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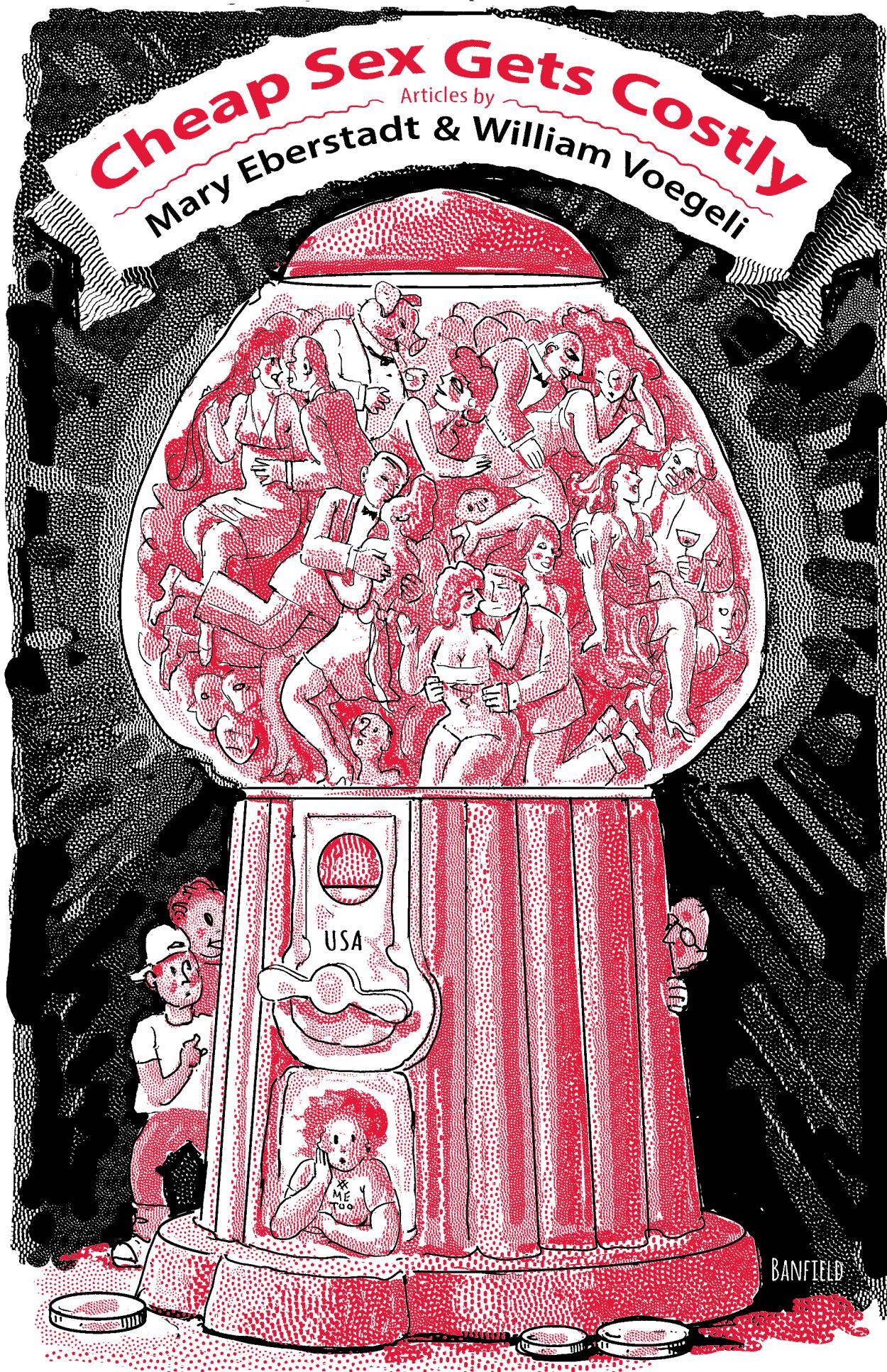
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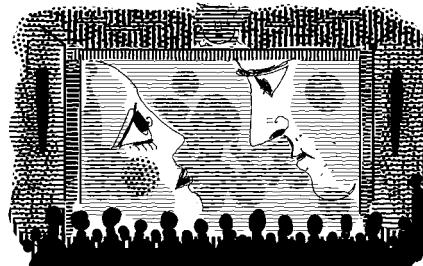
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SHADOW PLAY

by Martha Bayles



Dream Factory, or Propaganda Machine?

HAVE YOU HEARD THE LATEST? HOLLYWOOD'S HOTTEST ROMANCE MAY BE BREAKING UP. You won't find the details in the tabloids or *People* magazine. Instead, you must look in the business section of the few newspapers that cover events outside the United States. This is because the estranged lovers are not movie stars, celebrities, or even people. They are colossi—mighty, inhuman Transformers seeking to stride the world. One is Hollywood itself; the other is Xi Jinping's China.

Only 14 months ago, the couple seemed so happy. In October 2016, the Los Angeles County Museum of Art (LACMA) hosted a gala reception for Wang Jianlin, one of the richest men in China. Mr. Wang's real estate-media conglomerate, Dalian Wanda, was riding high at the time, having recently acquired two major U.S. companies: the AMC theater chain (for \$2.6 billion in 2012), and the film studio Legendary Entertainment (for \$3.5 billion in 2015).

The main focus of the gala was the Qingdao Oriental Movie Metropolis, a new \$8.2 billion production facility being built near the city of Qingdao in eastern Shandong Province. The Hollywood players present were well aware of the incentives being offered to partner with Chinese companies in making films at Qingdao. One was a 43% cut of the box office revenue in China—as opposed to the 25% they received for films made in America and distributed in China under Beijing's import quota of 34 foreign films per year. Another was a production subsidy significantly larger than those offered by most countries.

Yet beneath the happy smiles lay a fundamental incompatibility. To Hollywood, the romance has always had one goal: gaining access to a market rapidly becoming the world's largest. Because this involves regular cooperation with the Chinese authorities, Hollywood has at times been accused of caving into Chi-

nese censorship. To this accusation the standard reply is that a few script changes here and there cannot diminish the power of American movies to win hearts and minds. And if this reply fails, there is always the backup: no U.S. industry can afford to ignore a potential customer base of 1.4 billion people.

To the Chinese, the romance has been about a succession of goals that have changed over time, depending on the regime's priorities. Some changes have been minor, others major. But none has been as drastic as the one occurring now under the newly anointed "leadership core" of Xi Jinping. To understand this change, we need to place it in a larger context.

According to a recent report from the National Endowment for Democracy (NED), over the past year China has turned decisively away from "soft power," which works through "attraction and persuasion," and toward "sharp power," which "pierces, penetrates, or perforates the political and information environments in the targeted countries," for the purpose of "masking [China's] policies and suppressing, to the extent possible, any voices beyond China's borders that are critical of the Chinese Communist Party (CCP)."

Will this turn toward sharp power break up the Hollywood-China romance? The tea leaves are tricky to read. But there is a definite backstory here, which I will now chronicle through a series of dramatic episodes.

Episode 1 (2000): Blockbuster Envy

CROUCHING TIGER, HIDDEN DRAGON, a \$17 million U.S.-Hong Kong co-production directed by the Taiwanese-American filmmaker Ang Lee, grosses \$214 million worldwide. Sorely vexed at the thought of a successful Chinese-themed movie being produced outside the People's Republic, the Chinese State Administration for Ra-

dio, Television, and Film (SARFT) sets the goal of building a Chinese film industry that can rival Hollywood on the global stage. Over the next few years, China produces a dozen or so films that basically copy Lee's formula of eye-popping battles between martial-arts heroes (and heroines) set against lavish backdrops evoking a mythical Chinese past.

Episode 2 (2008): Another Body Blow

WORLDWIDE, A FEW OF THESE FILMS earn between \$100 and \$200 million each—not peanuts, but hardly competition to such Hollywood blockbusters as *Titanic* (\$1.8 billion) and *Avatar* (\$2.8 billion). Then Beijing suffers another body blow: *Kung Fu Panda*, a \$131 million DreamWorks Animation feature, grosses \$631 million worldwide, \$26 million of it in China. Sorely vexed all over again, SARFT allocates \$695 million for a new animation facility in the city of Tianjin. SARFT also hedges its bets by inviting DreamWorks CEO Jeffrey Katzenberg to visit Chengdu, home to the world's largest breeding center for giant pandas. During that visit, Katzenberg is dazzled by the size of the growing Chinese market and promises to incorporate more authentic Chinese cultural elements into *Kung Fu Panda 2*.

Episode 3 (2011): A New and Improved Panda?

PRODUCED FOR ROUGHLY \$150 MILLION in the Los Angeles DreamWorks studio, *Kung Fu Panda 2* earns a hefty \$665 million at the global box office. Like most sequels, it exploits what producers and marketers consider the most audience-pleasing aspects of the original. But it also tweaks the original in ways best described as *Beijing*-pleasing. For example, the panda hero, Po, is



no longer fighting to save a fictional Valley of Peace; he is fighting to save a real country—China. And compared with the original, the sequel contains less irreverent humor and more sentimental piety toward the CCP-approved version of ancient Chinese wisdom.

Meanwhile, the new animation facility in Tianjin opens with the blessing of the party and the guidance of a Central Committee directive stating, “It is a pressing task to increase the state’s cultural soft power...and to build our country into a socialist cultural superpower.” A *Los Angeles Times* reporter visits Tianjin and writes an article suggesting that, even though “the campus boasts the latest in animation technology,...it remains to be seen whether China can overcome what even the facility’s managers describe as a bigger problem: a dearth of artistic creativity.”

Episode 4 (2012): The Sino-American Dream

THE FIRST ANIMATED FILMS PRODUCED by the Tianjin studio fail to attract a domestic audience, much less a global one—and in some quarters they are openly ridiculed. In recognition, perhaps, of the dearth of artistic creativity reported in the *Los Angeles Times*, Beijing alters its strategy. If more creativity is needed to succeed in the global market, why not buy it from the experts? As other Hollywood players turn green with envy, Katzenberg signs an agreement with the Shanghai Media Group (SMG) and other Chinese partners to build a \$330 million animation studio on the outskirts of Shanghai.

When the new studio opens under the infelicitous name Oriental DreamWorks, a big celebration is held in Los Angeles. On these occasions, it is typical for any underlying tensions to be glossed over by high-minded rhetoric. So amid the blather about Oriental DreamWorks being an independent, private-sector enterprise that is all about telling great stories and dreaming big dreams, little notice is taken of the Chinese vice president, who just happens to be visiting from Beijing. More notice is taken later, in November, when the same individual, Xi Jinping, becomes general secretary of the Communist Party, chairman of the Central Military Commission, and president of China.

Episode 5 (2016): Shifting Ambitions, Collapsing Great Wall

IN FEBRUARY, AFTER A FIVE-YEAR HIATUS, Oriental DreamWorks releases *Kung Fu Panda 3*, a \$145 million production that (as predicted by Katzenberg) becomes an instant hit both in China and around the world.

Indeed, in China it becomes the highest-grossing animated feature ever. The players back in Hollywood are delighted to see this new franchise join a select group of others—*Transformers*, *Fast & Furious*, *Terminator*—whose revenues have consistently skyrocketed alongside the skyrocketing growth of the Chinese film market.

Yet all is not well. Unlike its fellow Hollywood franchises, *Kung Fu Panda 3* does not rule the Chinese box office for several weeks or months. On the contrary, it is quickly eclipsed by two relatively low-budget fantasy films, *The Monkey King 2* and *The Mermaid*, both of which are made in China by all-Chinese companies. These two films both do surprisingly well, and one, *The Mermaid*, becomes China’s highest-grossing film to date. Neither *The Monkey King 2* nor *The Mermaid* gains the slightest traction outside China. But this does not seem to bother Beijing.

The question is why? Could it be that China is abandoning the goal of becoming a rival to Hollywood on the world stage? And if so, what new goal might it now be pursuing?

For the next three months, all such questions are drowned in the tsunami of hype accompanying the biggest, costliest Sino-American co-production ever: *The Great Wall*, a \$150 million special-effects extravaganza made at the Qingdao facility and backed by NBCUniversal, along with three Chinese partners, one of which is Legendary Entertainment (owned by Dalian Wanda).

Directed by the renowned Chinese filmmaker Zhang Yimou, this would-be blockbuster stars Matt Damon as the leader of a band of European mercenaries who venture to China during the 11th century to steal the formula for gunpowder. Upon arriving, they discover that a horde of ancient monsters are about to attack China (which they do every 60 years), and that the country is being heroically defended by a Song Dynasty version of special-ops troops.

Peering through their politically correct lens, some Americans object to *The Great Wall*’s foregrounding of Damon and his band of white males. But this shows how distorting the P.C. lens can be. The real reason for hav-



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ing these rough-tough, hirsute Westerners is explained by the American film scholar Ying Zhu: "Dwarfed by the gigantic Great Wall, the gunpowder-crazed European mercenaries appear captivated literally and figuratively by the enormity of China and Chinese culture. They are, in time, taught a moral lesson, chiefly by the righteous Chinese female Commander, on fighting for trust and honor instead of gunpowder."

Released in China to great fanfare, *The Great Wall* collapses. The audience stays home, and the box office is a disappointing \$171 million. In response, the official state media turn on a dime and begin deriding the film. For example, the state-approved website Douban reports an audience ranking of 5.4 out of 10, and prominently posts a review attacking the film's "flat characters," "retarded story," and "lack of imagination." Perhaps most significant, the review faults *The Great Wall* for reducing "the Chinese element...to sky lanterns, Chinese military armor, the Great Wall, and other symbols," thus failing "to promote traditional Eastern values."

It is important to understand that this is not a fan review in the Western sense of a freely offered opinion. It is either a propaganda message crafted ahead of time in case the film fails, or a spontaneous posting that passes muster with the state curators of the website. What matters is that this and other negative reviews are swiftly disseminated, with the clear intent of putting as much distance as possible between the regime and what suddenly looks like a botched partnership with America. If I'm reading the tea leaves correctly, this backlash may signal the end of Beijing's Sixteen-Year-Plan to cooperate with, compete with, and then replace the United States as the world's cinematic hegemon.

Episode 7 (2017):
Romance on the Rocks

IN FEBRUARY THE GREAT WALL FLOPS even more resoundingly in America. The *Hollywood Reporter* estimates it will lose more than \$85 million, and everyone agrees that the film is a godawful mess. But few observers go so far as to predict a drastic change in the terms of the Sino-Hollywood romance. After all, Hollywood still needs China's money, and China still needs Hollywood's creativity—right?

In March, rumors begin circulating about a "restructuring" at Oriental DreamWorks. A key U.S. investor, NBCUniversal, is said to be in talks with Warner Bros. about selling its interest in the studio. The three Chinese partners are not taking press inquiries, but

the online gossip is that the studio has been spending too much money on too few films (one of them being *Kung Fu Panda 3*). This makes sense, because Oriental DreamWorks has already downsized to 100 employees from 250, and there is only one production (a computer-animated spectacle called *Everest*) in the pipeline for release...in late 2019.

In June, one of Hollywood's most reliable franchises, *Transformers*, releases its fifth installment in China, and grosses a paltry \$250 million. The U.S. trade publication *China Film Insider* notes that this is the first time the earnings of a *Transformers* installment have not kept pace with the growth of the Chinese market. The reporter blames Hollywood: "Chinese moviegoers are...tired of hackneyed plots and recycled stories." It's tempting to go along with this explanation, especially if, like me, you are constitutionally incapable of watching more than two minutes of a *Transformers* movie. But subsequent events suggest that a more fundamental shift is occurring.

Don't forget, China's rulers have for several months now been deeply immersed in preparations for the 19th National Communist Party Congress, scheduled to open on October 18. This is evident in the country's 50,000 movie theaters, where, starting in July, a 60-second propaganda video is shown before each movie. There are four videos to choose from: "The China Dream," "The Core Ideology of Socialism," "The Four Comprehensives," and (my personal favorite) "The 'Five-in-One' General Layout." But the party directive is clear: all four must be shown on a rotating basis until the opening of the NCPC.

In August, Beijing launches a crackdown on Chinese companies that are heavily invested in Hollywood. At the center of the crackdown is our friend Mr. Wang, the CEO of Dalian Wanda. It is fairly obvious that Wang's main offense has been to act like an independent, private-sector entrepreneur, rather than like a good party member devoted to building a socialist cultural superpower. Reassurances are given about the long-term health of Dalian Wanda's assets, including the AMC theater chain and Legendary Entertainment. But given that Legendary is one of the three Chinese companies that lost their shirts scaling *The Great Wall*, no one is reassured.

Back in Hollywood, this crackdown on Chinese investment causes a near panic. "People are realizing the money isn't coming in," one producer told the trade publication *Deadline: Hollywood*. "And they are starting to ask, where is the money now? Because they have to feed the beast." The same article quotes this sobering comment by a "China watcher"



familiar with the industry: "With no alternatives for risk-tolerant investors on the horizon ready to put money into the traditional film studio business model, Hollywood will be forced to take every overture from China seriously" (emphasis added).

Hollywood's mood is not improved when, also in August, a 100% Chinese-made action flick called *Wolf Warrior 2* becomes the highest-grossing film in Chinese history, raking in \$608 million the first week. To be sure, this triumph occurs during a "blackout period," when the state bans foreign films in an effort to drive audiences toward domestic productions. But when the blackout ends and *Wolf Warrior 2*'s winning streak continues, the official state media erupt with excitement. *People's Daily* calls the film "a box office miracle." *Global Times* calls it "a turnaround move for Chinese on the big screen after years of being kept down by Hollywood-manufactured heroes."

Never mind that the miracle in question is a middling action flick set in a place called "Africa," described by one Chinese hero as "a beautiful country" with "great food," "hot women," and happy people who, "when they get around a campfire, they just can't help it—they have to dance!" Never mind that a different propaganda bomb goes off every five minutes, saying (in essence), *China is investing in Africa, and America is not! China is curing diseases in Africa, and America is not! China is fighting terrorism in Africa, and America is not! China has beautiful warships that fire beautiful missiles, and America does not! China's soldiers are brave and honorable, and America's soldiers are cowardly mercenaries who deserve to be stabbed repeatedly in the chest!*

What matters is Wu Jing, the director and star of *Wolf Warrior 2*, telling an interviewer on a state-approved website that "This wasn't my personal achievement" but rather an "explosion...[of] the patriotic kindling in people's hearts...and I, Wu Jing, have taken a small match or spark and dropped it on, lighting up all of you." Here, too, it's important to remem-

ber that this is not a celebrity interview in the Western sense of promoting one's self and one's movie. It's a propaganda message, saying (in essence), *We Chinese can manufacture our own heroes now. So Hollywood, do our bidding or prepare to be stabbed repeatedly in the chest!*

This same message is echoed in September, when NBCUniversal Pictures sells its interest in Oriental DreamWorks to Warner Bros. The *Financial Times* reports that the sale resulted from "disagreements over strategy." And when the *FT* reporter asks the studio's main Chinese partner, Li Ruigang of China Media Capital, to explain the reason for the disagreements, Li states that NBCUniversal wants "to make films in China for the world," while he, Li Ruigang of China Media Capital, is "focused more on China."

Far be it from me to suggest that China Media Capital is completely controlled by the Chinese Communist Party. But I will say that Li, a very wealthy man often referred to as "China's Rupert Murdoch," is highly regarded in China, no doubt because, unlike Wang, he plays nicely with his political betters. And I will predict that from now on, the American companies most likely to succeed in China will be those most willing to follow Li's lead and "focus on China."

Two further pieces of evidence for this likelihood appear in late November, after the National Communist Party Congress. First, Oriental DreamWorks announces five new projects, all of them focused on Chinese themes. And second, Li's new partner, Warner Bros., announces a new "U.S.-China Exchange Program" supported by the Motion Picture Association of America, the Chinese Consulate General in Los Angeles, and what is now called the Chinese State Administration of Press, Publication, Radio, Film, and Television.

Speaking fluent high-minded blather, the executive vice president of Warner Bros. China describes the new program as "a best practice-sharing effort [that] reflects Warner Bros.' ongoing commitment to fostering growth within

the Chinese marketplace." Translation: seduced, abandoned, and cash-strapped, Hollywood can see only one way to remain in China's good graces, and that is to transform itself into a cog in the world's biggest and most sophisticated propaganda machine. A costly and creative cog, to be sure. But a cog nonetheless.

Episode 8 (2018): Director's Commentary

IS THIS CHANGE REALLY SO ALARMING? SO what if Hollywood lends its considerable talents to the manufacture of bright shiny entertainment for a huge but increasingly hermetic Chinese market? Where's the harm?

Let me answer these questions by quoting another, posed by Congressman Christopher H. Smith (R-CT) back in September 2016. One of 16 members of Congress who at the time were expressing concern about Chinese influence in Hollywood, Congressman Smith wrote to the *New York Times*: "Would any movies favorably portraying the Dalai Lama, Liu Xiaobo, or Chen Guangcheng be green-lighted if they risked the loss of Chinese investment? I don't think so." The congressman had a point. Even if nobody outside China ever sees the bright shiny entertainment being produced by Hollywood for Beijing, Beijing will still be in a position to exert pressure on all the other films and other projects that Hollywood is thinking of creating for the U.S. and global market. That's how sharp power works.

Here's hoping that the better angels of Hollywood remember what made their industry the envy of the world—not skill at making money despite the barriers erected by foreign governments, or ruthlessness in knocking down those barriers, but something unique and precious: creative freedom. This freedom has never been perfect. Throughout its history, the American Dream Factory has been subject to state censorship, self-censorship, and soul-killing commercial pressures. But it has never been enslaved. If it agrees to that now, the whole world will feel the loss.

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