hypothesis 2*, based on Chapter 6 and 7, it is safe to draw conclusion that the elite journals as the *Economist* and *Caijing* share rather similar values in neoliberal economic and political ideas, in reporting of economic affairs under the context of globalization. However, it still needs more insights to understand how such neoliberal narratives are constructed in different languages, political and market regimes between Anglo-American and Chinese media. More specifically, further questions need to be answered, such as in what way the neoliberal economic policies are framed and articulated, and to what extent the idea of globalization is shaped as values or beliefs to be shared by the readers, etc. The following chapter will seek answers to these.

Chapter 8.

Constructing neoliberal ideas— Frame analysis

The headlines texts have been deconstructed into different narrative techniques with different rhetorical or ideological purposes. In this chapter, we explore how these techniques are drawn upon in reflecting and discussing the ‘big’ phenomenon of China’s economic globalization, which is a complex and multifaceted process. The chapter also examines how the media determine whether and to what extent a particular frame of the discourse is selected to represent the process of globalization; and how the media make judgments on these discourses to create and articulate a certain ideology (i.e., arguably the neo-liberal discourse). A close investigation of how the sample articles are framed could provide a useful perspective to answer these questions.

8.1 Defining frames

To discover a frame (or frames), one must first pinpoint particular words or images (Entman, 1991). Cappella and Jamieson point out four criteria that a frame must meet: (1) a frame must have identifiable conceptual and linguistic characteristics; (2) it should be commonly observed in journalistic practice; (3) it must be possible to distinguish the frame reliably from other frames; and (4) a frame must have representational validity and not merely a figment of the researcher’s imagination (1997: 47, 89). Thus, the *headline* frames are coded based on the collective observations of *headlines, subheads, statistics and charts, photos, and photo captions*. Because these focal points appear to be integrated in the content format of *headline*, that is the first place to skim for an article before reading the main text for facts and arguments. Additionally, for *The Economist* in particular, some headline text is too obscure to be categorized or the use of idiom is less obvious to make an

analogy of the real event, for instance ‘Big Apple Blues’ (29.01.2005), or ‘No strings’ (13.03.2008). The *subhead*, *charts*, *photos* and *photo captions*, which are also to be read as the headline texts, account for the framing mechanism (i.e., frame device) of the *headline* frame as well. Together, they become the ‘most salient cue to activate certain semantically related concepts in readers’ minds’, and play the roles as the most powerful framing devices of syntactical structure (Pan and Kosicki, 1993: 59).

As to the frames of the main texts, two distinguished strategies are adopted for main-themed and non-main-themed articles. For the first type, the *frame* is coded by accessing the whole textual item. Specifically, the *viewpoints* need to be operationalized by varying ‘introductory and concluding paragraphs to establish a unique journalistic frame’ (Price *et al.*, 1997: 448), because these two parts contain information or opinion exclusive to the frame. *Lead* and *concluding statements* collaboratively with *source selection* and *quotes selection* (Tankard, 2001: 101), in both *The Economist* and *Caijing*, conventionally contain the rhetorical views to be conveyed to the readers. For the non-main-themed articles with one or several paragraphs dedicated to reporting the events of the present study, the underpinning of *viewpoint* of this type requires dividing each article to the sections containing ‘frames’ and sections containing unrelated facts or opinions. The concluding paragraph is not necessarily included in these cases. However, it is still feasible to identify *persuasive content* in even-related texts. To justify whether the text contains persuasive content that carries an opinion-loaded frame, three features of *persuasive content* by van Dijk (1988a) can be employed: the content (1) targets emphasizing the factual nature of events; (2) builds a strong relational structure for facts; (3) provides information that also has an attitudinal and emotional dimensions.

8.1.1 Combining inductive and deductive approaches

Frame analysis uncovers ‘what people talk or think about by examining how they think and talk about issue in the news’ (Pan and Kosicki, 1993: 70). Existing literature has identified certain frames with the occurrence of certain type of news or consequence of

audience's reaction or interpretation of events (Cappella and Jamieson, 1997; Neuman *et al.*, 1992). Yet there is not a standard set of 'content analytic indicators' to reliably measure the prevalence of common frames for studying 'the developments in the news over time and similarities and differences in the ways in which politics and other topics of national and international importance are framed in the news in different countries' (Semetko and Valkenburg, 2000: 94). The inductive and deductive approaches of content analysis are going to be synthesized to define the news frames of financial media, which past literature has generally overlooked. The inductive approach indicates an open view to reveal any possible frames, starting from loosely defined preconceptions. This approach is inevitable for the reason that there is little previous research tackling the importance of certain frames in financial news. Therefore, at the beginning of analyzing contents, it is vital to detect as many possible ways in which an issue can be framed as possible. The major drawback is that it is too labour intensive for the sample size of this thesis to ensure the validity (i.e., difficult to replicate by others).

To compensate for that, deductive approach as supplementary is considered to pertain to define frames in the way that it involves predefinitions of certain frames as 'content analytic variables verifying the extent to which these frames occur in the news' (ibid). It is essential in the deductive approach to clearly distinguish the kinds of frames likely to be in the news and those not defined a priori. The deductive approach is applicable, as the previous analytical chapters have shown, that the nature of financial media could be also political or policy related. Some commonly occurring frames in political news, therefore, can be amended to use here. The advantage of a deductive approach is that it can be replicated easily to cope with a large number of samples. Thus, in the broader sense, deductive approach is primarily employed as bedrock of what types of frames need to be identified. For measuring frames in the process of content analysis, inductive approach is used to justify the exact frames in news according to specific event, media, and news genre.

From a semi-deductive perspective, economic news manifests stories not only in economics but also in politics, or even social and cultural aspects. The framing ‘in this light plays a major role in the exertion of political power’ (Entman, 1993: 55) as well as advocates and reinforces a set of beliefs. Thus the frames are ‘really the imprint of power—it registers the identity of actors or interests that compete to dominate the text’ (ibid). Reflecting the promotion of neo-liberal principles and the play of power in politics, the news texts from *The Economist* and *Caijing* share similar frames with those commonly predefined in political news at one level of analysis, yet differentiating at another. An additional review to access the prevalence of frames that have been found in the news is inevitable. Based on the examination of the existing frames, it then opts to verify or amend those frames in inductive ways.

There are two things worth noticing in the process: (1) how the frames are recognized with what framing device is; and (2) what are the contexts of the frames or the intension of the frames to uncover. For example, ‘episodic’ versus ‘thematic’ news frames by Iyengar (1991) are to measure how the audience frame who was responsible for various social problems after they were exposed to these two types of formats. ‘Human interest’ and ‘conflict’ frames are identified by Neuman *et al.* (1992), based on words relating to state policy or social problems. Similarly, Price *et al.* (1997) defines three frames—‘conflict’, ‘human interest’, and ‘consequence’—from the words that reflect the news values. Collaboratively, some prevalent frames in political news (Semetko and Valkenburg, 2000) and others for analyzing economic news in election (Kostadinova and Dimitrova, 2012) are worth investigating in preparation for inductive framing.

Conflict frame has been the subject of much discussion. It emphasizes the conflict between two parties ‘as a means of capturing audience interest’ (Semetko and Valkenburg, 2000). Conflict frame is most visible in political news, highlighting debates among political elites, political election campaigns (Patterson, 1993), and so forth. *Conflict* frame can also be detected in economic stories. However, it is not applicable in this chapter, because *conflict* explicitly implies disagreement between parties/individuals/groups/countries at various

levels. Under the context of economic globalization, involving sophisticated forms of competition and cooperation, most of the textual items could be identified as *conflict* frame but with much ambiguity, in the sense that the logic of being in the status of ‘conflict’ is fluid in the world of foreign trade and investment.

For instance, the conflict on economic issues might share no common fundamentals with those in political issues. There might be conflict between two countries on a certain trade-related issue; however, there might also be conflict among the parties within one country. Two circumstances—inter-elites versus intra-elite competitions—have different implications with regard to how the media perceive and interpret the economic and trade-related stories and convey ideas. The *conflict* frame cannot be directly used, its notion can be deconstructed to different levels of meanings and separately subsumed, if not completely cover, into more accurate frames such as *cost-benefit analysis* (inter-elite conflict), *economic consequence* (intra-elite conflict), *political consequence* (referring to different aspects of an issue, emphasizing mainly conflict of a political nature).

Economic consequence frame focuses on the ‘wide impact of an event’ as an important news value (Graber, 1993). The frame reports an event, problem, or issue in terms of the consequences it have economically on individual, group institution, region, or country (Semetko and Valkenburg, 2000: 96). To be identified from political or social news, *economic* frame often indicates financial loss/gain now or in the future, cost/expense involved, or economic consequence of pursuing or not pursuing a course of action. Obviously, the *economic consequence* frame is primarily used in serious reporting for rational investigation. However, as the elite financial media *The Economist* and *Caijing* share the authority and influence, the frames have to be further justified in the context of a neo-liberal political economy in order to differentiate the possible impact of certain issue for being solely economic or being political or social. The logic of profit-seeking in the *economic consequence* also carries different meanings from the implication of gain/loss in the *cost-benefit analysis* frame. Financial media holds a considerable number of articles with explicit investigation of strengths and weaknesses of business activities by identifying

the change in terms of economic utility. These materials are referred to as a *cost-benefit* analysis frame, as they are discussed for accessing the best options for business strategy, decision, or practice. The frame contains the judgment whether the analyzed activity is beneficial to a certain party, or to both or more than two parties.

Comparatively, *economic consequence* goes beyond the evaluation perspective to further recognize or even discover the economic efficiency and social welfare change of certain deal or policy. Specifically, news reporting on business and political economies are highly relational—the significance of ‘what has happened’ is densely related to contexts external to the news account, such as the factors in the long term, or undergoing simultaneous change with the event which provides the story’s main focus (Corner, 1998: 55). For examples in *Caijing*, the article titled ‘Only a few winners in the marketplace’ ([市场上只能有少数赢家], 05.05.2000) discusses the phenomena of Chinese Internet firms trying to get listed in NASDAQ. Another editorial titled ‘Don’t judge a firm’s success by its IPO timetable’ ([不以上市迟早论英雄] 05.05.2000) verifies the extended implications of Chinese firms listing abroad in financial terms as well as long-term benefits for corporate governance and increasing international competitiveness. According to the definition of frames, the former headline is framed as *cost-benefit analysis*, while the latter is framed as *economic consequence*.

Human interest frame, or ‘*human impact*’ frame, is commonly found as bringing a human face or emotional angle to the presentation of an event (Neuman *et al.*, 1992). It aims to capture and retain audience interests (Bennett, 1995) by personalizing, dramatizing, or emotionalizing the news. A human face provided in the story often generates feelings of outrage, empathy-caring, sympathy, or compassion (Semetko and Kalkenburg, 2000). Also, a story is framed as human interest if it puts emphasis on how individuals influence or are being influenced by the issue, by being covered in the perspective of the private, personal lives of the actors. Though the frame is more frequently discovered in sensationalist news, especially on television, such a frame can also be found in elite financial journals such as

The Economist and *Caijing*, but with the distinct feature that the ‘human face’ in these two magazines is primarily elite in nature.

The reasons are two-fold: (1) The sophistications of market rationale, economic policy-making, and forming of new economic idea, to some extent, are beyond the knowledge of journalists, so that the media needs political economists in government, financial institutions, and universities to make sense of the story. (2) Both as the aggregator of commercial facts and laissez-faire ideas, *The Economist* and *Caijing* play as bridge to fill the gap between dry numbers, information, and the economic ideas, especially in crucial moments when the opinion is wavering. To achieve that, it is necessary to have professional people in the domain of economic theories, policy-makings, and businesses to shape the discourse of economic opinion, to popularize such ideas to the existing or emerging financial class and to give effective voice to the commercial sentiment or business mentality. However, the thesis attempts to use *elitism* rather than *human interest* frame in the analysis, as its focus is on elite financial journals.

Responsibility frame presents an issue in the way to attribute responsibility for the cause or solution to government/system, or group/individual. An important characteristic of the *responsibility* frame is that it measures explicitly two sides of parties—government/system *versus* group/individual—to be blamed for certain problem or issue. The frame suggests that either government is responsible for or has the ability to alleviate the problem, or an individual (or group of people) held the responsibility and need to offer individual-level explanations for the problem/issue. Conventionally researchers were more interested in establishing how a certain format of news is related to an explicitly measured responsibility frame in the news (Semetko and Kalkenburg, 2000). Therefore, the thesis utilizes the *responsibility* frame for assisting the understanding issues with various relational factors in developing contexts of economics or politics, and distinguishing frames of *cost-benefit analysis* with *economic consequence* and *political consequence*.

As explained above, three frames contain deconstructed meanings of *conflict* at different levels of perception. Referring to what the *responsibility* frame indicates, the latter two consequence frames contain the meaning of responsibility in such ways so as to recognize who is able to alleviate the problem, who is responsible for the issue and to what extent, and what action is required. In comparison, *cost-benefit* frame emphasizes the connotation of gain or loss in economic terms. For instance, three article headlines in *The Economist* could demonstrate the different features of these frames:

(i) *Clouds over Hong Kong*

Financially, Hong Kong has long wanted to be the New York of China and London of Asia. Would it settle for Chicago or—um—Toronto? (14.08.1999)

(ii) *A summer thaw?*

China and America (11.09.1999)

(iii) *New Zealand's advantage*

Free-trading New Zealand was the perfect host for this year's APEC summit. As for the guests ... (19.09.1999)

Obviously, the headline (iii) implies explicitly the gain/loss of free trade in APEC for New Zealand and its trading partners. It is framed as *cost-benefit analysis*. Headline (i) clarifies the *economic consequence* of China's impact on Hong Kong becoming internationally competitive as financial centre. Headline (ii) indicates the Sino-America relation was thawing—that is, it frames *political consequence* as the leaders' scheduled meeting at APEC has an impact on weakening the political obstacles between the two countries.

8.1.2 What are the frames

Based on the deductive approach of framing and a pilot study testing the frames' applicability, frames can be defined in the following categories. Each article exclusively falls into one category of frame, even though there could be a certain overlapping of meanings. However, the narrative texts might or might not present all aspects of what they intend to articulate and what readers assume in interpreting the story as presented. To avoid vagueness in categorizing frames, it is necessary to identify clearly the

circumstances and contexts of each frame in order to avoid any ambiguity for selection and inclusion of sample articles.

Cost-benefit analysis implies the logic of profit maximization, as well as recognition of economic value by assessing the strength and weakness of business activities. The frame explicitly analyses the (potential) gain or loss and judges whether the analyzed project is worthwhile in economic terms. The concept ‘cost-benefit analysis’ (CBA) is originally an economic framework to evaluate the viability of a proposed or operating project of a government, institution, or private business sector (International Records Management Trust, 2006: 67). The method assists decision-making about the options that provide the best approach in terms of economic benefits, such as use of labor, time, and cost-savings. Later, CBA was also expanded to address both intangible and tangible benefits to appraise the desirability of public policy options (e.g., Kneese, 1964; Clawson and Knetsch, 1966; Krutilla, 1967). CBA is defined and expressed in monetary terms and adjusted for the time value of money that is used to convert all the relevant costs and benefits on a common temporal footing—that is, CBA involves a process of estimation with a forward-looking perspective. However, as the news articles have a different narrative structure from economic reports, the economic concept needs to be adjusted to make it relevant to defining news frames. Besides the features of gain/loss, estimation and decision-making in *cost-benefit analysis* as a frame also has underlying connotations of bilateral or multilateral economic relations. For a headline covering a certain trade issue, business practice, or economic policy implementation, the texts often indicate actors from more than one country or region. Consequently, concepts such as ‘protectionism’, ‘multilateralism/bilateralism’, or ‘regionalism’ are implied. Thus, *cost-benefit analysis* also refers to inter-elite conflict to some degree.

Main texts following headlines with this frame further divide into two streams of *viewpoints* the articles are trying to deliver—*competition* or *cooperation*. The causal linkage between the *headline* frame and two corresponding *viewpoints* is that in a cross-border project or dispute, two possible outcomes could be drawn up from the

evaluation of economic rationales—either a zero-sum game (*competition*) or win-win situation (*cooperation*). In real world conditions or in media-narrated texts, two outcomes could be mutually exclusive or partly overlap, depending on at what level they are interpreted.

Economic consequence frame is deductively from the same frame commonly found in political news, as explained in previous chapter. The concept of economic consequence is primarily derived from another economic method—Economic Impact Analysis (EIA), which attempts to access the changes/effects of economic activity as a project, program, or policy in a specified region, and to study the linkages among various industries, economic sectors, and external factors (Weisbrod and Weisbrod, 1997). EIA can be examined in terms of business output, value added, wealth, personal income, or employment. Any of these measures can be an indicator of improvement in the economic well-being of the given region, which is often the major goal of economic development efforts. Contrary to the CBA, which acts as an aid for decision-making for individual activities, EIA serves the purpose of investigating the effects of public economic development, such as transportation planning (Cambridge Systematics, Inc. *et al.*, 2006), as well as evaluating or advocating the proposed legislation or regulatory changes in order to fully assess the impact of policy implementation on the economy (Tegen *et al.*, 2011).

The features of EIA coincide with what Corner stresses as the systematic character of economic news reporting of being ‘synchronic (in terms of ongoing developments across the various indicators and sectors of economic activity)’ (1998: 53). In other words, the elite financial journals demonstrate special emphasis on the developing story contexts that are external to the news account but undergoing simultaneous change with the event, which provides the story’s main focus (*ibid*: 55). An article that indicates an economic shift may contain some other relational factors and be more readable in terms of its significance if it shows linkage with other economic variables established within the headline or among several headlines. Compared with the *cost-benefit analysis* frame, the *economic consequence frame* sheds light on what might happen or what has happened. The

time span could be before or after the economic activity. The *cost-benefit analysis* focuses primarily on the assessment in monetary terms before making decisions. In the geographical sense, the *economic consequence* frame highlights the measurement of economic impact on a predefined area.

For the articles framed within *economic consequence*, the main texts stress the impact of economic activities on various areas or factors that relate to, but perhaps are not covered by, the story's main focus. So such texts raise the question, what is the treatment or investigation of *consequence*? Concluding from the empirical study, there are two major assertions that call obvious attention to this frame—*market reform* and *integration*. The *reform* frame refers to the economic reform program that the Chinese government initiated and implemented in a set of policies to liberalize and globalize China's economy. It also means any change in activities or ideas in accordance with the market reform in either macro- or micro-economic aspects. The *integration* frame aims at making sense of the domestic issues in the broader context of the international marketplace. It brings in a global perspective to the analysis of establishing a linkage, in which the global economic integration may play a role or affect China's economic development.

Political consequence frame concentrates the interplay between market and government and the relevant impact on China's economy. Besides its overlapped notion with a frame of *responsibility*, *political consequence* develops the frame to stress how political activities affect the choice of economic policies, especially to distributional conflicts and political institutions (Alesina, 2007). The frame is mainly derived from the concept of political economy, which initially studies the production or consumption within limited parameters organized in nation-states. The concept then expanded the emphasis of economics to interdisciplinary approaches explaining how political institutions, the political environment, and the economic system—capitalist, socialist, or mixed—influence each other (Weingast and Wittman, 2008). Two main areas associated with studies of political economy are related to what the frame of *political consequence* refers to: (1) the role of government or power relationship in resource allocation for different economic systems (Bradt and

Rawski, 2008), and (2) international political economy (e.g., Gilpin, 2001; Mitra, 2008). In addition, two new approaches are closely linked to what the news frame tries to tackle. One approach—new political economy—treats economic ideologies as the phenomenon to be explained. It ‘regards economic ideas and behaviors not as frameworks for analysis, but as beliefs and actions that must themselves be explained’ by disclosing the political premises in the economic doctrines (Charles, 1987: 3-6). Another one, international political economy (IPE), comprises approaches to the actions of various actors in an interdisciplinary field (Cohen, 2006).

Elitism frame in headlines is partly derived from *human interest* in other social or political news. The related feature is the concept of human impact, which emphasizes how the individuals influence or are being influenced by the issue reported. However, the remarkable difference between two frames is that *elitism* in the elite financial journals does not particularly show the sensationalist feature, which stresses the emotional angle by dramatizing the story in the narrations as the *human interest* frame does. Instead, and mostly on sharp contrast, *elitism* frame tries to establish a distinct form of professionalism in narrating news stories—the authoritative voices from the professions of economics and politics. Therefore, it is considered to be more appropriate to use the word *elitism* as the frame. These external voices have formed a specific style of narration in the financial media for educating the financial class and being effective in establishing a business mentality. People from the domains of business, academics, and governmental institutions play a distinct role compared with journalists, because of their expertise and experience in these fields to build up a particular language and legitimacy to media platforms (Parsons, 1989: 27). The *elitism* frame includes articles that articulate the voices from those who hold most of the political power, economic resources, or/and academic intellect and share similar values and beliefs in laissez-faire doctrine. They might also manifest features in the frames of *economic/political consequence*, or *cost-benefit analysis*. However, the articles are framed as *elitism* if in the texts the elite’s authority and influence on the world of economic and politics clearly outweigh the features of other frames. The *elitism* frame

aims to stress the interlocking phenomena of internal elite agenda and external agenda of media.

8.2 Frames analysis

A general impression from Table 7.1.3 indicates that *economic consequence* is the most popular frame in both magazines. It outnumbers other frames comparing both across the media and across events. As expected, the next most popular frame is *cost-benefit analysis*, which is supposed to be more commonly found in the stories of economics and business by convention. The only exception is the WTO story covered by *The Economist*, in which the *political consequence* accounts for more articles than the *cost-benefit* frame ($N_{\text{Economist}}^{\text{Political consequence}} = 45$; $N_{\text{Economist}}^{\text{Cost-benefit}} = 36$). The contrary coincides with the findings in quantitative analysis that *The Economist* intentionally portrays the stories of international trade in a more politically oriented way. According to how the *economic consequence* and the *cost-benefit analysis* are semi-deductively defined in the previous chapter, both the magazines maintain their reputation for journalistic professionalism as opinion-shapers, because their articles go beyond facts and numbers (*cost-benefit* frame) to create ideas in an attempt to influence the overall welfare change of a certain economic event (*economic consequence* frame).

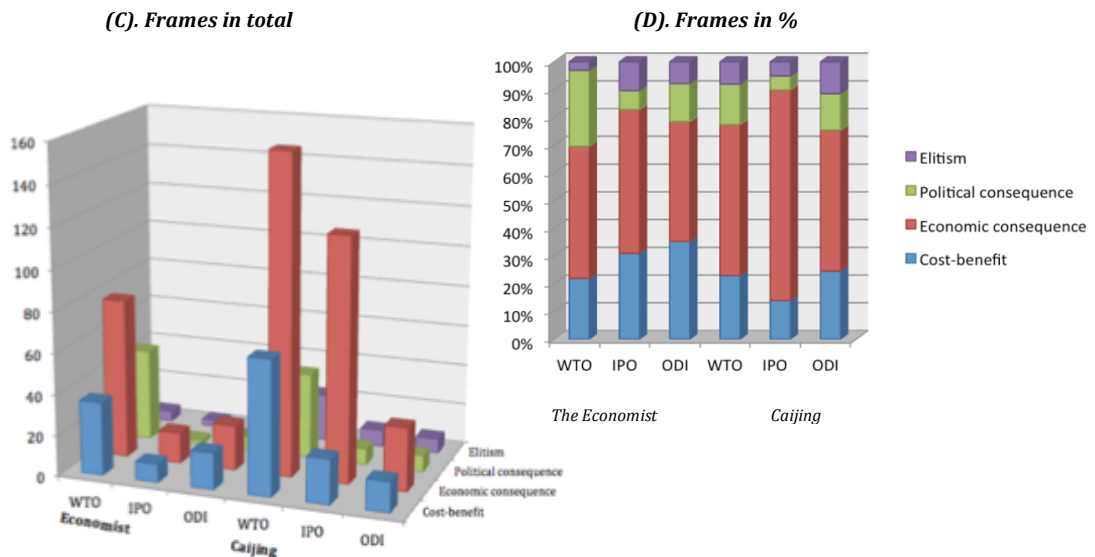
Table 7.1.3 (part) Frames

Frame:	Economist			Caijing		
	WTO	IPO	ODI	WTO	IPO	ODI
Cost-benefit	36	9	18	66	22	15
Economic consequence	78	16	22	156	119	31
Political consequence	45	1	7	42	8	8
Elitism	5	3	4	23	8	7

Based on the definitions of the frames, the numerical fact that the *economic consequence* frame accounts for more than the *cost-benefit analysis* in every category is parallel with the hypothesis that both *The Economist* and *Caijing* intentionally emphasize in-depth

investigation, analyzing relations between a series of events and the wider impact of economic development. In contrast the *cost-benefit* frame is mostly seen in the mainstream financial media that focuses primarily on instant analysis of gain or loss of an economic activity based on profit-making logic. *Elitism* is the least common frame in almost all categories. The articles seldom directly demonstrate how elitist authority and influence shape opinions on issues being reported. The usage of an *external narrator* (referred to in the analysis in Chapter 6) is a significant phenomenon in both media.

Figure 7.1.3 Absolute/relative numbers of narrative structures and frames of headlines



8.2.1 Inter-elite versus intra-elite conflicts

Both the frames of *cost-benefit* and *economic consequence* imply the potential for conflicts of interests between parties involved in business deals or in the process of policy making. One essential feature that distinguishes the two frames is whether it restricts the conflicts of interest to specific regions, which are ‘re-scaled’ from a conventionally defined geographic nation-state to a ‘spatial entity’ being an economic player in the global marketplace, for instance an urban centre, a cross-border region, an international regional

bloc (e.g., EU) or a nation-state (Fairclough, 2006). In other words, the *economic consequence* frame may indicate the measurement of the ongoing improvement of the economic well-being of a given region, in which any conflict of interest is represented as internal to a country or regional agreement; whereas the *cost-benefit* frame is an economic analysis of future gain or loss and involves players from different parties, and in the context of this thesis it concerns the conflicts underlying bilateral or multilateral economic relations.

Therefore, it is apparent that two frames echo two types of conflict of interest here—*economic consequence* for intra-elite and *cost-benefit* for inter-elite conflict or competition. In the phenomenon of China's economy going global, the intra-elite competition features the possible domestic conflict of interests among Chinese or Anglo-American elites in the distribution or improvement of their economic interest; the inter-elite competition manifests distribution or improvement of economic interests between Chinese and foreign elites (in most cases they are referred to as Western elites). From Table 7.1.3, more frames depict intra-elite competition than inter-elite competition. A variety of questions are raised via the multi-dimensional comparison: whose benefit/loss is presented and from what perspective? What kinds of characteristics are shared by the two magazines in framing the events? How are the neo-liberal ideas embedded in the frames by separating or binding economic interests among different parties?

In reporting foreign trade and investment, two frames are employed at the highest frequencies drawing on both the inter- and intra-elite conflicts in absolute terms. Considering that the total number of articles covering WTO is way beyond the other two events, it is more sensible to compare across different topics in relative terms, which is visualized by Figure 7.1.3 (D). With regard to the *cost-benefit* frame, the gain/loss analysis accounts rather more in covering outward investment than the WTO accession in percentage values (*The Economist*: $\%N_{ODI}^{Cost-benefit} > \%N_{IPO}^{Cost-benefit} > \%N_{WTO}^{Cost-benefit}$; in comparison,

the *Caijing*: $\%N_{ODI}^{Cost-benefit} > \%N_{WTO}^{Cost-benefit} > \%N_{IPO}^{Cost-benefit}$)¹. Comparing with other frames, the *cost-benefit* frame is applied most to the stories of Chinese companies investing abroad, which positions the gain or loss logic in the process of business decision-making. It is to be expected that the lowest incidence of the *cost-benefit* frame is in the coverage of the overseas IPO, which is regarded by both magazines as mutually beneficial to both Western investors and Chinese firms listing abroad for either privatization or accessing overseas markets. However, in framing *economic consequence*, IPO accounts for the largest proportion of reporting among all three events. Table 8.2.1 compares examples of features on each of the three events from the two magazines in each frame, (*a, d, A, D* for WTO accession; *b, e, B, E* for IPO; *c, f, F, F* for ODI).

Table 8.2.1 Examples of *cost-benefit* and *economic consequence* frame

<i>The Economist</i>	<i>Caijing</i>
<i>Cost-benefit</i> frame (inter-elite)	
a. Unlocking the benefits of world trade [By Invitation: Jeffrey Schott]—Despite the gloomy prospects, there is a way to put the global trade talks back on track—to the advantage of the world's poor [01.11.2003]	A. Cross-strait economic integration is inevitable [两岸经济一体化趋势在所难免]—After China joining WTO, two industrial markets from both sides of the straits need to be seen as a converging big market. Taiwanese industries with high degree of globalization cannot manage its own market strategies. [20.06. 2002]
b. Fools rush in (The CAO derivatives fiasco)—A reminder of the risks of investing in Chinese companies [12.09.2004]	B. Who's suffering from the difficulties of the 'A+H' model [‘A+H’ 行难苦了谁] —Hong Kong's experience manifests that expansion is not the reason for the long slump of domestic stock market... [16.05. 2005]
c. Global or national (Special report: Oil)—The perils facing big oil [28.04.2005]	C. What did TCL got from Thomson [TCL 从汤姆逊拿到了什么] —TCL has yet to get the advanced technology from the joint venture with the oldest TV maker in the world. But hopefully it has the entry ticket to Anglo-American market [05.12. 2003]
<i>Economic consequence</i> frame (intra-elite)	
d. A different, new world order (The	D. Opening up of cotton and grain

¹ The values are $\%N_{ODI}^{Cost-benefit} = 21.95\%$, $\%N_{IPO}^{Cost-benefit} = 31.03\%$, $\%N_{WTO}^{Cost-benefit} = 35.29\%$ for the *Economist*; and $\%N_{ODI}^{Cost-benefit} = 24.59\%$, $\%N_{WTO}^{Cost-benefit} = 23\%$, $\%N_{IPO}^{Cost-benefit} = 14.01\%$ for *Caijing*.

trade agenda) —Trade should be high on the list of priorities for the new American president. But America and Europe must learn to share leadership with other countries [11.11.2000]	industries, and liberalization of agriculture [棉花开放、粮食开放与农业自由化] – If China had to head off to the free market route, it should depart as soon as possible. [Issue 11.2001]
e. Imperfect market (China's stock market)—China's different share classes damage its own prospects [05.10.2006]	E. ICBC's experiment on 'A+H' [工行'A+H'实验] —There are various detailed technological challenges for ICBC's IPO. It also requires close cooperation between Hong Kong and mainland's regulatory bodies. [24.07.2006]
f. Hey, big spender —China's investments in the rest of Asia are booming [04.06.2007]	F. Keep close eyes on what China's buying [关注中国买什么] — Whether the Chinese companies which succeed for their 'going out' expansion have decisive influence on their stock prices.

As to covering China's international trade in relation to WTO, the *economic consequence* frame triumphs in both media compared with the reporting of the other two events in both absolute and relative values (Figure 7.1.3 C, D). In contrast, the *cost-benefit* frame in WTO stories ranks top among all three events but not in percentage terms. The cases of **a**, **A** and **d**, **D** compare the features of two frames. The *cost-benefit* frame covering WTO demonstrates the evaluation of certain business activities with the logic of profit maximization. Example **a** involves two oppositional economic players in the game of world trade—rich people who have already gained from world trade but also the implied reason to further the liberalization of trade, and the 'world's poor' who are in the disadvantageous position economically. Headline **A** looks at the benefits for Taiwan's economy of the possible 'cross-strait economic integration' based on the facts that a deepening degree of globalization of the industries offers it the only way to link with Mainland China in order to make a profit. This could also be seen in the frame of *integration*, which is a sub-frame of economic consequence.

Economic consequence is favored by both the magazines in WTO-related stories. The frame fills the gap between the reported event itself and its economic implications for a specified region. In the process of bridging such a gap, the advocacy of free trade reflects neo-liberal economic rationales or political ideologies. Case **d** targets the Anglo-American

leadership—their roles in world trade and internal conflict of interests between the United States and Europe, being in leading positions of world trade. *D* not only urges the opening up of agricultural sectors but also, and more essentially, attempts to convey the idea that further market liberalization could be the improvement of welfare of China's agriculture industry.

From comparing four cases, it is observable that the *economic consequence* frame is more likely to reveal the ideological stances of the media by developing the core story (reporting what has happened) and linking to other contexts, while speculating beyond the core event (e.g., it is hard to conceive any anticipatory time frame for the United States and EU's restructuring of leading function in world trade, and for China's market liberalization). In addition, the cases of *d* and *D* reveal that each magazine chooses to cover the intra-elite conflict in a way that reflects the interests of its readership and intentionally frame the stories from the perception of their target readers. Which level of economic participant the media portrays directly relates to whether it shares the same economic benefit or loss with its readers.

As demonstrated earlier, stories of ODI in both media are most often within the frame of *cost-benefit analysis*. Examples of *c* and *C* are representatives of this category. In *c*, private oil companies and major public ones are put in two oppositional sides of the competition of oil exploration and profitability. The headline 'Global or national' takes the implication of the competition to the larger context of the strategic development of the whole oil industry. The current reconstruction of the global oil industry affects every company in the world and each possible merger and acquisition deal needs to be seen in a global perspective. While the example in *The Economist* analyses who will be better or worse off in general economic terms, *C* from *Caijing* is more specific, providing detail on plans that TCL—a Chinese electronic company—aims to gain technology and market share abroad from the joint-venture with Thomson, a French-based TV manufacturer. It elaborates typically the dualistic opposition between two parties involved in the economic activity in this category. By comparison, *The Economist* does not reflect such a clear division. It tends not to

recognize the different sides in the conflict of interests. It blurs the border boundaries and situates the account in a purely globalized perspective.

However in the examples framed in terms of the *economic consequence* of the same event there is little difference between the *Economist* and *Caijing*. In the coverage of the ODI, cases *f* and *F* analyze Chinese companies cross-border M&As by listing out a number of cases and their collective implications and impacts on the markets. The ‘Hey, big spender’ of *f* explains why China is aiming at takeover targets in Asia rather than in the United States or Europe and anticipates that Chinese ventures will increase ‘in higher numbers and with greater success’. *F* investigates the overall significance of Chinese companies going overseas and the relevant impacts upon the stock markets performances. Instead of distinguishing the dualistic position of gaining or losing, two examples of the *economic consequence* frame create a meaning gap between what is narrated of the core event (Chinese companies foreign takeovers) and the implications for other parties or other aspects external to the core narrated events (e.g., forecasting influences implied by *f* and *F*). The *economic consequence* frame in such headlines is clear. For instance, in *f* the emphasis is that the Anglo-American markets should be aware of the ‘big spender’s next move’ once China gains enough M&A experience in its backyard Asia. *F* links overseas expansion with their stock performances for those listed in HKSE and the government policies on capital flow and currency revaluation. It could also refer to the sub-frame of *integration*, seeing the ‘going-out’ phenomenon that everything is globally connected and integrated as part of the economic globalization process. Therefore, in such framing, the presupposition of fundamental axioms in neo-liberalism and globalization is persuasively realized.

In covering foreign listings, the frame of *economic consequence* takes the highest proportion among all kinds of frames. Both *The Economist* and *Caijing* frame the IPO stories into complexity of consequences. Examples of *e* and *E* demonstrate that a systemic issue dispersed across a range of interrelated process, state, or indicators (i.e., institutional building and rebuilding influenced by the events). Two examples tackle the same issue of A+H model from two different perspectives but reach a similar analytical outcome that the

reform of China's domestic stock market and certain consolidation between China and Hong Kong stock exchanges could enhance the market efficiency and overall economic growth. Case *e* from *The Economist* uses almost no case but analysis to straightforwardly point out the danger of the price disparities between the companies listing domestically (A-shares) and those simultaneously listing in Hong Kong (H-shares). As the narrative style of *Caijing* is case-oriented, headline *E* adopts the case of ICBC's IPO to exemplify the notion of institutional building and rebuilding—particularly encouraging the cooperation of regulatory agencies in both Mainland China and Hong Kong.

For the examples of *b* and *B*, they tend to frame the stories from the perspective of evaluating the policy-making or decision-making that subsumes all participants in the economic activities and binds their interests together, by taking the account to a further level beyond dualistic opposition. Headline *b* covers the trading scandal of Singapore-listed China Aviation Oil for making losses in oil derivatives and denotes the risks of foreign capital markets loosening control for Chinese firms to enter. *B* also investigates China's stock market reform of 'A+H' model and points out the old market understanding could only do harm to improve efficiency and stock performances in China's stock markets. *Cost-benefit* frame in IPO stories clearly suggest that economic interests of Chinese and Anglo-American elites are tied together as Chinese companies deepen integration into the global capital market.

8.2.2 Political agenda intertwined with international trade agenda

This section shifts the analytical focus to the frame of *political consequence*, which ranks the top position of covering China's accession to WTO among all three events in both absolute and relative terms. In accordance with the previous findings in quantitative comparison (Chapter 6), the WTO topic is considered as the most politically loaded one, because the economic agenda of China joining the WTO reflects the holistic vision of China's economic integration and its dense interaction with the political agenda such as diplomacy, policies of market reform, and restructuring of the multilateral relations in

global economic or financial systems. For both magazines, what ranks the second-most framed in *political consequence* is the outward investment story. It is self-explanatory to find ODI events outweighing IPO ones, because Chinese ODI is motivated and funded by government and most of the investments are conducted by big state-owned companies backed by the Chinese government at provincial or central levels.

As discussed in the literature review, elite financial journals aim to promote not only free flow of goods, labour, and capital, but also and perhaps more importantly the idea of global integration from the viewpoint of seeing ‘the globe as a whole’ (Zhang, 2012: 96). In particular, the editor of *The Economist* John Micklethwait considers free trade as more than just economic advantage—it is a principle of international morals that bring us the open market as well as liberal-minded governments and societies (Micklethwait and Wooldridge, 2000). The underlying media narrative of free trade agenda extends beyond a commercial phenomenon to be the stories of ‘spreading a political culture that is based on individual liberty’ (ibid: 338). Therefore, it is worth looking more closely at the *political consequence* frame in narrating stories of China’s WTO accession, in which the China-related issues in international trade are covered.

Table 8.2.2 Examples of the *political consequence* frame

<i>The Economist</i>		<i>Caijing</i>	
<i>(i) International relations</i>			
m. More sound than fury	M. Not too pessimistic about Sino-US relation		
[Chinese-American relations]—China keeps its anger under control [09.06.2001]	[对中美关系不必太悲观] [Issue 5. 2001]		
n. Don't lift the arms ban	N. Sino-EU shoes politics		
(The EU and China)—China needs to prove itself a worthy friend [02.10.2004]	[中欧鞋政治] —EU probably will change the old strategy of open trade and shift to more conservative one. Shoe-making industry proves such troublesome signal [16.10.2006]		
o. Time for chat about Taiwan	O. New chess game between India and China		
(Asia)—China's leaders have to decide how to respond to Taiwan's more friendly face [05.08.2000]	[中印新棋局] —Two emerging giants in neighborhood try to get closer to each other, with hesitations [13.11. 2006]		
p. No silver bullet for Japan	P. End the game of searching scapegoat		
(Asia-Tokyo) [10.07.1999]	[结束寻找替罪羊的游戏]—China's currency policy became the main target in the American congressional		

hearing of 'impact of China's WTO membership on US economy and security' [05.10.2003]	
<i>(ii) Domestic reform</i>	
<p>q. Ten years on (China after Tiananmen) —Since the bloody crackdown on June 4th 1989, China and its government have changed hugely for the better. But only when the country has dealt honestly with its past can it squarely face the future [05.06.1999]</p> <p>r. Now comes the hard part (China)—China looks set to change as much in the next five years as in the past extraordinary 10, says Dominic Ziegler [08.04.2000]</p> <p>s. Vote for China's freedom—Freer trade will help to undermine China's Communist regime, not shore it up [20.05.2000]</p> <p>t. The poison spreads—(Food regulation in China) Tainted milk kills children—and harm China's image abroad [25.09.2008]</p> <p>u. To get rich is glorious—(China's middle class) China's middle class is expanding rapidly. But what does it want? [19.01.2002]</p>	<p>Q. Milestone from rule of law to democracy [从法治到民主的里程碑] - 'Guideline to promote rule of law' is a blueprint for new country image and shifts of power structure.... We can see the hope for peaceful transition in the next decade via rule of law based on individual rights and interests [20.03.2003]</p> <p>R. Market, government, rule of law [市场、政府、法治] —How to create a healthy market economy. [05.08.2003]</p> <p>S. Stiglitz: 'China has waded across the stream' [中国已经越过河流] —Balanced development depends on the new balance among government, market and society [20.02.2006]</p> <p>T. Difficult privatizing the arbitration agencies [仲裁艰难民间化] —Direction of reform for arbitration agencies is clear, but in different pace. It should be considered as part of the reform of public service unit [20.10.2003]</p> <p>U. We want development, as well as social impartiality [要发展，也要社会公平] —...exclusive interview with Amartya Sen, whose view suggests that social fairness and impartiality, and sex equality are two key factors in China's healthy economic development in long run [20.10.2003]</p>
<i>(iii) Intergovernmental organization</i>	
<p>v. The remaining hurdles—China's deal with America is a big step towards WTO membership...[20.11.1999]</p> <p>w. Living together—South-East Asia looks north to buttress its future [12.02.2000]</p> <p>x. Leadership and luck—The world economy needs both [20.09.2003]</p>	<p>V. After coronation [加冕礼之后]—Beijing Olympic is the coronation for China's achievement from over 30 years of poverty and isolation. What is next? [19.08.2008]</p>

There are three aspects subsumed in the frame of *political consequence* that the two magazines attempt to target. (1) *International relations* aims at picturing the relationship

among nation states and underpinning foreign policy of a certain country. (2) *Domestic reform* refers to China's reforms in the policy-making and enactment of laws and regulations that help or do harm to the market liberalization and globalization. (3) *Intergovernmental organization*, or called international organization, means to report on issues of multilateral framework or agreement, such as WTO, about their institutional building, ensuring the implementation of members' enforceable commitments, and functions as forum to settle trade disputes and negotiations and so forth. By counting the number of headlines, *The Economist* enumerates far more items in the first and third aspects of *political consequence* than *Caijing*, which focuses on the *domestic reform*. Here are examples from each sub-classified type of *political consequence* frame to be illustrated in the tables.

Among *political consequence* frames presenting *international relations*, *The Economist* devotes more space talking about China's relations with other countries or regions. In comparison, they feature very different narrative styles in *international relations*. *The Economist* frames the issues from the aspect of international security, which specifically denotes China as a potential threat of war or existing rivalry because of the past wars and political controversies. Examples *m* and *o* contain the underlying controversies of China's relation with Taiwan region in the context of military demonstration and Taiwan's new presidency. Though two pieces involve paragraphs that analyze how the cross-strait relationship has been affecting or has affected China's bid for WTO membership or any of their international trade status, the headlines' primary focus is to call readers' attention to the political oppositions between China and Taiwan—in the case of *m*, though it appears that it describes Sino-US relations, the central point is to show the antagonistic nature of China's and United States' political stances toward the Taiwan issue. Example of *n* demonstrates how the European Union's dual aspects of China policy—strategic partnership in trade *versus* '15-year-old ban on arms sales' to China—shift and balance each other in accordance to China's emerging economic power and assumingly growing security threat. Case *p* also draws upon a complicated picture of the Sino-Japan relation in the sense that the rivalry status of two countries since the Sino-Japan War has significant

impact on the current economic interactions.

Unlike *The Economist*'s framing with the political connotation of 'China threat' from the perspective of international security, *Caijing* interprets the 'China threat' from a very different perspective, based on the same issue of China and the United States' military confrontation over Taiwan (in *m*), headline *M* blurs the dualistic opposition in Sino-American relations by directing the reader's gaze toward the economic aspect of the problem—despite the ideological, political, and cultural differences, cooperation for mutual benefits in the long run should be the top political and economic agenda. Also in the cases of *N*, *O*, and *P*, political implication in *international relation* is off the central focus. Instead, the basic principle of free trade plays a major role, referring to the disputes and obstacles that in a political sense need to be seen and solved from the idea that any negative consequence caused by one-world integration will be overcome through the mutual benefits gained by any participants in the globalization process. For instance of *P*, the United States' blame for China's currency valuation is portrayed as a political strategy (or 'political storm' as quoted in the subheading) that the United States plays for purposes other than fostering trades. And the multi-benefit idea embedded in the frame stresses that only negative consequences of the 'game' would end up with and harm any country's further economic development or expansion in the global economy; and that the scapegoat seeking action is dangerous under such a context.

The *intergovernmental organization* as a frame in *The Economist* outnumbered that in *Caijing*. It portrays at three different levels as (*v*) China's bid for joining WTO, (*w*) regional multilateral agreement and (*x*) institutional building or rebuilding of the IGOs. In *Caijing* only one article of this kind is found—example *V*, which depicts Beijing Olympic as a 'coronation' for China's globalization process and compares the extensive political and cultural implication with the concessions of WTO membership. In contrast *The Economist* from three different levels intends to describe the globalization in dual natures of being economic and political simultaneously toward an end point—the principle of free trade ultimately paves the way for economic prosperity and ensures the Anglo-American

leadership in this intellectual process. For instance, example *v* phrases ‘hurdles’ so that China’s WTO membership is depicted as a desirable result to both Chinese and Westerners. In *w*, looking ‘north to buttress its future’ indicates that the good thing about China’s WTO accession is to provide much-more-open investments to the rest of Asian regions. The example of *x* reflects the recognition that the United States is the leader in the world open economy.

What *Caijing* contains much more in framing *political consequence* is the subject of the internal *domestic reform*. The first three pair of examples in this category represent three different dimensions of political implications—*q* and *Q* about the political liberalization, *r* and *R* relating to laws and regulations, *s* and *S* discussing the relationship between market and government. One characteristic strikingly alike between *The Economist* and *Caijing* is that they both portray the political aspects of China’s economic globalization in metanarrative of globalization. This bigger story underlines many smaller ones such as China’s foreign trade policies (*s*), government’s next five-year-plan (*r*), establishment of market economy (*R*), rule of law (*Q*, *R*), historical related event (*q*), and so forth. All these are shaped as a process, in which the final goal is not easy to achieve but China has been on its way of pursuing it. They narrate the stories by displaying a timeline containing the significant events and emphasizing the progress of how the actor transforms itself from one point to another in between the enduring sequence of events. For examples, headlines *q* and *r* point out the difficulties of the possible trend of transforming the government from authoritarian regime to capitalist democracy (‘the hard part’ in *r*) based on the already successful economic transformation from being a centrally planned one to market economy. Examples in *Caijing* also show similar characteristics with words such as ‘milestone’ (*Q*) and ‘waded the stream’ (*S*) to demonstrate the dualistic process of the development being both economic and political.

However, when we examine more closely the relation between two questions of what is the goal to be achieved and how it is achieved, there is a drastic difference between two media’s narrations. For *The Economist*, the domestic economic liberalization and more

extensively the economic globalization are means toward the ultimate goal for China to adopt Western democracy and neo-liberal values. In *S*, it states clearly that ‘free trade will help to undermine China’s Communist regime, not to shore it up’. And the example *R* implies that the easy part of the reform is mostly economic and the ‘political change’ will be much more difficult to achieve based on the establishment of market economy. On a sharp contrast, and perhaps in reverse, *Caijing* considers the political reform on a certain scale as a means to further build up market economy. Besides the exceptional case of *Q* focusing primary on promoting the liberal idea in democracy and its implication in political reform, *R* and *S* try to construct the causal linkage between free market/free trade and liberal-minded governance in the way that proper political changes such as the implementation of rule of law and liberalizing regulation in other social fields are necessary but constrained to pursue the goal of establishing open market and trade under the Communist regime.

In narrative construction, WTO membership for settlements under unilateral agreement is viewed as ‘external pressure’ to such political reform. Even in *Q* with the explicit notion of ‘democracy’, only the ‘individual rights and interests’ from the concept of democracy is brought into the legitimation of a government, which is more capable to shape the course of China’s economic globalization. Any political change the *Economist* portrays positively in the direction of being liberal is regarded by *Caijing* as a method toward the ultimate goal of pursuing business profitability and overall economic prosperity. Another comparing feature between two magazines’ political framing can be observed: *The Economist* adopts a dualistic vision of seeing the free trade and Communist governance as two incompatible things—in order to enhance the economic welfare a complete political reform from authoritarian to democracy is inevitable. *Caijing* frames the tangled relationship among neo-liberal mentality, Communist regime, and overall social development in a balanced perspective, as Stiglitz suggested in title *S*.

8.2.3 Gurus from governments and markets—elitism frame

The headlines’ framing of elites in the field of politics and economics is the least adopted

narrative strategy among all the frames. It is worth investigating as the *elitism* frame straightforwardly demonstrates the elite-elite communication via the elite financial journals, not only because the frame contains the function of legitimating the political and economic powers the elites sustain in society as the literature review discussed, but also because the comparison of the same *elitism* frame between two magazines reflects the construction of elites who are liberal minded in pioneering the economic globalization and shaping people's idea towards such issues. In absolute numbers, both the magazines use it most extensively in covering WTO-related stories. The numerical comparisons reflect the 'idea circle': key moments relating to China's WTO membership coincide with those that are the weaving ideas and arising controversies in political economy and need to be discussed and explained by authentic voices; whereas the actual business practices (e.g., IPO and ODI) outweigh the abstract debates in the media agenda when the economy is booming with vast opportunities for making profits. What also confirms with the 'idea circle' phenomenon is that in percentage terms, *elitism* takes the largest shares in covering foreign listings (in *The Economist*) and outward investments (in *Caijing*).

There are three types of elite groups that the two magazines focus on: (1) ***policy-maker***—high-ranking politicians at levels of ministries and commissions of certain country, central governments and intergovernmental organizations; (2) ***business practitioners***—chief executives from big SOEs that have made significant moves for global expansion that directly or indirectly affect the welfare changes of both Chinese and Anglo-American stakeholders; (3) ***academics in economics***—economist to make legitimate and persuade for abstract ideas and policies from research institutions, universities, or think tanks. Presumably, *elitism* frame contained a significant share of the third type as the theorists are supposed to be the authorities with the expertise in explaining the economic events. *The Economist* has none of these categories while *Caijing* has merely two frames of this type—one is Robert Lawrence, by then the member of Bill Clinton's Council of Economic Advisers and Brookings Institution; another is Martin Feldstein, president of the National Bureau of Economic Research, and who used to be the chairman of the Council of Economic Advisers to President Ronald Reagan.

The stories of foreign trade and investment (WTO) put most emphasis on the first kind of gurus who have the political power to influence policy makings. Bill Clinton and Christopher Cox are both mentioned once and Zhu Rongji twice in *The Economist's* headlines. For those in *Caijing*, Long Yongtu appears in three headlines because of his significant role as the Chief Negotiator for China's resumption of GATT contracting party status and its accession to the World Trade Organization. Other top politicians as the Western counterpart of Long Yongtu also framed out, such as Robert Zoellick the US Trade Representative. Also political leaders from various institutions received prominence: such as Kevin Rudd (Prime Minister of Australia), Tadao Chino (President of the Asian Development Bank), Pascal Lamy (European Commissioner for Trade), Miguel Rodriguez Mendoza (WTO's Deputy Director-General) and Wu Jichuan (Minister of Information Industry) with many other ministers from other industrial sectors. All of these people were (by the time the articles were published) in top positions to influence the world's political agenda of globalization. Their version of interpretations plays an essential role for not only revealing the process of policy making in the sites of power but also shaping the climate of economic opinions at crucial moments such as China's bid for WTO membership. Meanwhile, with extensive usage of such *elitism* frame, both the magazines manifest their elite nature as being immersed within the elite sites of power (Davis, 2007: 175).

The second kind of guru is clearly much more favoured for both the magazines in covering IPO and ODI topics. They bring in the perspective of the actuality of commerce as they are in the most influential positions to lead the giant SOEs toward overseas expansions. Two important figures are repeatedly mentioned by both magazines—Wang Xuebing, the 'abruptly sacked' president of China Construction Bank for corruption; and Liu Chuanzhi, chairman of Lenovo, China's biggest computer manufacturer, which has successfully acquired IBM's PC unit. *Caijing* frames out Wang under the theme of its profound economic implications for China's post-WTO compliances and domestic banking competitiveness to foreign banks, as revealed in the article titled 'Wang Xuebing Shock—The problem of the banking industry isn't up to the quality and quantity of top

bankers, rather it is about the formation of competitive environment' ([20.01.2002], *Caijing*). Its exclusive interview with Liu Chuanzhi aims to advocate the market reform as the optimal development China should head on ('Don't shake'—'Two things determine the future of China's economy: one, stick on the developmental path; two, keep going through the road of market economy. [16.08.2008], *Caijing*). So these two articles are categorized under the topic of WTO accession.

As for *The Economist*, Wang Xuebing's scandal is framed and negatively correlated to the undergoing reconstruction of the banking sector and the forthcoming foreign IPO intention of the China Construction Bank's 'Hong Kong and Macau operations'. Liu Chuanzhi is the central actor in *The Economist* headline in the topic of ODI, in which it is self-evident to find him because of the 'bold fusion' deal of Lenovo buying up IBM is a 'Legend in the making'. *Caijing* in comparison adopts totally different people framed as *elitism* in headlines. Three prominent executives are put under the spotlight: 1) Yang Xianzu, the general manager and chairman of China Unicom, which had just succeeded in listing in NYSE and HKSE, talking about the reconstructing plan after cross-listings; (2) Francis Leung, Hong Kong's veteran investment banker and the father of 'Red-chips', discussing Chinese firms' governance with relation to their stock performances in HKSE (H-shares/Red-chips); (3) Chen Jiulin, chief executive of the Singapore-listed subsidiary's China Aviation Oil and arrested for illegal speculation of crude-oil futures that cause the bankruptcy of the firm. These names recur in various types of media.

Under the second category of *business executives*, *Caijing* contains a significant group of elites that *The Economist* does not cover at all. They are the *private entrepreneurs* (or enterprises) from local or Western backgrounds. Though they are also elites from business fields, they are founded and operated under a very different business environment in the Chinese context, in which the Communist Party dominates key 'strategic sectors', and compared with the private-sector peers, SOEs enjoy 'cheaper financing from state-owned banks, favoritism from local governments in land sales and [a] lighter touch from regulator' ('Fixing China Inc.', 30.08.2014. *The Economist*). In reporting the WTO and ODI stories,

Caijing frames a number of private entrepreneurs establishing new businesses due to the opening up of domestic sectors as China becomes a member of WTO, or following the ‘Going Out’ policy to explore or expand business abroad. For the WTO stories, there are local founders seeking to build up enterprises with fresh concepts from the West, such as Chen Ge (or Gary Chen), who holds an MBA and years of investment banking experience in the United States, coming back to China to set up Pulai Music—a music company combining international standards of corporate governance and intellectual property rights when the Chinese music industry was nascent. Another interesting thing specified by the article is that Chen was the person who invited Cui Jian—a famous rocker and right-wing leader—to the United States for gigs.

There are also those who are in direct confrontation with the ever-fierce competition with foreign companies. For instance, He Boquan, the founder and chairman of the Robust Group, a Guangzhou-based drinking-water company, had resigned along with four other senior leaders as the French company Danone took over the company and appointed its head of China division into the new presidency. The article portrays the power switch as ‘an ordinary story’, which was delicately set by both local founder and transnational stakeholders peacefully and is only going to be discovered more as China joins WTO, or the ‘first lesson to be learned in post-WTO era’, as quoted by He Boquan himself. Unlike in He’s story, that *Caijing* advocates the idea of embracing new rules of the game as China integrates into the global marketplace, another private entrepreneur Zhang Hongwei, the founder and owner of Orient Group, which controls businesses in energy, banking, securities, agriculture, ports, and transportation, challenges the government’s privileged policy for foreign competitors in China. The article ‘Zhang Hongwei didn’t buy enough time’ (20.02.2003) directly stresses that as a private businessman in China, Zhang Hongwei shows his ability to play ‘in between market and authoritative agencies, and influence government agenda settings’.

In covering ODI stories, frames of *private enterprise* expand toward monopolized sectors of natural resources such as oil and minerals. Private entrepreneurs in the stories related to

WTO mainly focus on those areas that are not strategically dominated by the government, whereas the companies framed in ODI stories overlap with the government monopolies. Thus, there is a contrast between how differently the SOEs and private enterprises pursue their global expansion and in what perspective their advantages/disadvantages are measured and portrayed. One prominent example is the article: ‘Russian dream of the Longdu Oil—can Liu Lizhu, the private entrepreneur growing from cracks of the oil monopoly, create miracle in Russia?’ (11.07.2005, *Caijing*). It dichotomizes China’s oil industry into two exclusive parts—government monopoly and private oil companies in the more difficult situation of exploring oil field overseas, as demonstrated by the Longdu Oil’s case as being hypothesized as a ‘miracle’ if it succeeded in an investment with a Russian oil field. Words such as ‘uncertain’, ‘difficulty’, and ‘extraordinary’ are repeatedly emphasized throughout the article to contextualize circumstances of the private firms seeking new opportunities of oil exploration abroad, compared with the policy privileges the state companies enjoy.

Another example is ‘Li Dongsheng’s Dunkirk evacuation—why China’s expedition to Europe didn’t succeed?’ (16.11.2006, *Caijing*). It looks closely at the failed expansion of TCL after it merged with Thomson and enlarged market shares in Europe and North America. A reconstruction is in pressing need in order to cut the loss. The article frames it as a Dunkirk moment, which refers to the famous evacuation of allied soldiers—British, French, and Belgian—surrounded by the German army in the Second World War. British press presented the event as a ‘disaster turned to triumph’ so successfully that Winston Churchill had to remind the country that ‘Wars are not won by evacuations’. Li Dongsheng’s reconstruction plan is described in parallel with the Dunkirk to reveal the dual nature of TCL’s dilemma as being extremely difficult when its ‘ever-largest scale of unemployment’ meeting the ‘strictest unemployment benefit scheme of Europe’, and it had to overcome these obstacles within a short period of time.

8.3 Discussion and conclusion

This chapter studies the frames, incorporating the viewpoints articulated in each article. Four frames are semi-deductively defined for the elite financial media's narratives of economic globalization, namely the *cost-benefit analysis*, *economic consequence*, *political consequence*, and *elitism*. How they are defined or justified from the conventional analysis of political news, and how they are selected and presented across different topics both reflect and reveal the salient aspects of the reality, and furthermore, the values or beliefs to be promoted.

The analytical outcomes show more similarities, which feature the shared ideological inclinations of two journals. Therefore the concluding points in the sameness of framing are first listed as:

1. The *economic consequence* is the most commonly used frame in terms of absolute value in both media covering China joining the world trade system. The frame deliberately fills the gap that is created between what is narrated of the core event and relevant implications to other parties or other aspects external to the core narrated event. In the process of bridging the gap, the advocacy of free trade is embedded as pragmatic or contextual foundations based on neoliberal economic rationales or political ideologies.
2. Both magazines choose to cover more of the intra-elite conflicts of interests aligned with their readerships' shared economic interests or political values. In other words, which type or level of economic participant the media portrays directly relates to whether it shares, or 'sympathizes' with, the same economic benefit or loss with its readers.
3. The frame of *economic consequence* also takes the largest portion in covering IPO in both media. They intentionally frame Chinese companies' overseas financing activities into complexity of consequences—a systematic issue dispersed across a range of interrelated process, state, or indicators, such as institutional building or

rebuilding (e.g., SOE restructuring under market liberalization).

4. *Cost-benefit analysis* frame for both *The Economist* and *Caijing* covers the same topic of IPO also demonstrates their shared narratives that the economic interests of Chinese and the Anglo-American elites are closely tied together in the globalized capital market, into which Chinese companies are beginning to integrate.
5. One striking similarity between two journals in framing the WTO stories in *political consequence* is that they both portray the political related issues in meta-narrative of globalization. It means that the big story of China joining the world trade system underlines many smaller ones, such as the foreign trade policies, rule of law, and domestic five-year-plan. All these are shaped as a process, in which the final goal is not easy to achieve, but China has been on its way toward pursuing it. They intentionally display a timeline with significant events and emphasis of the process of how the actors transform themselves from one point to another in between the enduring sequence of events.
6. As to the frame of *elitism*, both choose to employ the *policy makers* as the most popular elites in narratives. The WTO stories deliver most politically loaded messages, as the economic agenda of China joining WTO densely interacting with the political agenda, for instances of foreign diplomacy, structuring of the multilateral relations in global economic or financial systems. *Business practitioners* is most favored for both media narrating stories of IPO and ODI, as this kind of people provide the perspective of the actuality of commerce to the stories.

There are also schisms within each frame for two journals in constructing of economic globalization activities, positioning China in these activities, and conveying the neoliberal ideas.

7. *Cost-benefit* frame, most commonly used for covering overseas investments in absolute terms, is distinguishingly represented in portraying such inter-elite competition/conflict. *Caijing* pictures a dualistic opposition between two parties involved in the economic activity, while *The Economist* does not reflect such a

clear division in the way that different sides in the conflict of interests are purposely blurred with vague border boundaries, and the stories are situated in purely globalized perspective. What is worth noting is that such a comparison between two media is hardly found in framing *economic consequence* across any events.

8. The dimension of *international relations* under the frame of *political consequence* is treated with different narrative styles by the two magazines in shaping the theme of ‘China threat’. Sinophobia by the United States in particular is portrayed by *The Economist* from the angle of international security, which subsumes issues such as political controversies (cross-strait relation with Taiwan) and rivalry for historical reasons (Sino-Japan relation). Whereas, *Caijing*’s narratives of the ‘China threat’ take the political connotation off the central focus; instead the principle of free trade is viewed as the ultimate solution to conflicts and disputes. Any negative consequence caused by one-world integration will be overcome through the mutual benefit gained by any participants in the globalization process.
9. With regard to the other two dimensions in the frame of *political consequence*, *The Economist* mostly adopts the *intergovernmental organization* as the main theme, while *Caijing* focuses mainly on *domestic reform*. As to the former one, interestingly *The Economist* uses a partially similar way of narration as the *Caijing* does in bullet point 8. It describes the dual processes of globalization—economic and political—simultaneously toward an end point, which refers to the principle of free trade and ultimately paves the way for economic prosperity, and further ensures Anglo-American leadership.
10. Comparatively in framing *domestic reform*, *Caijing* perceives the political reform as a means to further build up market economy. Any facet of the political change in liberalizing direction is portrayed as a method toward the achievement of business profitability and overall economic prosperity. *The Economist* shapes China’s political liberalization as a way of pursuing Western democracy and embracing neo-liberal values. Its narratives of *domestic reform* manifest dualistic vision of viewing the mentality of free trade and Communist governance as two incompatible

things—in order to enhance the economic welfare, a complete political reform transforming from authoritarian socialist system to democracy is necessary. In contrast, *Caijing* frames the tangled relationship among the neo-liberal mentality, Communist regime, and overall social development in a more balanced perspective.

11. For the *elitism* frame, *Caijing* contains an exclusive category of people recognized as elites—private entrepreneurs. They are distinctive from executives from big SOEs, because they operate business in a very different environment under the Chinese context compared with SOEs that enjoy much cheaper financing from state-owned banks, favoritism from local government in land sales, and a lighter touch from regulators.

I. Meta-narrative of globalization: A global agenda of economic integration

Based on the aggregate formula of being an information provider as well as belief producer based on quantitative findings in previous chapters, two elite financial journals are found very much alike at a more fundamental level than the differences in narrative styles, characteristics, and elements structuration. One essential similarity is that, in picturing the scenario with intertwining co-anchors of economics and politics, they both adopt the metanarrative of globalization—the global economic integration is the ultimate solution for various small conflicts or controversies in the short run. They construct the grand story that China's economic liberalization and globalization are mutually beneficial to both China and the Anglo-American world. By encompassing and explaining many related little stories of international trade and investments in product and capital markets, the *stateless* narrative is deeply rooted in the particular ideological stance of neoliberalism. Therefore, through years of selection and repetition of the frames in such sense, the editorial commitment to the free market advocacy embedded in global rather than local context has been collectively established. A global agenda has been promoting for all the economic participants (particularly China and the West) to confine their economic sovereignties within domestic boundaries, and embrace a long-term agenda for the future interdependent economic cooperation (Commission on Global Governance, 1995: 353).

Meanwhile, their different ways of narrating within the metanarrative is departing from the point of how distinctively they perceive the interplay of politics and economics, in what ways, and to what extent China's rapid economic growth and global expansion is coupled with its paradoxically Communist political regime. By investigating the structure of argumentation in next two points, two pairs of examples help to demonstrate that in constructing the stories with deeply interlocking actors of market and government, their narratives are alike at the most fundamental level of meta-meaning and different in the process of forming the argument and articulating such meta-idea of economic globalization. Four examples are picked from the theme of *domestic reform* framed in *political consequence* (in Table 8.2.2) and China threat (in Table 7.2.3-*i*). According to Toulmin's model of argumentation, these articles are deconstructed into elements of arguments as shown in Figure 8.3-1 and Figure 8.3-2.

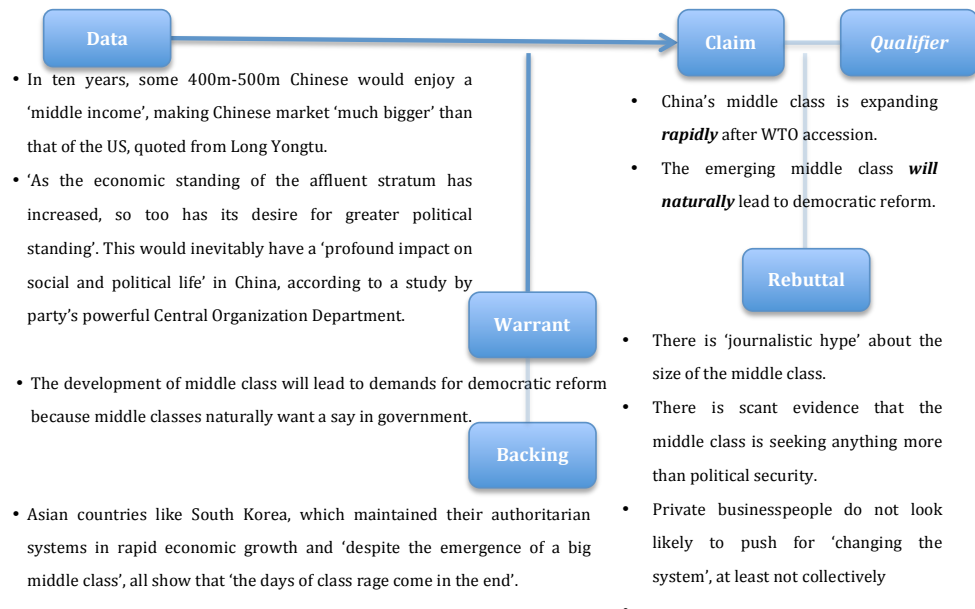
II. Opposite Casual relationship between China's economic liberalization and political democratization

The first pair of examples is selected to spot one of the key arguments that the elite financial media usually hold as explained in literature review chapters—the liberalization of economics is closely correlated to the liberalization of politics. By examining and comparing closely with each identified argumentative elements, it is clearly to manifest the reverse logic of two financial media seeing the casual linkage between the economic liberalization and political democratization, though they both agree upon the strong correlation between these two. For the *Economist*, the 'democratic reform' is regarded as the ultimate goal that the market liberalization will eventually achieve. Any means in the process of achieving such goal can be justified under the neoliberal framework. While *Caijing* portrays the 'market-oriented reform' as the final goal, and opaquely indicates that political liberalization could be justified in the process of pursuing the economic development.

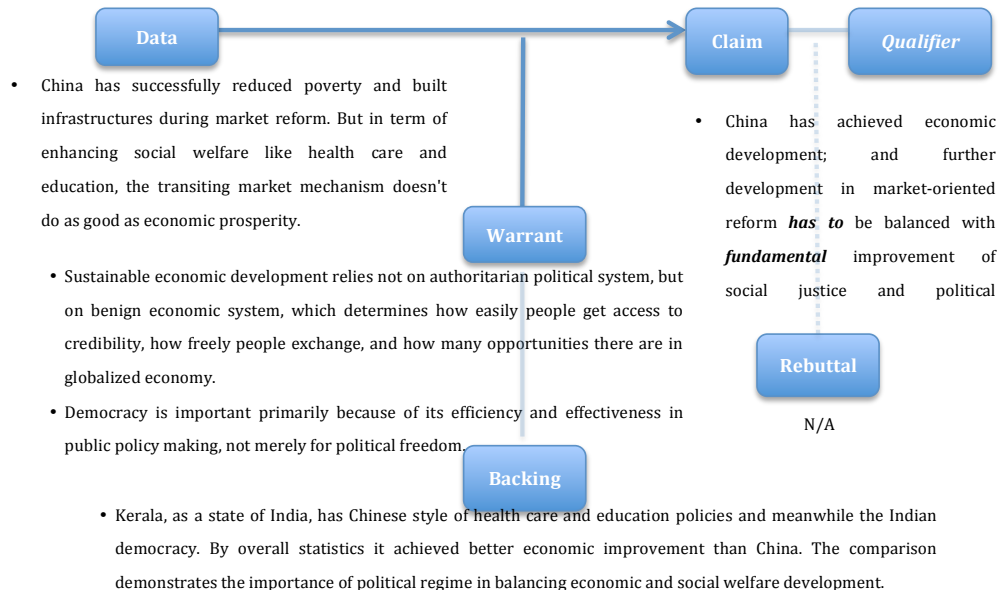
In discussing the connection between China's emerging middle class and possible political liberalization (Figure 8.3-1), *The Economist* believes that 'naturally' (*Qualifier*) the middle class will lead to democratic reform; and *Caijing*, besides also believing in the linkage between economic development and political liberalization, emphasizes such interlocking improvement 'has to' (*Qualifier*) be balanced with enhancement of social justice. The *Economist's* *Warrant* assumes that what is true about 'middle classes naturally want a say in government' from the past experience of the chosen samples (as stated in *Backing*) is likely held for the Chinese society as a larger group. On the contrary, the *Warrants* in *Caijing* are in a more complex form, demonstrating the dual causal link—democracy is the precondition for 'benign economic system', which is sufficient to ensure the 'sustainable economic development'. Such logic is typically consistent throughout *Caijing's* narrative of political related frames, in the way that it is the economic prosperity with the underlying logic of money making that is put at the position of outcome and political liberalization is an unavoidable means of achieving it.

Figure 8.3-1 Comparing argumentation structures in framing political implication of economic development

Economist: [09.01.2002] *To get rich is glorious*



Caijing: [20.08.2002] We want economic development, as well as social impartiality



III. Arguing against the anti-China rhetoric

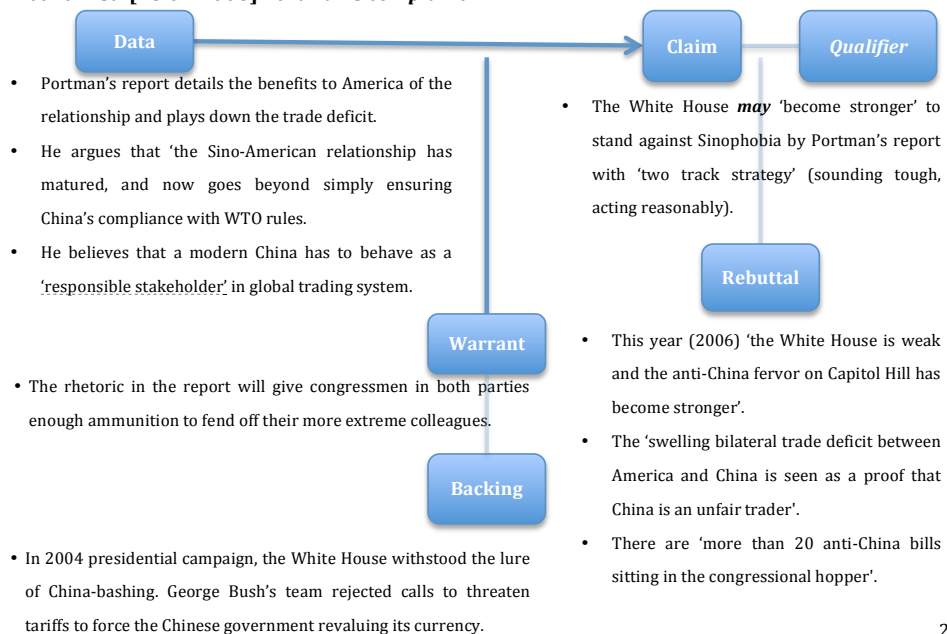
‘China bashing’ appears more and more frequent in the US political discourses, as well as two financial media’s narratives of commenting the Sino-US relation in the matters of international trade and investments. As argued in previous chapter, two media both intend to stand against the anti-China rhetoric, from a neoliberal perspective. In Figure 8.3-2, *The Economist* anticipates arguably the US congress ‘may’ hold back the Sinophobia as Portman’s report providing the alternative perspective of seeing the Sino-US relationship as mutually beneficial; meanwhile *Caijing* shares exactly the same vision as Portman suggesting confirmatively with *Qualifier* ‘definitely’. However, they employ very different *Warrants*, which refer to implicit logical statement to bridge between the *Claim* and *Data*, to support the similar statements they make. *Warrants* in the *Economist* are straightforwardly reasoned based on generalization to hypothesize how the *Data* are valid enough to prove the concluding statement (*Claim*). The *Warrant* from *Caijing* is also the chain of reasoning that the balancing of power inside US congress consistent with past experience can be inferred of the situation of ‘China-bashing’. It features the argument

from authority that refers to the interviewee Hank Paulson, the treasury secretary of the United States, incorporating reasoning via sign/clue. Specifically, the clue indicated by Paulson is that from the American perspective, disputes in Sino-US relationship are primarily on timing of China's reform and opening up of commodity and capital markets.

By comparing the similar *Claims* and different *Warrants* depicting 'China threat', there are consistencies of the form of reasoning for two journals narrating other issues. For *The Economist* when it relates the economic globalization with political implications such as foreign policies, the logic of the arguments contains the real aim to look at the home constituencies within borders of the Anglo-American readers. Whereas *Caijing* frames the politic reform in the narrative of economic globalization with a final justification—sustainable economic development. Another comparing fact further proves such different logic of argumentation: *Caijing* does not provide any counter-arguments (*Rebuttal*) indicating circumstances that the main arguments do not hold true; whereas *The Economist* utilizes substantial counter-argument to balance the *Claim* with a higher degree of strength indicating the applicability of the main statements (*Qualifier*).

Figure 8.3-2 Comparing argumentation structures in framing 'China bashing'

Economist: [18.02.2006] *Portman's complaint*



***Caijing*: [18.03.2007] Paulson's signal**



To sum up, Chapter 8 conducts a close investigation in how the selected articles frame China, and imbue neoliberal idea in business activities and policy makings. The frame analysis further proves *Hypothesis 3* and disproves *Hypothesis 2* at a more fundamental level, by relating the media content to the ideological, political aspects in dynamics (see questions in Table 4.3.1), and by relating content to the known characteristics of being elitist financial media with global perspective and their respective target readership. Thus, so far the research questions in two-fold has been answered and three hypotheses have been tested. There will be an additional chapter analyzing the empirical evidence collected from the fieldwork for this thesis.

Chapter 9.

Interviews, and other empirical evidence

Including mainly interviews with journalists and editors from the *Economist* and *Caijing*, the next chapter attempts to discuss the relationship between media content (including the values and beliefs they articulate) and the content producer's intention or cognition of the events or ideas they produce. Parallel to the real world data produced by economists and financial analysts, this empirical evidence is considered as the media practitioners' reflection upon the media's collective narrative construction. Such 'context in real world' (Figure 4.4) provides another dimension in comparison, and helps understanding the construction and reconstruction of neoliberal discourses.

9.1 Some methodological concerns from the interview

The investigation of empirical evidence, including interviews with media practitioners and newsroom observations, doesn't play an essential role in the methodological design of textual analysis. However, in analyzing and understanding the construction of narratives, it is rather an integral element as one aspect of the real world context, such as economic statistics conducted by economists and financial analysts. Empirical data collected from fieldwork attempt to reveal the process of forming ideas from professional aspects of both economics and journalism, political-economic issues of the news organizations and their interrelation with other political or economic institutions. Hence, this section presents findings from this empirical research, including not only (though mainly) interviews with editors and journalists but also off-record conversations with the people who are familiar with the situations, and the newsroom observations.

There are two points worth noticing before discussing issues of interviewees and questions asked. Firstly, as both magazines are elitist in nature, they do not have a huge number of news journalists. Especially for *The Economist*, with a more transparent editorial structure

as existing literatures claimed (refer to Chapter 2, 1.2.1), there were in total four correspondents in charge of China-related stories by the time the interviews were conducted in 2011 and 2012. The reason for this small team is partly that the *Economist* had simply an Asian Section so that China stories had to compete with news from other Asian regions at the time. In the case of *Caijing*, the magazine's organization is almost completely un-transparent. When the interviews were conducted in 2012, the massive anti-corruption movement was initiated starting with Bo Xilai and his family (especially the murder of British citizen Neil Heywood suspected to have been committed in connivance with Bo's wife). Unexpectedly, the tightening media censorship and sudden increasing political sensitivity became major obstacles to approach people and talk, because as studies reviewed in previous chapters, journalists and editors working in elite financial journals are known to be part of, or to say the least, around periphery of elite circle in Beijing. In order to overcome the difficulties, there were various means to bypass the formal interviews to seek information, for instance conversations with financial journalists from other media outlets and acquaintances with the *Caijing* people, the informal visit of the newsroom of its Beijing headquarters, off-record conversations with top-level editors, and so forth. Also, in order to assure the reliability and equivalent status of comparison to the analysis of empirical data, such alternative routes were adopted to gather empirical evidence from the *Economist*.

Despite various means of obtaining empirical data, formal interviews and informal talks with journalists and editors from two financial media consist of the main analytical materials. So it is necessary to identify the interviewees and justify their positions to provide information and opinions for analytical purposes. Generally speaking, Table 9.1-1 outlines the journalists and editors involved in conversations from the *Economist* and *Caijing*. For people from the *Economist*, as explained previously, all the relevant editorial staffs were in contact. As for *Caijing*, a face-to-face meeting with a top positioned editor offer equivalent substantial amount of information and opinions as did the four staff from the *Economist*. Regardless of which journals they come from, in March 2012, people in Beijing were particularly reluctant to reveal their identities when they were aware the information in the conversation would be used in the PhD thesis for a Western university. Such a phenomenon is expected given the circumstances explained in the previous paragraph. As for the last two interviewees from *Caijing*, the talks were taken places

purely online via Weibo (or microblogging), the Chinese version of Twitter by Sina; and WeChat, a mobile app for texting, voice messaging, and providing third-party apps within its own app, created by Tencent China. The locations of where the conversations were taking place were random and the time were scattered across the whole thesis-writing period. As these two conversations are informal and off record as requested by the ‘interviewees’, materials collected from these situations will hardly be used as a reflection and confirmation of any conclusion drawn from interviews.

Table 9.1-1 Interviewees from the *Economist* and *Caijing*¹

Name	Time	Position/duty	Location	Format
<i>Economist</i>				
James Miles	Nov, 2011	China correspondent	Beijing	Skype
Rob Gifford*	Nov, 2012	China editor	London	Face-to-face
Simon Cox*	Feb, 2012	Asia economics editor	Hong Kong	Face-to-face
<i>Anonymous</i>	Mar, 2012	China correspondent	Beijing	Face-to-face
<i>Caijing</i>				
<i>Anonymous</i> *	Mar, 2012	Senior editor	Beijing	Face-to-face
<i>Anonymous</i>	N/A	Business correspondent	N/A	Online (Weibo)
<i>Anonymous</i>	N/A	Editor	N/A	Online (WeChat)

The interview questions consist of four main aspects, as categorized in Table 9.1-2. Because each interviewee is highly specialized and regarded as professional in their own field, the conversations do not necessarily follow the full set of questions, neither do they in the order as listed in the table. In relatively formal interviews, the questions were asked accordingly to what kind of editorial duties the interviewee undertake. For instance, if the interviewee were specialized in economic news, the questions would be extensively on the third aspects of neoliberal editorial stance; and if the interviewee were on a relatively top editorial position, the talk would shift the focus to the first two aspects of questions. Besides the analytical purposes outlined in the table, the questions are generally designed by presuming that the people from Table 9.1-1 to talk with are part of, or in peripheral place of, the economic and political clique, who are well-educated, financially literate, and

¹ The interviewees marked with * indicates that the meetings were held at the newsrooms in London, Hong Kong and Beijing respectively, where the newsroom observations were taken place.

sophisticated, comparing journalists from other news genres. Therefore, after the first set of questions knowing their working routines and duties, the conversations straightly direct to the depth of knowledge and cognitive complexity in their journalistic practices. Conventional interview questions with media practitioners are intentionally neglected, such as authoritative source dominance, corporate spinning, etc.

Table 9.1-2 Categories of interview questions and their analytical purposes

Example questions:	Analytical purposes:
<i>i. Editorial routines</i>	
<ul style="list-style-type: none"> • What is your routine work/duty in newsroom? • What is the procedure of forming initial ideas among editorial staff? • What kind of source will you approach? 	To figure out the editorial structure in the media outlet, e.g. divisions of duties, any internal disagreement on news prominence. Particularly the preference of source selection provide more insights of how the media choose its narrative perspectives
<i>ii. Recognitions of the characteristics of target readership</i>	
<ul style="list-style-type: none"> • How would you describe who the readers are? • What do you think of them being addressed as international capitalist elites? • What do the elites care about China's economic issues? 	To learn how the media practitioners personally think of who they writing for. Reflection upon reader identity can provide another dimension of comparison with the known characteristics of elite media readership from literatures.
<i>iii. Personal judgment on editorial stance</i>	
<ul style="list-style-type: none"> • Is there any kind of consensus the <i>Economist</i> established on China's economic developing and its global integration? • If yes, what could it be? • How do you handle/configure China's political regime and its market liberalization? • How do you compare China's economic development with other emerging economy? 	To find out the underlying relations between the producer's cognition of the hypothesized neoliberal stance with the discourse they produce. The relations could infer the possible consistency or inconsistency to the findings from textual analysis, and be another variable in comparison to unravel the process of constructing the neoliberal discourse from the perspective of media practitioners, if not necessarily objective.
<i>iv. Experience with other institutions and financial media</i> (for people from the <i>Economist</i> only)	
<ul style="list-style-type: none"> • Do you read any Chinese financial media? What do you think of their positions in reporting China's economic development? • What do you think is the most difficult part in writing about China's economy? 	To underpin possible connections between the Western journalists' personal experiences with relevant Chinese institutions and the media texts they produce.

9.2 Who are the sources?

From the previous quantitative and qualitative analysis of texts, both journals extensively use political figures who are in vital positions for policy-making and business practitioners, who are involved with and pioneer the global economic activities. They share the perception that who the media choose to frame in the narratives closely relates to what kind of readership they cultivate and the interests they intend to cater to. This finding is confirmed as a senior editor from *Caijing* explains:

In the late 1990s when the financial market was about to be established, the initial goal of establishing a magazine such as *Caijing* was to target China's policy-makers and business leaders. Because they are the people who genuinely have the power to develop China's financial market, and further deepen China's economic liberalisation.

In *The Economist*, journalists who are in charge of political and social stories about China mostly emphasize the importance of the 'human dimension' in the process of comprehending the stories by 'sympathizing with their suffering and thinking', as one senior editor stated. Also, like other parameters in media agenda settings, journalists in *The Economist* pay attention to the diversity of the types of people they speak with, to make better sense of what is happening. According to Rob Gifford, *The Economist's* China correspondent based in London:

We approach everyone. We would love to talk to senior officials. If Wen Jiabao has time, we would like to talk to him. We also speak to ordinary people on the street too....In China there is a growing grassroots movement. In Chinese history, the first free market reform took place in a small village in Anhui, even before Deng Xiaoping opened up the economy. So similar to what people are doing in terms of shadow banking, the free market spirit holds up in the grassroots, too. And of course, the senior officials don't usually tell the truth. So the ordinary people are also important.

His perception that the business mentality is rooted in grassroots efforts echoes the findings from the textual analysis that *Caijing* intentionally sets the agenda matching with the private entrepreneurs and undermines the dominance of governments and SOEs. In *The Economist*, such perception can't be measured out in the textual analysis—particularly compared with the parallel characteristics in *Caijing*, *The Economist* appears to follow more closely with the political agenda of state-dominated sectors. However, the human angle is stressed exclusively by its correspondents who are primarily familiar with China in

the areas of social, cultural, and political issues.

For those with the duty of covering the areas of economics, business, and finance, they provide an alternative view of who should be framed. Simon Cox, the Hong Kong-based economic correspondent of *The Economist*, explained that with regard to reporting economic stories,

I think it is better to have a trained expert. I usually interview people in think tanks, economists, researchers who routinely cover China's economy's ups and downs. Personally, I interview academics more than any other journalists, because they have expertise in economics...Many of them have strong opinions towards what will happen. They have strong opinions towards China's marketisation.

Also an anonymous correspondent in Beijing confirms that he mostly approached people 'who are involved in the field' where the stories take place. He classifies the Chinese sources into two kinds in accordance with their different opinions:

Classical economists—Chinese economists—feel more concerned about the Chinese economy, sometimes more pessimistic than foreign economists. I think many economists have their doubts about what will happen to the Chinese economy, [trade imbalance], etc. [However] if you talk with someone in the business world in China, they tend to be more optimistic as they see people spending more and business is going well in general. For example, like real estate, in general they are more optimistic.

He agrees with Simon Cox that the economists in general tend to have 'strong opinions' toward the developmental model of Chinese economy. He clearly distinguishes that 'foreign economists' are more likely to be more optimistic but not considered to be the major viewpoint; and Chinese economists (and intellectuals) are more concerned with internal issues:

[They] steer away from public investment in an export-driven economy and towards private consumption, to a more continental-style economy—less export dependent, more domestic focused, to lean on the crunch of public spending. I think that is a relatively common view.

Their viewpoints toward the expert sources coincide with the general popularity of an *economic consequence* frame and more interestingly *Caijing's* media agenda, which focuses primarily on controversial issues within borders. By comparing the interviews from *The Economist* and the textual analysis of *Caijing*, the analytical outcomes from two methods are paralleled with regard to the issues of source selection and their opinions classification. However, as to the parameters in narratives, *The Economist* seems to blur the characteristics and classifications, and the viewpoints conveyed by the articles appear

to be narrated by the editors and the magazine in a uniform voice. Rather, it is *Caijing* that reflects such a perception of how the ‘human angle’ and ‘trained expert’ are embedded and framed in the stories more explicitly and with more concrete detail.

Another perspective on examining source selection is to compare it with the selection of *Narrator* from textual analysis. As explained in Chapter 6, in coding the narrative element under the category of *agenda setting*, the thesis chose *Narrator* rather than the source based on the reasons that: (1) the known characteristics of financial media indicate the decisive feature of ‘niche appeal’ that people from the fields of business and politics are exclusively have the knowledge to provide opinions; (2) *Narrator* refers more broadly to not only someone whose words are quoted in articles, but also those who are portrayed as one of the main actors or speak their stories or opinions from the standpoint of the media. From the finding of analyzing *Narrators*, the *Economist* intends to have more stories of truly ordinary people as their editors commonly claim in the interviews. *Caijing* uses less ‘ordinary’ *narrators* as the *Economist* does, but make more room for entrepreneurs who conduct business outside governmental institutions. Clearly, as a Chinese media, *Caijing*’s cognition of who are ‘ordinary people’ is different from the *Economist*’s. *Caijing* perceives them as the opposition of state-owned sectors, but still in possession of certain economic power capable of extending their business across borders, while the *Economist* regards them as truly ‘ordinary’ (or grassroots) that either have much less influence economically, or have experienced failure in obtaining influence.

9.3 Defining editorial stance—how it aligns China to global economy

To arrive at a more fully informed understanding of what kind of editorial stance two journals take in narrating stories about China’s economic globalization, questions such as what ideas or beliefs the media advocates and how to perceive China’s role in integrating into the global marketplace are discussed. Though both elite financial journals presumably advocate neo-liberal ideas by analyzing the narratives and comparing them with scholarly concepts of neo-liberalism, surprisingly not a single interviewee admits such assumption. What both sides of journalists commonly agree on is that the question of a neo-liberal

ideological stance needs to be considered in two aspects—economically and politically. With regard to the first aspect, mostly the answer is yes, which subsumes underlying concepts of ‘free trade’, ‘free enterprise’, and economic liberalization in a classic sense. As the senior editor from *Caijing* claims,

In terms of communicating and articulating ideologies (‘意识形态的转播’), *Caijing* did have something in common with *The Economist*: we intentionally committed ourselves to the liberal editorial stance—liberalisation in both an economic and political sense.

People from *The Economist* explain that though ‘neoliberalism is what *The Economist* historically comes from’ (Rob Gifford), nowadays it is more appropriate to describe the magazine with advocacy of ‘free trade’, which is considered the ‘central ideology of *The Economist*...because the idea including private ownership doesn’t mean that there is no role for government to ensure social justice, and it is easily definable’ (James Miles). But as to the second aspect of politics, *Caijing* shows clearly that it has no intension to treat two aspects separately. Its narrative of ‘liberalization’ is rather complex (‘复杂的自由主义’) under Chinese context. As the senior editor states, the journal was founded in 1998 when China was about to establish the financial market and the economy was still in early stage of transforming from a state-dominated one to free market economy. As the magazine’s founder and former chief editor Hu Shuli used to write in the editorial, China’s economic and financial liberalization have paved the way for future political liberalization. It is the belief *Caijing* articulates, mingling the liberal ideas in the realm of economics and politics together.

However, people from *The Economist* are divided into two camps holding seemingly opposite opinions. Some of them share the same perception as *Caijing* seeing economic and political liberalization as closely interlocked together. When making judgments about China’s developmental model and its role in global integration, they both view China’s market mechanism as an inseparable part of the authoritarian political regime, while some other journalists from *The Economist* distinguish between these two perspectives. The ‘universal values’ (James Miles) are divided into two groups of concepts: the political ones including ‘freedom of speech, freedom of religion, or general political freedom’ and so forth, and economic ones, such as free market and ‘economic liberalization’ (anonymous reporter). The latter is of central concern for the economic correspondent, according to Simon Cox:

In general I am not sympathetic to politics but to economics. As Milton Friedman says, the free market is necessary for free politics...Some in the authoritarian government are able to maintain good systems and make sure people move freely from rural areas to cities to work. Do these policies come with acceptable costs? ... For me it comes with quite an acceptable cost [for China's policies]. So it might be possible to talk about economics, separating it from the politics.

As with the former, follow-up questions were asked with regard to the interplay between authoritarian government and market liberalization transformation under Chinese context. In particular the main focus of discussion is how the political values in Western democracy are justified in China's Communist regime when narrating economic globalization. Simon expands the question with the answer that:

I am not going to defend democracy on economic grounds. [If] the definition of development includes people's happiness and welfare, China should slow down and it needs democracy. The question is that it is not clear how fast it should go. ...But [speaking of the ideological stance] we [*The Economist*] don't change the position to favour authoritarian government. We need to carefully think about the challenge China poses—not following the Washington Consensus.

He gives an example of *The Economist* covering capital market control to illustrate that the magazine could shift position—‘there is no compromise about the politics, but the economics is different’:

[*The Economist*] believes that... the [global financial] crisis is mainly about the capital market. We have changed our position regarding capital market control, as we used to be against it. But after the crisis, we became more open-minded about control and banking regulation, which everyone agrees on now.

Similar opinion is echoed by the anonymous reporter in Beijing, that they have a more ‘sophisticated and mature understanding of Chinese politics and society’:

We have to bear in mind not to be too ideological when accessing China. If we have people expecting us to print editorials every week saying China needs to establish its democracy, that's not our job. ...We always feel that the [neoliberal ideology] needs to be justified in our editorials and leaders, [where] some of our basic political values are reflected. [The ideological stance] should be backed up by reasoned arguments.

Comparatively, there are contradictions between what *The Economist*'s correspondents perceive and what the media narratives manifest. From the previous findings in textual analysis, *The Economist* contains a much more political dimension in portraying China's economic integration than *Caijing* does. The interview materials stated before partly demonstrate that there is *internal pluralism* within the media outlet. Though there isn't enough material from *Caijing* to be comparable with those from *The Economist*, alternative

route of investigation will be taken such as observations and informal talks with people from inside. The following sub-section will show that despite the fact that *The Economist* is rooted in the Western democratic system with liberal political values, it demonstrates quite a hierarchical editorial structure, which is considered to be the main reason for such contradictions; whereas, *Caijing*'s news structure seems to be more democratic and diversified with different opinions, so that there is consistency between its media narrative and empirical evidence.

9.4 Editorial structure— influence on media agenda setting

Based on the evidence of studying *Caijing*'s background, the media is portrayed as a pioneering elite financial journal in the fame of Hu Shuli, who is the founder and former chief editor. The impression has been dramatically enhanced when by the end of 2008 the majority of editorial staff resigned with Hu to start a new media venture *Caixin* because of the disagreement between Hu and her parent company that owns *Caijing*. What the findings from textual analysis reflect is that *Caijing* features much more diverse kinds of style, opinion, and values than *The Economist* does in narrating China's economic globalization. Not only because as a Chinese media it naturally devotes more space to China-related stories than the *Economist*, which by the time of interviews conducted it had only Asia Section in each issue, but also, and perhaps more vitally because its newsroom culture is more 'democratic' than the *Economist*. Observations in the workplaces of *The Economist* in London, Hong Kong, and that of the *Caijing* in Beijing to certain extent can explain the contrast. In the newsrooms of *The Economist*, every correspondent and editor has their independent offices, which no one can see into. In its headquarter in Beijing's Chaoyang District, *Caijing* has a vast room containing cubicles for every journalist. And Hu's office is by the side of it with the door wide open. As an anonymous reporter from *Caijing* explain, Hu requires the staff to address her as 'Shuli' for anyone working in *Caijing*, even [thought] she is the most senior person here. It is a rare phenomenon in Chinese culture. Because senior people and particularly superior in the workplace is by convention and custom addressed by the title plus family name. The underlying message for Hu's request to make her co-workers addressing her as Shuli suggests that she would

like to create a democratic working culture. In addition, Hu Shuli always leaves her office door open because she demands that on purpose so that everyone could freely approach her for conversation. Even in conversations the door will not be shut.

The senior editor from the old *Caijing* and the new *Caixin* illustrates the reasons for the contrast between media's portrayal of Hu as a leading liberal figure with a uniformed image of her successful model of the financial journal and how the internal editorial structure actually work freely and openly:

If you look at the magazine from the inside, actually [Hu Shuli's] personal influence is hardly obvious—mainly because we work as a team. However, the media portrays *Caijing* as a magazine led and symbolised by Hu Shuli even though it is a collaboration between individual journalist.... My reasons for the media making Hu an icon are twofold. First Hu is the most senior and experienced person in the team. Second, the identity of being a female chief editor in the industry makes the whole thing much more eye-catching, especially for Western media, to draw outside attention to China's financial media in regards to journalistic professionalism, as well as what is happening in China's economy.

The contradiction between the public image of *Caijing* as uniform and united by Hu Shuli with an internal newsroom culture that is pluralistic and liberal turns into the reverse condition when speaking of *The Economist*. Though the division of duties is rather ambiguous, there are still different specialties for each journalist to be in charge of (James Miles). Prior to the founding of a specific China section, the China topics were divided into two types of duties—business or economic stories went to reporters who were 'exclusively on business, finance and economics' (anonymous reporter in Beijing), and social or political stories belonged to the China correspondents that usually were based in Asia and/or able to speak Chinese. It is observable that each article printed in the magazine reflects the collaborative work of both types of journalists, particularly for stories interweaving significances in the areas of politics, social issues, and economics. Though sometimes journalists could start with some of the ideas (Simon Cox), most of the ideas come from editors, who hold meetings every Friday based on the information or opinion they gather to make decisions on the choice of topic and angle of the stories (Rob Gifford).

Despite the vagueness in their duty division and ways of cooperating inside the editorial structure, the interviews conducted during 2011 and 2012 feature the crucial stage of personnel change due to *The Economist's* plan to launch an independent China section in both web and print editions:

James Miles (November, 2011):

Not much routine [in my typical day]. I am the only full-time China correspondent at *The Economist* (at the moment). There are two other editors in Hong Kong but for different areas—economics and finance. ...There is a problem regarding China stories at the moment. I am competing for space for other stories in Asia, if the people based in London think other Asian stories are more important. The decision [of creating a China section] is made in London. It reflects the importance of China, not only economically. Japan used to be a bigger economy than China but we didn't have a Japan section. It is more about China's size, its dimension, world trade share, security role in Asia...all suggesting China's rise is more [important] than Japan's.

Anonymous journalist in Beijing (April, 2012):

[I got hired by the *Economist*] to specialise in reporting China's business. In the meantime, I do mixed political, social, cultural, and business stories about China...What they [editors making decision in London] articulated to me was that China's importance became so dramatically enlarged in recent years, economically, politically in international relations, and militarily, that it deserves more attention. We didn't have an American section until last Pearl Harbour. We never did a Japan section, which turned out to be the right decision... So before (the China section was founded), in the Asian section my opinion is that it gave China one story a week, it was going to be political story, no matter what the economic story was at the time. But now we have the opportunity to tell the stories of China that are less noticed.

Rob Gifford (July 2012):

I am the China editor based in London. We are about to launch a new China section. [Because] for specific financial stories, there are people in the financial section in charge of these. But we don't have people specialised in finance who also speak Chinese. I don't believe that the financial specialist correspondents can fully make sense of China's economic and financial situation if they don't speak Chinese.

The textual samples studied before, therefore, feature what the interview materials suggest—that the narratives of China are the outcome of competitive editorial space with other Asians stories. Also, the corpus of articles during 1998 to 2008 prior to the interview time is a reflection of the decision-making and constructing process for *Economist* to launch a China section. Generally speaking, despite the variety of facts and opinions held internally, the systematic manifestation of the *Economist's* narrative of China is mainly derived from the agenda set by editors in London. Therefore, collectively *The Economist* mirrors the uniform voice with a strong political dimension in its media narrative of China. However, it is reasonable to anticipate that after the China section launched, such internal pluralism will be offset by the expansion of the variety of China stories, and reflecting more diversified opinions towards these issues.

9.5 Discussion and conclusion

The empirical part of research, which is centred on the question of how the ideologies rooted in media narratives are formed and affected by editorial structures and the content producer's cognitions, attempts to provide an alternative view of the textual analysis. There are three main findings to be concluded.

I. *Caijing*— consistency of internal and external pluralism vs. The *Economist*— contrast between internal pluralism and external uniformity

Concluding from the analysis of narrative styles, it is clear that the most fundamental shared formula of forming narratives by two journals is combining the commercial actuality with free trade advocacy. The investigations into each narrative element reveal both similar and different characteristics, which might be partly explained by interviews and newsroom observations. Internally, people from both media intend to be critical by scrutinizing issues such as what the angle of the story is or how the viewpoint is narrated. The empirical data manifest the diversified opinions inside each media outlet. However, only *Caijing* has extended such *internal pluralism* to its narratives that reflect different perspectives of the media practitioners. As mirrored in the presumption of hierarchical editorial structure, the *Economist's* narratives rather sound as a one-man voice, in which those views deviating from the main editorial principles are deliberately neglected.

II. Redefining journalistic professionalism for elite financial media

The professionalism in the context of elite financial media has dual natures of being professional in journalism as well as in the reporting topics of economics and finance. To journalists in *The Economist* and *Caijing*, conventional questions to mainstream media such as corporate spinning and authoritative source dominance are off the central concern. They are considered to be as equally financially literate as people from the professions of business and finance, as observed from fieldwork. They hold strong social identity as part of the elite circle, who are simultaneously the actor in news stories and narrators (including sources) articulating ideas. They hold their own judgments toward what the sources say and make decisions on selection and omission of their facts or opinions. Meanwhile, they maintain journalistic professionalism with investigative details, commercial and economic accuracy, and intellectual contextualization of the result and consequence of reported events.

III. Contesting ideological stances vs. market parallelism

Concluding from textual analysis in comprehensive form, two media share similar agenda settings in articulating neo-liberal ideas at the very fundamental level. However, as China's developmental model isn't strictly fit into the 'Washington Consensus' because of its authoritarian governance and Communist ideology, two media justify the discourse of Chinese economy from different perspectives, according to the content producer's perceptions. Journalists from the *Economist* claim the classic liberal stance as the neo-liberalism has been challenged by China's 'paradox of prosperity' and global financial crisis in 2008. Particularly, *state capitalism* is what most of them reach the agreement of. Due to the authentic sources from *Caijing*, the magazine rather defines the China model as *complex liberalism* ('复杂的自由主义'), which is still too early to have definitive conclusion yet.

Regardless of their distinguished recognitions, both media don't have a political orientation, as neither of them aligns the narrative with the preferred interests of any political organization. The observations in fieldwork indicate that there seems a *market parallelism* featured by both the *Economist* and *Caijing*. Modifying from the term 'political parallelism' coined by Hallin and Mancini (2004), *market parallelism* means that, instead of being parallel with a party, or a political tendency, the editorial stance demonstrate a slant on liberalizing and internationalizing the markets in global scale. Two media align to market values such as free market, free trade, and eliminating state intervention, rather than to particular political interests. To decompose the concept, the textual analysis have proved media content as a strong presence of such market mentality, and the audience as either the market participants themselves or those who understand the complexity of it, if not the influential ones in decision-making and policy-making.

Empirical evidences from this chapter echo the institutional connections between two media outlets and economic organizations. Journalists in elite financial media as the *Economist* and *Caijing*, as suggested by a reporter from another Chinese financial media in Beijing, retain their career path to be active in business and finance. As in China, the salary of a financial analyst or PR is undoubtedly much higher than that of a financial journalist. Thus there was a loophole in regulating domestic capital market that allows journalists to shift careers for higher income and social status. Also understanding the motives of content

producers, they recognize themselves in the ‘publicist’ role—which is an orientation towards influencing public opinion, rather than merely information gathering and disseminating. The journalistic culture of free market advocacy is not only featured from the narrative characteristics, but also observed from the interviews with texts, producers and newsroom observations. Conclusively, elite financial media tend to manifest strong advocacy of free market ideas, which indicate higher degree of *market parallelism*, regardless of the economic or political interests of a particular party or country.

Chapter 10.

Conclusions and Reflections

This final chapter summarises all the findings and discussions and adds a few personal reflections by standing back from the theoretical and empirical positions in the research. Usually, systematic textual analysis proscribes personal or political dimensions; as such, scientific inquiry should be objective and disinterested. However, I believe that the context in which this work was produced is relevant to understanding the motivation for this study and its complexity in terms of its structure, the necessity for fact checking, and the care needed for the accurate reproduction and/or legitimization of the characteristic instances of ideological persuasion it makes reference to. My personal experiences and positions have played a muted role in the background of the thesis, but appear to be more explicit from a comparative studies perspective.

I spent one and a half years writing this thesis in Xiamen, which is one of the Special Economic Zones in Southeast China. A Starbucks at the corner of the city's earliest five-star hotel, *Marco Polo*, is where I spent most of the time thinking and writing. I never stopped being intoxicated by the pace and scale of how the cityscape was changing and how life here was becoming internationalised, or Westernised. Expatriates and globetrotters from North America, Europe, India, the Middle East and other parts of Asia come to discuss business, mingle with local friends, and learn to speak Chinese. They keep their coffee hobby in the 'Far East', while reading the English edition of *China Daily*. It is interesting to be in such a constantly-intriguing environment. Though *The Travels of Marco Polo* cannot strictly be defined as an early form of financial media that exchanges business information across spatially distant locations, Marco Polo was the first Western merchant traveller who offered a detailed chronicle of China to Europe in the 14th century. More vividly, the coffee giant Starbucks demonstrates its global expansion, by gradually changing the city's tea-sipping culture to coffee guzzling. Thanks to Starbucks, I am able to write a thesis in English in a place that looks and feels no different than its London counterpart opposite the British Library.

I feel that I am now more involved in China's opening up on a personal level, every time I

walk through a street full of global luxury brands, or chat with foreigners about their work and lives, or observe or overhear the interactions of Chinese and Westerners. Being born in the 1980s, the often cited ‘to get rich is glorious’ was never more than an empty slogan. After more than ten years of overseas studies, I have finally witnessed the rapid changes, the contrasts and contradictions among different layers in Chinese society. It confirms in some ways, and distorts in others, the manner in which China pronounces its economic growth and global integration as I imagined it. As my personal perception of how China becomes internationally significant from abstract ideas to concrete feelings and anecdotes, I cannot help but ponder my own position in the comparison of the constructions of neoliberal narratives in Anglo-American and Chinese contexts. I believe that China’s development represents some of the most extraordinary episodes of social and economic transformation in human history. In many ways, the scope of China’s economic growth is significantly larger than Western capitalist development and expansion. Furthermore, contrary to Western expectations, China’s economic liberalisation has not led to democratisation. Therefore, the challenges China encounters in market-oriented reform, to a large extent, do not resemble those of the West.

Nevertheless, the situation provides a golden opportunity to study a set of social phenomena, which mirror a remarkable schism between old and young, the uneven division of rich and poor, and the sharp contrast between the hegemony of neoliberalism and the ill-established public welfare system. In retrospect, the Western financial media play the role of mediator between market and state in overall social development, and, in particular, serve as a necessary prerequisite for political liberalisation. In the theoretical perspective this thesis adopts, financial media’s prominence does not receive much attention in the Chinese context. It generally lacks academic interpretations of China’s reform, at least partly in neoliberal terms, and the disjunction between its economic and political domains, by focusing on media narratives. This thesis, however, is not a traditional China study that investigates what are widely seen as globally-scaled issues in order to arrive at an understanding of the present or possibilities to achieve a better future. In my choice of China as a topic and the comparative approach I adopted, I have aimed to add to existing frameworks by focusing on the narratives of elite financial media, which, as assumed in the thesis, reflect and/or influence the perceptions of elites in and outside China regarding matters of economic globalisation in terms of both their social imaginations and

their material interests.

Though the significance of discourse regarding financial media-led narratives is widely acknowledged in the literature on globalisation (Fairclough, 2006), most research includes little systematic attention to it. Instead of treating China's economy as the main theme, the thesis focuses on media content so that the complexities of Chinese globalisation can be considered both alongside and *through* textual analysis. Moreover, it is also pertinent to confront my own status as a Chinese national in relation to the arguments put forth by this thesis, in particular my Chinese linguistic and cultural fluency, which I argue has proved helpful in presenting a balanced and informed comparison of the media content examined herein, as well as enhancing my overall critical analysis and allowing for a more nuanced appreciation of Chinese discourse on globalisation. A comparison between China and the West requires equal attention to parameters from both contexts, as well as objectivity in the analysis of those parameters. The analysis will lack validity if the comparable proportion were skewed towards Chinese sources, and if I presumed myself to be in a position of probing into the role of financial media in China and making judgments on whether China's financial media follow or deviate from their Western counterparts. Pragmatically, it is better to remain as an observer, and not to assume any party's point of view prior to analysis. However, as I indicated in Chapters 1 and 2, some ideas from the existing literature on financial media inform the theoretical bedrock of the thesis.

In the Introduction, I suggested that the thesis accepts that financial media act as mediators between market and state, and legitimise the democratisation of financial media, perhaps more extensively as it is the prerequisite for political democratisation, through its persuading of the public in regards to economic values and beliefs. Hu Shuli has a handful of published articles backing such arguments¹. In particular, in *The agenda of pushing the all-round reform (Shuli Dialogue)*, Hu argues that political democratisation is the long-term goal for reform, and a necessity for the overall improvement of people's well-being and the stability of the country. It should be noted, however, that these conclusions are based on studies of Anglo-American societies. I have sought to work within such

¹ For examples, *Reconstructing consensus of 'all-round reform'*, from special issue 'China 2010' of the *China Reform*, a supplement periodical of *Caixin*; *How to understand 'deepening the all-round reform'*, article from *New Century*, issue in Nov, 11st, 2013; and *The agenda of pushing the all-round reform (Shuli Dialogue)*, from *China Reform*, the 4th issue 2010.

theoretical frameworks, mainly because both selected cases for comparison are globally-oriented in content and targeted at an influential readership with privileged access to economic and political resources. Hence, I categorise my research in the paradigm of elite communication, in which international elites are 1 resources. it is; that is to say, a Chinese reader of *Caijing* is considered to share more material or possibly non-material interests with a British reader of *The Economist* in London over other Chinese people in Beijing.

My theoretical position is not merely hypothetical. Partly it is drawn from my thesis writing experience in Starbucks in both London and Xiamen, where people talk and behave similarly regardless of their nationalities or the languages they speak. More importantly, my habit of reading financial media since studying economics and finance in college seems to contribute to the assumption of credibility. From time to time, I have been impressed by how frequently *The Economist* and *Caijing* quote each other's investigative facts or editorial opinions, and how much alike their selection of opinions from the fields of academics and politics is regarding the same issue. Under Hu's leadership, *Caijing* has had 'a joint publishing deal with *The Economist* Group²'. In terms of reporting, among all other issues, *The Economist* takes a variety of articles to uncover the personal stories of Hu Shuli, who wants the magazine to 'influence decision-makers, not to reflect what they think'³, a position that reflects the historical relevance of *Caijing* as a journal that pioneered 'a strongly reformist line⁴' and maintained its editorial independence, shielded, as it was, from the wrath of the censors by its former parent company SEEC⁵.

In order to better understand the arrangement of research questions, hypotheses and the different layers of comparison, it is worth revisiting the structures by considering all findings at once, in order to gain a holistic picture of neoliberal narrative construction. Table 10 derives from various graphs and tables from the chapters on method design and those that deal with analysis to show how the research questions were answered and the hypotheses were tested. More crucially, it reveals causal complexity in different dimensional categories. There are also hidden exogenous variables outside the table, such as the known characteristics of stateless elite readership and free trade advocates, as

² Quoted from *Keeping an eye on business—How scared should corporate China be of Hu Shuli*, in May 27th 2004 the print edition from *The Economist*.

³ *ibid*

⁴ Quoted from *Exit one formidable editor*, in Nov. 11st 2009

⁵ From *Turmoil envelops a forthright Chinese magazine*, in October 15th 2009 the print edition of *The Economist*

indicated in the literature review. The outcome of the model is featured in the hypothesis-testing section, which is drawn from a set of endogenous variables the two-layered comparative content analysis in the first row designed.

Table 10. Hypothesis testing in the framework of comparative content analysis

Comparative content analysis (in Table 4.3.1)		<u>Level 1 (quantitative)</u> Style, Agenda-setting	<u>Level 2 (qualitative)</u> Frame (headlines, viewpoints)
Research questions (in Introduction)		Q 1: What are the similar/different narrative characteristics of <i>The Economist</i> and <i>Caijing</i> ?	Q 2: How the neoliberal narratives interact with ideology and power, reflected by media content?
Hypothesis testing (in Chap. 4)	Hypo 1	Different/similar narrative characteristics reflect two media's historical developments and determining institutional natures	
		Chap. 6 (I)— <i>Proved</i> Chap. 6 (II)— <i>Proved</i>	
	Hypo 2	<i>The Economist's</i> editorial stance imbues economics with political implication; <i>Caijing</i> is merely economically liberal	
		Chap. 6 (II)— <i>Proved</i>	Chap. 7 (II)— <i>Disproved</i> Chap. 8 (I)— <i>Disproved</i> Chap. 8 (II)— <i>Disproved</i>
	Hypo 3	Narrative structures are closely related to the known characteristics of the target readership	
		Chap. 6 (III)— <i>Proved</i>	Chap. 7 (I)— <i>Proved</i> Chap. 8 (I)— <i>Proved</i>

Narrative of the agenda-setting financial media:

Infusing opinion in fact

Chapter 6 achieved the analytical goal of investigating and comparing the narrative characteristics by identifying the *style* and a series of specifically designed *agenda-setting* issues for two elite financial journals. The first conclusion, marked as ‘Chap. 6 (I)’ in the table, infers that *The Economist* and *Caijing* share a unique manner of narration, which combines business facts with economic opinions. Numerical outcomes suggest that the two

media possess a similar distributions of article *style* (with mostly *features*, then *news* and *special reports*), similar judgments and categorisation of *topics* (by focusing primarily on entrepreneurial activities, i.e. business-oriented), and that their media agenda both deviate from a real-world economic agenda (particularly the coverage of *agriculture*, the most affected sector after China's joining of the WTO by overall welfare change, which received much less attention than other capital intensive sectors such as *manufacturing*, *service* and *banking*). The shared narrative formula demonstrates their role as 'teacher' rather than 'tipster' for readers. By articulating and persuading the financial classes in Anglo-America and China, two journals put business facts and economic opinions into the language of legitimacy. Thus, Chapter 6 (I) proves *Hypothesis 1*, that both *The Economist* and *Caijing* are agenda-setting, elite financial media outlets that construct economic realities in a shared, sustained and committed way aimed at educating their readers.

Chapter 6 (III) provides a tentative clue to prove *Hypothesis 3*, by associating their different production incentives with the known characteristics of the two magazine's Anglo-American and Chinese elite readers. *The Economist* is considered to synthesise economic and political agendas ('synthesising'), and to promote an increasingly complex investment world, a growing scale of economic activities and new demand for opinions and advice ('improving'), while *Caijing*'s production incentive is to articulate the ideals of free trade and neoliberal economic reasoning ('disseminating'), and to propagate market liberalisation under the rules of Communism ('winning convert'). For example, in covering China's WTO entrance, *The Economist* tends to conflate the economic agenda with the political agenda of economic events. Distributions of *countries/regions* indicate that *The Economist*'s exclusive attention to Taiwan and Japan is linked with their political cooperation/confrontation with China, regardless of their marginal economic significance or trade volume. In comparison, *Caijing* focuses more on Hong Kong because of the geographical proximity of its financial services, as well as the cultural overlap of mainland China and Hong Kong. A further example could show *Caijing*'s intention of inhabiting an economic world full of fraud and controversies on the domestic front, in order to emphasise the *de facto* reforms rather than government-driven reforms. In covering foreign IPOs, *Caijing* contains a list of private companies that *The Economist* does not cover at all, which are comparably neglected in capitalisation, but reveal their economic significance in term of improving the domestic capital market.

Re-contextualising 'journalistic professionalism'

Chapter 6 (II) backs *Hypothesis 1* by arguing that different narratives in the two media's approach to agenda-setting demonstrate historical differences in terms of the reasons for and the pace of each journal's development, and the separate contexts in which each evolved. For instance, *Caijing* uses much more influential people from economics and politics to narrate, or even write for the journal (*Exclusive Interviews* and *By Invitation*). It indicates that China's financial media confront a much more compressed, perhaps even a hybrid, idea/business cycle compared to their Western counterparts, so that they have to simultaneously serve as a 'muckraker' to corporate scandals and capital market pitfalls, as pioneer to push market reform, and as propagator of the neoliberal mentality. The narrative distinction in Chapter 6 (II) also partially confirms the statement in *Hypothesis 2*. For example, in reporting Chinese companies' foreign IPOs, *The Economist* clearly emphasises the political initiatives; and in covering ODI, it focuses extensively on the state-sector-dominated characteristics of the investment agenda. In contrast, *Caijing*'s narratives tend to undermine government-dominated features, and to overshadow *de facto* reform by focusing more on private firms, particularly those involved in controversies and failing situations. However, it is too early to make conclusion from *Hypothesis 2*, which proved to be incorrect in later chapters.

Nevertheless, the essential conclusion from Chapter 6 (II) is that the conventional concept of 'journalistic professionalism' for other news genres needs to be redefined for financial media, and re-contextualised for elite financial media with globally-oriented content and perspectives like *The Economist* and *Caijing*. For global financial media catering to economic and political elites, the concept of 'professionalism' is two-fold: these organisations must be professional news investigators and reporters, and professional in the realms of economics and business. Because of such elitism, as confirmed in the literature review, redefining 'journalistic professionalism' in the financial media is inherently embedded in the changing scenes of political economies and market developments. Therefore, what can be concluded from the similar and different narrative characteristics of the two journal is that the definition of financial media's professionalism is fluid in the context of economic globalisation, which encompasses complex, fast-changing interrelations of countries and regions, and embraces the different developmental paths of capitalism and economic internationalisation.

Established versus establishing elite identity of readers

In the investigations of headline frames, Chapter 7 (I) demonstrates how different headline frames are associated with different media roles in the construction of the identity of their readerships, so as to prove the statement in *Hypothesis 3*. *The Economist* prefers to frame the headline in a more *actor-centred* approach, with a direct linkage between the *subject X* in the event and the *object Y* it pursues. Such headlines in *subject-empowerment* show **that an actor** is influencing or influenced by the program. A ‘meaning gap’ is created between the headline and co-text that *The Economist* utilises to make the headlines impenetrable to those who do not belong to the elite circle. *Caijing* shows more ideologically charged frames of *focalisation* to bypass the intertextuality in headlines. It intends to draw readers’ attention primarily and explicitly to opinions shaped by either journalists or narrators (*focal characters*) who are authoritative in interpreting the stories. Headlines in Table 7.2.2-1 epitomise and compare different headlines framing the banking IPO in foreign markets. *Caijing* persists with *focalisation* in headlines that convey a much more unified and stronger message, i.e. that foreign IPOs are economically significant in banking restructuring and reform; in contrast, *The Economist* concentrates on the developmental process of the fabula wherein subject X pursues object Y in specific ways.

The existing literature on the two journals tends to be from the perspective of political economy, and suggests the opposite situation, namely that *The Economist*’s editorial structure is more hierarchical (Chapter 1). By examining the linguistic structures of smaller units of reporting, *Caijing* strives to ensure uniformity based on the principle of being rational and ideologically-consistent, and by employing a serious, formal linguistic register. *The Economist* retains a level of heterogeneity in how the realities are interpreted (by journalist) and conceived (by reader). Such contrast is derived from different perspectives of comparison and can be explained in this way: due to its longer history, *The Economist* already has an established identity among its elite readership, whereas *Caijing* plays the role of educator with the aim of building up its global elitist identity among its Chinese readers, who are China’s emerging financial class. Therefore, differences in narrative and editorial structures can be seen as different manifestations of how the media align their content and style to their respective readers’ material and non-material interests.

Meta-narrative of neoliberalism as a global agenda

Chapter 7 (II) concludes that *The Economist* and *Caijing* adopt the same neoliberal stance in picturing China's economic globalisation, which disproves *Hypothesis 2's* conjecture that the former's editorial stance is that of amalgamating liberalising ideas in economics and politics, and that the latter's is primarily economically liberal. To deconstruct the headline texts into three layers of narrative elements—fabulation, storying and textualisation—in ten-year dynamics, the quantitative comparison reveals that *The Economist's* headlines demonstrate complex and recursive cognitive structures to guide readers as they construct and amend their understanding of the issues presented, whilst *Caijing's* headlines tend to directly promote opinionated messages in order to present their version of neoliberal discourse. In comparison, *The Economist* stresses the *Actor* in the headlines, in particular, by manifesting **subject-empowerment**, whereas *Caijing*, in contrast, uses more ideologically-loaded narratives (*Focalisation*) that convey strongly opinionated voices.

Despite the different manifestations of narrative strategies, both texts in headlines reflect a similar mentality that is deeply rooted in neoliberal ideals. For example, with regard to the theme of US's Sinophobia in trade, both media outlets choose two *focal characters* from the Bush Administration in similar positions who participated in trade negotiations. They deliver the same view that, despite the trade imbalance, further liberalisation of trade is beneficial to both countries and disagreement is merely limited to the issue of how fast China's economic structural changes will be justified. In focalising the 'China threat' sentiment, the theme is deliberately undermined, as the two media outlets offer a similarly focalised picture of the United States and the European Union's import quota on Chinese textiles, suggesting that protectionism needs to be discouraged and the idea of free trade should be embraced for the mutual benefit of both Western and Chinese businessmen.

Chapter 8 (I) studies the viewpoints that each article articulates, and concludes that, through years of selection and repetition of the frame, the editorial commitment to free market advocacy that is embedded in global rather than local contexts has been collectively established. Hence, *Hypothesis 2's* suggestion that the narratives of *The Economist* and *Caijing* are deeply rooted in the ideologies of neoliberalism is further justified by the depiction of intertwining co-anchors of economics and politics. In other words, the two

media outlets adopt the meta-narrative of globalisation, that the global economic integration is the ultimate solution for various small conflicts or controversies in the short term. The dominant narrative of market fundamentalism tells a story that the market can solve most social, economic and political problems, and shape our values and norms. Therefore, a global agenda has been promoted for all economic participants to confine their economic sovereignties within domestic boundaries, and to embrace a long-term agenda for future interdependent economic co-operation.

Neoliberal narrative to challenge China's conservative ideology

Similar characteristics concluded from the opinion-shaping frames have shown how the neoliberal narratives de-contextualise, and re-contextualise different social-political values in a single economic measure or structure. On the other hand, a closer examination of the neoliberal-shaped frames unfetters the distinct ways of conveying the messages. In Chapter 8 (II)'s Figure 8.3-1 compares two sets of argumentative elements from sample articles that frame the political implication of China's economic development; both media outlets agree upon the correlation between economic liberalisation and political democratisation, but use opposite logic to theorise causation. *The Economist* sees 'democratic reform' as an ultimate goal that market liberalisation will eventually achieve, and while *Caijing* portrays reform as the final goal, it opaquely suggests that political liberalisation could be justified in the process of pursuing economic development. Furthermore, the prominent theme of anti-China rhetoric demonstrates how financial narratives interact with powers in politics and economics and are reflected in media content (Figure 8.3-2). There are consistencies in the form of reasoning, and distinct logics of arguments in framing the power plays in economic and political fields.

Therefore, it is paradoxical to compare the manifestations of neoliberal narratives by media outlets, with a rationale based on political economy. In the conceptual landscape, neoliberalism changes the world capitalist structure by prioritising economic freedom over other powers. Even political democracy needs to be replaced by professionals with knowledge of corporate and free markets, which is considered to be 'morally superior' (Peters, 2001: 19). In such a sense, to frame China's market reform, the narratives of *The Economist* and *Caijing* seem to deviate from the economic rationale in the way that they depict China's 'neoliberal practice' (Harvey, 2005) as a challenge to orthodox authoritarian

rules and ideologies, rather than a mere reflection of political economic meaning. As the ‘moving map’ of neoliberalism (Peck, 2010) coming to China, the media’s reshaping of neoliberal practices and beliefs is not an accommodation between neoliberalism and authoritarianism. Rather, it uses the concept to challenge China’s authoritative regime and conservative ideology, which infers the preference for national supremacy and state-control of the economy (Pan and Xu, 2015).

Interviews and newsroom observations complement the narrative analysis, by providing more insightful evidence to back up the key arguments. The empirical aspect helps to understand how shifting ideas are extracted from the texts they are embedded in, and demonstrates how they have been re-contextualised. In a comparative perspective, Chapter 9 suggests an additional similarity between *The Economist* and *Caijing*, in that they both feature *market parallelism* by aligning media narratives to values in market fundamentalism such as the free market or free trade, regardless of any particular political or state institutions. Thus, it is reasonable to consider that the underlying intention of the media’s neoliberal narratives is to challenge the conservative *left* (ibid) who support the authoritarian state and think highly of the socialist economic system and advocate the liberal *right* who are in favour of a constitutional democracy and embrace market-oriented reform, in a Chinese context.

A final remark needs to be made about the constraints of this thesis and possible future research directions. Technically, the content analysis is primarily coded on a qualitative basis. Starting from defining the range of relevant samples with regard to the economic and political contexts, to the operational definition of each category of coding schema, and to the decision upon which article or textual attribute were included or excluded, almost every step of the content analysis required some degree of subjective judgment on the part of the researcher. Due to the constraints of time and resources, a second coder with a background in economics as well as media studies was not used to verify the sampling, categorisation, calculation, and final numerical results. For the sake of reliability and validity, the findings are carefully presented and interpreted when the compared values are significant enough to make sense in analysis.

Another issue is the timing of the research. The sample articles are selected from 1998

(starting from the date of *Caijing*'s first issue) to 2008 (when Hu Shuli resigned along with the majority of editorial staff). The approximately ten-year period intends to encompass a complete business cycle with peaks and troughs, and also to avoid the global financial turmoil of 2008, when the legitimacy of neoliberalism was heavily criticised by mainstream media, particularly with regard to the relentless deregulation of the financial sector. Though based on the collected samples, the thesis concludes that *The Economist* and *Caijing* share the same neoliberal ideological stance in portraying economic globalisation; this conclusion would have to be provisional when looking at another set of samples selected after the global financial meltdown in 2008.

Along with the background change, there are two other factors that need verification after 2008. One factor is the launch of the China section in *The Economist*. As the textual analysis and in-depth interviews found, the homogeneity of the opinions and facts shown in the media narratives are partly due to the limited space dedicated to the 'Asian section' in each issue of *The Economist*, where China-based stories had to compete with stories from other countries. It is reasonable to assume that with an independent China section, different viewpoints and angles of stories could be included in *The Economist*, compared with the earlier editions. Another factor is the sudden personnel change in *Caijing* at the end of 2008. It is expected that Hu Shuli, with her old teammates, may be doing things differently in her new media venture *Caixin*, also because *Caixin* presumably has much fewer management constraints for the editorial team than *Caijing*, which is partly owned by a government body.

This thesis employs a comparative perspective to study the amalgamation of the heated themes of China's economy and its 'going out', media narratives, globalisation, and neoliberalism. The advantage of the comparison is that China's neoliberal economic discourse formed and reinforced by financial media are well compared against a kind of 'standard', which has been legitimised over centuries in which global capitalism has developed and neoliberal policies have been institutionalised and enforced. However, it would be a fascinating research project to investigate China's financial media separately in greater depth. There are several directions that may be worth exploring. First, in China the newly established financial market has grown hand in hand with the development of financial media specialising in capital markets. There are various issues neglected by scholars in the disciplines of finance and media studies, such as the impact of the coverage

of financial stories on stock-market performance, and interplay among regulatory bodies, capital markets and financial media.

Second, a rapidly growing number of Chinese economists have emerged as media celebrities to articulate their values and beliefs with regard to people's expectations on future policymaking and economic growth, even bypassing the financial media to establish their own media platform. Will they become the next Milton Friedman, John Keynes, Paul Krugman and Joseph Stiglitz in the new era of globalisation, in which China will play a major role in rebalancing the world economic and politic power? If so, how do they achieve national, even international influence? To what extent would they co-operate with or oppose the Chinese government by mediating their reasoning and opinions?

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