

More than Just a Soft Drink: Coca-Cola and China's Early Reform and Opening*

The beverage and cultural icon known as Coca-Cola returned to the People's Republic of China (PRC) in January 1979. The month prior, the Coca-Cola Company and the Chinese government had brokered a bombshell agreement, which ended a thirty-year ban on the beverage on the Chinese mainland.¹ Bringing the world's most popular soft drink back to the world's most populous country, the deal appeared telling of the positive state of Sino-American relations and China's political and economic trajectory.² The two countries had just formally established diplomatic relations and were intent on further consolidating ties, while Deng Xiaoping, having risen to preeminence within the Chinese Communist Party (CCP), was rolling out much needed reforms for his country's economy.

Many onlookers at the time thus believed that, in China, Coca-Cola represented more than just a soft drink. The leading U.S.-China trade group called the deal between Coca-Cola and the Chinese government a most "appropriate symbol" for an expanding Sino-American partnership; other Americans believed the sale of this sugary and sweet drink was the "most visible and significant" demonstration of economic reform in China.³ Writers in China, too, celebrated

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1. Executive Office Memorandum from J. Paul Austin to Officers and Department Heads, The Coca-Cola Company, December 19, 1978, in Coca-Cola Company Archives (CCCA). The CCCA, like many other corporate archives, is closed to the public. Nevertheless, the Coca-Cola Company kindly responded to my inquiries and provided me with the press kit from the opening of the Beijing bottling plant as well as other related materials (though without providing detailed location or citation information).

2. John Pomfret, *The Beautiful Country and the Middle Kingdom: America and China, 1776 to the Present* (New York, 2016), 498–99.

3. Quotes are from, respectively, "Exporter's Notes," *The China Business Review* 6, no. 1 (January–February 1979): 65, and Michael H. Anderson, *Madison Avenue in Asia: Politics and Transnational Advertising* (Rutherford, NJ, 1984), 278.

Coca-Cola by gratefully acknowledging that the Atlanta-based company was arriving just in time to support the country's industrial modernization.⁴ This praise came only a few short years after one Chinese official proudly proclaimed of Coca-Cola: "We won't have any of it."⁵

In China's early reform era, Coca-Cola did indeed represent more than just a soft drink. Entrepreneurial Chinese saw Coca-Cola as a transformative product that could benefit local industries and push the country's industrial modernization forward. They gravitated toward and sought to partner with the Coca-Cola Company to gain advanced manufacturing equipment such as bottling and packaging lines. The December 1978 deal, which allowed Coca-Cola to be sold to tourists in the PRC, was also welcomed by some Chinese politicians, who saw it as a quick means of pocketing extra cash from foreign visitors. Yet Coca-Cola also stirred intense debates and aroused protectionist impulses in the PRC. Chinese critics sounded alarms over the economic, medicinal, and social consequences of Coca-Cola, a beverage that had been synonymous with "American imperialism" throughout the long Mao era. Opponents to the deal worked assiduously to deny Coca-Cola a spot on the Chinese dinner table.

The multifaceted responses to Coca-Cola described above—brought to life via documents from the Shanghai Municipal Archives, the Beijing Municipal Archives, the Coca-Cola Company Archives, and other contemporary sources—challenge past assessments of Sino-American relations and China's economy and society in the late 1970s and early 1980s.⁶ Scholars and policymakers have previously argued that the absence of full-fledged diplomatic relations between the United States and China in the mid-1970s hamstrung the development of bilateral trade.⁷ In a hierarchy of China's needs, the Chinese leadership

4. Yan Jun, "Kekou kele: Jianzheng Zhongguo gaige kaifang" ("Coca-Cola: Witness to China's Opening and Reform"), *Chuan cheng* no. 11 (2008), 10–11.

5. "Stopped in 1949: China OKs Sale of Coca-Cola," *Los Angeles Times*, December 4, 1978, 9.

6. Dong Wang, "U.S.-China Trade: 1971–2012: Insights into the U.S.-China Relationship," *The Asia-Pacific Journal* 11, issue 24, no. 4 (June 17, 2013), accessed May 29, 2017, <http://apjjf.org/2013/11/24/Dong-Wang/3958/article.html>. See also Enrico Fardella, "The Sino-American Normalization: A Reassessment," *Diplomatic History* 33, no. 4 (2009): 54–578; William C. Kirby, Robert S. Ross, and Gong Li, eds., *Normalization of U.S.-China Relations: An International History* (Cambridge, MA, 2007); Patrick Tyler, *A Great Wall: Six Presidents and China: An Investigative History* (New York, 2000), 227–85; James Mann, *About Face: A History of America's Curious Relationship with China from Nixon to Clinton* (New York, 1999), 78–154; Robert S. Ross, *Negotiating Cooperation: The United States and China, 1969–1989* (Stanford, CA, 1995), 120–245; Harry Harding, *A Fragile Relationship: The United States and China since 1972* (Washington, DC, 2000), 67–172.

7. Gene T. Hsiao, *The Foreign Trade of China: Policy, Law, and Practice* (Canberra, 1977), xiv, 26–27; Yongjin Zheng, *China in International Society since 1949: Alienation and Beyond* (New York, 1998), 86–87. On China's post-Mao politics and economics relevant to this study, see Shu Guang Zhang, *Beijing's Economic Statecraft during the Cold War, 1949–1991* (Washington, DC, 2014), 261–75; Ezra Vogel, *Deng Xiaoping and the Transformation of China* (Cambridge, MA, 2011), 377–476; Maurice Meisner, *Mao's China and After: A History of the People's Republic*, 3rd ed. (New York, 1999), 427–82; Bao Pu, Renee Chiang, and Adi Ignatius, eds., *Prisoner of the State: The Secret Journal of Zhao Ziyang* (New York, 2009), 91–137.

reportedly placed political relations with the United States above economic relations. As a result, Beijing did not consent to high-volume trade until political normalization had been achieved. Scholars thus contend that President Jimmy Carter's decision to recognize the PRC in January 1979 broke the political impasse and created the conditions for Sino-American economic relations to blossom.⁸

This interpretation falls short on two accounts. First, it understates the activism of American businesspersons and—even more important—mid-level bureaucrats within China.⁹ As the evidence surrounding Coca-Cola's entry into the PRC reveals, these two constituencies earnestly believed in exchanging goods, ideas, and technology. They sought to jump-start trade and investment between the United States and China, both before and after January 1979. Although their efforts were often concurrent with and complementary to developments in official political relations between China and the United States, they were not dependent on them. In the case of Coca-Cola's deal to re-enter the China market, announced on December 13, 1978, one company official claimed, "we knew nothing of the Carter agreement."¹⁰

Second, existing accounts of Sino-American relations during this period neglect the contested and tenuous nature of China's transition away from a highly centralized socialist economy.¹¹ Although a new class of Chinese traders and industrialists advocated for engagement with the United States, many individuals in China—as the Coca-Cola Company discovered—resisted the full and prompt restoration of Sino-American economic and cultural ties, even after January 1979. From the Communist Party's Central Committee down to small state-owned enterprises, critics at multiple levels of China's economic and political systems asserted that Coca-Cola and other American consumer products would devastate domestic industries and perhaps even foment yet another era of prolonged national humiliation.¹² The efforts of citizens on both sides of the

8. "Memorandum of Conversation," August 25, 1977, *Foreign Relations of the United States* (hereafter *FRUS*), 1977–1980: Volume XIII, China, ed. David P. Nickles (Washington, DC, 2013), doc. 51, 211, 273; "Memorandum of Conversation," May 21, 1978, in *FRUS*, vol. XIII, doc. 110, 440; Zhang, *Beijing's Economic Statecraft during the Cold War, 1949–1991*, 249–52.

9. On the U.S. business community during this period, see Kailai Huang, "American Business and Normalization of US-China Commercial Relations, 1979–1980," *Essays in Economic and Business History* 23 (2005): 107–24.

10. "Coca-Cola to Go on Sale in China as U.S. and Peking Expand Ties," *New York Times*, December 20, 1978, D12.

11. For an important exception, see Julian Gewirtz, *Unlikely Partners: Chinese Reformers, Western Economists, and the Making of Global China* (Cambridge, MA, 2017).

12. Scott Wilson, *Remade in China: Foreign Investors and Institutional Change in China* (New York, 2009), 3–4; Zheng, *China in International Society since 1949*, 97–98; Zheng Wang, *Never Forget National Humiliation: Historical Memory in Chinese Politics and Foreign Relations* (New York, 2012); Robert Bickers, *Out of China: How the Chinese Ended the Era of Western Domination* (Cambridge, MA, 2017).

Pacific to restore trade between the United States and China in the years leading up to and following normalization were thus diminished by political debate within China. For the Coca-Cola Company, these debates meant that its two principle objectives in the China market, owning and operating the means of production and selling its namesake beverage directly to the Chinese people, were temporarily out of reach.

This is the first English-language history to bring Coca-Cola, both the beverage and the company, to the center of a bilateral relationship whose significance is hard to overstate.¹³ Although several works in Chinese describe Coca-Cola's turbulent return to Mainland China, these narrative accounts do not situate the episode in a broader context to shine light on Sino-American relations or China's reform and opening.¹⁴ Nor do these works consider the particular significance of Coca-Cola for debates about food and American foreign relations. Scholars of foreign aid, development policy, and science and the environment have long argued that the politics and economics of food are central to discussions of U.S. diplomacy and international relations more broadly.¹⁵ This history of Coca-Cola and Sino-American relations affirms that food does occupy an important place in U.S. foreign relations. Yet, in China, Coca-Cola elicited impassioned responses for reasons other than its taste. The product and the company that made it became surrogates for ideas such as capitalism, consumerism, technological progress, and foreign exploitation. A name brand "fast" food produced using advanced manufacturing techniques and intended for mass consumption, Coca-Cola operated as an extension of U.S. society and culture. Like other products linked to the processes of "Americanization" and globalization, Coca-Cola

13. Several studies have used Coca-Cola in China as a business case study. See, for example, Lub Bun Chong, *Managing a Chinese Partner: Insights from Four Global Companies* (New York, 2013), 123–63; Randall E. Stross, *Bulls in the China Shop and Other Sino-American Business Encounters* (Honolulu, HI, 1990), 248–74; Vincent Mok, Xiudian Dai, and Godfrey Yeung, "An Internalization Approach to Joint Ventures: Coca-Cola in China," *Asia Pacific Business Review* 9, no. 1 (Autumn 2002): 39–58.

14. Despite different authorship, the relevant articles in Chinese feature almost the exact same content. See Wang Lingli and Liu Maosen, 1979: *Zhongguo guoshi* (The China Story, 1979) (Shanghai, 2010), 36–46; Ma Licheng, *Jiaofeng sanshi nian: Gaige kaifang si ci da zhenghun qinli ji* (Thirty-Years of Confrontation: A Personal Account of the Four Great Conflicts of Opening and Reform) (Nanjing, 2008), 42–47; Li Yang, "Kekou kele chongfan Zhongguo" ("Coca-Cola's Return to China"), *Zhongguo xinwen zhoukan* (April 28, 2008): 74–77; Fang Huang, "1979: Kekou kele, kaifang de biaoqian" ("1979: Coca-Cola, A Sign of Opening"), in *Kaifang Zhongguo: Gaige de 30nian jiyi* (Opening China: Memories of 30 Years of Reform), ed. Jingji guancha bao (The Economic Observer) (Beijing, 2008), 24–31; Wang Chunyuan, *Zhuanshen: Chuanyue shisan ge linghun de lxixing* (Turn About: Traveling with Thirteen Souls) (Beijing, 2008), 141–58.

15. Emma Rothschild, "Food Politics," *Foreign Affairs* (January 1976): 285–307; Barry Riley, *The Political History of American Food Aid: An Uneasy Benevolence* (New York, 2017); Nick Cullather, "The Foreign Policy of the Calorie," *American Historical Review* 112, no. 2 (April 2007): 337–64; Nancy Shoemaker, "Food and the Intimate Environment," *Environmental History* 14, no. 2 (April 2009): 339–44.

impinged upon China's economic system, domestic politics, foreign relations, cultural outlook, and public health in profound ways.¹⁶

Coca-Cola and other name brand "fast" foods are an important node in the study of U.S. diplomatic history because they offer compelling evidence of why the United States is both embraced and contested on the global stage.¹⁷ They reveal that, in the realm of foreign policy, food can be conceptualized as something more than a means of simply providing human sustenance. At least in early reform China, Coca-Cola was certainly more than just a soft drink.

COCA-COLA IN CHINESE HISTORY

The 20,000 cases of Coca-Cola that flowed across the border between Hong Kong and Guangdong Province in January 1979 were hardly the first to ever land on the Chinese Mainland.¹⁸ The Coca-Cola Company had built a soft drink empire in China once before. Introduced into China in the 1920s, Coca-Cola was initially marketed by some local salesmen as *Keke kenla*, an unappetizing name that featured the Chinese characters for "tadpole," "bite," and "wax." Belatedly, the Coca-Cola Company developed a standardized Chinese name for its beverage, calling it *Kekou kele*.¹⁹ Coined by Chinese poet Chiang Yee, the new Chinese name remained faithful to the pronunciation of its English counterpart while capturing perfectly what the Coca-Cola Company wanted Chinese consumers to believe about its namesake beverage: that it was a delight for the taste buds.²⁰

China's urban residents responded enthusiastically to *Kekou kele*, so much so that by 1933 Shanghai was producing more Coca-Cola than any anywhere else in the world, excluding the United States.²¹ Coca-Cola's outstanding success in China was ultimately short-lived, harmed by the tumult of the Sino-Japanese

16. Walter LeFeber, *Michael Jordan and the New Global Capitalism* (New York, 1999); Victoria de Grazia, *Irresistible Empire: America's Advance through Twentieth-Century Europe* (Cambridge, MA, 2006); Emily S. Rosenberg, "U.S. Mass Consumerism in Transnational Perspective," in Frank Costigliola and Michael J. Hogan, eds., *America in the World: The Historiography of American Foreign Relations since 1941*, 2nd ed. (New York, 2014), 307–37; Steinar Bryn, "The Coca-Cola Co. and the Olympic Movement: Global or American?," in Sabrina P. Ramet and Gordana P. Crnković, eds., *Kazaam! Splat! Poof! The American Impact on European Popular Culture since 1945* (Lanham, MD, 2003), 83–101; George C. Herring, *The American Century and Beyond: U.S. Foreign Relations, 1893–2014* (New York, 2017), 619.

17. Rob Kroes, "American Empire and Cultural Imperialism: A View from the Receiving End," *Diplomatic History* 23, no. 3 (Summer 1999): 463–77.

18. "Coca-Cola Plans Shipment to China," *New York Times*, January 23, 1979, D11.

19. Yan, "Kekou kele," 10–11.

20. Da Zheng, *Chiang Yee: The Silent Traveller from the East: A Cultural Biography* (New Brunswick, NJ, 2010), 78, 237.

21. "Kekou kele richan wan da" ("Coca-Cola produces 10,000 cases a day"), *Shenbao*, June 22, 1947. For additional documentation on Coca-Cola's history in Shanghai prior to October 1949, see Shanghai shi dang'anguan (Shanghai Municipal Archives [SMA]) Q90-2-115.

War and, even more so, the results of the Chinese Civil War. As the People's Liberation Army swooped into China's cities beginning in 1948–1949, the Coca-Cola Company's bottling plants in Shanghai, Tianjin, Qingdao, and Guangzhou were seized by the new Chinese state and put into the service of the communist revolution.²² After taking control over the means of Coca-Cola's production, the party-state outlawed its consumption.²³

Worse things were yet to come for Coca-Cola. When the Chinese Communist Party came to power in 1949, it announced its intentions to "[make] a fresh start" in China's foreign relations and purge what it considered to be "vestiges of the influences of imperialism" from the country.²⁴ The United States, the foremost target of Communist propaganda, became known as the cause of China's internal ills and a perpetrator of capitalist and imperialist exploitation around the world.²⁵ Official and public perceptions of the United States on Mainland China declined further over the course of the 1950s and 1960s, as the Korean War, the U.S.-led trade embargo against the People's Republic, the severing of people-to-people ties, the Taiwan Strait Crises, and the Vietnam War all took heavy tolls on Washington's reputation.²⁶

The Sino-American Cold War imparted something sweet like Coca-Cola with the bitterest of flavors. In Chinese political culture, in public discourse, and in people's emotions, the beverage and the company that manufactured it became inseparable from the idea of "American imperialism."²⁷ Simple reminders from state propaganda organs that the Coca-Cola Company was never far behind U.S. troops—no matter where they went—crystallized the

22. For a comparable example, see Jonathan J. Howlett, "'The British Boss is Gone and Will Never Return': Communist Takeovers of British Companies in Shanghai (1949–1954)," *Modern Asian Studies* 47, no. 6 (2013): 1941–76.

23. Mark Pendergrast, *For God, Country and Coca-Cola: The Definitive History of the Great American Soft Drink and the Company that Makes It*, 3rd ed. (New York, 2013), 222; Karl Gerth, "Compromising with Consumerism in Socialist China: Transnational Flows and Internal Tensions in 'Socialist Advertising,'" *Past & Present* 218, supplement 8 (2013): 204–05.

24. Zhou Enlai quoted in Shu Guang Zhang, "China's Strategic Culture and the Cold War Confrontations," in *Reviewing the Cold War*, ed. Odd Arne Westad (New York, 2013), 266.

25. Chen Jian, "The Myth of America's 'Lost Chance' in China: A Chinese Perspective in Light of New Evidence," *Diplomatic History* 21, no. 1 (Winter 1997): 77–86; He Di, "The Most Respected Enemy: Mao Zedong's Perception of the United States," *The China Quarterly* 137 (1994): 144–58.

26. Chen Jian, *China's Road to the Korean War: The Making of the Sino-American Confrontation* (New York, 1994); Shu Guang Zhang, *Economic Cold War: America's Embargo against China and the Sino-Soviet Alliance, 1949–1963* (Washington, DC, 2001); Hugo Meijer, *Trading with the Enemy: The Making of US Export Control Policy toward the People's Republic of China* (New York, 2016); Meredith Oyen, *The Diplomacy of Migration: Transnational Lives and the Making of U.S.-Chinese Relations in the Cold War* (Ithaca, NY, 2015).

27. These derogatory claims were common in part because Chinese propaganda frequently suggested that all major American corporations were agents of U.S. imperialism and expansion. See Gu Jin, "Mei diguo zhuyi de benxing shi you longduan ziben de jingji jichu jueding de" ("The Nature of American Imperialism is Determined by Its Economic Foundations of Monopoly Capital"), 1960, in SMA C43-1-491, 80–81.

interrelationship between U.S. military expansion and the country's economic, cultural, and culinary dominance.²⁸ Writing in 1964, for instance, one Chinese commentator credited the Coca-Cola Company (as well as United Fruit Company and Goodyear Tire) for enabling U.S. imperialism in Panama.²⁹ According to some Chinese papers, the overwhelming presence of Coca-Cola and other American food products on supermarket shelves in Western Europe and Japan cast doubt on the independence of even America's most economically advanced allies.³⁰

The Chinese party-state insisted that essentially all Western cuisines and beverages were politically and socially toxic, attracting "revisionist elements," the "capitalist class, remnant capitalist intellectuals, as well as their children," and "scoundrels and rascals and crooked youth."³¹ But Coca-Cola, more so than other U.S. consumer products, was subject to high-level attack and denunciation in Mao Zedong's China. As early as December 1950, the mass circulation paper *People's Daily* reprinted a warning from the acclaimed social critic Mao Dun that the United States, simultaneous with its armed invasions of Korea and other countries, was "dumping" its consumer goods-cum-cultural icons onto the rest of the world. He implied that the spread of Coca-Cola, symbolic of "American civilization," was as dangerous as the armed forces of the United States.³² In other columns over the years, China's most well-known public intellectual continued to state that Coca-Cola was a shining example of America's "cultural aggression" in the Third World. In 1958, Mao wrote that American imperialism undermined political sovereignty in Asia and Africa while simultaneously eroding the cultural purity of these countries. Decolonization, according to such logic, was as much about resisting America's cultural and economic dominance as it was about achieving

28. Ying Chun, "Zhu Ou Mei jun weishen 'qiong' le?" ("Why is the US Army in Europe 'Poor'?"), *Renmin ribao* (People's Daily), June 26, 1978; Long Zhangxiang, "Kekou kele fajishi" ("The History of Coca-Cola's Fortunes"), *Renmin ribao*, June 20, 1982. All articles from the *People's Daily* were accessed in electronic form via the OriProbe Information Services' database.

29. Zhu Lefan, "Banama renmin fan Mei aiguo douzheng de fengbao" ("The Patriotic Anti-American Struggle of the Panamanian People"), *Shijie zhishi* (World Knowledge) no. 2 (1964): 5-7.

30. Liu Chuangyuan, "Meiguo longduan ziben jiajin qinru Yingguo" ("American Monopoly Capital is Intensifying its Invasion of Britain"), *Guoji wenti yanjiu* (International Studies) no. 5 (1963): 41; Ming Ke, "Longduan tongzhi xia de Riben zhong xiao qiyi" ("Japanese Medium and Small Enterprises under Monopolistic Rule"), *Guoji wenti yanjiu* no. 4 (1964): 10.

31. Shanghai shi yinshi fuwu gongsi (Shanghai Food and Beverage Service Corporation), "Guanyu gaige xican, kafei jingying fangzhen de yijian" ("Views on Reforming Business Policy for Western Food and Coffee"), June 2, 1967, in SMA B98-2-59, 7-9; Shanghai shi er shangye ju (Shanghai Municipal 2nd Commercial Bureau), "Tongyi 'guanyu gaige xican, kafei jingying fangzhen de yijian' de pifu" ("Reply Agreeing with the 'Views on Reforming Business Policy for Western Food and Coffee'"), September 7, 1967, in SMA B98-2-59, 10.

32. Mao Dun, "Boluo 'meng mian qiangdao' de mianju" ("Peel Off the Mask of the 'Masked Robbers'"), *Renmin ribao*, December 3, 1950. See the original version in *Renmin wenxue* (People's Literature) 12 (1950), 8. See also Bing Xin, "Chaoyang he xizhao" ("Sun Up and Sun Down"), *Shijie zhishi* no. 1 (1959): 29.

formal political independence.³³ Refusing Coca-Cola, then, was a foremost means of protecting national sovereignty.³⁴

The prominent periodical *World Affairs* proudly reported examples of such resistance. In 1957, one essay revealed that “[Brazilians] have enormous national self-respect … in hotels and other public places you can purchase Coca-Cola, which is intensely promoted, but most Brazilians in fact drink the national specialty product, Guarana.”³⁵ Such Chinese sentiments were on display even in the pages of the *Los Angeles Times*, which reported that during the height of the Mao era, China fought against American imperialism by refusing to enjoy Coca-Cola. “We won’t have any of it,” proclaimed one PRC official to an American reporter.³⁶

Although the Sino-American confrontation prompted the official embargo against Coca-Cola, China’s restrictions on Western foods were not just political. Alarmist medical knowledge about caffeine in part contributed to Coca-Cola’s negative image in socialist China (even though Chinese varieties of tea are also caffeinated).³⁷ According to one foreign student in Beijing in the 1970s, there was such hysteria surrounding caffeine that even educated young people believed it was a “dangerous narcotic.”³⁸ Moreover, Coke’s sugar content probably did not endear the beverage to Chinese officials responsible for public health. According to reports from the mid-1970s, tooth decay in China was extremely common, “influencing [what people] eat, impacting [their] health, and affecting how they grasped the revolution and promoted production.”³⁹ Sugary and sweet, Coca-Cola and the cavities it caused were certainly not going to aid the Chinese revolution.

33. Mao Dun, “Zhu Ya Fei zuojia huiyi” (“For the Asian-African Writers Meeting”), October 16, 1958, in *Renmin wenxue* no. 10 (1958): 9. For a similar emphasis on respecting one’s national customs (and hence rejecting Coca-Cola), see Xiao Shicong, “Shenme difang wei renmin de fuli zuo de gongzuo geng duo, shenme difang de shenghuo fangshi geng hao” (“Whatever Place does the Most for the Welfare of the People will have the Best Lifestyle”), *Shijie zhishi* no. 7 (1956): 24.

34. Chinese periodicals even adopted the phrase “Coca-Colonization.” See Bing, “Chaoyang he xizhao,” 29.

35. Yu Lin, “Baxi pianduan (er)” (“Fragments of Brazil, Part 2”), *Shijie zhishi* no. 2 (1957): 31.

36. Quoted in “Stopped in 1949: China OKs Sale of Coca-Cola,” *Los Angeles Times*, December 4, 1978, 9.

37. In the late 1960s, even non-Western food items with caffeine contents (such as coffee and cocoa) could be used for medicinal purposes only. See Shanghai shi di er shangye ju gewei-hui (Revolutionary Committee of the Shanghai Municipal 2nd Commercial Bureau), “Guanyu yaoqiu jinkou kafei dou, keke dou de qingshi baogao” (“Report Requesting Instruction/Approval on Importing Coffee and Cocoa Beans”), April 8, 1969, in SMA B98-2-176, 12-13.

38. Michael Rank, “The Western Impact on the Ordinary Chinese Citizen,” *China Business Review* 4, no. 6 (November–December 1977): 11.

39. Shanghai shi ya bing zhongxin fangzhi suo (Shanghai Municipal Center for the Prevention of Dental Disease) and Shanghai shi gongye weishengwu yanjiusuo (Shanghai Municipal Institute of Industrial Microbiology), “Wei kuoda kexue shiyan shenqing pigou shaotang” (“Application to Purchase Sugar in order to Expand Scientific Experiments”), August 5, 1975, in SMA B189-1-558, 16.

COCA-COLA'S ADVOCATES

These sharp prejudices against Coca-Cola and other American foods and drinks did not water down the aspirations of the U.S. business community. Years before the U.S.-China diplomatic normalization and the PRC's policy of opening and reform, American businessmen remained captivated by the potentials of the China market.⁴⁰ Henry Kissinger's aside to Zhou Enlai in 1973—though probably made in jest—that “we are staggered by the thought of selling Pepsi-cola to 800,000,000 Chinese” symbolized how American corporations continued to lust after China and its countless consumers, even as the country was still in the midst of political turmoil.⁴¹ As one Coca-Cola representative described in 1980, “our company naturally has a keen interest in China, because it represents a vast, untapped wellspring of potential consumers.”⁴²

At the very least, the Coca-Cola Company wanted to get in the Chinese door before its rivals at Pepsi Cola could. The company began pestering the PRC Government for permission to re-enter the Chinese mainland as early as 1975, four years before the official establishment of diplomatic relations between China and the United States. Aside from making direct enquiries, the Coca-Cola Company also sponsored a number of U.S.-China cultural, economic, and sports exchanges during the twilight of the Mao era to demonstrate its friendly intentions.⁴³ The Chairman of Coca-Cola, J. Paul Austin, visited China several times in the mid-to-late 1970s, and reportedly became a regular fixture at the Chinese Liaison Office in Washington and its Permanent Mission to the UN in New York.⁴⁴ He often brought cases of Coca-Cola to Huang Zhen, China's leading representative in the United States in 1976–1977, and even donated a refrigerator when he noticed that the delegation's offices had nothing to keep the drinks cold. Huang reluctantly accepted these gifts, reportedly murmuring under

40. On the Chinese market in the American imagination, see Sherman Cochran, *Big Business in China: Sino-Foreign Rivalry in the Cigarette Industry, 1890–1930* (Cambridge, 1980), 10–11; Kailai Huang, “Myth or Reality: American Perceptions of the China Market,” in *Image, Perception, and the Making of U.S.-China Relations*, eds. Hongshan Li and Zhaohui Hong (Lanham, MD, 1998), 17–42.

41. “Memorandum of Conversation,” February 15, 1973, in *FRUS, 1969–1976: vol. XVIII: China, 1973–1976*, ed. David P. Nickles (Washington, DC, 2008), doc. 8, 40.

42. “Peter Lee Speech for Technical Conference,” February 21, 1980, CCCA.

43. “Links between Coca-Cola and China Long-Placed,” April 15, 1981, CCCA.

44. Cable from the U.S. Liaison Office, Peking, to the Secretary of State, “Sino-US Trade – Business Visitors to Peking during the First Half of March,” March 18, 1975, in Access to Archival Databases (AAD), accessed April 18, 2016, <https://aad.archives.gov/aad/creATEDPDF?rid=205310&dt=2476&dl=1345>; Jeffrey A. Engel, ed., *The China Diary of George H. W. Bush: The Making of a Global President* (Princeton, NJ, 2008), 196–204 *passim*. On Austin's visitations to the Chinese Liaison Office, see, for example, “The Secretary's Meeting with Huang Chen,” November 15, 1977, in *FRUS*, vol. XIII, doc. 68, 273. For additional details on Coca-Cola's interactions with the Liaison Office, see Zi Ding, *Li Qiang zhuan* (Biography of Li Qiang) (Beijing, 2004), 322–23.

his breath, according to one Chinese scholar, that China's people would rather drink tea.⁴⁵

During the roughly seven-year window between Nixon's 1972 visit and Carter's 1979 normalization, American businessmen aggressively pursued trade inroads to China. Their activities complemented but were independent of official United States Government efforts to engage the People's Republic. They partially succeeded before January 1979 only because a group of mid-level bureaucrats within the PRC also sought to jumpstart trade and investment. Heeding Deng Xiaoping's calls for opening and reform but often acting on their own initiative, many emerging entrepreneurs at the grassroots and middle-tiers of China's economic and political systems worked to restore Sino-American ties even as the loose ends of formal diplomatic normalization were still being worked out.⁴⁶

The record surrounding the PRC's food and beverage sector in the late 1970s and 1980s offers compelling evidence that China's economic engagement with the United States and other Western countries was driven by bottom-up processes as much as by top-down decisions.⁴⁷ Countless numbers of "study groups" from China agitated for permission to travel to capitalist countries in the late 1970s and early 1980s in order to study some of the most famous food and beverage makers in the West, such as Heineken Beer and Denny's Restaurants.⁴⁸ When the General Foods Corporation poked its head in China to make and sell Tang, a popular powdered orange-flavored beverage, the U.S. company's negotiating partners in Shanghai gleefully entertained the offer. Though officials in Shanghai appreciated that Tang was a "quality powdered beverage," they were more eager to gain the General Foods Corporation's technical assistance. As the Municipal Import-Export Office described the matter, Shanghai had to "urgently introduce foreign advanced technology in order to transform"

45. See He Libo, "Zhongguo zhu Mei lianluochu zhuren renshang de Huang Zhen" ("Director Huang Zhen of the [Chinese] Liaison Office in the United States"), *Dangshi zonglan* no. 1 (2009): 43–44. This was a common refrain. See William J. Miller, *The People's Republic of China's United Front Tactics in the United States, 1972–1988* (Bakersfield, CA, 1988), 58, n113; J. C. Louis and Harvey Z. Yazijian, *The Cola Wars* (New York, 1980), 295.

46. Zhang, *Ideology and Economic Reform under Deng Xiaoping*, 38–39.

47. Xiao Donglian, "Zhongguo gaige chuqi dui guowai jingyan de xitong kaocha he jiejian" ("The Systematic Study of and Learning from the Experiences of Foreign Countries during China's Early Reforms"), *Zhonggong dangshi yanjiu* no. 4 (2006): 22–32.

48. See Shanghai fu Helan Lutedan pijiukaocha zu (Shanghai Beer Study Group in Rotterdam, The Netherlands), "Shanghai pijiukaocha zu fu Helan Lutedan shi kaocha fangwen de qingkuang baogao" ("Situation Report on the Study Visit to Rotterdam, The Netherlands, of the Shanghai Beer Study Group"), December 8, 1982, in SMA B1-9-807, 28–35. On the Denny's group, see Shanghai shi jin chukou bangongshi (Shanghai Municipal Import-Export Office), "Guanyu pai xiaozu fu Mei kaocha kuaisu shipin de qingshi" ("Request for Instructions on Dispatching a Small Group to America to Study Fastfood"), September 15, 1982, in SMA B1-9-793, 169.

because “the technology and craft of beverage making in the city is backward.”⁴⁹ Aimed at learning best practices and obtaining new technologies and equipment from counterparts in the United States and Western Europe, this trade office’s internal communications demonstrate that foreign foods and beverages—produced using manufacturing techniques and equipment which China did not then possess—were desirable to Chinese for reasons other than their taste.⁵⁰

One man’s desire to accrue knowledge and technology from abroad was decisive in Coca-Cola’s return to China. Born in 1933 in Hebei Province, Tong Zhiguang came from an educated family. His father taught in the foreign languages department at Beijing Catholic University; the junior Tong later followed in his father’s footsteps by pursuing a degree at Beijing’s College of Business during the Chinese Civil War. After finishing school, Tong started down a dual business and international relations career track. He spent a few years exporting tea on behalf of a CCP Central Committee foreign trade department before heading to the Chinese Embassy in India. While stationed in New Delhi, Tong learned English and familiarized himself with the customs laws and regulations of the former British colony. Armed with English as a second language and some experience in business and trade, Tong joined the newly opened Chinese Liaison Office in the United States in the mid-1970s.⁵¹

In the United States, Tong Zhiguang met the Chairman of Coca-Cola, J. Paul Austin, on several occasions.⁵² Though Tong was reportedly not a fan of the taste of the Coca-Cola, Austin piqued his interest in the beverage. During a tour of the Coca-Cola Company’s headquarters in Atlanta, Tong claimed to have been captivated by the “company’s excellent management” and its impeccable “product quality control.” “We lagged far behind,” Tong later reflected on the state of China’s food and beverage industries. He found that the then popular drink from Beijing known as Arctic Ocean Soda (*Beibingyang qishui*) compared poorly to Coca-Cola, and determined that China’s soft drink makers needed to study the quality control standards of their foreign counterparts.⁵³

Tong left the Chinese Liaison Office in the United States in 1978 and received concurrent job placements at the state-owned Cereals, Oils, and Foodstuffs Import and Export Corporation (*Zhongguo liang you shipin jin chukou*

49. Shanghai shi jin chukou bangongshi (Shanghai Municipal Import-Export Office), “Guanyu ni tongyi yu Meiguo tongyong shipin gongsi hezi jingying Tangpai juzi fen chang de qingshi” (“Request for Instructions on Approving a Joint Investment Tang-Brand Orange Powder Factory with the American General Foods Corporation”), October 15, 1982, in SMA B299-1-121, 113-14.

50. Yunxiang Yan, “McDonald’s in Beijing: The Localization of Americana,” in *Golden Arches East: McDonald’s in East Asia*, ed. James L. Watson (Stanford, CA, 1997), 40-41.

51. Wang, *Zhuanshen*, 145-47.

52. He, “Zhongguo zhu Mei lianluochu zhuren renshang de Huang Zhen,” 43-44.

53. Ma, *Jiaofeng sanshi nian*, 42; Wang, *Zhuanshen*, 147.

zong gongsi [CEROILS]) and the Ministry of Foreign Trade.⁵⁴ As the official point of entry for imported food items, CEROILS was responsible for interfacing with Coca-Cola; Tong, in turn, was put in a position to bring not only this foreign soft drink to China, but the company's production methods as well.⁵⁵ When J. Paul Austin visited China in 1978, he and Tong appeared to reach a mutually agreeable re-entry strategy for Coca-Cola. Through a partnership with CEROILS, Coca-Cola could be purchased by foreign tourists in the PRC. In return, the Coca-Cola Company would help CEROILS to build a new beverage bottling plant with state-of-the-art equipment, including water filtration mechanisms, bottling lines, and packaging systems. The bottling plant, a joint venture between CEROILS and Coca-Cola, would allow Coca-Cola to be produced domestically and would spare China from having to expend foreign currency reserves on all but one component of the soft drink: the syrup, then and now a trade secret.⁵⁶

Willing to trade access to the China market for business and technological knowhow, Tong Zhiguang advocated for the deal with his boss at CEROILS, Zhang Jianhua, and with the Minister of Foreign Trade Li Qiang.⁵⁷ Intrigued but cautious, Zhang and Li sought permission to sell Coca-Cola at tourist destinations in China (including "Friendship Stores," hotels, and historic sites) from other senior Communist Party leaders on September 26, 1978—a full three months prior to the Sino-American normalization. Yao Yilin, a leading member of the CCP's Finance and Trade Small Group, agreed that the proposal to sell Coca-Cola as well as other foreign products to tourists in China was "feasible" and sent the proposal to a trio of elders, Li Xinnian, Ji Dengkui, and Yu Quli, for one additional layer of approval.⁵⁸ Although the consent of these senior economic policymakers mattered, far more important was Deng Xiaoping's final nod of approval. Deng instructed a subordinate in the CCP, Gu Mu, to "open up hotels, small shops, and bars and import some foreign wine and Coca-Cola" in order to collect more money from foreigners touring in the PRC.⁵⁹

The deal between the Coca-Cola Company and CEROILS was complete by December 13, 1978, two days before President Jimmy Carter announced that

54. CEROILS is now known as the China National Cereals, Oils, and Foodstuffs Corporation, or the COFCO Group. In materials produced by the Coca-Cola Company, CEROILS was typically called CEROF.

55. Yan, "Kekou kele," 10.

56. Wang, *Zhuanshen*, 148.

57. Zi, *Li Qiang zhuang*, 324; Fang, "1979," 25–26.

58. "Guanyu Kekou kele jishou, neixiao ji jingji hesuan deng qingbao de fanying" ("Situation Report on the Consignment, Domestic Sale of, and Accounting for Coca-Cola"), undated but likely September 1981, in SMA B1-9-439, 77–78. See also in SMA B246-5-408, 7–8. According to CEROILS lore, Li Xinnian handed Zhang Jianhua and Li Qiang a terse but clear handwritten endorsement of the deal with Coke: Ma, *Jiaofeng sanshi nian*, 43. There is no confirmation of this available in either the *Li Xinnian nianpu* (Chronology of Li Xinnian) or the *Jianguo yilai Li Xinnian wengao* (Manuscripts of Li Xinnian since the Founding of the PRC).

59. Gu Mu, *Gu Mu baijilu* (Memoirs of Gu Mu) (Beijing, 2009), 396.

the United States and China planned to formally exchange diplomatic relations.⁶⁰ After the official agreement was publicly revealed on December 19, the Coca-Cola Company promptly shipped 20,000 cases of its namesake beverage to China and dispatched company personnel to help CEROILS establish production, packaging, and distribution facilities in Beijing.⁶¹ Together, CEROILS and Coca-Cola broke ground on a bottling plant in February 1980, and, just over a year later, marked the opening of the facility in the Chinese capital with a high profile ribbon-cutting ceremony attended by Coca-Cola's chairman, Roberto C. Goizueta, as well as the Vice Chairman of China's Central Advisory Commission, Bo Yibo.⁶²

J. Paul Austin called the December 1978 deal a "momentous occasion" which would "make an important contribution to international stability and peaceful co-development."⁶³ Though hyperbolic, Coca-Cola's re-entry into China was a stunning development. The production of Coca-Cola in China suggested to onlookers that the PRC was beginning to put decades of transpacific acrimony fully to rest and was willing to restore Sino-American economic and cultural relations. The return of Coca-Cola also signaled that China's transition away from a highly centralized socialist economy was fully underway. But what was most remarkable—and missing in Austin's statement and other contemporaneous commentary—is that Chinese and Americans, several rungs removed from elite political bodies, had worked together to accelerate trade ties between their two countries, even as official diplomatic relations between China and the United States were still hanging in the balance.

Nevertheless, the Coca-Cola Company was not fully satisfied with the terms of the 1978 agreement and remained focused on gaining even greater market access in the PRC. In the months and years that followed, the company prodded CEROILS to initiate a sales experiment that would allow surplus Coca-Cola inventories to be sold directly to Chinese citizens dwelling in the capital, Beijing. Vendors enticed Chinese customers by offering free gifts, such as chopsticks, with every bottle of Coca-Cola purchased.⁶⁴ The foreign media caught

60. "Officially Approved Statement of Agreement between the Coca-Cola Company and the China National Cereals, Oils, and Food Stuffs Import-Export Corporation, in CCCA; Jimmy Carter, "Address to the Nation on Diplomatic Relations Between the United States and the People's Republic of China," December 15, 1978, *The American Presidency Project*, accessed May 29, 2017, <http://www.presidency.ucsb.edu/ws/?pid=30308>.

61. "Coca-Cola Re-Enters China," December 19, 1978, CCCA; "Coca-Cola Plans Shipment to China," *New York Times*, January 23, 1979, D11.

62. "Coca-Cola to Be Bottled in Beijing," February 22, 1980, in CCCA; "Coca-Cola's China Plant," *New York Times*, February 28, 1980; "Kekou kele' yinliao chejian touchan" ("Coca-Cola' Production Workshop"), *Renmin ribao*, April 16, 1981; "First Coca-Cola Since '49 Bottled in Peking Plant," *Los Angeles Times*, April 13, 1981, A2.

63. "Coca-Cola Re-Enters China," December 19, 1978, CCCA. See also Executive Office Memorandum from J. Paul Austin to Officers and Department Heads, "Sale of Coca-Cola in the People's Republic of China," December 19, 1978, CCCA.

64. *Zhong liang zhi* (The Annals of the China National Cereals, Oils and Foodstuffs Corporation) (Beijing, 1999), 441.

on to this novel experiment and began reporting on the reactions to the taste of the drink. *The Washington Post* printed in spring 1981 that “many Chinese, accustomed to China’s very sweet soft drinks, say it tastes like medicine—but some like it.”⁶⁵

Wanting to uncap the full potential of the China market, the Coca-Cola Company began dispatching its Vice-President for the Asia-Pacific, Peter Lee, to Shanghai on an almost monthly basis in the summer and fall of 1981. Lee was a smart choice to represent the company at this juncture. Born to a large family near Xiamen along China’s southeastern coast in 1941, he was a persuasive salesman fluent in Mandarin and mindful of Chinese cultural norms.⁶⁶ A strong believer in the China market, Lee also never doubted his own ability to bring Coca-Cola back to a country he once called home.⁶⁷ He told his counterparts in China that “Shanghai sold about one million cases of Coca-Cola in 1948” and it could “easily” do so again in 1982.⁶⁸

After making courtesy calls on the Shanghai Municipal Government in July 1981 and gaining approval to formally meet with the Shanghai Investment and Trust Corporation in August 1981, Lee made his company’s desires abundantly clear: Coca-Cola wanted a second production facility and bottling line in Shanghai, and it wanted permission to sell drinks to both foreign tourists and domestic consumers.⁶⁹ He did his best to appeal to his counterparts’ interest in technology transfers and China’s industrial modernization. Lee reported that technology was “a very important ingredient in our [Coca-Cola’s] over-all strategy,” and he came to Shanghai prepared to offer considerable assistance to Chinese manufactures.⁷⁰ He promised, for example, that Coca-Cola would hand over a refurbished bottling line capable of filling 500 bottles of Coke per minute. Although not top of the line for Coca-Cola, the machinery was far better than anything within Shanghai’s city limits at the time and even more advanced than what Coca-Cola had already installed in Beijing. Lee also pledged new equipment for water treatment, CO₂ purification, and packaging.⁷¹ In one letter written between meetings, Lee commented that Coke could bring delight to Shanghai’s consumers and knowledge to China’s beverage manufacturers. “The soft drink industry in China must be truly revamped,” he wrote, and Coca-Cola was ready to be part of this industrial transformation. “As the

65. “Coke Now Bottled Near Peking,” *Washington Post*, April 14, 1981, A16.

66. “Peter L. Lee, Operations Manager – China, Coca-Cola Pacific,” April 1981, CCCA.

67. Jeff Bradley, “The Man Who Brought Coca-Cola to China is Now Trying to Bring Them Telephones,” *The Evening News* (November 10, 1985).

68. Letter from Peter L. Lee to Shanghai Investment and Trust Corporation, September 11, 1981, in SMA B246-5-408, 23-35.

69. Lee frequently reminded his colleagues at Coca-Cola that “we do ourselves an injustice if we overlook the depth and wealth of this ancient nation and its ability give something to us.” See “Peter Lee Speech for Technical Conference,” February 21, 1980, in CCCA.

70. “Peter Lee Speech for Technical Conference,” February 21, 1980, in CCCA.

71. Letter from Peter L. Lee to Shanghai Investment and Trust Corporation, in SMA B246-5-408, 23-35.

world's largest soft drink company, we are confident that Shanghai could look forward to a first class bottling plant.”⁷²

Much as Tong Zhiguang was drawn to Coca-Cola's production methods and technology, Lee's negotiating counterparts at the Shanghai Investment and Trust Corporation were also positively overwhelmed. Privately, they expressed that Coke's material contribution would greatly enhance the production of carbonated beverages within the city. They were also unconcerned about a foreign company cornering the local market. They saw plenty of room for growth and believed the city could accommodate both local and international soft drink brands. “As consumption levels grow,” officials rationalized, “the number [of soft drink cases produced annually] will undoubtedly need to grow.” A new Coke bottling line could help to satisfy the growing demand Shanghai locals had for sugary drinks.⁷³

In order to continue to protect Coca-Cola's secret recipe, Lee explained that producers in Shanghai would still have to import the concentrate for the drink from the United States, but this did not deter Shanghai's trade offices.⁷⁴ Although Shanghai would have to spend foreign currency reserves to buy the Coca-Cola syrup from abroad, they understood that these monies could be recovered by selling Coca-Cola to foreign tourists throughout the Yangtze River Delta.⁷⁵ Even more daring, Shanghai's budding entrepreneur class rationalized that profits could be made by selling surplus supplies of Coca-Cola directly to Chinese citizens in the city. Privately, Shanghai officials also estimated that, even after producing enough Coca-Cola for foreign and domestic customers, there would be additional production capacity at the new plant to manufacture other drinks, which might be popular among locals (such as a tangerine-flavored soda).⁷⁶ In other words, there was more money to be made in Shanghai than even the Coca-Cola Company realized.

Although the negotiations were not yet finished in August-September 1981, an agreement to open a second Coca-Cola production and bottling facility in Shanghai and to sell Coca-Cola to Chinese citizens must have seemed within

72. Letter from Peter L. Lee to Shanghai Investment and Trust Corporation, in SMA B246-5-408, 23–35.

73. Shanghai shi jin chukou bangongshi (Shanghai Municipal Import-Export Office), “Guanyu zai Hu sheli Kekou kele pingzhuang chang di er lun huitan de huibao” (“Report on the Second Round of Talks on Establishing a Coca-Cola Bottling Plant in Shanghai”), August 25, 1981, in SMA B246-5-408, 12–13.

74. On the secret formula of Coca-Cola, see Paul Gootenberg, “Secret Ingredients: The Politics of Coca in US-Peruvian Relations, 1915–65,” *Journal of Latin American Studies* 36, no. 2 (May 2004): 233–65.

75. Shanghai shi jin chukou bangongshi, “Guanyu zai Hu sheli Kekou kele pingzhuang chang di er lun huitan de huibao,” in SMA B246-5-408, 12–13.

76. Shanghai shi qinggongye ju (Shanghai Municipal Bureau of Light Industry), “Shanghai shi qinggongye ju guanyu yaoqiu luoshi Kekou kele pingzhuang changdi de qingshi baogao” (“Shanghai Municipal Light Industry Bureau Requesting Instructions/Approval on the Requirements for the Location of the Coca-Cola Bottling Plant”), September 15, 1981, in SMA B246-5-408, 11.

reach to Lee. The quibbles over what equipment Coke would provide or what amenities and infrastructure Shanghai would be responsible for looked like minor points of discussion that could be easily resolved. But there was one major roadblock in the way of the negotiations. Despite Sino-American diplomatic normalization, the trade officials in Shanghai knew that a deal with Coca-Cola was still not a decision to be made by them alone. The central government in Beijing had to consent. As the Municipal Import-Export Office wrote, “[if] Shanghai is going to sell [Coca-Cola] to the masses, [we] must request approval from the State Council.”⁷⁷

COCA-COLA’S OPPONENTS

Just weeks after Coca-Cola entered China for the first time in thirty-years, China’s Deputy Prime Minister, Wang Renzhong, sat down with a Swedish reporter to talk about political and social change in China. During their ninety-minute conversation, the journalist prompted Wang to reflect on the political and social implications of China’s nascent reform and opening: “In Peking there are Coca Cola and discos today. Is the change coming about too rapidly? Will it not jeopardize the Chinese way of life?” Wang’s dismissive and confident answer—“We are not afraid”—betrayed reality.⁷⁸ Internal records now accessible in China’s archives demonstrate the frustrations and anxieties that Coca-Cola and other material symbols of Western capitalism elicited in the PRC.⁷⁹ As the Cereals, Oils, and Foodstuffs Import and Export Corporation euphemistically phrased the problem in 1981, “Shanghai has had people sending letters in and putting forth different views [about Coca-Cola].”⁸⁰

That the Coca-Cola Company and CEROILS had made any progress at all to bring Coca-Cola back to China was remarkable. In the late 1970s and early 1980s, China still lacked many institutional and legal mechanisms conducive to foreign trade and investment. Economic liberalization was fast coming to Chinese villages, but in the majority of cities and industrial areas, including Beijing and Shanghai, the process was much slower and restrained.⁸¹ Even when the State Council passed a Joint Venture Law in mid-1979 and soon thereafter opened four Special Economic Zones to encourage foreign

77. Shanghai shi jin chukou bangongshi, “Guanyu zai Hu sheli Kekou kele pingzhuang chang di er lun huitan de huibao,” in SMA B246-5-408, 12–13.

78. “Aftonbladet Interview with PRC Deputy Prime Minister,” March, 20, 1979, in ADD, accessed May 29, 2017, <https://aad.archives.gov/aad/createnpdf?rid=196739&dt=2776&dl=2169>.

79. Yan, “Kekou kele,” 11; *Zhong liang zhi*, 441.

80. Zhongguo liang you shipin jin chukou zong gongsi (China Cereals, Oils and Foodstuffs Import and Export Corporation), “Guanyu yinsong Kekou kele qishou ji duoyu bufen zhuan neixiao de qingkuang fanying” (“The Consignment of Coca-Cola and Transferring Excess [Product] for Sale Domestically”), September 23, 1981, in SMA B1-9-439, 76. See also in SMA B246-5-408, 6.

81. Kuotsai Tom Liou, *Managing Economic Reforms in Post-Mao China* (Westport, CT, 1998), 31.

investment, there were still considerable restrictions on the activities of foreign businesses in the PRC.⁸² The import and export of goods continued to require a particularly complicated bureaucratic dance. Individual enterprises entertaining a deal with a foreign business had to obtain the approval of municipal and/or provincial bureaus responsible for whatever sector the transaction affected (light industry, heavy industry, and agriculture, for example), as well as those local bureaus involved in trade and economic planning. The municipal/provincial bureaus in turn interfaced with relevant national-level ministries (such as the Ministry of Foreign Trade) while reviewing laws and regulations set by the National People's Congress, the State Planning Commission, and the State Council, and coordinating with these leading state entities as necessary. Chinese Communist Party organs, which operated in parallel to state agencies at the municipal, provincial, and/or national-levels, could also intervene, further complicating foreign trade decision-making.⁸³

Several senior Chinese Communist Party leaders were hostile to Coca-Cola's sales experiment in Beijing and Peter Lee's negotiations in Shanghai. Chen Yun, a longtime economic planner in the PRC and, in the 1970s and 1980s, the chief policy rival to Deng Xiaoping, was fervently against Coke's return. When Chen learned that the children of Chinese diplomats could walk into Friendship Stores and purchase bottles of Coke and, later, that occasionally the drink was being sold on the streets of other Chinese cities, he reacted furiously.⁸⁴ A principled opponent to reform and opening, Chen told his colleagues that not "a single bottle [of Coca-Cola] could be sold" to the Chinese people.⁸⁵

Chen apparently believed deals with Coca-Cola and other American corporations would harm China's domestic enterprises and drain the country of precious foreign currency reserves. He occasionally even raised the specter of China's succumbing, once again, to Western imperialism and foreign exploitation.⁸⁶ Under his oversight, the Chinese Government devised a dual currency system in 1980 to prevent Chinese citizens from purchasing Coca-Cola and other expensive imported consumer goods. Chinese citizens continued to utilize Renminbi or *yuan*, while foreign tourists and businesspersons in China used foreign exchange certificates (*waihuiquan*) for all transactions. The split system was intended to accrue foreign currency

82. Haishun Sun, *Foreign Investment and Economic Development in China: 1979-1996* (Aldershot, UK, 1998), 13-14.

83. Hsiao, *The Foreign Trade of China*, xiv; Zheng, *China in International Society since 1949, 201*; John Child, *Management in China during the Age of Reform* (Cambridge, UK, 1994), 21-23, 52-54.

84. Fan, "1979: Kekou kele, kaifang de biaoqian," 26-27.

85. Zhu Jiamu, "Ruhe yanjiu Chen Yun dui wai kaifang sixiang" ("How to Research Chen Yun's Thoughts about [China's] Opening Up to the Outside"), *Dang de wenxian* no. 3 (2013): 76.

86. Zhao, *Prisoner of the State*, 96; Wilson, *Remade in China*, 51.

reserves from travelers and businesspersons while limiting the perceived corrosive effects of foreign goods and ideas on the Chinese people, including Coca-Cola.⁸⁷

Chen Yun was the most important opponent to American foods and drinks, but by no means was he the only one. Domestic soft drink producers, including the Shanghai Soft Drink Plant, also dismissed China's opening to the outside world in general and disparaged the proposal to sell Coca-Cola to Chinese customers in particular. With a shaky history as a state-owned enterprise in the 1950s and 1960s, the Shanghai Soft Drink Plant was eager to generate sustainable profits after Mao's death in 1976. Following Deng Xiaoping's advice to serve the people better food and drink, the company reintroduced concepts such as market research in order to improve sales of its flagship soft drink, Lucky Cola (*Xingfu kele*).⁸⁸ Upon finding that the beverage was consistently reported by customers to be under-carbonated and overly sweet, "the factory immediately improved the formula" of Lucky Cola to gain the "appreciation of customers," China's leading newspaper, *People's Daily*, reported in 1980.⁸⁹

The Shanghai Soft Drink Plant's self-improvement efforts in 1978–1980—illustrative of China's reform, but not its opening—produced impressive results. During the hot and humid summer months, vendors in Shanghai complained that supplies of Lucky Cola only satisfied a portion of customers wanting to buy "sweet soda" and that, often, by four o'clock, stores were completely sold out of Lucky Cola.⁹⁰ As demand for the beverage rose, the Shanghai Soft Drink Plant put pressure on the city government to invest in Lucky Cola's future.⁹¹ The company complained that sales of Lucky Cola were harmed by "out-of-date equipment," which had an output of only 30 bottles per minute. If the Soft Drink Plant was going to have an improved product and more of it, new equipment was necessary.⁹² The Shanghai Bureau of Light Industry agreed. It approved a huge investment program for Lucky Cola in late 1979, which included

87. Pitman B. Potter, "Law Reform and China's Emerging Market Economy," in *China's Economic Future: Challenges to U.S. Policy* (Armonk, NY, 1997), 226; Liu Ping, *My Chinese Dream: From Red Guard to CEO* (San Francisco, CA, 2012), 233–34.

88. Zhonggong zhongyang wenxian yanjiushui, ed., *Deng Xiaoping nianpu 1975–1997* (Chronicle of Deng Xiaoping, 1975–1997), vol. 1 (Beijing, 2004), 303.

89. "Dianzi dianqihua, xiaoxing qing lianghua, yingyang liaoxiao hua, zhuangshi gongyi hua, Shanghai qinggong shengchan xiang xin mubiao qianjin" ("Electrification, Compact and Lightweight, Nutritious, Decorative—Shanghai's Light Industries are Advancing toward New Goals"), *Renmin ribao*, March 1, 1980.

90. Shanghai qishui chang (Shanghai Soft Drink Plant), "Guanyu xingfu jeke qishui shebei zhongxing ji cuo daikuan wenti de jinji baogao" ("Urgent Report on a Medium Sized Loan for Lucky Cola's Equipment"), July 25, 1979, in SMA B189-2-1926, 140.

91. Shanghai qishui chang, "Guanyu xingfu jeke qishui shebei zhongxing ji cuo daikuan wenti de jinji baogao," in SMA B189-2-1926, 140.

92. Shanghai qishui chan geming weiyuanhui (Revolutionary Committee of the Shanghai Soft Drink Plant), "Guanyu 'xingfu kele' shebei wenti" ("On Equipment for Lucky Cola"), February 11, 1979, in SMA B189-2-1926, 137–38.

the installation of a new bottling line capable of filling 120 bottles of cola per minute.⁹³

Understandably, the Shanghai Soft Drink Plant and the Shanghai Bureau of Light Industry saw Coca-Cola's access to the foreign tourist market in the PRC and its inroads into the domestic market as direct threats to the increasingly successful Lucky Cola brand. The Shanghai Soft Drink Plant admittedly wanted to produce something with a "color, smell, and taste resembling America's Coca-Cola," but it did not want to have to actually compete on the open market against the American soft drink juggernaut.⁹⁴ The company's commentary shows that Coca-Cola, while not always worthy of adulation, was deserving of emulation in reform China.

While Peter Lee steadily negotiated for enhanced market access in the summer months of 1981, the Shanghai Soft Drink Plant began loudly criticizing the terms of Coca-Cola's proposed deal. It lobbied the local government for protectionist measures and warned that reform and opening, at least in this instance, could lead to "a loss for national esteem."⁹⁵ Other vocal criticisms came from Chinese journalists who did not believe that the sale of Coca-Cola would bring in any profits at all. The most notable example came from journalist Chen Xinmin in *Situation Bulletin*, an "internal circulation" publication read exclusively by China's Party and government leaders.⁹⁶ Chen ridiculed CEROILS for accepting equipment from Coca-Cola for the Beijing bottling plant that was of "limited value" and "dumping foreign exchanges" in the process. He complained that the country had to import Coca-Cola syrup and pay for it in American dollars, all while undermining domestically produced soft drinks like Lucky Cola.⁹⁷ In Chen's reading, Coca-Cola had already used pressure tactics to ensure that Lucky Cola was not sold at tourist destinations; now, in 1981, Coke was "incessantly scheming" to open another production facility in Shanghai. The reporter ridiculed the Coca-Cola Company for offering "old equipment," which would lead Shanghai to "eat up" over 14,000 *yuan* worth of foreign exchanges each day. By opening the domestic market to a foreign

93. Shanghai shi qinggongye ju (Shanghai Municipal Bureau of Light Industry), "Guanyu Shanghai qishui chang xingfu kele shengchan xian jieuo xiangmu jihua renwu shu de shenpi yijian" ("Approval of the Statement for the Lucky Cola Production Line Technical Project Plan"), October 15, 1979, in SMA B163-4-1039, 65. See also in SMA B189-2-1926, 110. Further approval was delivered on November 6, 1979: SMA B163-4-1040, 30, and SMA B189-2-1926, 115.

94. Shanghai qishui chan geming weiyuanhui, "Guanyu 'xingfu kele' shebei wenti," in SMA B189-2-1926, 137-38.

95. "Guanyu Kekou kele jishou, neixiao ji jingji hesuan deng qingbao de fanying," in SMA B1-9-439, 77-78.

96. Chen Xinmin, "Kekou kele zai wo gedi qingxiao waihui jiang yuanyuan wailiu" ("The Sale of Coca-Cola All Over China Dumps Foreign Exchanges Outwards"), in *Qingkuang bui-bian*, no. 410, September 8, 1981, in SMA B1-9-439, 79-80. See also in SMA B246-5-408, 9-10.

97. According to Chen Xinmin, "initially, Lucky Cola was a means of accruing foreign exchanges for the nation," but Coke was causing a reverse trend.

company, he also implied that officials in Beijing and Shanghai were directly contravening an order made earlier by Vice Premier Yu Qiuli that “ordinary Chinese could not spend foreign exchanges to eat [sic] this product.” Chen saved his harshest criticism for his essay’s conclusion. He asked rather provocatively whether officials in Shanghai and Beijing had any “national self-respect” for even entertaining these deals with Coca-Cola.⁹⁸

Much as during the Mao era, the discussion and debate about Coca-Cola’s return to China also unfolded along medicinal lines. In 1983, China’s Ministry of Health disputed the sale of Coca-Cola in China by calling into question the “secret” recipe of the concentrate and the overall caffeine content of the beverage. “Other than knowing that the ingredients have an effect on a person’s health,” the Ministry explained, Chinese health agencies still needed to “continue to study” the health consequences of drinking Coca-Cola before consenting to its sale to Chinese citizens.⁹⁹ Other commentators also expressed their doubts about the nutritional value of Coca-Cola. The Peking Association of Science Technology complained that the secret recipe of the Coca-Cola concentrate prevented a comprehensive analysis of its nutrition, but stated that “many experts” had concerns about caffeine.¹⁰⁰ In the *People’s Daily*, a writer named Long Zhangxiang asked, “Does it quench thirst? Is it refreshing?” Without providing a clear answer, Long continued to ponder: “Might long-term or overconsumption be harmful to one’s health?”¹⁰¹

CONCLUSION

In 1981, the Cereals, Oils, and Foodstuffs Import and Export Corporation, having received a steady stream of complaints over the production and sale of Coca-Cola in China, produced a defense of its dealings with the Coca-Cola Company. Distributed widely among internal stakeholders, the report meticulously documented each and every time a senior leader, including Zhao Ziyang, Li Qiang, Huang Hua, Yu Qiuli, Gu Mu, and Ji Pengfei, had read a report concerning the sale of Coca-Cola in China and “circled their name,” thereby signaling approval.¹⁰² All of this evidence was marshaled into a conclusion by CEROILS that “the consignment of Coca-Cola and the moving of surplus products onto the domestic market was only done after the review and approval of the leaders of the Central Committee.” CEROILS continued to argue that

98. Chen, “Kekou kele zai wo gedi qingxiao waihui jiang yuanyuan wailiu,” in SMA B1-9-439, 79–80.

99. Shanghai qishui chan geming weiyuanhui, “Guanyu ‘xingfu kele’ shebei wenti,” in SMA B189-2-1926, 137–38.

100. Letter from the Editors of *Beijing keji bao* to the Party Organization of the Peking Association of Science and Technology, July 11, 1982, in Beijing shi dang’anguan (Beijing Municipal Archives [BMA]) 010-003-00220, 41–46.

101. Long, “Kekou kele faji shi,” *Renmin ribao*, June 20, 1982.

102. The report was delivered to *People’s Daily*, Xinhua, the State Council, various central-level committees and ministries, and the governments of Shanghai, Beijing, and Guangdong.

selling Coca-Cola to both foreign and domestic audiences within China would serve the country's overall goal of economic modernization. To persuade any remaining critics, the state-owned company recommended that propaganda be spread which "clearly explained" that the Coca-Cola being sold to Chinese citizens was "surplus" from what was produced for foreigners and that "the state had not used foreign exchanges to import and sell Coca-Cola on the domestic market."¹⁰³

The self-defense put forth by CEROILS did not matter much in the short term. In late October 1981, China's National Economic Council and the National Import-Export Council announced that the world's bestselling soft drink would not have a bottling plant in Shanghai any time soon, nor would the Central Government agree to legalize the sale of Coca-Cola to Chinese citizens, at least outside of Beijing.¹⁰⁴ The two central trade and economic planning offices rationalized that the opening of the Coca-Cola bottling plant and the sale of the soft drink to Chinese citizens in Beijing was experimental; the country as a whole was not ready to jump into the embrace of a foreign multinational. As the two entities explained, "the experience of some Third World countries proves that importing concentrate or other ingredients to produce beverages not only wastes a lot of foreign currency reserves, but it also crowds out the domestic market."¹⁰⁵ In light of these considerations, the Economic and Import-Export Councils instructed all localities to cease negotiations with foreign soft drink manufacturers immediately. Officials in Shanghai and other cities were, moreover, told to "strengthen their leadership" over the production of domestic brands such as Lucky Cola.¹⁰⁶

Denied expanded market access in 1981, Coca-Cola patiently waited through several more years of political debate and economic reform in the PRC. In 1983–1984, the company finally gained permission to open additional bottling plants in two newly formed Special Economic Zones. Further economic and legal reforms in the PRC, as well as Coca-Cola's willingness to bend its standard

103. "Guanyu Kekou kele jishou, neixiao ji jingji hesuan deng qingbao de fanying," in SMA B1-9-439, 77–78.

104. Zhonghua renmin gongheguo guojia jingji weiyuanhui (National Economic Committee of the PRC) and Zhonghua renmin gongheguo guojia jin chukou weiyuanhui (National Import-Export Committee of the PRC), "Guanyu yange kongzhi yu waishang heying shengchan he zai guonei jingxiao Kekou kele de tongzhi" ("Notification on Strictly Controlling Joint Venture Production and the Sale of Coca-Cola on the Domestic Market"), October 26, 1981, in SMA B246-5-408, 4–5.

105. Zhonghua renmin gongheguo guojia jingji weiyuanhui (National Economic Committee of the PRC) and Zhonghua renmin gongheguo guojia jin chukou weiyuanhui (National Import-Export Committee of the PRC), "Guanyu yange kongzhi yu waishang heying shengchan he zai guonei jingxiao Kekou kele de tongzhi" ("Notification on Strictly Controlling Joint Venture Production and the Sale of Coca-Cola on the Domestic Market"), October 26, 1981, in SMA B246-5-408, 4–5.

106. Zhonghua renmin gongheguo guojia jingji weiyuanhui and Zhonghua renmin gongheguo guojia jin chukou weiyuanhui, "Guanyu yange kongzhi yu waishang heying shengchan he zai guonei jingxiao Kekou kele de tongzhi," in SMA B246-5-408, 4–5.

operating procedures to the peculiarities of a socialist economy in transition, enabled Coca-Cola to lay claim to ten jointly-owned bottling plants in 1992 as well as one wholly owned concentrate producing plant. Today, *Kekou kele* and many other soft drinks produced by the Coca-Cola Company are ubiquitous on the streets of China, and Lucky Cola, a one-time rival, is a relic of the past.¹⁰⁷

Coca-Cola's eventual takeoff should not obscure the beverage's early, turbulent history in the PRC. When someone uncapped a six-ounce bottle of Coke on the streets of Beijing in 1981 and sipped the dark, maple-colored liquid inside, they were provoking intense discussions in China's political, economic, social, and medicinal spheres. These reactions to Coca-Cola, both positive and negative, subtly challenge existing interpretations of Sino-American relations and China's economy and society in the late 1970s and early 1980s. Specifically, they show that the revival of Sino-American trade was not dependent on high-level diplomacy. Mid-level bureaucrats within China, eager to advance their country's economic modernization, actively engaged American businesspersons in the years leading up to 1979. They willingly traded access to the China market for the sake of obtaining advanced technology and production techniques. At the same time, because so many politicians and businesses were hostile to Coca-Cola, diplomatic normalization was itself not a sufficient guarantee for Sino-American trade. China's contested economic transition after the death of Mao Zedong restrained trade and other exchanges between the United States and China in the years before and after normalization in 1979.

The experience of the Coca-Cola Company in this particular locale and during this particular period is not entirely novel or unprecedented.¹⁰⁸ Around the globe, the beverage has always provoked impassioned political responses.¹⁰⁹ In France in 1950, the parliament engaged in bitter debates about whether or not Coca-Cola should be allowed to "poison Frenchmen and Frenchwomen."¹¹⁰ When Coca-Cola began bottling and selling Coke in Israel in 1968, neighboring Egypt responded with a prohibition against the drink.¹¹¹ In Denmark in the 1950s and 1960s, local soft drink competitors successfully lobbied the government to introduce protectionist measures and heavily tax Coca-Cola.¹¹² Even in China today, Coca-Cola remains interwoven in serious discussions about the

107. Mok, Dai, and Yeung, "An Internalization Approach to Joint Ventures," 45–48.

108. Pendergrast, *For God, Country and Coca-Cola*, 222–32.

109. Reinhold Wagnleitner, *Coca-Colonization and the Cold War: The Cultural Mission of the United States in Austria after the Second World War*, trans. Diana M. Wolf (Chapel Hill, NC, 2000), xiii.

110. Richard F. Kuisel, "Coca-Cola and the Cold War: The French Face Americanization, 1948–1953," *French Historical Studies* 17, no. 1 (Spring 1991): 96–97.

111. Maurice Jr. M. Labelle, "De-Coca-Colonizing Egypt: Globalization, Decolonization, and the Egyptian Boycott of Coca-Cola, 1966–68," *Journal of Global History* 9 (2014): 122–42.

112. Nils Arne Sørensen and Kalus Petersen, "Corporate Capitalism or Coca-Colonisation? Economic Interests, Cultural Concerns, Tax Policies, and Coca-Cola in Denmark from 1945 to the Early 1960s," *Contemporary European History* 21, no. 4 (2012): 597–616.

country's future and its relationship to the wider world.¹¹³ Coca-Cola, both the beverage and the company, continues to reverberate across China's foreign relations, diplomacy, and domestic politics.¹¹⁴

Historians therefore ought to continue to explore Sino-American relations and China's economy and society in the 1970s, 1980s, and 1990s through the prism of other name brand "fast" foods like Kentucky Fried Chicken, McDonalds, and Pepsi Cola. The arrival of name brand Chinese foods and drinks in the United States is perhaps an even more promising research frontier.¹¹⁵ After all, it was Deng Xiaoping who told a visiting American congressional delegation in 1979 that "your Coca-Cola has come to Shanghai ... [our] Qing Dao [Tsingtao] beer should go to your market—to New York and Washington."¹¹⁶ Considering these exchanges in parallel may bring the arguments presented here into even sharper relief while revealing something new about the culture and society of the United States itself.¹¹⁷

Diplomatic historians operating beyond the contours of Sino-American relations ought to heed these points as well. The history of Coca-Cola in China and beyond offers compelling evidence of why the United States is both embraced and contested on the global stage. This episode illustrates that food is an essential ingredient in the study of the United States' relations with the world, often for reasons other than taste and nutrition. As novel historical devices, American name brand foods and beverages enable a reinterpretation of U.S. international history, even areas of the discipline seemingly already well-trodden.

¹¹³ James Mann, *The China Fantasy: Why Capitalism Will Not Bring Democracy to China* (New York, 2007), 11–12, 49–50; Teresa Wright, *Accepting Authoritarianism: State–Society Relations in China's Reform Era* (Stanford, CA, 2010), 22–23.

¹¹⁴ Deborah S. Davis, *The Consumer Revolution in Urban China* (Berkeley, CA, 2000).

¹¹⁵ Yong Chen, *Chop Suey, USA: The Story of Chinese Food in America* (New York, 2014); Andrew Cow, *Chop Suey: A Cultural History of Chinese Food in the United States* (New York, 2009).

¹¹⁶ "Codel Brooks Meeting with Vice Premier Deng Xiaoping," April 20, 1979, AAD, accessed April 26, 2016, <https://aad.archives.gov/aad/createpdf?rid=15210&dt=2776&dl=2169>.

¹¹⁷ New scholarship is showing the inverse flow of culture into the United States. See Andrew C. McEvitt, *Consuming Japan: Popular Culture and the Globalizing of 1980s America* (Chapel Hill, NC, 2017); Richard H. Pells, *Modernist America: Art, Music, Movies, and the Globalization of American Culture* (New Haven, CT, 2012).