

# Power and the Rise and Fall of Nations

by George Friedman - May 4, 2020

Last week, I appeared on a Turkish TV station and spoke to a business group in Switzerland. The same question was the focus of both events: As a result of the coronavirus crisis, will China replace the U.S. as the leading power in the international system? It was a baffling question from my standpoint but the fact that two intelligent groups would raise it means it has to be understood or, if that is not possible, at least dissected.

## Perception vs. Reality

This is not a new question for me. The United States has long been regarded as the leading power and compared to other rising powers. With some regularity, public opinion, in the United States and elsewhere, came to the conclusion the U.S. was in decline and was being surpassed by a challenger, sometimes economically, sometimes militarily and sometimes covertly.

In the 1950s, there was a McCarthyite element in saying that the U.S. was in decline and the Soviets were overtaking it. When the Soviets launched Sputnik and sent Yuri Gagarin into space, many around the world were convinced of the Soviets' superiority, and many in the United States felt panic over the lack of emphasis on science education. When the United States was defeated in Vietnam, many, including senior American analysts, concluded that the U.S. was in retreat. When Nixon was forced from office, this suspicion became certainty. As for China, the sense that it would surpass the United States economically was broadly accepted by the late 1990s and early 2000s. China's growth rate was high because it was preceded by the Maoist disaster. Extrapolated on this basis, China's gross domestic product was poised to surpass the combined GDP of the rest of the world, starting with the U.S.

For much of the world, the decline of the United States was desired to clear the way for their own emergence. In other cases, it was schadenfreude. In yet other cases, it was the bitterness of once great nations that were replaced by a nation they regarded as clearly unworthy of leadership. The United States was the center of the global system, and the hope that it would fail resulted in regarding every failure as a portent of an American collapse. Similar hopes enfolded Alexandrian Greece, Rome, Britain and the Ottoman Empire. Each misstep or misfortune was seized upon as evidence that their fall was imminent. In due course, all these empires collapsed but not for many centuries. The anticipation did not arise from dispassionate analysis but from hope. How could

Rome possibly survive Hannibal or the Soviet Union Hitler's assault?

The public perception of power is rooted in events that might have little to do with power. The reality of power can be simply defined as the ability to compel others to act according to your wishes, even against their own interests. This is a complex equation. On one side is a definition of how nations might compel behavior. On the other side is the evaluation by the object of power as to whether the pain of resistance or the pain of capitulation is greater. These can only be understood in the details: the nations involved, what is being asked of them, the intensity of the pain and so on.

But the general instruments of power can be readily understood. There is military power, which is ultimately the threat or reality of death and physical destruction. There is then economic power, which is the pain that can be inflicted by a wide range of economic actions, such as withholding needed products or manipulating currency. This type of power does not inflict death, but it constrains lives by threatening to inflict poverty or lower standards of living. The third type of power is political. It is the manipulation of the political system or public opinion in a country by the threat or application of military force, the imposition of economic pain, or the creation of a sense of reality that causes the public to react in ways that weaken the nation. Power is not simply the ability to coerce; sometimes it involves the use of incentives. Either can compel changes in action.

Power does not have to be explicit. The Soviet space program gave the Soviets influence by opening the door to the possibility that Soviet power will at some point in the not-distant-future overawe American power. That perception, which in retrospect was preposterous, was in the short run very real. Nations that had discounted Soviet military power relative to U.S. military power had to reevaluate their position and be open to Soviet wishes. Even if not a direct use of power, the Sputnik-Gagarin event generated a potential shift of power that caused some nations to alter their relationships. Power in all its dimensions is subtler than the direct use of force or economic power.

The fourth type of power is the management of perceptions. The Soviet Union collapsed in 1991. Seventeen years later, in 2008, Russia went to war with Georgia. This conflict did not reverse the catastrophic collapse of the Soviet Union; its causes were still there. But Russia could not afford to be seen as weak. The Georgian war did not significantly shift Russia's relative power, but it shifted the perception of Russian power. Similarly, the intrusion into Syria did little to enhance Russian power, but it generated a perception of greater Russian power. The direct application of power – military power in this case – is not necessary to change perceptions. Since Russia's actions were more propaganda than military achievement, the use of propaganda (now called hybrid warfare for some reason) can in some instances create useful perceptions without the application of real power.

### **China vs. the U.S.**

This brings us back to the beginning, and the idea that China will or is replacing the United States as the leading global power. Militarily, the United States controls the Atlantic and the Pacific oceans. China controls neither. From a military point of view, it can use missiles and trigger a nuclear exchange, but it has a limited navy and a vulnerable missile force. China is, therefore, not even close to being a global power.

Economically, the United States' GDP prior to the coronavirus was \$21 trillion. China's was \$14 trillion. Both economies have obviously contracted, but there is no evidence that the contractions will materially transform the gap between them. Roughly 19 percent of China's GDP comes from exports, about 5 percent of which are destined for the United States. Roughly 13 percent of the United States' GDP comes from exports, about half of which are destined for North America and only half of one percent of which go to China. China has a much larger population than the U.S., so its per capita income is much lower than the United States'. This means that the impact of an economic contraction on standards of living will be much greater in the U.S., where the cushion is larger, than in China.

In terms of political power, China has maneuvered itself into a dangerous position. It has failed to defuse U.S. suspicions of Chinese behavior and intentions. In addition, it has not managed trade negotiations with the U.S. successfully. This means that China has permitted economic and military tensions with its single-most important customer to increase. At a time of economic contraction when U.S. imports will decline, China faces disproportionate threats because of its dependence on exporting.

China's strong suit is dependence on a supply chain that relies on cheap labor. But the coronavirus

has demonstrated to the businesses that created the supply chain that excessive dependence on any one country, as is the case for the U.S. pharmaceutical industry, can destroy a company. The crisis has turned this into a weakness, rather than a strength, as American businesses shift their supply chains away from China. In some cases, this is not a complex or costly thing to do.

China focuses on perception to compensate for weakness. Strange ideas like building an overland transportation system to Europe (i.e., the Belt and Road Initiative) are aimed at demonstrating a nation's capability. Showering loans on countries does the same, even when the loans don't fully materialize. At relatively low cost, China positions itself as a financial power. Similarly, U.S. military movements in the South China Sea are meant not to exercise U.S. power but to create the perception of robust naval power.

## **Wishful Thinking**

China is economically and militarily much weaker than the United States. But its manipulation of the perception of its power is skillful, sufficiently so that the Turks and the Europeans tend to see the coronavirus as a transit to Chinese power. It is said that perception is reality. It really isn't. At a certain point, the pretense of power leads an adversary to believe in that power, and that can lead to an economic, political or military conflict that the perceived power can't win. Perception warfare is good for buying time. But carried out too long, the perception warrior is believed, feared and engaged.

Now that we are in the midst of the coronavirus crisis, the U.S. has flooded the country with stimulus money, and that will have consequences. So will the contraction of the Chinese economy, along with political concern internally over the trustworthiness of the Chinese government when it really matters. While it will take several years for both countries to recover, the idea that the crisis has opened the door to Chinese domination is strange, or perhaps wishful thinking. The pain is real, but the order of things is robust.

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