

# Comparison between Sino-US Trade War and the Opium War of the Qing Dynasty

Haowei Ti, Zhiyun Hu, and Gang Bian

**Abstract**—The Sino-US trade war has become more and more fierce. From March 2018 to the present, China and the United States have begun to constantly increase tariffs and restrict each other. Negotiations are still going on and it seems that no real progress has been made. Soybean procurement, sanctions against Huawei, chip battles, intellectual property wars, and technology transfer have been escalated, and both sides of the trade have been affected to varying degrees. At the end of 2019, if all the tariffs in the Trump plan were implemented, it meant that almost all goods from China (worth about \$550 billion) would be subject to punitive tariffs. **First Opium War** Britain often called it the first Sino-British war or "commercial war". It was a war of aggression launched by Britain from China from 1840 to 1842, and it was also the beginning of modern Chinese history. In 1840, the British government used Lin Zexu's Humen cigarettes as an excuse to decide to send the expeditionary forces to invade China. In June 1840, the British warships arrived in the Pearl River Estuary in Guangdong, blocking the seaport, and the Opium War began. The Chinese and British sides signed the "Nanjing Treaty", the first unequal treaty in Chinese history. China began to rip land, indemnify, and negotiate tariffs to foreign countries. The Nanjing Treaty seriously endangered China's sovereignty. China began to become a semi-colonial, semi-feudal society, losing its independent status and promoting the disintegration of the natural economy.

**Index Terms**—China and the United States, trade war, opium war, comparison.

## I. OPIUM WAR BACKGROUND

From the early Qing Dynasty to the eve of the Opium War, the Qing Dynasty was still an independent feudal state. The system of worship is continued every day. The emperor continued to implement the policy of closing the trading port, and still believed that the Qing Dynasty had everything to do. The Qing Dynasty was full of contemptuous eyes on foreigners. It seems that foreigners are monkeys and have not evolved thoroughly.

The industrial revolution began in the United Kingdom in the 1860s. The development of British industry, industrial output has risen sharply, and the need to expand product sales has been continuously driven, driving the bourgeoisie to travel around the world and striving to find new resources and product living space. The United Kingdom began to implement the gold standard monetary policy in the 18th century, while the Qing court used silver as its currency.

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Since all trade with China needs to be calculated in silver, the UK needs to buy silver from the European continent for trade purposes. The purchase and sale of gold and silver will damage the profits of the British. In terms of tax rates, China's import of goods to the UK requires a high tax rate of 20%, which makes the UK very dissatisfied.

In 1842, the Qing government was forced to negotiate with the British government in Nanjing and signed the first Sino-British Treaty of Nanjing on the unequal treaty in modern times, satisfying most of the requirements of the United Kingdom. Main content:

1. Cut Hong Kong Island to the UK. (Loss of territorial sovereignty)
2. Open Guangzhou, Xiamen, Fuzhou, Ningbo, and Shanghai as trading ports, allowing British people to set up consulates at the trading ports. (Loss of trade sovereignty)
3. China has paid 21 million yuan to the UK. The composition of 21 million yuan is: 6 million compensation for opium, 3 million repayment of British debt, 12 million British military.
4. The UK's import and export goods tax in China is jointly negotiated between China and the United Kingdom. (Loss of tariff sovereignty)
5. British businessmen are free to trade with Chinese businessmen and are not subject to "public bank" restrictions. (Loss of trade sovereignty)

## II. SINO-US TRADE WAR

In March 2018, the US government announced the adoption of sanctions against China in accordance with the "Article 301" of the Trade Act of 1974. China and the United States have imposed tariffs on each other, and the economic and trade frictions between the two countries have escalated to a "trade war." On August 7, 2018, the United States announced a list of Chinese goods worth \$16 billion for a 25% tariff. China introduced counter-measures to impose a 25% tariff on US\$16 billion in US goods. On September 24, 2018, the United States imposed a 10% tariff on US\$200 billion worth of Chinese exports to the United States. On May 8, 2019, the Trump administration officially announced that starting from May 10, the US\$200 billion tariff on Chinese exports to the United States will be raised from 10% to 25%.

On August 1, 2019, the government of the Trump was dissatisfied with the Chinese government's purchase of American agricultural products. Trump announced on Twitter that on September 1, 2019, it will impose a 10% tariff on all the remaining US\$300 million worth of Chinese exports to the United States.

On August 5, 2019, the exchange rate of the RMB against the US dollar fell below the 7 mark. On the same day, the US Treasury Department announced that China was listed as a currency manipulator. Subsequently, the Chinese government announced a moratorium on the purchase of US agricultural products, and on August 24, 2019, announced that it would impose a 10% or 5% tariff on approximately US\$75 billion of US goods, and impose tariffs on US vehicles and their parts and components; The United States also increased the tax rate of the \$300 billion Chinese goods that were imposed before the next day to 15% [1]. And the current 25% billion Chinese goods added 25% tariff to 30% as a counter-measure. On September 1, 2019, the US government imposed tariffs on Chinese goods worth \$112 billion as scheduled. The list of goods includes shoes, food and diapers. The next round of tariffs will be implemented in December, involving more clothes and some high-priced items such as iPhones and laptops.

Trump said that this can protect the consumption of the Christmas shopping season. By the end of 2019, tariffs will involve almost all Chinese exports to the United States, worth about \$550 billion.

From the perspective of the world economic pattern, in 2018, China and the United States accounted for 40% of the world's GDP, 54% of the stock market, 23% of trade volume, and USD and RMB accounted for 74% of world currency circulation. The essence of the Sino-US trade war is the "World Economic War"; Since the United States became the world's largest power in 1890, the world's second-largest economy has experienced recession and lost its second-largest status without exception. Can China become the first non-recessive second-large economic power in 131 years, attracting worldwide attention. The truth of the trade war is the new "Second Economic Power Trap", which requires both money and "life"; the trend of the trade war is "The United States will not tolerate surpassing, China will not give up development"; as long as the United States does not enjoy the new As a result of the scientific and technological revolution, China does not make subversive mistakes. It is only a matter of time before China's economic aggregate surpasses that of the United States, but its economic structure and efficiency still differ from that of the United States by about 30 years.

In the two years of the trade war, although the Sino-US trade volume has dropped by 7.2%, China's GDP as a percentage of US GDP has not only declined, but has risen by 4.6 percentage points. The trade surplus with the US has also increased by US\$20 billion. Of course, economic development still has potential Deep-seated contradictions such as enterprise migration and capital outflow.

### III. COMMONWEALTH BETWEEN CHINA-US TRADE WAR AND OPIUM WAR

1. The conflict between Eastern and Western civilizations. The Qing Dynasty's closed-door policy has led to no knowledge of the development of foreign countries, let alone advancing with the times. The imperial power is high, the emperor decides everything, and the civilization is obviously retrogressive; [2] The Qing government was feudal and

conservative, corrupt and incompetent, and the combat effectiveness of the army was very poor. In the Qing Dynasty, there were only officials and corrupt officials, eight-legged texts and literary prisons, and Ming Jun and Faint.

On the eve of the Opium War, Britain completed the industrial revolution and became the world's No. 1 industrial power. Western industrial civilization has flourished and the work efficiency of the labor force has greatly improved. There is also a basic condition for the emergence of the industrial revolution, which is the emergence of the power of science that was unimaginable in any era in human history.

The scientific revolution includes the revolution of the scientific system, the revolution of technological invention, and the revolution of the philosophical system. Some revolutionary representatives will emerge, such as Newton, Watt, Locke, Adam Smith, and David Ricardo.

When the civilization of the East and the West is in conflict, if a civilization cannot advance with the times, it will fall behind and be beaten. This is the historical tragedy.

2. Trade deficit. The UK's dumping of products to China and the acquisition of Chinese agricultural and sideline products such as silk and tea are seriously out of balance. The goods sold by the United Kingdom to China do not apply to the Qing Dynasty market in China. And China's porcelain, silk, tea main products, through trade methods, the British into the Qing government three million silver each year.

The United States exports a large amount of agricultural products to China, such as soybeans. There are also a large number of technology products, such as chips. And more toys exported to the United States, manufactured and processed, will produce more value than soybeans. In 2017, Sino-US trade totaled 58.73 billion US dollars, and China's export profit from the United States was 275.8 billion US dollars, achieving a 47% trade surplus [3].

Trade imbalances require different ways and means to adjust to achieve trade balance. The United Kingdom adopted the introduction of opium into China, which led to a large outflow of silver in the Qing Dynasty and the treasury was empty. The United States has adopted increased tariffs, quickly adjusted tariffs on various products, set various thresholds, achieved trade balance, and safeguarded the interests of the United States;

3. The way to solve the problem. The way to solve the most common international is negotiation. The two sides of the negotiations sent leaders with real power to conduct consultations to safeguard the interests of both parties.

The representative of the Qing Dynasty is a lord who is pampered and respected [4]. His knowledge of wealth exceeds the imagination of ordinary people. The United Kingdom sent representatives to be experts in charge of overseas trade. All of them are based on the interests of the UK's overseas trade and have considerable professionalism.

Representatives of the Sino-US negotiations, the Chinese are more official, and are basically represented by the vice premier of the State Council;

Representatives of the United States are US Secretary of the Treasury Secretary Steven Munuchin and US Trade Representative Robert Wright Heze; Judging from the results of the previous negotiations, the advantages of China's official personnel are not obvious, and the two sides have not

talked about substantive results [5].

3. The consequence of cultural arrogance is to close your eyes and listen. When dealing with foreign cultures, you cannot make correct situation judgments or adopt a positive attitude to deal with them. Instead, you oppose, reject, and resist emotions, and stick to traditions. All foreign things are excluded, resulting in institutional dullness, institutional inertia, and lost opportunities for development. This kind of cultural arrogance is a cultural superiority of cultural self-satisfaction and self-esteem. It comes from the social and economic achievements of the so-called ceremonial world that historically accounted for one-third of the world's economic aggregate, and also comes from The self-enclosed culture is old-fashioned, so it has always been immersed in the beautiful dream of "the kingdom of heaven" and can not extricate itself and become a cultural blind.

4. The two sides of the negotiations are very professional and fight against each other in the interests of the respective countries. If you don't pay much attention to the national interest, only the result of the indemnity will be cut. Through the joint efforts of the economic and trade teams of China and the United States, on the basis of equality and mutual respect, China and the United States formally signed the first phase of the economic and trade agreement in the US capital, Washington [6]. The text of the agreement includes nine chapters: preamble, intellectual property rights, technology transfer, food and agricultural products, financial services, exchange rate and transparency, trade expansion, bilateral assessment and dispute settlement, and final clauses. At the same time, the two sides reached an agreement that the United States will fulfill the relevant commitment to cancel tariffs imposed on Chinese products in stages, so as to realize the transition from higher to lower tariffs. For example, when the two parties acquire or establish a joint venture, they cannot force the other party to transfer technology; they cannot force the other party to transfer technology through administrative management, administrative licensing, and other requirements; neither party can use the transfer of technology or use the other party's technology as a condition for market access; [7] The two sides maintain transparency in administrative management and administrative licensing, and keep sensitive technical information of enterprises confidential during the process of administrative supervision and review; both parties guarantee transparency and fairness in the enforcement of the other's enterprises.

#### IV. DIFFERENCES BETWEEN THE SINO-US TRADE WAR AND THE OPIUM WAR

1. Sovereign integrity. In the Sino-US trade war, the Chinese government will not cede an inch of land to go out of competition in any way. Trade wars are based on the maintenance of trade balance and the economic interests of their respective countries. Basically, they do not involve territories. The current economic strength of China has various counter-measures for conducting trade wars, and is not afraid of various unreasonable conditions and requirements [8];

The Qing Dynasty's economic system is entirely a small-scale peasant economy. Apart from agriculture, there is

no more economic basis;

The policy of shutting down the country, resulting in almost no import and export, trade surplus or deficit, can be ignored; The military combat power of the Qing Dynasty still relied on large swords and spears, and it was impossible to fight with warships and advanced weapons [9].

2. The problem of compensation. In China today, it is impossible to pay for it, even if it is a penny.

The Chinese government has the ability and confidence to trade with the United States. Trade surpluses and deficits have a certain impact on imports and exports, but will not affect the operation of the entire country. Trade import and export, the state can achieve regulation and control, according to market needs, strategic adjustments. The Chinese government will not compensate the economic recession caused by the ineffective administration of any other government. After all, China is no longer a closed-door country in the Qing Dynasty, nor is it corrupt and incompetent in the Qing Dynasty. The policy of all the way has already opened up a new situation in diplomacy, and more countries are trading with China.

In the more than 100 years from the establishment of the Qing Dynasty to the beginning of the 19th century. China's silver-copper dual-currency mechanism works well. The exchange ratio is one or two silver can be exchanged for 1,000 Wen copper coins. But in the Opium War, it turned into one or two silver exchanged for 1600 bronze coins. Farmers, handicrafts, and ordinary people all get copper coins. However, silver must be used to pay taxes. The opium trade led to a massive outflow of Chinese silver. There is a lack of silver in the Qing government's market. In China, a serious "silver precious money" currency crisis was triggered [10].

Content of the negotiations. The negotiations in the Qing Dynasty involved trade sovereignty, customs sovereignty, territorial sovereignty, and compensation for various losses [11]. A quarter of the Qing Dynasty's compensation was given to the United Kingdom, and it was also necessary to cut the land. And to ensure that the illegal trade in the UK continues. The main contents of Sino-US trade negotiations: tariffs, intellectual property rights, technology transfer, market access systems, etc. The content of the negotiations is basically a structural contradiction between China and the United States and a trade conflict. The game between China and the United States is developing toward the trend of financial warfare, currency warfare, and science and technology warfare. Negotiations between the representatives of the two sides are conducted on the basis of mutual equality. There is no treaty that humiliates and humiliates the country.

#### V. CONCLUSION

The Opium War has brought a painful lesson to China. We should avoid returning to the era of the Opium War in the Qing Dynasty on the road of China's development in the future, because history may repeat itself at any time.

The Sino-US trade negotiation process proves that legal and fair trade is a powerful stability factor in international affairs. The trade deficit is both inevitable and inevitable, because each country has its own comparative advantage and

needs to make up for each other. Only a friendly and harmonious trading environment can achieve a trade balance.

In the Sino-US trade war, to be precise, the Sino-US game, China has no room for compromise, but the United States has. If China loses, everything will return to zero; if China wins, it will return to the top of the world. When the United States loses, it only loses its self-respect, but it is still the pole of the world; when the United States wins, it still keeps the status quo. Therefore, in its determination, China must be much stronger than the United States, and it is much more tolerant of costs than the United States. It is worth noting that it is necessary to admit that on this planet, when it comes to pragmatism, the United States and China are momentary.

#### CONFLICT OF INTEREST

The authors declare no conflict of interest.

#### AUTHOR CONTRIBUTIONS

Dr. Haowei Ti wrote and translated the full text of the thesis. Dr. Zhiyun Hu and Gang Bian collected the paper data.

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