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American Power: A View from China

Wu Xinbo

The Future of American Power Series

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Carnegie Endowment for International Peace
Publications Department
1779 Massachusetts Avenue NW
Washington, DC 20036
P: + 1 202 483 7600
F: + 1 202 483 1840
CarnegieEndowment.org

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About the Author

Wu Xinbo is a professor at Fudan University and the director of the university's Center for American Studies.

The Future of American Power Series

What is the future of American power? The United States commands extraordinary resources across every dimension of national power, yet in recent years it has struggled to achieve many important foreign policy aims. This paradox raises a key question for Americans and the world: What can the United States actually do with the power it has? Our project examines not just the quantity but the qualities of American power, assesses the degree to which it is eroding, and asks how the United States might use the power it has to better effect.

The Future of American Power series is edited by Christopher S. Chivvis, director of the American Statecraft Program.

American Statecraft Program

The American Statecraft Program develops and advances ideas for a more disciplined U.S. foreign policy aligned with American values and cognizant of the limits of American power in a more competitive world.

Introduction

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 U.S. 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 U.S. 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 U.S. 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 U.S. 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.[1]

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Looking to the future, AI promises to drive the next round of U.S. 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.[2] 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 U.S. economic performance are definitely in decline. Aging U.S. 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.[3] The fact that the United States lags behind in renewable energy development will only worsen America's power supply bottleneck. Meanwhile, U.S. 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 U.S. 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.[4] 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. On another front, as international investor confidence in the U.S. 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.[5]

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 U.S. economic growth during Bill Clinton's presidency, and U.S. leadership in globalization and global governance.

However, U.S. 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 U.S. 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 U.S. 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.[6]

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As the United States celebrates its 250th anniversary, its soft power has been reduced to its lowest point arguably since the 1970s, when U.S. 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 twenty-first century. In 2000, China's GDP was only 11.9 percent of that of the United States measured by exchange rate; in 2025, this figure was 63.4 percent.[7] As measured by purchasing power parity (PPP), China's GDP surpassed that of America's as early as 2016.[8] On the military front, the gap between the United States and China has narrowed significantly. China's expanded military development has greatly undermined U.S. preeminence in the Western Pacific. In the field of science and technology, China has successfully played a catch-up game over the past two decades, challenging U.S. dominance and surpassing America in more and more areas, such as quantum communication, clean energy, and 5G. Indeed, China's rapid rise has been the most important challenge to America's power superiority and has caused unprecedented anxiety among U.S. political elites over the last decade. As the Trump administration's 2026 National Defense Strategy acknowledges, "By all measures, China is already the second most powerful country in the world—behind only the United States—and the most powerful state relative to us since the 19th century."[9]

The shift in Chinese attitudes toward the United States is illustrative of the shrinking superiority in American power. For a long time, China had looked upon America as a country with advanced science and technology, a prosperous economy, and comprehensive national strength. Indeed, from the 1980s to the 2000s, as China endeavored to turn itself into a prosperous modern country, it viewed the United States as a positive example. As the power gap between the two countries narrowed in the 2010s, however, Chinese strategists began to treat the U.S. less and less like a formidable power, while more people in China began to look down upon the United States as a country plagued by sluggish economic growth, political stalemate and conflict, and poor domestic governance. Interestingly, nowadays, Chinese academics are more interested in studying the United States' mistakes, rather than its successes. In recent years, "the ascendancy of the East and the relative decline of the West" has become a buzz phrase among Chinese analysts in characterizing the broad changes taking place in the international landscape,[10] fueled primarily by the shifting power balance between China and America.

Indeed, the changing power balance between China and America over the past two decades has enhanced China's self-confidence and increased its assertiveness in coping with U.S. pressure. For instance, according to a multiyear poll on "How Chinese view the world," conducted by the state-run newspaper *Global Times*, when asked whether China is already a global power, in 2006, only 20 percent of respondents said yes, while in 2025, this figure jumped to 45 percent. Meanwhile, when asked how China should deal with U.S. pressure and provocations, the combined share of respondents who support either moderate or forceful countermeasures rose from 51 percent in 2023 to 62 percent in 2025.[11] Declining U.S. power superiority has therefore altered not only Chinese perceptions of America, but also the pattern of interactions between the two countries. For instance, during bilateral trade and economic consultations held during the second Trump administration, the Chinese side insisted that talks should reflect "the spirit of equality, respect and mutual benefit"[12]—employing a different stance than during the first Trump administration.

Shrinking Clout on the World Stage

Since the end of World War II, American power has consistently translated into a paramount ability to intervene in and shape international affairs, something usually referred to as "U.S. leadership" or "American hegemony." America's international influence peaked in the 1990s as the United States emerged as the only superpower in a unipolar world: it set the rules of the game and led multilateral institutions. Other countries endorsed Washington's major diplomatic initiatives. However, since the 2010s, the process of multi-polarization has gradually diluted the United States' position as the sole pole in world politics, and international affairs have been dictated less and less by Washington. For instance, Russia and China have posed increasing challenges to U.S. strategic goals, smaller states have become less responsive to Washington's diplomatic agenda, and major and middle powers have formed manifold political and economic groupings that better reflect their interests and preferences.

On another front, starting with the first Trump administration, the United States' skeptical attitude toward multilateralism and movement away from multilateral institutions has weakened the country's global leadership role. According to a Gallup survey conducted at the end of 2025 across more than 130 countries and regions, a median of 36 percent of respondents approved of China's leadership, compared with 31 percent for the United States. In 2024, a Gallup World Poll recorded an approval rating of 39 percent for the United States and 32 percent for China.[13] It is likely that China's advantage will grow as the second Trump administration's disruptive and revisionist behavior continues to undermine the current international order.

> **It is likely that China's advantage will grow as the second Trump administration's disruptive and revisionist behavior continues to undermine the current international order.**

Despite its declining power superiority, America will remain the world's most powerful country in aggregate for the foreseeable future. However, what really matters is not the power per se, but the goals that this power is utilized to advance. If Washington intends to promote America's security and development interests in a multipolar world, its power will suffice to serve such a purpose; however, if Washington is intent on maintaining its hegemonic position in a fast-changing world, such as preserving a unipolar international landscape and dictating the behavior of other major players, it will likely fail in such endeavors, as Washington no longer possesses sufficient strength and influence for that purpose.

Outlook of American Power

Despite some ebbs in power and several rounds of discussions on America's decline since the 1970s, the United States has maintained a largely robust power growth trajectory and preserved its position as the most powerful country in the world. However, several novel emerging factors are constraining America's competitiveness and growth momentum, thus darkening the prospect of its power posture.

First and foremost, as the trend of multi-polarization accelerates, the United States is losing some significant advantages that have contributed to its material strength and international influence. Some countries no longer view America as a reliable partner and are therefore reluctant to seek active economic and military cooperation with it, and others will not endorse Washington's diplomatic agenda to the extent that they used to. These patterns decrease the international resources contributing to both U.S. hard and soft power. For instance, the position of the U.S. dollar as the dominant international currency has historically generated tremendous economic benefits for the United States. But in 2025, the U.S. dollar held only 56 percent of global foreign currency reserves, a decrease from over 70 percent in the early 2000s.[14] As more countries seek the means to make non–U.S. dollar payments, the trend of de-dollarization will only accelerate, and a more diversified monetary system is likely to replace the dollar-centered one.

Second, competition from other countries, especially from China, is already undermining U.S. leadership in areas including the economy, finance, science and technology, and military preeminence in some regions. In the coming decade, China is likely to surpass America in certain key domains, such as overall economic output and leadership in some advanced technologies (for example, humanoid robots, 6G, and next generation of nuclear energy). Once the United States is no longer viewed as the all-round number one country in the world, some redistribution of international trade, investment, human capital, and foreign central bank reserves will likely occur, undermining resources that have contributed to U.S. power growth.

Third, the surging U.S. federal debt, already over $40 trillion and projected to reach around $50 trillion in five years, poses a severe structural challenge to the health of the American economy and pace of growth.[15] If the debt triggers a major crisis, the country's long-standing economic benefits and the U.S. dollar's position as the primary international currency could be at serious risk. Indeed, given the financialization of the U.S. economy since the 1980s, the unsustainable debt now represents a huge time bomb threatening U.S. power posture.

Of course, some liabilities to American power can be overcome or alleviated if the political will exists. For instance, the United States could make real efforts to upgrade its infrastructure, increase investment in science and technology, boost high-end manufacturing, adjust its immigration policy, and support the development of its renewable energy industry. All these endeavors would help improve the prospects for long-term U.S. economic growth. Meanwhile, adopting more responsible international behavior, such as endorsing multilateralism and participating in international cooperation on global governance, would surely enhance U.S. soft power. Still, it is almost politically impossible to address the challenge posed by the astronomical U.S. federal debt. No party, Democrat or Republican, wants to commit political suicide to truly reign in the deficit.

In a world characterized by accelerating multi-polarization and growing competition, America is losing its economic advantages and leadership in science, technology, and commerce. And as a result, the world is seeing a more vulnerable America with limited capabilities, rather than a superpower with unlimited resources. If these trends continue, the United States will remain a first-tier major power, but not an unrivaled superpower. American leaders will have to wrestle with the hard fact that the United States no longer occupies the number one position in all major power domains, and Washington will have to redefine its role in the world commensurate with its new power portfolio. For China, one major challenge will be to manage the impact of the shifting power balance between the two countries as well as the decline of American hegemony. Washington, for the purpose of hegemonic maintenance, will certainly intensify competition with China, trying its best to thwart China's power growth and contain the expansion of Beijing's international influence.

Notes

1 In 2000, the United States held about 31 percent of global GDP, and in 2025, it had dropped to below 27 percent. "IMF Datamapper: GDP," International Monetary Fund, accessed July 5, 2026, https://www.imf.org/external/datamapper/NGDPD@WEO/WEOWORLD/USA.

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5 By the end of 2025, for the first time since 1996, foreign central banks held more gold than U.S. treasuries in their reserves, a trend driven by rising geopolitical uncertainty and a quest for asset diversification. "The International Role of the Euro," European Central Bank, June 2026, https://www.ecb.europa.eu/press/other-publications/ire/html/ecb.ire202606.en.html.

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10 For instance, Zhang Shuhua, "The Change of the World and the Good Governance of China," *Political Science Review*, no. 1 (2024): 3-25.

11 "How Chinese View the World: Over 90 Percent of Chinese Expect China to Help Shape a Fairer Global Order," *Global Times*, December 21, 2025, https://www.globaltimes.cn/page/202512/1351147.shtml.

12 "President Xi Jinping Speaks With U.S. President Donald J. Trump on the Phone," Ministry of Foreign Affairs, People's Republic of China, September 19, 2025, https://www.fmprc.gov.cn/eng/gjhdq_665435/3376_665447/3432_664920/3435_664926/202509/t20250919_11712169.html.

13 Lia Zhu, "China Overtakes US in Global Leadership Approval as Washington's Image Hits Record Low," *China Daily*, April 5, 2026, https://www.chinadaily.com.cn/a/202604/05/WS69d1739da310d6866eb41c48.html.

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