

The End of the American Era? Challenges to U.S. Supremacy in the 21st Century

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Abstract: *The United States has long been the world's dominant superpower due to its economic, political, and military might. But can the U.S. maintain its unique position in the 21st century or is the American empire on the ropes? This article discusses two different interpretations of the U.S. position as the world's only superpower, what challenges it is facing, and what nations are most likely to be its challengers in the global arena. The author argues that the U.S. will continue to be the world's leading actor for the foreseeable future but that it is a fragile superpower, one whose future fate will be determined by how the country manages to deal with a number of challenges and problems. These challenges include relations with the growth economies of Asia, above all China, and problems with the domestic economy, the enormous federal budget deficit, and the strong political polarization in Washington, D.C.*

Keywords: *The United States—superpower—great power—the European Union—China—foreign policy—domestic policy—political polarization*

By 1890, the United States had overtaken Great Britain as the world's leading economy, but in military and diplomatic terms it was still a secondary power.¹ In those days the U.S. army ranked fourteenth in the world, after Bulgaria's. Its navy was about one-eighth the size of Italy's, despite the

1 This article is based on the concluding chapter of my book *Den sårbara supermakten: USA:s väg från John F Kennedy till Barack Obama* (The Fragile Superpower: The United States from John F. Kennedy to Barack Obama, Lund: Historiska Media, 2010).

fact that its industrial strength was by then thirteen times bigger. The U.S. participated in few international meetings, and its capital was a small town with a small government focused mainly on domestic affairs. Despite its growing economic strength, this was not a country focused on the outside world. But by World War I, when the U.S. economy was already twice the size of Britain's, presidents from Theodore Roosevelt to Woodrow Wilson had begun to define the U.S. as a global power.² And in 1941, publishing magnate Henry Luce penned a famous article in *Life* magazine declaring the 20th century the "American Century."³

When the United States entered World War II, it was already well on its way to becoming a superpower. Today the U.S. has long held a dominant position in economic, political, and cultural terms and accounts for nearly half of the world's aggregate military expenditures on its own. The country spends more on research and development in the defense sector than all other nations put together. In 2006 the U.S. had 766 military bases in 40 countries and a dozen nuclear-armed aircraft carriers continuously patrolling the global seas. The People's Republic of China, which aspires to global leadership, did not have a single such vessel at that time (they now have one). Economically, no country can compete with the U.S., and the impact of its popular culture is hard to exaggerate.⁴

But in the long run, can the United States maintain its unique position in the 21st century? Will the 2000s also be an "American century," or will the American empire, like many former empires throughout history, gradually lose its power and influence? Is the American empire on the ropes? If so, what present-day great power will take its place over time?⁵ The conversation about these types of questions has been extensive in recent years, especially following the events of September 11, 2001, and the subsequent

2 Fareed Zakaria, *The Post-American World* (New York: W.W. Norton & Company, 2008), 165 f., 174.

3 For a recent biography of Luce, see Alan Brinkley, *The Publisher: Henry Luce and His American Century* (New York: Alfred A. Knopf, 2010).

4 Zakaria, *The Post-American World*, 181 f., 237 f.; Niall Ferguson, *Colossus: The Rise and Fall of the American Empire* (New York: Penguin Books, 2004), 15 ff. See also Chalmers Johnson, *The Sorrows of Zakaria, The Post-American World*, 181 f., 237 f.; Niall Ferguson, *Colossus: The Rise and Fall of the American Empire* (New York: Penguin Books, 2004), 15 ff. See also Chalmers Johnson, *The Sorrows of Empire: Militarism, Secrecy, and the End of the Republic* (New York: Henry Holt and Company, 2004), 1 ff., 288.

5 Cf. Niall Ferguson, "Complexity and Collapse: Empires on the Edge of Chaos," *Foreign Affairs*, March/April, 2010, 18-32.

wars in Afghanistan and Iraq, as well as the deep economic crisis that hit the world starting in 2007.

In what follows, I will review two different interpretations of the U.S. position as the world's only superpower, what challenges it is facing, and what nations are most likely to be its challengers in the world arena. Both interpretations predict the inevitable end of the American era, but they present very different ideas as to which nation will replace the United States as the world's leading superpower. My own thesis is that the U.S. will continue to be the world's leading global actor for the foreseeable future but that it is a fragile superpower, one whose future fate will be determined by how the country manages to deal with a number of major challenges and social problems. These challenges include relations with the growth economies of Asia, above all China, and problems with the domestic economy, the enormous federal budget deficit, and the strong political polarization in Washington, D.C.

Many factors indicate that the foremost threat to U.S. supremacy in the short term comes not from the outside but from within the country. But let us first look at the foreign policy challenges.

The European Challenge

Charles A. Kupchan is a professor of international relations at Georgetown University. In 2002 he published a major study called *The End of the American Era*, reissued in paperback in November, 2003. The point of departure for his book is the conventional one, namely that the U.S. is presently the fully dominant power in the world. No country even comes close to the power of the U.S., symbolized by the might of its economy and its military, its capacity for technological innovation, and the dominance of its popular culture. But as the title of the book indicates, this is an illusory superiority that obscures the fragility of the international system and the fact that the position of the U.S. is already being threatened by several up-and-coming states that would like nothing better than to appropriate some of the giant's power.

According to Kupchan, the prime threat comes from the European Union, whose continued economic and political integration impresses him greatly. The EU's collective prosperity is already on a par with that of the U.S., it is argued, and its will to make joint use of its resources is already "altering the global landscape." Here is how he describes a development that he feels has been gravely underestimated in his own country:

The integration of Europe is one of the most significant geopolitical events of the twentieth century. It represents a turning point every bit as momentous as the founding of the United States as a federal union, perhaps more so. Europe has taken history into its hands and is sculpting its own landscape. After centuries of rivalry and bloodshed among competing poles, the Europeans have had enough. They are in the midst of a revolutionary process of geopolitical engineering aimed at merging these competing polities into a collective whole, eliminating once and for all war among Europe's national states.

In Kupchan's world, the leading nations are caught up in a constant struggle for global power, resources, and status. The international order, which was long predicated on the hegemony of the U.S., will gradually be succeeded by a new showdown about power. And that struggle will primarily pit the U.S. against a unified Europe. In the long term, Asia, led by China, also constitutes a threat, but the immediate danger is presented by an ever more united EU. As Kupchan sees it, it is erroneous to view Europe and the U.S. as perennial best friends. The fact that this was the case for several decades following World War II was due to the Europeans' need for help from the U.S. to deter the Soviet threat. After the end of the Cold War, the situation is different—now the two continents will be entering a classic power struggle that the U.S. is poorly prepared to wage. To survive in a future world consisting of many different power centers, the U.S. needs to develop “a new liberal internationalism” made up of what Kupchan calls “strategic restraint, institutions, and social integration.” Only with such a “grand strategy” as this will the U.S. be able to fend off its competitors.⁶

Today it is evident that Kupchan greatly overestimated the strength and stability of the EU's economy as well as its ambitions to attain power. He also describes the continent as more homogeneous and unified than it actually is. Taking his cue from the neorealist approach in international relations theory, Kupchan overlooks the fact that a great power, which today's EU undoubtedly is despite its current economic woes, does not necessarily need to aspire to being a superpower. Some great powers have that ambition, while others do not. The example of Japan is particularly interesting in this connection. When the Japanese economy was at its strongest in the 1980s and it was thought for a time that Japan posed a true threat to the U.S., that nation could very well have determined to try to reach superpower status. But the Japanese chose not to do so—a majority of citizens

6 Charles A. Kupchan, *The End of the American Era: U.S. Foreign Policy and the Geopolitics of the Twenty-first Century* (New York: Vintage Books, 2003), quotes on 119, 132, 263.

lack the will to identify their nation today even as a normal great power and support the pacifist Article 9 in their constitution and a generally restrained role for their military defense.⁷

This also seems to be the case with today's EU. It is true that most of the states in the Union are eager to take up the competition with the U.S. in the realms of the economy, trade, education, science, and technology—in these fields there are programs and developmental plans pouring out of Brussels, produced by well-paid bureaucrats. But the EU lacks the same will and capacity when it comes to building up a joint military force. The issue divides the member countries, and the tiny European interventionary force that presently exists is primarily intended for use in humanitarian and peacemaking assignments in various crisis areas.

A great power must have a certain amount of resources to be counted in the category of superpower. They include a certain geographic and population size, an advanced industrial economy, a strong defense (including nuclear weapons), and functioning political institutions capable of conducting a robust and uniform defense and foreign policy. The EU lives up to the demands in terms of geography, population, and economy, but fails when it comes to commitment to a joint defense and the efficacy of its political institutions.⁸ Military strength is an absolutely vital part of a superpower's arsenal, and here the EU's insufficiencies are clearly apparent. To be able to evolve from a great power to a superpower, there needs to be a will to build up a considerable joint military capability. No such will exists in most of today's EU countries, especially in nuclear powers like the UK and France, who prioritize their established defense cooperation with NATO. Even if EU leaders were to decide on a joint defense commitment, just as was the case in Japan, they would encounter insurmountable difficulties in gaining the acceptance of their citizens. The awareness that two world wars started on European soil lingers as an effective countervailing force against militarism and increased armament. Regarding the view of the need for a strong defense, there is a stark cultural difference between Europe and the U.S.

The EU also lacks the will or, indeed, any motive to pursue a confrontational foreign policy vis-à-vis the presently dominant superpower. To make his reasoning seem compelling, Kupchan exaggerates the EU's interest in

7 Cf. Barry Buzan, *The United States and the Great Powers: World Politics in the Twenty-First Century* (Cambridge: Polity, 2004), 101, 111 ff.

8 Ibid., 116 ff.

building up a strong joint defense and the risks of growing geopolitical rivalry between Europe and the U.S. To be sure, the Iraq war led to periodically strong antagonism between the Bush administration and some of the EU's leading countries, primarily France and Germany, but the tensions abated once the invasion was over. Under President Barack Obama relations between the two continents are once again characterized by trust and cooperation, not by disputes. Nothing indicates that there is any risk whatsoever of armed conflict between the U.S. and Europe.

Moreover, Kupchan underestimates the EU's ability to deal with the problems of immigration and refugees and has an overly sanguine view of the euro. For instance, he puts far too much stock in the EU-positive agenda of the British Labour Party and egregiously misjudges the stiff resistance of Britons to introducing the euro in the UK. After the establishment of a new coalition government in May 2010, we have seen a much more reserved British policy vis-à-vis the EU. The government is dominated by the dyed-in-the-wool EU-skeptical Tory Party, which has promised to keep the country outside the euro. The ravages of the economic crisis in Greece and other EU countries in 2009-11 furthermore showed how shaky the entire euro project is and how hard it was for the leading EU countries to rapidly come to the aid of others in a situation where one of the member countries was facing the threat of immediate bankruptcy in its state finances.⁹

With the adoption of the new EU Constitution, the Union has acquired an instrument that can facilitate more rapid and forceful action. But the EU's dominating nations retain great independence in defense and foreign-policy matters, and it will probably take a very long time, if it ever happens, before the EU can even approach the U.S. as a global actor. As the social scientist Barry Buzan has noted, the EU will continue to be a loose confederation primarily characterized by the fact that it is a civil, not a military, great power. A great power with no significant military of its own cannot become a superpower.¹⁰

9 Cf. Niall Ferguson, "The End of the Euro," *Newsweek*, May 17, 2010; Paul Krugman, "The Euro Trap," *The New York Times*, April 29, 2010.

10 Buzan, *The United States and the Great Powers*, 118 f.

The Chinese Challenge

If the EU succeeds in dealing with the aftermath of the economic crisis, it will most probably regain some of its potency.¹¹ Today, however, it is much more common to nominate China as the coming challenger for the title of the world's mightiest nation. It is not difficult to see why. In terms of area, China and the U.S. are virtually equally large, but China has more than four times as many inhabitants, or about 1.3 billion, the majority of whom (64 percent) live in rural areas.¹² Over the past thirty years, China has undergone astonishingly rapid development, with average economic growth between nine and ten percent per year, the fastest ever recorded for a major economy. Thereby some 400 million people have gone from poverty to relative prosperity, this too a world record of sorts. Since 1983, China's share of the world's economic output has risen from 4 to over 12 percent. Similarly, its share of global exports has soared. Another measure of growth is that China now exports more products in a single day than it did in the entire year of 1978, when the reform era of the day started following Deng Xiaoping's historic speech in which he urged the communist regime to focus on economic development—in other words, capitalism and a market economy—and to forget about ideology. A further measure of the tempo of growth is that all 20 of the fastest-growing cities in the world are in China.¹³

Against this backdrop it is hardly remarkable that many contemporary observers point to the Middle Kingdom as a future superpower.¹⁴ Among the most opinionated of these is Martin Jacques, a British journalist who is a visiting research fellow at the London School of Economics Asia Research Centre. Jacques has traveled extensively in East Asia and, among other things, has been a visiting professor at Renmin University in Beijing.

11 In recent years Kupchan seems to have changed his opinion about the EU. He now believes that "[t]he European Union is dying—not a dramatic or sudden death, but one so slow and steady that we may [...] soon [...] realize that the project of European integration that we've taken for granted over the past half-century is no more." Charles Kupchan, "As nationalism rises, will the European Union fall?," *The Washington Post*, August 29, 2010.

12 The figure of 1.3 billion emanates from the 2000 census, but the 2010 census will most probably show a higher figure.

13 Martin Jacques, *When China Rules the World: The Rise of the Middle Kingdom and the End of the Western World* (London: Allen Lane, 2009), 3 ff.; Zakaria, *The Post-American World*, 88 ff.; Ferguson, *Colossus*, 260 f.

14 See, for example, Henry Kissinger, *On China* (London: Allen Lane, 2011); Joseph S. Nye, *The Future of Power* (New York: Public Affairs, 2011); Kishore Mahbubani, *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East* (New York: Public Affairs, 2008).

The title of his book *When China Rules the World* largely sums up the author's standpoint. Jacques argues that China is well on its way to becoming the globe's dominant superpower and that this will have far-reaching consequences for the world. Unlike earlier global giants such as Britain, Germany, or the U.S., today's China does not stand out as a powerful nation state. Instead, it is an ancient civilization that after spending many centuries in the periphery is now on track to regaining its rightful international position.

As Jacques sees it, the modernization and record growth of China from the 1980s will not only relegate the U.S. to a second-place rank. With time the entire western world will be marginalized as a center of power. And the Chinese do not follow the same rulebook as Americans and Europeans. By dint of its several thousand years of history and its unique cultural characteristics, China will blaze its own path to greater modernization and not emulate western countries. This is something that western powers, in their myopia, have yet to realize. According to Jacques, they still imagine that China will become a western nation with the standard ingredients of free democratic elections, an independent judiciary, a free press, and a convertible currency. But what we are witnessing today is something entirely different, namely the emergence of "a world of multiple and competing modernities" that, spearheaded by China, deviate considerably from the western model.

Martin Jacques goes very far in his predictions about coming developments. He refers to calculations from the investment bank Goldman Sachs that forecast that China will surpass the U.S. as the world's largest economy as early as 2027. The deep financial crisis that was triggered in September 2008 indicates that the U.S. is no longer sufficiently strong to guarantee today's international economic system and to sustain the dollar as the world's reserve currency. The dwindling value of the dollar renders it substantially more expensive for the U.S. to maintain its status as a superpower, and Jacques foresees that the Chinese yuan will ultimately come to replace the dollar as the world's leading currency, although this must be predicated on it being made convertible. The advance of China is evident not only in economic terms but also in political, military, and cultural spheres. Jacques also believes that it is merely a matter of time until Mandarin replaces English as the world's leading language. All in all, this is an unstoppable force whose ascendancy is going to fundamentally transform the world.¹⁵

15 Jacques, *When China Rules the World*, 3, 11 f. (quote on 11), 364, 384 ff.

Reading Jacques' book, one is reminded of a quotation usually ascribed to Napoleon Bonaparte: "Let China sleep, for when China wakes, she will shake the world."¹⁶ The country's progress in the last few decades has been remarkable indeed, especially in terms of its economy, trade, and technology. A fresh example is found in the automobile industry, which has been the Americans' showcase business forever. In 2009 China surpassed the U.S. for the first time, with sales of more than 13 million vehicles, although auto exports to Europe remain insignificant.¹⁷ China's space program is secret but ambitious, and the goal seems to be to carry out a first manned moon landing by 2013. At the same time, NASA's budget has been slashed, and plans for an American journey to Mars have been put in mothballs.¹⁸

The People's Republic of China fulfills several of the criteria for a superpower, those concerning economy, geographic size, and population, in spades. But in terms of military strength, China—its nuclear weapons notwithstanding—is still far behind the U.S., both as a matter of total weapons arsenals and spending on defense research. Official figures rank China in third place in the world regarding annual defense expenditures, after the U.S. and the UK. In reality the Beijing government probably spends considerably more on defense than it is willing to admit, but in one estimate its annual defense budget nevertheless amounts to at most 10 percent of the Pentagon's.¹⁹ The political stability of the country is perhaps the factor that is the most difficult to judge for the future.

China's foreign policy is officially based on the principle of peaceful coexistence and safeguarding national sovereignty. A cardinal precondition is the political dominance of the Communist Party and its supremacy in society. Apace with its ongoing modernization, the country has become more and more active in international forums such as the UN, the World Trade Organization (WTO), and the Asia Pacific Economic Community (APEC). Its leaders are fond of embellishing their speeches with lofty words like peace, harmony, stability, and development.²⁰ But the truly interesting question is what objectives the giant country has in the long term. The behavior

16 Zakaria, *The Post-American World*, 87 f.

17 Torbjörn Petersson, "Bilkris—men i Kina rusar försäljningen," *Dagens Nyheter*, economy section, December 11, 2009, 2 f.

18 Rana Foroohar & Melinda Liu, "When China Rules the World," *Newsweek*, March 22, 2010, 29.

19 Jacques, *When China Rules the World*, 5; Zakaria, *The Post-American World*, 92, 126.

20 Johan Lagerkvist, *Kina i globaliserings mitt* (Stockholm: Bokförlaget DN, 2007), 163-174.

of the Chinese leadership at the failed climate meeting in Copenhagen in December 2009 provides a glimpse of a more ambitious agenda.

The journalist Mark Lynas covered the endgame of the climate negotiations for *The Guardian*. His vantage point was unique, as he was associated with the delegation of one of the negotiating states and was therefore sitting in the same room as the heads of state and heads of government. Lynas claims that China intentionally saw to it that the discussions were derailed, for the purpose of placing the blame for their failure with western leaders, and Barack Obama in particular. The Chinese strategy involved first blocking negotiations for two weeks and thereafter ensuring that conversations behind closed doors came across as the bad-tempered western countries once again betraying the poor people of the world. The strategy succeeded beyond their expectations. After the breakdown, representatives of aid agencies and environmental groups vied with each other to register their shrill condemnations of the behavior of the rich countries. But the truth was quite the opposite, according to Lynas, who provides a vivid insider account of the final negotiations. "China gutted the deal behind the scenes, and then left its proxies to savage it in public."²¹

Barack Obama in fact made desperate efforts to reach an agreement, but his Chinese counterparts answered him with "no" time after time. Many people no doubt recall the image of the world's leaders as they frantically attempted to piece together a positive result during the last hours of negotiating. Besides Obama and then Danish Prime Minister Lars Løkke Rasmussen, who was chairing the meeting, presidents and prime ministers attended from more than a score of other countries. Only China lacked top-level representation—instead of their head of government, the rulers chose to send an unknown diplomat to be placed directly opposite Obama. It is not difficult to imagine what the Americans thought of that diplomatic move. On multiple occasions during the critical endgame, the assembled leaders of the world were forced to wait for the Chinese delegate to return to the negotiations after conferring with his superiors by phone.

Premier Wen Jiabao was on site in Copenhagen, but did not deign to honor the negotiations with his presence. According to a centrally placed source, Wen is said not to have had a mandate to make any decisions at the meeting. Instead of attending in person, and thereby risking disclosure of

21 Mark Lynas, "How do I know China wrecked the Copenhagen deal? I was in the room," *The Guardian*, December 23, 2009.

his lack of any mandate, Wen chose to send a replacement and stay away from the negotiating table. This is the behavior of a state that is conscious of its growing power and is not above using it for the state's own ends.

Ahead of the meeting, the industrialized countries had pledged to reduce emissions of greenhouse gases 80 percent by 2050. In the draft agreement, the long-term objective was given as a reduction of 50 percent by 2050. China's delegate insisted that that objective be stricken from the final document, which was also done. To the despair of the negotiators, he even opposed any mention of other countries' own goals in the text. Language that global emissions were to peak in 2020 was also deleted and replaced by a vaguer formulation that better suited the Chinese. The reason the Chinese succeeded in their game plan, according to Lynas, was that they had an extraordinarily strong negotiating position, since they did not feel they needed a climate agreement, whereas other nations, with the exception of India and Saudi Arabia, with its oil, all wanted one with clear (albeit long-term) objectives. According to a seasoned observer, China, which is dependent on cheap coal for its growth, wanted as weak a climate agreement as possible in order to avoid having to face more ambitious climate goals in the future.

No head of state stood to gain more politically from a successful agreement than Barack Obama. For the first time, the U.S. submitted a seriously intentioned climate objective that, while it may have been considered by many to be insufficient (a 17-percent reduction of carbon dioxide emissions by 2020 with 2005 as the base year), nonetheless represented a shift in the American position compared with the Bush administration. During the meeting Secretary of State Hillary Clinton flagged for a \$100 billion fund to assist developing countries in covering costs they might incur in the transformation. For Obama it was also highly important to deliver tangible results for his domestic audience, particularly for the many skeptical senators who would ultimately be the ones to determine whether the U.S. would ratify a coming climate agreement. This further bolstered China's negotiating position, as did the fact that environmental groups directed all their demands to the rich industrialized countries.²²

An audio recording of the final negotiations that was published on the German magazine *Der Spiegel*'s home page largely corroborates Mark Ly-

22 Ibid.; Foroohar & Liu, "When China Rules the World," 30.

nas' observations.²³ China's comportment during the Copenhagen meeting is a good illustration of one of the theses in Martin Jacques' book, namely that when necessary the country's leaders do not hesitate to make use of their own rulebook in important international negotiations. But otherwise there is every reason to be skeptical to Jacques' reasoning. His point of departure is the wobbly assumption that China's economy will continue to grow at the same rapid rate over the coming 30–40 years as it has since the 1980s. Such extrapolation into the future of recent trends is highly unreliable and actually nothing more than pure guesswork. No one can predict the future with any degree of certainty, not even the forecasters at Goldman Sachs, on whose uncertain calculations Jacques relies.²⁴ Nor do those figures say anything about the human and environmental costs entailed by continued double-digit growth. On top of this, the country's economic growth is unevenly distributed, and the financial system is under authoritarian control. The value of the Chinese currency is determined by a small circle of commissars, and the yuan does not constitute a realistic alternative to the dollar as a global reserve currency.²⁵

Equally rickety is the assumption that China's political development will be characterized by continued relative stability. Jacques does not devote much space to the many obvious problems facing today's Chinese leaders in the form of growing regional inequalities, nationalism,²⁶ corruption, environmental damage, protests from the civilian population, faction struggles within the Communist Party, and much more. He shows even less interest in the issue of whether it will be possible in the long run to combine a capitalist market economy with a political dictatorship. Historically, there has been a strong correlation between market economies and democracy. But Jacques does not problematize the social tensions that China's peculiar form of "authoritarian capitalism" may lead to. Instead, he predicts—in vague and general terms—that China will probably become "increasingly democratic" over time and that this development will be influenced not by the western example but rather by the country's Confucian tradition. But we

23 See David Adam & James Randerson, "Secret Copenhagen recording reveals resistance from China and India," *The Guardian*, May 8, 2010.

24 Cf. Ferguson, *Colossus*, 260.

25 Jacques, *When China Rules the World*, 360, 387; Olle Wästberg, "Fördel USA: Varför USA fortsätter att vara den dominerande makten," *Internationella studier*, April, 2010.

26 For a study of Chinese nationalism, see Henrietta Harrison, *China* (London: Arnold, 2001).

are not told much about what this “alternative model to the West” will look like and what the future role of the Communist Party might be.²⁷

Lack of freedom and political democracy is in fact China’s Achilles’ heel and a major obstacle to full acceptance of the country by the rest of the world. There is a clear tendency in Jacques to underestimate or to quickly bypass not only the current and future social problems of the People’s Republic but also some dark chapters of the country’s history. Mao Zedong plays a very obscure role in the book, and the disastrous Cultural Revolution is mentioned only a few times. The so-called “Great Leap Forward,” which in the 1950s led to the worst starvation disaster in history, is not mentioned at all as far as I can see. The list of American sins and problems is long, on the other hand, with the aim of showing which of the nations is facing decline and ascendancy, respectively. Jacques would have been more credible if he had kept his speculative tendencies in check and presented a more realistic depiction of the two countries’ strengths, weaknesses, and future prospects.²⁸

In area after area since its modernization, China has assumed the role of the world’s second most powerful nation (or, as Jacques would say, civilization). There is indeed no doubt that the U.S. and China are currently the two most powerful nations in the world and that their bilateral relations will leave an imprint on this century.²⁹ Unlike the EU or Japan, whose emergence in the 1980s unleashed a minor flood of quickly forgotten books,³⁰ China has all the potential to become a future superpower. But it is not there yet, and it is improbable that the country will replace the U.S. as the dominant superpower in the foreseeable future.³¹ Economically, politically, militarily, and culturally, the U.S. still has a marked advantage over the People’s Republic, India, and other competitors.

27 Johan Lagerkvist, *The Limits of the China Model: Report from Conference Proceedings on Authoritarian Capitalism* (Stockholm: Glasshouse Forum, 2008); Jacques, *When China Rules the World*, 211–227, 395 ff. (quotes on 395 and 397). See also Tony Saich, “China and the United States as Interacting Societies,” in Richard Rosecrance & Gu Guoliang, eds., *Power and Restraint: A Shared Vision for the U.S.–China Relationship* (New York: Public Affairs, 2009), 88 ff.

28 See also Martin Jacques, “Crouching Dragon, Weakened Eagle,” *The New York Times*, February 17, 2010; Martin Jacques, “No Chance Against China: Google’s defeat foretells the day when Beijing rules the world,” *Newsweek*, January 16, 2010.

29 Graham Allison, “Introduction: Keeping China and the United States Together,” in Rosecrance & Guoliang, eds., *Power and Restraint*, xi f.; Lagerkvist, *Kina i globaliseringens mitt*, 165.

30 See, for example, Lester C. Thurow, *Head to Head: The Economic Battle Among Japan, Europe, and America* (New York: Harper, 2003).

31 Buzan, *The United States and the Great Powers*, 113 ff.; Zakaria, *The Post-American World*, 92 f.

To say this is not to say that the U.S. can sit back and rest on its laurels, or, least of all, to maintain that the superpower has no domestic troubles. Economically it is virtually inevitable that the country will gradually lose ground to a number of rising nations in Asia, Europe, and Latin America. The economic crisis hit the United States much harder than China, and the Chinese government's massive stimulus package, which was implemented swiftly without opposition from obstinate lawmakers, worked much better than the one passed by a reluctant U.S. Congress. Also, Congress and the White House face a series of difficult issues and problems that need to be addressed in the years ahead. But before we pursue that, I would like to point to two major advantages the U.S. has regarding the immediate future. The first advantage has to do with population trends and immigration, and the second with higher education and research.

The U.S. is the country that has the most multifaceted population in the world among industrialized nations. The country was built up by the original inhabitants and immigrants, and thanks to a relatively high level of immigration it is a young nation, with a median age that consistently lies under 40 years. Here, too, estimates differ, but according to researcher Nicholas Eberstadt the U.S. population will grow by 65 million by 2030, which means that the number of children will continue to exceed the number of old people. Another scholar, Joel Kotkin, peers further into the future and estimates that the U.S. population will reach at least 400 million by 2050, an increase of 100 million compared with today. The majority of the increment will consist of various minority groups, above all Asians and Hispanics. According to Kotkin, no other country will be characterized by such ethnic diversity.

Analysts disagree about the exact numbers, but on one point they appear to agree: most countries in Europe and Asia are facing a growing problem stemming from stagnating populations, declining birth rates, and an unwillingness to accept immigrants. Eberstadt estimates that by 2030 Europe will have twice as many people over 65 as children under 15, with drastically rising pension costs as a result and ever fewer gainfully employed people to foot the bill. Developments are calculated to be similar for Japan, Korea, and China, although estimates for the People's Republic are uncertain and contingent upon the country's future population policy. In many Asian countries—with the notable exception of India—the number of people employed will continue to diminish in coming decades.

Rapid population increases are of great importance for a country's economic vitality, prosperity, and employment. A nation with a youthful popu-

lation structure and continuous immigration enjoys several advantages vis-à-vis its competitors. It is interesting to note that the U.S. would have had the same low birth rate as Europe's aging democracies if it had been forced to rely solely on the domestic white population.

The journalist Fareed Zakaria points out that without immigration, U.S. economic growth over the last quarter century would have been just as low as that of Europe, and the head start in research and technological development would have been considerably smaller. The accomplishments of the superpower are to a great extent a consequence of the continuous immigration of people who work (not seldom in substandard environments), build, save, spend, educate their children, and generally strive for a better life than what they left behind. Periodically there has been popular resistance to immigrants from certain countries, and the issue of illegal immigration today is an open wound. But the relatively open attitude toward people from other cultures has historically been a major strength of the U.S. and something that has distinguished the country from many other nations, including China.³²

The U.S. has an even greater comparative advantage in its superiority in higher education and research. In rankings of the world's best universities, there is a striking U.S. dominance. In the two most often cited ranking lists, carried out in China and the UK, respectively eight and seven of the ten most prominent universities are located in the U.S. If the list is expanded to include the 50 most distinguished institutions, 38 and 21, respectively, are American. If we focus on subjects in natural science, the dominance is even greater. Americans almost always win the greatest number of Nobel Prizes—in 2009, for instance, 9 of 14 Nobel laureates were American, 4 of them researchers who had immigrated and had their careers at U.S. universities. No other country attracts so many foreign students as the U.S., even though the numbers declined markedly following the events of September 11, 2001.

China has undergone explosive growth also in higher education. The number of institutions has more than doubled in a decade, from 1,022 to 2,263. The city of Xi'an alone, southwest of Beijing, has 47 universities

32 Zakaria, *The Post-American World*, 195 ff.; Joel Kotkin, *The Next Hundred Million: America in 2050* (New York: Penguin, 2010), 1 ff.; James Fallows, "How America Can Rise Again," *The Atlantic*, January-February, 2010. For a discussion about the problems of racism in China, see Jacques, *When China Rules the World*, 244-252, 256 ff.

and colleges that educate a steady stream of engineers. The Chinese higher-education system is the world's largest today, and the country issues more academic degrees than the U.S. and India combined. But these impressive figures tell us little about the quality of Chinese higher education, which is poor in many places. Approaches seem to be strictly quantitative, with the emphasis on rote learning and constant testing. Any ambition to become the world leader in research and education is clearly hobbled by a culture and a political system that counteracts any questioning and critical thinking.³³

The Domestic Challenge

The U.S. proves to be most vulnerable when it comes to dealing with problems at home, starting with the structural imbalances in the economy. Three heavy deficits need to be addressed sooner or later: one in the federal budget, one in the balance of trade, and one regarding savings. Americans are normally dedicated consumers and prefer spending their money to saving it. Most problematic is the federal budget deficit, which grew drastically under George W. Bush and at the close of fiscal 2009 amounted to \$1.4 trillion, corresponding to about 11 percent of the country's gross domestic product (GDP). The budget deficit has not been so large since the days of World War II.

Multiple factors have contributed to this portentous development. When he assumed office in 2001, Bush inherited a *surplus* in the federal budget on the order of \$236 billion. Few remember it, but a great deal of the 2000 election debate actually had to do with how the budget surplus should be spent. After Bush's first term, the surplus had been transformed into a deficit of nearly \$500 billion. This was partly a consequence of the high costs of the wars in Afghanistan and Iraq. But the lion's share of the deficit was ascribable to increased expenditures for health care and pensions, and above all to the massive tax cuts that were implemented in three steps during 2001–03. The first reduction of income taxes alone, in 2001, is calculated to have cost the government budget \$1.35 trillion over ten years. By contrast, President Obama's health care plan, which barely squeezed through a divided Congress, is estimated to cost just over \$900 billion over a ten-year period. It is

33 Zakaria, *The Post-American World*, 187–195; Henrik Berggren, "Hellre fri än expert," *Dagens Nyheter*, April 22, 2010; Keith Bradsher, "China Drawing High-Tech Research From U.S.," *The New York Times*, March 17, 2010.

this explosion in expenditures, together with the consequences of the deep economic recession, that has led to today's gigantic budget deficit.³⁴

Estimates regarding future budgets and deficits are by necessity dodgy, but those carried out by the Congressional Budget Office (CBO) are usually viewed as relatively reliable. According to the CBO's projections, the total debt held by the public will increase from \$5.8 trillion in 2008 to a massive \$14.3 trillion in 2019, or from 41 to 68 percent of GDP. These predictions are based on assumptions about future population increases, economic growth, the cost of health care, and a number of other factors that, should they change, could adjust the figures upward or downward. But no future scenario indicates that the total debt burden will diminish in the coming 30 years.³⁵

Economists in the Obama administration initially had a goal of shrinking the deficit to about three percent of GDP by the end of the president's first term. Later, when they realized that this was unrealistic, they put forward a revised goal of the deficit being 4.6 percent by fiscal 2013. But that goal is far from sufficient if the U.S. is to be able to straighten out its dismal finances and achieve a balanced budget. Even the most conservative estimates indicate a continued great imbalance between federal income and expenditures.

The growing mountain of debt has made the U.S. the world's largest debtor today and thereby dependent on Asian lenders, above all China, which currently owns about 13 percent of the superpower's bonds. Some 60 percent of the People's Bank of China's foreign reserves consist of U.S. governmental and real-estate bonds. It is often pointed out that the two countries have thereby grown to be mutually dependent, with the U.S. depending on continued loans from China to cover its operating expenses and with China dependent on the U.S. as a market for its wares and to maintain employment. Both countries are moreover highly dependent on fossil fuels. For example, the U.S. consumes about one quarter of the world's oil but has only some two percent of known oil reserves.³⁶

But that is not the end of it. The U.S. also has a sizable deficit in its trade

34 Ferguson, *Colossus*, xix, 268 f.; Jackie Calmes, "Promise to Trim Deficit Is Growing Harder to Keep," *The New York Times*, January 6, 2010.

35 Niall Ferguson, "An Empire at Risk," *Newsweek*, December 7, 2009, 27 f.

36 Allan Larsson, "Mot en ny global ordning? USAs och Kinas vägar ut ur skuldfälla, dollarfälla och klimatfälla" (Stockholm: Global utmaning, 2009), 6, 19; "Drill, but Not Everywhere," *The New York Times*, April 1, 2010.

with the rest of the world. The negative balance of trade has deepened dramatically since the late 1990s and amounted to more than \$700 billion in 2008. China, in comparison, had a surplus of \$400 billion, an imbalance that has prompted prickly verbal exchanges between the countries' leading politicians.³⁷ One consequence of this deficit is that the federal government's interest payments, according to the CBO, are expected to increase from 8 percent of federal income in 2009 to 17 percent in 2019. If interest rates rise and the economy experiences weak or no growth, then interest payments could quickly reach 20 percent. The historian Niall Ferguson points out that if a nation has to spend as much as a fifth of its revenues on debt service, it faces a serious problem. Investors will head for the hills, interest rates will skyrocket, and suddenly the whole economy will go into a tailspin. Political leaders will then have to choose between raising taxes or cutting costs for unemployment compensation, pensions, or health care. All options are unpopular, as is the proposal to raise the retirement age in a country that has a lower life expectancy than most industrialized nations.

Niall Ferguson maintains that in such a financial emergency defense expenditures nearly always have to be cut. According to the Pentagon's current plans, defense spending will drop from today's more than 4 percent of GDP to 3.2 percent in 2015 and 2.6 percent in 2028. Health care costs are calculated at the same time to continue to mount, despite the adoption of the new health care plan. Cost developments like these indicate an empire in dire straits. Unless those in power take proactive measures to resolve the looming debt crisis, the superpower will find it more and more difficult to stave off its competitors. There is a connection between the capacity of the U.S. to manage its government finances and its ability to maintain its position as the world's leading military power.³⁸ This is something that Barack Obama seems to be aware of. In May, 2010, when Obama presented his national security strategy, he defined it considerably more broadly than his predecessor did. Bringing down the huge budget deficit is crucial to the country's ability to maintain its position of power, according to Obama. His former chief economic adviser Lawrence H. Summers has formulated the problem in a simple question: "How long can the world's biggest borrower remain the world's biggest power?"³⁹

37 "Handelsnytt från Washington april 2010" (e-mail message, April 16, 2010).

38 Ferguson, "An Empire at Risk," 27 ff.

39 David E. Sanger & Peter Baker, "New Security Strategy Focuses on Managing Threats," *The New York*

As if this were not enough, the mortgage crisis is still ravaging the real-estate market, which was a major factor behind the outbreak of the financial crisis in 2008. In that year more than 1.7 million homes were foreclosed on, and in 2009 that figure rose to over 2 million. For 2010 the number of homes foreclosed or sold by executive auction was estimated to climb to 2.4 million, and this despite several federal programs designed to alleviate the situation for exposed homeowners. No fewer than 15 million homeowners are regarded as still being in the risk zone—that many owe their bank more than their house is worth.⁴⁰

Add to this runaway economic crises in many U.S. states. California, New York, New Hampshire, Illinois, Connecticut, and Colorado are just a few examples of states whose budget statements today are largely as negative as that of Greece. Hawaii, for instance, has introduced four-day weeks in its public schools in a desperate effort to improve its finances. In the worst shape is California, the largest state in the country that, with its 37 million inhabitants, has always been at the cutting edge of economic and technological development and long served as a magnet for bold and innovative entrepreneurs. Until now, that is to say—California is virtually bankrupt and is expected to post a budget deficit of about \$21 billion for 2010. With unemployment at 12 percent and draconic cuts in the budget for education and health care, immigration has stopped in the last few years. Between 2004 and 2008 half a million people left the state, a remarkable development considering California's history of large scale immigration.⁴¹

Then we have the problems with financing Medicare, Medicaid, and Social Security, which in the long run threaten to drain the already dwindling government coffers. In 2007 the first of some 77 million "baby boomers" started to collect their pensions. Soon after that they began to cash in the benefits that Medicare, that is, medical insurance for seniors, provides.⁴² In Obama's budget for fiscal 2011 most expenditures—nearly \$2.4 trillion in a budget totaling \$3.8 trillion—go to Medicare, Medicaid (medical aid for the poor), Social Security, and interest payments on the national debt.

Times, May 27, 2010; David E. Sanger, "Huge Deficits May Alter U.S. Politics and Global Power," *ibid.*, February 2, 2010 (quote).

40 Peter S. Goodman, "U.S. Loan Effort Is Seen as Adding to Housing Woes," *The New York Times*, January 2, 2010.

41 Mary Williams Walsh, "State Debt Woes Grow Too Big to Camouflage," *ibid.*, March 29, 2010; Paul Harris, "Will California become America's first failed state?," *The Observer Sunday*, October 4, 2009.

42 Ferguson, *Colossus*, 270 ff.

Medicare and Medicaid alone will cost \$788 billion.⁴³ How these resource-consuming federal programs are to be funded and constructed in the future is a problem that every administration since the 1980s has faced but that no one has seriously dared to tackle.

The federal government has not idly watched these developments unfold. During George W. Bush's final months in the White House, the government went in and took over parts of the auto industry and the finance sector, measures that were not well received, especially among Republican grassroots. Barack Obama's first major move as the newly sworn-in president was to get Congress to adopt a stimulus package of nearly \$800 billion, a figure that many economists felt was on the smallish side if the economy was to quickly start to recover. However, the crisis package could not prevent the official unemployment rate from exceeding ten percent in 2009, to be compared with 4.9 percent in December 2007.⁴⁴

In February 2010, Obama went on to sign an executive order enabling the appointment of a special commission tasked with submitting proposals on how to reduce the federal budget deficit over the long term. The commission consisted of 18 members, 12 of whom were members of Congress, 6 from each party. It was co-chaired by the Democrat Erskine Bowles and the Republican Alan Simpson. When Obama presented the commission, he stated that unless something is done about the burgeoning deficit it will "hobble our economy, it will cloud our future, and it will saddle every child in America with an intolerable burden." The head of the Federal Reserve, Ben Bernanke, said in the same context that it was now up to the elected representatives in Congress to soon make the "hard choices" needed before the debt burden threatens growth and economic recovery.⁴⁵

A commission report was presented in December, 2010, and included a plan to cut \$4 trillion from projected deficits over the coming decade. It contained a mix of deep spending cuts and tax increases, including an overhaul of the tax code which would eliminate the \$1 trillion a year in tax breaks for individuals and corporations. Eleven of the commission mem-

43 "Mr. Obama's New Budget," *The New York Times*, February 2, 2010.

44 The total U.S. unemployment rate, including those who are underemployed, who have gone from full-time to part-time jobs and who have given up looking for a job altogether, is estimated to be around 17 percent.

45 "Obama's Deficit Panel Chiefs: 'Staggering' Task Ahead," *PBS NewsHour* February 18, 2010 (quote); Jackie Calmes, "Obama Tells Debt Commission 'Everything Has to Be on the Table'," *The New York Times*, April 27, 2010 (quote); Jackie Calmes, "Deficit Hawk Returns, Much to His Party's Dismay," *ibid.*, March 17, 2010.

bers supported the plan, three votes short of the 14-vote majority needed to send the proposals to Congress. Thus, the legislators did not have to make the “hard choices” about how to cut the deficit and reduce the debt. President Obama promised to study the commission’s proposals closely, but then quickly forgot about them.⁴⁶ Instead of action there was stalemate and inaction. The same thing happened in late 2011, when the so-called Joint Select Committee on Deficit Reduction (popularly referred to as the “Super Committee”) failed to reach a bipartisan compromise on reducing the budget deficit and the debt.

The failure of the key actors in Congress and the White House to deal with the country’s debt crisis amply illustrates the strong polarization that prevails between the parties and politicians in today’s Washington. The antagonism seems rather to have increased since Obama took office, not diminished as he pledged as a candidate. This is partially due to forces beyond his control, primarily the fact that the Republicans have generally pursued a strategy of deliberate obstruction. But Obama cannot avoid his part of the blame for developments, considering the fact that his entire 2008 election campaign was about his changing the climate of confrontation in U.S. politics.⁴⁷

In the short and medium term, this combination of runaway budget deficits, imbalances in the entitlement system, and the polarization of parties and politicians is a considerably graver threat to the supremacy of the U.S. than the rising economic powers elsewhere in the world. The acute danger comes from within, not from abroad.⁴⁸

Conclusion

The polarization of the parties is a symptom of a larger problem, namely the fact that the U.S. political system is poorly equipped to deal with today’s societal problems. There is a huge gap between an old-fashioned constitutional framework and a constantly changing world. The U.S. Constitution was ratified in 1789, and even though it has been changed somewhat by its 27 amendments, its main features remain in place today. The House of Representatives has the same number of members in 2011 as it did in 1911,

46 Jackie Calmes, “Obama Offers Hope for Debt Panel’s Plan,” *New York Times*, December 3, 2010.

47 Cf. Erik Åsard, “Obamas första år gav ojämna skörd,” *Svenska Dagbladet*, January 20, 2010.

48 Cf. Ferguson, *Colossus*, 28 f., 279.

although the population is now more than three times the size. In the Senate, largely the same outdated rules of debate and voting still apply. A party with 41 seats in the Senate can block all legislation, despite its minority status. An individual senator can delay the president's appointments for weeks and months. To get anything done in the Senate, there needs to be a super majority consisting of 60 votes.

The president is chosen not directly by the people but by an electoral college, perhaps the most anachronistic feature of the constitution. At least three times—1876, 1888, and 2000—it has happened that the candidate who received fewer popular votes was declared the winner.⁴⁹ This result came close to being repeated in 2004, when John Kerry would have won in the electoral college if he had received some 60,000 more votes in the industrial state of Ohio. That is how close it was to a rerun of the 2000 election, this time with George W. Bush in the role of the loser even though more regular voters cast their ballot for him. And now, as then, the same two parties preside over the whole business, as they have done for as long as anyone can remember.

"It could be argued," writes political scientist David McKay, "that American institutional arrangements, especially federalism and the separation of powers, are ill suited to the sort of efficient and effective policy-making needed in a modern industrial society."⁵⁰ This is clearly noticeable in the legislators' inability to cross party boundaries to solve some of the burning social problems such as the energy issue and the great dependency on oil, environmental problems, health care costs, illegal immigration, and decaying infrastructure. Anyone who has traveled through the landscapes of industrial ruins in the Midwest or driven across some of the country's many dilapidated bridges knows what it looks like in places. It has been calculated that it would cost \$2.2 trillion over a five-year period to restore the nation's bridges, roads, and dams to an acceptable standard, but only half of that sum has been pledged by the federal and state governments. This effort is urgently needed—the average life of a dam is 50 years, and more than 26 percent of all bridges are regarded as so frail that it is dangerous to drive on them.⁵¹

49 Lawrence D. Longley & Neal R. Peirce, *The Electoral College Primer* (New Haven: Yale University Press, 1996), 26 ff. A fourth controversial election took place in 1960, when John F. Kennedy narrowly defeated Richard M. Nixon (*ibid.*, 44-57).

50 David McKay, *American Politics and Society* (Wiley-Blackwell, 7th ed., 2009), 216.

51 Fallows, "How America Can Rise Again."

Many of the pioneering innovations in U.S. society were developed in fruitful collaboration between public institutions and private enterprise. This has included everything from the creation of public parks and a functional transportation network through the development of the Internet and the GPS network to today's advanced medical and scientific research. In all these cases government has provided the investments and research grants whereas private companies have managed the exploitation and implementation.

What is new about the present day is that government in the U.S. is becoming less and less capable of achieving the results and making the commitments that are absolutely necessary if future inventions are to be created to help solve the problems of society. The country's civil society is still exceedingly active, but owing to all the deadlocks and antagonisms, the public institutions are no longer able to hold up their end of the partnership. How much longer will it be before a less and less functional government drags the private sector with it in a downward spiral?⁵²

Following the 2010 congressional elections, the U.S. once again has a divided government, with one party controlling the White House and another enjoying a comfortable majority in the House of Representatives and a strong minority position in the Senate. There is a great danger that the incapacity to reach decisions and the stand-offs will be even more pronounced under divided government. It is this ingrained system, rooted in an outmoded constitutional framework and aggravated by growing polarization that—more than anything else—makes the United States a fragile superpower.

52 Cf. *ibid.*

