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Discourse Dimensions of the PLA’s Joint Sword 2024–B Drills

By Arran Hope

Image from a post by the China Coast Guard of a patrol route around Taiwan island in the shape of a heart. (Source: Sohu)

Executive Summary:

- The Joint Sword 2024–B exercises by the People’s Liberation Army were in part a tool of political intimidation to “serve as a stern warning to the separatist acts of ‘Taiwan Independence’ forces,” namely the Lai Ching-te administration. Beijing’s rhetoric is doubling down on blaming Taiwan for its own desire to resort to military action and saber-rattling.
- Lai used his remarks on Taiwan’s National Day to advocate for reciprocal, healthy, and orderly exchanges between the two sides of the Taiwan Strait. A spokesperson for the People’s Republic of China’s Taiwan Affairs Office retorted that “there is no goodwill to speak of.”
- The decision not to announce the live-fire exercises in advance, and the use of China Coast Guard (CCG) vessels to assert de facto jurisdiction continues the erosion of the status quo in the Taiwan Strait, with CCG making clear its view that it controls Taiwan’s waters.

On October 10, Taiwan's President Lai Ching-te (賴清德) gave a speech celebrating the Republic of China's (ROC) National Day (CNA, October 10). In the speech, which experts in Taiwan described as "pragmatic" and suggested marked "continuity" and "not an escalation" in rhetoric, Lai noted that the ROC and People's Republic of China (PRC) are "not subordinate to each other (互不隸屬)" (*Financial Times*; *The Washington Post*, October 10).

The following Monday morning, October 14, spokesman of the People's Liberation Army (PLA) Eastern Theater Command Senior Captain Li Xi (李熹) announced the dispatch of army, navy, air force, and rocket force troops to conduct joint military drills code-named "Joint Sword-2024B (联合利剑-2024B)." These exercises took place on that day in the Taiwan Strait and areas to the north, south, and east of Taiwan island (Ministry of National Defense [MND], October 14). The drills were the third installment of a series of joint exercises around Taiwan that began in April 2023 and whose second iteration followed the inauguration of Taiwan's President Lai Ching-te in May this year (*China Brief*, May 5, 2023; *China Brief*, July 26).

Senior Captain Li Xi stated that there were two aims for the joint exercises. One was military, to "test the joint operations capabilities of the theater command's troops (检验战区部队联合作战实战能力)." This entailed focusing on "sea-air combat-readiness patrols, blockades on key ports and areas, assaults on maritime and ground targets, and achieving comprehensive superiority (海空战备警巡、要港要域封控、对海对陆打击、夺取综合制权)." The second aim was political. He noted that the exercises "serve as a stern warning to the separatist acts of 'Taiwan Independence' forces (对'台独'分裂势力谋'独'行径的强力震慑)." The use of military exercises as part of a broader campaign of political intimidation has increased over the three iterations of the "Joint Sword" exercises, with this latest set of exercises being the most developed to date in this regard. Across official statements, state media coverage, and commentaries in authoritative newspapers, the PRC's coordinated messaging articulated the leadership's views and ambitions in the aggregate, as well as occasionally detailing the rationale behind certain actions.

'There Is No Goodwill to Speak Of'

President Lai's speech could not have been received more differently by those inside and outside the PRC. Western governments including the United States, United Kingdom, European Union, and Japan expressed concerns at the drills, with the US Department of Defense (DOD) describing Beijing's response as "disproportionate" (DOD, October 14; Focus Taiwan, October 15).

In contrast, PRC Foreign Ministry spokeswoman Mao Ning (毛宁) characterized Lai's remarks as an indication that he is "peddling various versions of the 'Taiwan independence' narrative" and "is hellbent on advancing 'Taiwan independence' and … heightening tensions in the Taiwan Strait for his selfish political interest" (MFA, October 10). Similarly, Senior Colonel Fu Zhengnan (胡正南), a researcher at the PLA's Academy of Military Sciences, complained that Lai's speech was "extremely deceptive and dangerous," and constituted a "provocation" that demanded a response (*China Daily*, October 14). An authoritative commentary from the military's official newspaper, the *PLA Daily*, used more colorful language, arguing that

Lai's speech "was full of the flavors of 'independence' and 'poison' (充斥'独味'与'毒味')" (*PLA Daily*, October 14).

The clearest articulation of the Party's official view on the problems that Lai's administration represents was laid out in a *People's Daily* "Zhong Sheng (钟声)" commentary, which is used to comment on major international affairs. It argued that "the real intention" behind Lai's speech was "to advocate the 'new two-state theory' of 'mutual non-subordination,' fabricate 'Taiwan independence' separatist fallacies, promote separatist propositions, and incite hostility and confrontation across the Strait (鼓吹'互不隶属'的'新两国论'，编造'台独'分裂谬论，宣扬分裂主张，煽动两岸敌意对抗，这就是'台独工作者'赖清德近日发表的所谓'双十'讲话有关两岸关系内容的真正用意)" (*People's Daily*, October 14).

For the PRC, the content of Lai's speech is of secondary concern. It is the fact of his position as Taiwan's president, and the platform that he represents, that is anathema to Xi Jinping and the Party's leadership. This was most clearly on show in an exchange between a CCTV journalist and Director of the Information Bureau of the Taiwan Affairs Office (TAO) of the State Council Chen Binhua (陈斌华). The journalist noted that Lai's speech "reiterated an expectation for the resumption of reciprocal, healthy, and orderly exchanges between the two sides of the Taiwan Strait and called on the mainland to take seriously and understand its goodwill (重申对两岸恢复对等、健康有序交流的期待，呼吁大陆认真理解其善意)." In response, Chen declared, "there is no goodwill to speak of (毫无善意可言)" (TAO, October 16).

Beijing Blames Taiwan for Aggression

One prominent narrative that the PRC propaganda system is pushing regarding Taiwan is that, should Beijing end up using military force against the island, Lai Ching-te and those like him will be to blame. In the words of Chen Binhua, the Lai administration is "trying to tie Taiwan to the war chariot of 'Taiwan independence' and drag Taiwanese people into becoming 'Taiwan independence cannon fodder' (企图将台湾绑上'台独'战车，裹挟台湾民众当'台独炮灰')," or alternatively "push [the people of Taiwan] into the abyss of disaster (推向灾难的深渊)" as "the sacrificial victims of their secessionist designs (成为其分裂图谋的牺牲品)" (Xinhua, October 14). Chen takes the opportunity of using his platform to address Lai directly, warning him that in pursuing independence his administration "seeks its own doom and will bring about its own destruction (自寻绝路，自取灭亡)."

Certain phrases are repeated by different parts of the system to reinforce core tenets of the PRC's messaging on Taiwan. In an October 14 interview with the *Global Times*, MND spokesman Senior Colonel Wu Qian (吴谦) argued that the PRC is "willing to strive for the prospect of peaceful reunification with the utmost sincerity and effort, but will never promise to renounce the use of force (我们愿以最大诚意、尽最大努力争取和平统一的前景，但决不承诺放弃使用武力)" (*Global Times*, October 14). Chen Binhua, the TAO spokesman, used the same phrase in his press conference several days later (TAO, October 16). Another argument that PRC officials frequently repeat is that "difference in systems is not an obstacle to unification, let alone an excuse for splitting [the country] (制度不同，不是统一的障碍，更不是分裂的借口)" (TAO, October 10). Both phrases have been used with increasing frequency in recent years. The latter phrase, for instance, likely first appeared in a 2019 speech by Xi Jinping (VOA, January 3, 2019; Mainland Affairs Council, May 29, 2019; CCTV News, May 28). What is left unsaid, however, is how the PRC's version of "democracy" could ever coexist with that of Taiwan, where a sizable majority of people do not favor any moves toward unification (Election Study Center, National Chengchi University, July 8).

Some of the messaging echoed that of previous years, but other aspects were tied closely to the narrow aims of the Joint Sword 2024–B exercises themselves. As *China Brief* has noted previously, there has been an increase in the integration of the China Coast Guard (CCG) with the PLA for activities around Taiwan in recent months, in an attempt to expand the PRC's de facto jurisdiction in the Taiwan Strait. Missions by CCG and provincial-level coast guard vessels have been conducted to demonstrate that the management of the Strait falls under PRC domestic administrative affairs and to normalize the presence of PRC law enforcement in the Strait (*China Brief*, September 20). In his press conference following the exercises, Chen Binhua effectively admitted that this was the case, arguing that "the Chinese Maritime Police carries out law enforcement patrols in Chinese waters in order to maintain the operational order of the relevant waters and safeguard the safety of the lives and property of Chinese fishermen, including Taiwanese fishermen, as well as their lawful and legitimate rights and interests (海峡两岸同属一个中国，台湾是中国的一部分。中国海警在中国海域开展执法巡查，是为了维护相关海域作业秩序，维护包括台湾渔民在内的中国渔民生命财产安全和合法正当权益)" (TAO, October 16). This was backed up by the CCG themselves, whose spokesperson Liu Dejun (刘德军) stated that the CCG's actions constituted "a concrete action to lawfully enforce control over Taiwan island in accordance with the one-China principle (基于一个中国原则，是对台湾岛依法实施管控的具体实践)" (China.com, October 14).

Conclusion

The Joint Sword 2024–B military exercises, ostensibly triggered by political provocation on the part of Lai Ching-te, were as much a political event as a military one. Following the events, National Security Council Secretary-General Joseph Wu noted that the drills were "inconsistent" with international protocols, as live-fire exercises on the open seas should be announced in advance (*Taipei Times*, October 15). As this indicates, along with the statements and actions of the CCG noted above, the PRC now has the capability to follow through with parts of its rhetoric and start treating Taiwan and the waters that surround it as its own domain. Unilateral actions of this kind exceed whatever remained of the previous status quo. As measured or conciliatory as President Lai might try to be, Beijing sees his administration as nothing more than "ants trying to shake a big tree in the face of the Chinese people's will to maintain national unity and the PLA's powerful strength (在解放军强大的力量面前，不过是蚍蜉撼树)" (*PLA Daily*, October 14).

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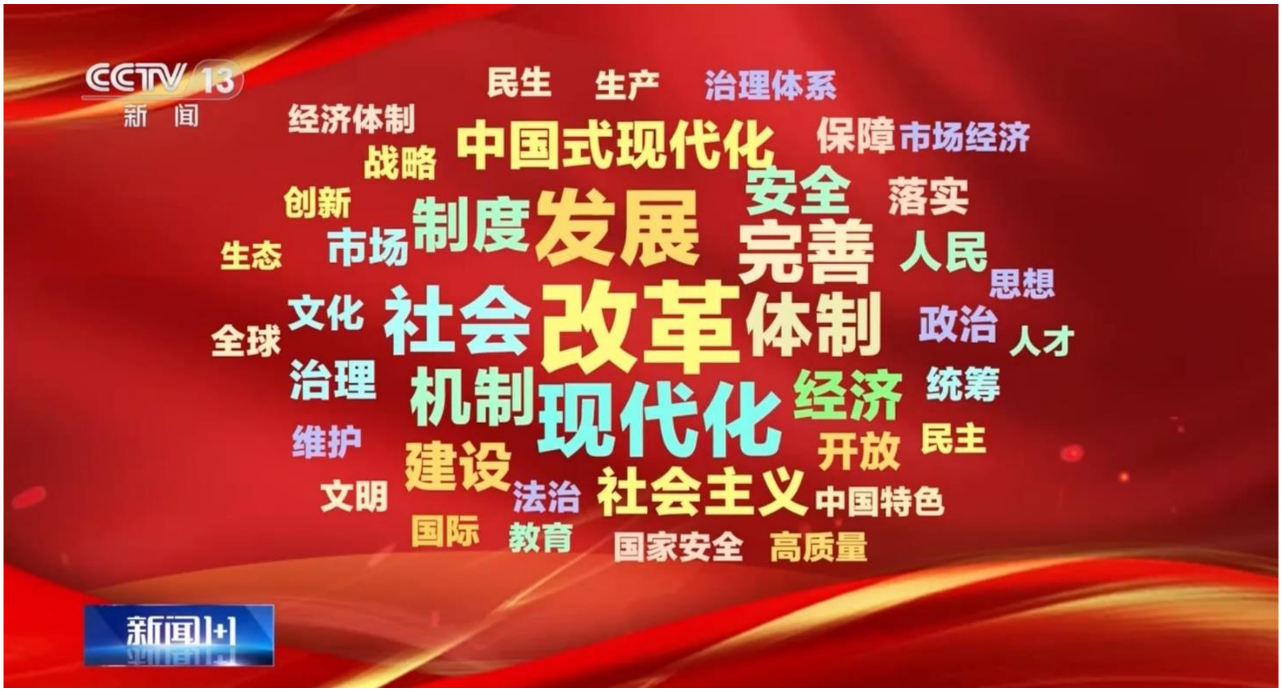
Stimulus Measures Expose Weakness Since Third Plenum

By Alicia García-Herrero



A word cloud of key terms from the Third Plenum in July. (Source: lydjw.gov.cn)

Executive Summary:

- Two major developments have followed the Third Plenum in July. First, a series of economic data releases indicated that the plenum had done nothing to improve the country's short-term outlook. Second, a series of stimulus measures were announced over a two-week period, that have so far failed to reinvigorate the economy.
- The government is unlikely to enact the reforms necessary to support consumption due to high public debt and limited fiscal capacity, as doing so would require cutting subsidies central to the country's industrial policy. This would contradict Xi Jinping's focus on innovation.
- The People's Bank of China may need to continue interventions in both the sovereign bond market and the stock market, though this could reduce foreign investor interest in Chinese financial markets.
- The government's stimulus measures so far have largely been aimed at stabilizing asset prices rather than addressing the deeper issues of demand and overcapacity.

For more than a decade, the rate of economic growth in the People's Republic of China (PRC) has been slowing. This trend first accelerated in the wake of the trade war initiated by the United States in 2018, and then even more so after the end of the Zero-COVID policies in late 2022. The causes of the slowdown are both structural and cyclical. Examples of the former include a declining population, while overinvestment—leading to diminishing returns, overcapacity in many sectors, and deflationary pressures—is an example of the latter. The collapse of the PRC's once massive real estate market has further worsened the country's economic outlook since 2021. Considering these challenges, there was hope that the Third Plenary session of the 20th Central Committee of the Chinese Communist Party (CCP), held from July 15–18, would introduce structural reforms (*China Brief*; July 23, July 27).

Prior to the plenum, analysts focused on three possible reforms that could revitalize the PRC's domestic economy: reducing the Party-state's involvement in the economy to empower the private sector; fostering domestic consumption to reduce reliance on exports; and rebalancing away from the manufacturing sector and toward consumption as a driver of growth. The reforms introduced at the plenum disappointed on all three fronts and indicated that PRC President Xi Jinping has no intention of changing the overall direction of his economic policies. A string of weak data in the interceding months has finally persuaded the leadership that stimulus measures are necessary, yet a series of press conferences making vague announcements of further stimulus has done little to assuage concerns. It appears that further announcements will only be made at the end of the National People's Congress Standing Committee meetings, which will likely be held at the end of the month (*South China Morning Post*, October 15).

Third Plenum Sparks Muted Initial Response

The "Decision (决定)" document released after July's Third Plenum diagnosed the country's problems and offered some solutions (*People's Daily*, July 23). It highlighted three major challenges: the real estate sector, local government finances, and systemic risks within the financial system (*People's Daily*, July 22). Three key measures were announced to address these issues: accelerating urbanization by reforming the rural-urban land system; centralizing fiscal policy to support local governments; and reaffirming the importance of innovation in advanced technologies and manufacturing (Gov.cn, July 18).

The proposed policies fail to address a key underlying cause of the economic slowdown—weak demand. Urbanization reforms may spur demand for housing and infrastructure in the short term, but once urbanization reaches its limits, the PRC's shrinking population will further strain productivity, especially in cities (China Leadership Monitor, May 30). Support for local government finances in the Decision, while necessary, lacked concrete details, particularly on how much revenue will be transferred from the central government. Local governments' finances have been strained since land sales—their primary source of revenue—collapsed in mid-2021. The focus on technological innovation in the Decision echoes President Xi Jinping's previous calls for "new quality productive forces (新质生产力)" (*China Brief*, March 15; May 10). Phrases like "improve the new system for mobilizing resources nationwide (健全新型举国体制)" (section 4) and "deepening institutional reforms for talent development (深化人才发展机制改革)" (specific task 15) were emphasized (Gov.cn, July 21).

Since the plenum, ministries have begun implementing policies based on the Decision's directives. In early August, the Ministry of Industry and Information Technology (MIIT) announced new research funding rounds, paid for by the central government through the National Key Research & Development Projects (NKP) program (MIIT, August 9). The Ministry of Finance (MOF) and three other agencies also issued measures to improve access to financing for innovative small and medium-sized enterprises (SMEs), in line with the plenum's objectives for further industrialization and moving up the value chain. The MOF measures focus on the national financing guarantee fund, which is intended to encourage banks to grant more loans to SMEs, by providing surety for a share of the loan amount (MOF, August 23).

While these policies could be a departure from existing, innovation-centric industrial policy and not just a continuation, they do not indicate a pivot from the PRC's supply-driven growth model. This reflects Xi's desire to reduce the country's dependence on the United States and achieve self-reliance in a number of areas, including in certain technologies. Focusing on production risks exacerbating overcapacity, however. This is compounded by global reluctance to absorb the PRC's increasing output, especially amid rising protectionism not only from the United States but even from some Global South countries (*South China Morning Post*, April 23; Business Standard, June 27; CNN Indonesia, July 5; *Bangkok Post*, August 28).

Weak Data Sparks Stronger Intervention

Two major developments have followed the Third Plenum. First, the PRC's economic slowdown has worsened, with particularly weak data in August. Consumption, as measured by retail sales, fell to 2.1 percent over the previous year (National Bureau of Statistics [NBS], Sep 14). This indicates that the country could fall short of its target topline annual growth of 5 percent. The growth rate of fixed asset investment also hit its lowest of the year (3.4 percent), with real estate a sizable drag and infrastructure investment providing minimal contribution (NBS, September 14). Investment in manufacturing provided a rare bright spot, remaining robust, though this only increased concerns about overcapacity, as evidenced by deeper deflationary pressures, especially in producer and export prices (NBS, September 14; September 9).

The resistance to a move toward a consumption-driven growth model may be political. It is possible that the leadership believes that such a model would be deleterious to the regime, as more consumer choice would entail less government control. An alternative explanation is that there is simply too little fiscal and monetary space to introduce consumption-oriented reforms. The PRC's public debt has already reached 100 percent of GDP, the highest among emerging economies and very close to that of the United States (Natixis Research, May 7). On the monetary side, two constraints on the People's Bank of China (PBOC) prevent it from following a course of quantitative easing. First, lowering rates could exacerbate the outflow of capital from the PRC, weakening the currency. Second, PRC banks need to grapple with an increasingly low interest rate margin. This is particularly important in the PRC as its state-owned banks are responsible for carrying out government policies, including stimulus measures and industrial policy.

In the last week of September, four sets of new measures were finally announced. On September 24, PBOC governor Pan Gongsheng (潘功胜) unveiled the first set of stimulus measures, followed by further measures following the Politburo meeting on September 26 (PBOC, September 24; Gov.cn, September 26). These injected liquidity into the banking system by lowering the reserve requirement ratio by 50 basis points, as well as lowering the cost of short- and medium-term (7-day and 1-year) funding.

The second set of measures targeted propping up the stock market by offering financing for purchases of stocks and for share buybacks (PBOC, September 24). An additional 500 billion renminbi (RMB; $70 billion) may be introduced in subsequent phases. The PRC is also considering establishing a stock stabilization fund to provide RMB 800 billion ($110 billion) in initial liquidity support for the equity market. As part of this initiative, the PBOC plans to create an RMB 500 billion ($70 billion) swap facility to allow securities firms, funds, and insurance companies access to liquidity for stock market investments. There are also proposals for an RMB 300 billion ($40 billion) specialized relending facility to assist banks in supporting listed companies and major shareholders. This is the first time the PBOC has used its balance sheet to save the stock market, something that did not occur when the government stepped in to prop up the stock market in 2015.

A third set of PBOC measures aims to support the ailing stock market by lowering the benchmark rate for mortgages while allowing households to refinance their mortgages from fixed to variable rates. The latter should allow households to save on interest payments as the PBOC continues to cut rates. On the real estate front, local governments, especially in Tier 1 cities, are lifting macroprudential regulations such as high down payments for second homeowners that were introduced in previous years to avoid a spike in housing prices.

These measures collectively point to a potential further worsening of banks' solvency. This would explain recent rumors of a government-led recapitalization of the banking sector. In other words, in exchange for their support to revitalize the PRC economy, banks are likely to receive recapitalization funds from the state (Bloomberg, September 25).

Finally, the PRC plans to issue special sovereign bonds worth around RMB 2 trillion ($280 billion) this year as part of a fresh fiscal stimulus, though there are no details yet on how this will be implemented (Reuters, September 27). This amount remains small relative to the size of the PRC economy, at around 1.5 percent of GDP. The announced stimulus leans more on the monetary than on the fiscal side and prioritizes boosting asset prices, whether stock or housing prices. A fiscal "bazooka" is yet to be unveiled, despite ample opportunity to do so: There have been a number of press conferences over the last week, including by the National Development and Reform Commission (NDRC) on October 7, the MOF on October 12, and the Ministry of Housing and Urban-Rural Development (MOHURD) on October 17 (SCIO, October 8; MOF, October 12; Xinhua, October 17). These have only produced vague measures, with no concrete numbers.

More than a fiscal stimulus, the PRC seems braced for a rescue package to address all the country's growing risks to financial stability. First, the government intends to recapitalize banks when needed but also support local governments financially regarding hidden debt. Second, Beijing expects banks to support real estate developers by providing local governments with the requisite resources to buy unfinished or unsold housing units. These measures are bound to be costly, but the ultimate size of the rescue package remains unknown. Such a rescue package could be a pre-condition for the PRC to move to a stimulus package that is focused on supporting consumption, though this is not expected to happen in the near term.

Elements of the economy initially reacted positively to the policies. At the end of September, the PRC's major stock market indices had their best single-day gains for 16 years (CNBC, September 30). Within two weeks, however, those gains were largely erased (MarketWatch, October 16).

No Basis for Expectations of Structural Reform

One rationale for the shift to stimulus measures, which departed from the long-term strategy outlined at the Third Plenum, could be as a response to data on low economic activity that came in below expectations. Confirmation by the Federal Reserve of continued monetary easing, which came in mid-September with an interest rate cut of 50 basis points, could be another crucial factor (Federal Reserve, September 18). The large cut, and the expectations of further cuts in the near future, allow the PBOC to cut without the fear of a rapid depreciation of the RMB. Still, PRC policymakers will need to deal with the negative impact on banks.

Despite stock market gains, some investors are skeptical that the announced stimulus will prove effective. One data point in this regard is yields on sovereign bonds, which continue to plummet (MOF, September 30). In other words, fixed income investors still expect very low nominal growth in the long term. This could have corollary effects on the financial stability of banks and insurance companies, which hold the bulk of PRC sovereign bonds. This also means that the PBOC's intervention to prop up sovereign yields, which occurred through state-owned commercial banks, may need to continue, alongside support to the stock market. A second-order effect of continued—or even increasing—PBOC intervention in the PRC's financial markets will likely reduce appeal for foreign investors.

Certain signals would trigger optimism among investors that the ongoing stimulus can indeed improve the PRC's growth prospects. The most important of these would be the announcement of fiscal stimulus geared toward supporting household consumption. This would be difficult to engineer, as it entails moving away from investment in the manufacturing sector, which is the country's main source of growth. If incentives such as government subsidies were to disappear and be redirected toward consumption, this could cause significant damage to growth in the short term.

Boosting consumption will also not be possible without major reform of the tax system and welfare state. In the absence of such structural reforms, there is no quick fix to the PRC's economic woes and structural imbalances. This also means that the PBOC's stimulus might prop up stocks but not prices, leaving the problem of structural deflationary pressures unresolved. The absence of measures to support retirement or the unemployed in the Third Plenum, for example, indicates that such moves could still be a long way off. The PRC has instead announced policies to raise the retirement age and increase the compulsory contribution period for households to be eligible for a pension.

Fiscal constraints are equally significant in reducing the likelihood that the PRC will make the reforms necessary to support consumption. For a country with 100 percent of GDP in public debt and a GDP per capita of barely $13,000, a generous welfare state would require a massive reduction in other government expenditure (Gov.cn, February 29). This would have to start with subsidies to corporations, which are at the core of the country's industrial and innovation policies—an unlikely prospect, as it would go against President Xi's mantra of supporting "new quality productive forces" and the necessary innovation to reduce the technology gap with the United States (*Asia Times*, July 22).

Conclusion

The Third Plenum failed to prevent the PRC's economy from further deteriorating, as it did not offer sufficient proposals to alter the country's economic trajectory. Deflationary pressures stemming from oversupply and underconsumption, coupled with the fear that the annual growth target will not be achieved, led to a sudden announcement of stimulus measures by the central bank on September 24. These aim to lift asset prices after years of underperformance, but crucially are not intended to support domestic consumption or reduce overproduction in the manufacturing sector. Boosting domestic consumption would require reforms to the core of the PRC's fiscal model, which currently favors supporting companies rather than building out a welfare state. No such reforms were announced at the Third Plenum. The recently announced stimulus looks to be a temporary patch to the country's ongoing economic malaise, not a definitive solution.

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Xi Jinping's Quantitative Easing Unlikely to Save Economy

By Willy Wo-Lap Lam

The headquarters of the People's Bank of China in Beijing. (Source: Wikipedia)

Executive Summary:

- In an apparent U-turn, the People's Republic of China (PRC) has initiated stimulus policies that have boosted the stock market and are attempting to jump-start key sectors and meet the annual GDP growth target of 5 percent.
- On September 24, the central bank announced a package worth at least 2 trillion renminbi (RMB; $280 billion), cut the banks' reserve requirement ratio by 50 basis points, and hinted at further measures.
- The domestic and international response has been underwhelming, in part because the package leaves the economy even more overleveraged than before.
- President Xi Jinping's attempts to enhance the PRC's global stature, including through a recent ICBM test and by deepening support for Russia's war in Ukraine and for other countries willing to denounce the United States and the West, will not help the domestic economic woes as they discourage foreign investment.

Supreme leader Xi Jinping has sprung a surprise on his critics by initiating radical financial policies geared toward lifting the economy of the People's Republic of China (PRC) out of the doldrums of the last two years. At the end of September, the Chinese Communist Party (CCP) General Secretary, who has total charge of national policies, took an apparent U-turn by authorizing an omnibus spate of monetary and fiscal policies aimed at jump-starting key sectors and pushing the GDP growth rate for the year up to the prescribed goal of 5 percent (Xinhua, September 26; People's Bank of China [PBOC], September 27). The Shanghai and Shenzhen stock market index initially rose 27 percent following the announcement of stimulus measures on September 24, before slumping more than 7 percent on October 9 and eliminating some of the earlier gains (Reuters, October 9; *The Guardian*, October 9). This fall has cast doubt on not only the long-term efficacy of the financial easing measures but also their underlying rationale.

Stimulus Measures Cause Momentary Relief

The liberalization toolkit includes issuing at least 2 trillion renminbi (RMB; $280 billion) of special sovereign bonds and cutting the banks' reserve requirement ratio by 50 basis points. Interest rates have been lowered by up to 1 percent for most businesses, and in particular for consumption-related activities. Fiscal measures are being rolled out to facilitate the purchase of unfinished apartments, to boost social security benefits, and to reduce local government debts. Additional measures are expected to be announced through October (CNBC, October 8; Reuters, September 27).

While the stock market and speculation-prone sectors of the economy saw a rapid rise in the first fortnight of the new financial regime, it is unclear whether the so-called "irrigation by flooding (大水漫灌)" can help crucial areas of the economy such as industry and agriculture, high-technology, and consumer spending (Atlantic Council, October 7; Bloomberg, October 8, Nikkei Asia, October 8). **[1]** Signs of fundamental weaknesses since the end of the COVID-19 pandemic have included lower-than-expected exports, tepid consumer spending, and a youth unemployment rate of over 20 percent (before the government revised its methodology for calculating the statistic in late 2023). In part because of these weaknesses, multinationals from Western countries, Japan, and South Korea, have all pulled out of the PRC as FDI has slumped to record lows (Marketplace.org, August 23, 2023; Radio Free Asia [RFA], January 4; Bloomberg, June 21). The immediate result of this "social engineering"-style monetary easing will be to further burden the already severely overleveraged economy. **[2]** As early as 2022, the country's total social debt exceeded three times its GDP, while that of local governments has now reached an astronomical $16 trillion (Reuters, June 14; Nikkei Asia, December 7, 2022).

Structural Problems Persist

The new measures deliver a concerning message about the Party's ability to manage the economy. The measures largely contradict the more liberal and market-oriented aspects of the policy direction outlined during the Third Plenum of the 20th CCP Central Committee held only two months previously in mid-July. In its plans for the economy up to 2029, the plenum "Decision" made solid pledges to "establish a unified national market (构建全国统一大市场)" and to "expand international markets (拓展国际市场)" (*People's Daily*, July 29; QStheory, September 16). The current round of monetary liberalization, however, is a typical top-down endeavor imposed by the Party leadership and does not give the market any meaningful role. The supreme leader's dictum that "the public sector advances while the private sector retreats (国进民退)" continues to underpin the overall trajectory of the economy **[3]** The PRC's much-weakened private enterprises have received few benefits and are expected to continue lying low. Foreign capital will also be unlikely to be persuaded to return, as very little of the quantitative easing is geared toward attracting continued outside investment in the PRC. This is due in part to the so-called Washington-led containment policy, wherein efforts are being made by US allies in Europe and Asia to decouple from the PRC's international supply chains (*Wall Street Journal*, September 11; Forbes, August 30).

Xi's penchant for arrogating to himself all initiatives and policymaking runs counter to Deng Xiaoping's idea of building institutions instead of relying on so-called "outstanding" cadres (Reform Data, October 1, 2008; *China Brief*, June 4, 2014; *Journal of Democracy*, April 2018). While Xi afforded Deng sufficient "face" by eulogizing his achievements on the occasion of the 120th anniversary of his birth in August, Xi's pivot away from Deng's principles in the "new era (新时代)" belies his true feelings about Deng's relevance today (Voice of America, August 22; Gov.cn, August 22). Compounding factors of the Xi leadership's failing economic policies are the negative impacts on many PRC citizens. Persistent institutional bottlenecks perpetuate the privileges enjoyed by well-connected individuals and businesspeople at the expense of policies that could improve people's standard of living, such as medical and social security payouts. To achieve its stated goals, the focus of the Party's policies should be to resolve the pressing needs of the people, including by reducing structural inequalities.

Economic issues at home have not deterred Xi from his obsession with boosting the PRC's global stature via a series of aggressive moves aimed at hard-power projection in the Indo-Pacific. Most recently, the PLA fired an intercontinental ballistic missile (ICBM) into the Pacific in late September. With a range of some 7,400 miles—and therefore the potential to reach most of the United States—the nuclear projectile seemed to be a warning for the US administration against its deepening security partnerships in the region and any eastward expansion of NATO (Defense News, September 25; BBC Chinese, September 26; Voice of America, September 26). The ongoing standoff in the South China Sea between PRC naval and fishing vessels and those of the Philippines and, more recently, Vietnam, has escalated. The PRC continues to act with impunity in its provision of aid to Russia's military efforts against Ukraine, even as its material support has also become more apparent. Hong Kong exporters are sending microchips and other high-tech components imported from Western countries to Russia. Moscow also stands accused of establishing a factory on PRC soil for the production of advanced G-3 attack drones used in the Ukrainian theater (*China Brief*, October 20, 2023; *Foreign Policy*, September 25, New York Times Chinese Edition, July 26).

Beyond just Russia, Beijing is in the midst of buttressing both the coordination between and the firepower of what critics call an "axis of non-democratic nations." It is working with Iran, North Korea, and selected members of the BRICS and Shanghai Cooperation Organization to build an anti-NATO, anti-US coalition (RFA, June 21; Australian Broadcasting Corp, June 24). The longer the conflicts in Ukraine and the Middle East have worn on, however, the weaker both Russia and Iran and its proxies appear. These trends suggest that Xi is unwise in continuing to subscribe to the Maoist dictum that "the East is rising while the West is declining (东升西降)."

Conclusion

Recent history contains potential lessons for Xi and his advisers. In the wake of the global financial crisis, then-premier Wen Jiabao (温家宝) ordered a stimulus measure of RMB 4 trillion ($590 billion in 2008) (*China Brief*, November 24, 2008). While successfully boosting the economy, this monetary injection benefited mostly SOEs and led to distortions in the market, including overemphasis on infrastructure and the real estate sector (Gov.cn, September 17, 2009; China News Service, March 13, 2009). With GDP in 2009 totaling $5.12 trillion—compared to $18.5 trillion today—Wen's stimulus was proportionally far larger than Xi's offering. This suggests that the debt levels weighing down the economy are a significant constraint on the government's ability to embark on a rescue operation of a comparable size. Wen is said to have substantial influence on the supreme leader, though it is impossible to know what advice he would have for Xi today. (RFA, October 8, World Journal, October 1).

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Notes

[1] The term "irrigation by flooding (大水漫灌)" refers to quantitative easing measures.

[2] The term "social engineering" is used here in the Hayekian sense, referring to the use of state power or centralized planning to reshape society according to a specific set of goals. It implies a deliberate effort to control or design social structures, relationships, and institutions, often through policies that regulate behavior, distribute resources, or reorganize economic and social life. Hayek believed that this approach to governance was fundamentally flawed, as it is predicated on those in government possessing much more knowledge than is possible in order to craft policies and plans.

[3] For more context on this particular phrase, see China Digital Times, accessed October 10.

Xi Jinping Has Further Boosted the Military-Industrial Group of China

By Arthur S. Ding and K. Tristan Tang

An engineer at the Chinese Academy of Sciences inspects machinery in Chengdu. (Source: Chengdu Aircraft Industrial Group)

Executive Summary:

- Since at least the 19th Party Congress, Xi Jinping has promoted military-industrial officials, whose presence at the vice-ministerial level has grown since the 20th Party Congress in 2022. They represent a potential emerging faction within the Chinese Communist Party.
- Military-industrial officials are an unusually cohesive group, as their educational background and the industrial operational models of the defense industry are likely to foster a shared identity, mutual trust, and a high degree of homogeneity within their interpersonal networks.
- The military-industrial group has formed a unique Chinese-style military-industrial complex within the 20th Central Committee, with officials holding key roles in resource allocation, policy planning, regulation, local coordination, and opinion transmission, allowing them to significantly control the development of the defense industry.

On June 28, Huang Qiang (黄强) was appointed as the party secretary of Jilin Province. Formerly secretary-general of the National Defense Science and Technology Commission (国防科工委) and deputy director general of the National Defense Science and Technology Bureau (国防科工局), Huang's promotion marks a further development for the People's Republic of China's (PRC) group of military-industrial leaders (Xinhua, June 28). Alongside Hao Peng (郝鹏) in Liaoning and Xu Qin (许勤) in Heilongjiang, all three provincial Party secretaries for the major industrial bases in Northeast China now have backgrounds in the defense industry.

Supreme leader Xi Jinping has provided consistent support to the defense industry in recent years, and has increased his reliance on officials from defense industry backgrounds—as seen in the curricula vitae of Central Committee members unveiled at the Chinese Communist Party's (CCP) 20th Party Congress in October 2022 (*The Diplomat*, September 12). These developments represented a culmination of personnel decisions that date back to at least the 19th Party Congress in 2017, when Xi's emphasis on the importance of military-industrial officials began to become observable. Research to date has tended to analyze this rising group of military-industrial personnel from a technocratic perspective (see China Leadership Monitor, December 1, 2022; February 29). Owing to the significant differences between military-industrial officials and technocrats in general, however, the PRC's military-industrial group merits attention as a growing force within both the defense industry and the CCP Central Committee, and has the potential to one day emerge as a key faction within the PRC's political system.

Structural Dynamics Suggest Emerging Military-Industrial 'Faction'

For the purposes of this article, the "military-industrial group" refers narrowly to those individuals who developed their careers in defense industry corporations or the "Seven Sons of National Defense (国防七子)" universities before being promoted to the vice-ministerial level. **[1]** It excludes those who merely studied at Seven Sons universities without either teaching at those same institutions or subsequently joining defense industry corporations, and those who joined the defense industry only after being promoted to the vice-ministerial level. The decision to set the rank at the vice-ministerial level is based on the understanding that officials at this level are "central management cadres (中管干部)" whose transfers and promotions are regulated by the Central Organization Department (*People's Daily*, September 16, 2014). The transfer of personnel to the defense industry later in their careers is primarily done for résumé-building purposes or for oversight. As such, these personnel differ significantly from those who gained early experience in the defense industry during their tenure as grassroots or mid-level officials.

The military-industrial group has the potential to develop into a faction. This is because the educational background and industrial operational models of the PRC's defense industry are likely to foster a shared identity, mutual trust, and a high degree of homogeneity within their interpersonal networks. There are two dynamics that underpin this emerging group.

First, most of these officials graduated from the Seven Sons universities. These institutions, established in the 1950s and 1960s, are oriented toward the defense industry. As such, their historical and institutional connections provide students with greater career opportunities in the industry than those from other universities. Often, key state-owned defense companies have agreements with—or are major contributors to—Seven Sons universities (Harbin Engineering University, June 11; Beijing Institute of Technology, August 25, 2022). The higher prevalence of graduates from these schools over other universities who join the industry is borne out in the statistics (CSET, December, 2020). This has resulted in a higher level of connectivity among these officials compared to graduates in other industries or fields (*Takungpao*, October 16, 2023). These institutions also foster a strong sense of belonging and honor among their students. This is achieved in part through the celebration of the technical defense achievements of earlier Chinese scientists, notably those involved in Mao's "Two Bombs, One Satellite (两弹一星)" project that was focused on building the country's first nuclear weapons, ICBMs, and satellites (Northwestern Polytechnical University, June 7, 2023).

Second, the PRC's defense industry is fairly closed off. The "block logic" that characterizes the PRC's broader bureaucratic system is also present in the defense industry, resulting in research and development being largely confined to specific defense companies or research units. An article published in 2017 by the Center for Advancing Military-Civil Fusion Programs (军民融合项目促进中心) lamented the industry's "confining nature of closed concepts, the constraints of the planning system, the limitations of monopolistic structures, the restrictions of policy standards, the impediments of [few] access points, and the siloing of information channels (封闭观念的禁锢、计划体制的束缚、垄断格局的限制、政策标准的制约、准入门槛的阻碍和信息渠道的隔离)" (Development and Reform Commission of Gansu Province, December 26, 2017). This makes it difficult for other companies or universities to participate in core research, meaning that while interactions and collaborations between research institutes and factories within the defense industry are relatively frequent, they are less so with entities outside this ecosystem. Therefore, such a closed industrial environment tends to foster a rich understanding and strong level of interaction among insiders, more so than for those in other sectors.

Military-Industrial Officials From the 19th and 20th CCP Central Committees

Among the two most recent Central Committees' 409 members, a total of 21 have had a background in the defense industry (see Table 1). Out of 17 members elected to the 19th Central Committee, 11—roughly two-thirds—were re-elected to the 20th Central Committee, along with the election of an additional four new members.

In terms of rank, the highest position held by military-industrial officials in the 19th Central Committee was that of Central Committee member. However, in the 20th Central Committee, four members were promoted to the Politburo: Vice Premiers Liu Guozhong and Zhang Guoqing, Xinjiang Party Secretary Ma Xingrui, and Chongqing Party Secretary Yuan Jiajun.

Table 1: Nineteenth and Twentieth CCP Central Committee Members with Defense Industry Backgrounds

Name	Background	Age at the Party Congress	
		19th	20th
Zhang Qingwei (张庆伟)	1978–1982: Studied at Northwestern Polytechnical University 1980–2007: Worked in the aerospace sector	56	61
Chen Qiufa (陈求发)	1978–1998: Worked in the aerospace sector	63	
Wang Yong (王勇)	1970–1990: Worked in the aerospace sector 1990: Studied at Harbin Institute of Technology	62	67
Xu Dazhe (许达哲)	1978–1984: Studied at East China Institute of Technology 1984–2013: Worked in the aerospace sector	61	
Wang Zhigang (王志刚)	1982–1996: Worked in the Ministry of Electronics Industry 2002–2011: Worked in the information technology sector	60	
Ma Xingrui (马兴瑞)	1985–1996: Studied and taught at Harbin Institute of Technology 1996–2012: Worked in the aerospace sector	58	63
Zhang Guoqing (张国清)	1985–1987: Studied at Nanjing University of Science and Technology 1987–2013: Worked in the ordnance sector	53	58
Lou Qinjian (娄勤俭)	1982–1999: Worked in the information technology sector	61	
Lin Duo (林铎)	1979–1982: Worked in the aerospace sector	61	
Gou Zhongwen (苟仲文)	Served in the Ministry of National Mechanical and Electronic Industry	60	
Hao Peng (郝鹏)	1978–1982: Studied at Northwestern Polytechnical University 1980–1990: Worked in the aviation sector	57	62
Xu Qin (许勤)	1978–1982: Studied at Beijing Institute of Technology 1982–1984: Worked in the ordnance sector	56	61
Liu Guozhong (刘国中)	1978–1982: Studied at Nanjing University of Science and Technology 1982–1985: Worked in the ordnance sector	55	60
Yuan Jiajun (袁家军)	1980–1984: Studied at Beijing University of Aeronautics and Astronautics 1984–2012: Worked in the aerospace sector	55	60
Huai Jinpeng (怀进鹏)	1985–1987: Studied at Harbin Institute of Technology 1987–2015: Taught at Beijing University of Aeronautics and Astronautics	55	60
Wu Zhenglong (吴政隆)	1984–1987: Worked in the ordnance sector	53	58

Jin Zhuanglong (金壮龙)	1982–1986: Studied at Beijing University of Aeronautics and Astronautics 1987–2004: Worked in the aerospace sector	53	58
Huang Qiang (黄强)	1980s: Studied at Northwestern Polytechnical University 1990–2006: Worked in the aviation sector		59
Lei Fanpei (雷凡培)	1980–1987: Studied at Northwestern Polytechnical University 1987–2019: Worked in the aerospace sector		59
Zhao Gang (赵刚)	1986–1990: Studied at Beijing Institute of Technology 1993–2017: Worked in the ordnance sector		54
He Junke (贺军科)	1991–2005: Worked in the aerospace sector		53

(Source: Authors' research)

Regarding positions held within the Central Committee, three individuals have previously worked in the Office of the Central Commission for Military–Civil Fusion Development (中央军民融合发展委员会办公室) **[2]** or the Communist Youth League. These include Lei Fanpei, though his position as deputy director of the former is based on external media reports only (*Epoch Times*, February 2, 2023). There has been no formal announcement from state media, though he continues to be present in state media reports as part of the rank of ministerial-level officials (CASC, June 14, 2023).

Table 2: Nineteenth and Twentieth CCP Central Committee Members' Party Positions

Position	**Term in the Central Committee**	
	19th	**20th**
Deputy director of the Central Military-Civil Fusion Development Commission Office	Jin Zhuanglong 2017–2022	Lei Fanpei 2022–
First secretary of the Communist Youth League	He Junke 2018–2023	

(Source: Authors' research)

In terms of positions held within the State Council, many ministries have installed military-industrial officials in key roles. Notably, in the 20th Central Committee, individuals who effectively control military-industrial resources and related industrial sectors within the State Council include Vice Premiers Zhang Guoqing (in charge of industry) and Liu Guozhong, State Councillor Wu Zhenglong, Minister for Industry and Information Technology Jin Zhuanglong, and Minister of Education Huai Jinpeng (see Table 3).

At the local level, a total of 21 military-industrial officials have held the positions of Party secretary or governor in 14 provinces, municipalities, and autonomous regions across the two most recent Central Committees. This represents a trend of negative growth, however, as military-industrial officials held top or deputy positions in 13 localities during the 19th Party Congress, but only in six following the 20th Party Congress. For example, in Hunan, Jiangsu, and Hebei, military-industrial officials held positions during the 19th Central Committee but not in the 20th Central Committee. In contrast, provinces such as Liaoning, Heilongjiang, and Shaanxi continue to have military-industrial officials in office (see Table 5). The fact that military-industrial officials are in top positions in these three provinces is important, however, as they are home to research companies and institutes that are vital to the country's defense industry. For example, Heilongjiang has the Harbin Aircraft Industry Group (HAIG; 哈尔滨飞机工业集团), Liaoning Province has the Dalian Shipbuilding Industry Group (DSIC; 大连船舶重工集团), and Shaanxi Province has the Fourth and Sixth Research Institutes of the China Aerospace Science and Technology Corporation (CASC; 中国航天科技集团). However, given that a number of military-industrial personnel who previously held positions in local governments are either being promoted or retiring—such as Wu Zhenglong, who was promoted from Jiangsu Province to secretary-general of the State Council, and Lin Duo, who retired from his post in Gansu Province—Xi Jinping may need to ensure that military-industrial personnel remain in regions most closely tied to the defense industry.

Table 3: Nineteenth and Twentieth CCP Central Committee Members' Government Positions

<table>
<tr><th rowspan="2">Position</th><th colspan="2">Term in the Central Committee</th></tr>
<tr><th>19th</th><th>20th</th></tr>
<tr><td>Vice Premier</td><td></td><td>Zhang Guoqing 2023–
Liu Guozhong 2023–</td></tr>
<tr><td>State Councillor</td><td>Wang Yong 2013–2023</td><td>Wu Zhenglong 2023–</td></tr>
<tr><td>Minister of Education</td><td colspan="2">Huai Jinpeng 2021–</td></tr>
<tr><td>Minister of Industry and Information Technology</td><td></td><td>Jin Zhuanglong 2022–</td></tr>
<tr><td>Minister of Science and Technology</td><td colspan="2">Wang Zhigang
2018–2023</td></tr>
<tr><td>Director of the State-owned Assets Supervision and Administration Commission</td><td>Hao Peng
2019–2022</td><td></td></tr>
<tr><td>Director of the General Administration of Sport</td><td>Gou Zhongwen
2016–2022</td><td></td></tr>
</table>

(Source: Authors' research)

Military-industrial officials have been elected to positions within the China Association for Science and Technology (CAST; 中国科学技术协会), the National People's Congress (NPC; 全国人民代表大会), and the National Committee of the Chinese People's Political Consultative Conference (CPPCC; 中国人民

政治协商会议). In the 20th Central Committee, military-industrial officials serve as vice chairpersons and vice presidents in both the NPC and CPPCC, while CAST has been predominantly led by military-industrial officials during both the 19th and 20th Central Committees (see Table 4).

Table 4: Nineteenth and Twentieth CCP Central Committee Members' Positions in CAST, the NPC, and the CPPCC

<table>
<tr><th rowspan="2">Department</th><th colspan="2">Term in the Central Committee</th></tr>
<tr><th>19th</th><th>20th</th></tr>
<tr><td>CAST</td><td colspan="2">He Junke 2023–
Huai Jinpeng 2017–2021</td></tr>
<tr><td>NPC</td><td></td><td>Zhang Qingwei 2023–</td></tr>
<tr><td>CPPCC</td><td></td><td>Wang Yong 2023–</td></tr>
</table>

(Source: Authors' research)

Table 5: Nineteenth and Twentieth CCP Central Committee Members' Positions in Local Governments

<table>
<tr><th rowspan="2">Location</th><th colspan="5">Term in the Central Committee</th></tr>
<tr><th colspan="2">19th</th><th colspan="3">20th</th></tr>
<tr><td>Liaoning</td><td colspan="5">Hao Peng 2022–
Zhang Guoqing 2020–2022
Chen Qiufa 2015–2020</td></tr>
<tr><td>Shaanxi</td><td colspan="5">Zhao Gang 2022–
Liu Guozhong 2018–2022</td></tr>
<tr><td>Heilongjiang</td><td colspan="5">Xu Qin 2021–
Zhang Qingwei 2017–2021</td></tr>
<tr><td>Jilin</td><td colspan="2">Liu Guozhong 2016–2018</td><td colspan="2"></td><td>Huang Qiang 2024–</td></tr>
<tr><td>Sichuan</td><td colspan="4">Huang Qiang 2020–2024</td><td></td></tr>
<tr><td>Xinjiang</td><td></td><td colspan="4">Ma Xingrui 2021–</td></tr>
<tr><td>Chongqing</td><td colspan="2"></td><td colspan="3">Yuan Jiajun 2022–</td></tr>
<tr><td>Hunan</td><td colspan="3">Zhang Qingwei 2021–2023
Xu Dazhe 2016–2021</td><td colspan="2"></td></tr>
<tr><td>Zhejiang</td><td colspan="2">Yuan Jiajun 2017–2022</td><td colspan="3"></td></tr>
<tr><td>Jiangsu</td><td colspan="2">Wu Zhenglong 2017–2022
Lou Qinjian 2017–2021</td><td colspan="3"></td></tr>
<tr><td>Hebei</td><td colspan="2">Xu Qin 2017–2021</td><td colspan="3"></td></tr>
<tr><td>Gansu</td><td colspan="2">Lin Duo 2016–2021</td><td colspan="3"></td></tr>
<tr><td>Guangdong</td><td colspan="2">Ma Xingrui 2016-2021</td><td colspan="3"></td></tr>
<tr><td>Tianjin</td><td colspan="2">Zhang Guoqing 2018-2020</td><td colspan="3"></td></tr>
</table>

(Source: Authors' research)

Authentic Military-industrial Faction Yet to Appear

Analysis of the interpersonal networks of military-industrial officials in the Central Committee after the 20th Party Congress indicates that many share educational or professional backgrounds. Looking at the group more closely, NPC Vice Chairman Zhang Qingwei could be a central node in this network. Due to his nearly three-decade career in the aerospace sector, most officials from the aerospace or aviation sectors have connections to him. For instance, Chongqing Party Secretary Yuan Jiajun, Xinjiang Party Secretary Ma Xingrui, Deputy Director of the Central Military-Civil Fusion Office Lei Fanpei, and Minister of Industry and Information Technology Jin Zhuanglong have all served as his deputies at various times. Another central figure may be Vice Premier Zhang Guoqing. Current State Councillor Wu Zhenglong and Shaanxi Governor Zhao Gang have previously worked alongside him (Economic Daily, December 31, 2017). Zhang and Wu worked together at the Chongqing Municipal Committee of the CCP between 2013 and 2014, while Zhang and Zhao worked together at China North Industries Group from 1993 to 1995, and again at China North Industries Corporation from 2011 to 2013 (Economic Daily, July 29, 2017; CPC News, October 24).

The military-industrial group has also formed a Chinese-style military-industrial complex within the 20th Central Committee. Currently, military-industrial officials occupy significant administrative and industrial roles, oversee major provinces that are home to crucial parts of the military-industrial sector, or participate in the operations of the top-level bodies (the NPC and the CPPCC). These officials have the capacity to promote the development of the military-industrial sector, through such methods as resource allocation (State Council Vice Premier), policy planning (Minister for Industry and Information Technology), regulation formulation (National People's Congress), policy execution (local government), and opinion transmission (CPPCC). Although the PRC operates under the one-party rule of the CCP, a large and complex bureaucracy means that the regime is far from unitary, and various interest groups still wield substantial power. As such, the ability to shape and wield regulations and public opinion is still important. This is particularly relevant for military-industrial officials, as they participate in the operations of the NPC and CPPCC as Central Committee members rather than merely as nominally retired individuals. This implies that they have a special status compared to other vice chairs.

Some obstacles currently preclude the assignation of a "faction" to this group, however. No military-industrial officials have been promoted to the Politburo Standing Committee (PBSC)—the very highest CCP body. They, therefore, do not meet the necessary criterion for a faction under the standard academic definition. This could change in 2027 following the 21st Party Congress. Apart from the relative cohesion of the group noted above, the logic of the CCP's norms surrounding the age of officials suggests that this is a distinct possibility. Three military-industrial officials in the current Politburo will still be under 67 years old in 2027, which theoretically qualifies them for promotion; and out of the 23 current Politburo members (excluding Xi Jinping), ten meet the conventional age eligibility criterion to become members of the PBSC in 2027, resulting in a competitive situation of ten officials vying for six positions. Notably, Chongqing Party Secretary Yuan Jiajun, Vice Premier Zhang Guoqing, and Liu Guozhong hold significant political positions and control substantial resources, making them well-positioned for such a promotion.

Conclusion

The personnel arrangements of the 20th Central Committee reveal that the development of the PRC's military-industrial group has become even more robust compared to the 19th Party Congress. This strengthens the military-industrial sector's advantage in the overall allocation of resources and policy focus and suggests that the country's military technology and equipment production capabilities may be further enhanced than ever before. Whether this group of officials will grow to wield more significant power will depend on a number of factors, but future personnel movements will be a key indicator, with the makeup of the 21st Central Committee in 2027 likely to reveal the group's relative power within the Party-state system.

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Notes

[1] The Seven Sons of National Defense are a group of seven universities with close ties to the People's Liberation Army. Students tend to focus on research that has military applications, and graduates often go on to work in the PRC's defense industry. The seven institutions are: Beijing University of Aeronautics and Astronautics (北京航空航天大学), Beijing Institute of Technology (北京理工大学), Nanjing University of Aeronautics and Astronautics (南京航空航天大学), Nanjing University of Science and Technology (南京理工大学), Northwestern Polytechnical University (西北工业大学), Harbin Institute of Technology (哈尔滨工业大学), and Harbin Engineering University (哈尔滨工程大学).

[2] This commission is alternatively translated as the "Central Commission for Integrated Military and Civilian Development" (see Xinhua, October 16, 2018).

Part II: Diplomacy with Chinese Characteristics: PRC Consulate Gray Zone 'Pop-up' Events in New York

by Sze-Fung Lee

People's Republic of China Consul General in New York Huang Ping delivers a speech at an event on March 12. (Source: [PRC Consulate General in New York](), March 12)

Executive Summary:

- "Pop-up" events by People's Republic of China (PRC) consular officials across the United States are accompanied by online propaganda campaigns on social media, as part of a gray zone approach to cognitive warfare.
- The events, which may contravene international and US law, are framed as "convenient" for Chinese diasporic communities, while the officials themselves are valorized as "caring" representatives of the motherland.
- PRC consulates, state media, and diasporic organizations use social media platforms like WeChat, Facebook, and YouTube in coordinated ways to amplify propaganda.

Editor's note: This article is the second in a two-part series. The first part detailed gray zone "pop-up" events hosted by the PRC's consulates general across the United States in community settings, and collaboration between the consulates general and organizations connected to the united front system. Part I can be read here.

The activities of consular officials from the People's Republic of China (PRC) in the United States and other countries appear to extend beyond the standard provision of consular services. This implies not only the breaking of diplomatic norms, but also the violation of international—as well as US domestic—law. The US government has announced that it is aware of PRC activities that are seeking to influence congressional races and candidates in the country's November elections (US Department of State, October 7). It has not stated whether it is aware of the penetration of Chinese Communist Party (CCP) officials directly into local communities via consular "pop-up" events. These events, held at non-designated diplomatic facilities, are often co-hosted with organizations connected to the CCP's united front system. Some of these organizations appear to have been involved in influencing previous election races (US China Press, July 31, 2023; *China Brief*, October 4).

Much of the activity surrounding these consular events occurs in the digital domain. Increased activity is found before and after pop-up events, usually coordinated across Chinese and Western social media platforms and between official accounts and those of state-affiliated media. Online content serves two purposes. One is informational, to broadcast general information about the events themselves for potential attendees and to document their execution. The other is to propagandize on behalf of the Party-state. Two narrative frames recur throughout the content posted about the pop-up events: The characterization of the consular officials—and, by extension, the CCP—as benevolent and willing to go above and beyond for its citizens, and of those citizens as grateful, in turn, to the "motherland" for taking care of their needs.

WeChat Posts Depict Consular Events as 'Caring' and 'Convenient'

Consular service activities organized by the PRC's consulates general in the United States often coincide with broader propaganda work, both on-site at the events and through social media campaigns from the consulates themselves. The PRC consulate general in New York, for instance, publishes regularly on its WeChat account both before and after the events that it runs. For instance, in March 2024, at the first consular service event of the year, Consul General Huang Ping (黄屏) delivered a speech highlighting the consulate's efforts in organizing the event series. He stated that the events exemplify Beijing's commitment to "serving the people" and that he and the New York consulate will always strive to enhance the "sense of accomplishment and happiness" of overseas Chinese people (WeChat/PRC Consulate General in New York, March 12). Rhetoric of this nature has long been used by PRC diplomats overseas. New York's previous consul general, Zhang Qiyue (章启月), also made a speech elaborating on the CCP's 19th National Congress in October 2017—stressing the consulate's commitment to people-centered diplomacy and to improving consular services for overseas Chinese people (WeChat/PRC Ministry of Foreign Affairs, November 10, 2017). Through direct engagement from consuls general, pop-up consular service events are intended to project a positive image of the PRC and convince Chinese Americans that they are closer to Beijing than Washington.

Chinese social media platforms such as WeChat and Weibo disseminate information that supports, and at times enhances, the rhetoric of the consuls general, using language that frames the PRC as providing "caring" services that seek to be "convenient" for their target audience. Such messaging aims to increase the sense of belonging among overseas Chinese and to instill in them a sense of patriotism, or even nationalism. Xi Jinping has repeatedly emphasized that united front work focuses on uniting all who can be united by strengthening common ideologies, with the goal of developing the "broadest patriotic united front to accomplish the China dream (最广泛的爱国统一战线为实现中国梦)" (*People's Daily*, May 20, 2015). **[1]** Through their outreach into local diasporic communities, the PRC consulates general conduct political work, promoting Xi Jinping's language about "national rejuvenation" to influence perceptions of the PRC and strengthening their presence within the Chinese diasporic communities in America.

Figure 1: Screenshot of the WeChat article published by the Chinese Consulate General in San Francisco, titled "Consulate General in San Francisco hosts 'Bringing Consular Services to the Community' Event in Seattle"


驻旧金山总领馆赴西雅图举办"领事服务进社区"活动

中国驻旧金山总领馆 2023年10月17日 21:32

10月14日至15日，驻旧金山总领馆派工作组赴西雅图举办"领事服务进社区"活动，受理中国护照、旅行证以及境外居住人员领取养老金资格审核申请，并进行领事证件政策宣介，现场为申请人答疑解惑。本次活动共接待申请人500多人次，现场气氛温馨，秩序井然。

总领馆工作人员在当地志愿者协助下，现场审核申请人递交的中国护照、旅行证申请材料，办理领取养老金资格审核表，指导申请人使用"中国领事"APP，并提供申办公证、认证及中国签证的指导和咨询服务。办证申请人中有95岁高龄的长者，也有出生仅1个月的婴儿。大家纷纷表示，总领馆派工作人员远道而来，利用周末期间为侨胞办证，方便了大家，也为使用APP不便的申请人提供了实实在在的帮助。整个办证过程非常舒适、便捷，大家真切感受到来自祖（籍）国的关心关爱，感谢总领馆提供良好的办证环境和热情周到服务。

(Source: PRC Consulate General in San Francisco, October 17, 2023)

An article published by the official WeChat account of the PRC consulate general in San Francisco used glowing terms to portray a trip to Seattle to host a "Bringing Consular Services into the Community (领事服务进社区)" event over a weekend in October, 2023 (WeChat/PRC Consulate General in San Francisco, October 17, 2023). **[2]** After detailing the consular services provided, the article valorized the consular officials and depicted the attending local Chinese community, who ranged from 95-year-old pensioners to one-month-old babies, as full of admiration for their work. It claimed the Chinese community was "grateful (感谢)" for the consulate's efforts to "send staff from afar and use their weekend to provide consular service (派工作人员远道而来，利用周末期间为侨胞办证)," while emphasizing how "convenient (便捷)" the consulate staff made the process and how "warm and considerate (热情周到)" they were. The article finished by describing how the residents sincerely felt the "love and care (关心关爱)" of their "motherland (country of citizenship) (祖(籍)国)."

Online Networks Coordinate to Amplify Propaganda

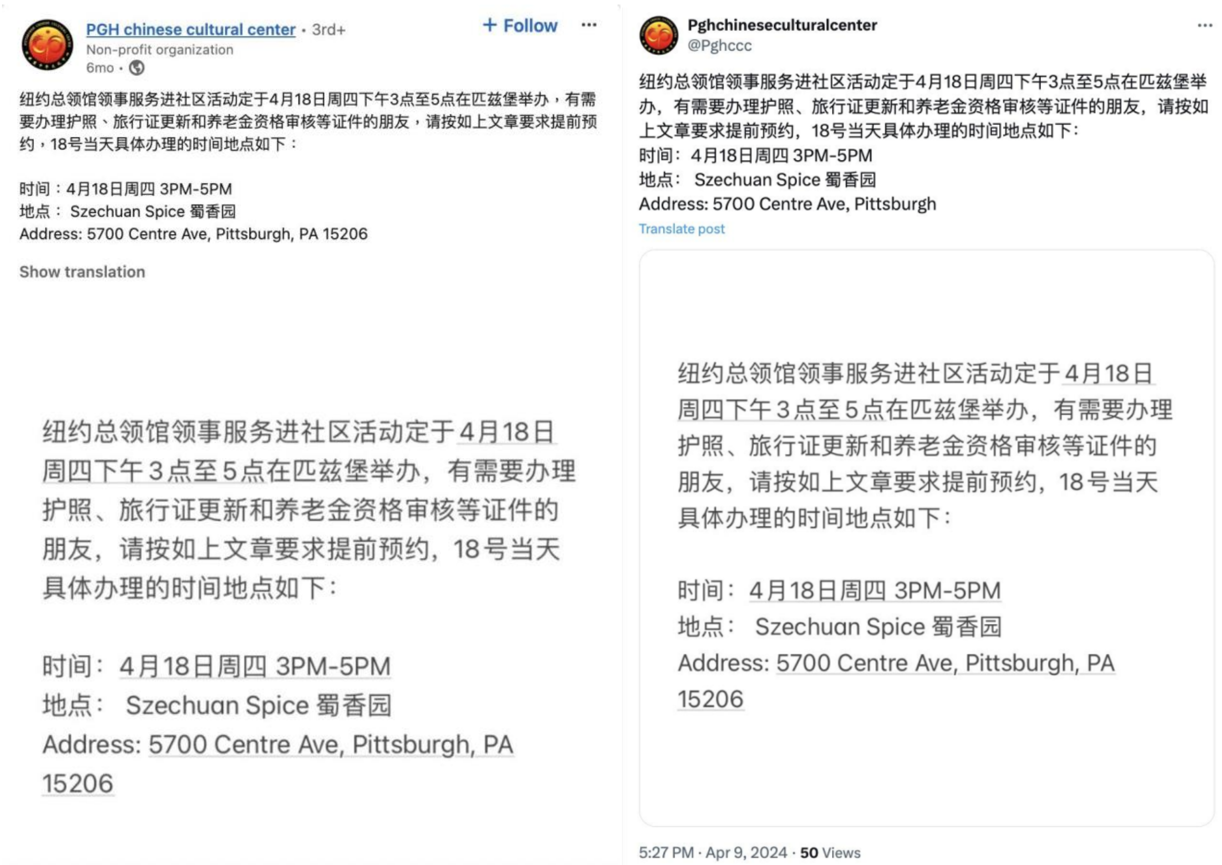
Articles such as those highlighted above are effectively propaganda pieces about consular pop-up events. Not only are they frequently posted by the PRC consulates' WeChat accounts, but they are also cross-posted to other social media platforms, including Western platforms such as Facebook and YouTube, which are popular among some diasporic communities. Entities involved in amplifying these influence operations range from Chinese state media's official accounts and gray media to organizations with alleged ties to PRC state entities.

The Pittsburgh Chinese Cultural Center, for instance, shared the details of an upcoming consular service event on Facebook, X (formerly Twitter), and LinkedIn on April 9, 2024 (Facebook.com/pghccc, X.com/Pghccc; linkedin.com/pgh-chinese-cultural-center, April 9). The close time intervals between this post and the official launch post by the consulate general suggest potential coordination between the two organizations (PRC Consulate General in New York, April 9). This possibility is made more likely by the fact that the chairman of the Pittsburgh Chinese Cultural Center, Dave Jiao (焦德泉), appears to have a close relationship with the New York consulate. During the COVID-19 pandemic, Mr. Jiao's contact details were shared by the consulate for "assisting overseas Chinese students" (Pittsburgh Chinese Cultural Center, accessed September 14; WeChat/PRC Consulate General in New York, April 1, 2020).

Coordination of this kind is made even more likely when considering the broader pattern of cross-posting—a common tactic in online influence operations that seeks maximum exposure of specific content to a target audience. In these cases, content published by the consulates' official channels is cross-posted to other platforms, including Western ones such as Facebook and YouTube. Cross-posted content is not confined to the consulates' official accounts: it also occurs via other entities. One such example is the social media presence of China DragonTV (东方卫视), an entity under the direct control of the state-owned Shanghai Media Group (上海广播电视台) (SMG, accessed July 19).

On December 12, 2023, China DragonTV published a video titled "The Chinese Consulate General in New York's 'Bringing Consular Services to the Community' event has provided services to over 2,000 overseas Chinese this year, and the expatriates have praised it warmly!" on both its Douyin account and its YouTube channel (Douyin/China DragonTV; YouTube/China DragonTV, December 12, 2023). The video highlights an event held the previous week in Ohio and includes an interview with New York Consul General Huang Ping claiming that this form of people-centered diplomacy is very welcome, making the Chinese community "truly feel" that "the motherland is right behind them and the consulate general is right beside them (祖国在你身后，总领馆在你身边)." Soundbites from visitors featured in the clip praise the convenience of the consular service, making them feel like “every Chinese person is being treated as a family member (把每个人 (侨胞) 都当成自己家人).” These edited interviews are presented as vox pops that are representative of the diasporic community more broadly, helping to advance the narrative that overseas Chinese people are grateful to their benevolent motherland.

Figure 2: LinkedIn (left) and Facebook (right) Posts by the Pittsburgh Chinese Cultural Center



(Sources: Facebook.com/pghccc; linkedin.com/pgh-chinese-cultural-center, April 9)

PRC state media outlets also move beyond simple cross-posting to provide supplemental coverage of the consular events, representing an additional avenue for advancing PRC narratives in the United States. US China Press (侨报网) is one such outlet. Founded by personnel from PRC state media China News Service and the Overseas Chinese Office of the State Council in the early 1990s, it was originally conceived as an effort to crack down on negative public opinion on Beijing after the Tiananmen Square massacre. **[3]** It is currently managed by The China Press/Qiaobao (侨报), a news outlet controlled by the United Front Word Department through PRC state media China News Service. **[4]** This affiliation is omitted on its social media profiles, however. On TikTok, for instance, the US China Press describes itself as founded by 11 Chinese Americans who immigrated from Mainland China, Taiwan, and Hong Kong (US China Press, accessed September 19). The outlet has written extensively on the pop-up events, publishing 26 articles between

January 2019 and July 2024 highlighting these gray zone activities. The articles actively promote the consular services by emphasizing the "friendly interaction (亲切交流)" between consular officers and participants, the "warm atmosphere (温暖的气氛)" of the events, and the positive feedback received from the Chinese diasporic communities (US China Press; March 27, July 15). This messaging echoes the descriptions seen in the consulates' official characterizations of the pop-up events, further suggesting a degree of coordination.

In addition, the consulates' apparent ability to coordinate between purportedly independent organizations and media outlets to amplify specific information and propaganda narratives is an alarming sign of the PRC's growing efforts to interfere in—and gain more control over—Chinese diasporic communities through their digital information environment.

Figure 3: Screenshot of a video published by China Dragon TV on its YouTube Channel (left) and Douyin account (right)

(Source: YouTube/China Dragon TV; Douyin/China Dragon TV; December 12, 2023)

Politicization of 'Pop-ups' as Peacetime Cognitive Domain Operations

Posts on social media platforms about the events generally have low viewership and engagement rates, though this does not necessarily equate to impact. While these operations appear to primarily target overseas Chinese people and hence may have limited reach among non-Chinese language speakers, their implications on threatening national security and liberal democracy are far more profound beneath the surface.

Constant messaging of this kind represents one tactic among a broader ideological campaign that intrudes not only on foreign territories but also on diasporic communities' cognitive sovereignty. Consistently framing the PRC as a benevolent state that is looking out for its compatriots overseas is a tactic within the PRC's approach to peacetime cognitive warfare (*China Brief*, September 6, 2019). While nominally used to provide consular services to local communities in the United States, the PRC intentionally politicizes these bureaucratic processes through calculated moves to shape diasporic perceptions. This approach operates in the gray zone, allowing nominally bureaucratic activities to serve as a medium for influence operations that reinforce the CCP's preferred narrative about the PRC. Part of the goal of this ideological push is to inculcate a sense of loyalty to the nation, with the implicit assumption that the state's benevolence will one day need to be repaid through political mobilization.

As such, consular pop-up events should be viewed as part of the PRC's wider use of hybrid tactics that erode the legal norms and institutions established by its adversaries. The regular operationalization of the initiative, in fact, represents an intensification of the PRC's preexisting extraterritorial law enforcement efforts. Without effective countermeasures, this is likely to continue and expand.

Conclusion

The PRC's "Bringing Consular Service into Community" pop-up events are likely a worldwide operation. Similar events appear to have been conducted by local PRC consulates under the same initiative in Canada, the United Kingdom, Hungary, Tanzania, Jamaica, and elsewhere. None of these seem to be on the same scale as in the United States, however. While consulates' gray zone activities in different countries may differ, they all carry similar implications.

These gray zone operations set a precedent for the PRC's growing, pervasive efforts to extend its outreach and exert control over its diaspora in external jurisdictions. Reinforced by Beijing's influence operations on social media, the pop-ups serve as a basis for broader ideological campaigns. The aim, as articulated by Xi Jinping, is not only to influence public perceptions of the PRC but also to generate a "patriotic united front" for his dream of "national rejuvenation."

Through these pop-up events, PRC diplomats are leveraging an asymmetric advantage, exploiting open societies and vulnerabilities inherent in liberal democratic systems. Such tactics lie at the heart of the PRC's hybrid warfare strategy. Beijing's gray zone operations challenge existing international norms and rules-based order, yet under the threshold of a major diplomatic scandal. These "pop-up" events, therefore, constitute a far more problematic issue than their nominal function of providing innocuous "consular services."

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Notes

[1] On the "China dream," see *China Brief*, March 28, 2013; April 25, 2013.

[2] In addition to the PRC consulate in New York, the PRC consulates general in San Francisco, Chicago, and Houston all appear to organize similar events under the same "Bringing Consular Services into the Community" initiative. The time frame for these events ranges from 2017 to 2024.

[3] Diamond, Larry and Schell, Orville. (2019). "China's Influence & American Interests: Promoting Constructive Vigilance." The Hoover Institution Press. Available at: https://www.hoover.org/research/chinas-influence-american-interests-promoting-constructive-vigilance

[4] Joske, Alex. (2020). "The party speaks for you: Foreign interference and the Chinese Communist Party's united front system." Australian Strategic Policy Institute. Available at: https://www.aspi.org.au/report/party-speaks-you.