

Economic Activities of China's PLA

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The aim of this paper is to construct a new framework for analyzing the economic activities of Chinese People's Liberation Army.

Most previous studies on the PLA have mainly focused on the side businesses of troops and their effect on military discipline. However, economic activities should be analyzed in a broader perspective since they are not merely a military matter within the PLA.

When Deng Xiaoping's military reform was extended to the economic sectors of the PLA, management reforms for military industries were initiated and a new financial system was introduced. Management itself was changed from a rigid administrative style to market-oriented management.

Because Chinese military industries no longer receive major preferential treatment from the government, they must find new ways to survive. One of these ways is the production of civilian goods.

In spite of long-term guidelines to promote the separation of military functions from economic ones, the PLA has been actively involved in profitmaking activities. As one PLA researcher argues, the PLA is "one army, [but] two systems."

Shortages in the military budget are often said to be the major reason for the incomplete separation of PLA military and economic functions.

However, profit-making activities by military organs were widely observed in both the KMT and the Qing Dynasty. Therefore, it is possible to assert that PLA economic activities have their roots in Chinese culture.