

It was my privilege to be part of the University of Richmond's faculty seminar that toured China this June and July under the auspices of the Office of International Education.

It would be natural to expect that I, as a historian of Asia, went to China in search of its past. There is no question that I did, at least initially. With excitement I entered the magnificent Forbidden City in Beijing, stood on the banks of the Grand Canal in Suzhou, and strolled along the waterfront of the old foreign concessions at Shamian in Guangzhou. But anyone interested in international affairs and the cardinal problem of development must be concerned less with the past of this giant nation than its future. As our trip progressed, I found that the outlook for China occupied more and more of my attention. My intent in this paper, then, is to offer some remarks on China's future prospects. I do so in full recognition of the limits on my perspicacity imposed on me by having been only a tourist in that country.

I returned from China with the conviction that China is rapidly moving toward a bright future. I believe that China will succeed in transforming itself so that it can enter fully into the company of advanced countries, probably within a generation. This judgment is half intuition, at least, but I will try to marshal some facts in support of my view.

Economic prospects are mixed, to be sure. To begin with, the statistics on China's per capita income place it squarely in the third world. *The World Almanac and Book of Facts* for 1991 lists China at \$258, lower than the Central African Republic (\$285). Also, population growth threatens to engulf any economic gains that are made. On August 5 the *People's Daily* in Beijing carried a pessimistic article by Yang Zihui of the Chinese Academy of Social Sciences' Institute of Population. In it Yang estimated that the population will easily reach 1.5 billion before 2050. This will happen despite the government's frantic efforts at limiting births. Our guides freely admitted to us that the policy of one child per family is working only in the cities and in families that contain Communist Party members. In the countryside the "responsibility system," which since 1979 has restored the family as the main unit of the farm economy--and also, incidentally, more than doubled farm incomes and created a national consensus in favor of reform--, puts a premium on large families.

Deng Xiaoping's principal strategy (following upon the reform of the rural economy) has been the "open door," a cautious welcome for foreign investment and technology and what *The Economist* calls "freeish trade." This strategy is working well, as I will argue below, but many large manufacturing industries remain firmly under government control. Most of the firms in these industries, though placed on a profit-and-loss basis, are a failure, unable to measure up to the price discipline of the market. They are not allowed to fail, however; they run large deficits made up by the government and provide an "iron rice bowl" to many industrial workers.

Despite these difficulties, there is no denying the dynamism of the Chinese economy. I was staggered to wake up the first morning in China and look out of my window in the Huadu Hotel in northeast Beijing. I expected to see narrow lanes and low dwellings, the *hutungs* often described in old accounts of the city. But instead I saw, next door, a mammoth construction site, and ringing the horizon, high rise buildings. I counted the high-rises. There were thirty-four, according to my journal! That first day we were also introduced to the energetic hawkers in the free markets. Perhaps we were not exposed to the highest type of commerce as we visited the Great Wall or the Ming Tombs ("Hello-T-shirt!"; "Hello-banana!"), but we learned that over forty years of Communism have not killed the commercial instincts of the Chinese. Further, almost everywhere we went we observed the admirable work ethic of the Chinese. Behind this stands an additional advantage for the future, the traditional faith in education. China's educational system is still crippled from the terrible years of the Cultural Revolution, but the basic Chinese commitment to education should eventually allow it to flourish.

The most striking evidence of Chinese economic vitality did not come until the end of our trip. As we traveled on the train from Guangzhou to Hong Kong, we passed through the Special Economic Zone (SEZ) of Shenzhen. As soon as we entered it we saw a dramatic difference in the countryside: new roads, power lines, and large factories, not to mention impressive hotels and public buildings. This SEZ, the most prosperous of them all because of its links to the nearby manufacturing dynamo, the British Crown Colony of Hong Kong, is just one of several in the south of China that have made this area extraordinarily prosperous. Shenzhen and the

other SEZs (Shantou and Zuhai in Guangdong Province, Xiamen in Fujian Province and Hainan Island) are the reason for the "South China Miracle." Real industrial growth in these zones averages anywhere from 15 percent to 40 percent per year, with the result that Guangdong's per capita income is well above \$2,000, probably approaching *ten times* that of the rest of China. Official statistics certainly tell only part of the story of economic expansion. South China is notorious for its habit of evading the controls that Beijing attempts to enforce. Guangdong, most observers concede, has a hidden economy of enormous proportions, and this is reflected in the way that the Southerners live. When we arrived at the Victory Hotel in Guangzhou (Guangdong's capital) at about 10 p.m. on June 30, I was amazed to see that the hotel restaurant was full of noisy and happy patrons, and apparently such scenes are typical of this southern metropolis. This is quite unlike the dour northern cities of the People's Republic. *The Economist* reports that "Guangzhou's yuppies not only dress just like Hong Kong's, they maddeningly carry the same portable telephones--10,000 of them, says one provincial official."

In short, the SEZs are lifting the southern Chinese provinces of Guangdong and Fujian out of the third world, and they are proving the success of the "open door." These areas are becoming integrated with the economies of Hong Kong and Taiwan, and links are developing to entrepots and markets further away. Construction firms in Hong Kong are already planning superhighways on the mainland linking Guangdong with Fujian and Guangdong with Hunan and the Yangzi River basin that will further promote the full participation of south China into the world economy. It takes little imagination to picture the gradual spread of like networks of communication and commerce from cities further north like Shanghai and Qingdao (which are in fact designated as "Coastal Open Cities" and offer incentives to foreign investment similar to those of the SEZs). A fuller role in the world economy seems assured for China, primarily because of the "open door."

Successful as many of the current economic policies are, the critical question for many observers is whether the regime will continue on its present course of favoring foreign contact. That is, the political aspects of China's future are perhaps as problematic as the economic,

particularly since the events of June 1989 called into doubt all of the government's outward-looking policies. More important, these events raised the question of just how legitimate the regime is in the minds of the people now.

Certainly there is a dangerous mood of disillusionment with regard to the government and particularly the Communist Party. Anecdotes of corruption abound in which Party members use their positions to rake off money from private enterprises. *Inside China Mainland* of October 1991 reprinted the following humorous anecdote:

All the clues of a robbery of a *getihu* [individually-owned enterprise] pointed to a certain Party member. The judge astounded the court, however, by dismissing the charges. The plaintiff charged, "Your action is based on his being a Party member, right?" "Correct," replied the judge. "Aha! So you're afraid to offend a party member?!" "Not quite," the judge explained, "As a Party member he doesn't have to resort to stealing to get his hands on your property."

The same magazine also reported the popularity of "culture shirts" (the Chinese term for T-shirts) in China now. They bear cynical captions and appeal greatly to the disaffected young. One of the makers of these shirts reportedly said, "No demonstrations and no putting up big-character posters, but we can write anything we damn well please on our clothes." Among the captions was this one, which darkly portrays the options of life as perceived by many youths: "No guts for smuggling; no capital for street vending; too slow-witted to be an official; can't get by just drifting along--I'm a total failure." Another noted sarcastically, "Mommy taught me a song: Without the Communist Party there will be no new China."

There were great floods of this summer in the Yangzi River Valley. They scarcely disturbed us. Our night train to Suzhou was slightly delayed, that was all. But the flooding was serious. Over 2,000 died and 250 million *mu* of cropland suffered serious damage. The disaster was reported in the Western press but given scant attention there. In China it produced "rumor-mongering" that has been denounced by the government. Xinhua Daily said, "Those who use the flood disaster to create rumors and disturb the people . . . will be dealt with according to the law." In traditional Chinese thinking, natural disasters are a sign that the "Mandate of Heaven" has been withdrawn from a government and it is about to fall. The press

has been quick to denounce this "superstition." It is, however, an indication of serious public dissatisfaction with the regime.

I sensed something of this dissatisfaction when we were in Kunming. On our first night in the city (June 25) we were taken to a show in the basketball stadium in downtown Kunming to see a show that would feature dances and music by members of ethnic minorities. When we arrived and sat down it became clear that this large public gathering was to celebrate the seventieth anniversary of the founding of the Chinese Communist Party. I expected heavy-handed political speeches and party propaganda but witnessed little of this. The song, "Without the Communist Party There Will Be No New China," *was* dutifully sung by members of a work unit. And one group claiming to be Tibetan but singing in fluent standard Chinese did appear. But in general we heard schmaltzy Western-style crooning and bouncy musical numbers. It was a kind of Chinese Star Search. The mistress of ceremonies wore a Western-style evening gown, low-cut and with a big bow on the back. A honey-voiced young man in formal suit and black tie assisted her. The band had electric guitars, saxophone, and keyboard. A fog machine created the appropriate mood for some of the more sentimental ballads. Afterwards I asked a Chinese member of the audience who spoke English why there wasn't more political content to the evening. He said disgustedly, "Because the Party has no idea what to do. It has no policies to offer. Therefore it presents popular entertainment."

It was also in Kunming, however, that I saw a hopeful side to the political situation in China. One night we went out to the "English corner" opposite our hotel on the margin of Green Lake Park. We spent hours under the streetlight with Chinese who wanted to practice their English. We heard many things that we would not have heard otherwise, particularly regarding the political situation. One man, a thirtyish engineer with balding head, maintained that the collapse of communist regimes in Eastern Europe had terrified the regime. That was good, he said; it meant that the leaders would pay more attention to the traditional foundation of Chinese politics, the welfare of the people. A young man in tattered army clothing and plastic sandals provided what was for me the most hopeful statement: "In a few

years the 'Gang of the Old' will be gone. The new leaders will never be able to turn their backs on reform." I pointed out that since the middle of the last century Chinese regimes have tried to import foreign technology and institutions while avoiding foreign ideologies. "Isn't this still the policy?" I asked. He said, "Yes, but if the technology comes in the ideologies will too; besides, these so-called foreign ideologies are already part of China and cannot be stopped." I came away with the conviction that many Chinese see the present as an interlude and that truly extraordinary changes--positive changes--are believed to be coming soon.

I myself have come to share this hopeful outlook.