

The Impact of Sino-US Relations in 1980s on China's Economic Development

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Abstract—1980s witnessed the rapid development of Sino-US relations. At that time, high-level exchanges of visits and the agreements the two sides signed greatly promoted bilateral relations. This thesis focuses on the Sino-US relations in 1980s and its impact on China's economic development. Following the time venation, this thesis analyzes both the negative impact of the setbacks in Sino-US relations on China's economic development and the positive impact of the development in Sino-US relations on China's economic development.

Keywords-component: 1980s; Sino-US relations; China's economic development

I. INTRODUCTION

As America is the world's largest developed country and China is the world's largest developing country, Sino-US relations is one of the most important bilateral relations in the world. A sound Sino-US relation is not only conducive to the fundamental interests of the two countries, but also beneficial to the peace and prosperity of the entire world. From the perspective of China, Sino-US relations has great influence on China's politics, economy, trade, culture, education, communication, science and technology. By analyzing Sino-US relations, we can conclude Sino-US relations play a very important role in China's economic development in 1980s.

II. THE STUDY OF IMPACT OF SINO-US RELATIONS IN 1980S ON CHINA'S ECONOMIC DEVELOPMENT

Xiao Hong (1998) held that 1980s witnessed the rapid development of Sino-US relations. Besides, he thought that the rapid development of bilateral economic and trade cooperation had brought tangible benefits for both countries and it was a vital pillar and strong driver for Sino-US relations in spite of some trade frictions. According to him, taking 1984 in which China's premier Zhao Ziyang and American president Carter realized exchanges of visits as a turning point, Sino-US relations before it was into the trend of worsening while that after it got recovery and achieved rapid development. Accordingly, China's economic conditions changed: before 1984 Sino-US trade volume decreased because of the political tensions and it had a bad impact on China's exporters and importers. After 1984, thanks to the easing of Sino-US relations, agreements the two sides signed brought vast profits to China. From his point of view, the impact of Sino-US relations in 1980s on China's economic development can be easily seen.

Li Baojun (1999), also pointed out that trade between China and US boomed and achieved better results in 1980s, so did the scientific and technological cooperation.

Liu Xuecheng and Li Jidong (2001) also held that the bilateral economic cooperation had made visible progress. Further, they analyzed the reason why Sino-US trade and economic relations had developed rapidly in 1980s. They stated that, except for the political reason, the high degree of economic complementarity between two countries determined that China and the US were not rivals at that time but were mutually beneficial partners---China had labor and markets, while the US had capital, technology and markets. Moreover, they also raised concerns and questions---neither the economic complementarity nor economic interdependence between the two countries were equal to them. It might lead to conflicts after. Their views were more calm, objective and comprehensive.

Sino-US relations have a big impact on China's economic growth in 1980s. The sound trade and economic ties between China and the US financed China's economic construction which was in urgent need of money that time, according to Xiong Zhiyong (2009); science and technology cooperation between two governments also served China's economic construction---achievements of science and technology applied in agriculture and industry directly; and having studied in America, Chinese students returned with modern ideas and advanced knowledge, which would improve China's economic quality.

It can be concluded that, scholars mostly spoke highly of Sino-US relations in 1980s and agreed that it significantly facilitated the development of China's economy. However, as most of the researchers analyzed Sino-US relations from the perspective of history or the perspective of China, researches on other topics such as analyzing Sino-US relations from the perspective of America and analyzing the impact of Sino-US relations on China's development are still need to be explored. Besides, there are many researches on the problems in Sino-US relations, yet few focus on solutions. It can be expected that researches on Sino-US relations form various aspects will be conducted in the future.

III. THE ANALYSIS OF THE IMPACT OF SINO-US RELATIONS IN 1980S ON CHINA'S ECONOMIC DEVELOPMENT

The whole 1980s witnessed the rapid development of Sino-US relations. Though full of twists and turns, it maintains the

active momentum of development. Sino-US relations in 1980s have a strong influence on China's economic development, which will be analyzed in detail as follows.

A. Trade downturn caused by politics during 1981~1983

Political tensions occurred in this period. As for reasons, on the one hand, in early 1980s, Soviet Union slowed down its pace of expansion. At the same time America gradually strengthened its military and economic power. As a consequence, America didn't need China's help to fight against Soviet Union as urgently as before. On the other hand, in December 1978, the 3rd plenary session of the 11th Party Congress made a big adjustment on China's foreign policy. From then on, China opposed hegemony and upheld world peace firmly and decided not to enter into alliance with any big power or bloc of countries forever. This kind of attitude disappointed America.

What's more, America's attitude towards Taiwan deeply hurt Chinese people's feeling. President Reagan was friendly with Taiwan and intended to carry out the Taiwan Relations Act that obligated the US to provide Taiwan with arms of a defensive character. The Taiwan issues led to political tension between China and US and almost threatened Sino-US relations to death.

Political relations undoubtedly exerted negative impact on China's economy. Visits between economic delegations in the two countries were almost cut off. Textile exports from China to America stumbled as the wave of trade protectionism returned in America. The two countries were stuck in the negotiations of textile trade. And the figures were also telling: The total trade volume in 1982 between China and the US reached 5.337 billion dollars, decreasing from 1981 in which it was 5.888 billion dollars. Besides, total trade volume in 1983 continued to slide by 1.37 billion dollars. Sino-US trade suffered its first slowdown in growth since the establishment of Sino-US diplomatic relations in 1979. Notably, the political tensions between China and the US were responsible for this slide in economy.

B. Positive impact of development in Sino-US relations on China's economic development

In order to ease tensions, Schultz visited Beijing under president Ronald Reagan's order. During his visit, he met China's leader Deng Xiaoping and Zhao Ziyang and they talked broadly about China's foreign affairs, including technology transfer, textile export and Taiwan issues. After Schultz's visit to China, America knew China's solemn position of Taiwan issues and realized that a breakdown in Sino-US relations was a real and dangerous possibility if America continued to support Taiwan. In addition, making a good relationship with such a big developing country as China who had a huge market surely would benefit America a lot. Therefore, America rethought and restored its relationship with China. The improvement of Sino-US relations was first manifested in America's relaxing restriction on technology transfer to China. America's relaxing restriction on technology transfer to China is of great symbolic significance, which sent

China a message that America hoped to restore relations with China. It led to President Ronald Reagan and Premier Zhao Ziyang's reciprocal visits, which further developed bilateral relations. After rain and wind, Sino-US relations got a recovery and began to develop again.

C. High-level exchanges of visit further the development of Sino-US relations(1984~1989)

High-level exchange of visits was a significant means for developing Sino-US relations in the 1980s. President Ronald Reagan and Premier Zhao Ziyang made reciprocal visits in 1984. In July 1985, President Li Xiannian traveled to the United States, the first such visit by a PRC head of state. Vice President Bush visited China in October 1985 and opened the US Consulate General in Chengdu, the US's fourth consular post in China. Further exchanges of cabinet-level officials occurred between 1985 and 1989, capped by President Bush's visit to Beijing in February 1989.

In the period before the June 3~4, 1989 crackdown, a growing number of cultural exchange activities gave the American and Chinese people broad exposure to each other's cultural, artistic, and educational achievements. Numerous mainland Chinese professional and official delegations visited the US each month. Many of these exchanges continued after the suppression of the Tian'an men protests.

High-level exchanges of visit contributed greatly to the development of Sino-US relations. Sino-US relations had never been so good and it give a huge boost to China's economy.

High-level exchanges of visit deepened mutual understanding of the two countries and significantly pushed Sino-US relations forward. From 1984 to 1989, China and the US signed a series of bilateral agreement on economy and technology cooperation. On May 7, 1984, the 2nd meeting of China-US Joint Commission on Commerce and Trade was officially convened in Washington. China and the US signed two work plan about cooperation on metallurgy and electronics. The two sides also signed four agreements on natural gas and oil in order to help China successfully reform and improve its technology. On October 9, 1984, two sides signed cooperation plan on high-energy physics. On December 30, 1985, two sides exchanged notes on peaceful uses of nuclear energy. This plan legally removed barriers for America's selling nuclear technology to China. On April 22-24, the 5th meeting of China-US Joint Commission on Commerce and Trade was opened in Beijing. Three plans on aviation, electronics and telecommunications and an agreement that America would provide funds for feasibility research on Shanghai's sewage treatment and television teaching were signed. On December 18, 1987, the two countries signed a new bilateral agreement on textile trade. On December 15, 1988, bilateral maritime agreement was signed; thereby negotiations on maritime which had lasted for five years did eventually end.

The bilateral agreements provided premise and protection for Sino-US economic relations, leading to the economic development of almost all sectors of society.

D. Growth in cooperation in science and technology

Science and technology are the primary productive forces. The nation which master advanced science and technology would remain in an invincible position when competing with other countries. Thus almost all the nations concentrate on improving technology and developing talents. China in 1980s just began its modernization and lagged behind by many other countries. It needed hi-technology and equipment badly to develop itself. Technology aids from America solved this problem in some degree.

China and the US experienced rapid growth of cooperation in science and technology in 1980s. A total of 814 technology import contracts were signed, representing \$3.25 billion in value. These contracts helped China reform and enhance its technology in many fields, equip Chinese factories and workers and improve the quality of China's economy. Besides, the achievements of the cooperation in science and technology were applied in agriculture and industry, boosting the output, improving the working efficiency and reducing the pollution.

In addition, cooperation in science and technology also promoted cooperation in other fields, like offshore oil, open-cast coal mine, Three Gorges Project, civil airplane, jeeps and trucks, and nuclear energy. Set an example we were familiar with, Beijing jeep was co-produced by China and US. These projects combined technological cooperation and economic cooperation together and generated vast economic interests. And China obviously benefited from them.

IV. FACTORS THAT INFLUENCE SINO-US RELATIONS

A. Economic complementarities

The two economies were highly complementary and enjoyed huge potentials for cooperation. It is the motive of the bilateral trade. In terms of America, it was the largest overseas investor and the largest trading nation. Thus it devoted itself to expanding overseas market. Whereas, China, as the largest developing country, had an undeveloped huge market. It was exactly what America wants. Besides, America was restructuring its industry and therefore transferring its labor intensive industries to the place where the labor was cheaper. Correspondingly, China with a huge population had large numbers of cheap labor. In terms of China, in 1980s it was devoting itself to its modernization. It needed plenty of funds, equipment and experience in economic management, which America could offer. For example, Coca-Cola built its factory in Beijing in 1981. China even didn't have a qualified bottle

strong enough for the high pressure of the gas. Thus China built a special factory to produce bottles for Coca-Cola. Similarly, for every job Coca-Cola created, 6 other jobs in bottle, gas, sugar, retail and transportation were created as a result. Moreover, it offered opportunities for China's company to learn the advanced production and managerial experiences.

B. Adjustment of America's trade policy

Adjustment of America's trade policy is conducive to the development of bilateral trade. America's trade deficit increased sharply in the middle of 1980s and caused uproar among domestic exporters. In order to increase exports and create jobs, America adjusted its export control policy and changed its export structure to China. The relaxing of export control accelerated America's technology export to China. It played a role in China's optimization of the industrial structure, introduction of new technology and the development of China's economy.

C. Common views of developing economic relations

After the rain and wind in Sino-US relations from 1981 to 1983, heads of the two countries both realized that a sound Sino-US economic relation was beneficial to both of the two sides. Political problems couldn't be solved overnight, while economic cooperation could. Thus both sides focused much on bilateral economic relations in a more realistic manner, instead of focusing on political disputes. Valuing bilateral economic relations is an important basis for the two countries to further their economic interaction.

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