Is Growing China A Real Challenge To The U.S. Power?

Abdul Salaam Khan

Abstract
The purpose of this paper is to discuss the global hegemonic power of the United States of America as presented by different international theorists with special reference to the rise of People’s Republic of China and the possible transition of global power from West to the East. The paper comprises of six parts: first part presents the history and evolution of the US hegemonic power after the World War II, second highlights scholars like Robert Gilpin, Robert Keohane, Joseph Nye, James Petras and Immanuel Wallerstein that the American hegemony has declined after the 1970s, thirdly it presents scholars like Stephen Gill and Susan Strange that the hegemonic dominance of the United States in the global affairs is still intact, fourth part discusses the rise of the People’s Republic of China as major challenge to the future US global power, fifthly it presents comparative analysis of the USA and China politically, economically, militarily, educationally, demographically and geographically and at the end it gives long term discussion and analysis in the context of global power of the United States and rising China.

1. Introduction
After the World War II, the United States has become hegemonic due to its unmatched economic, military, political and cultural influence in global affairs. The American global order was basically characterized by liberal democracy and free capitalist economy. The hegemonic power of the United States in the post-World War II has been presented differently by different scholars. Scholars like Gilpin, Keohane, Nye, Petras and Wallerstein argued that the American hegemony has declined after the 1970s. On the other hand scholars like Gill and Susan Strange visualized that despite certain economic and policy setbacks the hegemonic dominance of the United States in international affairs is still intact mainly due to the structural power. After the end of cold war and the disintegration of the Soviet Union, the United States failed to create consensus on major international issues and ultimately embarked upon the policy of unilateralism. The 21st century witnessed drastic global economic and political changes and the emergence of new international competitors particularly the rise of People’s Republic of China posed new threat to the US hegemony over international economy and trade. The rise of China as a new world economic and technological power has raised many important questions for international political theorists.

2. Historical Evolution Of The United States Power
The end of World War II brought unprecedented dominance to the United States in international politics. Germany and Japan were defeated and occupied by the Allied Forces. The era of Pax-Britannica came to an end and the world saw the emergence of two superpowers - the United States and the Soviet Union. Cold war started between these two superpowers and the world divided into capitalist bloc headed by the United States and communist bloc led by the Soviet Union. After the World War II, the United States designed New World Order based on the US style of democracy and liberalism, decolonization, global network of the US corporations and establishment of multilateral institutions. Under the Bretton Wood Agreements, international financial institutions were established and both the superpowers tried to expand their sphere of influences through military alliances. The common economic interests and the spread of communism and the Soviet Union united Japan and Western Europe under the leadership of the United States. During the cold war, the world economy witnessed rapid growth due to relative peace in Europe and Japan and the USA adopted the policy of containment of communism and the Soviet Union. In 1991, the Soviet Union disintegrated and cold war ended thus leaving behind the United States as the sole world power.

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Due to unmatched military superiority, the United States adopted the policy of unilateralism and after the end of cold war; the United States fought four major wars including Gulf War, Yugoslavia, Afghanistan and Iraq. The political, economic, military and cultural influence of the United States in the international affairs is referred as Pax-Americana,\textsuperscript{ii} US hegemony,\textsuperscript{iii} unipolar world,\textsuperscript{iv} superpower, hyper power and soft power.\textsuperscript{vi}

3. Theorists And Theories Of The United States Power

During the 1970s and 1980s the study of international order and hegemony of the United States in global affairs attracted many scholars. Many political and economic changes including economic recession, financial crisis, oil prices crisis, exchange rate crisis, integration of Europe, economic emergence of Japan, rise of China and political changes in the Third World countries challenged the international order dominated by the United States. The spread of communism and the growing military threat of the Soviet Union further complicated the US global order. The global dominance of the United States has been presented differently by different theorists.

3.1. Robert Gilpin

After the World War II, the United States dominated the international politics due its strong economic and military position.\textsuperscript{vii} The US established military alliances like North Atlantic Treaty Organization (NATO) and economic institutions under Bretton Wood Agreements. Robert Gilpin argues that a hegemon is essential for the liberal economy and international order and mainly focuses on the hegemonic role of the United States during the seventies and eighties. Due to growing threats from the Soviet Union and communism, the United States integrated Western Europe and Japan under the banner of capitalism during the 1950s and 1960s. According to Gilpin in the post war era, the US was largely focused on enlightened self-interest and security objectives. The economic, political and ideological interests compelled the U.S to assume the leadership responsibilities.\textsuperscript{viii} By the 1970s, the dominant economic position of the USA began to decline mainly due to global economic and political transitions including exchange rate crisis, oil prices crisis, nuclear proliferation, massive growth of Soviet Union military strength, events in Iran and Afghanistan and the emergence of Japan and other regional powers. Gilpin says that the US hegemony is fragile because it is the product of the dollar, multinational corporations and nuclear weapons.\textsuperscript{ix}Gilpin further states that during the 1970s and 1980s, the US economic growth suffered dramatic decline and in 1970, the annual growth rate was only 0.8% as compared to 3% during the post war period.\textsuperscript{x} Thus Robert Gilpin argues that the US power is on the state of disarray and gives a broad view of the economic decline of the USA and emergence of other regional powers during the 1970s and 1980s which has also affected its political and military dominance globally.

3.2. Robert O Keohane

Robert Keohane puts forward concepts of international cooperation and hegemony and argues that the hegemony of the United States has declined. After the 1960s the economic dominance of the United States was challenged by the integration of Europe and the emergence of Japan.\textsuperscript{xi} Hegemonic role in international politics is a difficult job and for this, the hegemon encounters numerous issues and challenges. The economic, political and military malaise of the United States and the China’s rising power have resulted American declinism.\textsuperscript{xii} After the World War II, the US hegemony resulted liberal order, rise of the US style of democracy, prosperity in Europe and Japan and the end of war. Keohane argues that the future global leadership of the United States shall be deeply influenced by the rising China, US domestic partisan conflicts, US economic recession, effectiveness of multilateral institutions, Iran’s nuclear issue, Middle East and Israel issue and global democratization.\textsuperscript{xiii}

3.3. Joseph Nye

Nye says that after the World War II, the US was occupying more than 1/3 of global product and possessing huge nuclear weapons but as a global hegemon, the US could not prevent the loss of China to communism, spread of communism in Eastern Europe, Korean War, and defeat in Vietnam and overthrow the Castro regime in Cuba.\textsuperscript{xiv}\textsuperscript{xv}Nye is the pioneer of the theory of softpower in which he explains the cultural, ideological and educational dominance of United States over other states. He believes that soft power is the ability of the United States to attract and influence others through its policies and values. With 5% of the world’s population, ¼ of world’s economy, half of world’s military expenditure, huge cultural and educational softpower resources, the decline of the United States has just started due to various internal and external factors.\textsuperscript{xvi} Nye says that there are three dimensional aspects of power today, firstly, the global military power is unipolar with the US as dominant player, secondly, the economic power is multipolar in which the United States, Europe, Japan and China are the
major actors and thirdly, power of transnational relations in which power is diffused amongst various non state actors.\textsuperscript{xi}

Nye argues that despite the rise of the People’s Republic of China and other regional and economic powers, internal economic recession, budget deficit and debt crisis, the United States of America shall remain important in international affairs for quite some time due to military superiority and softpower.

3.4. James F. Petras

James Petras believes that the decline of the US hegemony is based on political leadership and structural economic tendencies. The decline of the US hegemony is related to the speculative and fictitious capital in place of industrial capital, internal hollow out of capitalism, ascent of stock markets over stockyards, lumpen policymakers in place of statespersons and increasing militarized foreign policy.\textsuperscript{xiii} He states that on the economic front between 1960 and 1980, the U.S. share of world trade declined from 16 \% to 11 \%.\textsuperscript{xiv} The hegemonic politics which started after the World War II shifted to global military domination and this strategy was used to compensate economic and political decline. Petras argues that besides internal political and economic factors, the US imperialism and Third World Revolutions largely contributed to the decline of the US hegemony.

3.5. Immanuel Wallerstein

Wallerstein gives a broad picture of the emergence and decline of the US hegemony in various phases after the Second World War. He argues that the world politics after the end of the Second World War has undergone through three main phases. First, from 1945-1970 was the era of the US hegemony and global dominance, second, from 1970 - 2001 was the era of decline of the US hegemony due to the emergence of other competitors and third, from 2001 – onwards, the US policy of unilateralism and intimidation accelerated the process of decline of the US hegemony.\textsuperscript{xv} From 1945 to 1967, the global leadership of the US was unmatched due to unprecedented economic growth, military superiority, political and cultural influence but after the 1967, the decline started mainly due to economic stagnation and the emergence of other economic competitors especially Japan and Europe. According to Wallerstein, the decline of the US hegemony started by two changes: first, the political and cultural changes occurred during 1968s and second, the economic changes of stagnation known as Kondratieff B-phase that occurred from the end of Kondratieff A-phase.\textsuperscript{xvi}Wallerstein says that in the next two decades, the international scenario would be breakdown of nuclear non-proliferation, rise of multiple small nuclear powers, severe decline of the US power, emergence of multiple centers of power, disappearance of dollar as international dominant currency and emergence of multiple currency system and the geopolitics of Europe, East Asia including China and South America.\textsuperscript{xvii}

3.6. Stephen Gill

Gill focuses on the structural changes occurred in international politics after the World War II and argues that the hegemony of the United States has not declined and is intact due to its structural power. Gill suggests that the era after the 1970s has become non hegemonic in global politics and in Gramscian terms, the era is known as crisis of hegemony and this crisis should not be linked with the US global power.\textsuperscript{xviii} Gill argues that the American hegemony has not declined during the 1970s and 1980s rather it transformed due to globalization and the ideological and cultural aspects of the US hegemony has become more powerful. During 1980s, the US hegemony is far from ever and has cumulative and indirect quality.\textsuperscript{xix} Structural changes like transnationalization of the global economy, trade and market liberalization and low trans-border costs of transportation and communication have changed the contemporary international political economy. Thus Gill examines the role of the USA in the post WW-II era, refutes decline of the US hegemony, redefines the term of hegemony and presents the concept of transnational hegemony.

3.7. Susan Strange

Susan Strange argues that the hegemony of the United States has not declined and the structural power of the United States in terms of military, economy and education still dominates the world. She says that in the political economy there are two kinds of power, structural power and rational power and structural power is more important than rational power which refers to rules and customs that govern international economic relations.\textsuperscript{xx} There are four primary structures which include security, production, finance and knowledge and subordinate to these primary structures there are other aspects of political economy and four of these are transport, trade, energy and welfare.\textsuperscript{xxi} She says that the power of the US within the four primary structures had not declined. The U.S.
Government and the corporation’s dependent upon it have not lost structural power and they have only changed their minds of use of that power. The structural power of the US is imminent in various areas like strongest military force, domination over world’s production, top seven world’s oil companies, aircraft industries, mass market for manufactured consumed goods, domination over service industries, control over international credit, biggest share in banking assets in industrialized world, predominance of dollar in international market and education system. Thus Susan Strange mainly focuses on the structural power of the United States and argues that the global dominance of the US shall remain intact despite certain economic and political setbacks.

4. Rising China

Napoleon once said that China is a sleeping lion and it is better to let her sleep because if she wakes she will shake the world. People’s Republic of China is the world’s most populous country with extremely diverse geography including forests, plains, deserts, rivers and high mountains. After the formation of the Communist state in 1949, China experienced unprecedented economic and military growth. Under the communist leadership China first introduced controlled economy in which the country’s economic activities were largely controlled by the central government and the communist party. In 1978, China introduced far reaching economic reforms which resulted less control of state over economy, increased foreign investment and trade, increased industrial production, strengthening of agriculture sector and investment on rural industries and education. The integration of China into international economy as a result of globalization further accelerated the pace of growth and development. David M Lampton says that over the past 2000 years, the share of China of world’s GDP was between 22 and 33 % and it declined drastically in the second half of 19th century and early 20th century reaching to lowest of 4.5 % in 1950. He further says that since 1978 the growth of China increased rapidly and in 2005 China’s share of world’s GDP increased to 14.39 %. According to the World Bank report for the last three decades the Chinese economy grew at the average rate of 10% annually.

Today China is the second largest economy of the world after the United States and world’s biggest manufacturer, exporter and energy consumer and there is a possibility that in the next decade China will be the world’s largest economy by surpassing the United States. According to the World Bank, in 2011 the GDP of China was $7.318 trillion, population 1.344 billion and GDP per capita $5445. The data of the US Department of the Treasury/Federal Reserve Board shows that out of total $ 4918.3 Billion treasury securities holding by foreign countries, China is the largest holder of bonds and in October 2011 China was holding $ 1256.0 Billion US treasury bonds. China has build up military forces with significant capabilities and its defense budget is the fastest growing in the world. The defense budget of China is increasing every year and currently China’s defense budget stands second in the world after the United States. According to SIPRI, China’s annual defense budget increased from $30 billion in 2000 to $143 billion or 2.1 % of GDP in 2012. China is also trying to settle its border disputes with its neighbors through peaceful means and for this purpose; various bilateral agreements have been signed. China has also signed strategic partnerships with Russia, Japan, India and European Union. In order to further strengthen the pace of economic growth, China believes in peaceful rise and development and avoids confrontations.
### 5. Comparison Between The United States And China

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<th>United States of America</th>
<th>People’s Republic of China</th>
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<tr>
<td><strong>Economic Power</strong></td>
<td>Capitalist free market and largest economy of the world. Dollar as dominant international currency. GDP of $14.99 trillion in 2011. Largest in service industries and second largest in manufacturing industries. Great influence over international financial institutions and possessing world’s largest corporations. Allied with Japan and European Unions and member of the world’s most important trade bodies. Possessing huge resources, industrial base, high technology including space and science.</td>
<td>Communist with some elements of free market and second largest economy of the world. GDP of $7.318 trillion in 2011. World’s fastest growing economy, world’s largest manufacturer and exporter and second largest importer. Cheap labor force, combination of agriculture and industry, largest foreign reserves, largest middle class and largest holder of the US Treasury Bonds. Possessing huge mineral resources, industrial base and technology. “Made in China” is the most powerful force in the 21st century.</td>
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<td><strong>Military Power</strong></td>
<td>Strongest and most powerful army having bases around the world. World’s highest military expenditure. Possessing world’s second largest nuclear weapons after Russia. Military allies with (NATO). Intelligence network is the CIA. World’s largest arm exporter. Manufacturer and possessing world’s most sophisticated and latest weapons including Drones, long range missiles and aircrafts.</td>
<td>The People’s Liberation Army (PLA). Largest military forces and standing army of the world and world’s second highest military expenditure. Possessing nuclear weapons. Intelligence network is the Ministry of State Security (MSS). World’s fifth largest arm exporter. World’s most growing country for weapons production and global distribution.</td>
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<td><strong>Geographical Power</strong></td>
<td>World’s third largest country with an area of approximately 9.826 sq km.</td>
<td>World’s fourth largest country with an area of approximately total: 9.600 sq km.</td>
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<td><strong>Demographic Power</strong></td>
<td>Total population estimated at 313,847,465 (July 2012) and third largest country of the world.</td>
<td>World’s most populous country with population of 1,344,130,000 in 2011.</td>
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<td><strong>Cultural Power</strong></td>
<td>Most powerful film industry - Hollywood - films are produced for worldwide viewers. Powerful media, internet, facebook, google, twitter, international food chains and games and sports.</td>
<td>One of the oldest civilizations. Growing film industry with Hong Kong. Growing internet users and Baidu as powerful search engine. Powerful center of various sports and games and the most powerful competitor in Olympic Games.</td>
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<td><strong>Educational Power</strong></td>
<td>Country of world’s top universities and according to Time Higher Education report 30 universities of the USA are included in the top 50 World Universities for the 2012. World’s highest R &amp; D expenditure. Great innovations in science, technology, space, medicine, engineering and computer.</td>
<td>World’s second highest R &amp; D expenditure. According to Time Higher Education report 2 universities of China are included in the top 50 world universities for the year 2012. In USA universities the enrollment of Chinese students is the biggest in the world.</td>
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### 6. Long Term Analysis

The emergence of 21st century brought many challenges and threats to the US global power. The global economic hegemony of the United States is rapidly slipping away to the East. The global domination of the US over manufacturing, energy consumption and exports has already been taken away by China. The US tense relations with Russia and Iran shall further deteriorate global oil and gas supplies. China’s peaceful military rise is also important for the US future military dominance. Currently China’s military expenditure is the second largest in the world after the USA. The unprecedented economic growth provided China an opportunity to rapidly modernize the People’s Liberation Army. The US policy of intimidation after 9/11 and wars in Afghanistan and Iraq resulted huge losses to the US in terms of lives and money. The unpopular war in Iraq, the longest war in Afghanistan, the great economic recession, budget deficit, debts, instability in the Middle East, nuclear proliferation and engagement with Iran and North Korea and many other factors put the global power of the United States into deep trouble. The US National Intelligence Council reports that by 2030 Asia will surpass the USA and Europe in terms of global power based on GDP, population, military spending, technological investment and China alone will be the largest economy of the world.
The report further states that the decline of the USA is inevitable and the US will be first among equals and due to rapid rise of other powers, the era of unipolar moment and Pax – Americana will be over. Despite impressive economic growth, China is still a developing country and it will take many years for China to surpass the United States politically, militarily and institutionally. With authoritarian central government, China is facing many issues like regional inequality, rural poverty, environmental issues, growing middle class, ethnic minorities, border issues and emergence of hostile neighbors and regional powers like Russia, Japan and India.

7. Conclusion

The United States of America emerged as the main victor of World War II and in the post war period, the USA pursued a new world order based on democracy, market liberalism, multilateral institutions and containment of the Soviet Union and communism. The emergence of the Soviet Union and communism and the common economic interests united the United States, Western Europe and Japan which resulted high growth and prosperity. During the 1970s and 1980s, theorists gave great emphasis on the hegemonic power of the United States and its possible decline in the face of new challenges and threats. The global economic dominance of the USA declined after the mid of the 1960s and Japan, Western Europe and later on China became major global economic competitors. Scholars like Gilpin, Keohane, Nye, Petras and Wallerstein argued that the American hegemony has declined after the 1970s. On the other hand scholars like Gill and Susan Strange did not follow these ideas and argued that despite some economic setbacks the hegemonic dominance of the United States is still intact. After the end of the cold war, traditional allies of the United States, Europe and Japan reduced their dependence of the US leadership. The power gap between the United States and China is rapidly shrinking. China has become the second largest economy and rapidly modernizing the armed forces. The strong economic system of China provided a foundation for modernizing army and international political influence through trade, aid, investment, cultural and educational products. The political, economic, military and cultural advantages of the United States are still dominant in the world and there is a possibility that the United States shall remain global power for the next few decades. Despite unprecedented economic growth, China has a long way to go in order to fill the power gap.

Notes

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