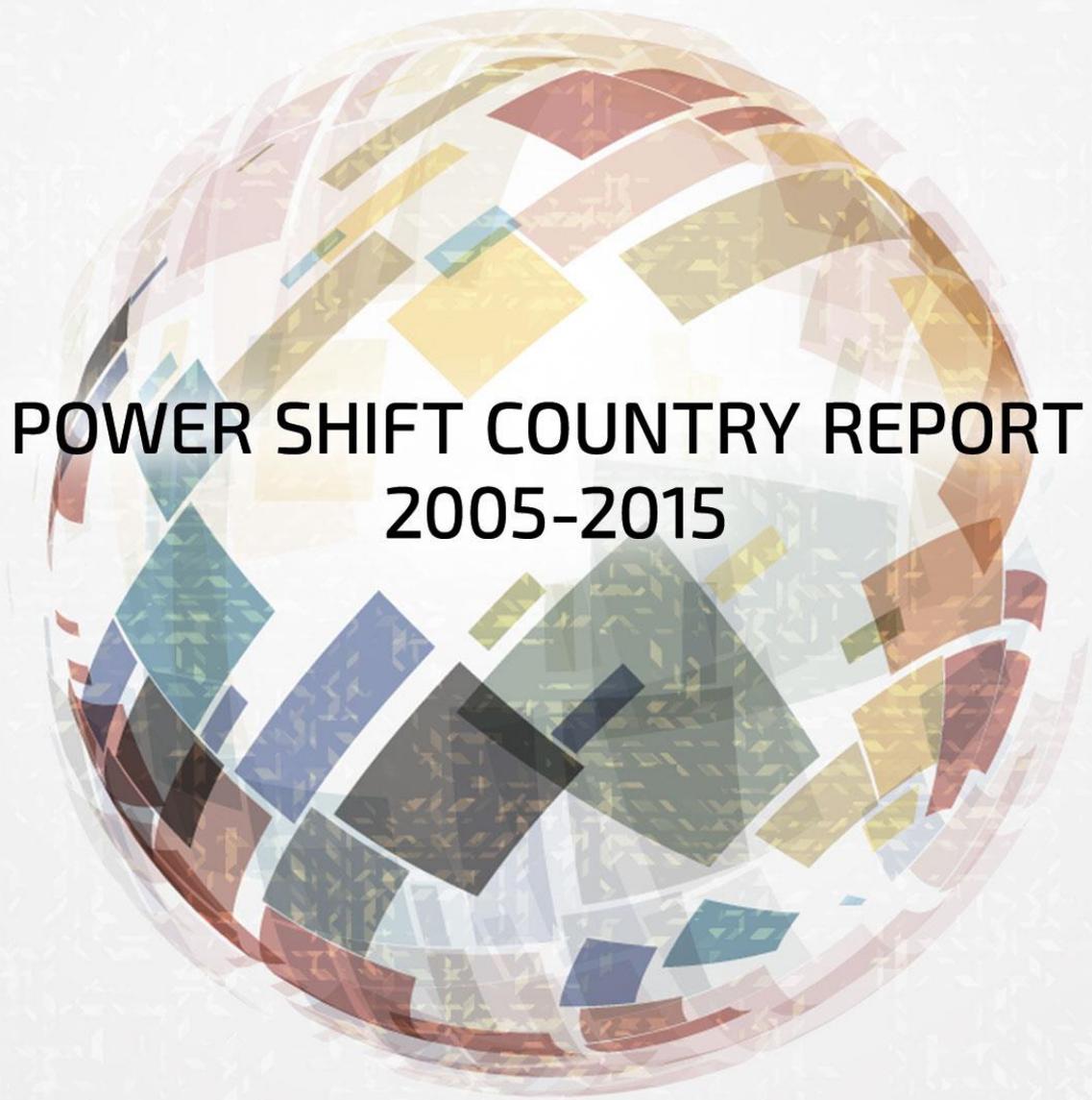


USA

POWER SHIFT COUNTRY REPORT 2005-2015



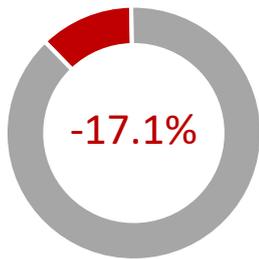
Uncle Sam's Challenged Primacy

The United States is the most powerful country in the world. This fact still remains after several years of power decline as it is widely perceived in the scientific community and beyond. The Bonn Power Shift Monitor counts a Power Score of 18.63 for the United States in 2015, which is significantly higher than the Chinese score of 12.42 and more than three times higher than that of the third ranked United Kingdom (5.16). However, the United States has suffered grave losses of global shares illustrated by the most negative Power Shift Rate (-3.84) among the Individual G20 states. In other words, the United States has lost more than 17 percent of its power base since 2005. This iterates the widespread notion of a global power shift that leads to at least a bipolar world order with China as the rising Asian pole on the other front.

Having said that, the BPSM also notes that the relative decline cannot be equated to a decay as the United States boasts a significantly higher country growth rate (CC +20.96) than other industrialized powers such as Germany, Canada, Great Britain, France,

Japan or Italy. Nevertheless, the White House cannot rest on its reputation as a global leader as it is challenged in domains where the US traditionally enjoys a pre-eminent position, particularly in knowledge and innovation.

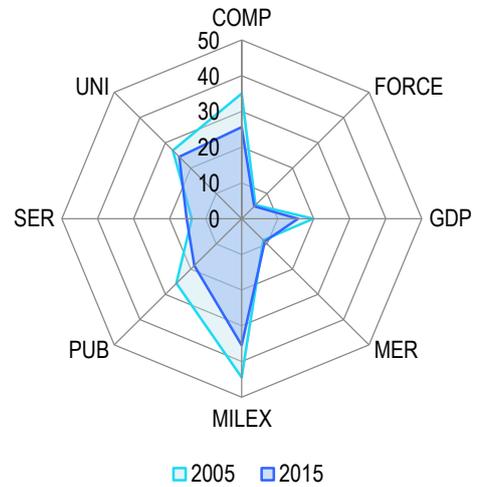
Power Shift 2005-2015



Military Hegemon

The United States has repeatedly been crowned the strongest military power in the world. Yet the Bonn Power Shift Monitor raises concerns about the sustainability of this assessment due to a significant reduction in absolute and relative figures in the hard power categories military spending and armed troops. Washington certainly dedicates by far the most resources compared to other countries. Even in 2015, the US alone accounted for more than one third of global spending. Committing \$596 billion for its military in 2015, Washington emphasized its hard power lead compared to a second placed China with a volume of \$214 billion. Nevertheless, in 2005, the US proportion was significantly higher: it accounted for more than 44 percent of the global volume with a

USA's Global Shares



budget of around \$611 billion. Thus, the BPSM notes a more than nine percentage point loss of relative weight (MC).

In general, military expenditures were on the rise between 2005 and 2010, when they peaked at around \$759 billion. Comparing the 2015 level to this peak, defense spending was cut by more than one fourth. The budget is thus hardly keeping up with Washington's numerous missions around the globe.¹

The armed forces category further questions the notion of US hard power superiority as it only commands the fourth largest number of troops on the list. China, India and Russia presented larger armies in 2015 - China and India having even more than twice as many troops as the US. The White House employs more than 1.3 million armed forces personnel constrained by its population size. The breakdown of the figures reflects the modesty of this number, as it is by far the smallest category of the US in the BPSM with less than five percent of the global volume. The challenged military hegemony is further illustrated by two facts: firstly, Russia only recently surpassed the American force size in 2015; and secondly, the qualitative assessments of the Heritage Foundation warn against declining military capabilities and even assess the US military power as overall "weak".² As President Trump has promised greater resources for military modernization, the BPSM expects a greater emphasis on military buildup in the coming years.

Shifting Leverage

In economic terms, the competitive pressure between Washington and Beijing has heightened over the years. In two catego-

¹ Vörös 2016: 4

² The Heritage Foundation 2015; 2018: 21

ries, GDP (PPP) and merchandise exports, China managed to surpass the US during the review period, whereas Washington expanded its lead in service exports. Many observers have interpreted the 2008 financial crash as the beginning of an American decline. While the BPSM notes a drop in the corresponding categories, it does in no way confirm the view of decay, but detects an ever-flourishing US economy. In relative terms, however, the plus in merchandise (MC +0.56 percentage points) and service trade (MC +1.43 percentage points) did not compensate for the decreased share in GDP (MC -4.3 percentage points) that emphasize again shifting leverage in international affairs.

When China surpassed the United States in GDP (PPP) measures in 2015, the question of declining a US primacy was reinforced. Despite grave losses in international weight, the US economy grew by more than one third over the period of inquiry. The US rate after 2009 was considerably higher than that of Japan (rank 4 of GDP) or Germany (rank 5) stressing its remarkable recuperation from the financial crisis in contrast to portrayals of decline. Up to today, Washington profits from the dollar's role as the world's predominant reserve currency, its vast natural resources and skilled labor underscoring unique hard, soft and structural power advantages.³ This is stressed by the relative and absolute extension of merchandise and service export figures.

The first grew by more than two thirds over the period of observation to an export volume of \$1.5 trillion. From 2005 to 2008, Germany was the world's export champion in merchandises. It was first surpassed by China in 2009 and then by the United States in 2010. Since then, Washington has managed to outsell its NATO-partner and has stayed significantly ahead of its trading volume. This reflects the competitiveness of the US economy in comparison to other fully-fledged industrialized countries. While that already hints at US key strengths, the service exports category points to its leverage in a globalized, knowledge-intensive world. Though the illustration of US global shares would not call for optimism, the examination of this category's plus clearly does. Over the research period, the United States more than doubled its service exports volume and also increased its leadership in relative terms. It exported double the volume than second placed Great Britain (\$351 billion), so that the United States has stayed the world's principal provider of diverse services. As usually compared to China, the United States traded more than three times more services than the Asian riser – stressing a strong structural advantage in human capabilities.

Frontrunner in Innovation

All three categories of innovation and structural hubs underline the primacy of the United States. Silicon Valley is an unrivalled global center of technology innovation and development – a symbol for an extraordinary combination of innovative soft, hard

and structural power in the US. Being the nucleus of international business and knowledge networks is outlined by its pre-eminent position in the categories of top companies and universities. Nonetheless, Washington suffered great losses in both rankings. The company's category is of particular importance as it fields the greatest drop in relative and absolute figures: Washington lost more than a quarter of its global Fortune 500 businesses over the review period. Nevertheless, with 128 companies, the country had 30 more entries than China in 2015. Being home to global leaders such as Apple, Microsoft and Google exemplifies the dominant position of the United States in a technology driven global economy.

Similarly, US universities are not only educational hubs, but international brands that educate the world elite and attract the best brains around the globe. In this category, the BPSM similarly notes the US leading position with 49 elite institutes, but also records a negative, though irregular trend as Washington presents five less top universities in 2015 than in 2005. Nonetheless, it has significantly more leading universities than any other G20 state. In 2015, the US had 19 entries more than second-ranked United Kingdom and an even greater distance to Germany (11 top universities) or China (7). Among the top 10 faculties of the QS ranking, five are based in the United States alone. The Massachusetts Institute of Technology – MIT (1), Harvard University (2) or Stanford University (3) symbolize the global fame of US universities as leaders in research and education.

This is corroborated by the fact that US scientists publish more scientific articles than any other scientific community. The BPSM notes a strong shift in relative terms as the United States lost shares due to an enormous publication boost by Chinese researchers. On



³ Lieber 2012: 89

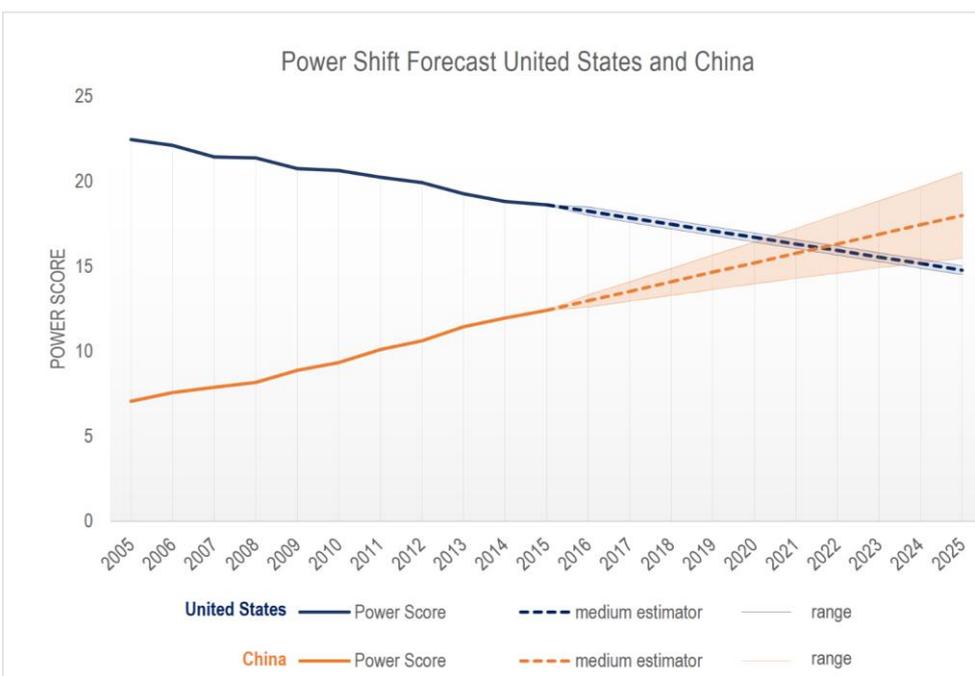
the one hand, this iterates the leading edge of the US in knowledge production and global dissemination. Having said that, the rapid development of China's scientific capabilities illustrates a qualitative catch-up process which was previously unrecognized. Publishing more than 411,000 research papers in 2015 (17.8 percent of the global volume), China came close to the US output of more than 429,000 (18.6 percent). This underlines a narrowing gap between these two major knowledge powers and becomes even more significant as the countries ranked next lag far behind that level. India, in third place in this category, reaches only slightly more than one fourth of the US' publication level. Washington thus stays at the forefront of cutting-edge science, technology and innovation⁴ which is the foundation for its leading position as well as unique soft, hard and structural power capabilities in a globalized economy.

The Heart of Global Networks

Writings about the shift of US international power tend either to be overly optimistic by overemphasizing its dominant position or too pessimistic by stressing relative losses due to rising powers, most prominently China. The BPSM concludes that the United States clearly is the heart of global networks, particularly in education and technological innovation which are key components of the knowledge-intensive global economy. Nevertheless, the primacy of the United States is shrinking as it is already surpassed by its main competitor China in some areas. It is oftentimes argued that China's power rise stays behind the American lead especially in qualitative regards of human capabilities and wealth. The BPSM, however, finds the US advantage in these terms particularly challenged as China has not only expanded its economy, but

also its living standards as access to education and wealth for broad sections of the population have increased.

The US is the current world leader in hard, soft and structural terms, its military is rated the strongest of the world, Hollywood remains the core factory of American dreams and ideas disseminated around the globe and its brands in business and education remain renowned hubs. However, the data shows a diminishing US dominance. Its current primacy is built upon its core position in international regimes and networks best exemplified by the dollar or NATO. Yet its increasing abandonment of multilateral diplomacy, which originally accelerated the US hegemony, in addition to a volatile foreign policy prompts challenges to its traditional partners that may further affect the White House's weight in international affairs. As the leader of the free world, Washington has enjoyed and worked hard for its current achievements in the global system. This is clearly visible in the United States leading position in five out of the eight BPSM categories. However, if we extrapolate the current trend based on BPSM figures, it seems likely that Beijing will catch up with Washington's level of power in the early 2020s. The forecast challenges statements of renowned scientists like Joseph Nye, who predicted that the US will remain more powerful than any single state in the coming decades.⁵ With China's growth slowing down and the US boasting solid growth rates, it remains to be seen if the global order will stabilize at some sort of bipolarity or move away from the power structures we know and currently live in.



The forecast extrapolates the BPSM Power Scores of the United States and the People's Republic of China. The medium estimator gives the average power development of both countries on a ceteris paribus basis of linear projection. The illustrated range is according to the upper and lower confidence limits. In other words, the range displays the highest and lowest possible projected Power Score for each country. In the case of the upper range, China will catch up with the United States by 2020, around mid-2021 according to the medium estimator, and by 2024 according to the lowest range. As with all projected figures, this power estimation should be taken with some caution.

⁴ OECD 2016: 1

⁵ Nye 2010: 12

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Indicator	Country Data: United States			2005		2015		2005/15		2005/15	
	Code	Unit	Source	total	CS	total	CS	ICR	MC	CC	PSR
GDP	GDP	PPP; current int. Dollar	World Bank	13.09 trillion	19.95	18.04 trillion	15.65	37.75	-4.30	20.96	-3.84
Merchandise exports	MER	Total, current USD	World Bank	901.08 billion	8.52	1.50 trillion	9.07	67.01	0.56		
Service exports	SER	Total, current USD	World Bank	373.00 billion	13.86	750.86 billion	15.29	101.30	1.43		
Armed Forces	FORCE	Total number of personnel	World Bank	1,546,000	5.42	1,347,300	4.91	-12.85	-0.51		
Military Spending	MILEX	Constant 2015 USD m	Stockholm Institute for Peace Research	610,898	44.45	596,010	35.44	-2.44	-9.02		
Top Companies	COMP	Total of Top 500	Fortune	175	35.00	128	25.60	-26.86	-9.40		
Top Universities	UNI	Total of Top 200	QS World University Ranking	54	27.00	49	24.50	-9.26	-2.50		
Publications	PUB	Number of S&E Articles	National Science Foundation	379,701.30	25.63	429,139.00	18.61	13.02	-7.02		

Red numbers consist of uncertain estimates or a BPSM input if the start value equates zero; Figures in blue are SIPRI estimates.
 CS: Country Share in percent of the world's total; ICR: Indicator Change Rate in percent between two point in time; MC: Market Change, measures the difference of a country's share between two points in time in percent; CC: Rate of Country Change, gives the average of country shares; PSR: Power Shift Rate, difference between the Power Scores of two point in time / average of all market change rates.