

# Deng Xiaoping's Southern Tour

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**In 1992, during a period of economic sluggishness, the eighty-eight-year-old former Chinese Communist Party leader Deng Xiaoping embarked on a Southern Tour, the final large political act of his career. During Deng's surprise visit to some of the key Special Economic Zones he had established in the early 1980s, he confirmed China's commitment to economic liberalization and the implementation of radical free market methods.**

**F**ormer Chinese Communist Party leader Deng Xiaoping's Southern Tour occurred in the early part of 1992 when Deng, who had retired from all his party and government positions, made an impromptu trip to the special economic zones (SEZs) of Zhuhai, Shenzhen, and Guangzhou in Guangdong Province that he had been instrumental in setting up in the early 1980s. The tour occurred at a time of sluggishness in the Chinese economy and at a time of political uncertainty. Because Deng was by far the most influential political figure still alive from his generation, the symbolic impact of his tour was immense, and one can claim that it revitalized China's second phase of reform and opening up, which had begun in 1978 and 1979. This was to be Deng's last major contribution to China's development, and he later would die after five years of political inactivity.

The Southern Tour took place at a difficult time for China and was provoked by several problems. Although

China had enjoyed a decade of good growth in the 1980s, implementing radical market-based reforms into its economy, a combination of political stasis, corruption, and inflation had led to the disturbances in 1989 and to the June 4th Massacres, in which crack troops from the People's Liberation Army (PLA) had entered Tiananmen Square after several weeks of student and popular protest and had killed many hundreds of demonstrators. That this tragedy had taken place before the world's eyes and at a time shortly before uprisings in eastern Europe led to the fall of the Berlin Wall and the toppling of dictators such as Romania's Ceausescu only added to the opprobrium pulled down on the Chinese government's head. Foreign companies withdrew, political leaders from Europe and the United States condemned what had happened, and China found itself edging closer to the isolationism that it had experienced during the final decades of Mao Zedong's rule up to 1976.

Chinese leaders, under first Hu Yaobang and then Zhao Ziyang, both general secretaries of the Communist Party, had supported research in the mid-1980s into forms of political reform, some of them modeled on north European social democratic democracies such as Sweden and Denmark. However, the consensus was that moves in this direction were too soon and too unpredictable. China, it was argued, needed firm, central leadership to avoid slipping back into the chaos it had experienced in the period before the founding of the People's Republic of China (PRC) in 1949 and the Cultural Revolution (1966–1976). Foreign observers were sufficiently excited by the possibility of seeing radical political reform in China to match the startling economic changes. Deng Xiaoping even became

*Time* magazine's "Man of the Year" (1985) during the decade and was seen, despite all the evidence to the contrary, as a closet democrat, a man like Mikhail Gorbachev of the USSR (himself a man with whom—in the words of British prime minister Margaret Thatcher—"we could do business"). The events of June 1989 effectively rid people of their illusions. Deng was to starkly state immediately after the crushing of the student demonstrators that although there was an inevitability about what had happened, in view of the national and international context, the party would not compromise in its aim to implement economic reforms but rather would stand fast to the monopoly on power of the CCP. This harsh response, however, made many observers believe that China would turn its back again on economic reform and close its doors. Beginning at the end of 1989 many foreign companies withdrew from China, and the amounts of trade decreased.

## Special Economic Zones

The signs that the central government was still deeply committed to continuing the path it had followed up to 1989, albeit in a slightly modified form, came in 1990 when Shanghai was unexpectedly added to the five SEZs that already existed, meaning that it would enjoy preferential policies in attracting and accommodating foreign direct investment. At about this time Deng admitted that not making Shanghai, perhaps the most entrepreneurial and capitalist of all China's major cities, an SEZ at the same time as the others in the early 1980s had been a mistake. Also in 1990 company and investment laws were passed to provide greater protection for foreigners. These laws were passed at the same time as the United States, under President George H. W. Bush, finally decided against imposing sanctions on China for the events of 1989 but instead put in place a military embargo, allowing other trade contact to continue.

Even so, 1990 and 1991 brought only sluggish growth. Foreign direct investment dipped. The new leadership of the party was nervous and uncertain under Jiang Zemin, previously party secretary of Shanghai and then pulled up to replace the felled Zhao Ziyang, who was to take the majority of the blame for the events of June 1989. Jiang lacked any real power base in the party and had been as surprised by his elevation as those around him. However,

despite having reservations, Deng, who was key in the decision, had few alternatives.

Deng's position in the late 1980s and early 1990s was unusual. In 1989 he had resigned from his last formal position of power, that of chair of the Central Military Commission. Beyond being president of the Chinese Bridge Playing Association (he was a world-class bridge player), he held no public positions whatsoever. However, as the "chief architect of the reform process," as he was labeled in internal Chinese parlance, and as "paramount leader," as he was labeled outside of China, Deng clearly wielded final say on all important strategic matters. Without Deng's support important policies would not be implemented nor get passed through the newly constructed machinery of government, nor would personnel changes of any significance be made. Deng also was held in immense esteem by the PLA, who in June 1989 had proved itself once more the final trump in any power struggle or conflict.

Although barely visible during 1990 and 1991, Deng had commented on his frustration with the slowness of the reforms and on the fact that they had encountered a lean period. He had commented in the late 1980s that he was retiring to let the younger generation develop and did not intend to interfere. In doing so he must have had in mind the final period of Maoist rule, when the aging and increasingly erratic Mao had fiercely held on to power, dragging the country deeper and deeper into crisis and poverty. However, in China such well-intended abnegation was easier to say than to do. By late 1991 it was clear that there was policy drift at the top of the central government; no clear messages were getting out about the need to continue deepening reform; and no signs were clear to the rest of the world that China was putting June 1989 behind it and now ready to move forward.

Deng's Southern Tour, which occurred during January and into February 1992, can be interpreted as belonging to the tradition of Chinese leaders going above the heads of government to appeal directly to the people. Mao himself had frequently waged campaigns in which he had circumvented the bureaucracy and even the party in order to speak directly to the people. At the age of eighty-eight, therefore, and with his immense prestige, Deng was willing to speak directly one final time. He was also able to reach a wide audience through television and radio coverage and print media. News of his surprise appearance in southern China was widely covered in the international

media. The term in Chinese for his visit, *nan xun*, gave his visit an almost imperial flavor because it was a term used in the past about imperial visits to Chinese provinces. In Shenzhen and Zhuhai Deng was able to appear at the places most closely identified with the economic reforms of the last decade, one facing Hong Kong and the other Macau, both places for which he had negotiated successful returns to Chinese sovereignty.

Deng's message on the tour was simple and repeated in each of the places he visited: China's continuing opening up and reform were inevitable and could not be stopped. Those in the party who blamed the events of 1989 on foreign influences and ideas that had polluted the atmosphere of China because of the opening-up policy were wrong. Foreign investment and foreign enterprise were needed in China because they brought badly needed technology and expertise. Without them China's attempts to modernize were blighted. Problems would arise from time to time, but a government that did not deliver prosperity to its people was no good. The Communist Party would continue to support the reform process and develop socialism with Chinese characteristics, a form of Marxism-Leninism adapted and suitable for China's specific circumstances. Foreign companies were encouraged to continue coming to China and were reassured that as long as they complied by the rules and paid the appropriate taxes, China would be a safe place for them to work.

## From Words to Deeds

The impact of Deng's words was almost immediate. Although China had enjoyed reasonable levels of foreign direct investment in the years leading up to this time, the real floodgates opened in 1992, with foreign direct investment climbing year after year to the total of almost \$700 billion at the end of 2006. A surge in Hong Kong, Taiwanese, and Japanese investment lay behind this increase, with U.S. and European investment closely following. Deng's impromptu remarks in each of the cities he had visited on his tour were immediately printed and distributed to party members throughout China. China continued its negotiations to enter the World Trade Organization (it succeeded in 2000) and made two attempts (the first failing,

the second succeeding) to host the Olympics. Although groups broadly described as "new leftists" continued to question China's reform path and the need for such heavy foreign involvement, in the decade that followed Deng's intervention made it much easier for supporters such as Zhu Rongji or Jiang Zemin to justify what they were doing. It also made crystal clear that economic reform did not mean political reform and that the situation would stay that way for the foreseeable future. Overheating of the economy in the years immediately after 1992, along with the pain caused by state-owned enterprise reform and the mass layoffs this caused, was dealt with by the central government in such a way that major turbulence and disruption were avoided.

Deng's international image had been badly tarnished by the events of 1989. However, what he had achieved as an old man in 1992 went some way toward rehabilitating his image and reminding people inside and outside China of why he had been so important in China's development. He made few appearances after 1992 and no more interjections (beyond indicating that he regarded Hu Jintao as a possible successor to Jiang Zemin, a succession that was to happen in 2002–2003). His death in 1997 was marked by genuine grief. The Southern Tour was Deng's final return to political activity after several falls from power throughout his lifetime.

Although this return to power was not as spectacular as the previous ones, it was, in impact, as great, if not greater, and contributed to the immense economic success of China in the twenty-first century.

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## Further Reading

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