The "Value" of Propaganda:

Understanding China's Policies in a New Light

Weifeng Zhong, Ph.D.

Senior Research Fellow

Mercatus Center at George Mason University

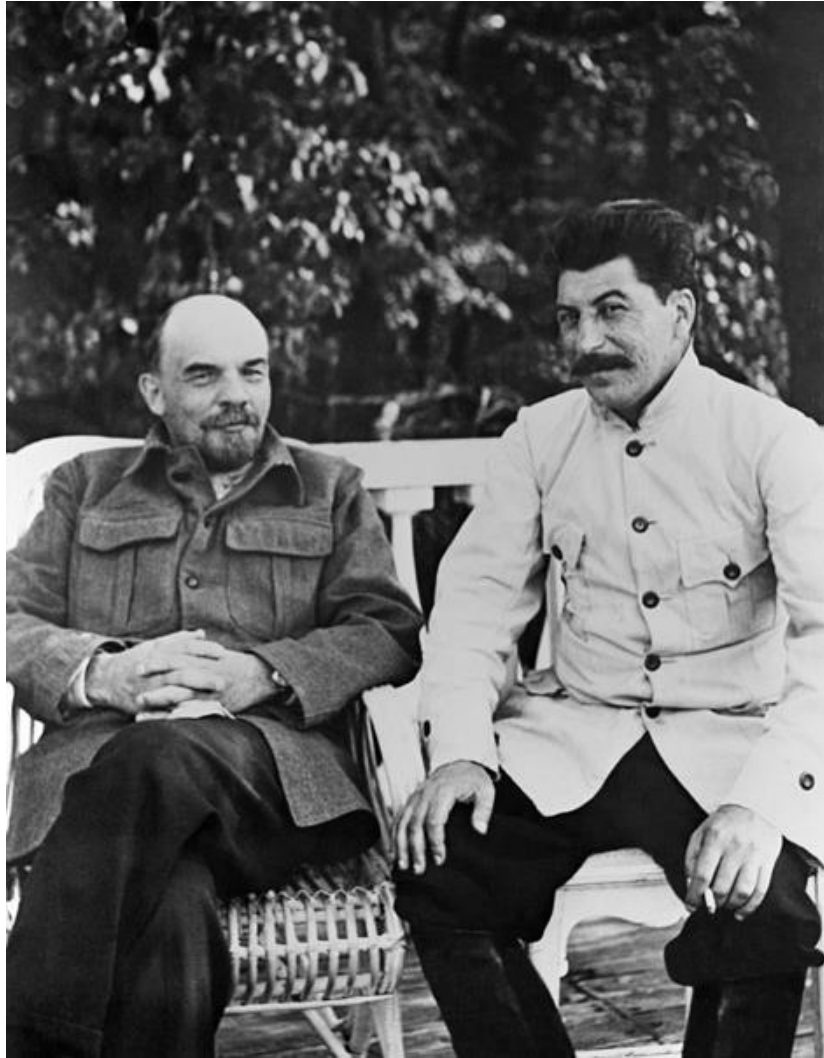December 4, 2019

The raw materials

The *People's Daily*

- official newspaper;

- 1946 to present;

- 2 million articles.

A profound and profoundly simple idea…

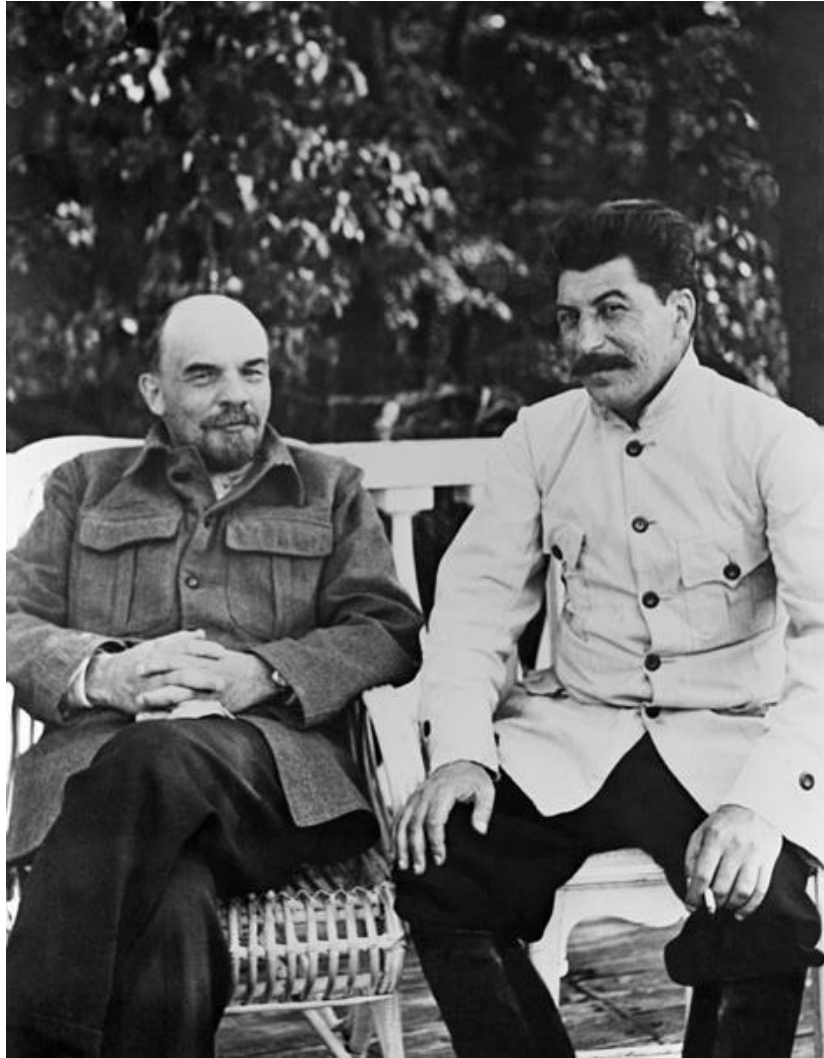Propaganda is effective, and it often precedes policies.

A profound and profoundly simple idea…

…brought to you by these guys:

A profound and profoundly simple idea...
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It's a fundamental necessity "*to transform the press... into a serious organ for the economic education of the mass of the population.*"

— Vladimir Lenin

The purpose is to "*convince the masses... that [our] policy is sound, thus... inducing the broad masses of the workers to follow [our] lead.*"
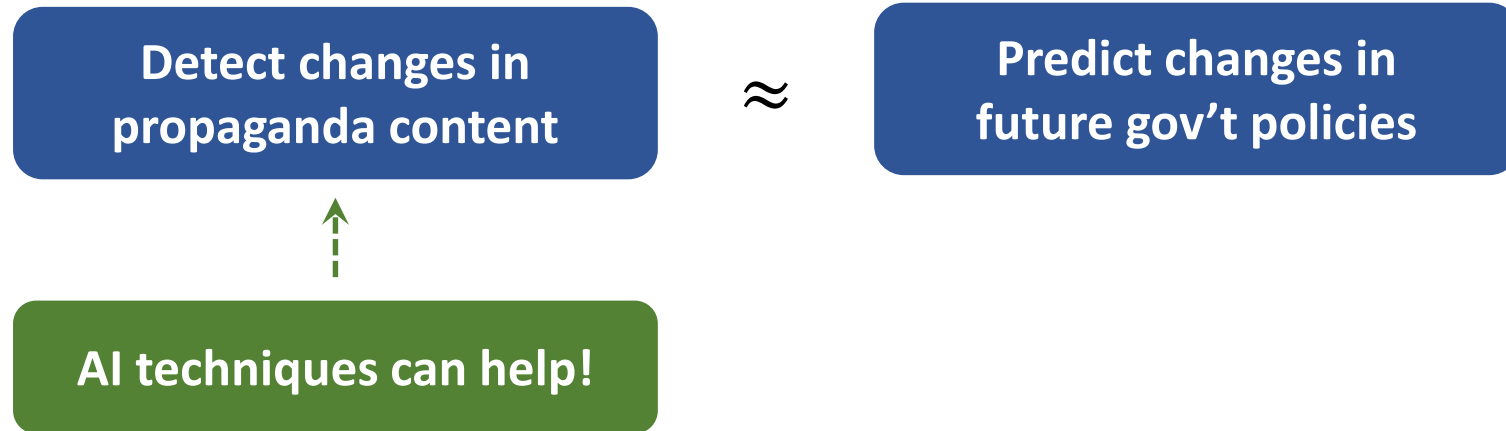
— Josef Stalin

The "value" of propaganda

Detect changes in propaganda content ≈ Predict changes in future gov't policies

The "value" of propaganda

Detect changes in propaganda content ≈ **Predict changes in future gov't policies**

AI techniques can help!

The product

Policy Change Index (PCI): a series of machine learning algorithms that predict policy changes by "reading" propaganda messages.

PCI algorithms

Two PCI algorithms in the lineup:

1. PCI-China: predict China's policy moves (with trade-war implications);

2. PCI-Crackdown: predict China's response to the Hong Kong protests.
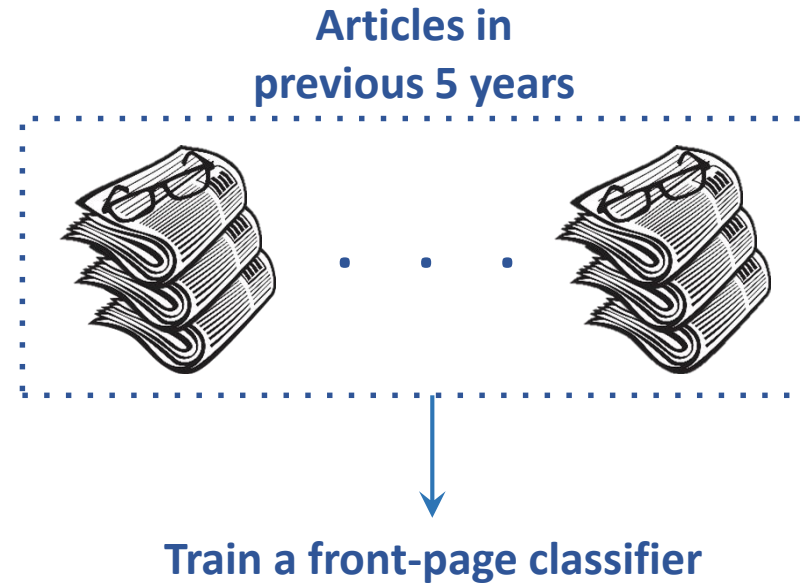
- And more to come!
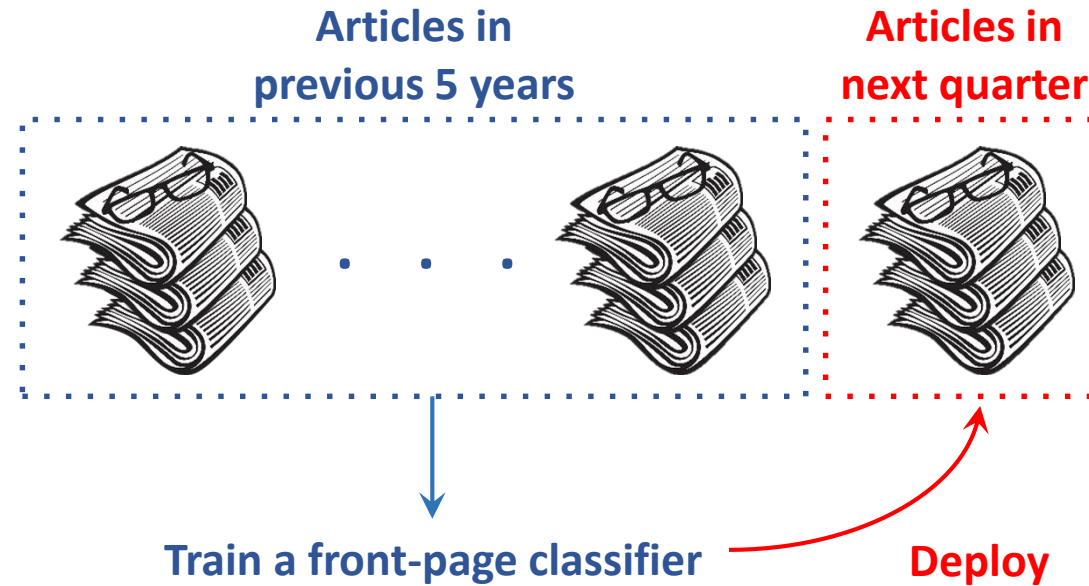
* Joint with Julian Chan (Bates White).

1. PCI-China

PCI-China: the question
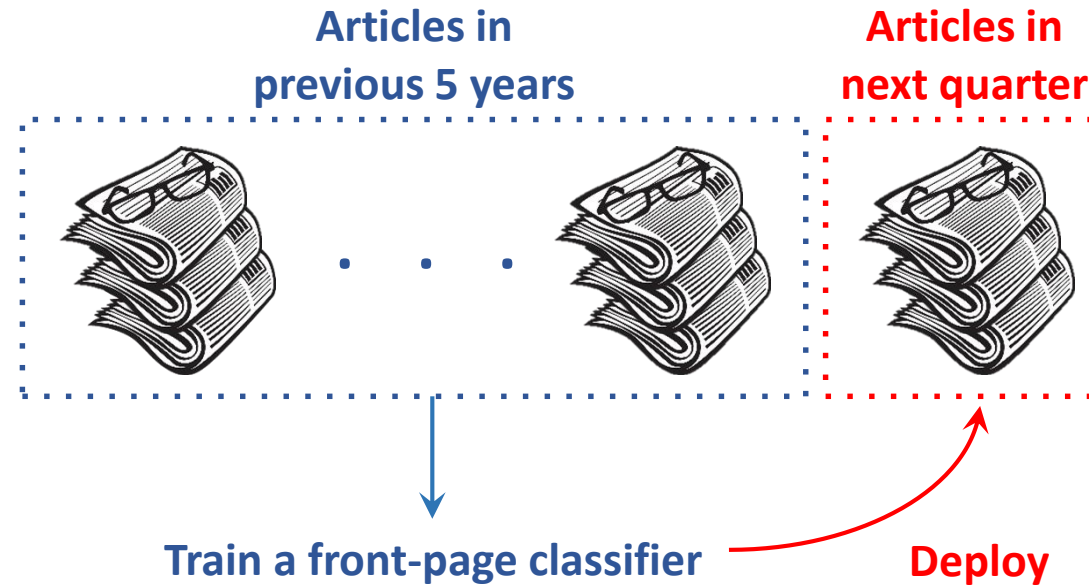
Will China change its policy priorities, and in what way?
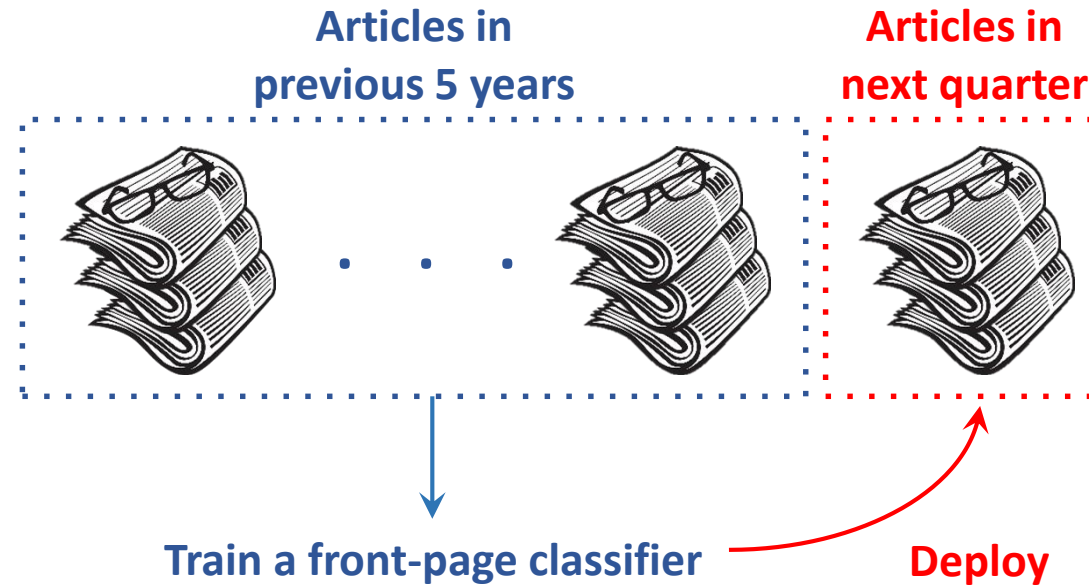
PCI-China: algorithm

**Articles in
previous 5 years**

Train a front-page classifier

PCI-China: algorithm

**Articles in
previous 5 years**

**Articles in
next quarter**

. . .

Train a front-page classifier

Deploy

PCI-China: algorithm

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PCI-China: the difference in performance

PCI-China: algorithm

Articles in previous 5 years

Articles in next quarter

Train a front-page classifier — **Deploy**
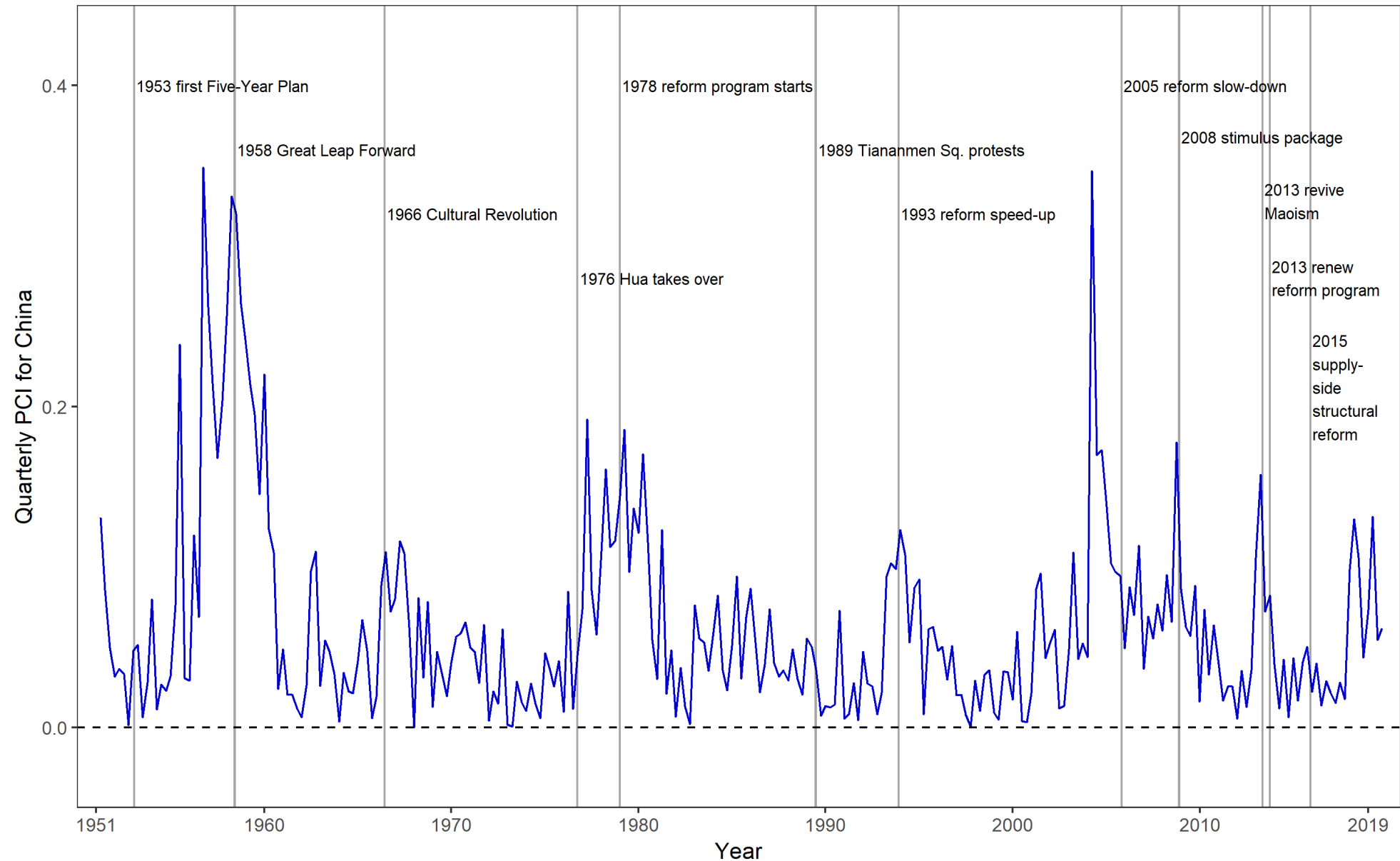
PCI-China: **the difference in performance**

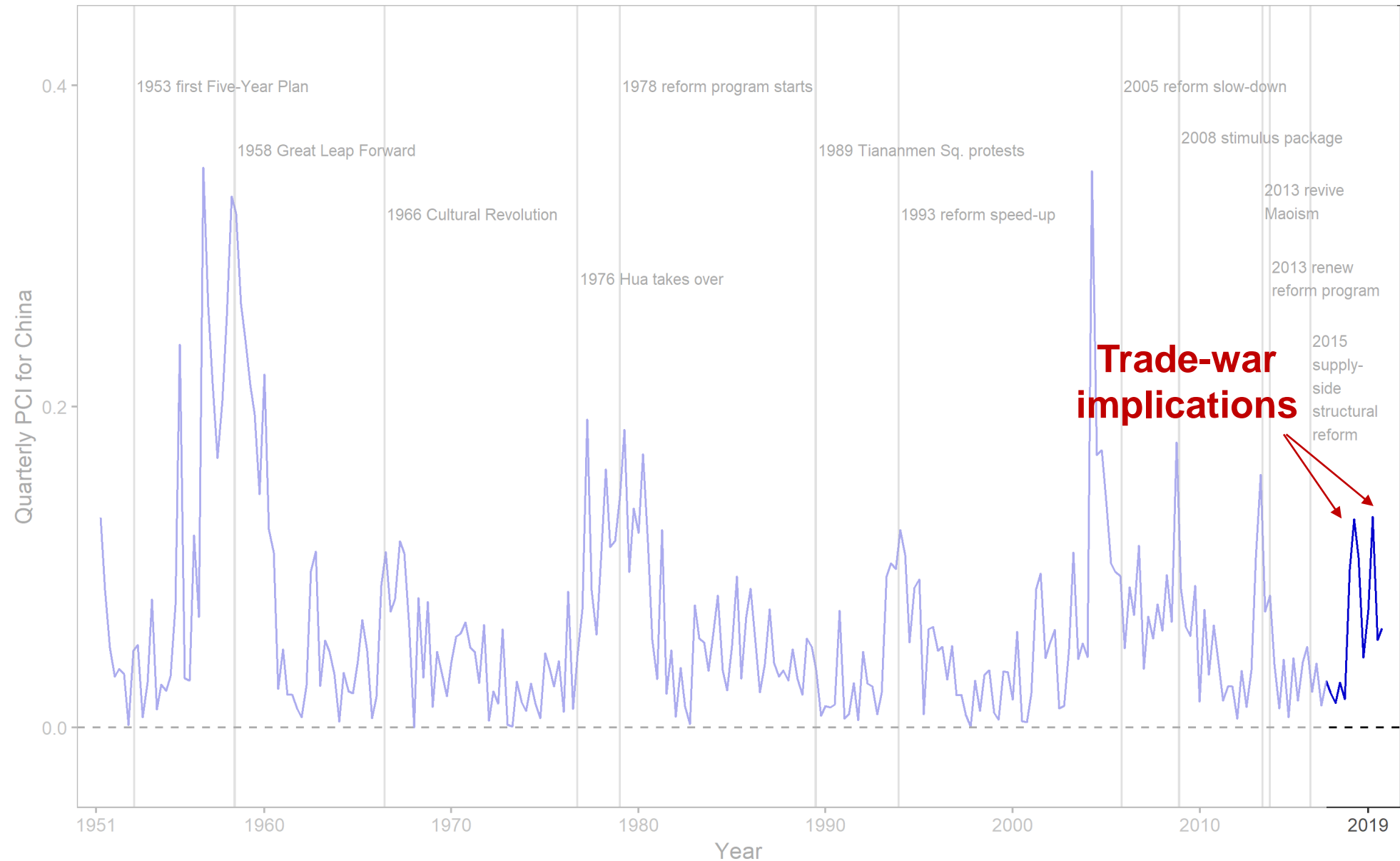**Large PCI-China** ⇒ **Change in editorial emphasis**

PCI-China: result
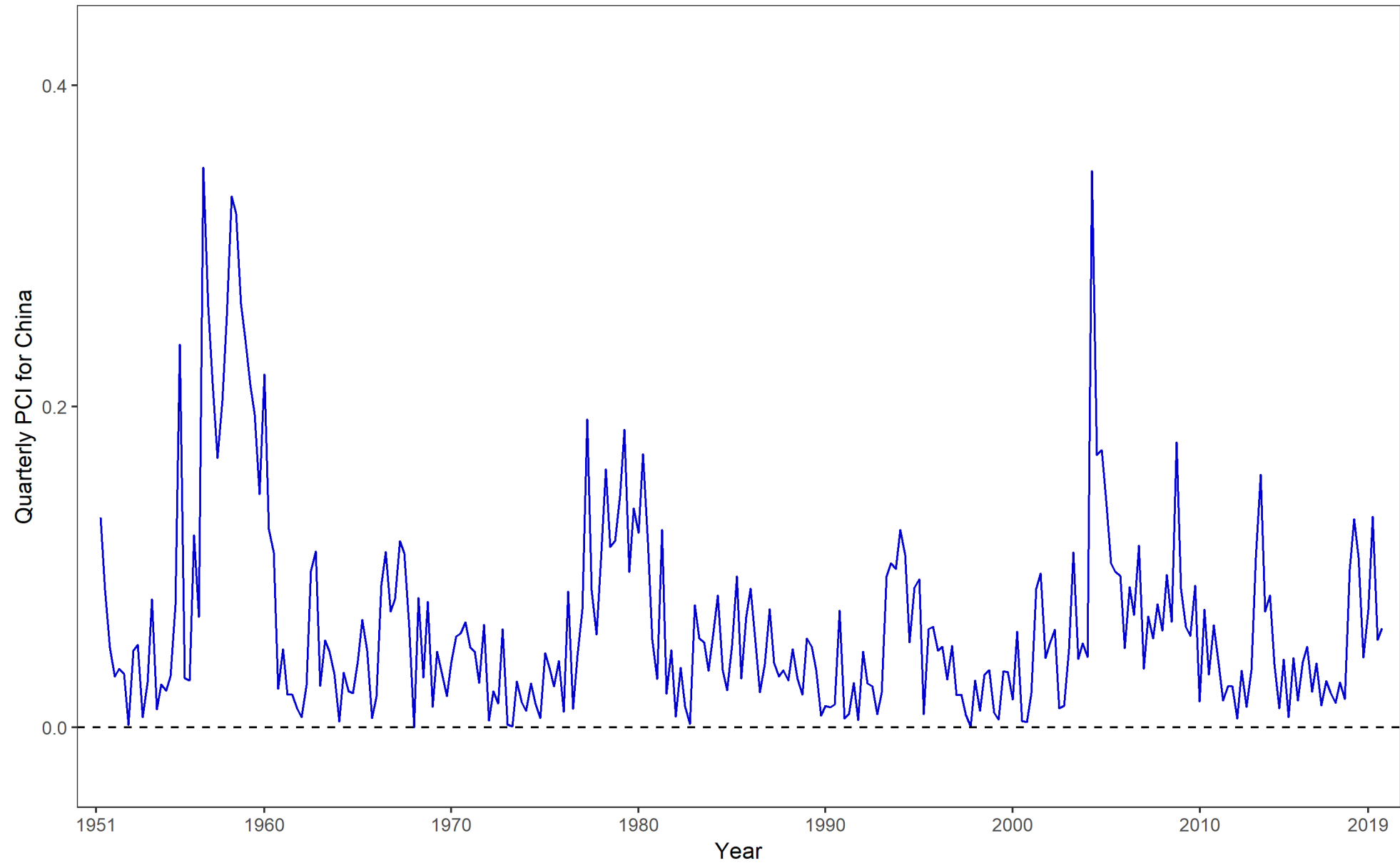
PCI-China: result v ground truth

PCI-China: what does the future hold?

Trade-war implications

Two upticks in 2018 Q1 and 2019 Q1:

- Internally: strengthening party authority;

- Externally: nationalism and global leadership.

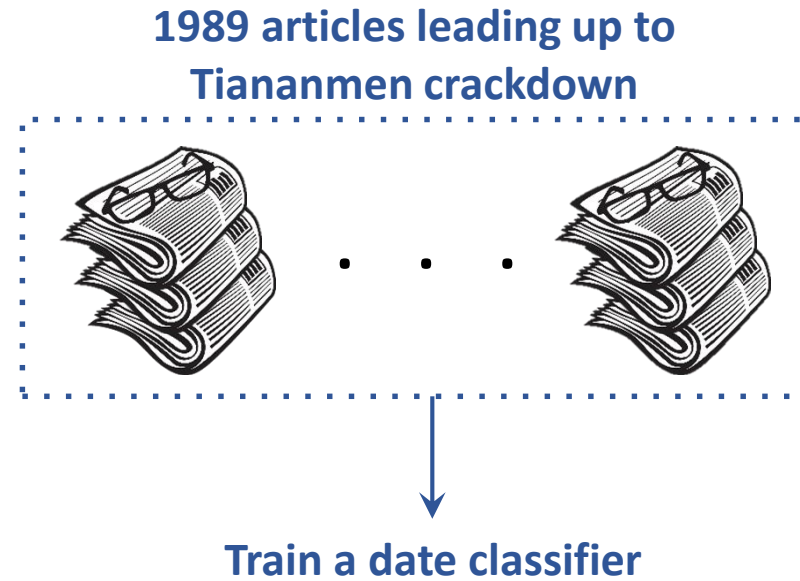Market expectations in April: trade deal imminent.

Our consistent prediction since January: curb your enthusiasm…
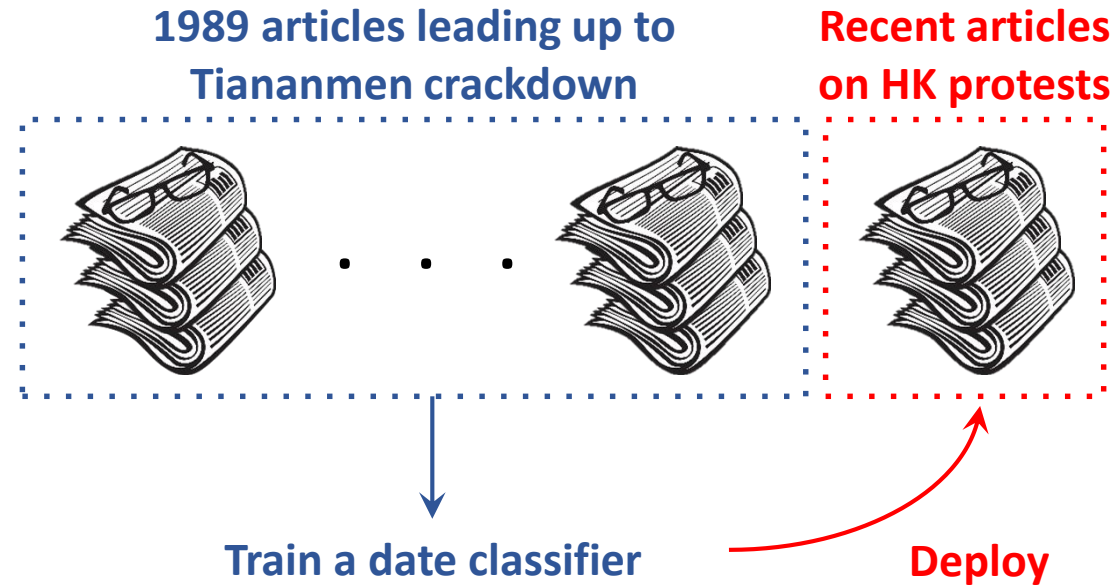
2. PCI-Crackdown

PCI-Crackdown: the question

Will the Hong Kong protests be met with a Tiananmen-like

crackdown by the Chinese government?

PCI-Crackdown: algorithm

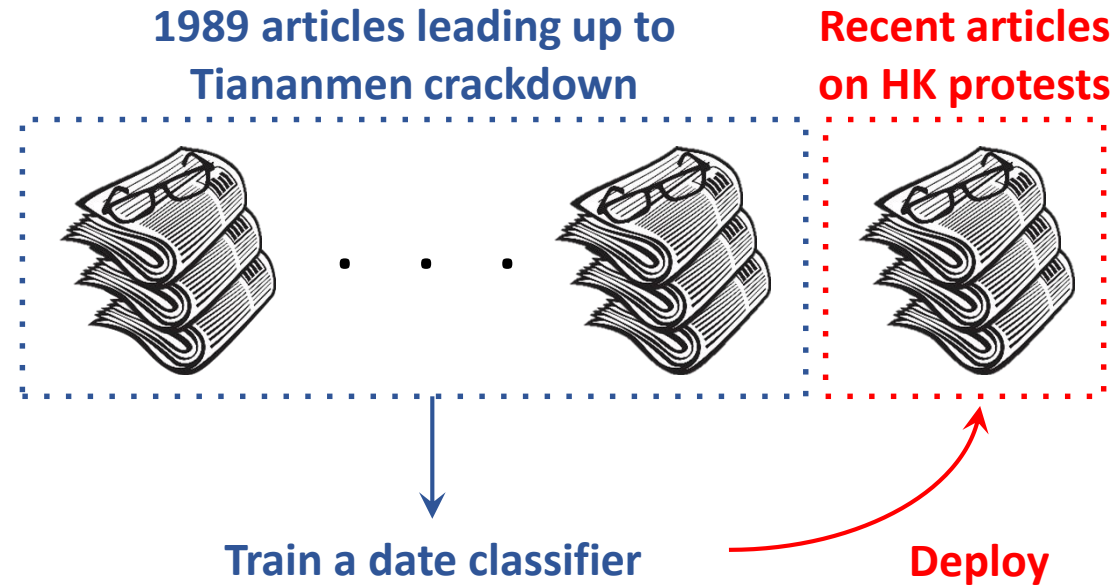**1989 articles leading up to
Tiananmen crackdown**

Train a date classifier

PCI-Crackdown: algorithm

1989 articles leading up to Tiananmen crackdown

Recent articles on HK protests

. . .

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Deploy

PCI-Crackdown: algorithm

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PCI-Crackdown: mapping each current date to an "as-if" date

PCI-Crackdown: algorithm

1989 articles leading up to Tiananmen crackdown

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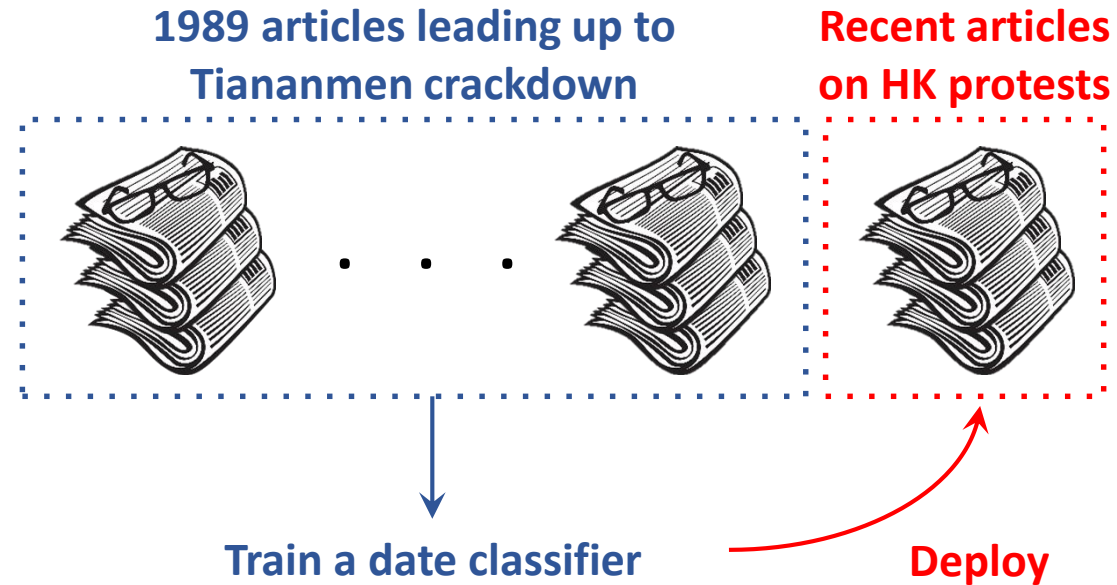
PCI-Crackdown: mapping each current date to an "as-if" date

PCI-Crackdown closer to June 4 ⇒ Crackdown more likely

PCI-Crackdown: 2019 Hong Kong protests
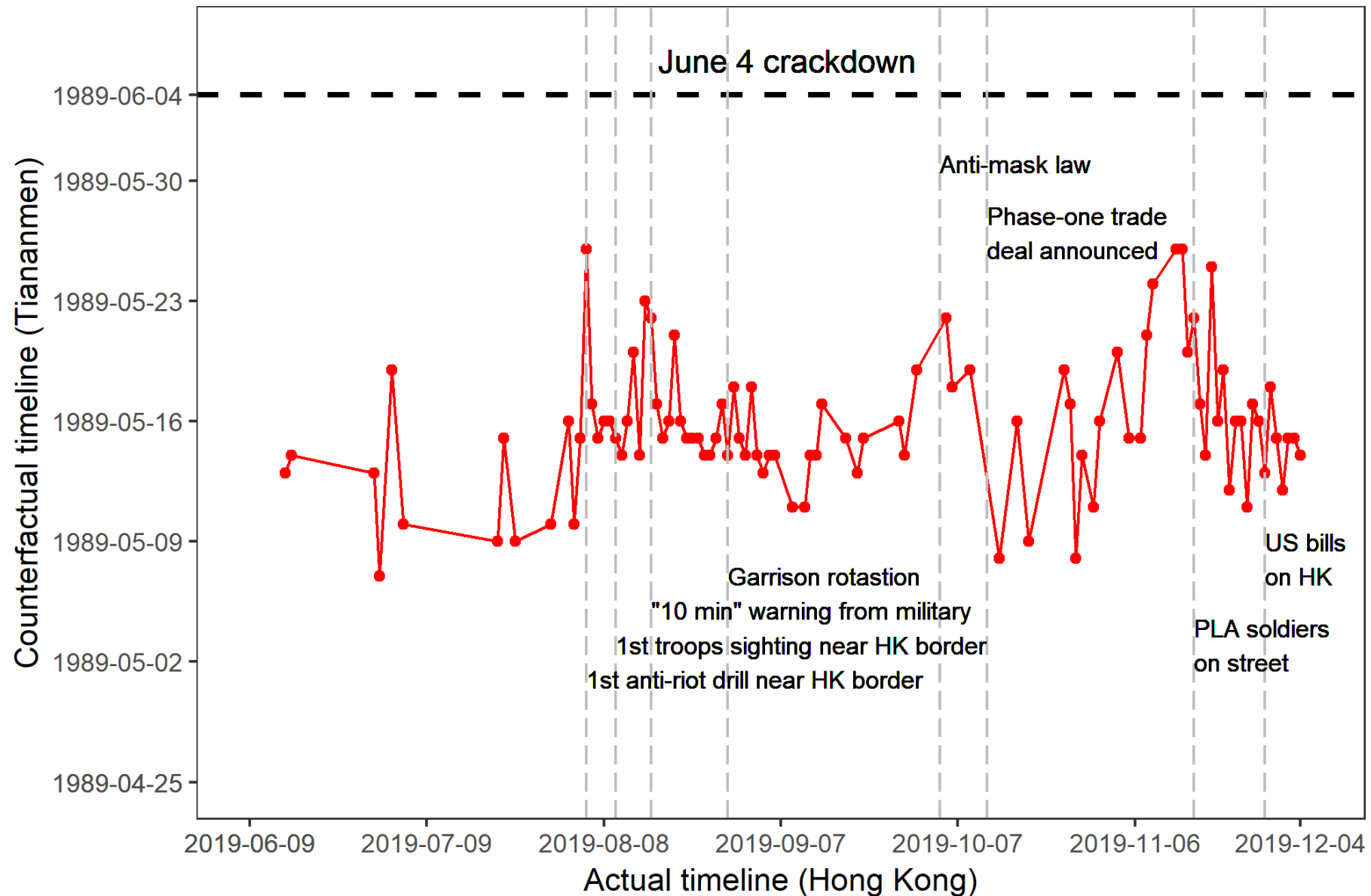
Future PCI algorithms

Stay tuned for more in the PCI pipeline:

- PCIs for other countries: North Korea, Russia, Iran, Cuba,...

- PCI sub-indices by issue: trade policy, fiscal policy, foreign policy...

- And more to come!

How can these be useful to you?

Taking the first step

The first step toward policymaking is to understand the problem.

We have cracked a window to an otherwise close system.

You should start peeking inside.

Or, if you have two million other documents...

Takeaway

Propaganda is effective, and it often precedes policies.

To get involved

One-stop website: **policychangeindex.org**

Monthly Newsletter: **mercatus.org/PCInewsletter**

Source codes: **github.com/PSLmodels/PCI-China**

github.com/PSLmodels/PCI-Crackdown