

The Decline of US Power

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Introduction

Debate about the decline of United States power has recurred after the Vietnam War, the oil shocks of the 1970s, Japan's rise, the end of the Cold War, the 2008 financial crisis, the wars in Afghanistan and Iraq, and the expansion of China. The term "decline" requires precision because a country can lose relative advantage while continuing to grow in absolute capacity. In 2025, the United States remained the world's largest economy in current-dollar terms at roughly \$30.8 trillion, while China's economy was about \$19.5 trillion, illustrating both continued U.S. scale and the narrowing gap with a major competitor (World Bank, 2026). Military spending shows a similar pattern: the United States remained the largest spender in 2025, but China, Russia, and European states also expanded defense expenditure substantially (SIPRI, 2026). These figures do not by themselves prove either decline or continued hegemony. American power is multidimensional, combining economic output, military reach, alliances, finance, technology, geography, institutions, and cultural influence. A careful analysis therefore examines how these resources are changing relative to other actors and how effectively they translate into desired international outcomes.

Absolute Power and Relative Position

Absolute decline occurs when a state's productive capacity, institutional quality, military effectiveness, or other capabilities deteriorate in real terms. Relative decline occurs when the state continues to grow but competitors grow faster or gain influence in areas where it once faced little challenge. The distinction is important because the extraordinary U.S. position after 1945 resulted partly from the destruction of industrial competitors during the Second World War. As Europe and Japan recovered, the American share of world output naturally fell even while U.S. prosperity increased. The post-Cold War period created another unusual moment in which no peer competitor matched the United States across military, financial, technological, and alliance networks (Wohlforth, 1999). Current conditions are more competitive. China possesses major economic and manufacturing scale, India and other middle powers have greater diplomatic agency, and European allies seek more autonomous capacity. These changes can reduce Washington's freedom to dictate outcomes without implying that the United States has become weak. Decline is therefore better analyzed as a changing distribution of capabilities and bargaining power than as a simple movement from strength to weakness.

Military Reach and the Limits of Force

The United States retains extensive military capabilities, including nuclear forces, global logistics, intelligence networks, satellites, advanced aircraft, naval power, overseas bases, and long-standing alliances. SIPRI estimated U.S. military expenditure at approximately \$954 billion in 2025, about one-third of global spending, while China spent an estimated \$336 billion (SIPRI, 2026). Expenditure, however, does not guarantee political success. Vietnam, Afghanistan, and Iraq demonstrated that superior military capacity can remove governments or defeat conventional forces without necessarily producing stable political settlements at acceptable long-term cost. Contemporary competition also places greater emphasis on drones, missiles, cyber operations, electronic warfare, industrial capacity, and munitions production. China can concentrate forces near its own coastline, while the United States must support commitments across Europe, the Indo-Pacific, and the Middle East. These constraints show the difference between possessing military resources and converting them into sustainable political outcomes. They also highlight why alliances and local legitimacy matter. A military balance cannot be understood solely through defense budgets or weapons inventories because geography, objectives, escalation risks, industrial replacement capacity, and partner support shape what force can achieve.

Economic Scale, Debt, and Financial Power

Economic influence remains a major source of U.S. power, but it contains both enduring strengths and important constraints. The American economy combines a large consumer market, high-value services, advanced technology firms, deep capital markets, energy production, and research institutions. At the same time, persistent federal deficits, rising interest costs, infrastructure needs, inequality, and supply-chain dependence can limit fiscal and political flexibility. Debt should not be interpreted in the same way as household borrowing because the U.S. government issues liabilities in its own currency and operates within exceptionally deep financial markets, yet sustained interest costs can compete with other public priorities. The dollar provides an additional structural advantage. International Monetary Fund reserve data for the second quarter of 2026 placed the dollar at about 56.7 percent of allocated foreign-exchange reserves, far ahead of any single alternative currency (International Monetary Fund, 2026). That share has declined over the long term, but reserve diversification has been gradual. Dollar influence therefore remains substantial while also depending on investor confidence, institutional stability, market liquidity, and the continued attractiveness of U.S. financial assets.

Technology, Manufacturing, and Human Capital

Technological capacity complicates simple narratives of decline because the United States remains influential in artificial intelligence, software, aerospace, biotechnology, advanced research,

semiconductor design, and venture finance, while competitors lead or challenge it in other areas. China has achieved major scale in electric vehicles, batteries, solar manufacturing, telecommunications equipment, and many industrial supply chains. These patterns show that innovation and manufacturing are distinct sources of power. A country can lead in scientific discovery or high-value design while depending on overseas production for critical components. Research universities and immigration have historically strengthened U.S. innovation by attracting scientists, engineers, students, and entrepreneurs, while domestic education, infrastructure, energy systems, and industrial investment affect whether discoveries translate into broad productivity. Beckley (2018) argues that national power should be assessed through net resources and the costs states face in generating capabilities rather than gross economic indicators alone. Competing interpretations therefore focus not only on which country produces more of a particular technology, but also on institutional adaptability, skilled labor, supply resilience, and the ability to commercialize innovation across civilian and military sectors.

Alliances, Institutions, and Middle-Power Agency

The alliance network built after 1945 remains a distinctive American resource. NATO, bilateral alliances in Asia, intelligence partnerships, and security relationships provide basing, interoperability, diplomatic support, and shared military capacity that cannot be captured by national spending figures alone. Ikenberry (2011) argues that institutions helped convert U.S. material power into a more durable order by giving partners predictable rules and a stake in cooperation. At the same time, allies increasingly pursue their own interests and may disagree with Washington over trade, defense burdens, climate policy, regional conflicts, or relations with China. Middle powers such as India, Brazil, Turkey, Saudi Arabia, Indonesia, South Africa, and the United Arab Emirates often cooperate with different major powers on different issues rather than align permanently with one bloc. This makes international leadership more negotiated and issue-specific. Greater autonomy among partners can be interpreted either as erosion of American dominance or as evidence of a more plural international system in which alliances continue but obedience cannot be assumed. The practical significance depends on whether cooperation persists on issues where interests overlap.

Soft Power, Credibility, and Domestic Foundations

Soft power refers to influence gained through attraction, legitimacy, culture, values, and institutions rather than direct coercion or payment (Nye, 2015). American universities, entertainment, technology, philanthropy, civil society, and the English-language information environment continue to generate broad international influence. Reputation can nevertheless change quickly when foreign policy, domestic polarization, racial conflict, migration policy, or treatment of international law appears inconsistent with stated principles. Soft power is therefore not a permanent national asset that exists independently of policy. Domestic institutional performance also affects external credibility. Political polarization, contested elections, infrastructure problems, inequality, public-health

failures, or inability to sustain long-term commitments can make partners uncertain about whether policies will survive changes in administration. Conversely, scientific achievement, economic opportunity, cultural openness, and reliable alliances can strengthen attraction. The interaction between domestic and foreign power is important because resources abroad ultimately depend on fiscal capacity, social cohesion, institutional trust, and political willingness at home. A state may possess substantial material capabilities while finding them harder to mobilize when domestic consensus is weak or objectives are unclear.

Conclusion

The question of U.S. decline has no useful answer unless the type of power and the comparison point are specified. Relative to the unusually dominant position of 1945 or the unipolar moment after the Soviet collapse, the United States now operates in a more competitive environment with stronger rivals, more autonomous partners, and greater constraints on unilateral action. At the same time, current data show continued advantages in economic scale, military expenditure, global finance, alliances, research, and technology (World Bank, 2026; SIPRI, 2026; International Monetary Fund, 2026). These conditions support different interpretations. Some analysts emphasize erosion of relative dominance, while others stress the depth and diversity of American resources and the weaknesses faced by competitors. Military failures also demonstrate that material superiority does not guarantee political results, while alliance networks show that influence cannot be measured through national capabilities alone. The most accurate assessment is therefore descriptive rather than predictive: U.S. power is being exercised within a more plural distribution of capabilities, and its future international position will depend on how domestic institutions, economic resources, technological capacity, alliances, and policy choices interact over time.

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