

The PLA and the 2002 National People's Congress: Budgets, Personnel, and Regulations

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The fifth session of the Ninth National People's Congress (NPC) was held in March 2002. For observers of People's Liberation Army (PLA) politics and civilian-military relations, the annual congresses are interesting for three main reasons. First, the minister of finance announces the annual central and local budgets, including the official defense budget, which, with significant caveats, can be used as an indicator of the pace and scope of military modernization as well as the relative political weight of the PLA. Second, roughly 10 percent of the delegates to the NPC are active-duty military officers, and their discussions (often complaints) in plenary sessions are useful markers of intramilitary concerns. Third, the NPC often passes military-related regulations, which sometimes reveal institutional or doctrinal trends in the armed forces.

The NPC and the PLA Budget

In his speech to the 2002 NPC, Minister of Finance Xiang Huaicheng announced the 14th straight year of double-digit percentage increases in the military budget, with defense funding rising more than 17 percent to 166 billion yuan. Xiang told the assembled delegates that the money was needed "to utilize modern technology, especially high technology, to raise our army's defense and combat capabilities." PLA delegates to the NPC, by contrast, insisted that the increases were directed to improving the standard of living of the troops rather than buying new weapons systems. Sun Zhiqiang, deputy director of the General Logistics Department, told Hong Kong reporters that "most of the increase in defense spending will go to salaries and welfare for military personnel."² Specifically,

Apart from increasing the salaries for officers, cadres doing clerical duties, noncommissioned officers, and staff and workers, the allowances for soldiers, and retirement payments for military personnel, we will also spend some money on improving the living conditions and facilities of basic-level military units, for instance, on maintenance and revamping of daily life facilities for units in hardship regions, and on solving the problem of housing for dependents of personnel who come to live with the units.³

Xu Genchu, vice president of the Academy of Military Sciences, echoed these remarks, telling reporters that the new funds would be allocated to "appropriately raising the salaries of officers, noncommissioned officers and office staff on the regular payroll" as well as providing additional "subsidies for conscripts and pensions for retired servicemen."⁴ National Defense University political commissar Zhao Keming asserted that a relatively large part of the budget was used for

maintenance of existing military equipment, whereas only a “very limited amount of money, if any, is spent on appropriately and necessarily updating and improving weaponry.”⁵

As for the numbers themselves, the Western literature on the PLA is replete with analysis and estimates, all of which agree that the official budget number announced every March is a fraction of the “real” military budget. While analysts appear to have a very detailed understanding of the components of the Chinese defense budget and the budget process, the actual total budget for the armed forces continues to be source of an intense and perhaps ultimately futile debate, akin to determining how many angels can dance on the head of a pin. Sidestepping this morass entirely, the remainder of this section will focus on examining the official budget number over time and in comparison to other parts of the Chinese state budget.

Budget Analysis

From official statistics, a number of interesting political and fiscal conclusions can be drawn concerning the relative priority given to military spending, the actual impact of the received funds, and the possible civilian-military messages of defense increases. In terms of priorities, it is somewhat surprising to discover in figure 1 that military budgets, despite the intense media scrutiny, have in fact continued a slow decline as an overall percentage of the state budget, while other categories of expenses, such as education and administrative costs, have risen significantly since 1978. This suggests that military spending has not been an increasingly important priority within the context of the state budget, even in the 1990s when it was widely perceived that the PLA had been receiving significant increases to prepare for a Taiwan contingency.

At the same time, however, figure 2 suggests that the allocated military funding is having a much greater impact from a fiscal perspective. Throughout the 1980s, the data suggest that the PLA’s budget increases were not only eclipsed by the rate of inflation, but that PLA funding actually declined in real terms. The post-Tiananmen increases were wiped out by a period of inflation in the mid-1990s, but since 1995, the PLA has enjoyed the positive combination of low inflation/deflation and double-digit annual increases. As a result, the net change in military expenditure (shown in red in figure 2) has maintained a healthy positive trend for at least eight straight years. Moreover, figure 3 reveals the very real deficit spending dilemmas faced by the central leadership, emphasizing the level of fiscal and ultimately political costs they are willing to bear in order to continue to maintain the loyalty of the PLA through expansion of defense funding.⁶

A Soldier’s Life: PLA Delegates and the NPC

Active-duty military officers made up 250 of the 2,987 delegates to the 2002 NPC. The delegation was led by Central Military Commission (CMC) Vice Chairman General Zhang Wannian, with Generals Chi Haotian and Yu Yongbo as deputy delegation leaders. The PLA delegation was split into eight groups for NPC activities. The group discussions varied widely in terms of subject matter, including military modernization, foreign affairs, ideology and political work, non-national security related issues, and miscellaneous complaints.

Military Modernization. In his welcoming speech to the delegation, General Zhang Wannian addressed the issue of PLA modernization and reform, paying special attention to the recently articulated policy goal: “to win.”⁷ Zhang asserted that the PLA has achieved “major new progress” in the areas of military affairs, logistics, and equipment construction, while preserving the positive image of the PLA as “a mighty force, a civilized force, and a victorious force.” Specifically, Zhang emphasized the dual track of “mechanization and informationization” of the military, the importance of “talent training,” the need for continued “joint operations of different combat arms and services,” and innovation in military theory, with the goal of achieving a “quantum leap” in modernization. In a group discussion, General Staff Department Director General Fu Quanyou echoed Zhang’s remarks, asserting that “raising our capability to fight ‘to win’ is the be-all and end-all of military work.”⁸ He highlighted the need for new approaches, and emphasized the centrality of science and technology for raising overall combat capability. Finally, General Logistics Department Director General Wang Ke revealed that the previously experimental logistics reforms in the PLA had achieved significant success, asserting that “logistics reform has now entered a stage of all-out development and overall promotion.”⁹

Lower-ranking delegates also offered praise for military modernization. Comments attributed to the deputies as a group praised reductions in the numbers of military personnel, asserting that the remaining soldiers were “smaller in number but highly trained.”¹⁰ The General Armament Department, formed in 1998, was credited with establishing a “system of centralized and unified leadership over the management of weapons and equipment.”¹¹ The ongoing logistics reform was highlighted, particularly the “system of combining the logistics support of the three armed services.”¹² New regulations, especially rules related to housing protections, injury and death insurance, and medical insurance, were deemed “great breakthroughs,” as were personnel reforms involving the strengthening of the noncommissioned officer system and the recruitment of college graduates to the officer corps.¹³ Finally, the professional military education system was lauded for making a “substantive step” toward reform.¹⁴

Yet delegates also offered criticism and new ideas. Zhao Keming opined that reforms were needed in “all aspects of the armed forces,” including remuneration of military personnel, training, housing, and weapons maintenance.¹⁵ Zang Wenqing suggested that national defense mobilization could be improved by strengthening the powers of national defense mobilization committees, especially in theaters of war.¹⁶ Yang Yunzhong asserted that one way to increase the information technology capabilities of the military was to develop defense reserve forces in high-tech fields.¹⁷ Deng Hongmo (professor, Kunming Army Academy), Chen Zhangyuan (vice

president, National Defense University), Gong Yunzhan (director, Information Engineering Department, Armored Force Academy of Engineering), and Ma Weiming (research office director, Navy Engineering University) separately expressed views on the improvement of the managerial structure of academies, the role of military academies as training bases, and the establishment of scientific and technological innovation systems for academies.¹⁸

Many delegates, including Deputy Chief of the General Staff Kui Fulin, drew a strong link between national defense construction and economic construction, arguing for greater consideration of national defense needs when making decisions about “capital construction, energy supply, transportation, telecommunications, medical service, health care, major scientific projects, and the geographical distribution of economic power bases.”¹⁹ Li Heng, commander of the Heilongjiang Military District, was more direct, asserting that “when we build a superhighway, a bridge, a tunnel, a harbor, or a civilian-use vessel, we should make sure that it meets the need of a war.”²⁰ Moreover, Li called for the clear definition of the “legal rights and obligations of state organizations, enterprises, institutions, people’s groups, and individual industrial and commercial households, as well as military units carrying out economic mobilization,” and proposed the establishment of “a civilian-military logistical support and technical system for the preparation of materials, transportation, medical and public health service, requisition of civilian-use vessels,” and the drafting of high-tech personnel into the reserves.²¹

Foreign Affairs. In one group discussion, General Chi Haotian highlighted the importance of the Taiwan issue, promising to implement “peaceful reunification” under the “one country, two systems” model and Jiang Zemin’s eight point plan, but refused “to renounce the use of force.”²² He then stressed the necessity to modernize the PLA through the integration of science and technology, both to ensure the capability to deal with a Taiwan scenario as well as to safeguard “social stability.”

Ideology and Political Work. At the delegation founding ceremony, Zhang’s speech emphasized the importance of this last session of the Ninth NPC as preparation for the 16th Party Congress in the fall, which would unveil the “magnificent blueprint for the construction and development of the party and state in the new century.”²³ In a separate group discussion, General Zhang Wannian asserted that the PLA should give “top priority” to ideology and political work, repeating the current mantra that the PLA should adhere to the important thinking of the “three represents” as a guideline; keep a firm hold on the correct orientation of army building; conscientiously implement a series of essential systems for the party’s absolute leadership over the army; and ensure that at all times and under all circumstances, the army will steadfastly hold high the banner, defend the nucleus, and obey the orders of the CCP Central Committee and Chairman Jiang.²⁴ Zhang also repeated the recently articulated policy goal “not to become degenerate,” and called for “energetic efforts” to clean up corruption in the ranks.

Non-National Security Related Issues. PLA delegates at the NPC plenary sessions do not limit their discussions or policy suggestions to defense and military affairs, though the common theme of the discussions was social stability, which could potentially involve military and paramilitary forces. Wen Guangchun, for instance, called for special attention to agricultural issues, particularly greater concerns for the peasantry and social stability in the countryside.²⁵ Sun Chengjun suggested reforms in the state-owned enterprise sector, paying particular attention to maintaining the standard of living for retired and laid-off industrial workers.²⁶

Complaints. A principal concern of the attending PLA officers was the military budget. Although Deputy Chief of the General Staff Kui Fulin cautioned that the current increases in military spending were due to inflation and were therefore “nothing out of the ordinary,”²⁷ other delegates complained that the budgeted level of resources was not high enough. Lieutenant General Cai Renshan asserted that the increase in national defense expenditure is “far below the actual requirement,”²⁸ a sentiment that was echoed by General Zhang Wentai, political commissar of the Jinan Military Region.²⁹ PLA delegate General Song Qingwei publicly criticized the budget, which he argued didn’t “satisfy the military’s needs.”³⁰ According to General Song, “many barracks in cold areas don’t have enough heating.” Another PLA delegate, Deng Hongmo, also complained that military finances were tight, asserting that the Chinese military budget “is very small compared to [that of] other major countries” and that the PLA’s “equipment is still backward.” A third PLA delegate, surnamed Sun, pleaded that officers “just want to see the living standards for the officers and men rise to a decent level.” In particular, Lieutenant General Zhang Xusan highlighted the “poor” conditions for “very many border units.”³¹

PLA Regulations and the NPC

An important emerging trend at the NPC is the passage of military legislation and regulations. By the end of 2001, the NPC and its Standing Committee had reportedly endorsed 15 military laws, while the State Council and CMC had promulgated more than 150 administrative regulations and the various general departments, armed forces units,³² and military districts had issued more than 2,000 regulations.³³ Delegates at this year’s NPC lauded previous regulations, such as the “Provisional Methods on the Resettlement of Army Cadres Who Have Transferred to Civilian Work,” “Rules on the Management of Soldiers,” and “Regulations on Certain Problems Related to the Military’s Implementation of the PRC Marriage Law,” as producing a “profound impact” in “promoting the reform and stability of the military as well as in upholding the legitimate rights and interests of officers and men and their families.”³⁴ The delegates also praised the legislative plan for the 10th five-year plan, drawn up in September 2001 by the CMC, which identified the names and drafting units for 109 planned legislative proposals.³⁵

At the 2002 NPC, PLA delegates submitted a total of 25 motions, only 11 of which concerned national security issues.³⁶ Two pieces of legislation were reprises of efforts at the 2000 and 2001 NPC sessions, including a law on national defense information security³⁷ and a law on land boundaries, which was cosponsored by Huang Yuzhang and 96 other deputies. Sun Zhiqiang, deputy director of the General Logistics Department, proposed a military appropriations law to standardize appropriations to a certain, undetermined percentage of China's gross domestic product.³⁸ Another motion, cosponsored by 35 deputies, proposed an amendment to the existing Military Facilities Protection Law, calling for additional provisions restricting the construction of high-rise buildings and the establishment of foreign-funded enterprises near important military facilities. Yang Yunzhong and 34 other deputies sponsored a proposal to enact an "anti-terror law," while Mao Yongze and 39 other deputies responded to the leak of the U.S. "Nuclear Posture Review" by proposing a law opposing and preventing nuclear and biochemical terrorism.³⁹ Other motions that seemed targeted at the United States include a proposal by General Zhang Xusan and 35 other deputies to enact a law governing visits by military ships and the capture of maritime prizes during war.⁴⁰ Among the non-national security related motions was a proposal by Kou Xianxiang and 35 other deputies to enact an "enforcement law," a proposal by Nie Li and 35 other deputies to establish a "credit system," and a proposal by Zhang Xuedong and 30 other deputies to "accelerate social security legislation."⁴¹

Notes

¹ James Mulvenon is an associate political scientist at the RAND Corporation in Washington, D.C. The views expressed in this paper are the author's own, and do not reflect the views of RAND or any of its clients.

² Chin Ming-shun, "Increasing Military Expenditure is Normal and Necessary," *Ta kung pao*, March 7, 2002.

³ *Ibid.*

⁴ Xing Zhigang, "Deputies Say PLA Budget Increase Should Not be Used to Spread 'China Threat,'" *China Daily*, March 7, 2002.

⁵ *Ibid.*

⁶ Arguably, the increases in social spending also reflect an equally painful effort to buy a certain level of social stability.

⁷ Luo Yuwen and Cao Zhi, "When Attending Panel Discussion of People's Liberation Army Deputation, Zhang Wannian Points Out the Need to Vigorously Advance Our Army's Revolutionization, Modernization, and Regularization," Xinhua News Agency, March 5, 2002.

⁸ Luo Yuwen and Cao Zhi, "Fu Quanyou, Yu Yongbo, Wang Ke, and Wang Ruilin Stress at Group Review of PLA NPC Delegation the Need to Always Insist Unswervingly on Absolute Party Leadership of Military and to Obey Party Orders in All Operations," Xinhua News Agency, March 6, 2002.

⁹ *Ibid.*

¹⁰ Zhao Chuandong, Cao Zhi, and Zu Zhuangzhi, "Stride Forward on Journey to Enhance Prowess of Our Army – Military Deputies to NPC Talk about Achievements in National Defense and Army Modernization," Xinhua News Agency, March 12, 2002.

¹¹ *Ibid.*

¹² *Ibid.*

¹³ *Ibid.*

¹⁴ Ibid.

¹⁵ Chin Ming-shun, "Increasing Military Expenditure."

¹⁶ "PLA Deputies to NPC Session Make Suggestions and Offer Plans for Some Heated Issues," *Jiefangjun bao*, March 10, 2002, 4.

¹⁷ Ibid.

¹⁸ "PLA Delegation to NPC Holds Second Plenary Session," *Jiefangjun bao*, March 10, 2002, 1.

¹⁹ "NPC Deputies from the Armed Forces on Comprehensively Promoting the Modernization of National Defense," *Jiefangjun bao*, March 9, 2002, 4.

²⁰ Zhao Chundong, Xu Zhuangzhi, and Li Guoli, "Deputies from Military Units Say More Attention Should be Paid to Security of National Defense after China's Accession to WTO," Xinhua News Agency, March 9, 2002.

²¹ Ibid.

²² "Chi Haotian, Zhang Wannian Stress Reunification in NPC Group Discussion," Xinhua News Agency, March 5, 2002.

²³ Gao Jiquan and Zhou Ben, "PLA Delegation to Fifth Session of the Ninth National People's Congress is Formed with Zhang Wannian as Leader; Chi Haotian and Yu Yongbo are Deputy Heads," *Jiefangjun bao*, March 4, 2002, 1.

²⁴ Luo Yuwen and Cao Zhi, "When Attending."

²⁵ "NPC Deputies."

²⁶ Ibid.

²⁷ "Military Spending Increases 'Only Natural,'" *Wen wei po*, March 6, 2002.

²⁸ Chin Ming-shun, "Increasing Military Expenditure."

²⁹ "Generals on Military Spending: Size of Increase Limited," *Wen wei po*, March 7, 2002.

³⁰ "China's Military Grumbles Over 17.6 Percent Budget Increase," Associated Press, March 7, 2002.

³¹ Chin Ming-shun, "Increasing Military Expenditure."

³² Zhao Chuandong, Cao Zhi, and Zu Zhuangzhi, "Stride Forward."

³³ Zhang Jiantian, Liu Yu, and Zhou Ben, "New Chapter Written in Building of Military Legal System," *Jiefangjun bao*, March 6, 2002, 7.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Lu Guoying, "PLA Deputies Present Security-Related Motions to the NPC Session," *Jiefangjun bao*, March 12, 2002.

³⁷ Yu Chunguang and Jiang Yuanliu, "Military NPC Deputies and CPPCC Members Discuss State and Military Information Security," *Jiefangjun bao*, March 11, 2002.

³⁸ "NPC Deputies."

³⁹ "Thirty-five PLA Deputies Cosponsor Motions to Enact 'Anti-Terror Law,'" *Zhongguo xinwen she*, March 11, 2002.

⁴⁰ Ibid.

⁴¹ Ibid.

Figure 1. Total Chinese State Spending, by Category of Expense, 1978-99

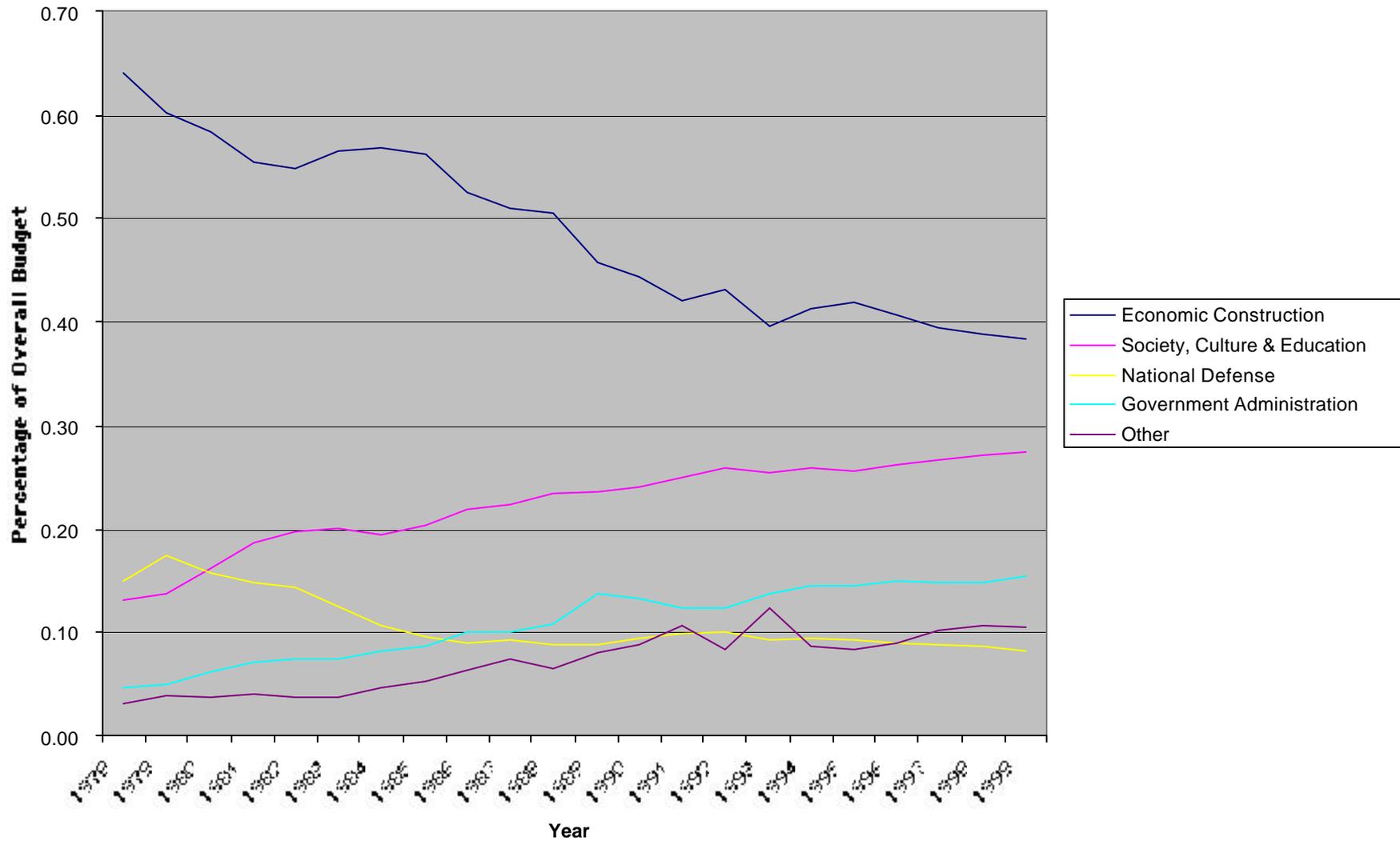


Figure 2. Retail Prices and Chinese Military Expenditure, 1978-2002

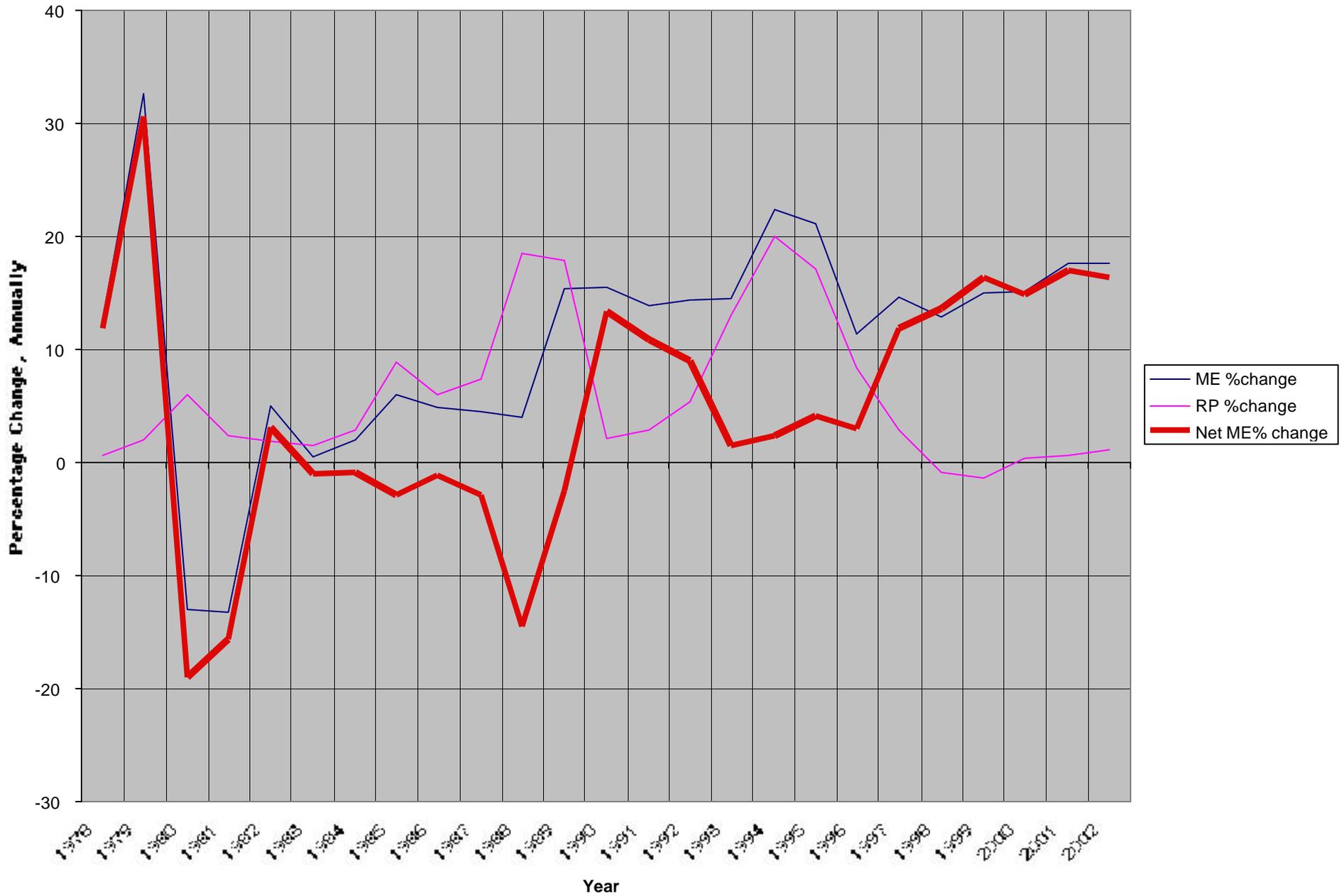


Figure 3. Chinese Defense Budgets and Central Budget Deficits, 1978-2002

