

REVIEW

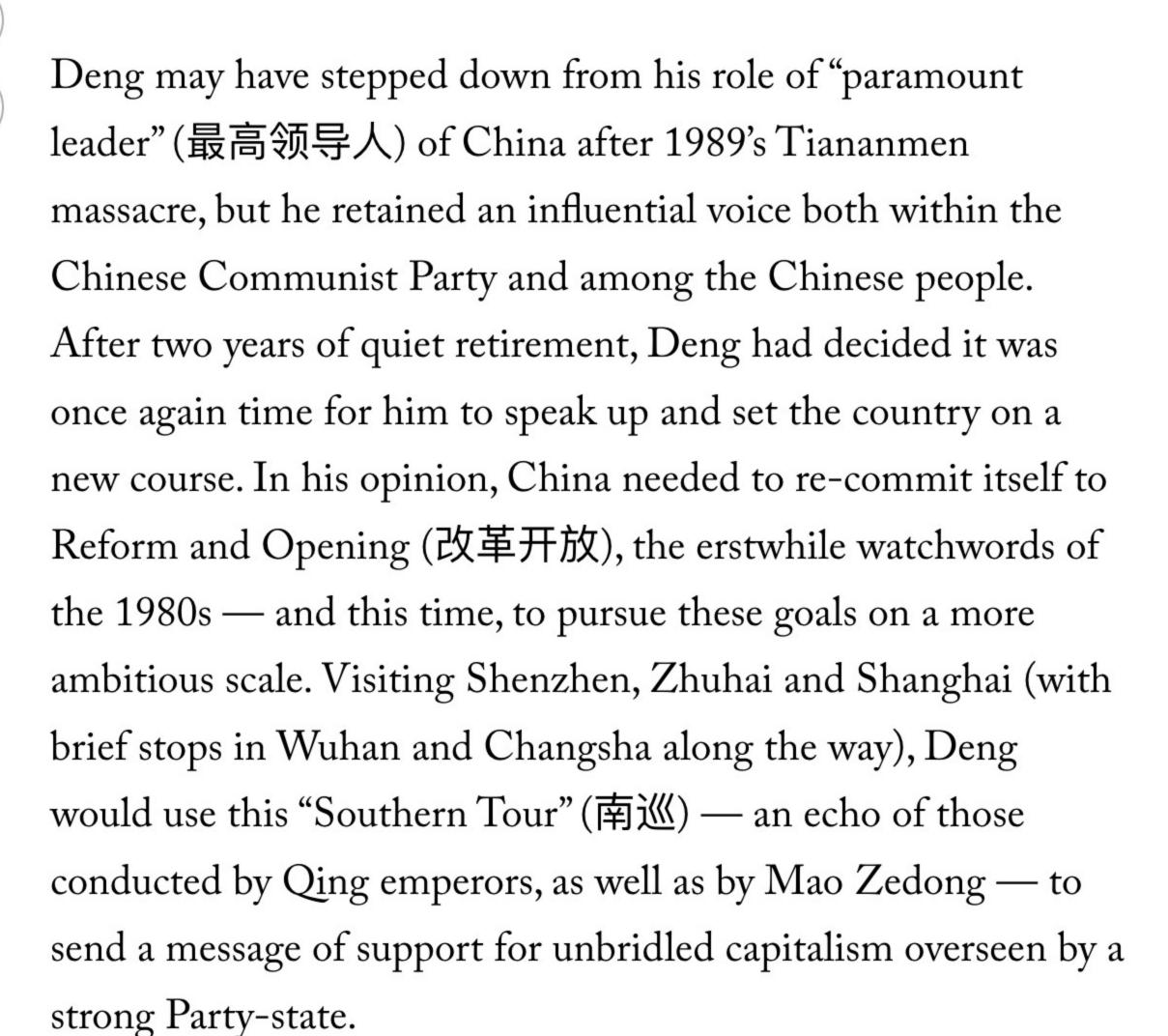
Move Fast and Break Things

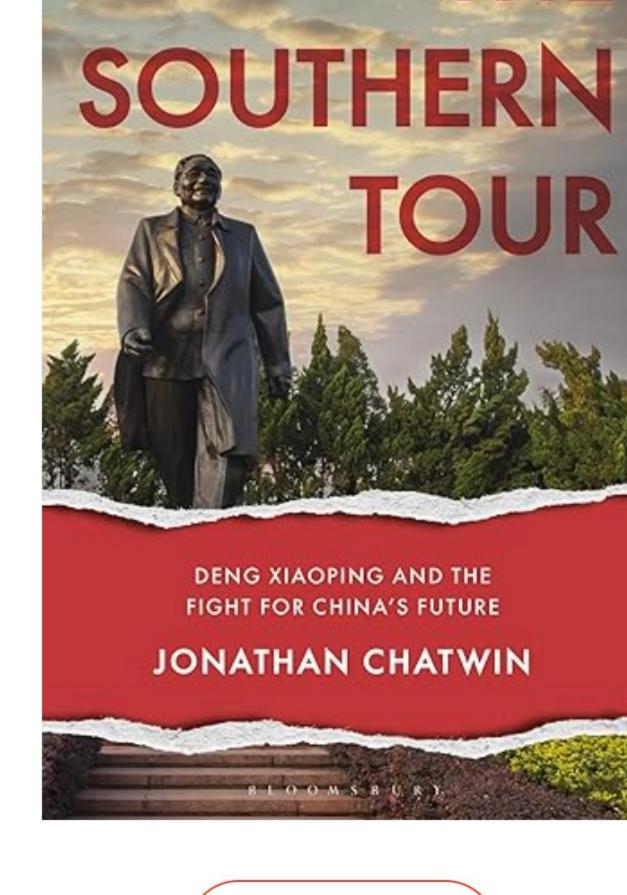
Deng Xiaoping's Southern Tour of 1992 has been heralded as the unofficial act that kick-started China's economic miracle. But other voices were also calling for reform, even as Deng's enemies in the Party resisted it. A new book separates myth from reality.

MAURA CUNNINGHAM — OCTOBER 8, 2024

HISTORY









How Deng's journey prompted a reboot of China's capitalist

Xiaoping and the Fight for China's Future (Bloomsbury Academic, 2024) by Jonathan Chatwin. (Some of the book's material also appeared in Chatwin's 2020-21 podcast of the same name.) Blending travelogue and historical narrative, Chatwin guides the reader through Deng's trip as well as major events and Party debates that led up to it. While Deng would win acclaim for the boldness of his Southern Tour — the Financial Times crowned him "Man of the Year" in 1992 — The Southern Tour invites a more critical reflection on its legacy, and that of Deng himself.

hen Mao Zedong died in 1976, China was plagued by a sluggish economy and a standard of living far behind those of more developed countries. Mao's immediate successor, Hua Guofeng, attempted to jump-start economic growth through imports of foreign technology, yet his plans were criticized by other leaders, Chatwin writes, as "too risky and hasty." By December 1978, Deng had maneuvered Hua out of power and launched the Reform and Opening movement.

The story of Reform and Opening is often presented as a neat teleological narrative: with Deng at the wheel, the Chinese Communist Party loosened its hold on economic controls, China engaged with the world and became a manufacturing powerhouse, and *voilà*, multiple decades of double-digit growth ensued. In reality, the process was messy, halting and subject to considerable debate.

Deng was not one to dwell on the nuances of economic policy — nor did he see value in prioritizing communist ideology above national growth. Yet his push for pragmatic reforms that would yield faster development attracted consistent opposition throughout the 1980s. His chief foil was Chen Yun (陈云), head of China's Economic and Financial Commission (under the State Council) and formerly Deng's supporter after Mao purged him during the Cultural Revolution. The two had since grown apart due to their conflicting views over Reform and Opening. Chen did not disagree with the need for such policies, but he wanted to see them implemented in a more modest and controlled (and perhaps ultimately sustainable) manner. Deng's impatience for results and his disregard for the finer points of running the economy rankled Chen.



A billboard celebrating Deng Xiaoping's legacy in Shenzhen, 2019. (Jonathan Chatwin)

The southern cities of Shenzhen and Zhuhai represented Deng's approach at its most unbridled. In 1979, authorities in Beijing had established them as China's first two "Special Economic Zones" (SEZs) — sites that embodied both Reform (with local officials in charge,

rather than the central government) and Opening (with foreign trade and investment facilitated by favorable policies). Located far from Beijing and close to the international financial center of Hong Kong, the SEZs quickly took off, and in 1984 Deng visited them on an inspection tour. He found that those living there enjoyed growing prosperity and improving standards of living, and advocated for more aggressive Reform and Opening, alongside his Premier, Zhao Ziyang.

Yet Chen Yun and his allies continued to fight back, a dance that continued throughout the 1980s. The runaway capitalism of Shenzhen and Zhuhai did not seem especially socialist, they pointed out, and the SEZs were plagued by corruption and bribery. More broadly, they felt Deng's focus on speed and growth risked overheating the economy, which suffered rampant inflation and panic buying in 1988, a factor that played into the protests of 1989. Following the crackdown of June 4, and the subsequent <u>purge</u> of Zhao Ziyang, Deng retired from his last official position, Chairman of the Central Military Commission, in November 1989. Chen Yun's course, which economist Wan Dianwu described as "sustained, steady and coordinated development" seemed to have won out.

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> hile Deng may have officially retired, he could not bring himself to sit back and watch others steer China in a direction he didn't support. The fall of the Soviet Union in December 1991 brought added cause for concern. "For Deng," Chatwin writes, "the unfolding situation in the Soviet Union reaffirmed his existing beliefs: only more ambitious, faster reform and opening could ensure the stability of the state and the longevity of the party." It was time to make his move, and once again head to Shenzhen.



A statue of Deng Xiaoping in Luo Sanmei Hill, Zhongshan, 2019. (Jonathan Chatwin)

Deng had risen from the political ashes multiple times throughout his career, and his 1992 Southern Tour would mark his final and most memorable resurrection. At his stops in Wuhan and Changsha, Deng held carefully planned informal conversations with local officials, in which he warned against the dangers of too much bureaucracy and caution, and spoke of the need to "try bold experiments and blaze new trails." This would be the core of his message throughout the trip. Although state media did not report on Deng's journey in real-time, the officials who met with him wrote reports of their conversations and submitted them to Beijing. Deng's message was no secret.

Throughout the trip, Deng visited sites associated with economic growth, such as Shenzhen's International Trade Center, Zhuhai's high-tech factories, and Shanghai's financial

district. But the Southern Tour was not only about re-starting Reform and Opening policies, Chatwin points out. It also served to rehabilitate Deng's image, which had suffered a severe blow after the 1989 demonstrations and massacre. Deng visited tourist attractions with his family in tow — the picture of a kindly grandfather enjoying a day out at Shenzhen's China Folk Culture Village and Fairy Lake Botanical Garden. In both political and personal terms, Chatwin notes, "the Southern Tour meant [Deng's] biography would ever have a different epilogue than that written on the streets of Beijing on the night of 3 June [1989]."

In Shenzhen, local journalist Chen Xitian dogged Deng's footsteps, taking notes for an 11,000-character story that would appear in the Shenzhen Special Zone Daily (深圳特区报) in March and was republished by the People's Daily (人民日报) This article would serve to circulate Deng's message, and generated support among lower-level officials. Chatwin explains:

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Deng's Southern Tour imperatives became unignorable not because there was consensus at the top, but because, once word got out of his Southern Tour speeches, provincial and city-level officials wanted the freedom to pursue the policies he was advocating, and bombarded officials in Beijing with letters and cables expressing support for Deng's calls to increase the speed of economic development.

Working from the bottom up, Deng had out-maneuvered the leadership and forced their hand.

Chen Yun attempted to counter Deng's messaging, but to no avail. At the 14th Party Congress in October 1992, General Secretary Jiang Zemin affirmed Deng as the architect of Reform and Opening and put the official imprimatur on a national policy of pursuing breakneck economic growth through a "socialist market economy." Deng's Southern Tour, from all appearances, had fulfilled its purpose.

Yet Chatwin cautions against giving Deng too much direct credit for bringing China out of the post-1989 turn inward, pointing out that others in the leadership also spoke of the need to reform inefficient state-owned enterprises and get the economy back on track. Rather, he credits Deng's remarks throughout the trip as the "theoretical pronouncements" that resolved — rhetorically, at least — the contradiction of a socialist Party-state pursuing all-out capitalism.



Front page of the Shenzhen Special Zone Daily, March 26, 1992. The top story is a report on Deng's Southern Tour titled "East Wind Brings Spring Everywhere."

Local officials, entrepreneurs and foreign investors all heard Deng's message loud and clear: China was open for business. Overseas firms increased their presence in SEZs, the private sector expanded, and real GDP growth jumped he from 3.9% in 1990 to 14.3% in 1992. (It would not fall under 5% again until 2020, due to both Covid but also China's wider economic slowdown.) By the time Deng Xiaoping died in 1997, the legacy of his southern sojourn was secure.

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ore than three decades after the Southern Tour, people across China have achieved a standard of living that preceding generations could never have imagined. But by prioritizing results over processes and speed over quality, Deng also encouraged a mindset that yielded pervasive corruption, human rights abuses and environmental damage.

In December 2012, newly installed General Secretary Xi Jinping embarked on his own Southern Tour to Shenzhen — a deliberate reference to Deng (and to his own father, Xi Zhongxun, who had been Guangdong Party Secretary when the SEZs were created). Xi, however, has moved China away from the no-holds-barred capitalism with Chinese characteristics espoused by Deng. He has instilled a renewed emphasis on ideology over pragmatism, and overseen a far-reaching anti-corruption <u>campaign</u> to root out the most deleterious side effects of economic growth.

In January 2022, the 30th anniversary of Deng's departure for the south passed with no public acknowledgement — unlike in previous decades, when news programs and publications had used the occasion to celebrate Deng's trip and his legacy. Instead, state media reported on a new institute established by the National Development and Reform Commission, the "Xi Jinping Economic Thought and Research Center." A master of coded communications, Deng would have understood the message. ■

Header image: A statue of Deng Xiaoping in Lotus Mountain Park, Shenzhen, 2019. (Jonathan Chatwin)



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