

October 16, 1982
**Excerpts of Talks between Leading Comrades and
Foreign Guests (No. 10)**

Citation:

"Excerpts of Talks between Leading Comrades and Foreign Guests (No. 10)", October 16, 1982, Wilson Center Digital Archive, Shanghai Municipal Archives, B1-9-798, 33-36.
Contributed by Sergey Radchenko and translated by David Cowhig.
<https://wilson-center-digital-archive.dvincitest.com/document/290975>

Summary:

A Chinese Communist Party digest summarizing recent meetings held between Deng Xiaoping, Hu Yaobang, and Zhao Ziyang and foreign counterparts.

Credits:

This document was made possible with support from The Woodrow Wilson International Center for Scholars

Original Language:

Chinese

Contents:

Translation - English

Secret

Number 000026

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Comrade Deng Xiaoping on the Prospects for China's Economic Development and the Development of Human Resources

On August 6, when meeting with Australian Prime Minister Malcolm Fraser, Comrade Deng Xiaoping spoke specifically about the prospects for China's economic development and the cultivation of human resources. Comrade Deng Xiaoping's remarks are summarized below.

Comrade Deng Xiaoping said that the present development demonstrates that the policy formulated at the Third Plenary Session of our Communist Party Central Committee to dedicate ourselves entirely to the Four Modernizations policy. This policy, which has been being implemented for over three years since 1979, is the correct one. During these three years, the first fruits that we have seen have been our rural policy. Farm income has generally increased and the countryside is more stable than it has ever been. Some in the international community have been saying that China seems to be unstable. Anyone making a judgement about China's political stability must first look to the countryside because that is where 80% of China's population lives. We have implemented the responsibility system in various forms in the countryside, raised the prices of agricultural products in the countryside, and mobilized the enthusiasm of the peasants. Peasant incomes have generally increased and in many places they have grown exponentially. The fact that China has done well with 80% of its population shows that our policy has been effective across a very large domain.

Moreover, we have implemented the "Eight Character Economic Policy" in industry and commerce, that is, "adjust, reform, rectify and improve", which seems to be very necessary. The situation now is still not as good as it was before the Cultural Revolution but of course there were some problems at that time.

The "Cultural Revolution" disrupted the harmonious development of the various sectors of China's national economy.

Now we have more than twice as many factories and enterprises as we had before the Cultural Revolution. Many factories that lack raw materials and products for sale were also set up, however. Many factories are underemployed and require state subsidies. If one were to judge by the number of factories, our development would look good, but that is a false picture. Some of the basic conditions for economic development, such as energy, communication, and transportation had not been solved before the Cultural Revolution. During the Cultural Revolution, these sectors were even more neglected. What can we do without electricity and without energy? Our transportation and ports are very backward as are our education and science. The ten years of the "Cultural Revolution" were a big disaster. We still live in its shadow. Thus, owing to this situation, we need to go through major adjustments to gradually correct the disharmonious development in the past. If we don't go step-by-step to make these adjustments, it will be very difficult for us to develop. Especially important will be addressing energy, transportation (which also includes communications), science and education. We want to achieve our great Four Modernization goals. If we are to achieve this goal, we must have the right policies in place. Empty words just won't do.

The ideological line established by the Third Plenary Session of the Chinese Communist Party Central Committee is to seek truth from facts and to formulate our policies and guidelines from the practical point of view. A question that arises about our goals is just what standard we aim to achieve in the Four Modernizations? What

level should be reached? We are now at 250 U.S. dollars, after 20 years, what level should we achieve? After repeated studies, we think that maybe a thousand dollars is a bit too high, because we have to take into account the factor of population growth. Although we are controlling population growth, by the end of this century, China will probably have 1.2 billion people or even somewhat more.

Therefore, we set our national income per capita goal at the end of this century at \$800. This means that by that time, the total value of industrial and agricultural output will reach one trillion dollars. As for the next century, it will take another 30 years to approach the level of the developed countries. That modernization goal of \$800 may seem like a ridiculous figure, but we ourselves feel that it is an awe-inspiring goal. Now we are working hard to achieve that goal. Solving that problem will take at least five and perhaps ten years.

Fundamentally, for a big country like China to achieve the Four Modernizations we need to be self-reliant. Breaking with the past, we will make full use of international conditions, and we are working with many countries to adopt an open policy and absorb technology and capital from the developed countries. We will cooperate in many aspects including the transformation of our existing enterprises. We have been doing this for the past two and a half years and it seems to be working well. China has the world's largest domestic market, the peasants are making more money. They have cash and want more industrial products, a demand that cannot be satisfied now. So all in all, our goal looks promising and there is nothing empty or fake about it. It is a realistic goal.

Comrade Deng Xiaoping said after discussing the prospects of China's economic development that we are more uneasy about the problem of human resources. The decade of turmoil brought by the "Cultural Revolution" lost us nearly a generation of young people. Managing the economy, cities, rural areas, industry and commerce can't be done without knowledge. Our management is particularly backward. These days we are focusing especially on training up people in that area in order to solve the problem of creating a corps of experts, and more youthful cadres. The problem that confronts us is rather complicated. We have not yet solved the problem of human resources. There were about five million college students trained by the university before the Cultural Revolution, but now they are all middle-aged in their forties. There are tens of millions of self-educated people, but we need to encourage them to play a more active role. We are now solving this problem.

The Chinese revolution has a long history, and those who participated in the revolution in the past are now the ones who are in charge. They are now getting older. These old people have experience, but their experience is only in one area and that is not in economics. We need to train young people and also make arrangements for the older people as well. They deserve it!

You do not have problems like this. This is a special problem for China. The Soviet Union, Eastern European countries share this problem which has become an obstacle to their development. Formulating economic policy (including adjustment work) is very complicated and so the problem we face is a very complicated and difficult one.

We are now working resolutely to solve this problem. But to solve such a problem, will take at least five years, or even ten years.

We have started to solve this problem at the central level. The chairman of our party was twelve years younger than me, he was sixty-six and I was seventy-eight. At that time, many people asked me to be the party chairman. I said that I should find a younger one. Of course, it would be impossible with someone too young, so we finally made Hu Yaobang chairman. Our Premier is even younger than he is, just sixty-two years old this year. He was sixty when he became Premier. We must follow the same pattern and make adjustments in other areas as well. Last year we reformed our institutions. Some of our ministers were only in their forties. Whereas in your country it is common for ministers to be in their thirties but for us, it is very daring to choose a person in his forties or fifties to be a minister. This problem must be solved. The success of the Four Modernizations depends on it.

When Fraser asked, "What arrangements are you making for the elderly", Deng Xiaoping said that old comrades should also have a special place of their own. We are going to set up a central advisory committee. The advisory committee is composed of old comrades, and of course, a large proportion of central committee members are

old comrades. We may need to solve this problem step-by-step. In the final analysis, we'll have to create a retirement system.

We have a lifetime employment system in fact today even if not in the law. This is the first major issue we need to address. The second one is that we promote spiritual civilization in order to build a socialist spiritual civilization. From what we have done so far, in a nutshell, we want to make the Chinese people have ideals, morals, culture and discipline. This work has been underway for a year and we need to see it through.

Now, generally speaking, the political situation in China is good, but the "Cultural Revolution" has left behind unresolved problems. But the problems left behind by the Cultural Revolution cannot be solved in two or three years, or even in three or five years. But these problems can be solved because the people support and approve the line set by the Central Committee.

Comrade Hu Yaobang on the Political Situation in China

On September 6, Comrade Hu Yaobang, in a meeting with former U.S. President Richard Nixon, discussed "whether the political situation in China can be stable in the long run." He said: "What has been most talked about in the past few years is that there is a strong force in the army that opposes the present leadership. In fact, this is completely untrue. The Chinese army under the leadership of the Communist Party of China has never rebelled in the 55 years it has been subordinate to the Party Central Committee. The Chinese military is totally different from the armies of other Third World countries in its nature, history, beliefs and institutions. Zhang Guotao and Lin Biao wanted to rebel, but they had no following. The people dissatisfied with the policy of the Central Committee are at most one or two people in 10,000 people, and we assume two per 10,000 only about 200,000 people in the entire country. They are scattered all over the country, in every region and every unit, and so cannot create a climate of dissent. There are many factors that make China's political situation stable in the long run. I can mention several factors.

- After over a decade of turmoil in China, most cadres, party members and people have suffered enough, learned their lessons, and most of them are not willing to see turmoil again. Some people have said that suffering and errors in history can be made up for by progress in history.

- The entire set of guidelines, policies and measures that we have adopted has been proved to be correct by four years of history and has begun to take root in the minds of the public at large. Most people will not agree if someone wants to do things differently.

- Leaders of the Party Central Committee will become old, die and disappear as individuals.

This political and organizational line, however, will be passed down from generation to generation, and there will be a succession of people to ensure political and organizational continuity. In layman's terms, Deng Xiaoping will eventually disappear from the political scene, but a hundred, a thousand, ten thousand new Deng Xiaopings will spring up! So I can cite at least these three factors. Of course, this needs to be proved by practice.

Comrade Zhao Ziyang on the Economic Situation in China

On October 12, Comrade Zhao Ziyang, in a meeting with President Karl Carstens of the Federal Republic of Germany on the Chinese economic situation, said that from January to September this year, Chinese industrial production increased by 8.5 percent. The growth rate of agricultural production this year will also exceed 5 percent. Heavy industry started to pick up in the first half of this year, and the rate of increase is very large. The national economy was planned to grow by 4 to 5 percent this year, but it will definitely exceed it. After making adjustments, fiscal balance was achieved.

Last year's deficit was only three billion yuan. This year's budget deficit is also three billion and it is not expected to exceed that figure. China's balance of payments is also very good. Some debt began to be paid off in the second half of last year.