

IS THE AMERICAN CENTURY OVER?

JOSEPH S. NYE, JR.

“The future of American power is the great question of our century. No one is better equipped than Joe Nye to answer it.”

**Lt. Gen. Brent Scowcroft, USAF (ret.) former
Presidential National Security Advisor**

“This calm, reflective, and thoughtful antidote to alarm about American decline displays Nye’s astonishing capacity to engage with the full range of challenges to American leadership.”

Michael Ignatieff, Harvard Kennedy School

“In this timely, compact book, Joe Nye makes a ‘powerful’ case for the continuation of American primacy through diplomacy and cooperation. This strategy would not be overstretch or retrenchment but instead the application of American exceptionalism to shrewd power.”

**Robert B. Zoellick, former President of the World Bank Group,
US Trade Representative, and US Deputy Secretary of State**

“The irreversibility of American decline is no longer a given. Joe Nye’s compelling analysis shows that the future of the international order, and the respective roles of the US and China within it, will be shaped by a range of core domestic and foreign policy choices, rather than by some overwhelming, determinist, historical force that has somehow already decided the ‘natural’ dimensions, depth, and duration of American power. The history of nations, as Joe Nye rightly asserts, is a more dynamic process than that.”

Kevin Rudd, former Prime Minister of Australia

“Joe Nye is always worth reading – objective without being aloof, insightful without lecturing. Our disordered world needs answers to the challenges posed here.”

David Miliband, UK Foreign Secretary 2007–10

“Nye’s masterful analysis shows the defenders of America’s continued primacy how to make their most credible case while forcing the declinists to engage with its arguments, and even rethink their assumptions.”

**Amitav Acharya, American University, and author of
*The End of American World Order***

“In this tour de force, Joe Nye proves that smart books about big ideas are best served in small packages: and if you are looking for one volume to read on a topic about which so much nonsense has been written since the disaster that was the Bush administration, this is the one to go for. Balanced, accessible, informed – but above all, wise – Nye demonstrates once more why he continues to influence the way we all think about the world.”

Michael Cox, LSE IDEAS

“Joe Nye’s clear-eyed analysis makes a very compelling case that the ‘American century’ is far from over, even though, with a less preponderant America and a more complex world, its next chapter will look different. It’s not the sexiest argument. But utterly convincing.”

**Wolfgang Ischinger, Chairman of the Munich Security
Conference and former German Ambassador to the US**

“With his usual clarity and insight, Joe Nye gives us a fascinating analysis of the complexities of power, exploring hard and soft power, state and non-state actors, and how to retain leadership once domination is over. European readers have much to learn from the US experience and its lessons for the evolution of the EU.”

**Mario Monti, Prime Minister of Italy (2011–13) and
President of Bocconi University**

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Joseph S. Nye Jr.

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The Creation of the American Century

Is the American century over? Many seem to think so. In recent years, polls showed that in 15 of 22 countries surveyed, most respondents said that China either will replace or has already replaced the United States as the world's leading power. A Pew poll in 2014 found only 28 percent of Americans thought their country "stands above all others" compared to 38 percent in 2011. Yet perhaps, as Mark Twain famously quipped, "reports of my death have been greatly exaggerated."

After American independence in the eighteenth century, the British politician Horace Walpole lamented that Britain had been reduced to the level of Sardinia. In fact, Britain was about to be transformed by the industrial revolution that created its second century as a global power. In the mid-1980s, an MIT economist asked why, if the British empire

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had lasted two centuries, “are we slipping after about 50 years?”¹ On the eve of the collapse of the Soviet Union that left the United States as the world’s only superpower, best-selling books compared the US situation to the decline of Phillip II’s Spain. And after the United States became the sole superpower in a unipolar world, a leading political scientist predicted it would quickly come to an end.² With such cautionary examples, we need to keep humility in mind as we try to answer the question in our title.

When did the century start?

First, we need to be clear about what we mean by “the American century.” When did it start? One possible date would be the end of the nineteenth century when the United States became the world’s largest industrial power. As the twentieth century began, the United States accounted for nearly a quarter of the world’s economy and this was still true on the eve of World War II.³ Because that war devastated all the major economies at the same time that it strengthened the American economy, the United States represented nearly half the world economy in the immediate postwar period.

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Gradually, as other economies recovered and grew, partly as the result of American policies, the abnormal American share returned to its pre-war portion of roughly a quarter of the world economy, where it remained for the rest of the century. But this “return to normal” meant a reduction in America’s share of the world economy from 1945 to 1970, leading to perceptions of American decline.

If one defines it in terms of being the country with the largest economy, the American century roughly coincides with the twentieth century, reaching its peak in mid-century, and it will end in the next decade or so when analysts expect China to pass the United States as the world’s largest economy. Using an adjustment called “purchasing power parity,” a unit of the World Bank believes that China has already passed the United States in total gross domestic product (GDP).⁴ Other projections measuring economies at the exchange rate of their currencies suggest that China will be the world’s largest economy within a decade. Does that mean we are about to see the end of the American century?

Not necessarily. Power is the ability to affect others to get the outcomes one wants, and there are three ways to do that: by coercion (sticks); by payments (carrots); and by attraction or persuasion. Sticks and carrots are forms of hard power;

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attraction and persuasion are called soft power. All these dimensions of power are important, and that is why economic power alone should not be used to define the American century. For example, when the United States became the largest economy at the end of the nineteenth century, it was not regarded as a major player in the global balance of power until Presidents Theodore Roosevelt and Woodrow Wilson invested some of that economic power into military resources. Moreover, even when a country has major power resources, it may have a poor power conversion capability, as the United States demonstrated in the 1930s when it had the largest economy but followed an isolationist policy. So when China passes the United States in total economic size, we will not automatically be witnessing the end of the American century if we consider all three dimensions of economic, military, and soft power. (Moreover, as we will see below, the total size of GDP is only one aspect of economic power.)

A more useful way of defining and dating the American century is not only in terms of power resources, but also in terms of the ways in which the United States used those resources to affect the global balance of power.⁵ In the nineteenth century, the Americans used their economic power to trade with the rest of the world, but played a small role