

about him. It evaluated and overturned false accusations against certain people that had been made in the course of the past few years and looked at problems regarding “contributions and mistakes” by senior leaders. It was a meeting of tremendous symbolic significance, implying that, from now on, “politicized life” would no longer be the basic mode of existence for the Chinese people. Instead, China had returned to the world stage and to an arena of peaceful competition. From now on, having survived one hundred years of extreme political turbulence, this Asian country would be using economic development as the means to move towards a better tomorrow.

China’s doors were opening and her people were suddenly looking on all that was “Outside” with great wonder and interest. China and the world had been cut off from each other for so long that the West too was hyper-curious about a place that seemed different from everywhere else. At the end of 1978, Deng Xiaoping was put on the cover of *Time* magazine for the second time, the first time being after Premier Zhou Enlai died in 1976. Not only was Deng chosen as “Man of the Year,” but the magazine devoted 48 pages to describing him and the newly reopened China. The headline with which *Time* began the article was, “Visions of a New China.”



Time magazine selected Deng Xiaoping as ‘Man of the Year,’ and put him on the cover of the magazine on January 1, 1979. Deng and China began to attract the world’s attention.

Children and foreigners strolling in front of Tian'anmen, the Gate of Heavenly Peace, Beijing.



Where Will the Money Come from?

“Starting is always the hardest part.” This Chinese saying was certainly appropriate to a man who was intending to undertake a full-scale reconstruction of China. The first question he faced: where is all the money going to come from?

In 1978, China’s total foreign exchange reserves came to the

trivial amount of USD 167 million. Thirty years later, in 2008, China’s foreign exchange reserves exceed USD 1.7 trillion. The total has increased more than ten-thousand times. Unlike Mao Zedong who mobilized the populace for economic construction, Deng intended to mobilize capital. He planned to call upon the money of capitalism to create “China’s mighty edifice.”

Take a photo with the car. A scene of the Forbidden City and a Red Flag auto in 1980, at the very early stages of a still-uncertain market economy.



His first step was to hold discussions with working members of the Central Committee of the Communist Party. In these discussions he pointed out, “It is altogether acceptable to expand business with overseas partners, to do, say, some 50 billion. Be a little braver, stride out a little further. Don’t keep debating things forever, getting all the details right before you start. In terms of industries, set up factories and operations as fast as possible in coal, ferrous metals, oil, electric power plants, electronics, weapons, transportation, communications, even feedstocks.” Few people realize that, based on these discussions, the Central Government formulated a massive ten-year plan for attracting USD 60 billion of foreign investment, in order to expand industry, agriculture, science and technology, and weapons production. The plan included 120 large-scale projects, including mines, petrochemical plants, and steel refineries.

For a long time after these discussions, the government’s primary responsibility became to attract foreign business and foreign investment. In a book called *The Building of Modern China*, author Peng Min revealed that, in 1978 alone, agreements were signed for more than USD 7.8 billion. Of this amount, around half were signed in just ten days, from December 20 to the end of 1978.



In August of 1978, the First Machinery Industry Ministry in charge of the automobile industry in China issued telegrams inviting General Motors, Ford, Toyota, Nissan, Reynault, Citroen, Benz, Volkswagon and others to China, hoping that they would come quickly to investigate the “China market.”

The first to come was General Motors. On October

Young people selling bowls of tea in front of the Wumen Gate of the Forbidden City. One large bowl cost 2 *fen* (RMB cent). There was little selection in beverages back then and tea was sold everywhere.

The earliest production line for Santana cars in Shanghai. For nearly fifteen years, Santana was the most popular car in China.



21, a large delegation led by Thomas A. Murphy came to discuss potential projects. Li Lanqing, the future Vice premier, received them, and later recalled how Murphy mentioned the concept of a “joint venture.” He asked why the Chinese seemed interested only in importing technology, and not in setting up a joint venture.

Li Lanqing later told CCTV reporters that although the Chinese people understood English and knew the words “joint” and “venture,” which must have to do with “mutually shouldering risk,” they were very hazy about any details.

Shortly after this, a delegation from Volkswagon came to Shanghai. The delegation met with leaders to discuss a potential joint venture for producing Volkswagon cars. These discussions were to last a full ten years and the only thing the Chinese side insisted was that Volkswagon had to localize.

Meanwhile, multinational companies did begin to enter China. In the year 1979, the first batch of 3,000 boxes of Coca-Cola departed from Hong Kong, bound for Beijing. After test marketing, the US side signed an agreement that included the donation of a bottling plant to the COFCO (China National Cereals, Oils and Foodstuffs Corp.) that could fill 300 bottles of Coca-Cola a minute. The ten-year agreement gave exclusive license to COFCO to use the Coca-Cola brand and



The first shipment of Coca-Cola arrives in Beijing, September 1979.

produce and sell product on the Mainland.

One amusing sequel to this story is that COFCO wanted to erect the plant in Shanghai at the same location as a historic soda-bottling plant, Aquarius Company, that had been established in 1864. Shanghai resolutely opposed this. The charge against COFCO was that it was selling out the country, acting as a slave to Westerners, and importing the decadent lifestyle of the capitalist class. It was also undermining the nation's own industry. As a result, COFCO set up the factory in Fengtai outside Beijing. The production initially supplied tourist hotels, but this market was quickly saturated and, after getting permission from the Ministry of Commerce, from 1982 onward the excess Coca-Cola was sold in the markets of Beijing.

At the same general time, China began to loosen restrictions on foreign journalists in the country. A journalist for the *Nihon Keizai Shimbun* named Okada was soon reporting that China's flights were always being cancelled. Another Japanese journalist visited a steel plant in Chongqing and discovered to his amazement that it was still using a 140-year-old British-made steam-roller in its processing. Jay Matthews, a journalist of the *Washington Post*, turned heaven and earth in order to get permission to visit a State-run factory in Guilin. He reported, "As in most factories in China, workers at this Guilin silk factory