

Remarks Made During an Inspection Tour of Shanghai

January 28 – February 18, 1991 by Deng Xiaoping¹

It is late for us to be developing Shanghai, so we have to work hard. When we decided to establish the four special economic zones in 1979, we chose them mainly on the basis of their geographical advantages. Shenzhen is adjacent to Hong Kong, and Zhuhai is close to Macao. We chose Shantou because there are many natives of nearby Chaozhou living in Southeast Asian countries. Xiamen became a special economic zone because many natives of southern Fujian have emigrated to other countries and gone into trade. However, we did not take the intellectual advantages of Shanghai into account. Since the people of Shanghai are clever and well educated, if we had decided to establish a special economic zone here, the city would look very different now.

The 14 open coastal cities include Shanghai, but these have no special status. It would have been better to develop the Pudong District a few years ago, like the Shenzhen Special Economic Zone. Development of the Pudong District will have a great impact not just on the district itself but on all of Shanghai, which in turn will serve as a base for the development of the Yangtze delta and the whole Yangtze basin. So we should lose no time in developing the Pudong District and persevere until construction is completed. So long as we keep our word and act in accordance with international practice, foreign entrepreneurs will choose to invest in Shanghai. That is the right way to compete.

1. Tour of Shanghai. THE SELECTED WORKS OF DENG XIAOPING MODERN DAY CONTRIBUTIONS TO MARXISM-LENINISM. Available at: <https://dengxiaopingworks.wordpress.com/2013/03/18/remarks-made-during-an-inspection-tour-of-shanghai/>. Addressed to leading cadres of Shanghai

Finance is very important, because it is the core of the modern economy. Handling financial affairs well is the key to success in this sphere. Shanghai used to be a financial centre where different currencies were freely exchanged, and it should become so again. If China is to acquire international status in finance, we should depend primarily on Shanghai. It will take many years, but we should act now.

Our Party should adhere to the policies of reform and opening to the outside world for decades to come. Some people may have different views about this, but they are still well-intentioned. One reason people may differ is that they are not adapting to the new policies; another is that they are afraid problems will arise. If I am the only one to speak in favour of reform and opening up, it won't be enough. The entire Party membership should do so too, and for decades. Of course, we should not be too impatient; we have to use facts to demonstrate that our policies are correct. When we proposed instituting the household contract responsibility system with remuneration linked to output, many people disagreed and doubted that the system was socialist. They didn't say anything, but in their hearts they were not convinced, and they dragged their feet about applying it. Some people refused to apply it for two years, and we just waited.

Don't think that any planned economy is socialist and any market economy is capitalist. That's not the way things are. In fact, planning and regulation by the market are both means of controlling economic activity, and the market can also serve socialism.

We cannot keep the door closed to the outside world. During the "cultural revolution" there was the Fengqing incident; I quarreled about it with the Gang of Four. Since it was only a 10,000-ton ship, it was nothing to boast about. In 1920 when I went to study in France, I took a foreign packet of 50,000 tons. Now that China is opening to the outside world, we can make ships of 100,000 and 200,000 tons. If we hadn't opened up, we would still be hammering out automobile parts the way we did in the past. Now things are vastly different; there has been a qualitative change that can be seen in every

field, not just in the automobile industry. We have to be determined about opening to the outside, because there are many obstacles in the way. Some people say that the three forms of ventures involving foreign investment [joint, cooperative and foreign-owned] are not part of the national economy, and they are afraid to see them develop. This is not good. It is hard to develop the economy without opening up. Countries all over the world have to open up for economic development, and the Western countries encourage the flow of funds and technology.

Defence-related enterprises have long since begun to manufacture both military and civilian products. That is the right thing to do. In some countries this has not been done, and they have therefore run into difficulties.

We should overcome our fears. Everything has to be tried first by someone — that's the only way new trails are blazed. That first person must be prepared to fail, but if he does, it doesn't matter. So I hope the people of Shanghai will further emancipate their minds, be more daring and move ahead faster.