

A failed semantic experiment

Deng Xiaoping's comments on SEZs seem to be aimed at protecting his back

By David Bonavia in Hongkong

Sometimes it seems as though China's elder statesman, Deng Xiaoping, suffers from the same misfortune as US President Ronald Reagan: the world public hangs on his smallest pronouncements and often exaggerates or misinterprets them.

Government and business circles from Singapore to Seattle pricked up their ears recently when Deng told two distinguished visitors in a row that the current economic reforms were "an experiment" and could "fail." Previously Deng had shown boundless confidence in the economic reforms and the throwing open of some Chinese cities to foreign trade and investment, whether as Special Economic Zones (SEZs), or simply in their own right.

In the past few months many businessmen investing or thinking of investing in China have been expressing disappointment at the slow return on capital and the difficulties of dealing with a socialist bureaucracy. The open-door policy has also drawn criticism from hard-liners in China who say it has brought with it pornography, graft, bourgeois tastes and other undesirable phenomena.

The reforms have been turned into a means of pruning the armed forces by an estimated quarter of their present strength, and turning over many military production facilities to civilian use. Thus Deng's confrontation with unnamed top army commanders seems to be intensifying rather than abating.

Deng's bold — some think rash — economic policies are an obvious platform for conservative elements in the Communist Party and disgruntled army commanders to attack the elder statesman. Thus Deng's public pronouncements may reflect pressures on him from within the party and army.

What Deng actually said was that he hoped the Shenzhen SEZ, just north of Hongkong, would succeed. "But if it fails, we can draw lessons from it." (These were his words as officially reported by Xinhua News Agency, during a meeting with an Algerian delegation headed by Mohamed Cherif Messadia, a prominent political leader in the North African country, on 29 June.)

On 3 July, Xinhua reported Deng as telling visiting Turkish Prime Minister Turgut Ozal that the economic reform was "a bold experiment." Deng said he was convinced that the experiment

would be successful, "as it benefited the nation and the people." The reform in rural areas had already shown good results, and the success of the continuing reform in urban areas could be measured in three to five years, he said.

These statements hardly merit the fuss they raised in Hongkong and elsewhere, but they certainly enable Deng to pre-empt domestic criticism that SEZs and the economic reform as a whole are liable to fail. On 4 July the English-language *China Daily* printed a front-page article on the new Canton Economic and Technology Development Zone, in the course of which it made favourable mention of Shenzhen.

The *China Daily* is recognised as Deng's special organ for statements intended for foreign consumption regarding his political group's policies. Deng is famous for his skill at using forms of words which promote his own policies while mollifying his sterner critics.

However, there is no getting away from the fact that the reform of Chinese industry has not yet been nearly as successful as the agricultural reforms, which have boosted farm output significantly and turned China from a grain-and-cotton deficit country to a net exporter of those commodities.

The *Peking Economic Daily* recently published the results of a survey it had conducted, to the effect that "one-sided or sensational publicity about the achievements of the economic reform arouses adverse effects." It added: "Too much publicity about increased incomes — one achievement of the reform — through various media, has done nothing but stimulate the already high hopes of people for more pay, regardless of production."

The press had given too much publicity to individual rural villages where every household had a colour TV, or a washing machine, or a refrigerator — by no means typical of the Chinese countryside. "Giving too much publicity to farmers who have become prosperous, without explaining clearly the differences between people in the countryside and in the city, has unnecessarily aroused the desire of urban people to 'catch up with the Joneses' [sic]."

It had not been explained to people that the reforms included adjustment of prices, rationalisation of enterprise management, raising economic efficiency and creating a general improvement in living standards, all of which would take a long time, the newspaper concluded.

Meanwhile, the research office of Shenzhen's municipal Communist

Party committee has submitted a detailed report on the development of Shekou, the most successful district of the SEZs. A picked staff of specialists selected tenders in 1979 from construction units without interference from above, it claimed.

Water, docks and power facilities were in place within two years of the Shekou district's inception in 1979. Greater autonomy was achieved as construction went ahead, the district's leaders claim, to the point where there was a "small, competent, highly efficient, vertical management system with few tiers." Elections were held to judge the competence of various officials.

This basically autonomous approach to economic planning is claimed to have given Shekou district unusually good results in productivity and foreign-exchange earnings. However, the running of one small, profitable district is not necessarily a guideline to the foreign trade and investment policies of a whole province, such as Guangdong.

Guangdong Party Secretary Lin Ruo recently praised the role of modern management techniques as an aide to the open-door trade and investment policy in the province. "Without management, there would be no opening up," Lin said in a published article.

Lin claimed the Shekou district's experience was evidence of the importance of good management, which had enabled the cities of Canton, Zhanjiang and the Pearl River Delta to open up to the outside world. But loose treatment of foreign exchange had forced the central authorities to crack down on money supply in general, though this had not enabled the state to eliminate economic crime and smuggling.