

# 2010 National People's Congress Highlights: Defense Budgets and the New National Defense Mobilization Law

James Mulvenon

The annual National People's Congress meetings offer a useful snapshot of party-military relations for outside observers. Senior civilian and military speeches summarize the current policy "lines" in defense affairs, PLA delegates discuss issues of concern among the rank and file, the defense budget figures are announced, and laws and regulations that might affect the party-military relationship are openly debated and voted upon. This article identifies the highlights from the 2010 NPC, and assesses their implications.

## The Defense Budget and the 2010 National People's Congress

The National People's Congress (NPC) meeting each March is the venue for publishing the topline of the overall Chinese governmental budget, including military expenditure. In a surprise move, the Beijing government announced an increase in its national defense spending of only 7.5 percent, to 519.1 billion yuan (about 76.3 billion U.S. dollars).<sup>1</sup> As an editorial in *China Daily* pointed out later that day, the declaration represented "the first time growth has been below 10 percent since 1989," breaking more than 20 straight years of double-digit leaps.<sup>2</sup> Each year, the NPC also releases the corrected numbers for the previous year's budget, which is sometimes an indicator of unexpected inflation or exercise activity. Xinhua reported on 5 March that "China's national defense spending in 2009 came to 482.9 billion yuan, 102.1 percent of the budgeted figure and a year-on-year increase of 72.844 billion yuan or 17.8 percent."<sup>3</sup> Thus, the 2010 announcement constituted more than a 10 percent year-on-year drop in the rate of growth in military expenditure.

As expected, the Chinese propaganda apparatus had a stable of commentators waiting in the wings to explain this sudden slowdown in defense spending. According to ubiquitous national security commentator Peng Guangqian, the decrease was driven by both "national security needs and economic conditions."<sup>4</sup> As Peng told *Huanqiu shibao*,

First, the tensions in the international and peripheral environment eased last year, especially between the Taiwan Straits. Second, the global financial crisis impacted China's economy so severely last year that the gross domestic product plummeted below 10 percent. It's reasonable to slow down the growth of military expenses.<sup>5</sup>

Yet Peng was also quick to caution that this was a temporary setback, forecasting that "budgetary allocations will rise when the economy turns more robust."<sup>6</sup>

Conservative Academy of Military Sciences pundit Luo Yuan put a positive spin on the announcement, insisting that the decrease “shows that China’s investment in national defense construction has entered a stage of more healthy, more orderly, more stable, and more coordinated development from the previous compensatory increase.”<sup>7</sup> Rather than focus on increases for increases’ sake, Luo asserted that the budget number should be “reasonable and adequate” and derived from real national security requirements rather than bureaucratic parochialism:

By reasonable, it means that national defense investment should not be blindly aimed at pursuing higher indices and larger scales; by adequate, we mean that national defense investment should be able to meet the minimum national defense needs.<sup>8</sup>

Luo concluded that China’s attitude about defense spending had become “more mature,” adapting to the “principle of coordinated development between national defense construction and economic construction.”<sup>9</sup>

General Logistics Department Finance Department Director Ding Jiye offered more substantive commentary. Ding began his explanation with the current policy lines, insisting that the “increase in our country’s national defense expenditures in 2010 will mainly be used to support military transformation with Chinese characteristics, enhance the military’s ability to meet various security threats and to accomplish diverse military tasks, expedite the development of military mechanization and informatization in combination, and guarantee the needs of various military reforms.”

Yet Ding also conceded that the PLA had not made the maximum use of previous allocations, promising to “work hard to improve returns on military spending” through four reforms. The first involves better planning, concentrating financial resources on “priority tasks.” The second is to do more with less, “conserving resources” by controlling administrative expenses and “popularizing energy conservation technologies and materials.” The third is reform of the “military’s finance and economics system” as part of the overall modernization of the logistics system. The fourth reform centers on “tightening management and oversight over military spending,” which are code words for stricter auditing to prevent corruption by military personnel and their dependents.<sup>10</sup>

But what to make of this modest increase? Does it represent the real impact of the economic recession upon the Chinese government’s ability to maintain double-digit growth for the PLA or is it a deception campaign designed to thwart the annual “China threat” articles in the Western media that always accompany the budget figure announcement? A look at the official figures for 2009 and 2010 in table 1 (next page) actually supports the former argument, as all but one of the main expenditure categories in the government budget suffered drastic reductions in growth.<sup>11</sup>

Indeed, table 1 shows that national defense spending was one of the smallest losers, strongly suggesting that military expenditure remains an important relative priority for the leadership.

**Table 1***Chinese Government Expenditure Change, 2009–2010, by Category*

<i>Category of Spending</i>	<i>2009 Budget Increase (%)</i>	<i>2010 Budget Increase (%)</i>	<i>Change (%)</i>
Agriculture	+29.3	+7.6	-21.7
Education	+23.6	+9	-13.4
Health Care	+49.5	+8.8	-40.7
Social Security	+20.2	+8.7	-11.5
Housing	+202.7	+1.4	-201.3
Culture, Sports, Media	+26.9	-1.9	-28.8
Science and Technology	+30	+8	-22
Environmental Protection	+10.7	+22.7	+12
Public Security	+47.5	+8	-39.5
Transportation	+38.6	-2.7	-41.3
National Defense	+17.8	+7.5	-10.3

## The Defense Mobilization Law

After more than a decade of legislation drafting, China's first National Defense Mobilization Law was approved, at the 2010 National People's Congress. The concept of "national defense mobilization" can draw a clear lineage to the "people's war" strategy of the Mao era, when Beijing assumed that the Russians and/or the Americans might invade the mainland and force the "people" to repel the invaders with guerrilla warfare tactics. In the post-Mao era, national defense mobilization became a critical issue, particularly given the leadership's expectation that the country would be fighting intense "local wars" on its periphery, such as the 1979 invasion of Vietnam and a possible contingency against Taiwan. In these scenarios, China would be fighting on "interior lines," and therefore could take advantage of the local economic infrastructure to support warfighting.<sup>12</sup> In preparation, local civilian governments continued the longstanding practice of supporting military units, providing financial allocations to local forces and supplying logistics like food and fuel to military exercises in their area. Yet the greater tempo of these exercises and the corresponding increased burden upon localities has caused perceptible center-local tension, necessitating the codification of the existing national defense mobilization system into state law, which formalizes Beijing's requirements but also provides mechanisms for the redress of local grievances. A 27 February 2010 commentary in *Liberation Army Daily* asserted that the pending law filled a critical "gap" in the system.<sup>13</sup>

At the national level, the new law ratifies the existing national defense mobilization system, which is jointly led by the State Council and the Central Military Commission (Article 8). The two organizations, representing the respective interests of the government and the military, "draw up the national defense mobilization work's guiding principles, policies and laws, propose suggestions to the standing committee of the National People's Congress on the implementation of national defense mobilization and,

based on the decision of the standing committee of the NPC and the mobilization order given by the state chairman, organize the implementation of national defense mobilization.”<sup>14</sup> The “guiding ideology” for defense mobilization calls for these bodies to “integrate peacetime with wartime production, combine military with civilian production, and combine military efforts with civilian support” and abide by the principle of “unified leadership, participation by all the people, long-term preparation, key point building, unified planning that takes into account every aspect of the matter, and orderly efficiency” (Article 4).

Day-to-day management of national defense mobilization work falls to the National Defense Mobilization Committee, whose membership includes senior leaders from all relevant government, military, and Party departments (Article 10). While the law states that the NPC Standing Committee will “take the decision” to initiate mobilization, the State President issues the formal order to mobilize part or all of China for national defense. In emergency situations, “when the nation’s sovereignty, unity, territorial integrity or security are directly threatened and it is necessary to adopt measures immediately to deal with it” (Article 8), the State Council and CMC can issue mobilization orders and then report their action to the NPC Standing Committee. Below the national level, defense mobilization work is implemented by the military regions and civilian government units at the county level and above, working jointly in a parallel system of national defense mobilization committees throughout the country to “organize, guide and coordinate their respective areas of national defense mobilization work” (Article 10).

Given that much of the center-local tension surrounding defense mobilization work involved “unfunded mandates” imposed by the central authorities, the new law devotes significant attention to the management of mobilization construction (Articles 18–22), conscription of reserve personnel (Articles 23–30), stockpiling of strategic material (Articles 31–34), scientific research, production and repair of military material (Articles 35–39), protection of local populations from attack (Articles 40–44), selective service (Articles 45–50), requisition and compensation for civilian resources (Articles 51–56), communication and education (Articles 57–59), “special measures” (Articles 60–63), and legal responsibilities (Articles 64–66).

For party-military relations, the most controversial and therefore most interesting of these statutes involve compensation, legal issues, and “special measures.” The law does not dilute the power of state in any way, mandating that “all citizens and organizations are obligated to accept the requisition of civilian resources” (Article 52), though it does require that the state provide a “detailed receipt.” Some civilian resources are actually exempted from requisition, such as necessities and health-related goods (Article 53). The law also mandates that the goods either be returned or the owner compensated for their loss, which is the statutory basis for civil litigation (Article 55). Finally, the NDML provides legal justification for a wide range of “special measures” during mobilization, including “finance, traffic and transportation, postal service, telecommunications, the news media, radio, film and television, energy and water supply, medical care and healthcare, food and grain supply, commercial trade” (Article 60).

## Conclusions and Implications

For party-military relations, the 2010 National People's Congress was notable in two ways. First, Beijing finally promulgated a National Defense Mobilization Law after over a decade of debate, providing a statutory structure for the mobilization of civilian resources for military purposes. Second, the announced defense budget increase of 7.5 percent was the first in 20 years to drop below double digits, though the slowdown is likely a function of the economic recession and not an elaborate deception plan. Moreover, it is likely that defense spending will rise to previous levels of growth along with the rest of government expenditure and does not represent a fundamental phase change for PLA funding.

---

## Notes

<sup>1</sup> "China's Defense Spending To Increase 7.5 Pct in 2010: Draft Budget," Xinhua, 5 March 2010.

<sup>2</sup> Cui Xiaohuo, "China's Military Spending Slows," *China Daily*, 5 March 2010.

<sup>3</sup> "China's Defense Spending To Increase 7.5 Pct in 2010: Draft Budget," Xinhua, 5 March 2010.

<sup>4</sup> Zhu Shanshan, "China's Defense Budget Growth Slows to 7.5% in 2010," *Huanqiu shibao*, 4 March 2010.

<sup>5</sup> Ibid.

<sup>6</sup> Cui Xiaohuo, "China's Military Spending Slows," *China Daily*, 5 March 2010.

<sup>7</sup> Li Xuanliang and Quan Xiaoshu, "China's Investment in National Defense Construction Has Entered a Stage of More Healthy, More Orderly, More Stable, and More Coordinated Development," Xinhua, 5 March 2010.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Li Xuanliang and Quan Xiaoshu, "Our country always maintains fairly low level of inputs for national defense expenditures—Interview with Ding Jiye, deputy to National People's Congress and deputy director of People's Liberation Army's General Logistics Department," Xinhua, 5 March 2010.

<sup>11</sup> "Full text of NPC Report on China's Central, Local Budgets," Xinhua, 16 March 2010.

<sup>12</sup> *Interior lines* is a strategy of warfare that is based on the concept that lines of movement, communication, and supply within an area are shorter than those on the outside. As the area that a defensive force holds shrinks, these advantages increase. Using the strategy of interior lines, a surrounded force can more easily supply, communicate, and move its forces around, and can mount a series of surprise attacks on the forces encircling it. This allows a strategy of moving quickly enough and so unpredictably that the surrounding forces would be forced to retreat. See [http://en.wikipedia.org/wiki/Interior\\_lines](http://en.wikipedia.org/wiki/Interior_lines).

<sup>13</sup> "JFJB Commentator on PRC National Defense Mobilization Law," *Jiefangjun bao*, 27 February 2010.

<sup>14</sup> This and all subsequent passages from the NDML are from the OSC translation, document no. CPP20100317368001, "Comparison of Text of PRC National Defense Mobilization Law," from *Xinhua wang*, 26 February 2010..