

People's Liberation Army: Military Enterprises and Industry since 1949

units were deployed far away from the border with the Soviet Union, even as the danger of war became acute in 1969.

Since 2000, the PLA has been preparing to fight “local wars under conditions of informationization.” Increasingly, China’s capabilities and presumed or inferred doctrine are primarily oriented toward preventing Taiwan from declaring independence, and should that fail, using force to bring about the submission of Taiwan to Beijing’s control. This means that China is preparing capabilities and doctrines to challenge U.S. power, should the United States come to the assistance of Taiwan. But Taiwan scenarios are just the beginning of the PLA’s rethinking of doctrine and its building of new capabilities in coming years. China’s rapid economic growth has made it increasingly dependent on resource flows from around the world, especially oil from the Persian Gulf. The United States (and, to an extent, India) have the capability to interdict oil bound for China, which would fundamentally threaten the Chinese economy, China’s power, and the position of the CCP. Currently, China has limited ability to project power much farther than about 150 miles beyond its land borders. But concerns about economic security will increasingly drive it to develop more robust capabilities (if only to protect its vital supply lines), and this in turn will necessitate the creation of new doctrine for the PLA.

BIBLIOGRAPHY

CHINESE VIEWS

- Hu Zhefeng. Jianguo yilai ruogan junshi zhanlue fangzhen tanxi [An exploratory analysis of several guiding principles of military strategy since the founding of the PRC]. *Dangdai zhongguo shi yanjiu* [Contemporary China historical studies] 7, 4 (2000): 21–32.
- Mao Zedong. *Six Essays on Military Affairs*. Beijing: Foreign Languages Press, 1972.
- Peng Guangqian and Yao Youzhi, eds. *The Science of Military Strategy*. Beijing: Military Science Publishing House, 2005.
- Pillsbury, Michael, comp. and ed. *China Debates the Future Security Environment*. Washington, DC: National Defense University Press, 2000.
- State Council Information Office. *White Paper on National Defense in 2006*. Biennial. <http://www.china.org.cn/english/China/194332.htm>.

U.S. GOVERNMENT VIEWS

- U.S. Department of Defense (DOD). Joint Chiefs of Staff. Joint PUB 1-02: *DOD Dictionary of Military and Associated Terms*. Washington, DC: Author, 2001 (as amended through May 2008).
- U.S. Department of Defense (DOD). Office of the U.S. Secretary of Defense. *Annual Report to Congress: Military Power of the People's Republic of China*. 2008. <http://www.defenselink.mil/pubs/china.html/>.

SCHOLARLY SOURCES

- Lewis, John Wilson, and Xue Litai. *China's Strategic Seapower: The Politics of Force Modernization in the Nuclear Age*. Stanford, CA: Stanford University Press, 1994.

- Lewis, John Wilson, and Xue Litai. *Imagined Enemies: China Prepares for Uncertain War*. Stanford, CA: Stanford University Press, 2006.
- Ryan, Mark A., David M. Finkelstein, and Michael A. McDevitt, eds. *Chinese Warfighting: The PLA Experience since 1949*. Armonk, NY: Sharpe, 2003.
- Shambaugh, David. *Modernizing China's Military: Progress, Problems, and Prospects*. Berkeley: University of California Press, 2002.

David Bachman

MILITARY ENTERPRISES AND INDUSTRY SINCE 1949

The economic activity of the People’s Liberation Army (PLA) can be divided into four eras, as Thomas Bickford (1994) notes. From 1927 to 1949, the PLA’s economic activity supported the Chinese Communist Party (CCP) politically, sustained base areas, and provided military logistical support. From 1949 to 1978, it supported Mao Zedong’s goals of rendering China self-sufficient through labor-intensive light industrialization, agricultural collectivization, and military production. From 1978 to 1998, the PLA’s economic activity helped fund the PLA itself amid declining defense budgets—at the expense of corruption and diversion. Since 1998, PLA commercialism has been severely restricted, professionalism has increased, and the PLA’s overall role in China’s economy has declined to its lowest level ever.

CIVIL WAR

The CCP established its first “bases,” the Jiangxi Soviet, in a weakly controlled interprovincial border region. A rapidly expanding and diversifying system of farming and production of munitions as well as other necessities supplied the PLA and minimized its material dependence on local peasants, whose loyalty the CCP was trying to court (e.g., by helping peasants harvest crops). After the CCP established the Yan’an Base Area in 1937, small PLA factories (many captured, some of the equipment hauled on the Long March) provided a range of goods, while soldiers (e.g., Wang Zhen’s 359th Brigade) cultivated wasteland. By the time of the founding of the People’s Republic of China (PRC) in 1949, military enterprises had become firmly entrenched as the CCP’s “economic vanguard.”

MAO ERA

While Mao approved the establishment of a civilian-controlled armaments industry, he preserved and nurtured PLA production as an essential component of his ideology, and on December 5, 1949, he directed the PLA to engage in major production starting in spring 1950. The PLA played a major role in China’s economy and infrastructure development, with an initial 340,000 troops dedicated full-time to agricultural construction divisions, forestry

People's Liberation Army: Military Enterprises and Industry since 1949

construction divisions, aquaculture, animal husbandry, and mines. In addition, three principal organizations were formed to conduct economic construction activities.

The Railway Construction Corps can be traced to the CCP's Fourth Field Army in the Chinese civil war. First commanded by Lü Zhengcao, it was responsible for building and maintaining strategic rail links. In this capacity, it played a major logistical support role in the Korean War (1950–1953), the 1958 Taiwan crisis, the Vietnam War (1957–1975), and Mao's effort to disperse roughly half of all armaments production among a "third line" network in China's vast interior in the 1960s and 1970s.

The Xinjiang Production Construction Corps (XPCC) was founded by former PLA corps commander, commissar, and first party secretary Wang Zhen under Mao's orders on October 9, 1954. This was part of a larger process of emulating China's Han-era "agricultural garrisons" and Qing-era "military colonies" in establishing "construction corps" to settle, render agriculturally self-sufficient, and develop economically remote regions (e.g., Heilongjiang, Inner Mongolia, and Xinjiang) while engaging in border defense and preparing to resist potential invaders. The XPCC's initial force of 175,000 military personnel, commanded by Tao Zhiyue, was drawn from the First Field Army's Second and Sixth Corps, former Guomindang soldiers, and former military forces of the interwar East Turkestan Republic (Ili National Army), and was subsequently augmented with young civilians. By 1956, the XPCC's 300,000 troops were under the control of the new State Farms and Land Reclamation Ministry. In the 1962 Sino-Indian War, the XPCC supported frontline forces and furnished reserves. Following the 1962 Yining riots, in which thousands of Kazakhs and Uyghurs fled to the Soviet Union, XPCC's force rose to 1.48 million. Following Xinjiang leader Wang Enmao's dismissal in 1968 on charges for having used the XPCC as his own regional army, the corps assumed a greater economic role and was stripped of its military designation and absorbed by Xinjiang's provincial government in 1975. Deng Xiaoping restored the XPCC's military role in 1981 amid fears of economic stagnation, Soviet aggression, Islamic fundamentalism, and ethnic separatism.

The Capital Construction Corps was established under the State Council in 1965 by consolidating construction units from various civilian ministries (e.g., transportation). It was responsible for constructing roads (e.g., into Tibet) and hydroelectric facilities, managing forests and gold mines, and engaging in disaster relief. It retained some preexisting responsibilities of subordinate units, such as construction of the Beijing subway (and probably the associated tunnels for use by the military and civilian leadership). The Capital Construction Corps even had a subordinate unit, jointly managed by the Second Ministry of Machine Building, responsible for uranium extraction.

In addition to these major organizations, the PLA also ran a variety of small-scale enterprises. The General Logistics Department controlled most of the largest PLA enterprises, but the General Staff and General Political departments each had their share, as did nearly every PLA organization down to the regiment level. The PLA, the People's Liberation Army Navy (PLAN), and the People's Liberation Army Air Force (PLAAF) ran their own vehicle, ship, and airplane repair factories. The General Logistics Department ran factories to produce military uniforms (e.g., Beijing's 3501 Factory); warehouses to store weapons, food, and uniforms; and one "all-Army" farm (in Heilongjiang). Smaller farms were run by various organizational levels.

What the PLA has never run are the large state-owned military industrial enterprises responsible for armaments production. These have always been civilian-controlled, subordinate to China's State Council. PLA representatives, who report to either the General Armaments Department or service headquarters, are seconded to these enterprises in Military Representative Offices (factories) and Military Representative Bureaus (industrial cities) to serve as liaisons and ensure quality control.

Beyond these core organizational responsibilities, PLA involvement in agriculture, hydrological construction, and other production rose sharply during Mao's political campaigns (e.g., the Great Leap Forward and the Cultural Revolution [1966–1969]), and fell at other times. Even before Mao's death in 1976, the PLA had already begun to reduce its sideline production because of pressing concerns regarding the Soviet Union.

DENG ERA

Deng Xiaoping's post-1978 reforms brought needed technology transfer, foreign direct investment, and export markets. During the Sixth Five-Year Plan (1980–1985), defense was prioritized as the "fourth modernization," but personnel were reduced and armaments spending declined in relative terms (from 17.5% to 10.4% of the national budget) so that resources could be focused on developing the civilian economy. As part of a major restructuring and personnel reduction, first formally discussed by the Central Military Commission in 1981 and organized by a General Logistics Department Leading Small Group established in 1982, several large organizations with largely nonmilitary, commercial functions were at least partially removed from PLA ground-force command. This move was supported by the PLA itself, whose leadership viewed the sprawling nonmartial responsibilities as impediments to professionalization.

From 1982 to 1983, the three principal economic construction organizations were transferred to civilian authority. In September 1982, the Railway Construction Corps was directly transferred to the Railway Ministry. The Capital Construction Corps, and many of its previous responsibilities,

People's Liberation Army: Military Enterprises and Industry since 1949

were transferred to ministries and local governments in 1983. Some of its forces (e.g., those involved in gold-mine, forestry, transportation, and hydrological work) were transferred to the People's Armed Police, which was established in April 1983. The XPCC was moved to the joint jurisdiction of the PRC central government and the Xinjiang Uygur Autonomous Region; the Wulumuqi (Ürümqi) Military Region assumed the military aspects of its duties in 1982 (after 1985, this became the Xinjiang [provincial] Military District of the Lanzhou Military Region). As a paramilitary organization, the XPCC currently employs reservists and roughly 100,000 militia and cooperates closely with People's Armed Police forces (e.g., in border defense) in addition to playing a policing function and running prisons and labor camps.

By 1983, Deng decided to eliminate one million military billets. After this "strategic transition," the PLA became involved in commercial activities. To compensate the PLA for budgetary reductions, Deng gradually opened the door for PLA development of a wide range of commercial enterprises and civilian light-industrial production. This unprecedented allowance for utilitarian profit-oriented commerce was first raised at a Central Military Commission meeting on October 25, 1984, following arguments in favor by Deng and Yang Shangkun. On January 23, 1985, China's State Council, Central Military Commission, and General Logistics Department established China Xinxing Corporation to oversee the military-commercial complex. In February 1985, the State Council and Central Military Commission ratified related regulations that envisioned long-term, uneven development of PLA commercial activities but prohibited the use of active-duty troops or their funds and equipment for commerce. After becoming first vice chair of the Central Military Commission in 1987, Zhao Ziyang furthered the commercialization process.

At the peak, as many as several million (mostly demobilized soldiers, PLA dependents, and unrelated civilians) worked for a multibillion dollar "PLA Inc." of nearly 20,000 enterprises. Weapons exports were also encouraged, the most prominent purveyor being China Polytechnologies (Baoli), established by the General Staff Department in 1984 to export surplus military equipment (e.g., rifles) from warehouses controlled by the department—often in competition with such (non-PLA) armaments industry import-export companies as China North Industries Corporation (NORINCO). Personal living standards (particularly for senior PLA officials in coastal regions) and profits rose rapidly, but only about 1 percent of revenue was devoted to weapons acquisition.

Significant corruption, ideological decay, and diversion from military preparation, as well as illegal activities (e.g., inaccurate accounting, prostitution, counterfeiting and illicit use of PLA license plates, and smuggling), ensued. Despite repeated inspections, this high volume of PLA business activity (some by princelings, much using subsidized inputs and

prioritized transportation access, preferentially taxed, exempt from many fees and forms of oversight, and often enjoying monopolies) presented unfair competition, thwarted local revenue collection, often enjoyed immunity from prosecution, and hampered Premier Zhu Rongji's efforts to control prices and inflation in the mid-1990s. New regulations (particularly during 1993–1995 and 1996 rectifications) transferred key PLA assets into holding companies.

JIANG ERA AND BEYOND

At an enlarged Central Military Commission session on July 22, 1998, Jiang Zemin ordered the PLA to divest itself from a majority of its civilian businesses (over 6,000) in conjunction with the downsizing of 500,000 personnel. The sensitive decision had already been made in May 1997, buttressed by a PLA leadership that favored professionalism, was tired of corruption investigations, and had been promised substantial compensation. The PLA managed to retain control of its guesthouses, some military hospitals (which earn revenue by serving civilian patients), some strategic telecommunications companies, and considerable real estate—the last under the operation of management companies, which return revenue to PLA units. Some agricultural sideline production and factories employing military dependents were retained, particularly in remote areas.

To facilitate foreign commercial relations, even XPCC units have been restructured along corporate lines, adopted a variety of civilian names (e.g., Xinjiang State Farm Organization), and reduced the use of military grades and terminology. Now tasked with both economic development and the prevention of separatism, the XPCC remains Xinjiang's largest single employer and landowner, with 175 farms, 4,390 large and small enterprises, and one-third each of the province's Han and arable land under its jurisdiction. In this sense, it is China's last "Maoist" organization, combining paramilitary and diverse civil economic roles.

In a two-phase process, most other PLA enterprises, some burdened with major welfare costs and debts, were transferred to local and provincial governments. Rather than retaining their pre-1985 responsibilities, PLA organizations have since outsourced the vast majority of nonessential logistics. This ameliorates reduced manpower, increases efficiency and cost control (particularly given inflation), and may even stimulate development of a service economy. Procurement (for example, food services) has been centralized and automated for some PLA units. General Logistics Department warehouses that were not already downsized may have outsourced nonessentials (e.g., food, uniforms) to civilians, while retaining munitions and weaponry still used by the PLA.

Reforms have been largely successful, thanks in part to rapid economic growth. This has allowed for substantial annual official defense budget increases (averaging 15% between 1990 and 2005). Corresponding improvements

in salaries and living conditions have left the PLA increasingly satisfied to “eat imperial grain.”

BIBLIOGRAPHY

- Bickford, Thomas J. The Chinese Military and Its Business Operations: The PLA as Entrepreneur. *Asian Survey* 34, 5 (1994): 460–474.
- Blasko, Dennis J. *The Chinese Army Today: Tradition and Transformation for the 21st Century*. New York: Routledge, 2006.
- Cheung Tai Ming. *China's Entrepreneurial Army*. New York: Oxford University Press, 2001.
- Ku Guisheng and Jiang Luming. *Zhongguo guo fang jingji shi* [History of the Chinese national defense economy]. Beijing: Military Science Press, 1991.
- Li Nan, ed. *Chinese Civil-Military Relations: The Transformation of the People's Liberation Army*. New York: Routledge, 2006.
- Mulvenon, James. *Soldiers of Fortune: The Rise and Fall of the Chinese Military-Business Complex, 1978–1998*. Armonk, NY: Sharpe, 2001.
- Zhongguo junshi jingji shi* [Chinese military economic history]. Beijing: People's Liberation Army Press, 1991.

Andrew S. Erickson

The views expressed in this entry are those of the author alone and do not represent the official policies or estimates of the U.S. Navy or any other element of the U.S. government.

PERSONALITY CULTS

During the decade of the Great Proletarian Cultural Revolution (1966–1976), Mao Zedong, his writings, and the quotations that were based on them became the object of the ultimate form of leader worship. As the embodiment of the Chinese Communist Party (CCP), Mao's countenance beamed down from huge billboards along the streets and avenues in China's urban areas. Photographs showing his face were placed in the fields. The people wore Mao badges in varying sizes pinned to their chests. His quotations were often compared to a magical or supernatural weapon, a “spiritual atom bomb,” or even a “beacon light.” His words graced every imaginable surface. Seen as the embodiment of change, Mao became a source of inspiration for restive youths in the West and a beacon for revolutionary movements in Africa, Latin America, and Asia.

ROOTS OF THE MAO CULT

The personality cult around Mao did not begin with the Cultural Revolution. The use of his writings as a repository of ideological truth began to evolve after he attained power over the party in Zunyi in 1935. In the Yan'an period (1936–1947), Mao had the time and opportunity to study and adapt the writings of Marxism-Leninism and to develop his own brand of sinicized Marxism. At the Seventh Party Congress in April 1945, the correctness of Mao's “Thought,” principles, and political line were

Personality Cults

affirmed and his position became unassailable: Mao and the party became one. From then on, the propagation of the cult of the leader, against which he himself raised ambiguous warnings at the time, started in earnest.

THE MAO CULT DURING THE FIRST DECADES OF THE PRC

In the first decade of the People's Republic of China (PRC), Mao became omnipresent in writings and portraits, but by the early 1960s, he was forced into the background as a result of the policy failures of the Great Leap Forward campaign. He plotted his return to prevent the nation from sliding in a direction he felt was a betrayal of his revolution, and turned to the People's Liberation Army to support his bid for power. The army was turned into “a great school of Mao Tse-tung Thought” after it published the *Quotations from Chairman Mao* (the “Little Red Book”) in 1961 for study purposes. The goal was to make politics (i.e., Mao Zedong Thought) “take command” again. The intensity with which Mao's image and ideas were pushed in the mid-1960s, first by the army and later by secondary-school pupils and students supporting his comeback, was unparalleled. This time around, it all took place with Mao's explicit consent.

Mao's official portrait, bust, or other type of statue became regular presences in every home during the Cultural Revolution. Not having Mao on display indicated an unwillingness to take part in the revolution, or even a counterrevolutionary outlook, and refuted the central role Mao played in politics and in the lives of the people. The portrait often occupied the central place on the family altar, or the spot where that altar had been located before it had been demolished by Red Guards. A number of rituals were centered around the image, such as the daily practice of “asking for instructions in the morning, thanking Mao for his kindness at noon, and reporting back at night.” This involved bowing three times, the singing of the national anthem, and reading passages from the Little Red Book, and would end with wishing Mao “ten thousand years” (i.e., eternal life).

Mao also invaded the private space of the people. His portrait was carried close to everyone's heart, either in the form of the photograph of Mao that was included in the Little Red Book that everybody carried in his or her left breast-pocket, or in the form of the Mao badges that many wore and collected. In the early 1970s, the extreme and more religious aspects of the cult were dismantled, but the adulation of Mao remained, and a new crime arose—“vicious attacks on the Great Leader” (*e du gongji weida lingxiu*).

In the late 1960s, even young people in the West who rebelled against the existing political and social order projected their hopes onto Mao. Waving images of Mao and translated copies of the Little Red Book, they copied events