

prescriptive note by suggesting a number of steps that might infuse more vigour into this project, thereby acknowledging that so far its impact has been minimal.

China's anxiety and its quest for security, as discussed by Richard Weixing Hu, is equally interesting. It alerts us to the prevailing unease among Chinese élites who recognize that comprehensive national power is no guarantee for comprehensive security. Beijing feels that it lacks the capacity to influence major powers and perceives that it has "very limited leverage over Washington" (p. 320). One of the main reasons for this perceived lack of influence and insecurity is the imbalance between "hard" and "soft" power, according to the author. The inevitable conclusion is: "China may have acquired more hard power to defend its national interest but it still lacks adequate soft power to manage favourable security relations..." (p.322), and unless it is blessed with both types of power its quest for security may remain elusive.

On the whole, this book ranges over many pertinent issues that are interesting in themselves but does not convince the reader that a significantly new global order, a product of the Asian genius, is about to emerge. Therefore, the brave conclusion that the "twenty-first century will be an era of peace and equity – and that the increasing global consciousness of this duality is, to put it mildly, related to the rising Asian participation in the life of the global village" (p. 371), seems somewhat overdrawn.

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***Soldiers of Fortune: The Rise and Fall of the Chinese Military-Business Complex, 1978–1998.* By James Mulvenon. Armonk, NY: M.S. Sharpe, 2001. 283pp.**

Few people know the Chinese military as well as James Mulvenon, and one immediately senses that one is in the hands of an experienced guide when one opens this book. And what a story it is! Mulvenon is interested in the evolution of the People's Liberation Army (PLA) from a guerrilla force in the Maoist revolution to the wheeling, dealing business-savvy PLA of the 1980s, to the more professional military that appears to be taking shape in recent years. In particular, Mulvenon is interested in how the PLA is financed and what decisions about

financial support for the military mean for the military and military–society relations.

Mulvenon starts from the beginning, both in terms of Chinese military traditions and comparatively, by giving a readable, broad-brush stroke treatment of the different ways militaries have financed themselves historically. Needless to say, the Chinese military is not the only one that has drawn resources for itself directly from the society it was allegedly protecting. Certainly, China's tradition of "military habituation" (*tuntian*), in which imperial armies obtained most of their food needs by farming the areas in which they were encamped, was of immediate relevance for Mao Zedong's guerrilla armies as they were trying to survive first in the mountainous areas of Jiangxi province, and then in the poor soil of northwest China around Yanan. Mao advocated a model of self-reliance, and General Wang Zhen's famous Nanniwan Brigade farmed, built simple industrial products, and cultivated opium. There has always been tension between the economic activities of the army and their military activities, as well as between corruption and their assigned mission as models of selfless, and self-sufficient, soldiers.

When Deng Xiaoping launched his reforms in the late 1970s, he faced a problem: the military portion of the budget (some 17 per cent) left too little for economic development purposes. In addition, as Deng pungently noted, the military was bloated and wasteful. Thus, Deng was determined to reduce the military budget and place the modernization of the military last among his four modernizations. Deng called on the military to be responsible for more of its own needs, and in 1983 he allowed the military to engage in a wide range of productive activities. This strategy led to surprising gains in the size and profitability of PLA enterprises. Mulvenon reports that between 1985 and 1990, profits grew 700 per cent. In the 1980s, in trying to reform its price system, China allowed for a "two-track" system: one price for goods in the plan and another for out-of-plan goods. That system allowed for considerable arbitrage as bureaucrats found that they could sell goods purchased at in-plan prices for higher out-of-plan prices. Thus, the military jumped into this loophole with considerable vigour. The most famous case of the time occurred in 1985 when the military was deeply involved in the smuggling of goods, such as automobiles, TVs, and VCRs from Hainan island to the mainland. Such corruption sapped the morale of the military and led the government to begin controlling the scope and adverse effects of business and corruption. Despite these efforts, military enterprises and profits expanded dramatically in 1986 (p. 64).

In the wake of the Tiananmen incident, after a period in which the

PLA was concerned with disciplinary problems, the military turned once again to the task of rectifying the military-business complex. By the end of 1990, according to Mulvenon, the number of military-owned companies had been cut by 88 per cent (p. 71). This slowdown in the PLA's business activities, however, was reversed when the military supported Deng Xiaoping's "Southern Tour" in 1992. In early 1993, the military was reporting that business earnings could cover one-fifth of budgetary shortfalls (p. 73). As business activity increased, so did corruption, and again the military leadership stepped in to try to stop it. The PLA tried to curb military businesses and corruption by centralizing enterprises in large-scale conglomerates and reducing the number of PLA companies (pp. 75–76).

Mulvenon argues that corruption could not be isolated from military professionalism and thus deprived the military of many of the benefits of modernization. By 1998, China's leadership agreed. In July of that year, Jiang Zemin ordered the military to divest itself of its business enterprises. This was a decision that had actually been made a year earlier but was originally not supposed to take effect until 2000, so Jiang's speech was an acceleration of the original timetable (p. 177). There have been many rumours about civil–military conflict during this period, but Mulvenon is convinced that the military leadership, tired of corruption and its negative impact, largely supported the decision (p. 178).

How successful has this divestiture been? Good, but not perfect. Mulvenon reports that "2,937 firms of PLA and People's Armed Police were transferred to local governments and 3,928 enterprises were closed, with one-third at the central level and two-thirds at the local level" by the end of 1998 (p. 185). The greatest difficulty was witnessed in the telecommunications industry in which the military had a strong interest in maintaining companies that were involved in the global information revolution. In one case in Guangdong province, the military apparently engaged in a ruse in which a company was turned over to provincial authorities in name only, allowing the military there to continue to engage in commercial activities. Despite that and other problems, however, the process has been largely successful. The PLA is not "out of business" — it retains numerous small-scale enterprises and farms that will continue bolstering the incomes and living standards of personnel and their families at the local level. However, profit and international trade will no longer be key features of the military system in China (p. 194).

Although the process of divestiture has to be counted a success, it was not without friction. As company books came under scrutiny, corruption investigations were pursued aggressively and many high-

level PLA officers fled abroad (p. 193). This has exacerbated civil-military relations, at least in the short run, but over the long haul it appears that China is building a better, more professional military. Although Mulvenon does not take up the subject of arms proliferation, one might conclude from his study that either such activity will be curbed or it will be more policy-oriented, and not just a matter of PLA companies free-lancing. This should bring greater clarity to at least one area of China's military activities. In general, the greater professionalization of the PLA that Mulvenon depicts in his story of divestiture should be good news as it means that over the long run China's military will be a more capable one.

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