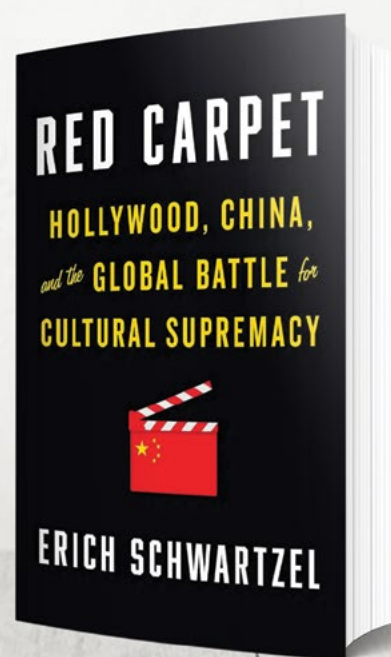


Red Carpet

Hollywood, China, and the Global Battle for Cultural Supremacy

Erich Schwartzel, Penguin Press,
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Dr. Barry M. Stentiford

Erich Schwartzel's *Red Carpet: Hollywood, China, and the Global Battle for Cultural Supremacy* provides a detailed exploration of the overt and covert infiltration of the Chinese government into the American motion picture industry. Schwartzel exposes how China uses its influence in Hollywood and its own movie industry to control the image of China globally.¹ The result is a deeply unsettling look at the penetration by the Chinese government and Chinese Communist Party (CCP) into an industry that has been key to the projection of American soft power. The influence of China in Hollywood serves as a case study of the process that has occurred in many American industries. However, because of the overt propaganda capabilities of the film industry, that influence presents an especially troubling example of the lengths the Chinese government will go to control the narrative of China in the United States and to the entire world.

Schwartzel arrived in Hollywood in 2013 as a reporter covering the movie industry for the *Wall Street Journal*. Before that, he had been an award-winning reporter covering energy issues and the environment for *The Pittsburgh Post-Gazette*. He is neither a political scientist nor a film historian, but his journalistic background and instincts as an investigative reporter soon

alerted him to the increasing role of the Chinese government in the American movie industry. Schwartzel delves into the financing of major motion pictures and the growing need for profitability in China to make an American film viable. He places these developments in context, exploring the history of Hollywood and its long entanglement with foreign governments and their political sensitivities. As Schwartzel points out, much of what China has been doing in Hollywood—including dictating film changes—follows a pattern set by Nazi Germany in the 1930s. Hollywood's efforts in the 1930s to avoid offending Nazi Germany with its films set a precedent for the readiness of Hollywood to kowtow to the Chinese government beginning in the late 1990s. In both cases, Hollywood agreed to cancel, edit, or alter films for showing not only in Germany in the 1930s and China today but also globally so as not to offend the parties in power in Germany then and China now.

The story of Hollywood and the People's Republic of China (PRC) began in the 1990s, but the larger issues have deep roots. In the middle decades of the nineteenth century, American business leaders discovered China. With perhaps one-fifth of the world's population, China represented an enormous potential

market for goods that could be produced by America's burgeoning industries. If only one-in-ten of the people in China bought some product, profits would be enormous. This seemingly simple idea has driven American business interests in China ever since. U.S. policy regarding China in the nineteenth century sought to prevent the European powers from carving up China into their colonies as they had in Africa and instead advocated an "Open Door Policy" in which all nations could trade. American territorial acquisitions in the Pacific following the Spanish-American War (1898)—notably the Philippines and Guam, along with the annexation of Hawai'i the following year—provided handy stepping stones for steamships as well as warships crossing the expanse of the Pacific Ocean, while the harbor at Manila provided an excellent staging point for future trade with China. That lucrative trade has always seemed to be on the cusp of being realized but never quite there.

World War II followed by the seizure of most of China by Mao Zedong's communists and the proclamation of the PRC in 1949 only delayed that dream of the great China market. When President Richard Nixon began the normalization of relations between the PRC and the United States in 1972, American business leaders again began to speculate on the potential of Chinese consumers. In the 1990s, when China began to seek entrance into the World Trade Organization, a goal reached in 2001, that dream again seemed about to be realized. One American industry in particular, the American movie industry based in Hollywood, California, was especially eager to start exporting its products to the vast potential market that awaited it in China. But like so many other Western industries, Hollywood would learn that access to that Chinese market came at a high price, one it was quite ready to pay. It later realized, perhaps too late, that China planned to learn all it could about how Hollywood functioned and then replicate that formula in China and supplant Hollywood as the world's dominant creator and exporter of movies. In the long-term view of China, Hollywood would simply become an obedient subsidiary of the Chinese movie industry and, by extension, of the Chinese government.

The common assumption from Western political and business leaders in the 1990s was that China wanted to join the world economic system and that open

markets would lead inevitably to democratic reforms. They were wrong. China sought foreign involvement for its own purposes and to create its own industries. China did not seek to join the existing international order but to replace it with one centered on China. The CCP was quite willing to use Western technologies to increase its hold on the country and then reshape the world to its liking. China understood the role American movies played in ushering in the "American century" by exporting a glossy and attractive image of America that resonated in much of the world. To usher in the long dream of "Chinese century" (or millennium), China would use movies—made in China and in Hollywood—to export its own vision of the Chinese Dream to the world.² Its domination of Hollywood, while simultaneously creating its own domestic version of Hollywood near the city of Qingdao, was only part of a much larger effort, but it was a key part. Movies are the ultimate in soft power.

In its conquest of the American film industry, China followed a two-pronged attack, sending Chinese film industry leaders to Hollywood to study the system so it could be replicated in China and, at the same time, ensuring films made in Hollywood followed the CCP line. In 1994, China allowed Hollywood to show ten movies a year, reaping a smaller percentage of the low-ticket price than in any other market.³ China also limited the amount of time most American films could remain on the screens, sometimes pulling popular American films to replace them with Chinese-made movies, often blatant propaganda films. But Hollywood saw

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the inevitable expansion of the Chinese market as part of a long-term (in Hollywood's eyes) strategy. Slowly the number of American films allowed onto Chinese screens increased, as did the percentage of ticket prices Hollywood reaped. By the 2000s, the Chinese market for American films had grown to account for a sizable amount of the profits each movie made, and studios became loath to put anything in a film that would offend Chinese government officials. Aside from a handful of pro-Tibet and human rights activists such as Richard Gere, most industry members started taking great pains to avoid antagonizing China, for those who do pay a heavy price. Chinese officials began demanding changes to scripts, locations, and ensuring the inclusion of favored Chinese actors in American-made films. Hollywood responded by not only acquiescing to Chinese demands but by also preemptively removing any elements that might cause issues later. The most obvious example was when the flag of the Republic of China—the flag of Taiwan—and the Japanese flag were removed from the leather jacket Tom Cruise wore in posters for the sequel *Top Gun: Maverick* in 2019. Apparently, no one in China ordered their removal—Paramount removed them to avoid any potential trouble with China. Under the new rules, Tibet and Tiananmen Square will not be mentioned at all, while sexuality and violence will be no greater than what would pass for PG-13 in the United States.⁴ Even subjects as seemingly benign as ghosts and time travel are off limits if a film is to have the approval of the Chinese government. China had reached the level of influence where it had to do little directly; the fear of offending the CCP, not any direct pressure, increasingly drove Hollywood decisions. Hollywood willingly shows only an idealized version of Chinese people and of China—no Chinese character will appear weak or evil, and China itself can only be shown as a fully modern and prosperous nation. The image of China to the world through Hollywood is a place of nothing but prosperous people in ultramodern megacities.

China can exert its will by denying all sorts of economic agreements if just one film from a studio has elements of which the Chinese government disapproves, but it seldom has to openly wield its power over the American film industry. Instead, through the threat of cutting off access to Chinese markets not only for movies, but the whole host of products connected to a

conglomerate, Hollywood has largely been brought to bay. The issue of studios owned by larger corporations with myriad business interests spreads the potential for China to punish offending studios by targeting their larger cooperate owners. Sony profusely apologized to China regarding the Brad Pitt vehicle *Seven Years in Tibet* in 1997 from fears that China would retaliate and hurt sales of Sony products in China, and even more so threaten its manufacturing in that country that allowed Sony to market products worldwide at a relatively low cost.

Sony was hardly alone. Seagram, a Canada-based corporation that made and distributed alcoholic beverages, bought Universal Studios in 1995, shortly before Martin Scorsese began work on *Kundun* (1997), about the Dalai Lama as a child. Potential profits for American movies in the Chinese market were low at that time, but Seagram did not want to risk the Chinese market for its main products. As a result, the film entered limbo, until it was finally released under Disney, one of the last films released under the Disney name that dared to incur the displeasure of China. Disney was perhaps the most vulnerable movie studio, as many of the products it sold with Disney characters on them were produced in Chinese factories. While Chinese consumers bought little Disney merchandise, the company hoped to change that dynamic, first by creating demand through the introduction of the Disney Channel onto Chinese cable systems, as had worked in other markets. The Disney Channel would pave the way for Disney to attract audiences to its films in China, which would lead to the opening of a new theme park. China balked at allowing the Disney Channel into China, forcing Disney to adopt a new model to build familiarity with its stable of characters to create a consumer base for the park it eventually opened. Instead of television, Disney opened a chain of English-language schools that used Disney characters in its lessons. Disney was an American company creative enough to break into the Chinese market, provided it was willing to continue to pay the price of including nothing in its movies that would offend the Chinese government.

In modern Hollywood, negative images of China are simply not allowed. After angry editorials in China in 2010 alerted MGM to Chinese ire over early reports of the plot to a remake of 1984's *Red Dawn*, this time with China invading the United States, the studio caved immediately.⁵ The studio quietly hired a



A patriotic painting of Chinese movie stars. The Chinese government goes to great lengths to control the narrative of China in the United States and to the entire world. (Photo by Philip Jägensted via Flickr)

company to change all the Chinese insignia, flags, and other such props from Chinese to North Korean frame by frame, along with simultaneously moving the plot from the unlikely to the absurd, not that the finished product would even be shown in China. Despite the power of the Chinese government to prevent any negative images of China coming from an American movie studio, the reverse is not true: Chinese films are more than allowed to show the United States and Americans as weak, corrupt, or in other ways in a negative light. Films insulting the United States are produced in China with full government support. The Chinese eventually were able to create movies in its own industry that had broad appeal in China, such as *Wolf Warrior 2* in 2017, about a Chinese hero saving an African country from criminals, specifically portraying the U.S. Marines as unable to help. However, despite a concerted effort to interest Africans in the film, it did poorly outside China, with many Africans offended by their own depiction in the film. Perhaps more indicative of the problems of China's attempts to sell a glossy image of China to the world results from the intrusion

of the CCP and the government of Xi Jinping to become involved in every aspect of movie production, from the location, dialogue, who or what gets to be the hero (normally, officials of the state, such as the police), and the lives of the stars, which often makes Chinese plots dull and predictable.

A saying in China holds that one kills a chicken to frighten the monkeys. China comes down hard on select companies and individuals that earn its wrath to send a warning to others to fall in line. One Chinese actor who served as the chicken was Fan Bingbing. Fan was one of the top film stars of not only China but also the world, starring in a string of hits from 2003 until 2017. In 2014, she was in *X-Men: Days of Future Past*, followed by a major role in the Chinese film *Sky Hunter* in 2017. She was the face for many of the new, cosmopolitan China, relishing in wealth and fame. But Fan ran afoul of the Chinese government in 2018 after a media company in China released images of two different contracts she had apparently signed for a film in the works called *Cell Phone 2*. The contracts showed a marked discrepancy in the amount she was paid for



The Hollywood sign in Los Angeles on 11 September 2015. The story between Hollywood and China began in the 1990s. After China joined the World Trade Organization in 2001, Hollywood was eager to explore the Chinese market, but it came at a price: "Hollywood would simply become an obedient subsidiary of the Chinese movie industry and, by extension, of the Chinese government." (Photo by Thomas Wolf via Wikimedia Commons)

her work, with the implication that she was paid more than five times the amount she reported to the Chinese tax authorities. From July to October 2018, she was not seen or heard from by the public. Since her reappearance, she apologized and paid some US\$127.4 million in taxes, but her career never recovered.

After Hollywood and some actors received the wrath of China for films such as Brad Pitt for *Seven Years in Tibet* (1997) and Richard Gere for *Red Corner* (1997), Hollywood began to avoid offending China and instead to praise it. DreamWorks's 2008 animated film *Kung Fu Panda* took great pains to please Chinese audiences and government officials, yet its very success in using Chinese cultural icons to make a commercially successful film invoked resentment from some officials in China, fortunately directed at the Chinese film industry for not being able to make a film of that quality. In the film *2012* (2009), several modern arks built by China save humanity. The star, the American John Cusack, upon seeing the arks, expresses his wide-eyed

and open-mouthed wonderment that there is nothing that the Chinese cannot do.

Even more blatant was a scene near the end of the 2014 film *Transformers: Age of Extinction*. As the robots fight their epic battle in Hong Kong, officials of the city can only exclaim, "We've got to call on the central government for help!"⁶ In Beijing, the order is given to protect Hong Kong "at all costs" and high-tech jet fighters are dispatched immediately to save the embattled city. Given the recent pro-democracy unrest in Hong Kong the message of the film is clear—Hong Kong is an integral part of China, and it is to Beijing that Hong Kong must turn for its salvation. But the 2016 movie *Great Wall* showed the limits of trying to please all audiences. The movie was filmed in China, with a Chinese and American crew, and starred Matt Damon alongside Chinese actors. Although extremely expensive to make, it failed to interest audiences in North America or China, although for different reasons. Chinese moviegoers found the plot forced, and the

inclusion of Damon more distracting, while Americans found its heavy use of CGI off-putting, to say nothing of the “white savior” elements of the plot. Still, for the Chinese movie industry, the film using American crews and techniques was a veritable school for learning just how to make an epic high-tech film.

Catering to the Chinese market presents dilemmas for Hollywood quite apart from prohibitions on mentioning taboo topics such as Tibet, the Dalai Lama, or the status of Taiwan. The Chinese government will block movies from screens if they include overt homosexual characters. Any reference to a non-heterosexual person or relationship must be made so obtuse as to be almost unrecognizable. Equally problematic is the Chinese aversion to seeing African Americans in films. Advertisements in China for American movies that include Black actors often diminish or eliminate the image of Black characters. While some of this racial bigotry could be blamed on the Chinese government, the poor showing of Disney’s 2023 live-action remake of *The Little Mermaid*, which featured a young African American woman in the titular role, suggests a deeper cultural bias. Here, Hollywood finds itself with a clash of two of its own values—the desire to be more inclusive regarding race and sexual orientation, and, at the same time, its need for continued access to Chinese screens to keep many films profitable.

For the Chinese film industry, when selecting topics and scripts to make into the films, “[w]inning over audiences in foreign countries took a back seat to rallying the faithful at home.”⁷ Sometimes both can be done, as shown in the 2002 film *Hero*, which Schwartzel does not include in his discussion of Chinese films but was one of the most successful Chinese films on many levels. The film received glowing reviews around the world. *Hero* was the second in a trilogy of films dealing with the late Warring States Period, roughly between the fall of the Zhou Dynasty 447 BCE and the consolidation of central control by the Qin in 221 BCE. The trilogy began with one of China’s first successful exports to North America, *Crouching Tiger, Hidden Dragon* (2000) and was concluded by *House of Flying Daggers* (2004). All three films were visually stunning, while the martial arts scenes, which included almost supernatural elements, were quite familiar to Chinese audiences. They were, however, something

new in the West. *Hero* brought the visual aspects to new heights. The cinematography was a great artistic feat—it is a gorgeous film. The plot takes place during the latter years of the Warring States when various smaller kingdoms fought for control of all China. The titular hero of the film, played by Jet Li, is an assassin with the mission to kill the king of the Qin. Through a complex story of deceit and apparent double crossing the assassin gains the king’s trust enough to be allowed to sit ever closer to him. But in the end, the assassin understands that China must be unified, and he must subordinate his desire to glorify his home kingdom, seeing that a unified China under the Qin is preferable to the continuation of a divided China, even at the cost of his own life. The movie underscored a key theme of the CCP: a unified China under a strong, central government is the correct model for China. The underlying message could not be clearer. Its message to Macao, Hong Kong, Tibet, and especially Taiwan and perhaps Mongolia is blatant—subordinate provincial interests to the greater glory of a unified China.

Red Carpet brings a nuanced understanding of how Hollywood works and, more importantly, the sometimes subtle, sometimes blunt workings of the Chinese government. As part of his research, Schwartzel interviewed film industry executives and American directors, some of whom found new fame and respect in China after one too many flops in the United States, to give the book a real insider’s feel. While the book is largely a deep dive into the evolving relationship between Hollywood and China, Schwartzel takes the reader into some surprising yet linked backwaters—or frontiers, depending on one’s point of view—such as China spending millions to distribute satellite television dish systems from a Beijing-based company called StarTimes across Kenya, bringing four hundred channels to places that previously had perhaps one channel. Programming had some shows dubbed in Swahili, some in English. The satellite television service was free for six months, after which recipients were required to pay a small fee to continue the service. Similar satellite TV systems were distributed in many parts of Africa, bringing an image of China that works in conjunction with the Belt and Road Initiative, such as the railroad being built across

Kenya, a hard example of soft power that reinforces the image of China as the new dominant economy and culture on earth.

Much of the well-deserved praise heaped on *Red Carpet*, the author's first book, focused on the entertainment value of reading it—it is, after all, well written and a page-turner. But the book is also at once depressing and alarming. The Chinese bought interests in well-known American companies and real estate suspiciously close to U.S. military installations, as well as building a strangely placed casino on Saipan. The spread of the Confucius Institutes on college campuses likewise gives China a tight grip on Chinese citizens in the West, inroads into Chinese American communities, and others who naively seek to learn about China, the Mandarin language, or Confucianism. Unlike in China, where laws prohibit foreign ownership of land or majority ownership of companies, the openness of the American economy allows Chinese penetration to continue with few checks.

What happened to Hollywood was only part of a much larger problem in which American and Western political, media, and industry leaders became blinded by the potential of China for new markets and sources of cheap labor. Only companies that do little business in China are largely immune to the pressure China can bring to bear. In Hollywood, a few studios such as Netflix, which does not do business in China, can remain aloof for now, but any actor in a Netflix film must seriously weigh the risks to their career if they appear in something that offends China. *Red Carpet* was published under the Penguin Books imprint of Penguin Random House, which is itself owned by the German publishing giant Bertelsmann. The publisher deserves credit for having the courage to publish a work so critical of China and the CCP. Bertelsmann must not sell many books in China or else such an offering would cause serious issues in the continued distribution of its wares. The publisher and even more so Erich Schwartzel himself can be assumed to be on lists in China.

The prognosis at the end of the book is gloomy—China has its tentacles in almost all aspects of the American economy. As Schwartzel points out, “Books similar to this one could be written about numerous sectors—from fashion to cars to telecom—and opportunities identified and concessions made by executives who want to woo Chinese shoppers and authorities.”⁸

He briefly includes a series of comparable incidents involving Delta and American Airlines, the Marriott hotel chain, and the German car company Daimler. He is right. China, as an example, penetrated and then replaced much of the United States domestic bicycle industry, first by offering low-cost manufacturing for American brands, learning all it could about American bicycle manufacturing techniques and design methods, and then using that knowledge to produce quality bicycles at low cost and sell them directly in the American market, putting most domestic manufacturers out of business. But the story Schwartzel tells is more troubling. Entertainment is the main industry that tells both Americans and the world what America is.

Still, all is not perfect in the real world for China. While not explicit, Schwartzel suggests that much of the image China projects of itself is a sort of Potemkin Village. The China the world sees in movies is a glossy version without any of the problems that plague the real China. The vast outlays of capital China has spent on the Belt and Road Initiative might come back to haunt it when nations see the debt trap they have fallen into, and populations physically rebel against the Chinese. Perhaps a more chronic problem China is creating for itself will be the image presented by these infrastructure projects such as railroads that are not used and fallen into disrepair, harbors that sit empty, and airports that do not bring in the air traffic. When nations default on the loans from China to build the facilities, as many will inevitably do, China might find itself the owner of much crumbling and worthless infrastructure. Controlling the narrative on those white elephants around the world might prove more problematic than papering over problems within China itself.

A perhaps greater long-term danger to China is the demographic cliff the nation is going over. The population disaster that China is approaching, not only a male-to-female sex ratio without precedent in world history, but more so the imbalance between older retired Chinese and working adults, represents an inevitable crisis for China in the near future. The demographic trends that slowed and eventually stopped Japan's phenomenal growth in the 1990s, leading to what was first called the lost decade and now the lost generation, are all stronger in China. This problem is even more difficult for China than it was for Japan, for

China never reached the level of per capita income of most prosperous states, stalling out in the middle ranks. If China has in fact succeeded in its use of movies and television to convince much of the developing world that China is the land of opportunity, the land of wealth, the land of gleaming cities, of a government that cares, and prosperity, the PRC might soon have to make some hard choices between welcoming the nonethnic Chinese who flock to China in search of a better life, or maintaining their current sense of identity where some 91.1 percent of the population identifies as Han Chinese.⁹ A China with a large immigrant working class might survive the demographic cliff, but the result will not be the China that Mao Zedong, Deng Xiaoping, and Xi Jinping sought.

Despite American movie industry production codes and local ordinances over what can be shown in some towns, the American movie industry had a largely free hand in what movies to make, and what message they presented, a trend that became more pronounced since the late 1960s. China is reversing that trend, using a variety of methods to ensure that not only films made in China but also films made in the United States adhere to Chinese government values and support the

party line. Schwartzel's *Red Carpet* rises above the mass of books on the penetration of the American economy by China. This is not a "wave-top" look meant to raise alarms but a deep dive into the history, methods, and results of Chinese involvement in one industry. That industry, the American movie industry based in Hollywood has implications beyond what China did in other industries. *Red Carpet* is a stark exposé of the lengths the Chinese government will go to reshape the world, and the dangers for Western industries and institutions that still cling to the fantasy of the great Chinese market.

Hollywood thought it was opening up China, conquering Chinese movie screens in return for ever greater profits. But instead, Hollywood got swallowed by China. The book will change how readers watch movies, as the Chinese influences begin to stand out. The CCP from its earliest days under Mao understood the utility of movies to spread its influence and control the masses in China and around the world. Under Mao's successors, his vision is now the reality as the movie industry sells a stylized and perfected image of China under a benevolent and farsighted government, all with the assistance of Hollywood. ■

Notes

1. Erich Schwartzel, *Red Carpet: Hollywood, China, and the Global Battle for Cultural Supremacy* (New York: Penguin Press, 2022).

2. *Ibid.*, xv–xvi, 42–44, 131–32; Stanley Rosen, "The Chinese Dream in Popular Culture: China as a Producer and Consumer of Films at Home and Abroad," in *China's Global Engagement: Cooperation, Competition, and Influence in the 21st Century*, ed. Jacques deLisle and Avery Goldstein (Washington, DC: Brookings Institution Press, 2017), 361.

3. Schwartzel, *Red Carpet*, xiii, 54.

4. *Ibid.*, 105.

5. *Ibid.*, 133–37.

6. *Ibid.*, 274.

7. *Ibid.*, 330.

8. *Ibid.*, 327.

9. "China: People and Society," CIA World Factbook, last updated 26 September 2023, <https://www.cia.gov/the-world-factbook/countries/china/#people-and-society>.