

Research on the America-China Market Economy

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ABSTRACT

The relationship between the American and Chinese economies facilitates the creation of over 25 million employment opportunities in the United States. This relationship is not limited to specific sectors, but certain sectors thrive compared to others. It is crucial to understand how the relationship between these two countries works about the economy. There has been continued collaboration between the two countries concerning trade despite various trade wars, where the United States implemented heavy taxes and sanctions on Chinese exports, while China responded by raising the tariffs on American goods. Though this conflict exists, the Chinese economic model plays a significant role in the United States due to technological self-sufficiency and the increase in production and export dispatching in China. Various keywords, such as American economy, Chinese economy, and bilateral relationships between China and America, were used to conduct research on this topic. Google was the leading search engine utilized for the research. Google scholar provided credible articles to facilitate the study. Based on the findings, it is evident that there needs to be a bilateral agreement to reduce the business imbalance and should be controlled by market forces. There should also be the creation of collaboration ties with the United States allies through new trade deals to enhance trade between the two nations.

Keywords: *Bilateral relationships, American Economy, Chinese Economy, Chinese Economic model, World Trade Organisation agreements.*

1. INTRODUCTION

The America-China economic connection supports over 2.5 million employment in America across various business sectors, including jobs created in America by Chinese enterprises. And, even as the Chinese working class in the middle level continues to increase during the current century (by 2030, it is predicted that the populace of Chinese middle-class shoppers will outnumber the whole crowd of America). US businesses will have significant chances to tap into an innovative and financially rewarding customer base, boosting job creation and economic advancement [1]. Economic figures show that countries with direct economic relations to China surpass others with less close trade relationships, and this progress is expected to continue. This paper aims to analyse, discuss, and evaluate the relationship between the market economies of America and China. The article is essential in understanding the dynamics of American and Chinese economy dynamics. Future research can be undertaken on how economic relations between the two superpowers affect the global economy.

2. A COMPREHENSIVE VIEW OF AMERICA-CHINA ECONOMIC RELATIONSHIP

The United States of America and China's market economic ties have come to a critical point in time. For the whole of 2018, the United States imposed taxes and sanctions on nearly \$250b in Chinese exports, and China responded by making the tariffs higher on American goods [2]. The former President of America, Donald Trump, and the current president of China, Xi, pledged to settle the tariff war in 90 days. The trade disagreement bilateral meeting was to end by March 1, 2019, as a G-20 officials' conference extension of the deadline that was to take place in November 2018 [2]. Specific activities inherent to China's economic structure that consistently skew the competitive landscape benefit Chinese businesses domestically and worldwide are the origin of the US worries that put down present-day bilateral trade disagreements. Advancement on particular trade concerns will necessitate China's adherence to World Trade Organisation (WTO) guidelines and the implementation of specified reforms, which will most

likely influence sectors of the position of economic regulation.

These concerns come when the United States is growing concerned about China's homeland security dangers, mainly digital literacy. Despite the US's obstacles at the WTO, the organisation should perform an essential role in handling trade disagreements between the US and China. Based on this perspective, it is lucrative to propose a comprehensive and integrated approach that involves bilateral, international, and unilateral efforts and collaboration with allies as constructive future stages for these crucial economic relations [3]. In undertaking this multidimensional framework, America must stay true to its beliefs and cease to concur with short-term advantages or "fig leaf" accords. Creating regulated trade relations with the country, in specific terms, needs not be a positive repercussion. The ensuing contracts should tackle the sincere concerns at stake in a free-market approach while also strengthening the international trading mechanism and legal structure that the United States has steered since WWII. These concerns emphasize the difficulty of bilateral talks between the US and China, as well as the stakes [3]. Significant differences between the US and China might take time to settle.

2.1 Bilateral Relationship

Understanding the benefits and drawbacks of US finance and economics with China is crucial for determining what constitutes a long-term economic engagement. The commercial connection between America and China offers the US more benefits than being usually acknowledged. According to current data, exports going to China, for instance, managed to control 2 million employment opportunities in fields like services, agribusiness, and capital commodities [4]. However, the United States' trading connection with the Chinese government has resulted in a destruction of employment in other sectors, more specifically low-wage production areas [5]. Regardless of these costs, the administration's persistent focus on the two countries' trade imbalance is not a valuable indicator for evaluating US-China economic relations or their effect on jobs. The negative monetary transactions deficit in America is due to a low local or national preservation propensity, which necessitates the use of foreign capital to meet internal economic needs and the country's growing public debt [3].

Moreover, the business imbalance does not consider the strategies of US and Chinese associates in each market, leading to mathematics that shows that America exports a lot to China than to America. The financial and business impacts of the bilateral trade and investment connection are genuine [6]. Because of China's fiscal plans, the services and information industries in the United States are presently under threat. As per the

assessment of the US Trade Representative (USTR) Section 301, copyright fraud, forced information sharing, and other Chinese exploitative tactics jeopardise high-wage jobs and increase production in the United States [7]. The involvement of the state in adopting these laws, which are intended to displace the United States' supremacy in highly technological areas, makes such Chinese actions to be of much importance.

2.2 The Essence of the Chinese Economic Model to the US

Despite China's phenomenal economic growth and recognition of the significance of rivalry and industry, the Communist Party of China has complete control over the nation's trading system. China will not be the first to develop an economic framework of national unification, joint governance of trade and investment objectives. These arrangements can be seen in Japan, where keiretsu occurs, and South Korea, where conglomerates reside. China's monetary structure, on the other hand, is different from Japan's and Korea's [4]. Furthermore, China's economic expansion will have an impact on global outcomes in ways that even Japan's trade relations did not realise at its apex.

America and the rest of the globe are increasingly affected by China's economic model. First, the desire for technological self-sufficiency is incompatible with a trading economy regarding the comparative benefit. Second, state enterprises in China and across the world profit from the use of parastatals, their opportunity for access to incentives, and China's local legal system [3]. Third, China's adoption of an economic plan to select winners will undoubtedly result in excess production and export dispatching [8]. It has already taken place in sectors like steel and photovoltaic solar, involving negative repercussions for the US and worldwide business sectors. More technical areas are expected to occur, such as robotic systems, high-speed rail manufacturing, vehicle technology and battery packs, as recognized by China's current industrial policies.

2.3 Market Economic Effect for both America and China

China violates its WTO agreements, notwithstanding President Xi's repeated declarations of China's dedication to the global rules-based monetary order. Furthermore, China's economic model makes it hard to challenge violation through the WTO's disagreement resolution procedure. For example, governmental engagement over formal and informal businesses makes distinguishing what constitutes a government body and what constitutes commercial activity difficult; it's also uncertain whether a policy or guideline published by a state body is subject to WTO criteria [7]. Furthermore, the country's involvement in the justice system and

governmental processes, which includes unofficial warnings and communication requests on foreign firms, jeopardizes the country's ability to demonstrate the occurrence of a WTO-incompatible activity. More widely, China's business sector approach, which advantages Chinese businesses by altering the market environment, is incompatible with the market-based regimes of most WTO members [9]. The WTO's capacity to react to the China challenge is significantly questioned in light of these constraints. While the WTO cannot address all of China's problems, it remains an essential aspect of a comprehensive China strategy that requires strong US engagement [10]. The World Trade Organisation is the sole international trade organization that upholds fundamental American ideals like nondiscrimination, and accountability. It provides a platform for gathering global support for criticising and opposing China's economic policies.

3. MEANS TO ADVANCE AMERICA-CHINA RELATIONSHIP

To achieve jointly beneficial outcomes, the United States needs to take a holistic strategy to the discussions, depending on market-oriented mechanisms that improve the multilateral business structures and the legal system.

3.1 Bilateral Discussions between America and China

Provable, actionable, and market-based intergovernmental outcomes between the US and China are required, not just a repeat of earlier Chinese vows to improve intellectual property rights and implementation, force knowledge transfer, or purchase more US commodities. China's pledges to execute its WTO obligations need to be part of the bilateral procedure. In sectors including parastatals, cross-border information transfers, and evaluating the use of nonmarket position for commercial business solutions agenda, further WTO plus obligations should be agreed [4]. Wherever possible, enforcement shall be handled via the WTO disagreement settlement system, with a resort to adjudication per Article 25 of the Negotiation of Investment disputes (DSU) as a last resort.

Considering that tariffs put up by America and China to present are not WTO compliant, as explained below, any America-China agreement needs to invest in returning the surcharges to WTO-based tiers when specific reconnaissance are satisfied, with the capacity of tariff baseball caps if non-adherence occurs. The US and China may seek a WTO exemption to make a pact WTO compliant [3]. It is a legally binding agreement that recognizes that the United States and China will most likely focus on bilateral discussions to resolve their economic relations disputes while limiting the WTO's damage. A bilateral agreement that needs to prevent

China's pledge to raise the consumption rate of US products, as well as minimize the bilateral business imbalance, needs not to be the guiding principle or criterion for prosperity. It must be controlled by the market forces instead of undermining more enormous US plea for minimised state engagement [3]. Such a treaty might be at odds with US ideals, implement a controlled economic system more comparable to the Chinese approach, be WTO non-compatible, and potentially hurt US relationships with other countries.

3.2 Means for China to Collaborate with American's Allies

New trade deals with friendly countries, which bring up trade standards, must be a significant element of the US approach in response to the China challenge. This strategy may profit the stakeholders to such free trade deals (FTAs) while imposing economic expenses on China due to its non-participation, encouraging China to restructure both countries' business relationships and trade procedures to join the innovative trade deals. The Trans-Pacific Partnership (TPP), wherein the United States withdrew in 2017, featured key new provisions on SOEs, intellectual property, digital commerce, openness, and due process in developing trade legislation [5]. The Trans-Pacific Partnership (TPP) might have resulted in China incurring expenditures due to its exclusion from the trading union. Based on Li & Tang 's assessment, the Trans-Pacific Partnership (TPP) would have reduced Chinese earnings by \$40 billion per year, a figure that would have risen as more nations joined the deal.

TPP might have been an essential part of the "complete toolset" that USTR alludes to in pressuring China to change if it had been enacted in its whole. The Trans-Pacific Partnership (TPP) has been renamed the Regional Comprehensive Economic TPP (CPTPP) without the United States. Still, most of the requirements for resolving US concerns about Chinese trade policies have not changed. The relevance of the CPTPP in handling the China issue justifies the US reconsidering its stance and rejoining the pact [5]. If bilateral FTAs maintain the priority for the time is present, the United States should seek to reach deals with its vital partners in the Asia-Pacific ea and beyond.

4. CONCLUSION

In summary, the United States' choices domestically will probably determine how well it performs in its economic war with China. Except concentrating on its innovation capability via policy positions, being beyond the purview of this policy paper, the United States should carefully control access to American technology solutions via foreign trade and innovation controls. This would necessitate the US calibrating its arbitrary tariff application, which has harmed the WTO. Instead, the US

should increase its use of economic remedy mechanisms such as countervailing duties and business exchange tariffs, which are in line with the US's WTO responsibilities, and give US businesses redress for China's unfair business activities. Though the paper covers the relationship between China and America, it does not cover the aspects of the relationship between these two countries with their allies. Further research should be undertaken on the impact of allies on the trade relationship between these countries, such as Taiwan.

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