



10 DOWNING STREET

THE PRIME MINISTER

2 February 1984

Dear Harvey

Many thanks for your letter of 27 January.

It was kind of you to send me a copy of the Report on your visit to China, and kinder still to offer to come and discuss it with me.

I am myself off on my travels today - to Hungary. But I shall try to find time to read your Report when I return, and if, having done so, there is anything which I think we need to discuss I will, of course, be in touch with you.

Yours ever  
Margaret

The Rt. Hon. The Lord Rhodes, K.G., D.F.C., D.L.

LPO

SADDLEWORTH 4500



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THE LORD RHODES, K.G., D.F.C., P.C., D.L.

27th January, 1984.

R30/1

Dear Margaret,

Further to my letter of the 7th December, I have pleasure in enclosing a Report by the Delegation I led to China in October last year.

If, after reading it, you would like me to come to 10 Downing Street to discuss it I should be very honoured to do so.

With best wishes for your success in 1984,

I am,  
Yours sincerely,

*James*

The Rt.Hon.Margaret Thatcher, M.P.,  
10 Downing Street,  
London, S.W.1.

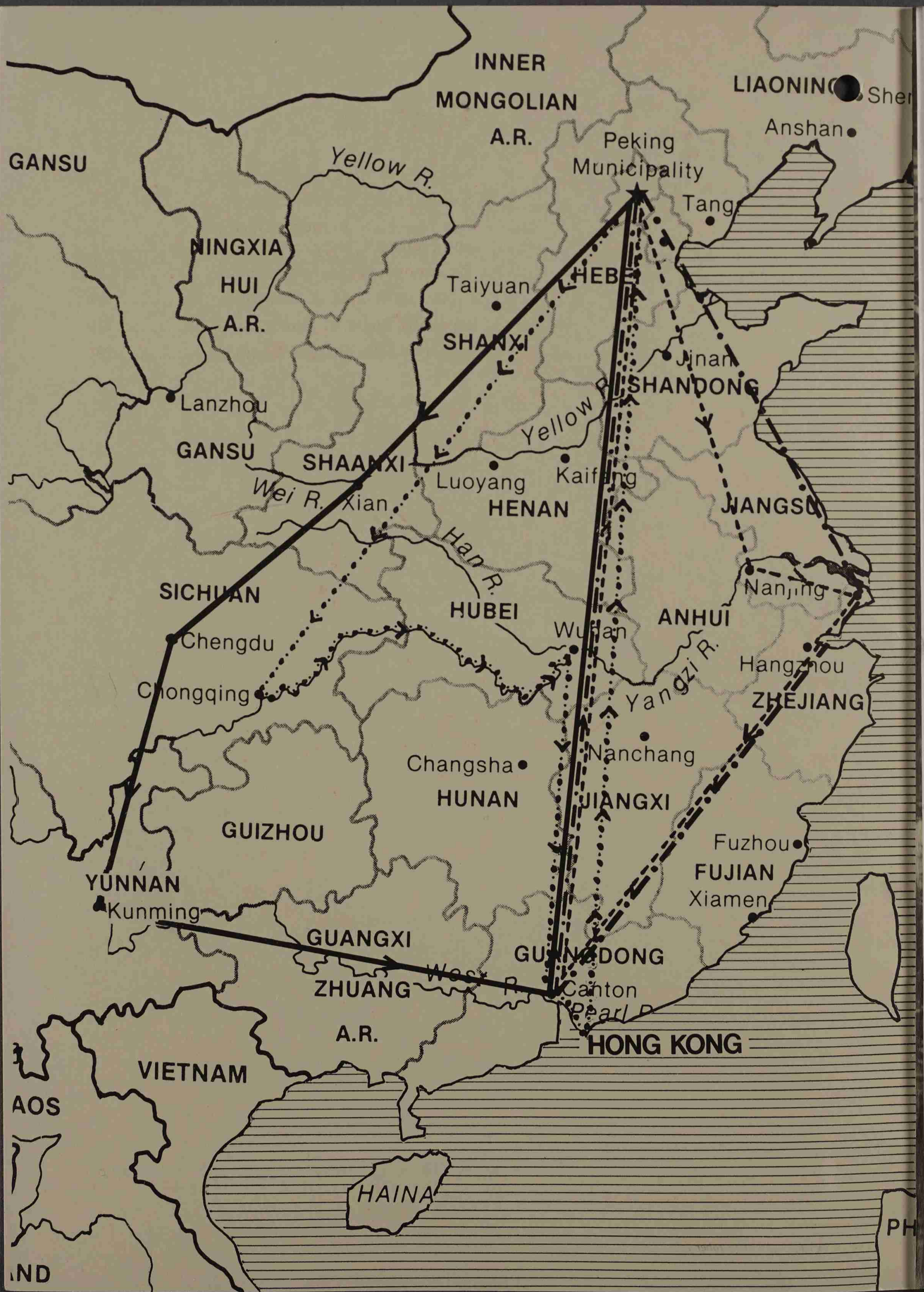
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# Report on the Visit to China

by Lord Rhodes' Fourth Parliamentary Delegation  
2 - 14 October 1983



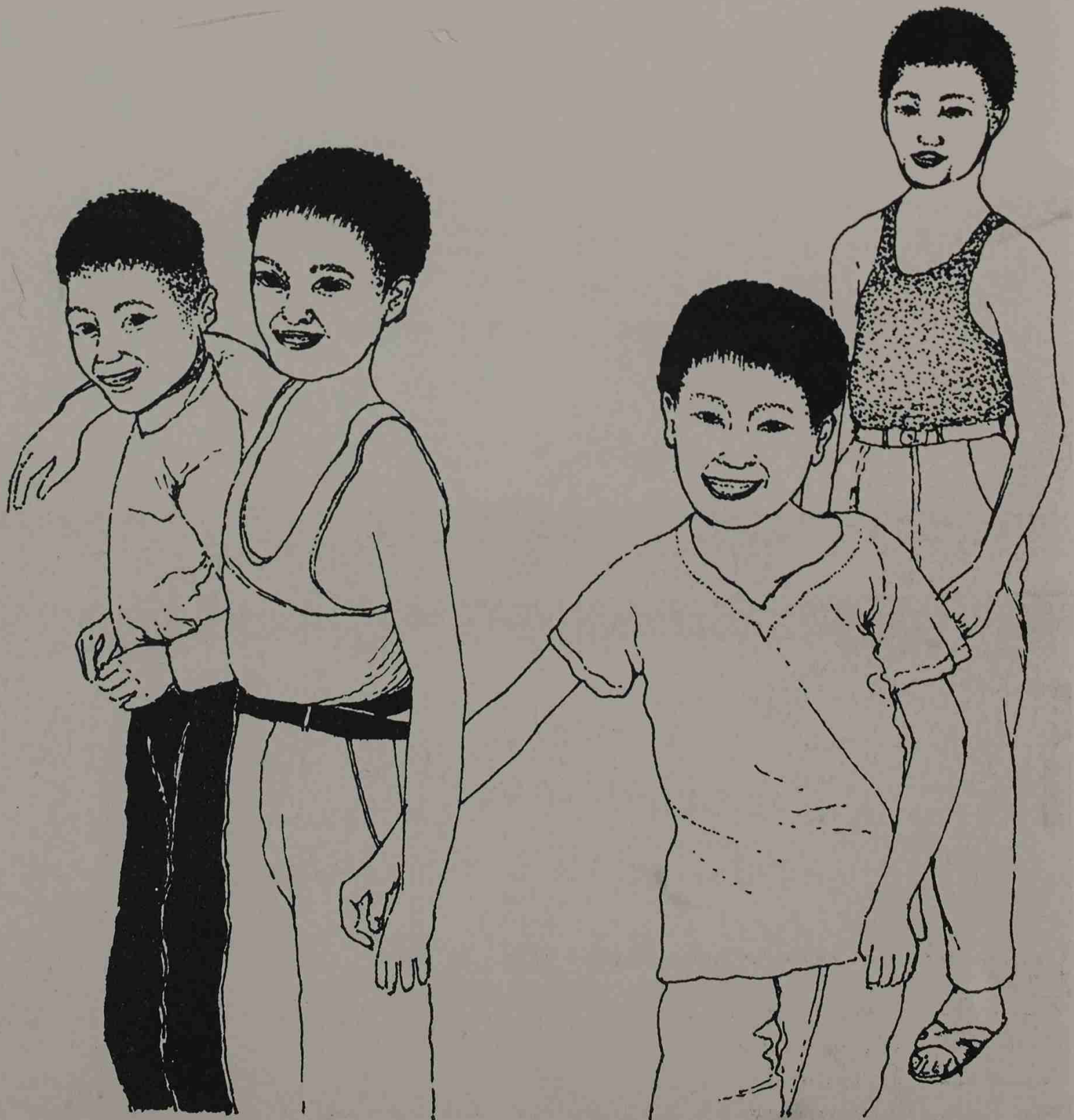


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*The routes of the visits to China by Parliamentary delegations led by Lord Rhodes*

- 21 May - 8 June 1978.
- . - . - . 9 - 25 October 1979.
- 14 - 30 April 1981.
- 2 - 14 October 1983.



# Members of the Delegation

The Rt. Hon. the Lord Rhodes KG DFC PC DL

The Rt. Hon. the Baroness Llewelyn-Davies  
of Hastoe.

Mr William R. Benyon JP DL MP.

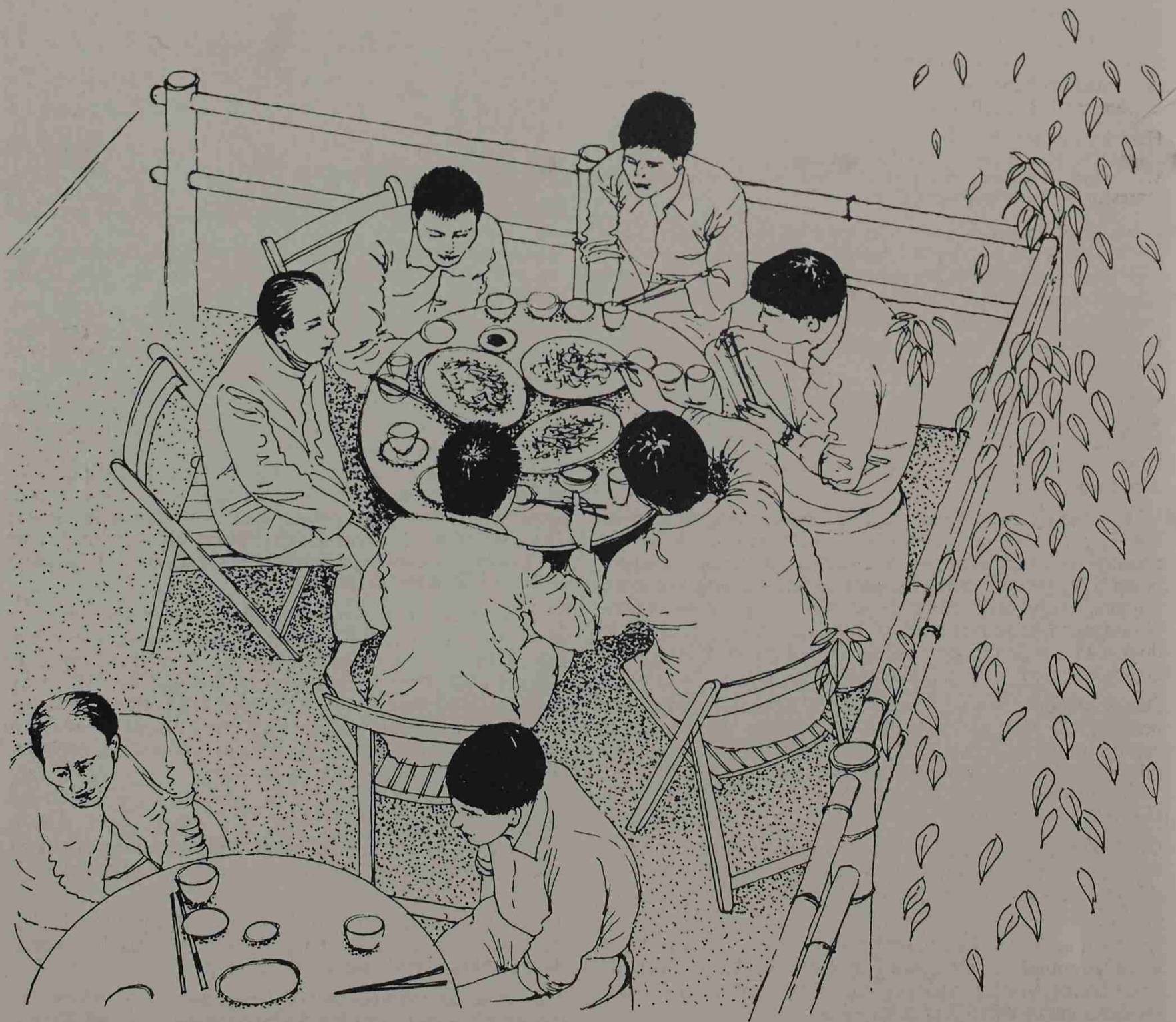
Mr Roger E. Sims JP MP.

Accompanied by Miss Frances Wood  
British Library, Department of Oriental Manuscripts and  
Printed Books.

*The Temple of Heaven near Beijing.*







*Roger Sims and Bill Benyon on the Great Wall.*

## Introduction by The Rt. Hon. the Lord Rhodes KG DFC PC DL

This is an introduction to the Report of the Delegation of Parliamentarians which visited China in October 1983, in response to a fourth invitation from the Chinese Government.

First, we wish to thank the Chinese Ambassador, His Excellency Chen, and Xie Li, Secretary-General of the Chinese People's Institute for Foreign Affairs, who issued the invitation and made all the arrangements for a wonderful visit. What a joy it is, after five visits in five years, to have so many friends in China. They are a warm-hearted people.

We are indebted also to Sir Percy Cradock and Sir Edward Youde for their concern and good wishes, and to the Embassy staff, particularly Gerald Clarke, Charge d'Affaires during Sir Percy Cradock's visit to London.

I am deeply indebted to such companies as Cable & Wireless, BP, Courtaulds and ICI, and Lord Kadoorie of China Light & Power, and Jardine Matheson for the practical help they have given me and to British Vita for help in the printing of this, and all the other reports. I am also grateful to Jack Perry, London Export Corporation, and Percy Timberlake, 48 Group, for advice, to Isabel Dibden for her exquisite drawings which adorn this report, and Cathay Pacific for travel arrangements.

It was a smaller delegation than usual because we wished to concentrate more on meetings with Ministers and to pursue the progress made by British companies in large-scale joint ventures and projects in China. To this end, we interviewed Cable & Wireless, BP, Courtaulds and ICI, and discovered much progress since our last visit. ICI reported a doubled turnover in China. Cable & Wireless were on the point of signing a joint venture agreement with the Chinese (which has since been signed on 11 November, 1983). BP also had much to report.

Here let me say that the criticism we had heard that British companies are unadventurous does not apply to these companies. We found them very much on the ball, with first class men representing them in the Far East.

I had the good fortune to be accompanied once again by Lady Llewelyn-Davies and Frances Wood (British Library), who are now experts on travel in China and have a flair for interpreting the changes from one visit to another. Roger Sims and Bill Benyon, besides being delightful companions, proved to be first-class observers and were quick in assimilating a knowledge of the country.

China is a political laboratory, experimenting, cautious, afraid of making mistakes. Nothing decided until they are sure no-one will be blamed. Very little lateral communication between Ministries. China is like someone dipping a toe in the water to test the temperature.

All that doesn't mean that no progress is being made; far from it. The biggest obvious success of Deng's policies is in the countryside. Everywhere you go, new houses of brick or mud are being built. Private enterprise goes ahead. Peasants use more tractors. The production brigade of yesteryear is now out of date. No longer do the drum and bell call the peasant to work. No longer does a Revolutionary Committee exist in every factory, with tannoy systems blaring out propaganda.

Deng Xiaoping's new 'Responsibility System' means that peasants can cultivate their own fields. The only communal contribution they make is grain to the State and local expenses for schools, etc. In the towns there are more shops, well stocked with a lot more choice than formerly; more street stalls and more buyers.

One feature of Chinese street life that I shall always remember is the way in which people carry small, prized possessions whether it is a birdcage with a songbird in it or a lettuce in a basket, all are carried with pride of ownership.

But the question every would-be foreign investor asks is, "Can Deng Xiaoping and his two younger Lieutenants, Hu Yaobang and Zhao Zizang, succeed in their modernisation aims and still retain the dictatorship of the Communist Party?"

The big question confronting Japan and the Western powers eager



to play a part in China's vast modernisation programmes, is how much freedom can be given to the provinces without losing central control?

An interesting sidelight on this is the recent reshuffle of personnel on the 'People's Daily' when it appeared that liberalisation was growing too fast. It will be interesting to see what happens next.

When I went the first time in 1978, there were still many of Mao's little red books in sight, but none now. Instead, there is an attempt to fill this propaganda vacuum by the writings of Deng Xiaoping. His book of essays was published this year and copies were available in London, but in Chinese. I had it translated and found a pragmatic series of articles nothing like the mystical approach of Chairman Mao. I understand it is to be published in English for world-wide circulation (and one of the translators is the husband of the indefatigable Ms Xu of PIFA).

The pragmatic approach revealed in the 'Selected Works' makes it quite clear that Deng Xiaoping and his Central Government know full well that unless they can count on the enthusiasm of the regions and cities, their modernisation scheme will come unstuck. Hence the experiment of decentralisation which carried with it unfortunate experiences which the Chinese were quick to rectify. An example that they were faced with in this connection, was the saga of the bicycles.

### Bicycles

Last year statistics show that 24.6 million bicycles were produced, or 38% more than in 1981. But how many were good enough to ride is another story.

The popular brands of bicycle in China are 'Phoenix Everlasting' from Shanghai and the 'Flying Pigeon' from Tianjin. Always dependable and reasonably good looking.

Then came decentralisation and, hey-presto, every province and city went hell for leather into the bike-making business. Bicycles came onto the market with brand names no-one had ever heard of.

*Lady Llewelyn-Davies with Mme Wu Wenying, Minister for Textiles.*



But the Central Government controls the price of bicycles like everything else, so nobody wanted the duds and a black market started up for 'Phoenix Everlasting' and the 'Flying Pigeon'.

Then the new makers in the provinces tried to stop the Shanghai and Tianjin bicycles from being sold in their provinces. Shanghai and Tianjin retaliated by holding up shipment of products from abroad destined for the Inland Provinces. It was a hard lesson, but I believe well learnt.

### **Textiles**

Our hosts went to considerable trouble to get us an interview with Mme Wu Wenying, the Minister for Textiles. She put off other business to see us. She was also the principal guest at the banquet we gave and responded with pleasure, but without commitment, to an invitation to be the guest of the textile industry in Britain.

China claims to have the largest textile industry in the world. Her exports are world-wide and are beginning to cause apprehension in many world markets. She is fortunate in having indigenous raw material in rain and irrigation-grown cotton of medium staple. She is the main world producer of cashmere and is aiming to manufacture 85% of it into yarn and garments, again mainly for export. This is in addition to their legendary silk culture and the wonderful range of fabrics they make from it.

We were fortunate to have Lady Llewelyn-Davies with us for, as Chairman of the Lords Select Committee on the EEC, she was able to discuss the subject of quotas which arose many times.

The criticism that the products are not as elegant as those made in the West, is fast being disproved as China recognises the importance of design and welcomes top designers from abroad.

Naturally, decentralisation affected the textile industry because it is so massive. One of the salutary examples was the purchase of man-made fibres by the provinces directly from abroad, which led to the accumulation of stocks of fibres which they did not know how to use. But the Chinese learn quickly and now the Central Government is firmly in control again. The provinces are severely restricted and Chinatex is once again the main agent for purchases

from abroad. They are not likely to make the same mistake twice.

I was delighted to learn how highly regarded the firm of Courtaulds is in China. But it is not surprising as they have been trading with China for at least thirty years on a regular and developing basis, reflecting the wide range of products in the Group's range, mainly textiles, chemicals, plastics and packaging materials.

Despite fluctuations in the annual volumes (due mainly to general world market influences) they expect a steady growth in sales which, for 1983, stand at around £16 million.

### **Hong Kong**

At the return banquet I gave in Beijing to honour the Minister for Textiles, there were present two interesting men — one the ex-ambassador to Britain and the other a member of the Chinese negotiating team on Hong Kong.

As soon as the chief guest signified her intention to leave at the end of the party, the two men took me on one side and asked me about the situation in Hong Kong.

I explained that the Hong Kong question was not on my terms of reference and that I had refrained from giving interviews because I believed the negotiators should be free to get on with their work without interference. I added that I would go so far as to say that I stood by what I had said in the House of Lords on 9 November, 1982. Where could they get a copy, they said; and if I had a copy with me could they have it? I had, and they took it.

Then they asked me had I any comments on the progress of the talks. I said I had, and that was that they should stop making acrimonious utterances before the negotiating teams met. The meeting on 19 October was more relaxed but the situation in Hong Kong is very volatile, but even this small glimmer of hope had a surprising stabilising effect. However, the smallest bit of bad news could easily tip the balance the other way.

I only hope that our efforts go some way to help our parliamentary

*Lord Rhodes with Ke Hua, ex-ambassador to Britain.*

colleagues to appreciate the risks and, likewise, the opportunities in that part of the world.

### **Shenzhen**

#### **Joint Ventures:**

In the view of the Chinese, the future of Hong Kong is firmly tied in with the future of the Special Economic Zone of Shenzhen, and anything that can be done to help investment through Hong Kong to Shenzhen, should be done.

In the hope that it might be of use to other would-be investors, we talked with the representatives of a large company on their experience in establishing a joint venture in Shenzhen.

They said that foreign companies generally were optimistic and felt they were on fairly safe ground in Shenzhen, although it was often the case that important details were left for the first board meeting of a joint venture to resolve. So a considerable degree of trust was essential.

They said they were finding Chinese law a problem, partly because it was still being written and new regulations appeared every week, and also because there were considerable differences in linguistic interpretation. For example, though the joint venture contracts include a clause which says they would be wound up "In accordance with the law relating to limited liability", such a law does not yet exist, nor is there a law relating to foreign exchange.

They reported that difficulties often arose as each stage of the negotiations began on a different basis. They felt this was because of lack of co-ordination and organisation rather than fundamental ill will.

Despite all these difficulties, great progress has been made.

#### **Cable & Wireless**

While in Beijing we were frequently told about the Cable & Wireless activities in Guangdong Province. Obviously the high level of co-operation this Company has achieved is well recognised at Ministerial and State Council level. The comments

were all complimentary and encouraging. The Far East Business Unit of Cable & Wireless had helped us to arrange a visit to Shenzhen, by far the largest of the Special Economic Zones, which borders Hong Kong. Our discussions with Vice Mayor Zhen Xipei and other municipal officials revealed the importance they attach to the Joint Venture with Cable & Wireless which will provide all the telephone services in the Zone for the next 20 years at least. This Joint Venture is quite remarkable in that it is the first instance of a foreign company being entrusted with the provision of any public service in PRC and the more so because of the very sensitive nature of the service involved.

We also learnt that the Oilfield Telecommunications Joint Venture recently set up by Cable & Wireless is already operating a new coastal radio station and several telephone exchanges. The Company has been able to capitalise on its excellent relations with PRC in a way which the Chinese appreciate as there are obvious benefits to the country. It is very significant that the timescales of both Joint Venture agreements extend beyond the 1997 date, uppermost in the minds of Hong Kong people at the moment and should be a salutary reminder that agreements can, and are, being signed for periods outside the Treaty date.

Our overall impression is that Cable & Wireless are doing credit to the UK and British industry in China. They deserve all the encouragement and help which our Government can provide.

#### **China Light & Power**

In the case of China Light & Power, who for years have championed the idea of co-operation with Guangdong Province, particularly in the matter of a Joint Venture for the generation of energy by nuclear power, a 2 x 900 MW pressurised water reactor, nuclear power station will be built and operated by a joint venture company formed by the Chinese state owned Guangdong Nuclear Power Investment Incorporated (GNPII) and the Hong Kong Nuclear Investment Company (HKNIC) led by China Light & Power Company of Hong Kong.

The equity share ratio between GNPII and HKNIC would be 75:25.

*Wuhan : a contrast in modes of transport.*

The power station will be located in the southern part of China in Daya Bay, some 70 kilometres north-east of Hong Kong Island, and will be built according to the safety standards of China and those of the International Atomic Energy Agency.

Feasibility study results indicate that the cost of nuclear electricity will be cheaper than coal-fired generation in the long-term.

The total capital expenditure of the project up to the dates of commissioning the reactors in 1991 and 1992 is estimated at US\$4,600 million.

In order to service the foreign loans, approximately 70% of the electricity produced will be sold to Hong Kong and the remaining 30% will be used within China.

Subject to satisfactory negotiations of the commercial and technical matters of this project, it is envisaged that Framatome of France will supply the two Nuclear Islands and GEC of the UK will provide the two conventional islands.

The Chinese who have been in continuous discussion with China Light & Power Company over the last four years have requested this company to assist them in the management of the project during construction, commissioning and in the early years of its operation.

Where expertise is not locally available, assistance from overseas consultants will be sought.

The Nuclear Power Station will be connected to the Hong Kong System by two 500 kV overhead lines.

#### **British Petroleum**

B.P. Explorations have been involved with the People's Republic of China since 1978 when development of offshore oil resources became a priority for the Chinese.

It is interesting to note that B.P. were the first foreign company to operate off shore China, when two test wells were drilled between

September 1980 and March 1981.

In May 1982 competitive bids were invited for exploration contracts in designated areas off China, and a year later the first awards were made to an international group headed by B.P. as operator.

Prior to licence award, B.P. Explorations' expenditure in China amounted to some £27 million. Commitments under the first phase of exploration covering five areas, run into several hundred millions of U.S. dollars, of which B.P.'s share is approximately half.

The Chinese terms are tough and the risks great, and they have a remarkable adroitness in using foreign funding and expertise. They claim to have limited their own share of expenditure on offshore oil to U.S. \$4 million.

One problem which looms up in the question of future Joint Ventures, is the oil support industries. It is reasonable to expect that China will wish to be in this to provide foreign exchange, technology and training. In fact, they have indicated this already.

It is therefore encouraging to note that British Companies are well established in Joint Ventures and that a gratifying proportion of B.P.'s contracts to date (some 70% by value) involve them.

I hope it is not being lost sight of in high places that the extent of this company's investment in exploration and development activities has prompted a particular awareness of China's place in the international scene, and its sensitiveness over the settling of territorial claims!

#### **British Vita PLC**

It was fortunate that on the outgoing 'plane, Duncan Lawton of British Vita PLC was setting out in search of a Joint Venture in China for British Vita.

Negotiations are currently in hand. On completion, Duncan Lawton would be happy to share information about his experience with any British company interested in Joint Ventures in China.

Here are his preliminary findings:



The coalescence between China, as a Communist State and capitalism, represented by international companies, is a truly remarkable phenomenon.

Other Communist countries have sought the technology of the West, but the tendency has been to buy this in the form of turn-key operations.

The Chinese have been much more subtle. They have invited the labour intensive industries of the West to produce in their country, offering them factory space, in many instances custom built, an abundance of labour, heat, light and power and transportation to rail heads, all at a very reasonable unit price or agreed figure per annum, guaranteed for a minimum of five years at a fixed level.

For their part, the Western manufacturing companies put in the plant, the senior management and guarantee the export of 90% of the production.

From the Western industrialist's point of view, it is extremely attractive in that in a world of rising prices, especially those appertaining to labour, he can guarantee his customer's continuity of supply at stabilised prices.

What do the Chinese get out of it?

Four fundamental things:

1. Employment for their vast labour force.
2. Foreign exchange in hard currencies since all the deals are done in American dollars.
3. The absorption of modern manufacturing techniques.
4. New technology — all free of cost.

### Wuhan

This is a big, blustering city which simply oozes vigour and enterprise. We were met by Mr Li, Vice-Chairman of the Standing Committee of the National People's Congress of Hubei Province who straightaway launched into a description of the city, its industries and institutions.

The subject of 'twinning' with Manchester was raised. They were emphatic in the advice they gave us as to how we could give the project a push and we are following this up.

They are 'twinned' with many cities around the world, including Uida (Japan), Pittsburgh (USA) and Duisburg (Germany). The 'twinning' goes on on a large scale.

There is more than meets the eye in this 'twinning' business because in the event of a reversal to more autonomy in the regions, to be connected with a municipality or a province where new enterprises spring up, would be a big advantage. Indeed, I have recently learned that a subsidiary of a Pittsburg firm has just won a contract for a steel rolling mill in Wuhan.

We had a long and interesting conversation with the President of Wuhan University, on the subject of the exchange of professors with Manchester University. The subject of students coming to Britain came up time and time again, especially when we had an interview with Mr Du Zhongyi, Director of the Bureau concerned with students studying abroad, of the Ministry of Education. When I expressed my concern as to how we can help to increase the number of students coming to the UK, he gave us a rundown on the number of students at higher education institutes in China and what they had done in the way of inviting visiting teachers, and he responded warmly to the idea that more British scientists might visit China to teach. The subjects they were mainly concerned about were engineering, business management, law and finance. He admitted that they were weak in these subjects and any help would be welcome.

I have been pursuing the matter of Chinese students coming to Britain, for some time past, but as the fees are the highest in the world, I felt that some scheme should be introduced which will enable more Chinese to study here. Presently our efforts may be better directed towards funding visiting professors and specialists to teach in China.

Here let me say I think the British Council has done a remarkable job in this connection and has used its limited resources astutely.

### Broadcasting

Friendship with China needs a powerful external broadcasting service. We felt the present service by the BBC External Service was poor and should be strengthened.

Since returning from China we have been assured that steps are now being taken to remedy this and that a new relay station is to be constructed in Hong Kong to serve the Far East. But that is what they said the last time we went.

I was very concerned about the timing as a start is only planned for 1985 and, as it will take three years to complete, the facility will not be on the air until 1988.

Another example of our lack of drive is the question of the Consul-General in Shanghai. An appointment was made long ago but no office has been established there yet. It is a pity that we have not got more determination to stay in that part of the world. A gesture is very much needed here.

To speed up the above projects would be evidence of our determination to stay in that part of the world.

### Chongqing

We experienced goodwill everywhere. One incident I love to recall took place in a park in Chongqing. I use a wheel chair if much walking is entailed, and the sight of an aged foreigner being wheeled is enough to set people giggling anyway.

On this occasion I came across a group of young people sitting in a circle playing a game. A man banged a gong whilst a rag was passed as quickly as possible from one to another. The moment the gong stopped the person holding the rag had to pay a penalty. It wasn't long before I tumbled to it that I was to have the rag sooner than later. It arrived alright in my lap when the gong stopped. Shrieks of laughter! Now what would the old man do?

The penalties seemed to embrace dancing, singing, reciting,

story-telling, etc. Fortunately mine was to sing, so I obliged with an abridged version of "Ikla Moor 'bawt 'at". By this time the usual staring crowd had assembled. Shrieks of delight from everybody and, with much palaver, I was presented with a badge.

It appears I had been taking part in a break from the serious business of a Young Communist Association seminar, so I believe I have the distinction of being the only octogenarian to be made a member of the Young Communist movement. They said I was now under 30 and wished me long life.

Advise a fool and you make an enemy;  
advise a wise man and you make a friend. (*Proverbs*)

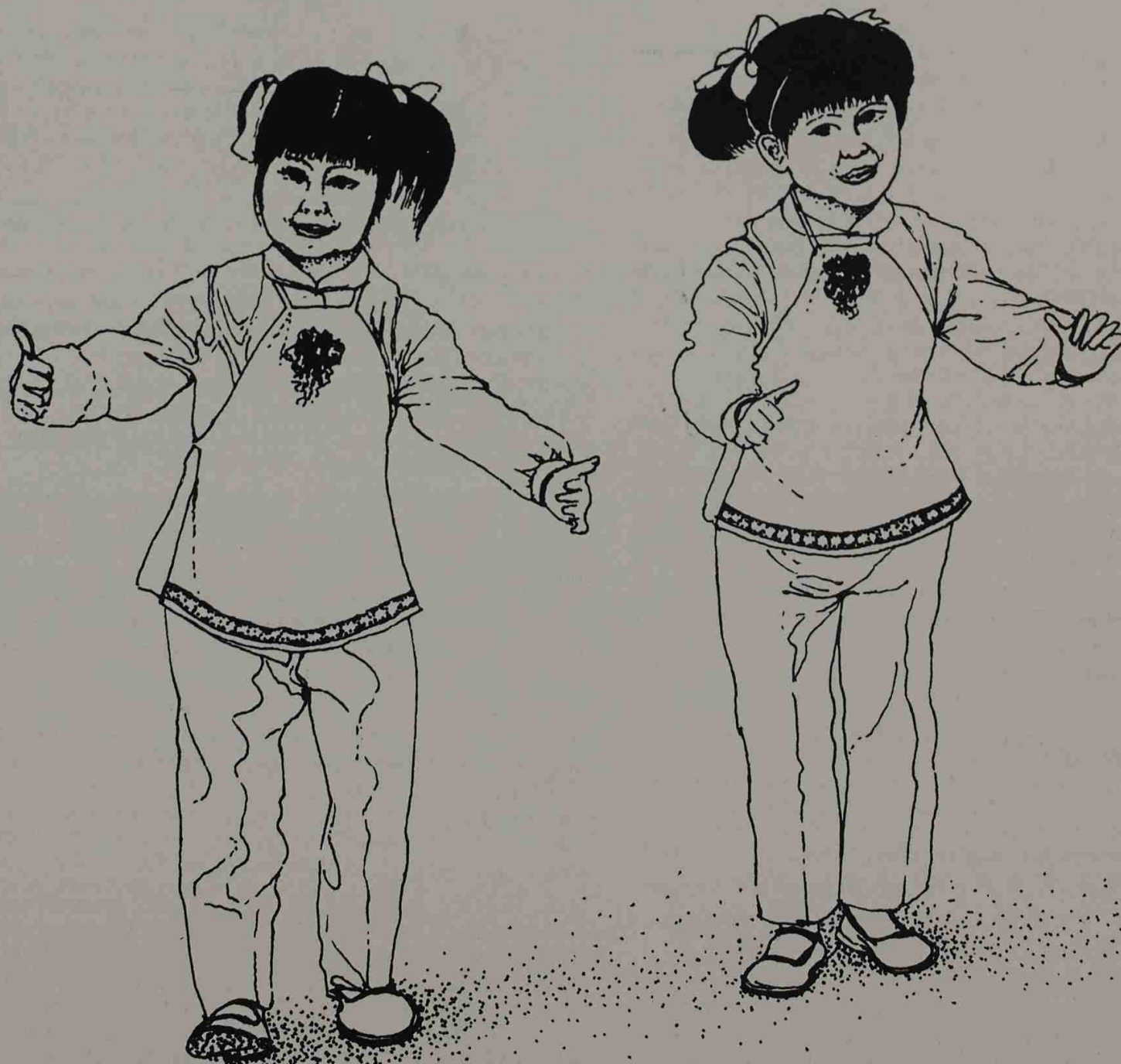
The Chinese reputation for integrity and honesty in commercial dealings has always been a high one. I remember that in 1967, at the time of the Cultural Revolution when bombs were going off in Hong Kong, I was asked by the Hong Kong Development Association to help them.

I went and made many speeches to various organisations, urging

them to carry on despite the bombs. At one meeting the topic of debts owed by Chinese merchants and tailors to the British wool industry was raised. The debt was estimated to be £3 million. A lot of money in those days. Jardine Mathesons, reading the future better than most, asked me if I would approach the wool men in Bradford to find out if Jardines could purchase the debts. This I promised so to do.

One Monday morning, I met the wool delegation. I told them what I'd been asked to do by Jardine Matheson. Nobody spoke for ages; then one grizzled old wool man broke the silence and said, "My grandfather sold worsteds to the Chinese and he always got paid. My father sold worsteds to the Chinese and he always got paid. I've been selling worsteds to China for 25 years and up to now I've always been paid. Tell Jardine Matheson, 'Thanks very much, but I think we shall get our money alright'." They did.

May I say, advisedly, it would be a pity if ever this reputation was sullied in any way. I hope that the Chinese will always maintain their integrity in their haste to reach their modernisations.



*At the Hot Springs, a young boy is fascinated by the Polaroid camera used by Lady Llewelyn-Davies.*

## Diary by Lady Llewelyn-Davies and Frances Wood

### 2 October: Hong Kong

The delegation arrived in the early morning and was instantly whisked off for lunch at the Kadourie house in Castle Peak with warm rain lashing the windows. Amongst the other guests were General Sir Edwin Bramall and Lady Bramall who were visiting the Gurkha regiments stationed in Hong Kong. We were specially delighted to see again Mr Horace Kadourie, who looked very well.

### 4 October: Hong Kong—Beijing

At Beijing airport, we were welcomed by Guo Youchang, Chief of the Western Europe Division of PIFA and Zhang Yuebang who had been the interpreter on the last three delegations led by Lord Rhodes, as well as Miss Xu Lin who was in charge of the organisation for the visit and who proved indefatigable as well as flexible.

### 5 October: Beijing

The two members of the delegation who had never been to China before were taken to the Forbidden City in the morning and joined the rest of the delegation for lunch with the acting Charge d'Affaires, Gerald Clark, at the British Embassy. Mr Clark gave us an introduction to the current state of relations between the central government and the provinces, the relative positions of trading countries, with Japan way out in the lead, and the existence of twinning arrangements with towns in the UK. He particularly briefed Lord Rhodes on the China Light & Power's proposed nuclear power station for the new economic zone of Shenzhen, stating that though HMG was not prepared to put money into the project directly, it was prepared to offer the full support of the ECDG with a bank loan at heavily subsidised rates.

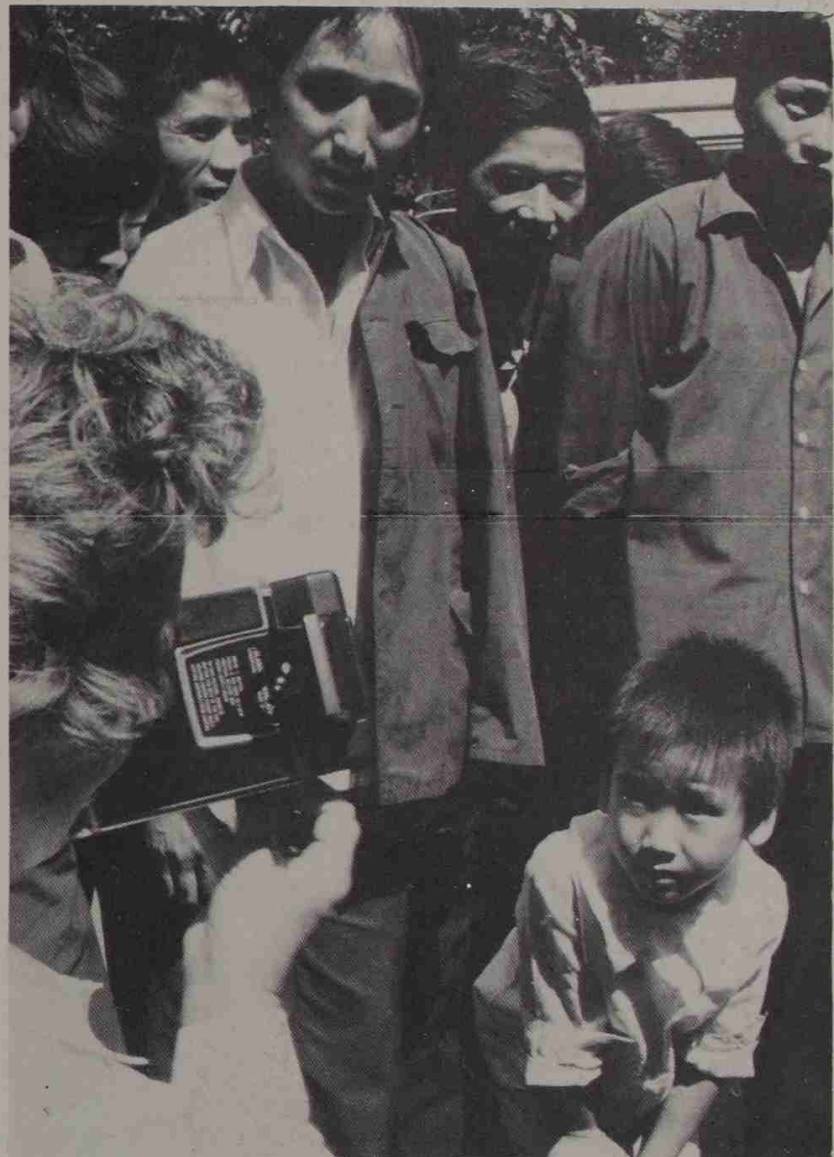
In the afternoon, Mr Benyon and Mr Sims were shown the Temple of Heaven before the delegation was invited to a banquet in the Xinqiao Hotel by Xie Li, Secretary-General of PIFA. Before the banquet, Xie Li briefed the delegation on the arrangements for the visit, and went on to give a most interesting account of the current economic position in China. He was proud to use 'foreign' data from such sources as the UN and the US Department of Agriculture which revealed that despite disastrous floods in Central China, agricultural yields were similar to last year's and the future for China's agriculture looked bright because of the new 'Responsibility System' which "suited the conditions in China". Under this system, which the last delegation had heard much about in Sichuan province in 1981, where it was being tested, individual households take responsibility for production, replacing the peasant teams and brigades of the previous decades. As 80% of the population live in the countryside, Xie Li felt that it was most important to solve problems in agricultural production.

In industry, energy and communications were still urgently in need of improvement. Foreign capital and advanced technology from Western Europe and Japan were being used and a good sign was that China had repaid a World Bank loan ahead of schedule, demonstrating the strength of the economic base.

Over the last year, however, heavy industry had developed too fast and this had led to an imbalance between light and heavy industrial development which ran contrary to the State plan to put more effort into light industry first. Part of the reason for a primary stress on light industry was that since farmers were getting richer through the 'Responsibility System', they required more light industrial goods.

Economic controls were being introduced to curb development outside the State plan, with taxes levied on construction.

Xie Li mentioned the recent drive against crime which, he said, fell within the context of a very low crime rate in general. Some foreign observers had suggested that a rise in the crime rate had followed China's new 'open-door' policy and was the result of contact with the West and Hong Kong, leading to such crimes as 'deceiving women' and 'selling antiques'. This should not be exaggerated.



Xie Li also mentioned the proposed China Light & Power nuclear station in the context of difficulties over Hong Kong which he hoped would be speedily resolved.

He touched on the difficulties of finding jobs for the tens of thousands of school-leavers who graduated every year and described those not yet employed as 'waiting for work' rather than unemployed. He said that there was one aspect of the huge population which was useful and that was the fact that there was a huge labour force for capital construction.

He mentioned the question of local autonomy versus central planning and told us the Chongqing had been added to the list of cities that could trade directly with foreign concerns without consulting the central authorities. Rather than concentrate on these individual possibilities, he stressed the interdependence of China's localities and the fact that if all the different resources, both human and natural, were added together, China was not a poor country.

Also present at the banquet were Luo Jiahuan who has recently returned from the Chinese Embassy in London to act as Counsellor of the Western European Department in the Ministry of Foreign Affairs and to take part in the Hong Kong talks, and Mr Guo Youchang from PIFA, whose excellent French was a great bonus.

### 6 October: Beijing

In the morning, the delegation again divided between those who went off early for a quick look at the Great Wall and those who had meetings. Lord Rhodes went first to the Ministry of Education to meet Du Zhongyi, Director of the Bureau concerned with students abroad to talk about the general problems of increasing the number of Chinese students in Britain. Mr Du stressed that the only barrier was the very high cost of sending students to the UK which was twice as much as the USA or Japan. He welcomed any initiative that would make it possible for more students to study in Britain, whether by exchange or by lowering fees. He also



*Teasing fibre for quilting — Chongqing.*

welcomed the idea that more specialists might come from Britain to teach in China. Foreign experts taught in China either on long-term contracts (by which the Chinese government paid a salary, their fares and travel expenses within China) or on shorter courses often arranged through exchange agreements. Any proposals should be sent to the Ministry of Education which would select the appropriate institution. Major areas in which the Chinese were weak and welcomed foreign experts were engineering and technology, business management, law and finance.

Mr Du explained that there was some re-organisation going on in China's educational system. The aim was to make primary education absolutely universal (at the moment the enrolment was 97% and there was some concern that the 'Responsibility System' meant that children were needed at home to help with agricultural production and sale of private produce) and to improve secondary education so that it would become universal in the cities, at least, and better attuned to the needs of industry through the creation of more vocational schools and courses.

Immediately after leaving the Ministry of Education, Lord Rhodes went to the Ministry of Textiles where he was welcomed by the Minister, Mme Wu Wenying. She had only been appointed Minister a few months ago but, like Lord Rhodes, had gone into a textile mill very early in life. She is a native of Changzhou, an ancient town in the Yangtse delta, and had been mayor of the city for some time. They discussed the visit of John Rhodes, Lord Rhodes' nephew, a design consultant to the International Wool Secretariat, who had visited China last year to advise on design and Mme Wu said the Ministry was planning to ask him back. She stressed the importance of market research in textile production and described how she sent people out into the markets to find out what people wanted. Over the recent National Day holiday, a best-seller had been lightweight wool, and this year a general favourite had been a lightweight blend of wool and polyester. Such mixtures were becoming extremely popular.

Lord Rhodes stressed the importance of developing expertise in

wool production. All sorts of factors influenced the annual production of wool such as weather and the natural conditions and vegetation. He said that design was also very important, for though the view world-wide was that Chinese textiles were of very high quality, the designs were rather behind.

On the question of relations with foreign buyers, Mme Wu said that the problem was under consideration by the State Council but that at the moment, all import and export of fibres and textiles had to go through the import-export corporation of the Ministry of Textiles.

Mme Wu thanked Lord Rhodes for his concern for the Chinese textile industry and hoped that he would continue to keep them informed of developments.

In the afternoon, the whole delegation went to the Ministry of Foreign Trade to meet Wang Bingqing and Huang Renquan of the number three bureau. The conversation was concentrated on the question of import controls and restrictions and the Ministry of Foreign Trade hoped very much that such restrictions would be lifted or relaxed in China's favour. Again, the question of direct purchase by foreign companies was raised and the Ministry spokesman explained that though textile materials were all handled by the Textile Ministry's import-export corporation, other arrangements were possible if the transfer of technology was involved. Provinces that required foreign technology could set up agreements directly with foreign firms to co-produce or repay through compensation trading or set up joint ventures.

As the British Acting Chargé had mentioned, Japan was the most successful trading partner because her technology was very advanced and prices extremely competitive. In this respect, West Germany was also successful in China.

It was also stressed that China had plenty to offer to foreign firms in the way of foodstuffs and raw materials, meats and tinned foods and light industrial products.

In the evening, thanks to the help of Clare Stubbs, William

*Typical countryside near Chongqing.*

Ehrman and Richard Fletcher-Cooke of the British Embassy, the delegation gave a banquet in the Cui hua lou. The guest of honour was Mme Wu Wenyng, Minister of Textiles and other guests included our old friend Ke Hua (until recently Ambassador to the UK), Huang Renquan, Luo Jiahuan, Guo Youchang and Jin Yuheng (Deputy division chief of the Foreign Affairs Bureau of the Ministry of Textiles) and Tony Tsang of Courtaulds office in Japan. It was a great success, particularly because Mme Wu was such a charming guest and able to communicate with Lord Rhodes in particular by miming various spinning techniques which they both knew from their early experiences in the mills. The presence of Ke Hua was also a great pleasure as we all (without intending any disrespect to his successor) miss him very much in London, where he was the most amusing and sharp-witted diplomat and did a great deal to further good relations between the two countries.

#### **7 October: Beijing—Chongqing**

The delegation left for Chongqing very very early in the morning and were lucky in that the plane left promptly (that of the previous day had been delayed until the afternoon, which would have been difficult to bear after getting up before 5am). Just as when the 1981 delegation flew into Chengdu, we were amazed by the beautiful green and soft vegetation of Sichuan, the hills sculpted into rice paddies and fluffy bamboo clumps on the hillsides. This rich green scenery made the ride into Chongqing absolutely delightful, although Mr Benyon was itching to find out more about crops and vegetation.

Arriving at the hotel in very good spirits after the drive through the countryside, we discovered that we had arrived in Chongqing minus one suitcase which cast a bit of a pall. A very peppery Sichuanese lunch was served before we set out to see Chongqing, a town set at the confluence of two rivers, the Yangtse and the Jialing. They were both very fast and full, loaded with red silt and it was clear that life in Chongqing must have been very inconvenient before the construction of the two major bridges that

link the different parts of the city.

Famous during the Anti-Japanese War, Chongqing has changed considerably from the descriptions given then by Theodore White and others. It was very seriously damaged by bombing and in re-building, most of the old stepped streets and wooden houses have disappeared, although we glimpsed some. One thing that has not changed is the incredible view of the meeting of the rivers which were still very high and fast-flowing after the summer floods, which badly affected Chongqing and the whole upper river area down to Wuhan in September this year. We watched a ferryboat being swept in a wide arc as it crossed from one bank to the other and realised that when we went down the river, we would sweep through the gorges at high speed on the rushing water.

In the evening Zhu Baoquan, Director of the Foreign Affairs Office of the city, gave us a banquet which was a culinary delight, especially to the three members of the delegation who enjoyed chilli peppers. Amongst the many fiery dishes were several fish courses, each one different for the fish came from different parts of the two rivers. Mr Zhu explained some of the implications of Chongqing's new status as a municipality (it has recently joined Beijing, Shanghai, Tianjin and Guangzhou as one of the cities that enjoys the equivalent status of a province, reporting directly to the State Council and enjoying more autonomy in its economic management as a consequence).

#### **8 October: Chongqing**

We drove out through the same marvellous scenery to the Beibei glass factory where very exclusive hand-cut glass is produced. The factory was set up in an area with a tradition of hand-made glass and uses raw materials from Sichuan province to produce its glass and lead crystal. Most of its production is exported to over twenty countries, including America, Canada and the UK.

Though the bulk of the production consists of tableware, there are a large number of huge cut-glass pieces produced, sometimes to order. We watched workers blowing and shaping all sorts of

Aboard the Yangtse ferry behind Lord Rhodes (seated) are left to right, Bill Benyon, Frances Wood, Lady Llewelyn Davies and Roger Sims.



glasses and then went to the cutting rooms where the most extraordinary pieces were being cut. Some were beautifully worked with peacocks which were reflected countless times in the many facets of the vases and one huge jar was being supported by two workers whilst a third cut down through the blue glass to the clear crystal below.

We crossed the Jialing river to the Beibei hot springs park for lunch and then wandered through the park looking at waterfalls of warm water and crossing large parties of primary schoolchildren. Lord Rhodes joined a group of children who were singing and gave such a spirited rendering of "On Ilka Moor 'bawt 'at" that he was rewarded with a membership badge of the Young Communist League (of which all members must be under 30).

### 9 October: Chongqing—Yangtse Gorges

In the early morning mist for which Chongqing is famous, we boarded a steamer to descend the Yangtse. The mist cleared slowly as we left and we could see the cable-cars crossing the river as well as the constant crossing of the ferries. The sun came out and stayed out all the time we were on the river (which is apparently very unusual). Settled into small, two-berth cabins and provided with breakfast, we prepared to enjoy the scenery. Though the first day is not supposed to be scenically spectacular, it was none the less enjoyable to watch the swollen red river rushing past low hills with small towns perched way up on the banks reached by long, long flights of stone steps which must have been even longer before the construction of the dam at Yichang and the summer floods. The other passengers in the first class section were a friendly group of Japanese ladies who did everything together, rushing *en masse* out of the lounge when there was something spectacular to photograph and all photographing it from the same spot, a banker and his wife from Singapore and a group from Guangzhou which included a retired doctor who wrote a short poem on the river which he presented to Lord Rhodes. Dr Xue's 14 character poem reads roughly as

follows:

The Yellow River has flowed since antiquity,  
The Pearl River is small,  
But the mighty Yangtse is the soul of China.

In the evening, the boat moored at the foot of the steep steps leading up to the small town of Wan Xian. Following the great horde of passengers from the lower deck, we stepped along single planks and duckboards to reach the shore and climb up to the market street high above the river where great crowds of people of all ages had gathered at dusk to sell oranges, baskets, cane and bamboo furniture and steamed buns to the boat passengers. We bought mandarin oranges and Mr Benyon carried them in a little yellow, black and red basket with a lid that Zhang helped him bargain for. The street was absolutely crammed with people carrying baskets and mats, a man with a puppy in one of his baskets and porters carrying loads down towards the jetty.

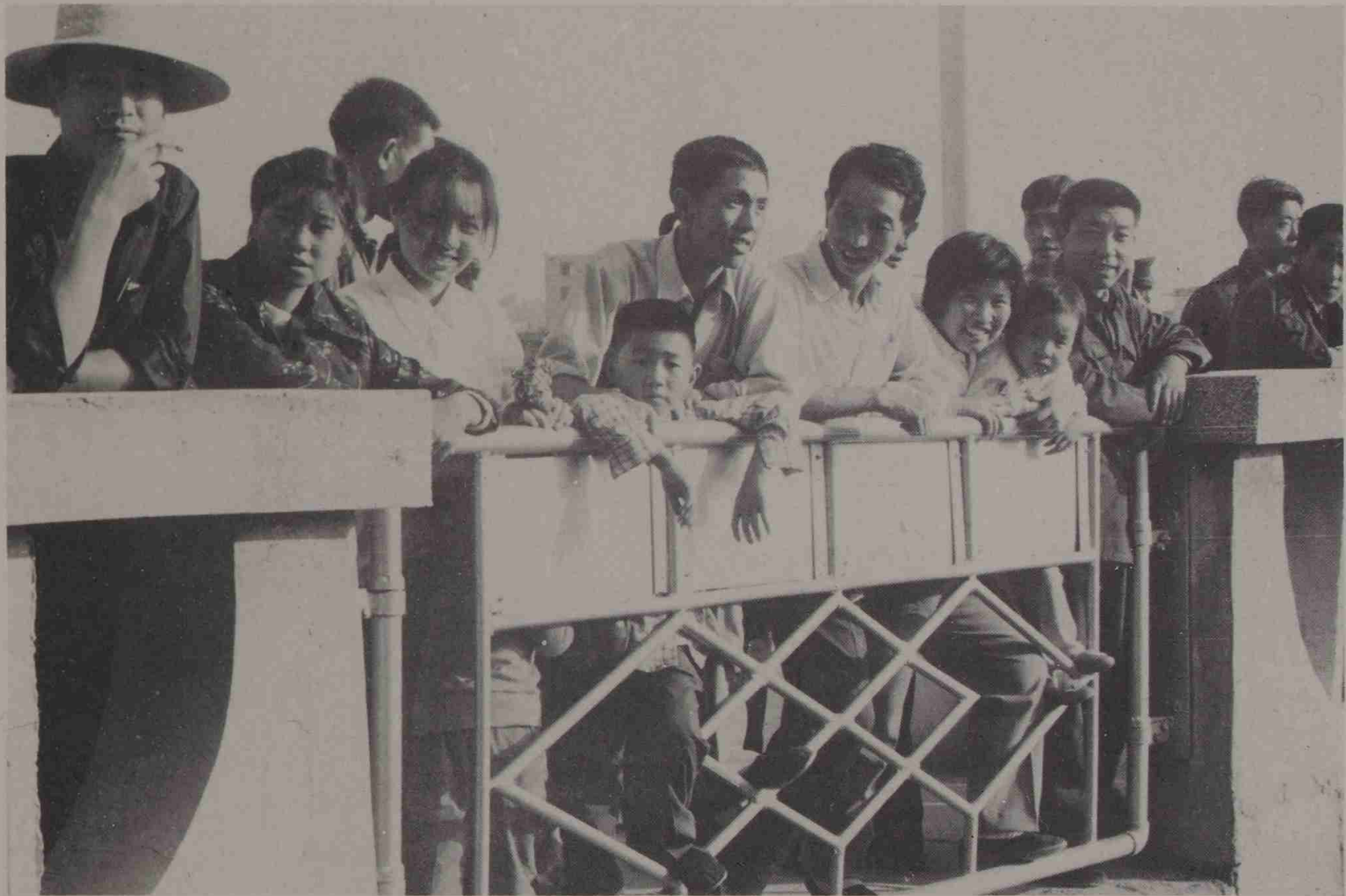
Back on board we watched the other passengers stagger across the duckboards with two chairs on their backs or little baskets stuffed with Sichuan pomeloes and mandarins.

The next morning, after breakfast, the boat entered the first of the three gorges and the whole day was spent looking at the cliffs and waterfalls, watching small boats towed up-stream by tugs, or on one occasion, by trackers, and trying not to look at dead pigs that floated by until engulfed by the sinister brown whirlpools.

Late in the afternoon, the last of the gorges behind us, the scenery finally began to flatten as we approached the new Gezhouba dam at Yichang.

The first stage of construction now completed, the dam blocks the river completely and is already producing a considerable amount of electricity, although its output will be trebled by the time the third and last phase of construction is completed. Its newness and interest was apparent as we entered a lock, for both sides of the lock were lined with a crowd of people, young and old, men with babies sitting on the crossbars of their bicycles, small girls

*Approaching the Gezhouba Dam at Yichang, spectators line the locksidings to watch the boats*



waving, all watching as our boat sank lower and lower in the dock until all we could see above was rows of tiny heads. We sailed on into the lower part of the river where we could look back on the main barrage dam and finally, Lord Rhodes' party disembarked at Yichang jetty below the dam, leaving the Japanese ladies on board.

The jetty at Yichang is fortunately low, and the city is not perched at the top of a flight of steps but on a low bank so we and our luggage reached the waiting cars with ease. We were met by Wang Daogui, head of the Foreign Affairs Office of Yichang Prefecture who took us to the Peach Blossom Garden Hotel where we had one of the friendliest and most informal 'banquets' of the trip, with Wang Daogui and the Deputy-Director of the Prefecture (also a Mr Wang). They then put us on an overnight train to Wuhan. The train was crowded with an overseas Chinese group from Victoria in Canada and was almost unbearably hot when we left, only to get extremely cold early in the morning when we were grateful for the thick quilts.

### **11 October: Wuhan**

Not all of us slept terribly well and were glad to arrive in Wuhan and find baths and comfort (and Mr Benyon's long-lost suitcase) in the hotel. We stayed in the Hankou district of the city, having crossed the Yangtse from Wuchang and the Han river and the Hanyang district.

Wuhan, like Chongqing consists of several parts, divided by rivers which are now crossed by tremendous bridges, linking three cities into one. The rivers at Wuhan are slower and lower than at Chongqing and it lacks the drama of that city. The Hankou streets were very busy, quite reminiscent of the shopping areas of Shanghai, and the hotel was solid and comfortable with huge rooms and heavy balconies, again quite like the older buildings in Shanghai.

In the afternoon, Lady Llewelyn-Davies and Mr Sims went to the

Wuhan Medical College, Mr Benyon had a complicated afternoon on the telephone arranging one various routes back home and to Hong Kong, and Lord Rhodes was visited by members of the faculty of the Textile Engineering Institute, a new college that he had heard about from the textile Minister. The college was intended to serve the needs of the textile industry in five southern provinces (Guangdong, Guangxi, Hunan, Hubei and Henan) by providing textile engineers, managers and technicians, as well as carrying out research in local factories and the college's own laboratories. It had been founded in 1978 but was still very much under construction, both physically and as an institution. There were 400 students in four grades, though the target for 1990 was 2,000 plus some 24 post-graduates. As the areas covered were mainly cotton-producing, the concentration was on the technology associated with the development of the cotton textile industry (and we learnt that there was an equivalent wool college in Xi'an).

In the evening, Mr Li, Vice-Chairman of the Standing Committee of the National People's Congress of Hubei Province, invited us to a banquet in the hotel with Xu Qun, director of the Hubei branch of the Chinese Association for Friendship with Foreign Countries. Apart from describing something of Wuhan's development from a pre-liberation commercial centre to today's industrial city, Mr Li and Mr Xu also discussed the question of 'twinning' (or sister cities as the Chinese call the idea). Wuhan is already twinned with Uida in Japan, Pittsburgh, USA and Duisberg, Germany and arrangements for twinning with Manchester were proceeding slowly. Xu Qun explained exactly how the next stage should proceed (and it is his organisation that is concerned with sistering or twinning). Having got that absolutely clear, names and addresses exchanged, we were able to relax and enjoy the meal.

### **12 October: Wuhan**

We visited the University which is 70 years old and thus one of the

*Shenzhen : a model of the new economic zone is explained to the delegation.*



oldest 'modern' universities in China. Parts of the campus were painted in rather odd colours which turned out to be undercoat, preparatory to a full re-painting ready for the 70th anniversary celebrations. The President of the University abandoned a meeting in the city to join us, which was very kind, and he talked about the various departments and their history and the current plans for the university which is one of China's ten 'key' universities, intended to play a big part in modernisation. Some of the faculties (like the Medical College) had been separated off in the early 1950s to form independent institutions, leaving behind a university with a full complement of faculties in the sciences and humanities and a large number of research institutes, including one on the Economics of the EEC. Wuhan had been designated as a special city in the Sino-French Cultural Agreement and received annual financial help from the French government. It is hoped that closer links may be forged between Manchester University and UMIST, after a visit later this year by Professor Isherwood of Manchester University which could facilitate exchanges of staff.

After lunch in a restaurant in a lakeside park, we got on a train for Guangzhou.

### **13 October: Guangzhou, Shenzhen and Hong Kong**

In the very early morning, we said goodbye to Mr Benyon who went straight on to Hong Kong, whilst the rest of the delegation, in a rather delicate state of health after another long night on a train, went to the new economic zone of Shenzhen, just beside Hong Kong. We were met by the indefatigable and wholly helpful PIFA representatives, who looked after us all over China. When we arrived, there was a typhoon in full swing which made transportation, sightseeing, and even seeing through the lashing rain, rather difficult. Cable & Wireless in Hong Kong who are involved in providing services for the off-shore oil-fields had helped to arrange a sumptuous lunch with one of the five Vice-Mayors of Shenzhen who explained the plans for the area which is to develop

in five and ten-year stages from a population of 250,000 in 1985 with a labour force of 40,000 and an annual productivity of 1.2 billion rmb to a population of 800,000 in the year 2000 with an annual productivity of 9.6 billion rmb. He explained that Shenzhen's economy differed from that of the rest of China where a planned economy operated and market research came second; in Shenzhen, the reverse principle operated. Plans for development include an international airport and highway and a considerable development to support and refine the production of the off-shore oil. So far, the major investors in Shenzhen come from Hong Kong and Japan.

We looked over the city from the top of the government building though much was obscured by cloud so a view of the planners' models and drawings was clarifying.

Cable & Wireless who had worked hard to arrange the visit, had planned to have a bus meet us at the border and take us into Hong Kong, but as the number 8 typhoon signal had been hoisted, the bus was not allowed to set out from Hong Kong. Fortunately, the local Foreign Affairs Office allowed us to keep the bus in which we had been visiting Shenzhen and so we set off. The driver was slightly unfamiliar with the border and the stages of construction, combined with driving rain, meant that we went round in a few circles, re-entering Chinese territory after our visas had been cancelled, but nobody seemed to mind and we continued the drive through the most dramatic storm and arrived safely in battered-down Hong Kong.

### **14 October: Hong Kong**

Despite the ankle-deep rain and winds that blew umbrellas inside-out, we enjoyed a very peaceful lunch with Lord and Lady Kadourie, whose kindness to us in Hong Kong was immeasurable. We discussed what we had learned about the proposed nuclear power station and the future of Hong Kong and the need for positive gestures of confidence there.

## Report by Lady Llewelyn-Davies

This was my third visit to China since 1979. In that time, short as it is, we have noticed great economic, political and social changes there.

On my first visit, it was apparent that the great struggle was to throw off the burdens imposed by the 'Cultural Revolution' on every aspect of Chinese life — intellectual, managerial and personal in the deepest sense. We felt everywhere the desperate need to build up again what had been destroyed in education, science, personal freedoms, the arts and the economy generally.

This year I was conscious of a growing sense of personal security, a much more open society and a more general awareness of how much had been lost in the ten wasted years. For a visitor, it is easiest to see the change in the countryside, among the peasants. The 'Responsibility System' is undoubtedly successful and very popular — and it is being undertaken in a sensibly flexible manner, with differences in application from province to province.

China is so huge and overwhelming, both in its physical characteristics and its political and economic complexities, that it is difficult to convey an overall picture of its people, its problems, and the different and ingenious ways in which she is trying to take her place in the modern world.

The three most outstanding events on this visit were, for me, our trip down the Yangtse gorges, our visit to Wuhan University, especially the chance Roger Sims and I had to go round the Medical College there, and our tour of the Shenzhen Economic Zone.

The wild beauty of the gorges has been described many times, and our photographs give some impression of the towering cliffs, tumbling water and whirlpools. But even here, wherever it is possible for men and women to walk, there are stretches of cultivation and activity: three or four orange trees planted in a tiny grove, terraced fields following the path of a mountain stream, the sails of a laden junk appearing round the cliff edge of a little bay. No land is ever wasted.

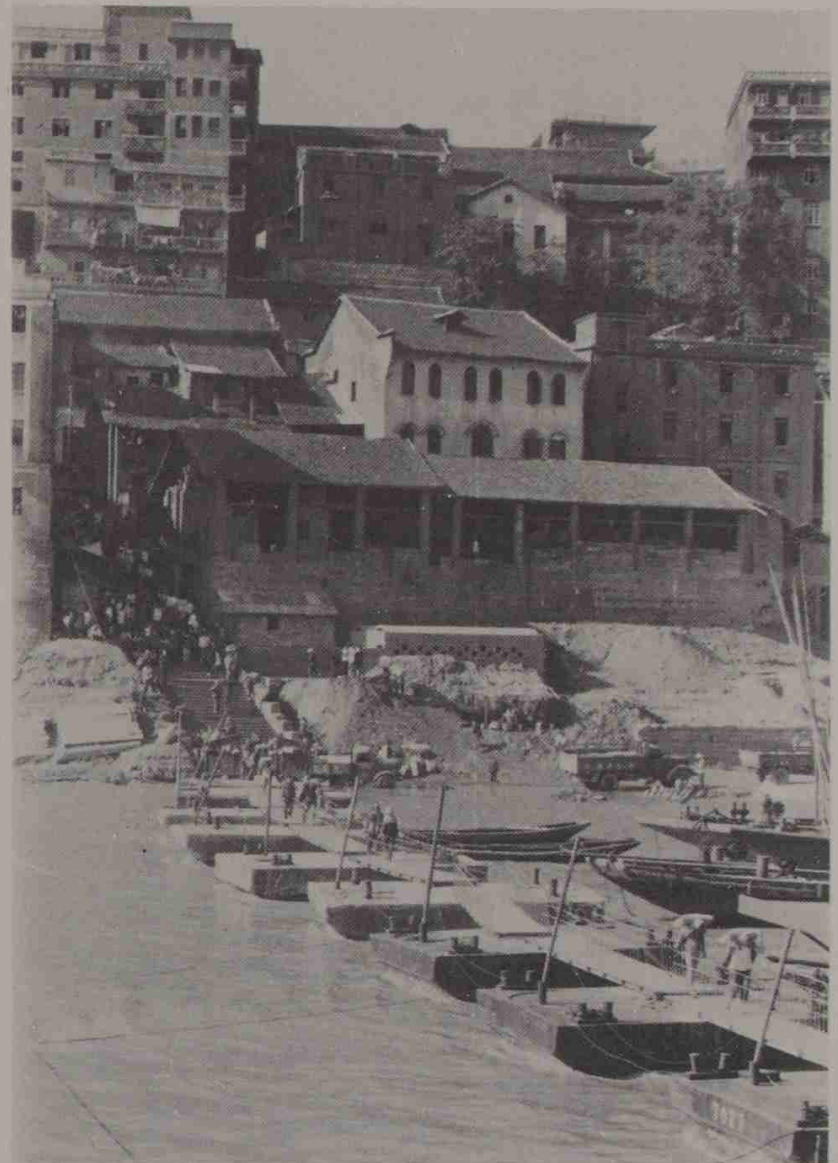
Further down river we passed the small town of Fengdu, a fascinating mixture of ugly modern warehouses and ancient walls with a large stone gate leading into the town inside. It was teeming with people, shouldering goods in traditional baskets on poles, selling vegetables in stalls pitched on the steep sides of hundreds of stone steps leading to the river.

Once again one is confronted with the overwhelming problem of China's over-population. Yet in the many thousands of miles we have travelled in China, we have never seen distressed old people, hungry mothers, children with swollen stomachs as are seen so sadly in Africa and India. Everywhere the Chinese seem happy and confident, immensely hard-working but sturdily fit.

One very welcome change is in their clothing. Chinese women are often really lovely, with very different physical characteristics in the various regions. In the past, their uniform grey or dark blue shapeless trouser suits were depressing, with only the most daring girls showing perhaps a glimpse of red scarf at the neck. Now many of them have more shapely clothes in much gayer colours, not only when walking with their families in the parks and streets, but working in the factories. Here is another sign of greater freedom and relaxation.

We left the Yangtse at the enormous project of the Gezhomba dam, which will eventually raise the level of the river more than 240 metres, thus improving navigation right back to Chongqing and providing great new sources of electric power. This is particularly important for China, because although she has immense reserves of coal, it is mostly located in the remote Guizhan and Yunnan provinces, with inadequate road, rail and port facilities.

Yichang itself has grown into a large town, with labour encouraged to settle there from many parts of China. I felt it badly needed some town planning as we know it here, with its straight rows of unrelieved grey blocks of housing. But the work is urgent and the magnificent scene of the gigantic construction site at night is astonishingly impressive. Our extremely alert and friendly



hosts responded at once to suggestions of improved planning for the future, and said they were already discussing this with their own local people, as well as with the central authorities.

Wuhan was delightful after a gruelling overnight train journey and joy was unconfined when Mr Benyon's lost suitcase was ceremoniously brought to the hotel. His good temper and patience while being without his belongings for five days had been truly remarkable.

Wuhan University itself was very impressive, one of the ten best in China. There are nearly 3,000 students and 1,800 members of faculties, only 60% of whom teach, as the key universities concentrate on research — this is one of their most pressing needs. President Liu Laoyou is only 40 years old, one of the youngest university presidents in the country. He is also the Director of the Advisory Commission of Wuhan City — we felt this a very healthy combination of functions and were greatly impressed by him. He explained that because of the 'Cultural Revolution', one of their greatest difficulties was the shortage of teachers of research between the ages of 25 and 40 to train research teams and research directors. They are arranging "shock training courses" and promoting 50 or 60 graduates to such courses. In addition, professors with outstanding scientific and technological qualifications are being sent abroad for advanced study, and will come back to direct research groups.

Once again we came up against the old problem of the much greater cost of sending students to the UK than to other countries, and regretted again the lost opportunities of our learning from them and their bringing back British skills and knowledge of our equipment and trading methods.

President Liu Laoyou showed us their well-stocked library and we noticed that large numbers of books had been donated by French and German institutions. As the Vice-President had asked questions about the EEC, I promised to send them the Reports by the House of Lords Select Committee on the EEC on appropriate subjects. We found much more awareness of the European Communities this year than in previous years and were glad to

*At Wuhan University : standing are Bill Benyon, Lady Llewelyn-Davies, Lord Rhodes, Dr Lui Dasyu, (University President) and two of his colleagues. In front are Frances Wood and Roger Sims*



learn on our return that China is now to receive some aid from the Community's programme of financial and technical assistance to non-associated developing countries.

Roger Sims and I had an absorbing separate visit to the Medical College and spent a fascinating afternoon with Vice-President Wu Zhongbi, the Professor of Pathology. The College is the Research centre for teaching general and municipal hospitals over a very large region and specialises in research for transplants, cardiovascular disease and hormones for family planning purposes. Mr Sims has described in his report the interesting new male contraceptive 'Gossipol' derived from cotton-seed oil. We gathered that it will be some years before they can be sure it will be safe for human use, though experiments with rats and monkeys are very promising. I asked the professor if at the end of their work they would be able to persuade the men to take it, and he smiled sadly and said he thought the women would be more co-operative.

I was rather surprised that cardiovascular research was so important, and he explained that since the liberation, malnutrition was no longer their great problem, but the incidence of coronary disease, due to a much richer diet, was serious. This was an unexpected light on how Chinese life has changed.

We saw many different experiments in progress by women as well as men graduates, and the professor explained that out of 30,000 applicants a year, only 100 are successful, so that the standard are very high. Both Western and traditional medicine is taught in Wu Han, but mainly Western, with training in traditional medicine after graduation. It was the first time I had seen one of the key universities and it was a most exhilarating experience.

Perhaps the most important part of our visit for China's future was our tour of Shenzhen, in one of the new Economic Zones, close to Canton and Hong Kong. We have described the area in the Diary and elsewhere, but I was specially impressed by the confidence and vigour of the men and women who are developing it. They have come from many different parts of China, are mainly young,

and have obviously been specially chosen for their various skills. The young official who described the present and future developments to us with clear models and plans had a technical training in town planning, public health, housing and some architecture, and was a pretty young woman with a delightful enthusiasm and a very clear mind.

It was difficult to understand entirely just how autonomous the region is and how much has to be referred back to central authority, but one felt that Shenzhen was full of forward-looking, perceptive and independent minded people. They will need help with managerial and technological skills — also I think with constructional know-how — but they gave us a feeling of great confidence.

China faces enormous political and economic problems, both internally and in her relations with the outside world. We heard far fewer diatribes against Russia than previously, though there is a basic distrust, and indeed fear. Her new more cordial relations with America seemed at a very embryonic stage, with hesitations and disagreements (as over Taiwan). But the policy of emerging into the great world seems to be considered successful and productive.

We were sad that we in the UK seem unadventurous and cautious compared with the Germans and French and of course the Japanese, though there are exceptions, as Lord Rhodes has found, and they are described in this Report.

I can never thank Lord Rhodes enough for making our journey possible and for giving us an example — at the age of 88! — of how to overcome physical and ideological obstacles with an infectious and superlatively informed enthusiasm.

## Report by William Benyon JP DL MP

Like most people visiting China for the first time I had preconceived ideas as to what I would find. I knew it was a vast country — a continent — containing a wide variety of terrain and climate. I knew its population was around one billion people, increasing rapidly, and this posed great obstacles to the elimination of poverty and social advance. I knew something of the political upheavals which had marked the post revolution period. But none of this prepared me for the reality. I am therefore very grateful indeed to Lord Rhodes for including me in his party for this his most recent visit to China.

Considering the short time available we managed to cover considerable distances and to see a wide variety of the countryside and the people of China.

What were my most abiding impressions? First the immensity of it all; every statistic took on a new dimension — whether it was the population of a city or the rice crop or the Yangtse River — it was all larger than life.

Secondly I found a happy people — I have travelled widely elsewhere and one can sense immediately the general mood. The crowds that thronged the streets, walking, or riding that multitude of bicycles with their ever-thrilling bells, were smiling and relaxed. Many approached us with halting English. The children in particular were a delight — happy chattering throngs dressed neatly and brightly with none of the drab uniformity I had half expected. In adults I saw no evidence of under-nourishment and all were adequately dressed — undoubtedly the greatest success of the post revolution regime has been the removal of the abject grinding poverty which previously existed and this is borne out so strongly in the life expectancy figures — 31 before the revolution and now 72 — no mean feat in such an immense population.

Thirdly, one cannot travel in China without being aware of the stirring of a mighty industrial giant. Building is going on everywhere, together with roads, sewers, electric power and communications. This was not confined to Beijing or the other large cities we visited, but was visible in the countryside as well. We were privileged to see the Gezhouba dam project on the Yangtse. Tremendous in size and conception, it will provide cheap electric power for a wide area. Cheap energy allied to relatively low paid labour is a potent industrial force for the future. This is like Japan in the immediate post-war era; all that holds it back is a system lacking in commercial initiative and shackled by an all-embracing centralised bureaucracy — but there is strong evidence that this is changing. Anyone who ignores the importance for the future both economically and politically of this 'modern' China is making a dangerous mistake.

Wherever we went we saw possibilities for British goods and services and I became increasingly concerned that with one or two notable exceptions we seem to be failing to take advantage of this enormous potential market. Our hosts were at pains to assure us of two things; first that they want to be as self-supporting as possible and secondly that when they did purchase overseas, they did not wish to be tied to any one particular country.

One remembers all too well how firms neglected the Japanese market in its early stage of development and then found it too late to establish themselves there in any strength. China has dusted itself down from the mistakes and disruption of the cultural revolution but that lost ten years takes some time to make up; this was brought home to me particularly in the universities where both studies and, more importantly, research have had to recover this lost time.

I was particularly impressed by the prosperity which is evident in the countryside. Eighty percent of China's people still work in the fields and we were very fortunate to visit Sichuan, the most fertile of China's provinces. New houses were being built and the farmers can now sell their surplus produce in free markets. Those that we saw were flourishing — produce of every kind piled on stalls and on the sidewalks — pigs and chickens were much in evidence, being brought to market in baskets either carried on poles or lashed to bicycles. Ducks and geese were there in large

numbers and enormous piles of fruit. This development is still in its infancy but undoubtedly is a major development.

Losing my suitcase for five days meant that I had to shop in Chongqing for a few bare necessities and I was impressed by the range of goods on offer — although on a personal note I failed completely to find a pair of trousers large enough for my relatively modest European waist. The shops were thronged with people who had money to spend. I could not help reflecting that food processing is still in its infancy. Most fresh food is sold locally with considerable wastage. Thus the potential for this development when it comes, will be enormous.

Tourism too is a developing industry in China. We were fortunate to visit such well known attractions as the Forbidden City and the Great Wall but these were rivalled by our journey down the Yangtse from Chongqing through the famous Gorges. There can be few such magnificent natural sights in the world as this enormous river plunges between sheer cliffs some 100 yards apart. As in the West, the conflict between conservation and the demands of a modern industrialised society is evident, and if anything more acute, due to pressure of population. Long may it remain unspoilt.

I suppose no-one who goes to China can fail to be staggered by the sheer numbers of people evident at every turn. China's population has doubled since the war and now is more than one billion. Nothing can stop it reaching 1,200 million and the potential increase thereafter is truly terrifying.

The regime is taking action which in Western terms seems draconian — one baby per family, no more. It is difficult to obtain evidence about the success of this policy, but certainly those with whom we discussed it, particularly in the cities, seem to think that it was being broadly observed. In the countryside the success rate is lower. If a family happens to have more than two babies the father suffers a reduction of salary or welfare benefits. There are also further sanctions in education. It will be interesting to see whether this form of coercion triumphs over the Chinese natural love of children.

If China fails to control its population the prospects are very alarming. China is already short of food and imports some 15 million tons of food grains a year and a continuing increase in population could drive China into an aggressive commercial policy overseas which will create formidable tensions.

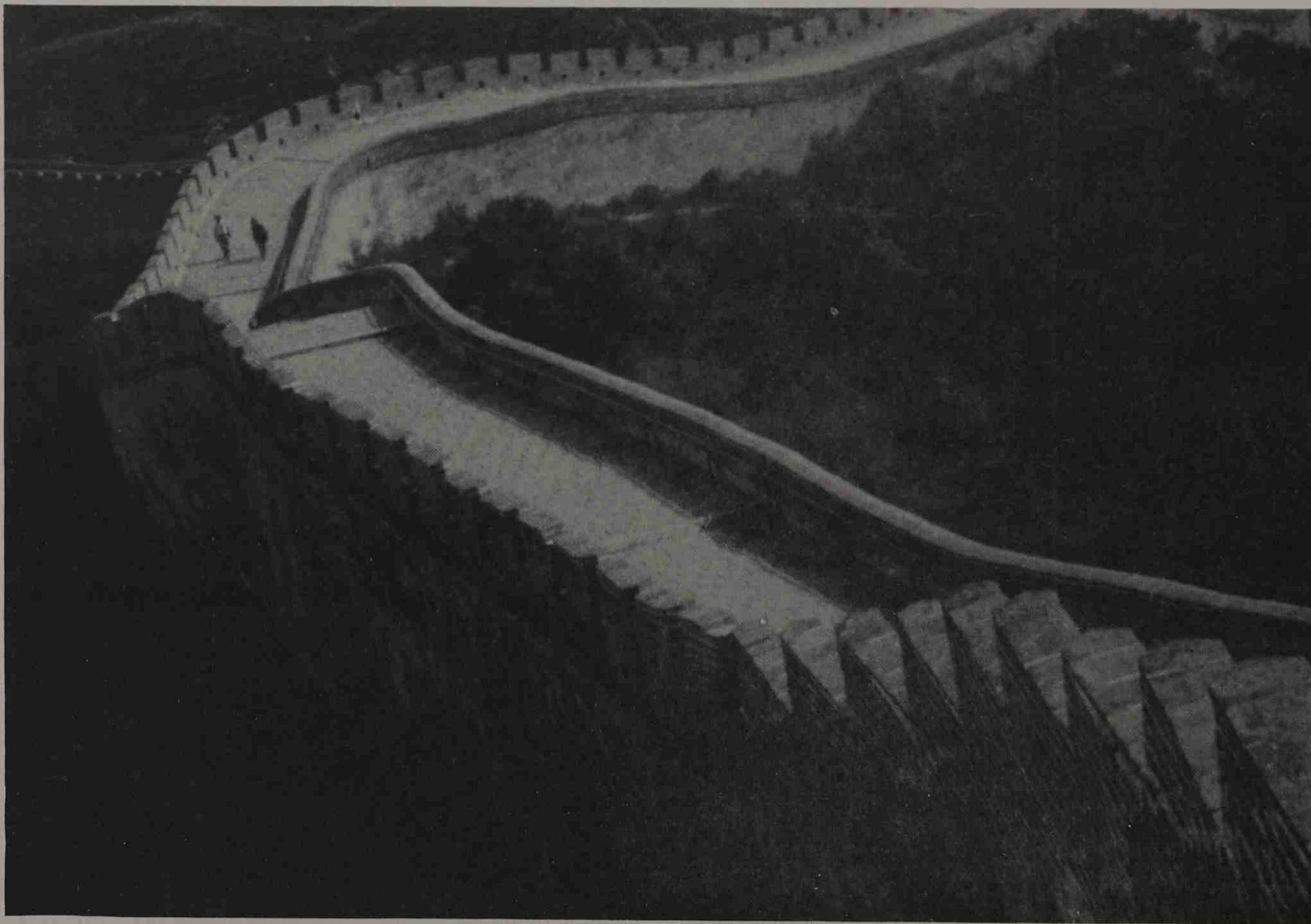
Throughout our visit I felt strongly that our two peoples have so much in common. We have much the same way of looking at problems, a similar sense of humour and the same emphasis on tact and politeness. For too long however, China has appeared to most Britons as a "difficult" country and market — to be avoided in favour of other states where the problems of language and political system are easier. Only a few of our countrymen, like Lord Rhodes, have taken the trouble to establish the frank and cordial relationships so vital for the future. Of course our visit was overshadowed by the problems of Hong Kong — it would be pointless to deny this — but nonetheless I believe it achieved a great deal.

I hope the future will see many more contacts at all levels and a far greater understanding in Britain of China's rapid economic development and her vital role as a world power.



*The spectacular gorges through which the Yangtse passes.*

*The Great Wall.*



## Report by Roger Sims JP MP

In the centre of what used to be known as Peking and is now called Beijing is the Forbidden City where, in the days of the dynasties, the Emperor lived surrounded only by his court. The ordinary people never entered the Forbidden City and they knew nothing of what went on behind its walls. Until this visit I knew little of what goes on in China today. Although I had been to Hong Kong twice, I was ignorant of the land across the frontier, nor could I visualise how the relatives of those hardworking Chinese entrepreneurs and traders, the epitome of free enterprise, lived under a Communist government. I was in for some surprises and many pleasures.

My overwhelming impression of the Chinese people was their sheer numbers. Cycling ten and more abreast in endless streams in the Beijing streets, crammed into dozens of buses, walking in masses along the streets, they seemed to go on for ever. And so it was in every town and village. In the countryside, too, there seemed to be people everywhere and I rarely saw a deserted road or a group of paddy fields without several workers in them. It brought home immediately one of China's biggest problems, that of controlling its population, believed to be in the order of 1,000 million. Faced with a situation where every improvement in food production was more than counteracted by the consumer demand of an increased population, China has resorted to drastic methods. Couples producing what is considered the ideal family of one are given various privileges and benefits in housing, schooling and so on. Should a second child appear, the advantages are withdrawn and a third child invokes penalties. At the same time there is an extensive birth control programme and I was impressed with the quality of staff and work done at the Family Planning Research Institute at Wuhan Medical College.

It was here that a possible new form of male contraceptive has been discovered and developed. It was noticed that the birth rate was much lower in a certain part of the country than anywhere else and that men there suffered from "heat fever". Investigation eventually revealed that the men enjoyed their food cooked in cotton seed oil which apparently contains an element with contraceptive properties. This has been isolated and 'Gossipol' produced — a development which could have enormous implications for China and many other countries.

Population limitation invariably came up in discussing China's problems with the various officials we met and it was amusing to see these middle-aged gentlemen reluctantly admit to being the fathers of five, six or seven children, with praise being given to our young interpreter who had one baby and had promised to stop there!

If the weight of numbers was my first impression of the Chinese people, friendliness was the second. Not only were we made most welcome by our official hosts, wherever we went, but the ordinary people in the street seemed genuinely pleased to see us, looked us up and down with an amiable curiosity and occasionally tried a hesitant "Hallo". There are some countries I have visited where being a foreigner in a crowd can be an unpleasant and sometimes frightening experience. This was certainly not the case in China where the atmosphere was never other than friendly.

I enjoy Chinese food and looked forward to sampling the authentic meals. I was not disappointed. In the course of the visit we enjoyed all sorts of dishes and I was surprised at the range of food available and the extent of regional variations. The magnificent banquets given by our hosts had as their centrepiece slices of fish, meat and vegetables arranged in a bird or animal pattern which were surrounded on the revolving table by a dozen or more different, exotic dishes. No sooner had one helped oneself from them than they were removed and replaced by others. All this washed down with endless quantities of beer, a sweet red wine and glasses of mao tai, the clear, fiery spirit in which innumerable toasts were drunk. It is considered courteous for at least one of the guests to empty his glass of mao tai completely when a toast is drunk and I seemed to be assigned this role. I think I can claim to have discharged it without disgracing

myself — or suffering any hangovers!

From the scenic point of view the highlight of the tour was certainly the boat trip through the Yangtse gorges, before and after which the banks of the river offered a variety of slopes, hills, inlets, villages and towns. But all over China, whether in the plains around Beijing and Wuhan or on the hills of Chunking, the people are trying to cultivate every inch of land, more often than not in terrace after terrace of most meticulously laid out paddy fields irrigated by systems which appear to defy the laws of gravity.

The man-made scenery, too, was most impressive. The Great Wall is indeed one of the wonders of the world. To build it today would be a colossal achievement. That it was constructed 2,000 years ago is a tribute to the world's oldest civilisation. One does not need to be an expert to appreciate the elaborate architecture and brilliant colours of the halls and buildings of the Forbidden City in Beijing and the grandeur of the Temple of Heaven. It was disappointing, though, to be taken to a building in similar style in Chunking, only to find that it was built in 1954 and was our hotel!

Amongst our fellow guests there were parties of foreign tourists to whom China has much to offer. Tourism is an industry which could certainly be developed and would provide China with much needed foreign exchange. The Government are well aware of this and of the need to provide adequate hotel accommodation of quality, an area in which they would welcome joint venture proposals. Indeed, the need for help in developing their agriculture and manufacturing industries, increasing their technology, extracting oil and gas and generally improving the lot of the people was a constant theme in all our discussions with Ministers and officials. Decades of war, civil war and revolution, plus the empty years of the 'Cultural Revolution' have left China, with its enormous population, way behind the developed world. Financial and technical aid in power and communication projects such as is already coming from the UK and Hong Kong is obviously welcome, but so would be help in setting up plants for the production of light industrial and consumer goods. Several British companies are already training young Chinese in this country. An extension of this and the provision by HM Government of scholarships to Chinese students, especially in technical subjects, could, for a modest outlay, yield tremendous benefits both in goodwill and, in due course, in purchases of British equipment.

My curiosity as to how the Chinese have adapted to Communism or, perhaps more accurately, how they have adapted Communism to suit China, was only partly satisfied and I left the country with many questions still unanswered. They have obviously realised that when Government is responsible, not only for the administrative matters to which we are accustomed, but also for the entire range of agriculture, communications, commerce and industry, central control is impracticable, particularly in a country the size of China. But whilst in some cases there is a degree of local autonomy on either a geographical or industry basis, in others Beijing has been reluctant to lessen its control. That the quality of local management is uneven is not perhaps surprising when those who occupy senior positions, may do so by virtue of their service to the Party rather than qualifications or experience. The introduction of incentive schemes in the countryside whereby, instead of handing over all their crops to the State, the peasants may retain for their own consumption or sell anything they produce over and above their quota has, not surprisingly, led to improved production but, we gathered that efforts to introduce similar schemes in factories have been less successful.

But for me the most astonishing thing I saw in China was the Special Economic Zone at Shenzhen near the Hong Kong border, for here the Chinese have not simply adapted Communism, they have turned it on its head. They are seeking to establish what is in effect a capitalist economy, encouraging businessmen from Hong Kong, Japan, Europe and North America to set up manufacturing plants, offering conditions similar to those which pertain in Hong Kong, but with the advantage of much cheaper (and admittedly

*Dr Wu Di-Rui and his staff at the Family Planning Research Institute, Wuhan Medical College.*



less efficient) labour. "In China we plan and market research is subsidiary," said the Deputy Mayor, a senior Party man sent to Shenzhen to help establish the SEZ. "Here the reverse is the case, market research will dictate planning." At present the SEZ has a population of 225,000 and 200 factories. By the year 2000 the plan is for there to be an 800,000 population and 1,500 factories. Whether these plans will come to fruition remains to be seen. Certainly the will and the enthusiasm are there, but are there the administrative, managerial and technical skills needed to realise them?

I left China with fascinating memories of its countryside, its culture, its food and above all its people. Driving into Hong Kong, I thought of the future of the colony, an issue which we carefully avoided discussing at official level in China, though it was never far from our minds. Of all the many problems to be solved before 1997, not least is the relationship between the two economic systems. The imposition of Communist methods in Hong Kong could be fatal to its prosperity. But what if mainland China moved towards the sort of economy which the Hong Kong Chinese have built up as, indeed, they are already doing in Shenzhen? What sort of China might our grandchildren see and where would its billion people stand as a world power?

Meanwhile, we must do all we can to foster greater understanding between China and the West, particularly the United Kingdom. There can be no better way of doing this than by the meeting of peoples at all levels. The great value of our visit was that we met Ministers, senior officials and ordinary men and women in China. We talked of how we could work together and trade with each other and, in doing so, not only did we learn something of each other's outlook and ways of life, but we got to know each other as people. That we found there is far more to unite than to divide us must augur well for the future.

*The ambassador's house at Beijing.*



## Report by Miss Frances Wood

Though the visit was characterised by alarms and excursions, in the end it was a great success. In order to learn from our experiences, as the Chinese would say, I will set down some of the lessons. We were not, perhaps, sufficiently explicit in our requests before we left. We listed people we wanted to see but did not necessarily explain what we wanted to discuss with them, because it seemed obvious to us. This was not altogether fair on our hosts, as we learned. It appears that in the recent (and continuing) drives to economise and modernise, the ministries in Beijing have retired a lot of excessively senior people and there are, in consequence, fewer officials to meet visitors. Those who remain would still prefer to have a list of questions in advance which we find quite difficult to accept, as it implies a lecture rather than a discussion. As a starting point, however, it is very useful for the Chinese who are not terribly comfortable with 'surprise attacks' even in the form of friendly visits. Despite a slow beginning, talks in Beijing were finally very rewarding, especially those with the Minister of Textiles, Mme Wu Wenying, who was not only an expert in her subject, but also very charming and responsive.

Many of the other alarms were the unavoidable results of travel, like losing a suitcase between Beijing and Chongqing, finding it again in Wuhan and arriving in Shenzhen at the same time as Typhoon Joe who altered the programme considerably.

Of our excursions, the most memorable must be the trip down the Yangtse. The boat was comfortable, the food good, our fellow-passengers very accommodating, the scenery was terrific and the weather, unusually, beautiful. It was so sunny that my photographs are quite uncharacteristically clear (the Yangtse gorges are famous for mists, cloud and rain) and we all arrived in Yichang with sunburnt noses. Looking at the evening shift working on the Gezhouba dam at Yichang was memorable, like a Chinese woodcut with massive black cranes moving over a huge construction site which was dotted with brilliant pink and blue flares from acetylene welders. The supper we then sat down to before boarding the night train for Wuhan, was one of the

pleasantest we had. Our hosts were generous, the Yangtse had been gorgeous and the dam quite splendid, so the prevailing mood could not have been more jolly.

Another slight problem we encountered was that of visiting China in October. This is unquestionably the best month for weather, everywhere in China, but its consequent popularity stretches China's tourist and communications resources to just around breaking-point. It is difficult to decide whether the reliably comfortable weather makes up for the unreliability of the overfull planes, trains, hotels and overworked taxis.

Problems aside, the delegation, and Lord Rhodes in particular, went a long way in the clarification of specific problems. Many of these were problems encountered by British firms trading with China and elucidation will no doubt be of great use to them. It says a lot for Lord Rhodes' strength of character, which is now, I think, legendary in China, that he never abandoned a question until he had got a satisfactory answer and we know exactly where we stand on fibre imports, twinning towns, university exchanges and wool technology, and plenty more. I hope that these initiatives are pursued, either by letter or by further visits. In many cases, unsatisfactory answers at first were partly caused by the problem I raised earlier, that of a question sprung on a person. In China, it is a brave thing to take full responsibility, even for an answer to a question. If the question is posed in advance, one can attend a meeting with confidence for the question will have been answered by a committee or group. Such problems are hard to avoid in a 'planned' or 'socialist' economy and I await with interest the results of the widespread study of business management techniques. I think we saw something of effective individual enterprise management in the Chengdu mill in 1981 but it appears that since 1981, greater central authority has been reasserted as planning and policy are once again placed above individual enterprise.

In some ways, China's internal lack of co-ordination is matched by ours and these factors combine to keep the UK low on the list of



*Children near the Hot Springs in Beibei Park.*

China's trading partners. We have a lot of young graduates in Chinese who could work in China for companies wanting to trade, we have a lot of experts in the Chinese economy and in business practice, but seem to duplicate experience rather than share it, conceal knowledge rather than spread it, just as happens within China, between ministries and between institutions.

I understand Lord Rhodes' aim in visiting China to be to break down unnecessary barriers to two-way trade where possible and to create a parliamentary lobby with experience of China and sympathy for China's interests. Each time we have been to China, he has made considerable progress on all these fronts and long may he continue to do so. As one of his 'Rhodes scholars', I am very grateful to him for the experience of visiting China with him, working in high places and laughing all the way down the Yangtse.

