American power; a view from China

By Wu Xinbo
Director of the Center for American Studies, Fudan University

OPINION

● *DEREK ZHENG/THE CHINA PROJECT*

The United States' 250th anniversary has rekindled strong interest within China about the direction of America's domestic development and the nation's role in international affairs. Chinese strategists are once again debating whether American power is declining and whether US hegemony is experiencing irreversible decay in a world defined by fierce geopolitical competition and major economic, technological, and political transformations. Addressing these questions requires assessing American power from three perspectives: the status and outlook of American power growth, America's power superiority vis-à-vis China, and America's hegemonic power on the world stage.

Weaker growth momentum

• Economic power

Economic power serves as the foundation to overall American power. To better understand trends in the evolution of American power, it is therefore important to review US economic performance since the end of the Cold War.

In the 1990s, dividends from the end of the Cold War, globalization, and the internet revolution provided a strong impetus for US economic growth. The United States' share of global GDP reached over 30 percent, the highest recorded in the post–Cold War era.

However, the first decade of the new century brought slower growth due to the bursting of the internet bubble and the outbreak of the most severe financial crisis since the Great Depression. This brought the country's share down to below 25 percent in 2008 — the lowest level since the end of the Cold War. In the 2010s, the US economy recovered and continued to ascend, but the momentum became weaker. In the 2020s, it suffered a serious blow from the COVID-19 pandemic, and, even though it largely recovered, high inflation has become a recurring nightmare that will haunt future economic performance.

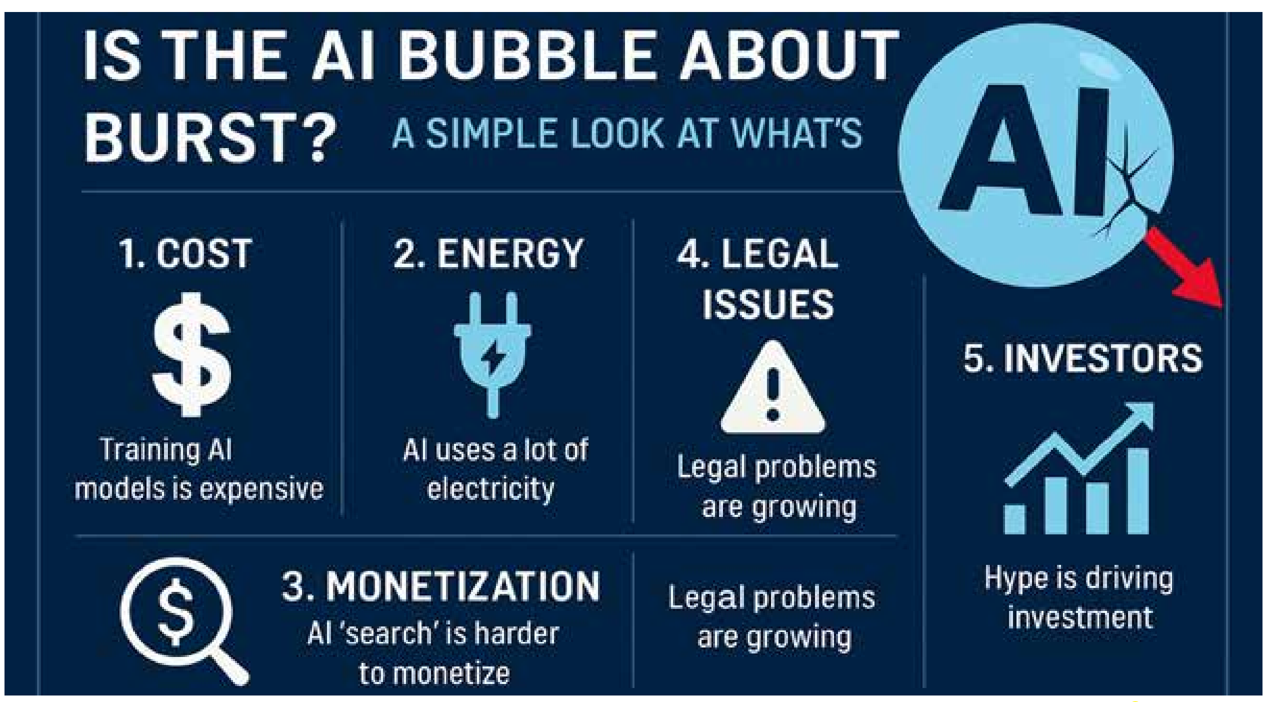
Looking to the future, AI promises to drive the next round of US economic growth. Given America's leadership in AI technology, it can expect to reap a heavy dividend from a flourishing AI economy. However, in spite of the booming stock market and heated investment in the construction of data centers across the United States, AI has not yet generated a giant leap in terms of economic productivity. In other words, the returns have yet to match the input. Given the track record of the internet economy, some Chinese scholars believe the AI bubble will very likely burst at some point before a mature AI economy takes off. Just like the internet boom in the late 1990s, there is now too much speculation about the AI economy, which may limit its contributions to American economic power.

While the prospect of AI-driven economic growth is uncertain, some other factors crucial to US economic performance are definitely in decline. Aging US infrastructure is decreasing efficiency, raising costs, and reducing firms' willingness to invest. For instance, although AI data center construction has attracted significant investment in recent years, insufficient power supplies are seen as a hindrance to their operations. The fact that the United States lags behind in renewable energy development will only worsen America's power supply bottleneck.

Meanwhile, US manufacturing industries, from ships to automobiles to the production of semiconductor chips, are becoming decreasingly competitive. This reveals an inability to commercialize technological innovation and to ensure supply chain security in the United States. Furthermore, if protectionism becomes a long-term trend in US economic policy, it will only curtail the inflow of international trade and investment, at no small cost to American manufacturing and service sectors.

Over the last three decades, in spite of its waning manufacturing sector, the United States' technological and financial advantages have increased its power to attract imports, thereby boosting its economic growth. In other words, it is America's paramount technological and financial power that turned it into an attractive economic partner and has drawn goods and capital from other parts of the world.

However, as technological competition from China intensifies and undermines the advantages that the United States once possessed, America can no longer count on this trend to continue. In fact, China's rapid advancement in key technologies like batteries, solar panels, and humanoid robots, coupled with its strong manufacturing capacity and its ability to commercialize new technologies, means China is becoming a more attractive economic partner for other economies.



● *SOCIAL MEDIA*

> As technological competition from China intensifies and undermines the advantages that the United States once possessed, America can no longer count on this trend to continue. In fact, China's rapid advancement in key technologies like batteries, solar panels, and humanoid robots, coupled with its strong manufacturing capacity and its ability to commercialize new technologies, means China is becoming a more attractive economic partner for other economies.

On another front, as international investor confidence in the US dollar is compromised by the country's skyrocketing federal debt and more frequent weaponization of the dollar, the benefits associated with the dollar's position as the primary international currency — such as the demand for it and low borrowing costs — will continue to atrophy.

• Soft power

Soft power is another integral and significant part of American power. It not only generates respect and goodwill in international society toward the United States, but it also makes other countries more willing to accommodate Washington's concerns and endorse its foreign policy goals. As such, soft power helps amplify American hard power and expand the United States' international influence. American soft power peaked at the turn of the century due to a combination of factors, including American unipolarity in the post–Cold War world, a widely held belief that the Washington-led neoliberal economic model had triumphed over the Moscow-led socialist model, robust US economic growth during Bill Clinton's presidency, and US leadership in globalization and global governance.

However, US soft power suffered during the George W. Bush administration due to a tendency to act without consensus and consent, especially related to the wars in Afghanistan and Iraq, as well as the 2008 financial crisis. The Barack Obama administration repaired US soft power to an extent as it worked to bring an end to the Iraq War, promoted global governance, and demonstrated more enthusiasm for multilateralism. The two Donald Trump administrations, however, have inflicted significant and perhaps long-term damage on US soft power as Trump has pursued protectionism and unilateralism, enacted harsh measures against immigrants, cracked down on universities and research institutions, and challenged the rule of law. Today, the United States is widely regarded as an unreliable partner that is plagued by serious internal division and strife. Consequently, few countries, if any, would look to Washington for inspiration or guidance in either domestic or foreign policy.

As the United States celebrates its 250th anniversary, its soft power has been reduced to its lowest point arguably since the 1970s, when US international reputation suffered heavily from the Vietnam War and the Watergate scandal, and certainly its nadir since the end of the Cold War.

Declining power superiority

In international politics, absolute power is important insofar as it defines a state's capabilities, but what really matters is relative power, which determines how much influence a country possesses vis-à-vis others. In other words, one's superiority in the global balance of power will be factored into others' strategic calculations and impact their external behavior. Since the end of World War II, American superiority in economic, military, and technological capabilities has bestowed it preeminent international standing, which has enabled Washington to shape both the structure of international politics (bipolar or unipolar) and the behavior of many other countries, including China.

However, a significant shift in the balance of power between the United States and China has taken place in the early 21st century. In 2000, China's GDP was only 11. percent of that of the United States measured by exchange rate; in 2025, this figure was 63.4 percent. As measured by purchasing power