

a great deal more farmer protest, including an erosion in support for the NFF, over the next few years. In the meantime, farmers can always apply for rural adjustment funds to

help them to "get big" or "get out" of agriculture. For better or worse these are probably the only orthodox individual options for farmers, whose fate is bound up with an

unplanned, volatile and oversupplied world market in agricultural commodities.

Geoff Lawrence

Kentucky Fried Socialism

The Thirteenth Congress of the Chinese Communist Party, which closed in November last, was a victory for the economic and political reformists who have, on the whole, been on the ascendant in China since the late 1970s. This means that the pace of opening to the outside world, including the West, Japan and the socialist countries of eastern Europe, is likely to accelerate. The private sector of the economy will increase from its current very low level. The trend towards decentralization of the economy evident over the last few years will continue and gather momentum.

The distinction between the *leadership* role of the Party and the *management* of government at all levels will become much clearer. This means that Party officials will exercise slighter control over particular decisions taken within organizations or at grass-roots level, but they will continue to control overall policy.

The secretary-general of the Party appointed by the Congress is 67-year-old Zhao Ziyang, who also occupies the position of Premier of the State Council, equivalent to Prime Minister. Zhao has been

acting secretary-general since January 1987, when Hu Yaobang was dismissed for incompetence following a series of student demonstrations the previous December.

The most influential man in China before the Congress was Deng Xiaoping. He did not stand for election to the Politburo, but remains the Chairman of the Party Central Committee's Military Commission. This position ensures his continuing influence in Chinese affairs. It has for a while been clear also that he wanted Zhao Ziyang as secretary-general.

Deng Xiaoping is 83. By retiring from the Politburo, he has been able to take with him, with minimum loss of face on all sides, a great many of the older generation of leaders, including some much less enthusiastic about the speed of economic and political reform than he.

Of the new Central Committee of 175 people, 43, or about 25 per cent, have been elected to it for the first time. Of the members of the previous Central Committee, 98 have been omitted, including most of the old generation of revolutionaries, now very old men. Although most withdrew voluntarily, a few nominated but failed to be elected. These include Deng Liqun, one of the ideological leaders of the "struggle against bourgeois liberalization" which began in January 1987.

Zhao Ziyang paid lip service to the continuation of this struggle, but in reality its influence has been very slight since about May last year, and most people will forget about it now that the Thirteenth Congress has ensured a victory for reform.

Among the members of the Central Committee, seventeen form the Politburo, of whom seven are new. Among the 25 Politburo members

elected from the Twelfth Congress in September 1982, one was a woman, but there are no women this time. The average age of the newcomers from the Thirteenth Congress is 62, five less than that of the ten continuing members, and they are mainly technocrats. There is still some military representation — one of the newcomers is Qin Jiwei, Commander of the Beijing military region — but it is much weaker than in the old Politburo.

Among the continuing Politburo members is Hu Yaobang. The retention of a sacked political leader at such a high level suggests a change in the CCP's management style. When Hua Guofeng was dismissed as Party head in mid — 1981, he was dropped from the Politburo at the time of the succeeding Twelfth Congress.

The most powerful group in China is the Standing Committee of the Politburo, which has five members. Other than Zhao Ziyang, the most powerful man in the new Committee is Li Peng, an engineer trained in the Soviet Union who knows Russian and has handled relations with the East European countries in recent years. It is quite likely that he will succeed Zhao Ziyang as Premier of the State Council.

Li Peng's rise has clear implications for China's relations with Eastern Europe in general, and the Soviet Union in particular. Since 1982 there has been a trend in favour of better relations, which has gathered momentum since Gorbachev came to power in 1985. While there are still political "obstacles" in the way of improving Sino-Soviet relations, trade and socio-cultural relations between the two countries have burgeoned. The "obstacles" do

not apply to relations with East European countries other than the Soviet Union.

The whole tone of the Congress points towards enthusiasm for the sort of openness to the capitalist world which has characterized China in the last few years. Joint ventures will continue and expand. At almost exactly the same time as the Congress, China's first Kentucky Fried Chicken establishment opened for business in the centre of Beijing, so that while Chairman Mao's portrait still eyes the central Tiananmen Square from one side, that of Colonel Sanders does so from another.

Although relations with both the United States and Japan have deteriorated recently over Tibet and other matters, the Chinese are likely to continue wooing economic involvement from them as actively as they can. Relations with other capitalist countries, such as Australia, have been excellent over the past few years, and the policies and leadership which have emerged from the Congress point towards still further improvement in the near future.

In theoretical terms, the most significant idea to result from the Congress was that China is now in the primary stage of socialism. Zhao Ziyang said in his Report to the Congress that China has been in this primary stage since 1949, when the Party came to power, and would need to undergo socialist modernisation before moving to the secondary stage. This process would take at least a century, meaning that the primary stage will not end until about 2050. Elements of private enterprise will persist in China and even grow until that time, and inequalities will widen.

In 1986, 70 per cent of total industrial output was from state-owned enterprises, 28 per cent from those owned collectively, and only 2 per cent from the private. However, these figures may change quite sharply in the coming years. A report in the *Far Eastern Economic Review* in November quoted Zhao Ziyang himself as telling *Gatt* representatives that the sector under direct state



China: the market returns ...

control would account for only 30 per cent of the economy within two to three years. The Congress has committed the Party to reduce the economy's planned sector.

The idea that ownership and management are separate is not new to the Thirteenth Congress. However, it did receive special emphasis in Zhao's Report to the Congress, and may be implemented more extensively from now on. It means that land or factories can be owned by the state but managed by individuals or collectives. It is likely that the right to lease land will become a feature of Chinese rural life in the near future. Economic development zones open to foreign investment are to be developed further, including the lease of land to foreigners for up to 50 years.

Zhao also told the Congress that

although distribution according to work would remain the dominant form of income among the people, other forms would become permissible. These will include interest earned from the buying of bonds and dividends from shares.

The Chinese continue to deny vociferously that these trends will make China capitalist. After all, there is nothing anti-socialist or anti-Marxist about being rich. The "primary stage of socialism" can include elements of private enterprise, and the wider inequalities ought only to be temporary. But it will be interesting for those alive in 2050 to see if China's leaders then declare it ready to enter the "secondary stage".

Colin Mackerras