THE DECLINE OF THE AMERICAN EMPIRE

A STRUCTURAL ANALYSIS OF A POWER AT A TURNING POINT IN HISTORY

WRITTEN BY

NOOSOPHY AI

UNDER THE DIRECTION OF

HIERONYMUS ANONYMUS

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Note on Generation and Editorial Responsibility

This book was developed through a collaboration between Hieronymus Anonymus and Noosophy AI. Hieronymus Anonymus initiated the project, set its object and finalities, arbitrated orientations, reread, corrected, and validated the manuscript. Noosophy AI contributed to documentary research, structuring, drafting, comparison of arguments, coherence audits, and editing. The text is therefore neither a raw model output nor a human text merely corrected by AI: it results from an iterative process of generation, criticism, verification, and human validation. Decisions of finality, validation, and publication remain human.

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What Does "American Empire" Actually Mean?

PART I - Building Power

The title of this book contains its own trap. "The Decline of the American Empire" sounds like a conclusion before the argument has begun. Yet empire is doing too much work in contemporary debate. Historians use it for conquered territory and colonial rule; political theorists for durable hierarchies of control; international-relations scholars for relations of domination; polemicists sometimes for little more than overwhelming power. If the same word covers all of these, it stops distinguishing the very things this book needs to measure.

The United States undeniably has an imperial history. By the end of the nineteenth century it had annexed territory, governed colonial possessions, and exercised direct authority over populations that did not enjoy full sovereignty. The Treaty of Paris transferred Puerto Rico, Guam, and the Philippines to the United States in 1898; Hawaii was annexed that year as well.[1] That history makes it impossible to dismiss empire as a category that simply does not apply to the United States. It still leaves the harder question open: was the order built around American power after 1945 an empire in the same sense—or was it something else?

Two shortcuts would make the answer easy and mostly useless. One calls every large asymmetry imperial: bases, a dominant currency, dependent allies, superior economic power. That bundles together relationships that work through very different mechanisms. A military occupation is not the same thing as an alliance entered into by two governments; widespread use of the dollar is not the same thing as colonial administration. If all four count as empire in the same sense, the category tells us little about how power actually works.

The opposite shortcut is to rule empire out because the United States is a constitutional republic, holds competitive elections, and never built a colonial ministry on the European model. That confuses the form of government at the center with the form of power exercised beyond it. Democracies can dominate other societies imperially; authoritarian states can maintain external relationships that are not imperial. What matters is not the label a state gives itself, but the degree of control it can exercise over the essential choices of others.

Chapter 1 therefore sets a threshold rather than a verdict. The rest of the book will treat "American Empire" as a hypothesis to test, not a description to repeat. The United States can exercise imperial power without every relationship around it being imperial.

What "empire" Has to Explain

A great power has large resources: population, wealth, armed forces, diplomatic reach, technology, territory, financial capacity. A superpower can project those resources far beyond its own region. Both labels describe capacity—how much a state can do. They do not yet tell us what kind of relationship that power creates when it is used.

Hegemony answers a different question. A hegemonic state has enough preponderance to shape the rules, institutions, expectations, and incentives of a wider system. It may provide security, set standards, structure markets, impose costs, and build institutions that other states choose to join. Hegemony can be coercive. What it does not necessarily require is the loss of another state's effective sovereignty.

Empire sets a higher threshold. In Empires, Michael W. Doyle defines it around effective political control: one political society exercises control over another.[2] An emperor or formal annexation is not required. The decisive issue is whether the subordinate society loses durable control over choices central to its own political life.

That threshold keeps two different mistakes apart. Inequality alone is not empire: the weaker state may still be able to refuse, bargain, or change course on major questions. But legal independence does not settle the issue either. A country can keep its flag, constitution, government, and diplomatic representation while outside power sharply limits the choices that matter most.

Formal empire is the clearest case: annexation, colony, protectorate, direct administration. Sovereignty is legally subordinated. The center does not merely influence the territory; it holds superior authority over it.

Informal empire is harder to identify because the legal shell of sovereignty remains. Governments and domestic institutions still exist, but outside power may sharply narrow real autonomy through financial control, military constraints, sanctions, intervention, support for local elites, regime change, or highly unequal institutional arrangements. The term is useful only if the threshold stays demanding. If "informal empire" means nothing more than strong influence, it adds nothing to the concept of hegemony.

The practical threshold is effective sovereignty. A base, a treaty, or a dominant currency proves very little by itself. The harder questions are which decisions an outside power can shape, how intensely, for how long, and whether refusal or exit remains genuinely possible. A relationship becomes imperial when durable, asymmetric control substantially reduces another political society's ability to decide its own essential affairs.

That means there is no single, uniform "American Empire" to measure. The unit of analysis is the relationship. At the same moment, the United States can be a global superpower, a hegemon inside certain institutions, an imperial power in particular territories, and an influential partner elsewhere. Those roles can coexist. They cannot be treated as interchangeable.

When U.S. Power Was Actually Imperial

Start with 1898. The Spanish-American War did more than raise U.S. military prestige; it changed the country's territorial status. Spain ceded Puerto Rico, Guam, and the Philippines, while Hawaii was annexed that same year. The State Department's Office of the Historian describes 1898 as the moment the United States emerged as a Pacific power with a new position in the Caribbean.[3] Whatever one thinks of the post-1945 order, this episode fits the historical vocabulary of empire without strain.

The Philippines make the colonial dimension unmistakable. Sovereignty did not pass into a merely unequal alliance. An outside power claimed political authority over an archipelago where a substantial part of the population was fighting for independence. Calling that relationship imperial is not rhetorical inflation; it describes colonial rule.

Puerto Rico and Guam followed different legal paths and should not be collapsed into one status. Their acquisition in 1898 nevertheless establishes the narrower point needed here: the United States exercised territorial sovereignty over populations outside the political status enjoyed in the states. American history cannot be placed outside the history of empire simply by changing the vocabulary.

Latin America and the Caribbean are less uniform. Occupations, military interventions, customs or financial controls, diplomatic pressure, and support for particular governments sometimes went well beyond ordinary influence. But Cuba, Haiti, the Dominican Republic, Nicaragua, and Panama did not experience the same relationship or the same degree of autonomy. "Informal empire" can be a useful hypothesis for particular cases; it is not a regional verdict that can be applied wholesale.

Case-by-case analysis should not become a way of explaining domination away. A government may remain legally independent while debt, military presence, control of infrastructure, security dependence, or political intervention strips away much of its room to act. The absence of a colonial governor is not decisive. What matters is whether the society can still choose its leaders, foreign policy, alliances, economic policy, and security arrangements without an outside power holding a durable de facto veto.

Postwar Japan and Germany show why the category must be allowed to change over time. In 1945 both were defeated and occupied, their sovereignty sharply reduced while American or Allied authorities exercised direct power over institutions and policy. That phase requires the language of occupation and subordination. It did not last unchanged. West Germany gradually became a sovereign state inside Western institutions; Japan moved from occupation to strategic alliance. Reading the later alliance back into 1945 would be false, but so would using the coercion of 1945 to define the relationship decades later.

The same country can move from direct control to asymmetric hegemony. Empire, in other words, is not a permanent identity stamped onto a state. It describes a relationship, and relationships change.

After 1945: Empire or Hegemony?

The harder case begins after 1945. The United States emerged from World War II with an extraordinary combination of economic, military, financial, and technological power. It occupied territories, built a worldwide base network, organized alliances, sat at the center of new economic institutions, and issued the currency that became a core infrastructure of the international system. Calling this an empire is tempting because the asymmetry was real. The problem is that the relationships inside that order were not all of the same kind.

Geir Lundestad captured the paradox with the phrase "empire by invitation." Writing about U.S.–Western European relations from 1945 to 1952, he argued that expanding American influence was not simply imposed from Washington. Several European governments actively wanted deeper American economic and military involvement. The phrase keeps the asymmetry in view while refusing to erase local demand.

Lundestad's 1986 Journal of Peace Research article is careful about the claim: if the American expansion in Western Europe deserves the word empire, it was to a large extent one into which local governments invited the United States.[4] That does not turn every American presence into a freely chosen relationship. It does rule out a history in which allied societies appear only as passive objects of Washington.

Robert Keohane pushed back in 1991. He argued that empire blurred the very distinctions Lundestad was trying to illuminate, and that hegemony better described an order whose forms of power differed sharply from colonial empires or the Soviet bloc.[5] The disagreement is not over whether the United States was preponderant. It is over what kind of preponderance it exercised.

That distinction matters in practice. A European government that seeks an American guarantee against the Soviet Union, accepts aid it considers useful, keeps decision-making rights inside common institutions, and can sometimes reject Washington is not in the same position as the Philippines after 1898. Yet calling the relationship cooperation among equals would be equally false when U.S. military and financial power structures the available choices and makes some forms of refusal costly. Neither empire nor partnership can be allowed to erase the asymmetry it does not fit.

Consent does not erase hierarchy. States can choose an unequal relationship because it brings real benefits. An alliance may be genuinely desired and still give one partner disproportionate influence. A multilateral institution may embody unequal power. A currency may be used voluntarily while conferring structural advantages on its issuer. But structural advantage is still not the same thing as loss of effective sovereignty.

For much of the post-1945 order, institutionalized hegemony is the better default description. The United States stood at the center of institutions, alliances, and arrangements that magnified its power, but those structures were not simply branches of the U.S. government. Other states used them for purposes of their own, negotiated within them, and sometimes constrained Washington through them. The category keeps four facts in view at once: American power was unequal, it could be coercive, partners retained agency, and institutions could mediate power rather than merely transmit it.

None of this rules out informal empire where the evidence warrants it. A regime change imposed or heavily directed from outside, a prolonged occupation, or a degree of dependence that gives Washington effective control over a government's essential choices can cross the imperial threshold. So can an institutional arrangement that leaves sovereignty largely formal. But a military base, a treaty, or economic dependence does not prove the case on its own.

Monetary and cultural power require the same discipline. The dollar can narrow options and give the United States major structural advantages without amounting to indirect government over every society that uses it. American film, music, universities, technologies, and the global reach of English can reinforce cultural hegemony without becoming state propaganda or imperial control. Influence, attraction, dependence, coercion, and control are different relationships.

A Working Test for the Rest of the Book

For the rest of the book, empire will be a threshold concept, not a label. A relationship is imperial when one political center acquires durable, asymmetric control over choices essential to another political society and thereby substantially reduces that society's effective sovereignty. The mechanism may be direct rule, military power, institutional control, economic leverage, or political intervention. The mechanism matters, but the loss of effective self-government is the core test.

Control can be broad or narrow. A stronger state may dominate a partner's defense policy while having little say over domestic politics; it may exert severe financial pressure without controlling elections; it may station troops without dictating trade policy. Imperial power should therefore be located in the decisions actually constrained, not imagined as a substance that spreads evenly across every domain.

Intensity matters just as much. Persuasion, inducement, dependence, pressure, threat, an effective veto, intervention, and direct administration are not points on a rhetorical scale; they describe increasingly restrictive forms of power. All states operate under outside influence. The imperial threshold is crossed only when that influence becomes constraining enough that legal sovereignty no longer matches effective autonomy.

Duration changes the diagnosis. A single coercive intervention may be grave without creating a durable imperial structure. The reverse is also possible: a relationship that looks routine and relatively uncoercive day to day can produce deep subordination if, over decades, it makes certain choices practically impossible.

Institutions can make that durability concrete. Occupations, treaties, bases, command structures, monetary regimes, financial dependencies, customs arrangements, and administrative systems do not carry the same weight, but each can turn a temporary advantage into a structure that survives the immediate crisis that produced it.

The most revealing evidence often comes from refusal. Can the weaker partner reject a major demand without losing its government, access to essential resources, or its security? Can it renegotiate the relationship, diversify its alliances, or ask foreign forces to leave and actually obtain their departure? No single answer settles the case, but together they show whether autonomy exists in practice or mainly on paper.

Local actors also remain actors. Governments, parties, businesses, military organizations, elites, and social groups can invite outside involvement, negotiate its terms, resist it, exploit foreign aid, play rivals against one another, or pursue goals that do not match Washington's. Erasing that agency turns politics into a one-way mechanism. Yet local participation does not disprove domination: imperial arrangements often endure precisely because some actors inside the subordinate society benefit from them.

The argument therefore needs counterexamples as much as confirming cases. A powerful ally that can reject an important U.S. policy and remain sovereign is evidence against a maximalist definition of empire. So is an institution where Washington has more weight but cannot decide alone. Voluntary use of the dollar is not political compulsion; security cooperation sought against a third-party threat is not automatically occupation; cultural diffusion outside state direction is not imperial propaganda by default.

The reverse test matters too. Formal colonies are not the only possible form of empire. If a legally sovereign state cannot change its foreign, economic, or security policy because outside coercion makes the alternative practically impossible, hegemony may no longer be a strong enough description. That is an empirical judgment, not a matter of political identity.

This framework also prevents decline from becoming a single undifferentiated curve. Imperial control can recede while monetary hegemony survives. Military influence can weaken while technological power grows. Institutions can outlast productive superiority. A state can even retain enormous resources while losing some ability to organize the system around them. Different forms of power can move in different directions at the same time.

"The Decline of the American Empire" should therefore be read as a compressed question, not a verdict. The title earns its keep only if empire helps distinguish forms of power instead of blurring them together. If the evidence points chiefly to the relative decline of a hegemony or the transformation of an American-centered order, the analysis has to say so even if the title is less tidy than the result.

The useful question is not "Is the United States an empire?" but where, when, through which mechanisms, and to what degree it has exercised imperial control. That is not semantic hair-splitting. Decline cannot be measured until the form of power supposedly declining has been distinguished from the others around it.

The historical argument can now begin. Before asking what has weakened, we need to know how American power was built in the first place. Chapter 2 returns to the century before 1898, when a continental republic born of an anticolonial revolution accumulated the territory, population, resources, infrastructure, and state capacity that would later make overseas and global power possible.

Building a Continental Power, 1776–1898

Nothing in 1776 guaranteed that the United States would become the dominant power of the next century. The new republic had land, but it was fragile, indebted, politically experimental, and still lived in a world dominated by European states with far larger armies, navies, pools of capital, and empires. Its first strategic problem was not how to organize the world. It was whether the Union could survive, build workable institutions, and keep independence from collapsing under internal conflict or outside pressure.

That starting point matters because American power looks inevitable only in hindsight. Continental power had to be assembled. It grew out of war, territorial expansion, population movement, institutional compromise, innovation, violence, and economic change. No single element explains the result. The road to 1898 was neither a smooth story of national growth nor the execution of an imperial blueprint written in advance. It was the history of a state that enlarged its territory, survived a crisis that could have destroyed it, integrated much of that territory into a common market, and acquired the material capacity for sustained power beyond the continent.

The scale of the transformation was enormous. The first federal census counted just under four million people in 1790; by 1890, the population was nearly sixty-three million.[6] The country had not simply become larger. Its demographic, territorial, and economic dimensions had changed. But the land converted into states, farms, railroads, cities, and markets was not empty. Expansion took place across territories inhabited, claimed, governed, or used by Indigenous peoples, Mexico, other powers, and societies whose sovereignty was destroyed, displaced, or absorbed. The future base of American power was built through integration and coercion at the same time.

From Atlantic Republic to Continental State

At independence, the political and demographic center of the United States still faced the Atlantic. The first challenge was to turn a coalition of rebellious colonies into a state that could endure. The Constitution of 1787, a federal government, fiscal and financial institutions, and the growing ability to enforce common decisions gave the Union a coherence the Articles of Confederation had failed to provide. Even then, the shape of the republic remained unsettled. Debt, taxation, the Bank, federal-state relations, and foreign alignment were all subjects of intense political conflict.

The Louisiana Purchase of 1803 changed the country's possible scale almost overnight. It did not make the United States a continental power by itself: Washington acquired legal title to an immense territory it controlled only weakly. What it did was open a strategic possibility. It expanded the space available for settlement, agriculture, resource extraction, and future infrastructure while reducing the direct presence of a major European power in the continent's interior. The long-term question was whether legal possession could be turned into territory that was actually governed, settled, connected, and economically integrated.

That conversion depended on movement and force as much as administration. The Monroe Doctrine of 1823 is often read backward as an announcement of U.S. domination in the Western Hemisphere. In 1823, Washington did not possess that capacity. The doctrine was first a political claim: renewed European colonization in the Americas would be treated as a threat, and the United States claimed a special strategic interest in its regional environment. The gap between that claim and the means to enforce it remained large. The doctrine marked the definition of a strategic space before it marked control of one.

Westward expansion made the power behind those claims far more concrete. It was not a neutral process of settlement. Forced removals of Indigenous peoples, wars, imposed or violated treaties, land seizure, and the destruction of economies and ways of life were central to the country's territorial formation. The Indian Removal Act of 1830 became one of the clearest expressions of a federal policy that opened southeastern lands to white settlement through dispossession. Farther west, military, demographic, and economic pressure intensified after the Civil War. The continental United States was made through power; it did not simply fill an empty map.

The war with Mexico from 1846 to 1848 changed the scale again. The annexation of Texas, the border dispute, and the decision for war ended in the Treaty of Guadalupe Hidalgo, through which the United States acquired a vast territory including California and New Mexico.[7] The acquisition secured access to the Pacific and gave the country unusual geographic depth between two oceans. It also exposes the conquering side of expansion with unusual clarity. A republic born in revolt against a European empire was now extending its own sovereignty by force at the expense of a neighboring state and populations that had not chosen incorporation.

Was this already empire? In some relationships, the answer can be yes. Indigenous dispossession and certain forms of territorial incorporation can be analyzed as colonial or imperial rule, and the war with Mexico was plainly an expansion of sovereignty by force. But treating all continental expansion as identical to the overseas empire that followed 1898 would erase a real historical break. The point here is narrower: the geography on which later American power rested was constructed before the United States became a sustained global power.

Expansion also deepened a contradiction the map could not solve. Every new acquisition reopened the question of slavery in the territories. The larger the country became, the harder it was to preserve the political balance between slave and free states. The same territorial expansion that enlarged the future resource base of the United States also widened the conflict that would nearly destroy the Union.

Holding the Union Together: Slavery, Expansion, and Civil War

By the middle of the nineteenth century, the gravest threat to American power was internal. Slavery was not a peripheral exception inside an otherwise liberal order. It shaped a major part of the economy, political representation, social organization, and territorial expansion. Westward growth repeatedly turned the moral and political conflict over slavery into a federal crisis because every new territory threatened to alter the balance between free and slave states.

Compromise postponed the break but did not resolve it. By the 1850s, disputes over slavery and federal authority had become increasingly violent. Secession after Abraham Lincoln's election put more than constitutional doctrine at stake: it threatened the continued existence of a unified continental state. A durable Confederate victory would have divided North America into separate centers of power with different markets, resources, infrastructure, and military systems. The Civil War therefore belongs in the history of American power as much as in the history of slavery, citizenship, and democracy.

The war mobilized people, finance, railroads, factories, and public administration on a scale the federal government had never attempted. Taxation, borrowing, logistics, military organization, contracting, personnel management, and coordination between government and production all expanded. Union victory did not create the modern federal state in one stroke, but it demonstrated that the central government could raise and organize enormous resources to preserve the continental Union.

Abolition transformed the country's legal order at the same time. It destroyed the institution on which the antebellum Southern system had depended. But 1865 did not settle the conflicts the war had exposed. Reconstruction opened new struggles over citizenship, political rights, federal authority in the South, and the status of formerly enslaved people. Its retreat helped make possible a violent segregationist order that sharply limited emancipation's promises. The country emerged territorially unified, but not fully reconciled.

For the history of power, the distinction is important. Preserving the Union kept a single political framework around an enormous market, a common currency, expanding infrastructure, and the possibility of federal military mobilization. That framework helped make the rapid industrialization of the later nineteenth century possible. It coexisted, however, with profound social inequality and racial violence. State capacity and social equality are not the same thing.

The Civil War was therefore a test of whether continental scale could survive politically. Territory and resources are not power if the institutions that coordinate them fall apart. Union victory preserved the political space in which American industrialization could later operate on a continental scale. It did not make that industrialization inevitable, but it preserved one of its essential conditions.

Making a Continental Economy

After 1865, the central problem changed. The Union had survived and the state controlled an enormous territory. The next question was how to turn size into usable capacity. Over the following decades, the United States became not merely a large country but a more integrated continental economy. Connection mattered more than acreage. Roads, canals, railroads, telegraph lines, finance, cities, ports, and firms linked dispersed resources into larger systems of production and exchange.

Railroads became the most visible infrastructure of that transformation. The first transcontinental line was completed in 1869, but the larger story was the network that followed. The Library of Congress estimates that roughly 45,000 miles of track had been laid before 1871 and that another 170,000 miles were added between 1871 and 1900.[8] By century's end, several transcontinental routes connected the eastern United States to the Pacific. Rail cut transport time and cost, widened markets for farmers and manufacturers, moved coal, ore, livestock, and finished goods at scale, and turned inland cities into nodes of a national economy.

This network was never simply a private-market achievement. The federal government supported major projects with land grants and legislation, including the Pacific Railway Act. Railroad companies used those grants to raise capital and attract settlers. Economic integration, settlement, land seizure, and rail expansion therefore advanced together. The same network that built a national market also accelerated the destruction of Indigenous autonomy as settlement, commercial buffalo hunting, new towns, farming, and military presence reinforced one another.

Population growth magnified the effect. From 3.9 million people in 1790, the country reached nearly 63 million by 1890. That growth supplied workers, consumers, entrepreneurs, and potential soldiers while creating a domestic market large enough to support bigger firms. Immigration was central to the process. New arrivals worked in factories, mines, railroads, and rapidly growing cities. They also encountered discrimination, violence, exclusion, and labor conflict. The expansion of the labor force was therefore inseparable from the social and political struggles of industrialization.

Urban growth changed the scale of economic organization as well. New York had only a little more than thirty-three thousand residents in 1790; by 1890 it had more than one and a half million. Chicago, barely a major city at the beginning of the century, had already passed one million.[9] Cities concentrated labor, capital, transport, information, markets, and managerial functions. They helped make possible firms and financial institutions that could operate across the continent rather than within a single local economy.

The Library of Congress describes the post-Civil War United States as an "industrial giant."[10] The phrase fits the expansion of steel, oil, machinery, mechanized agriculture, mass production, and the new electrical industries. Existing sectors grew, new ones emerged, and firms learned to coordinate production, transportation, finance, and distribution at continental scale. Much of the organizational capacity later used for war and foreign projection was first developed to make, move, finance, and sell goods.

Industrialization, however, did not automatically produce imperialism. Productive capacity created options: a modern navy, distant deployments, overseas operations, and larger flows of capital became easier to sustain. It did not determine how those capabilities would be used. Diplomatic choices, strategic ideas, sectoral interests, domestic politics, and international opportunities shaped the outcome. Industrial growth was a condition of later projection, not a sufficient cause of it.

The reverse reduction is just as misleading. American industrialization cannot be explained as violence alone. Innovation, immigration, entrepreneurship, capital accumulation, federal institutions, financial markets, universities, education, transport networks, and domestic demand all mattered. But those mechanisms operated on territory enlarged through war, expropriation, and dispossession, and inside a society marked by severe inequality and labor conflict. American material power came from that combination, not from a single cause.

By the end of the nineteenth century, the United States looked radically different from the republic of its early decades. It had a mass population, a connected continental territory, abundant resources, heavy industry, large firms, and a national market capable of absorbing part of the shock of events abroad. It was not yet the global power of 1945. But the material foundation for power on a much larger scale was already in place.

Before 1898: Power Already Moving Outward

The break of 1898 should not be mistaken for the moment the United States first noticed the world beyond its borders. Maritime trade, diplomacy in Latin America and the Caribbean, relations with Asia, a growing Pacific presence, and periodic interventions had long carried American interests beyond the continent. What changed late in the century was the ability to support those interests with greater and more durable military and material force.

The Monroe Doctrine illustrates the shift. For much of the nineteenth century, it expressed a claim more than a capacity for control. The United States could not police the hemisphere and at times benefited indirectly from British naval power in deterring renewed European intervention. As American economic and military strength grew, the distance between doctrine and capability narrowed. A principle articulated from relative weakness could gradually become the framework for policies backed by real power.

The Navy followed the same trajectory. After the Civil War it entered a period of relative decline, and the Naval History and Heritage Command notes that the United States still ranked modestly among naval powers in the mid-1880s. That weakness helped trigger reform. Beginning in 1883, Congress authorized new steel, steam-powered ships, and the "New Navy" began replacing an aging fleet.[11] The program did not immediately make the United States the world's leading naval power. It did show that political and military leaders were beginning to convert industrial wealth into modern maritime capability.

Commerce and strategy increasingly pointed in the same direction. A larger exporting economy with expanding interests in the Pacific and Caribbean had reasons to care about sea lanes, ports, coaling stations, and interoceanic passages. Alfred Thayer Mahan's ideas found an audience in that setting because they linked commercial strength, battle fleets, and naval positions. They should not be treated as the single cause of 1898. Mahan provided a language and strategic doctrine for a shift whose material foundations were already being built.

Hawaii shows how economic interest, political influence, and territorial expansion were beginning to overlap. American interests had long been important in the islands, especially in sugar. In 1893, planters and businessmen helped overthrow Queen Liliuokalani with decisive support from U.S. representatives on the ground: Minister John L. Stevens backed the annexationists, and American forces landed in Honolulu. An investigation ordered by President Grover Cleveland later concluded that U.S. representatives had played a determining role in the overthrow. Cleveland nevertheless rejected immediate annexation, which came only in 1898 under William McKinley.[12] The episode matters because it contains all three elements at once: local actors, direct American intervention, and disagreement within the U.S. government itself. Even before the war with Spain, the boundary between influence, intervention, and overseas expansion was moving.

That is why 1898 should be treated as a rupture without being turned into an absolute beginning. American expansion and intervention long predated the Spanish-American War. What changed in 1898 was the form and visibility of U.S. power. Puerto Rico, Guam, and the Philippines came under American sovereignty, and Hawaii was annexed the same year. The United States was no longer only trading, intervening, or asserting regional interests. It now governed distant territories and entered colonial competition directly in the Pacific and Caribbean.

The chapter stops at that threshold. The imperial turn belongs to Chapter 3, but it makes little sense if 1898 is presented as a sudden leap from weakness to overseas power. The United States could fight abroad, sustain a modern fleet, govern possessions, and intervene more extensively because the preceding century had built the material and institutional base for doing so.

That base was territorial, but territory alone was not enough. The Union had to survive civil war. Resources had to be connected to cities and ports. The domestic market had to reach continental scale. Population had to grow; immigration had to enlarge the labor force; mass industry, capital, infrastructure, and federal administrative capacity had to expand. Conquest, slavery, dispossession, and coercion were part of the same history. Remove them and the story becomes mythology. Reduce the story to them and the institutional, demographic, and productive mechanisms that turned violence and expansion into durable capacity disappear.

The central lesson of 1776–1898 is therefore not that the United States was destined to become an empire. It is that the country built, over time, the conditions that made imperial projection possible. Geography became power only when it could be held politically, integrated economically, and mobilized materially. By 1898, that conversion had gone far enough for the United States to change registers. Continental power did not vanish; it became the platform for overseas expansion.

1898–1945 — from Imperial Expansion to World Power

By 1898, the United States had already spent more than a century expanding, fighting, displacing populations, and projecting power beyond its borders. What changed that year was the form of expansion. War with Spain placed Puerto Rico, Guam, and the Philippines under U.S. sovereignty, while Hawaii was annexed as well. A continental power now held distant territories that had to be administered, defended, and connected to a maritime strategy. The United States had crossed its clearest threshold yet into formal overseas empire.

Still, 1898 was a break, not a beginning from nothing. Earlier expansion had already involved conquest, dispossession, unequal relations with neighboring societies, and intervention in the Pacific and Caribbean. The new problem was different. Washington was no longer extending sovereignty mainly across contiguous territory or asserting a regional sphere of interest. It now had to decide how to rule distant societies that were neither states in the Union nor ordinary foreign partners. The answers differed from place to place, often contradicted one another, and frequently relied on violence.

What followed was not a straight climb from empire to hegemony. The United States tried several forms of domination, became a far more important financial power, intervened decisively in World War I, then refused some of the lasting political commitments tied to the peace it had helped design. It endured depression, pulled back from some forms of military engagement, and eventually returned to war on a scale that mobilized the country's productive base as never before. American capabilities kept growing, but the ability and willingness to turn them into durable international leadership remained uneven. That gap narrowed only during World War II, when the United States finally converted extraordinary latent capacity into structural global power.

The Overseas Imperial Turn

The Philippines make clear what changed in 1898. When Spain ceded the archipelago to the United States, Filipino nationalists did not necessarily regard the transfer of sovereignty as liberation. They had fought Spain in the name of their own independence and possessed an organized political movement around Emilio Aguinaldo. The war that broke out in February 1899 pitted two incompatible claims against each other: the U.S. claim to exercise the sovereignty acquired through the Treaty of Paris, and the Philippine Republic's claim to decide its own future. The Philippine-American War officially lasted until 1902, although resistance persisted afterward.[13] Department of State estimates refer to more than 4,200 American military personnel and more than 20,000 Filipino combatants killed, in addition to as many as 200,000 civilians who died from violence, famine, and disease. The disparity in military power, counterguerrilla operations, population displacement, and coercive practices gave the war a colonial character that cannot be reduced to the language of a simple "insurrection."

Force was only the first stage of American rule in the Philippines. Under William Howard Taft, a civil colonial government gradually took shape. U.S. authorities built schools and infrastructure, developed local institutions, incorporated parts of the Filipino elite into the colonial order, and slowly widened representation. An elected assembly began meeting in 1907; the Jones Act of 1916 promised eventual independence; a Commonwealth followed in 1935, before full independence in 1946. The sequence matters because colonial rule changed rather than remaining fixed. Sovereignty was imposed by war, institutionalized through administration, increasingly negotiated, partially transferred, and eventually relinquished. The relationship stayed imperial for decades, but the form and intensity of control did not remain constant.

The Philippines cannot stand in for every relationship created around 1898. Puerto Rico remained under U.S. sovereignty but followed a different legal path. Guam occupied another territorial status. Cuba was not annexed, yet its formal independence came with major constraints imposed by Washington, including a claimed right of intervention and enduring influence over foreign policy. Hawaii, annexed after the earlier overthrow of the monarchy, was incorporated into U.S. territory and eventually became a state. These cases belong to the same expansionist era, but they were not politically identical. Any serious analysis has to ask how much sovereignty remained, how control operated, how long it lasted, how deeply it was institutionalized, and whether refusal was actually possible.

Across the Caribbean and Central America, U.S. power operated through still other mechanisms. Theodore Roosevelt's 1904 corollary recast the Monroe Doctrine.[14] What had largely been a warning against renewed European expansion in the hemisphere became a claim that the United States could act as a regional police power when instability or financial default appeared likely to invite European intervention. Washington did not thereby gain uniform control over Latin America, but it acquired a powerful political rationale for repeated intervention.

Under William Howard Taft, "dollar diplomacy" added finance to that repertoire. Investment, loans, banks, and financial supervision were used to advance both the stability Washington wanted and the interests of American capital. Money did not automatically become political control. But when U.S. officials gained leverage over customs revenues, public finances, or security arrangements, and that leverage materially narrowed a government's freedom to act, the relationship had moved beyond ordinary commercial influence.

The occupations of Haiti and the Dominican Republic made this reduction of sovereignty particularly visible. In Haiti, the Marines landed in 1915 and remained until 1934.[15] The treaty imposed after the intervention gave the United States extensive control over the country's finances and over a constabulary under American direction; the occupation also intervened in the country's political organization. In the Dominican Republic, American forces landed in 1916 and a military government was established at the end of the year; the occupation lasted until 1924. In both cases, national institutions did not disappear entirely, but effective autonomy was reduced enough that occupation or imperial control describes the relationship more accurately than simple asymmetry.

Nicaragua followed another pattern. U.S. forces intervened repeatedly, and Marines were present for most of the period from 1912 to 1932, apart from a brief withdrawal in 1925 before their return the following year and final departure in early 1933. Their role mixed protection of U.S. interests, political stabilization, electoral supervision, and the training of a national guard. The larger pattern was therefore not one uniform imperial mechanism imposed across Latin America. Washington drew from a repertoire: occupation, military intervention, customs control, loans, diplomatic pressure, support for particular governments, training of local forces, and leverage over the timing and conditions of withdrawal.

The Panama Canal turned this regional predominance into a strategic asset of much larger scale. Commercially, it shortened routes between the Atlantic and Pacific. Militarily, it let the U.S. Navy shift forces between two oceans far more quickly than before. The continental base built during the nineteenth century was becoming something more than territorial depth. It now supported a maritime power that could treat the Atlantic and Pacific as increasingly connected theaters.

By the early twentieth century, the United States was plainly imperial in some relationships and predominant in its regional environment. It was not yet the organizer of a world system. Its fleet and economy gave it a growing voice in Asian affairs, great-power diplomacy, and the defense of an "Open Door" in China, but American influence still operated through separate instruments rather than through an integrated international architecture. The institutional order associated with U.S. power after 1945 did not yet exist.

1914–1919: from Creditor Power to an Unfinished Peace

World War I began changing America's international position years before U.S. troops entered combat. Washington declared neutrality in 1914, but the American economy could not remain neutral in the same sense. European belligerents needed food, raw materials, manufactured goods, weapons, and credit. Exports surged, European markets were disrupted, and financial relationships began shifting toward the United States.

The reversal was striking. Before 1914, the United States remained a net debtor country: a substantial part of American development had been financed by European, especially British, capital. According to historical estimates synthesized by EH.net, American investments abroad stood at about $5 billion in 1914, compared with $7.2 billion in foreign investments in the United States.[16] By 1919, the relationship had reversed: about $9.7 billion in American investments were held abroad, compared with $3.3 billion in foreign investments in the United States. In only a few years, the country had moved from a net debtor position to that of a creditor.

The reversal did not instantly make New York the new London. Sterling remained important, Europe remained a financial center, and the international monetary system was still plural. But the war opened space for American banks, the dollar, and the recently created Federal Reserve. U.S. institutions financed a growing share of trade, while export earnings drew gold into the country. Industrial strength was beginning to translate into international financial weight.

None of this makes U.S. entry into the war in 1917 a simple defense of creditor interests. Economic exposure mattered, but Woodrow Wilson's decision also followed Germany's resumption of unrestricted submarine warfare, attacks on shipping, the Zimmermann Telegram, and the changing strategic context of the war. The chronology itself warns against a single-cause explanation: the conflict strengthened America's financial position from 1914 onward, while the decision to fight came three years later from a convergence of political and strategic pressures.

Once the United States entered the war, its contribution extended well beyond the troops sent to Europe. Finance, production, shipping, and logistics became part of the Allied war effort. The Federal Reserve supported wartime finance, the government sold Liberty Loans, and federal spending expanded sharply.[17] Mobilization forced Washington to coordinate industry, credit, procurement, and manpower on a new scale. As in the Civil War, raw capacity became strategically useful only when institutions could organize it.

Victory gave Wilson the chance to attempt something the United States had never done on this scale: turn wartime influence into a durable international framework. The Fourteen Points, the language of self-determination and open diplomacy, and above all the League of Nations moved beyond bargaining over Europe's territorial settlement. They proposed an institutional role for the United States in the continuing organization of international security.

The project foundered in part at home. The Senate did not ratify the Treaty of Versailles on terms that would bring the United States into the League. The failure exposed a limit that would recur throughout the century. Economic and military strength can create an opportunity to shape an order, but sustaining that order requires a domestic coalition willing to accept its commitments, costs, and constraints.

The United States that emerged from 1919 was not the country of 1914. It had become a creditor, demonstrated large-scale military and logistical capacity, and briefly tried to place American power inside a lasting political architecture. What it had not done was build the kind of durable hegemonic order that followed World War II. The first attempt showed how far influence could reach—and how quickly it could recede when domestic commitment failed to match external ambition.

1919–1941: Power Without Full Commitment

Calling the interwar United States "isolationist" is useful only up to a point. The country did not withdraw from world trade, finance, or diplomacy. It was central to European debt and reparations arrangements, participated in stabilization efforts, and negotiated over naval arms. What much of the political system resisted were permanent commitments—especially military obligations—that might automatically pull the United States into another European war.

This produced an unusual imbalance. The United States had capital, a vast industrial base, a huge domestic market, and a dollar that was becoming one of the major reserve currencies. It did not have a political architecture capable of managing the international system that increasingly depended on those resources. Allied war debts, German reparations, U.S. lending to Europe, and the monetary system were tightly connected, yet no comparable framework of governance held them together. Private and financial power had outrun political leadership.

The crash of 1929 exposed how fragile that arrangement was. It did not cause every weakness in the world economy, but it helped turn existing strains into a global contraction. Banks failed, trade collapsed, unemployment soared, and governments retreated toward national responses. The United States was not standing outside the crisis with unused stabilizing power at its disposal; it was itself thrown into economic and political emergency. The Depression simultaneously reduced American room for maneuver and exposed the weakness of international coordination.

The 1930s break any simple story of uninterrupted American ascent. The United States remained one of the world's largest economic powers and still could not prevent financial collapse or international fragmentation. Productive strength did not automatically generate stability, and creditor status did not amount to a system for governing the international economy.

During the 1930s, strategic restraint became more explicit. The Neutrality Acts reflected a broad determination to avoid another entanglement like 1917, and much of the public regarded World War I as an experience whose costs should not be repeated. But restraint toward war and permanent alliances was not the same as withdrawal from trade, diplomacy, or American interests abroad. That narrower meaning is the only sense in which "isolationism" describes the period accurately.

Franklin Roosevelt's Good Neighbor Policy changed the way regional predominance was exercised. Marines left Nicaragua in 1933 and Haiti in 1934; the Dominican occupation had ended a decade earlier. Economic asymmetry and U.S. influence did not disappear, but some of the most direct instruments of control receded. American power in the hemisphere was changing form: occupation could end without influence ending with it.

Japanese expansion in Asia, war in Europe, and the rise of Nazi Germany nevertheless made it increasingly difficult to separate American security from the global balance.

Between 1939 and 1941, the United States rearmed, progressively relaxed its neutrality, provided growing assistance to the Axis powers' adversaries, and adopted Lend-Lease. In the Atlantic, the boundary between neutrality and participation became increasingly porous; in the Pacific, economic sanctions against Japan and rivalries over Asian expansion hardened the confrontation.

Pearl Harbor on December 7, 1941, turned a gradual American re-engagement into open war, but it did not come out of a strategic vacuum. Rearmament, aid to the Axis powers' opponents, sanctions against Japan, and mounting conflict in both oceans had already narrowed the distance from neutrality. After the attack, the question was no longer whether the United States would enter the global balance. It was whether the country could turn its accumulated economic potential into military power capable of operating across the Atlantic and Pacific at the same time.

1941–1945: Mobilizing for Global War

World War II transformed the scale and organization of American power. The underlying resources already existed before Pearl Harbor: automobile plants, steel mills, petroleum, chemicals, electricity, railroads, ports, finance, universities, engineers, and corporations accustomed to operating at continental scale. War did not create that base. It reorganized it around military production and gave a much larger federal state the task of coordinating priorities, capital, labor, materials, and logistics.

The conversion was fast and disorderly. Shortages appeared, programs competed for the same materials, factories struggled with conversion, and military services fought over priorities. Steel, aluminum, copper, rubber, machine tools, and skilled labor were all constrained. Some of the production goals announced in early 1942 proved unrealistic and had to be revised. The achievement was not the effortless output of an industrial machine already in balance. It depended on repeated correction: choosing priorities, resolving bottlenecks, building plants, and redirecting civilian capacity.[20]

War production absorbed a growing share of the economy. Aircraft, shipbuilding, and munitions became mass employers. Shipyards operated continuously; the automobile industry produced engines, vehicles, armored vehicles, and aviation equipment; the chemical industry developed synthetic rubber, fuels, and explosives; electronics and radar advanced rapidly. Mobilization also stimulated scientific research, culminating in the Manhattan Project, whose nuclear weapon revealed in extreme form the capacity to concentrate public financing, industry, universities, laboratories, and scientific expertise around a strategic objective.

The macroeconomic scale was extraordinary. Contemporary Department of Commerce estimates put real gross national product in the first half of 1945 at roughly two-thirds above its 1940 level.[18] That expansion occurred while millions of men were serving in the armed forces. The civilian labor force changed rapidly: women entered industrial employment in greater numbers, internal migration accelerated, and workers moved toward the country's major centers of war production.

The Navy makes the scale of mobilization especially concrete. The active U.S. ship force grew from 790 vessels on December 7, 1941, to 6,768 on August 14, 1945.[19] That total was not a fleet of 6,768 major combatants: it included 833 combatant surface ships alongside 2,547 amphibious units, 1,267 auxiliaries, 1,204 patrol vessels, 586 mine-warfare ships, submarines, and other categories. The value of the figure is therefore logistical as much as military. Carriers and destroyers mattered, but so did transports, landing craft, oilers, repair ships, and the support vessels that kept operations running thousands of miles from the continental United States.

Production alone would not have made the United States a world power. The decisive capability was to move troops, fuel, ammunition, food, spare parts, aircraft, vehicles, and ships across oceans and keep those flows running for years. The country became both the arsenal of its own expanding forces and a major supplier of its allies. Lend-Lease connected American production to British, Soviet, Chinese, and other Allied war efforts without making those allies passive extensions of U.S. power.

Nor can Allied victory be rewritten as an American victory achieved in isolation. The Soviet Union bore the main burden of the ground war against Germany and suffered catastrophic losses. Britain had been at war since 1939 and mobilized its economy and empire long before U.S. entry. China had resisted Japan for years. American resources became decisive within a coalition whose members contributed in radically different ways.

America's exceptional position in 1945 came from two processes at once: its own expansion and the destruction or exhaustion of other centers of power. Germany and Japan were defeated and devastated. Much of Europe lay damaged. The Soviet Union emerged victorious after enormous human, industrial, and territorial losses. Britain remained a great power but had been financially drained by the war. The continental United States, by contrast, escaped comparable physical destruction while its productive apparatus expanded. U.S. superiority was therefore real in absolute terms and deeply relational in its origins.

This was a much deeper break than 1919. After World War I, the United States had become a creditor and proved that it could intervene decisively, but its political commitment remained contested and its military presence could contract again. In 1945, the country possessed a world-spanning fleet, a vast air force, an expanded industrial and scientific base, the initial monopoly on nuclear weapons, a central financial system, and forces deployed across several continents. Just as important, it had accumulated experience coordinating a war economy and sustaining a complex coalition.

The break was visible even before the fighting ended. American officials were already helping design institutions meant to avoid a return to the monetary disorder, protectionism, and political fragmentation of the interwar years. Bretton Woods was negotiated in

1944, and planning for the United Nations advanced before Germany and Japan surrendered. Those preparations were not yet the postwar order itself. They showed that the United States entered 1945 with both the resources and the intention to convert wartime power into something more durable. How that conversion produced a dollar-centered monetary system, reconstruction programs, alliances, bases, and a security architecture belongs to the next chapter.

From 1898 to 1945, American power changed form repeatedly rather than following a predetermined path from empire to hegemony. The United States crossed an overseas colonial threshold in 1898 and experimented with several methods of regional domination. In 1917 it proved capable of changing the balance in a European war; in 1919 it made an incomplete first attempt to turn that influence into institutional order. During the interwar years, financial and productive strength coexisted with selective political commitment and then severe domestic crisis. Only the mobilization of 1941–1945 converted the continental base into global military, scientific, financial, and logistical capacity.

By 1945, the United States was no longer simply one great power among several comparable Western states. It held a combination of productive, financial, technological, and military resources none of its Western allies could match. Yet superiority is not the same thing as order. Power can be squandered, resisted, or prove temporary. The problem facing Washington after victory was whether the advantage produced by continental expansion, industrialization, two world wars, and the weakening of rival centers could be embedded in institutions durable and useful enough that other states would choose to operate within structures heavily shaped by the United States.

Between 1944 and 1949, that conversion from power into the infrastructure of an order began.

1945–1949 — When Power Becomes an Order

In 1945, the United States held an extraordinarily favorable material position. Its continental territory was intact. Its industrial apparatus had been expanded by the war effort rather than destroyed. Its financial system had become central. Its navy and air force possessed global reach. It was then the only state to possess nuclear weapons, until the Soviet test of August 1949. Europe was exhausted; Germany was defeated and occupied; Japan was devastated and occupied; the Soviet Union was victorious but ravaged by war; and the old European colonial empires had been weakened at their foundations.

Such superiority might seem self-sufficient. Yet this was precisely when U.S. policy began to move beyond power politics in the classical sense. Possessing more factories, ships, capital, and weapons did not ensure that this superiority would endure. Military victory settled neither monetary stability, nor the reconstruction of ruined partners, nor access to markets, nor the security of Europe, nor the German question, nor Japan's future, nor the emerging rivalry with the Soviet Union. American leaders also emerged from the war with the memory of the post-1918 period still close at hand: the return of economic rivalries, debts, devaluations, protectionism, political fragmentation, and ultimately another war. The challenge after 1945 was not merely to preserve an American advantage. It was to create an environment in which that advantage could function, reproduce itself, and be accepted broadly enough that it would not have to be imposed everywhere through direct coercion.

A decisive transformation followed. Between 1944 and 1949, part of American power was converted into institutional architecture. The dollar became the pivot of a monetary system. The International Monetary Fund and the International Bank for Reconstruction and Development gave institutional form to financial cooperation. The GATT established common rules for trade. The Marshall Plan linked European reconstruction, political stabilization, and American economic interests. The United Nations provided a framework of universal legitimacy that was not under American control, but within which Washington occupied a central position. The occupations of Germany and Japan combined direct coercion, political reform, and reconstruction. Finally, NATO institutionalized in 1949 a transatlantic security alliance that would outlive by far the situation that had given rise to it.

It would be a mistake to tell this story as though Washington had designed the entire arrangement in one piece and then imposed it on a passive world. The reality was more complicated. The British negotiated hard at Bretton Woods; Europeans pursued their own objectives of reconstruction and security; the United Nations resulted from negotiation among great and middle powers; European demands for an American guarantee played a real role in the creation of the Atlantic Alliance; even occupation policies evolved under the impact of the changing Cold War. But the opposite mistake would be to describe the postwar order as neutral cooperation among equal actors. The United

States negotiated from an extraordinary material position. It possessed the market, capital, currency, military capabilities, and strategic depth that most of its partners lacked. That asymmetry did not erase the agency of other states; it shaped the terms on which they negotiated.

That combination makes the American order harder to describe than either a classical colonial empire or a simple system of cooperation. It rested neither on conquest alone nor on consent alone. It combined coercion, interest, dependence, reconstruction, negotiation, security, trade, and legitimacy. American power multiplied when it ceased to reside only in the U.S. state and became embedded in infrastructures through which other societies sought to rebuild, trade, obtain financing, and secure protection.

Turning Victory Into Economic and Monetary Architecture

This transformation began before Germany and Japan had surrendered. In July 1944, while the war was still under way, delegations from forty-four countries met at Bretton Woods, New Hampshire, to prepare the postwar economic order.[21] The fact that the Allies could devote time, expertise, and political capital to designing financial institutions before the war ended shows how heavily the experience of the 1930s weighed on their choices. The problem was not simply to reconstruct what had been destroyed. It was to prevent the world economy from returning to a combination of competitive devaluations, trade barriers, currency shortages, uncontrolled imbalances, and national policies incapable of cooperation.

The most influential proposals were associated with the British economist John Maynard Keynes and the American Harry Dexter White. Their disagreement is often reduced to an intellectual duel, but more importantly it revealed the actual structure of the negotiation. The United Kingdom still possessed immense financial and imperial experience, global networks, and a historically central currency, but it emerged from the war severely weakened and heavily dependent on American financing. The United States, by contrast, possessed a lending power and productive capacity that gave it unprecedented weight in defining the rules. British and American proposals nevertheless shared a major objective: preventing a return to autarky and the monetary disorder of the interwar years. Bretton Woods was therefore neither a purely American creation nor a negotiation among materially equal partners. It was an international compromise deeply shaped by the power asymmetry of 1944.

The system that emerged placed the dollar at the heart of an arrangement of fixed but adjustable exchange rates. The American currency itself was convertible into gold for foreign monetary authorities, while other currencies were pegged to the dollar at declared parities. The arrangement did not mean that other currencies disappeared or that central banks lost all autonomy. On the contrary, one of the essential compromises of the postwar system was to seek international openness compatible with a degree of latitude for national economic policies. The new order was not one of complete laissezfaire. It sought to prevent trade and monetary openness from making domestic social and political stability impossible.

The International Monetary Fund was charged with overseeing this monetary cooperation and providing temporary resources to countries facing balance-of-payments difficulties. The International Bank for Reconstruction and Development was intended to facilitate reconstruction and later development. These were multilateral institutions with their own governing bodies, members, and procedures. They were not extensions of the U.S. government operating abroad. But their operation rested heavily on resources to which the United States contributed decisively, and their headquarters in Washington symbolized a deeper reality: the American economy was becoming the center around which part of the system was organized.

The role of the dollar is particularly revealing. An international currency does not dominate merely because a government orders it to. It is used because other actors have an interest in using it: to settle trade, hold reserves, obtain financing, or gain access to a large and liquid market. That is precisely what can make monetary centrality less visible than conquest but potentially more durable. The more partners use the dollar because it facilitates their own transactions, the stronger its role becomes; the stronger its role becomes, the more the United States benefits from a central position in international financial circuits. The advantage is therefore not separate from the utility the system provides to others. It arises in part from that utility.

The same logic appears in the organization of trade. The initial project was more ambitious than what was ultimately achieved. An International Trade Organization was supposed to complement the IMF and the World Bank, but it never came into being. The GATT, signed in October 1947 by twenty-three countries, then became the central instrument of gradual trade liberalization.[22] It combined tariff concessions with rules intended to prevent those concessions from being nullified by other restrictions. Again, the outcome was less doctrinaire than it may appear. The United States wanted markets to open, but the postwar order was not organized as a simple return to absolute free trade. Reconstruction needs, capital controls, industrial policies, and national social compromises remained important. The system sought not to abolish states but to integrate them into a more open economy without reproducing the disorders of the 1930s.

For many American officials, this openness served several interests at once. American prosperity and economic projection could be better supported by solvent partners, markets for exports, and a stable financial environment. But the same openness could benefit partners seeking to export, import equipment, attract capital, or restore their currencies. This point is essential to understanding the emerging order: American preponderance did not necessarily require others to remain poor. On the contrary, it could be strengthened by the reconstruction and prosperity of societies integrated into a system whose center was occupied by the United States.

The difference from a classical extractive empire was considerable. An imperial center may seek to keep peripheral regions dependent, monopolize certain resources, or prevent the rise of competitors. After 1945, by contrast, the United States would contribute to the recovery of industrial powers capable of later becoming formidable commercial competitors, notably West Germany and Japan. This policy was not disinterested altruism. It reflected a more complex conception of power: a rich, stable, allied partner could be more useful than a weakened territory, even if it became economically more autonomous.

Rebuilding Partners Rather Than Merely Creating Dependencies

Immediate postwar Europe provides the clearest test of this logic. Infrastructure was damaged, shortages were severe, trade circuits were disrupted, and political tensions were high. Reconstruction began before the Marshall Plan, and it did not depend solely on American aid. European societies still possessed significant skills, institutions, and industrial capacities. But the winter of 1946–1947, weak foreign-exchange reserves, and fear of political destabilization led American leaders to see the risk of a continent remaining weakened for the long term.

When George Marshall proposed large-scale aid for European reconstruction in June 1947, the program served several purposes at once. It aimed to restore productive capacity, prevent the economic collapse of essential partners, contain the influence of communist parties, and create conditions for closer European cooperation. Congress adopted the Economic Cooperation Act in the spring of 1948. Over four years, American appropriations for European reconstruction amounted to more than thirteen billion dollars at the time.[23] These resources financed goods, raw materials, and equipment and helped ease the constraints weighing on European economies.

Presenting the Marshall Plan as a purely humanitarian gift would obscure its geopolitical and economic aims. The program opened or consolidated markets for American products, stabilized allied governments, and tied Western Europe more closely to an economy compatible with American centrality. But reducing it to the purchase of obedience would be equally misleading. European countries used aid according to their own priorities, negotiated among themselves, rebuilt their national economies, and pursued projects that were not mere copies of the American model. Aid helped strengthen states that would gradually recover room for autonomy and, a few decades later, be able to challenge the United States in trade, monetary policy, or diplomacy.

That apparent contradiction lay at the heart of the system. Postwar U.S. policy can be reduced neither to allied autonomy nor to allied subordination. It moved toward an arrangement in which partners could recover substantial autonomy while remaining inside a strategic architecture structured around American preponderance. This logic was particularly visible in Western Europe. The French, British, Italian, Belgian, Dutch, or Scandinavian governments were not executors. They had their own interests, parties, public opinions, and conceptions of Europe. Some wanted to preserve colonial empires, others to accelerate European integration, still others to protect industrial sectors or retain diplomatic room for maneuver. They could nevertheless judge that an asymmetric relationship with the United States provided resources and security they could not obtain alone in the immediate postwar period.

An accepted asymmetry was still not an equal relationship. The balance of power remained obvious. The United Kingdom, still a global imperial power, depended on American credit. European economies lacked dollars. The United States possessed a market and financial resources its partners sought. Militarily, no Western European state was then in a position to provide by itself a credible guarantee against the Soviet Union. But the existence of these dependencies did not automatically turn the partners into vassals. They negotiated, resisted, reinterpreted, and used the American order to rebuild their own power.

Japan shows even more clearly why different forms of domination have to be distinguished. Unlike the Western European states allied with the United States, Japan was a defeated and occupied country. From September 1945 onward, the Supreme Commander for the Allied Powers, headed by Douglas MacArthur, possessed decisive authority.[25] Demilitarization, political reform, transformation of the emperor's role, the new constitution, land reforms, and economic policies were implemented under sharply reduced Japanese sovereignty. Here, the language of consent would be inaccurate: occupation meant direct coercion.

Even here, however, the relationship changed rapidly. Between 1947 and 1948, American priorities changed. The risk was no longer only the return of Japanese militarism; it was also Japan's economic weakness and the expansion of communism in Asia. Washington increasingly sought stabilization and economic recovery. Japan thus began to be seen not only as a former enemy to be reformed, but as a future pillar of the American regional order. This transformation was not complete by 1949; it would continue with the Korean War and the peace treaty of 1951. But it was already visible enough to show that the American order could convert a coercive occupation into a strategic partnership without allowing the two situations to be confused.

Germany followed a different but partly comparable trajectory. After the capitulation of May 1945, its territory was divided among American, British, French, and Soviet occupation zones. German sovereignty was suspended. But as cooperation among the former allies deteriorated, the Western zones were progressively brought closer together. The American and British zones merged economically in 1947; the French zone later joined the process. The creation of the Federal Republic of Germany in 1949 marked the transition toward a new West German state, still subject to occupation constraints but now destined to become a partner in the Western order.[26]

In both cases, reconstruction produced a paradox. It progressively reduced the raw dependence that characterized the end of the war while strengthening the integration of reconstructed societies into a security and exchange system dominated by the United States. American power therefore did not maintain itself by preventing any restoration of German or Japanese autonomy. It reconfigured itself by helping make these restored powers elements of a larger whole.

This choice became easier to understand as rivalry with the Soviet Union hardened. A prosperous but militarily vulnerable Western Europe remained fragile. A reconstructed but politically isolated Germany could become a problem again. A stabilized Japan left entirely to itself might seek other arrangements. Economic reconstruction therefore called for a security architecture. It was in this articulation between prosperity and protection that the American order took on a more durable form.

Securing the Order: Institutions, Alliances, Occupations, and Asymmetries

The first major political institution of the postwar period, however, was not a Western alliance. The United Nations, which officially came into existence on October 24, 1945, following the San Francisco Conference, was conceived as a universal organization. Fifty countries participated in the conference that drafted and signed the Charter.[24] Its existence already shows the limits of any account in which Washington simply replaced the old European empires with an institutional system of its own. The United Nations possesses its own legitimacy, members, and mechanisms that the United States does not control alone.

But the legal equality of the General Assembly coexists with an explicit hierarchy in the Security Council. The five permanent members—the United States, the Soviet Union, the United Kingdom, France, and China—possess veto power. The organization thus institutionalizes a fundamental tension in the new order: the desire to establish universal rules rests on the explicit recognition of inequality between great powers and other states. The United States is one of these centers of power, but not the only one. The United Nations is therefore neither an American instrument nor an institution somehow outside power relations.

That universal framework was not enough to organize postwar security. Between 1945 and 1947, relations between Washington and Moscow deteriorated rapidly. Disagreements over Central and Eastern Europe, Germany, Greece, Turkey, and the political future of the continent transformed the victorious coalition into structural rivalry. The Truman Doctrine of 1947 announced that the United States was now prepared to support governments threatened by communist pressures. Containment progressively became the organizing principle of American policy toward the Soviet Union.

The Berlin crisis of 1948–1949 made the rivalry concrete. When the Soviet Union blocked land access to the Western sectors of Berlin, the United States and its partners organized a massive airlift. The episode mattered not only as an early Cold War confrontation, but because it showed what an American guarantee now meant for Western

Europe. The United States was no longer a power likely to withdraw again behind the Atlantic after a European war. It demonstrated both the capacity and the willingness to sustain a strategic position at the heart of Europe over time.

This evolution did not result from a unilateral American decision. Western European governments themselves sought a guarantee against Soviet power. In March 1948, the Treaty of Brussels brought several Western European states together in defense cooperation. The discussions that then led to the Washington Treaty involved negotiation among Europeans, Canadians, and Americans. When twelve countries signed the North Atlantic Treaty on April 4, 1949, they did more than create a military organization under American leadership.[27] They institutionalized a political exchange: the United States provided a security guarantee and accepted a lasting presence in Europe; European states entered a transatlantic strategic architecture that also extended the global reach of American power.

The relationship was profoundly asymmetric. The military, industrial, and financial power of the United States gave Washington a capacity for influence that no individual European ally possessed. The American military presence on the continent, future command arrangements, bases, and interoperability would prolong that asymmetry. But the Atlantic Alliance cannot be understood if European demand for protection is erased. Fear of the Soviet Union was real. Western governments had their own reasons for tying the United States to European security. NATO was therefore simultaneously a multiplier of American power and an institution sought by several of its members for their own interests.

This distinction is crucial to the concept of an "American empire." Washington's relationships did not all involve the same degree of control. In occupied Japan in 1945, effective sovereignty was sharply reduced by an external authority. In occupied Germany, the situation likewise involved direct coercion imposed after military defeat. In NATO, member states retained sovereign governments, negotiated, and voluntarily accepted the treaty, even though their capabilities were highly unequal. Elsewhere, American territories, military bases, and certain bilateral agreements created still other forms of dependence.

Reducing all of these situations to a single word would erase precisely what has to be understood. The American order was powerful because it combined different regimes: occupation where war had destroyed sovereignty; alliance where security interests converged; multilateral institutions where common rules made cooperation possible; monetary centrality where the voluntary use of an infrastructure produced an advantage in return for its center; economic aid where rebuilding partners strengthened the whole. The system did not cohere through a single technique of domination. It cohered because these different mechanisms increasingly reinforced one another.

Turning American Centrality Into Durable Infrastructure

By the end of 1949, no single institution summarized the American order. The IMF was not NATO; the United Nations was not the Marshall Plan; the GATT was not the occupation of Japan; the dollar was not a military base. Yet these arrangements were beginning to form a system because they oriented several dimensions of international action toward a common center of gravity. The United States supplied certain resources and concentrated capabilities that its partners found difficult to replace: access to a vast market, credit, an international currency, reconstruction aid, technologies, military protection, and geopolitical presence. In return, partners contributed territory, markets, industrial capabilities, legitimacy, intelligence, diplomatic relays, and, progressively, their own reconstructed power.

The relationship was not one-way. That was precisely why it could endure. An order based entirely on coercion must continually pay the cost of enforcing it. An order that gives some of its members reasons to want it to continue turns part of the cost of sustaining it into shared interest. This does not mean that interests become identical. Trade conflicts, diplomatic disagreements, and struggles for autonomy would never disappear. But the system could survive these tensions as long as leaving the order seemed more costly or less advantageous than contesting it from within.

The dollar illustrates the mechanism clearly. The United States benefited from its centrality, but that centrality could not be maintained by decree alone. It depended on banks, firms, and governments finding it useful to use the currency. Alliances followed a comparable logic: Washington gained access points, strategic depth, and military partners, while allies received a guarantee they considered credible. European reconstruction gave the United States markets and political stability, but it also gave Europeans the means to restore their own prosperity. Even institutions that sometimes constrained American freedom of action could help legitimize an order in which the United States remained exceptionally powerful.

This architecture should not be idealized. It remained marked by hierarchy. The United States possessed a capacity for financing, exit, sanctions, and intervention that its partners did not. It could influence rules because the system depended heavily on resources and capabilities of which it concentrated a decisive share. In occupied territories, coercion was explicit. In other regions of the world, the following years would show that Washington could support authoritarian regimes, intervene covertly, or use force when its leaders believed the order was threatened. The legitimacy of the system did not erase the violence of power.

But these hierarchies do not justify reducing the whole system to pure imperial domination. An order that did nothing but extract resources from peripheries kept weak would poorly explain the spectacular recovery of Western Europe and Japan. Nor would it explain well why several allies actively sought a continued American presence even after regaining substantial wealth and autonomy. The paradox is real: American power helped rebuild actors that would later reduce its relative lead, while at the same time helping construct a system that prolonged its influence.

One of the major innovations of the post-1945 order lies in that paradox. The United States did not simply create an empire in the sense in which Rome or the European colonial powers controlled conquered territories. Nor did it create a disinterested international order standing above power relations. It helped build an architecture in which its interests and part of the interests of its partners could be made compatible for long enough to transform exceptional superiority into institutionalized hegemony.

The transformation also had a symbolic dimension, though it should not be exaggerated. The image of a modern, productive, wealthy, technologically advanced society associated with the language of liberal democracy could enhance American attractiveness among parts of allied societies, through mechanisms that must be distinguished from organized public diplomacy and state propaganda. Cinema, consumer goods, universities, information, and cultural exchanges already contributed to this presence. But this diffusion must be carefully distinguished from organized public diplomacy and state propaganda, which would become more systematic with the Cold War. Cultural influence functioned here chiefly as an additional layer of legitimacy and attraction, not as a total explanation of the order.

From 1949 onward, the system was still far from complete. The Korean War would transform the militarization of the Cold War. West Germany would gradually be reintegrated into Western structures. Japan would become a formal ally. American bases would expand. Cultural and informational power would be organized more systematically. The Bretton Woods monetary system would experience its own contradictions until the collapse of dollar-gold convertibility in 1971. Europe and Japan would become much stronger economic competitors. Nothing created between 1944 and 1949 was therefore immobile.

Yet the fundamental structure was already visible. The decisive moment of 1945 was not merely the moment when the United States was more powerful than ever. It was the moment when it began to transform part of that power into rules, institutions, networks, guarantees, and habits that could continue to function even as the initial material gap narrowed. American power no longer rested only on what the United States directly possessed. It also rested on the fact that other actors organized part of their own strategies around infrastructures whose center was occupied by the United States.

None of this settles whether the order should be called an empire. It does, however, make any overly simple answer impossible. Some of its relationships were imperial in the strong sense: occupation, reduced sovereignty, direct control. Others belonged more to hegemony: a preponderant power defined a significant share of the rules, but its partners had interests of their own and found benefits in the existing order. Still others were genuinely multilateral institutions capable of constraining the United States even while extending its influence. The "American order" was precisely the combination of these forms.

That combination matters for what follows. During the Cold War, the United States would suffer defeats, lose part of its industrial lead, abandon dollar-gold convertibility, face challenges from its allies, and pass through profound domestic crises. If its power had rested only on the snapshot of 1945, these developments should have rapidly caused its collapse. They did not. Part of the explanation lies in what had just been built: a power can lose some of its relative superiority while continuing to benefit from an order that has become larger than the state that helped create it.

Cold War — Crises, Contradictions, and the Capacity for Adaptation

PART II - Hegemony, Its Crises, and Its Peak

By the end of the 1940s, the United States had done what the previous chapter described: turned exceptional superiority into a durable monetary, institutional, commercial, and military architecture. But this success did not produce omnipotence. The order consolidating around Washington was immediately constrained by a bipolar system. The Soviet Union possessed military, ideological, and soon nuclear power capable of preventing any uncontested American domination. The communist victory in China in 1949, followed by the Korean War, showed that Asia could not be organized from Washington in the same way as reconstructed Western Europe. Decolonization also multiplied the number of states whose trajectories, nationalisms, and interests could not be reduced to automatic membership in one of the two blocs.

This setting requires a more precise account of what "hegemony" meant during the Cold War. The United States exercised considerable preponderance over part of the international system and possessed alliances, bases, markets, institutions, and financial power unmatched in the West. It could influence the choices of many governments, support or oppose regimes, intervene openly or covertly, organize coalitions, propose norms, and diffuse political and cultural representations on a global scale. Yet it could not decide the outcome of every conflict alone, control every allied society, prevent partners from acting autonomously, or eliminate the power of its Soviet rival. The Cold War was therefore less the history of uninterrupted domination than that of an exceptional power confronting its own limits.

That is what makes the period decisive for a book about decline. If the United States is observed in the mid-1970s, the list of symptoms seems almost ideal for a theory of imperial retreat: a costly and politically lost war in Vietnam; a profound domestic crisis of confidence; the end of the Bretton Woods monetary system; persistent inflation; two oil shocks; growing competition from Japan and Western Europe; industrial difficulties in several sectors; a revolution in Iran that brought down a strategic ally; a hostage crisis transformed into a symbol of powerlessness; and then the Soviet intervention in Afghanistan. Yet about fifteen years later, the Soviet Union disappeared and the United States found itself in a more asymmetric international position than at any time since 1945. The question is therefore not whether the crises were real, but why they did not produce terminal decline.

From Power to Its Limits

The first major limit appeared early. In Korea, beginning in 1950, the United States was able to mobilize its forces and a coalition operating under the aegis of the United Nations, repel the North Korean offensive, and project immense military power thousands of miles from its territory. But when the advance of UN forces northward triggered Chinese intervention, the war changed character. The objective of reunifying the peninsula under the South Korean government became far more costly and ultimately unattainable. The 1953 armistice restored approximately a division close to the one that had existed before the war.[28] The outcome matters: American power prevented South Korea's defeat, but it did not allow Washington to impose whatever political end it wanted. Considerable material superiority could therefore produce defensive success while still encountering a strategic limit.

Decolonization extended the lesson in another form. Between the 1940s and the 1970s, dozens of new states appeared in Asia, Africa, and the Middle East. Washington often sought to keep them outside the Soviet orbit, but their leaders had priorities of their own: political independence, economic development, control of resources, national unity, and opposition to former colonial powers. The Non-Aligned Movement, Arab nationalisms, and the policies of India, Indonesia, Egypt, or Yugoslavia showed that the bipolar world was not simply divided into two completely obedient camps. The United States could offer aid, exert pressure, build alliances, or intervene, but the agency of the societies concerned remained.

That autonomy did not make American coercion secondary. The Cold War was also a period of coups, covert operations, support for authoritarian regimes, and attempts to alter the internal political balance of other states. The overthrow of Mohammad Mossadegh's government in Iran in 1953 is one of the best-documented cases: American archives establish the decision to conduct Operation TPAJAX and the CIA's participation in the overthrow.[29] The Iranian case does not prove that an American agency could manufacture a local political order at will; it does show that a hegemonic power could seek to reduce a state's political autonomy directly when its leaders believed that a major strategic interest was threatened.

Chile requires the same caution. Declassified documents show a covert operation aimed at preventing Salvador Allende's confirmation in 1970, followed by funding for opposition forces and media and programs intended to weaken his government. This American intervention was real and substantial.[30] It does not, however, justify attributing direct control of the military coup of September 11, 1973, to the American government. Chilean society, the military, political parties, economic conflicts, and local actors had causal dynamics of their own. The correct category is therefore neither American innocence nor a total explanation through the CIA: it is significant covert intervention in a political system whose evolution cannot be reduced to a single command center.

The contradiction persisted. The United States presented itself as the defender of the "free world," representative democracy, and an international order founded on certain rules, while at various times cooperating with anticommunist dictatorships, supporting covert operations, or privileging strategic stability over the principles it publicly advanced. This was not a marginal anomaly: the tension between normative legitimation and coercive practice was a structural component of American hegemony during the Cold War. It particularly affected American credibility in parts of the Global South.

The struggle for legitimacy extended beyond covert operations. The United States also built instruments of public diplomacy and cultural competition. The United States Information Agency was created in 1953 to consolidate part of the government's foreign-information functions; Voice of America was incorporated into this apparatus, while educational and cultural exchange programs followed a distinct logic.[31] At the same time, covert operations sought to intervene in the intellectual sphere. The Congress for Cultural Freedom, secretly supported by the CIA for a significant part of its existence, financed or organized journals, conferences, and networks of anticommunist intellectuals.[32]

The opposite error must also be avoided: acknowledging these mechanisms does not justify treating popular culture, universities, Hollywood, jazz, mass consumption, or the appeal of American society as mere products of centralized propaganda. Part of American attraction was spontaneous, commercial, artistic, or social; another part was amplified by public policy; still another belonged to covert operations. Collapsing all these layers would erase the distinction between attraction, persuasion, public diplomacy, cultural markets, and state propaganda. Their exact effectiveness is also difficult to isolate: they contributed to an environment of symbolic competition, but they did not mechanically control how foreign populations perceived the United States.

Vietnam turned those limits into a central crisis of hegemony. American military power reached extraordinary intensity there without producing the desired political result: permanently preventing a communist victory in South Vietnam under conditions Washington considered acceptable. American forces possessed overwhelming technological, air, and logistical superiority, but this did not resolve the legitimacy problems of the South Vietnamese government, the adversary's mobilization capacity, or the political geography of a revolutionary and civil war embedded in an international confrontation.

Vietnam therefore forces a distinction between destructive capacity and political conversion. The United States could destroy infrastructure on a massive scale, mobilize hundreds of thousands of troops, support an allied government, and finance an immense military effort. But the ability to inflict losses did not automatically convert into the ability to produce a stable political order. Material power did not disappear; its strategic return became low. The longer the war lasted, the more politically visible this gap between resources committed and results obtained became.

Domestic consequences deepened the crisis. Human losses, conscription, images of the war, revelations about government decisions, and the gap between official statements and conditions on the ground fueled massive protest. The war interacted with the civic, racial, generational, and political conflicts already present in American society. It did not by itself create the crisis of confidence of the 1960s and 1970s, but it intensified it. The problem was no longer only whether Washington could win militarily; it also became how long American society would accept paying the cost of a strategy whose purpose appeared increasingly less credible.

It would still be too simple to explain every economic imbalance emerging at the same time through Vietnam. The war effort increased federal spending and contributed to inflationary pressures, but these also resulted from monetary choices, domestic fiscal policy, the evolution of the international system, wage and productive constraints, and later energy shocks. Vietnam was a powerful amplifier of the American crisis; it was not its sole cause.

When Saigon fell in April 1975, the symbolic impact was enormous.[33] The United States had left the conflict and the regime it had supported disappeared. This outcome was indeed a major political failure. But it destroyed neither the American economy, NATO, the Asian alliances, nuclear capability, the fleet, nor the dollar. It is precisely this dissociation that becomes central: a great power can lose a war and part of its legitimacy without simultaneously losing every infrastructure that makes it powerful.

THE 1970s: WHEN DECLINE SEEMS PLAUSIBLE

The monetary crisis made this separation even more visible. The Bretton Woods system had placed the dollar at the center of a fixed-exchange-rate order in which foreign authorities could convert their dollars into gold at the official price of thirty-five dollars an ounce. This system had been possible because the United States emerged from the Second World War with an exceptional economic and gold position. But its very success gradually created a contradiction. Europe and Japan rebuilt, international trade expanded, American firms invested abroad, and military spending and foreign aid circulated increasing quantities of dollars outside the United States. The world needed dollar liquidity, but the more foreign dollar claims grew relative to the American gold stock, the more fragile the promise of convertibility became.

This contradiction is often summarized by the Triffin dilemma: the currency serving as the world's reserve must be abundant enough to provide liquidity to the system, but that abundance can undermine confidence in the commitment guaranteeing its value. During the 1960s, dollars held abroad eventually exceeded the American capacity to convert all of them into gold at the official rate. The authorities devised several expedients, but none resolved the structural problem.

In August 1971, Richard Nixon suspended the dollar's convertibility into gold.[34] Attempts to preserve fixed parities through the Smithsonian Agreement did not last; in 1973, the major currencies moved to floating exchange rates. A central institution of the order built after 1945 therefore did in fact disappear. If the decline of a power were to be identified with the loss of a rule it had itself organized, the diagnosis might seem obvious.

Yet the dollar did not disappear with Bretton Woods. This is one of the most important facts of the entire period. Historical data from the International Monetary Fund show that it remained overwhelmingly dominant in official reserves. In one series covering identified official foreign-exchange holdings, its share went from 78.8 percent in 1976 and 79.2 percent in 1977 to 68.6 percent in 1980, then 66.2 percent in 1986.[35] Other historical IMF tables, constructed with slightly different scopes, give figures that are close but not identical; the general movement remains the same. The deutsche mark and the yen gained ground, but neither replaced the dollar as the principal infrastructure.

The distinction is crucial. Bretton Woods was a precise rule; the centrality of the dollar rested on a broader set of mechanisms: the size of the American economy, the depth of its financial markets, use of the dollar in trade and credit, the availability of liquid assets, banking networks, and relative confidence in American institutions. The end of gold convertibility did not destroy this ensemble. It changed how it functioned. A hegemonic institution can therefore die without the underlying resource of power it organized ceasing to exist.

The oil shocks nevertheless made the decade more difficult. In 1973–1974, in the context of the Yom Kippur War, the embargo by Arab producers and OPEC's new bargaining power drove energy prices sharply upward. The dollar's devaluation and the end of Bretton Woods also formed part of the context in which oil prices rose. The second shock at the end of the 1970s, linked especially to the Iranian Revolution and supply disruptions, sustained another surge of inflation.

A single-cause explanation does not hold here. American inflation came neither only from oil, nor only from Vietnam, nor only from loose monetary policy. The "Great Inflation," which Federal Reserve history dates approximately from 1965 to 1982, combined monetary and fiscal policies, expectations, supply shocks, energy constraints, international transformations, and political decisions. The oil shocks greatly worsened the problem, but they struck a system that was already inflationary.

A deeper shift in the industrial hierarchy compounded this instability. In 1945, the American share of world production had been inflated by an exceptional situation: the main European and Japanese industrial centers had been destroyed or severely weakened. Their reconstruction necessarily reduced the proportion of total world output produced in the United States, even if the American economy continued to grow. This relative decline therefore cannot automatically be interpreted as absolute impoverishment.

But it was not merely a statistical effect of normalization either. Japan and West Germany became first-rank industrial competitors. In automobiles, electronics, steel, machine tools, and other sectors, non-American firms gained market share and sometimes achieved remarkable productivity performance. Historical studies of steel, for example, show the spectacular acceleration of Japanese productivity relative to the United States between the 1960s and early 1980s. International data on industrial employment also show that productive structures remained more heavily industrialized in Germany and Japan than in the United States for much of the period.

This shift exposed a paradox in the American order. Rebuilding Western Europe and Japan had been one of the strategic objectives of the postwar period: creating prosperous, stable economies able to resist communism and participate in an open order. When that project succeeded, partners also became competitors. Hegemony thus produced part of its own relative erosion. This was not necessarily a failure of the system; it was sometimes the result of success deep enough to reduce the initial gap between the center and its allies.

Industrial competition nonetheless had real political and social effects. Some American regions experienced factory closures, manufacturing job losses, and crises in once-dominant sectors. The resulting sense of decline was not invented. What must be avoided is confusing three different processes: catch-up by allies, technological transformations in production, and genuine weakening of certain American sectors. The word "deindustrialization" becomes misleading if it claims by itself to summarize these heterogeneous dynamics.

By the end of the decade, geopolitical setbacks reinforced the perception of retreat. The Iranian Revolution of 1979 overthrew the Shah, a major ally of Washington, and transformed a state central to American strategy in the Middle East into an adversary. The seizure of hostages at the U.S. embassy in Tehran became a daily humiliation broadcast through American media. The rescue attempt of April 1980 failed. That same year, the Soviet intervention in Afghanistan seemed to suggest that Moscow remained capable of expanding its influence while Washington hesitated.

If the story stopped around 1979–1980, the thesis of irreversible imperial decline would look plausible. America had lost Vietnam, abandoned gold convertibility, endured inflation and oil shocks, seen its industrial allies narrow the gap, lost Iran, and appeared unable to dictate outcomes in several regions of the world. Such a diagnosis would not have been absurd. Its problem would appear only if these real losses were confused with proof that the mechanisms of correction had disappeared.

Adapting Without Erasing the Costs

The capacity for correction does not mean that a society solves its problems easily or without cost. It refers to something more precise: the possibility of changing rules, accepting costs, reallocating resources, or renewing essential functions without the system as a whole losing its coherence. The United States of the 1970s provides a particularly useful case because several corrections were painful, incomplete, or themselves produced new imbalances.

The first adaptation was monetary and financial. The end of Bretton Woods freed the dollar from the constraint of gold convertibility, but opened a period of high volatility.

Foreign authorities diversified part of their reserves. In the same historical IMF series on identified official foreign-exchange holdings, the dollar's share fell from 78.8 percent in 1976 to 66.2 percent in 1986, while the deutsche mark and yen advanced. This erosion was real. Yet dollar-denominated assets remained by far the largest component of reserves, and the American currency remained dominant across broad segments of international credit and finance.

The development of offshore dollar markets, notably the Eurodollar market, paradoxically reinforced this centrality without recreating Bretton Woods. Banks could create and trade dollar deposits outside American territory; capital markets deepened; U.S. Treasury securities acquired growing importance as liquid assets. Monetary power therefore changed form: less grounded in a fixed promise of conversion into gold, more in the depth, liquidity, and networks of a financial system centered on the dollar.

The second adaptation was far more socially costly. Beginning in 1979, under Paul Volcker, the Federal Reserve sharply intensified its fight against inflation. Interest rates reached very high levels; credit contracted; the economy passed through two closely spaced recessions, the 1981–1982 downturn being particularly severe. Unemployment reached 10.8 percent at the end of 1982.[36] But inflation fell rapidly: Federal Reserve historical data put it at around 6.1 percent at the beginning of 1982, then around 3.7 percent the following year.

This episode is central to the idea of a capacity for correction. An American institution succeeded in restoring a central function—price stability and stronger monetary credibility—but at the cost of recession, bankruptcies, unemployment, and especially severe damage to industry and certain regions. It would therefore be false to describe correction as pure "resilience" from which everyone benefited. A power can restore a strategic capacity by shifting part of the cost onto its own population. The correction exists; it is neither free nor politically neutral.

Higher U.S. interest rates also attracted capital and helped drive the dollar upward in the early 1980s. The stronger currency improved some aspects of the American financial position but harmed the competitiveness of exporters and producers exposed to international competition. Financial power can therefore come into tension with industrial power. This tension would become more important in later decades and prevents all dimensions of power from being treated as though they moved together.

Technological change provided another path of adaptation. The United States lost ground in several traditional manufacturing sectors, but remained at the center of innovation in semiconductors, computing, software, aerospace, telecommunications, emerging biotechnology, and university research. Silicon Valley, venture-capital markets, research universities, and federal defense and science programs formed an ecosystem that did not erase the crisis of the industrial Midwest but produced new sources of power.

Two overly tidy stories should therefore be avoided. The first would describe generalized deindustrialization leading mechanically to collapse; the second, a happy transition in which new technologies replaced old industries without cost. Reality was more contradictory. Productive functions shifted, some industrial chains weakened, regions lost jobs, and entire communities bore the cost of transformation. At the same time, the United States retained or strengthened capabilities of very high strategic value. Power did not disappear; its composition changed.

Alliances provided another source of continuity. Despite Vietnam, monetary tensions, and commercial disagreements, NATO did not dissolve. The alliances with Japan and South Korea endured. European partners could contest American decisions while continuing to operate within a security architecture in which American military capability remained central. This recalls an essential characteristic of institutionalized hegemony: partners are neither completely obedient nor easily replaceable, but institutions can survive major crises of the center because they also provide benefits to their members.

Geography and the domestic market also remained slow-moving sources of strength. The United States remained protected by two oceans, possessed a vast territory, powerful agriculture, important energy resources, a large population, and a market capable of absorbing innovation, consumption, and investment on a continental scale. These factors were not political decisions; they were inherited advantages that cushioned some errors.

Immigration and universities also contributed to renewal, but their role needs to be stated precisely. The United States continued to attract students, scientists, engineers, entrepreneurs, and workers. This capacity for attraction increased its innovative potential and allowed part of the human resources of the rest of the world to be converted into American capacity. It did not erase social tensions or inequalities; it simply enlarged the stock of skills and dynamism available.

The Reagan years are often presented as the moment when the United States "came back." Part of this perception corresponded to real changes: rearmament, higher military spending, more confrontational rhetoric toward the Soviet Union, acceleration in certain technological sectors, growth after the recession, and restoration of political confidence after the humiliations of the late 1970s. But turning that shift into a contradiction-free rebirth would reproduce the very kind of teleological story this chapter is meant to avoid.

Budget deficits rose sharply. The very strong dollar weighed on export industries. Financialization and deregulation altered the economic structure. Some industrial regions continued to decline and inequalities grew. Technological success did not mean preservation of every manufacturing capability. The corrections of the 1980s therefore solved some problems while deepening trends that would later appear as new fragilities.

Symbolic competition evolved as well. Institutions of public diplomacy continued to disseminate American information, cultural and university exchanges expanded, and American film, music, television, and consumer products circulated widely. But the reach of this attraction must not be confused with ideological control. The same societies that consumed American cultural products could oppose U.S. foreign policy. Cultural attraction provided an advantage in legitimacy and familiarity, not automatic political obedience.

1980–1991: the Rival Declines Too

The U.S. rebound of the 1980s cannot be understood without looking at the other half of the bipolar system. Power is relational. A country can become more dominant because it strengthens, because its rival weakens, or because both processes occur simultaneously. It was this combination that transformed the end of the Cold War.

The Soviet Union remained a formidable military superpower. It possessed a gigantic nuclear arsenal, controlled a European bloc, maintained substantial conventional forces, and supported allies in several regions of the world. But its economy experienced a lasting slowdown. Contemporary Western analyses, now declassified, identified a clear decline in industrial growth after the mid-1970s, productivity difficulties, increasing constraints on raw materials and energy, transportation problems, weak agricultural performance, and a large share of resources directed toward defense.

These assessments require caution: some came from an intelligence apparatus engaged in direct competition with the USSR, while Soviet statistics themselves are difficult to interpret. They nevertheless converge with the later diagnosis of "stagnation" associated with the end of the Brezhnev era. Growth slowed, the planning system had difficulty absorbing technological innovation, productivity advanced little, and the cost of extracting certain resources increased.

The Soviet problem was not merely quantitative. The centrally planned economy could mobilize massive resources for some strategic objectives, but adapted poorly to technologies, consumer preferences, and rapid structural change. Shortages, the low quality of many goods, bureaucratic rigidities, and weak incentives reduced the system's efficiency. The military-industrial complex remained effective in several domains, but this success absorbed a large share of an economy less flexible than that of its rival.

Energy exports provided temporary breathing room. High oil prices in the 1970s improved Soviet foreign-currency revenues, but this dependence also created vulnerability. Agricultural difficulties forced the USSR to import grain; acquiring Western technologies required hard currency; support for allies and client states carried a cost. The system had simultaneously to finance defense, maintain politically acceptable consumption levels, modernize its productive apparatus, and sustain its international network.

Economic constraints were compounded by political and national problems. The regime retained strong coercive capacity, but its ideological system mobilized less effectively than in previous decades. Eastern European societies increasingly resented Soviet tutelage. Within the USSR itself, national identities, corruption, political cynicism, and social frustrations gradually worked on the structure. It would nevertheless be false to regard collapse as predetermined from the beginning of the 1980s. The Soviet Union still possessed enormous resources, and few observers predicted the exact speed of its disappearance.

Mikhail Gorbachev's rise to power in 1985 marked an attempt at correction. Perestroika and glasnost sought, through changing methods, to reform the economy, restore political effectiveness, and loosen some of the system's rigidities. But the reforms themselves created new tensions. By opening public space and altering mechanisms of control without quickly producing an efficient economy, they released criticisms and demands that the center then struggled to contain.

At the same time, relations with the United States changed. The arms race, American military and technological pressure, and the Strategic Defense Initiative formed part of the strategic environment, but they are insufficient to explain Soviet evolution. Arms-control agreements, Reagan-Gorbachev summits, and the effort to reduce the cost of confrontation also resulted from choices made by the new Soviet leadership. It would therefore be too simple to say that Washington "spent the USSR into bankruptcy." The burden of competition mattered, but it operated on a system already traversed by internal structural constraints.

Beginning in 1989, communist regimes in Eastern Europe collapsed one after another. The fall of the Berlin Wall, German reunification, and the dissolution of the Soviet political pact in Europe were not simply American operations. Social movements in Central and Eastern Europe, decisions by their leaders, Gorbachev's refusal to use force as in 1956 or 1968, and the Soviet Union's internal crisis were decisive. The United States influenced, negotiated, guaranteed, and diplomatically exploited this transformation; it did not produce it alone.

When the Soviet Union dissolved in December 1991, the international system therefore changed for two reasons.[37] The United States had passed through the crises of the 1970s without losing its main infrastructures of power: a continental economy, an international currency, financial markets, alliances, scientific potential, military capacity, political institutions capable of corrective decisions, and cultural attraction. At the same time, its systemic rival had lost the ability to maintain its external empire, stabilize its economy, and ultimately preserve its own federal state.

That outcome does not retroactively turn American crises into illusions. Vietnam remained a political defeat. The end of Bretton Woods remained the disappearance of a central system. The oil shocks, inflation, deindustrialization in some regions, Japanese and European competition, the Iranian Revolution, and the crisis of legitimacy genuinely reduced some capabilities and some room for maneuver. But those losses did not destroy the mechanisms through which the United States could transform its power.

This is the Cold War's historical counter-test to the problem of decline. A power does not necessarily enter terminal decline because it loses a war, an institution, part of its relative production, or some of its prestige. The decisive question is whether those losses destroy its capacity for correction. As long as resources remain sufficiently diversified, institutions can change policies, the financial system can absorb changes in rules, innovation can renew certain functions, alliances survive crises, and rivals do not advance faster, decline can remain partial, sectoral, or reversible.

That lesson should not be turned into a reassuring analogy for the present. It does not allow us to say that every contemporary American crisis will end as those of the 1970s did. The Soviet rival had specific structural weaknesses; current competitors do not necessarily resemble it. Global productive dependence has changed, industrial chains are different, debt and fiscal costs have evolved, domestic political polarization is not identical, and China possesses an industrial base without Soviet equivalent.

History has to be used more carefully than that. The 1970s show that American power could suffer defeats, lose central rules of the order it had built, see its relative superiority diminish, and impose costly corrections on its own society without ceasing to be capable of recomposition. The problem of decline begins less with the presence of crises than with the possible disappearance of this capacity for correction.

In 1991, that capacity still existed, and the decisive shift came from the system itself: the United States did not suddenly become perfect, but it lost its only comparable strategic rival. The America entering the 1990s retained industrial, social, and fiscal fragilities inherited from previous decades; yet it possessed a combination of economic, technological, military, financial, and institutional power now freed from bipolarity. It was this exceptional asymmetry—not a definitive victory over the laws of history—that opened the unipolar moment.

1991–2001 — the Unipolar Moment: Peak or Anomaly?

In December 1991, when the Soviet Union disappeared, the United States did not suddenly become twice as rich, twice as innovative, or twice as powerful militarily. Much of what it possessed had already existed a few months earlier: the continental economy, the dollar, Wall Street, universities, technology companies, the fleet, bases, European and Asian alliances, the diplomatic apparatus, and the international institutions built since 1945. Yet its position in the world system changed almost instantly. The only state capable of opposing it with a comparable global combination of military, nuclear, ideological, and geopolitical power ceased to exist. This matters for understanding American decline: a power can reach a relative peak even when its own resources have not all increased at the same rate. The gap can also widen simply because its principal rival disappears.

The term that then gained currency in part of the strategic literature was "unipolarity." It does not mean that Washington governs the world, that no state can resist it, or that every American intervention succeeds. It describes a much more precise structure: at the beginning of the 1990s, no other state possessed a combination of resources comparable to that of the United States on a global scale. Russia retained nuclear weapons but underwent a profound economic and institutional contraction. Japan and Germany were economic giants but possessed neither the strategic autonomy nor the military projection needed to constitute global peers. China was growing rapidly, but it did not yet possess the industrial capacity, financial resources, technologies, or military apparatus that would make it, several decades later, a systemic rival. Western Europe was wealthy, institutionalized, and capable of autonomy in many domains, but remained politically fragmented and integrated into a security architecture whose military center was still the United States.

That combination makes the 1990s a misleading baseline. If everything that follows is measured against that decade, almost any normalization of the balance of power looks like decline. If, by contrast, unipolarity is understood as a historical window produced by an unusual conjunction—a rival's abrupt disappearance, the absence of an immediate replacement, the victor's alliances remaining intact, technological and financial advantages, and the expansion of institutions compatible with its preferences—then the question changes. What follows can still count as real decline even if part of it is simply a return to a less exceptional balance of power.

Demonstrating the Asymmetry

The Gulf War provided the most spectacular image of the new balance of power as early as 1990–1991. When Saddam Hussein's Iraq invaded Kuwait in August 1990, the United

States succeeded in turning several forms of power into a coherent operation: building a broad coalition, obtaining a United Nations legal basis, deploying massive forces to the Gulf, achieving air superiority, organizing intercontinental logistics and intelligence, establishing integrated command, and making intensive use of precision technologies. The campaign of January–February 1991 rapidly expelled Iraqi forces from Kuwait.[38] The contrast with Vietnam was striking: the objective was limited, the coalition broad, the theater favorable, the adversary conventional, and the political outcome clear. For a time, American superiority seemed unusually easy to translate into success.

This success must nevertheless be interpreted carefully. It does not prove that the United States can rebuild a foreign state at will, impose a political order durably, or eliminate local resistance. Washington deliberately chose not to turn the operation into an occupation of Iraq and not to make Saddam Hussein's overthrow the immediate objective of the war. The lesson cuts both ways: the military gap was extraordinary, but success still depended on defining the objective narrowly enough. Expelling an army from occupied territory is not the same task as governing a foreign society or refounding its institutions.

American military power nevertheless remained without a close equivalent throughout the decade. After the spending reductions that followed the Cold War, the United States still remained capable of simultaneously funding a nuclear triad, several carrier battle groups, global combat aviation, space and intelligence capabilities, a network of bases, prepositioned forces, and intercontinental logistics. SIPRI estimates that in 2000 the United States accounted for about 37 percent of world military spending and describes it as the sole superpower.[39] The figure does not measure power by itself, because spending does not translate mechanically into capability. But it gives the order of magnitude of the asymmetry: no other country then approached the American combination of funding, technology, projection, operational experience, and alliance network.

NATO provided another major indicator. An alliance built to contain the Soviet Union might have lost its function when the adversary disappeared. It did not dissolve. It transformed. Poland, Hungary, and the Czech Republic officially joined on March 12, 1999.[40] The move extended the Western security architecture into former Warsaw Pact territory and showed that the United States and its allies could preserve a central Cold War institution by adapting it to a new strategic setting.

It would nevertheless be incorrect to tell the story of this enlargement as the simple absorption of passive peripheries. Central European governments and societies had their own reasons for seeking membership: fear of a return of insecurity, a desire for Western anchoring, the search for a collective guarantee, and a definitive exit from the former Soviet order. American influence clearly expanded, but it did so partly because partners had reasons of their own for wanting to join the system. This combination of local demand and American capacity is one of the characteristics of institutionalized hegemony: the center does not need to impose everything if some actors find it advantageous to join the system.

The Balkans extended this evolution. In Bosnia and then Kosovo, the United States played a major role in Western diplomatic and military operations. NATO no longer acted only as a territorial-defense alliance against a comparable rival; it became an instrument of crisis management, coercion, and regional stabilization. In 1999, the air campaign against the Federal Republic of Yugoslavia showed that the Alliance could sustain a major operation without suffering combat losses on anything like the scale of earlier industrial wars.[43] But it also revealed a tension that would accompany the post-Cold War era: the campaign had not received explicit prior authorization from the UN Security Council, and its legal status remained contested. Operational superiority therefore did not eliminate the question of legitimacy.

Unipolarity was therefore real, but it was not omnipotence. It describes a moment when American power could operate under unusually favorable conditions: no global peer, alliances preserved, manifest military superiority, and greater strategic freedom. But its results still depended on objectives, partners, institutions, and the societies on which that power sought to act.

Turning the Advantage Into an Open Order

America's relative peak in the 1990s did not rest on military power alone. It also reflected the fact that the world economy was increasingly organized around markets, standards, institutions, technologies, and networks in which the United States occupied a central position. This form of power was less visible than territorial domination. It functioned because a significant part of the world wanted access to the markets, capital, standards, technologies, and institutions that structured the open order.

The World Trade Organization began operating on January 1, 1995, as an outcome of the Uruguay Round.[41] It was not an American institution in the sense that Washington could unilaterally dictate its decisions. Its rules were negotiated among members, its dispute-settlement mechanisms could constrain the United States itself, and its existence presupposed genuine multilateral cooperation. Yet its rise coincided with a moment when trade opening, liberalization, lower barriers, and transnational integration were particularly compatible with the economic model promoted by Washington and its principal partners.

This is where American hegemony took on a paradoxical form. The more institutionalized the system became, the more the United States could benefit from rules, standards, and networks that extended its power; but the more genuinely multilateral those institutions were, the less directly controllable they became by Washington. Power multiplied by becoming infrastructure, while at the same time accepting rules that sometimes limited its arbitrariness. The order was American less because Washington administered every decision than because so many of its key networks and institutions revolved around an American center of gravity.

The dollar extended the same mechanism. The previous chapter showed that the end of Bretton Woods had not destroyed its centrality. In the 1990s, that centrality became still more useful as international financial flows intensified. American markets offered a depth, liquidity, and range of assets without a close equivalent. Treasury securities, banks, capital markets, and the dollar's role in international trade gave the United States a particular ability to attract global savings, finance its deficits, and influence financial conditions beyond its borders.

This financial centrality was not identical to direct political domination. Foreign investors often chose the dollar because they found liquidity, relative safety, and market depth there; they were not simply compelled by Washington. But their choice reproduced an asymmetry: the more the world used American financial infrastructure, the more costly it became to exit it rapidly. That kind of network effect is why American power in the 1990s cannot be reduced to a list of assets located inside the United States.

Technology gave the unipolar moment an additional dimension. Personal computing, software, semiconductors, telecommunications, and the commercial internet placed American companies, universities, and research centers at the heart of a new economic transformation. Silicon Valley became a global model of innovation and venture capital. Microsoft, Intel, Cisco, and other firms helped diffuse technical architectures whose standards, programming languages, financial networks, and entrepreneurial culture were strongly linked to the United States.

The internet reinforced this centralizing effect. Its development did not result from a single company or a plan of cultural domination, but the American environment combined public research, universities, private firms, venture capital, a large domestic market, and telecommunications deregulation. By the end of the 1990s, the image of a "new economy" suggested that a technological rupture might allow faster growth with less inflation. Rising productivity in some sectors gave this optimism a real foundation, but the dot-com bubble of 2000–2001 showed that technological leadership could coexist with speculation, overvaluation, and destruction of capital.[42]

Cultural power also seemed to reach a peak. Hollywood, television series, popular music, brands, advertising, universities, clothing, personal computing, and soon digital services circulated on a scale rarely achieved by a national culture. The disappearance of the Soviet rival amplified the impression that few credible ideological alternatives to Western liberal capitalism remained. Debates about an "end of History" matter here less as a claim to truth than as a symptom of the period: they captured the confidence of part of the Western elite that a political and economic model centered largely on the United States would continue to spread.

But this attraction must not be confused with centralized propaganda. Much of what made the United States desirable or familiar abroad came from cultural markets, commercial innovation, migration, universities, music, cinema, or social aspirations that were not directed by the state. Public-diplomacy mechanisms existed, but they did not control cultural circulation. A population could watch American films, use a computer designed in the United States, and send its children to an American university while rejecting Washington's foreign policy. Attraction is a resource of power; it is not obedience.

Limits Already Present

The danger in writing about the 1990s is to mistake the absence of a global peer for the absence of resistance. Yet several operations already showed that military superiority did not translate mechanically into political results. Somalia was the most brutal case. An intervention initially connected to a humanitarian crisis and the protection of aid became bogged down in a fragmented political environment. The Battle of Mogadishu in October 1993, with American soldiers killed and bodies publicly displayed, produced a political shock disproportionate to the military scale of the engagement. The United States remained incomparably more powerful militarily than the Somali factions; yet the political cost of a mission whose objectives had become unclear led to withdrawal. Even extreme military asymmetry did not eliminate the need for domestic support, clear objectives, or a convincing relationship between additional costs and strategic stakes.

Bosnia and Kosovo showed another limit. The United States could shift the balance of power, impose negotiations, or conduct an air campaign, but stabilizing a divided society then required an international presence, institutions, local compromises, and time. Coercive tools are generally better at changing behavior or destroying military capability than at quickly producing a legitimate political order. This distinction, still contained during the 1990s, would become central after 2001.

The economic fragilities of the future were also already visible, but they must be described without anachronism. Some American industrial regions continued to lose jobs or undergo restructuring. Finance occupied a growing place. The trade deficit widened. Value chains became more international, and firms increasingly optimized costs on a global scale. These trends did not mean that the United States had already lost its productive base or its capacity to innovate. They simply show that geopolitical peak coexisted with a transformation of economic structure whose gains and costs would be distributed very unevenly.

Globalization contained the most important paradox here. Openness strengthened many American firms, expanded their markets, lowered the price of some goods, and enabled production chains to be organized on a global scale. It also diffused technologies, production methods, capital, and knowledge. What increased the efficiency of the system could therefore also accelerate the rise of new industrial centers. This mechanism does not prove that openness was a "mistake," nor that China's future rise was automatically caused by American choices. It means only that an open order never remains the exclusive property of the power that initially benefits from it most.

Unipolarity could therefore create its own blind spot: because no rival could challenge the United States across the system as a whole, slow structural changes could look strategically secondary. An offshoring decision, a trade deficit, a loss of capacity in one sector, an industrial dependence, or the transfer of a technology did not immediately threaten the security of a power without a peer. But their accumulation could alter the balance of power if another state later succeeded in converting economic integration into an industrial, technological, and military base.

American domestic politics likewise bore little resemblance to any posthistorical harmony. The 1990s saw solid growth and an improved budget position at the end of the decade, but also widening inequalities in some respects and increasingly hard political confrontation. The conservative revolution in Congress in 1994, conflicts over the federal government, culture wars, and the impeachment proceedings against Bill Clinton show that a society at the peak of its external power could remain deeply conflictual. It would nevertheless be anachronistic to project directly onto this period the degree of polarization of the 2010s and 2020s. The more defensible conclusion is narrower: some fault lines were already visible, but they did not yet determine the country's later trajectory.

A Window That Already Contains Its End

Russian weakness was one of the major conditions of the unipolar moment. The Russian Federation inherited the Soviet nuclear arsenal, a permanent seat on the Security Council, and an immense territory, but in the 1990s it underwent economic contraction, administrative disorganization, chaotic privatizations, social crisis, and visible military difficulties. The war in Chechnya revealed an army far removed from the image of the Soviet superpower. This weakness sharply reduced Moscow's capacity to act as a global counterweight.

But Russia's weakness did not justify treating Russian power as permanently spent. Territorial depth, the nuclear apparatus, energy resources, military traditions, and the possibility of recentralizing the state remained reserves of power. The unipolar moment therefore also rested on a reading of the present that underestimated the possibility of a partial return by temporarily weakened competitors.

China makes even clearer why the decade was a window rather than a new normal. At the beginning of the 1990s, it was already engaged in rapid economic transformation, but remained very far from the American combination of capabilities. Its per capita income was low, its technology firms did not dominate global markets, its navy lacked comparable projection, its financial reserves were far smaller, and its industrial apparatus had not yet reached the scale it would attain in the following century.

Yet the elements of a different trajectory were visible. Economic reforms continued, coastal regions industrialized, foreign investment flowed in, and China progressively became a major production platform. Its immense population and potential market attracted Western and Asian firms. A dominant idea among part of the Western economic elite was that commercial integration could simultaneously promote growth, increase interdependence, and encourage gradual convergence of rules.

China's accession to the World Trade Organization on December 11, 2001, provides an unusually sharp hinge for the book.[44] It can be read as a triumph of the open order: one of the largest countries in the world joined the multilateral institution embodying the expansion of post-Cold War trade rules. But it also opened a phase in which China's integration into the world economy accelerated sharply. What seemed to confirm the universalization of the order would contribute, together with many other domestic and international factors, to strengthening a state that would later become the United States' principal systemic competitor.

In retrospect, it would be too simple to present this accession as a single mistake by Washington. American firms sought markets and lower costs; consumers benefited from cheaper goods; China undertook profound reforms to meet the conditions of membership; European and Asian partners also participated in its integration. The process was not Washington's alone. But it reveals an important property of open hegemony: the system that amplifies the power of the center can also provide peripheral and rising powers with instruments for their own development.

The year 2001 therefore closed the decade on a fundamental ambiguity. On the one hand, the United States remained a power without a close equivalent: the world's largest economy, the leading military power, a financial, technological, and cultural center, and the heart of an expanded alliance network. On the other, the conditions of future competition were already visible: Russia was beginning to recentralize, China was becoming more deeply integrated into world trade, productive chains were shifting, foreign interventions had revealed their limits, and the dot-com bubble had just reminded observers that technological leadership did not guarantee linear prosperity.

The unipolar moment has to be taken seriously without being treated as the natural state of the system. It probably represents the peak of relative American preponderance because it combined exceptional capabilities of its own with the temporary absence of a systemic rival. But that combination is precisely what makes it difficult to reproduce. A power can retain most of its resources while appearing to decline as other actors rebuild, develop, or turn the open order to their own advantage.

That is why any measurement of American decline has to specify the baseline. Comparing the contemporary United States with the 1990s means comparing it with a decade in which a historically rare set of conditions favored it. Comparison with 1945, with the Cold War, or with earlier great powers yields different diagnoses. The loss of an unrivaled situation, the relative decline of certain capabilities, the disappearance of an institution, the absolute decline of a resource, and the collapse of a power must be distinguished. These phenomena are not equivalent.

Measuring American decline from the 1990s may therefore mean, in part, measuring the disappearance of a historically exceptional situation rather than the fall of an ordinary power. That point excuses no strategic error and denies no real loss. It simply sets the comparison on a sounder footing. The following decade will show what happens when a power accustomed to unparalleled freedom of action commits a considerable share of its resources to wars whose political conversion becomes much more difficult, at the very moment when the world's productive center begins to shift.

2001–2008 — the War on Terror and the First Fracture of the Unipolar Moment

September 11, 2001, did not destroy American power. It shattered a particular image of that power. The United States remained the world's largest economy, the military power most capable of projecting forces over long distances, the center of the international financial system, and the heart of an alliance network without equivalent. Yet within hours, the assumption that the post-Cold War superpower could organize much of the international order while remaining relatively insulated at home was no longer credible. The rupture was first strategic and political: it redefined priorities, redirected institutions, altered the relationship between homeland security and foreign policy, and opened a sequence in which the United States would mobilize enormous resources against adversaries far weaker materially but difficult to neutralize politically.

That distinction matters. One simplistic reading makes September 11 the beginning of "American decline." An opposite simplification treats Afghanistan and Iraq as costly but peripheral episodes with no lasting effect on the trajectory of U.S. power. Both miss the central mechanism. The war on terror did not collapse the American economy, eliminate the dollar, destroy the alliances, or abolish global military superiority. It did, however, consume time, budget, political attention, equipment, military availability, and part of the legitimacy accumulated during the previous decade. Above all, it exposed a limit that the unipolar moment had partly concealed: possessing overwhelming means does not guarantee the ability to convert operational victory into a durable political order.

In that sense, 2001–2008 marked the first major fracture in the unipolar moment. Not because a global rival suddenly appeared in the autumn of 2001, but because the use of American superiority progressively revealed diminishing returns. At the same time, another transformation was unfolding elsewhere. China entered the World Trade Organization on December 11, 2001, and accelerated its economic integration. Global production chains were being reorganized. American strategic attention focused primarily on terrorism, Afghanistan, and the Middle East while a deeper redistribution of industrial capabilities was already under way. It would be false to conclude that the wars "caused" China's rise. The relationship is more limited: the wars may have narrowed American strategic room at the same time that an independent structural shift was becoming more consequential.

From Rapid Victory to an Expanded Mission

The intervention in Afghanistan initially seemed to confirm the central lesson of American military superiority in the 1990s. After the attacks, the Bush administration obtained from Congress the 2001 Authorization for Use of Military Force, which authorized the use of force against those responsible for September 11 and those who had aided or harbored them.[45] Within weeks, a combination of intelligence, special forces, air power, and Afghan allies brought down the Taliban regime. The material gap between the United States and its adversary appeared immense. Al-Qaeda's principal sanctuary was disrupted, the government sheltering it was driven from Kabul, and a new political configuration began to be organized.

But the initial success quickly gave way to a different kind of mission. Destroying a terrorist sanctuary, overthrowing the government protecting it, and disrupting a clandestine network are not objectives equivalent to stabilizing a country, rebuilding institutions, establishing legitimate administration, training security forces, and durably preventing the return of an insurgency. The first set of objectives can be achieved through concentrated military superiority. The second requires prolonged action on political, social, and territorial structures that the outside power does not control.

Afghanistan thus became an early test of how difficult that conversion could be. The operational victory was real. So was the gradual expansion of objectives. The institutions established after Bonn, reconstruction of the state, organization of elections, training of the Afghan army and police, and extension of Kabul's authority became objectives far beyond the initial destruction of Al-Qaeda. The mission did not unfold from a single coherent plan fixed at the outset. It expanded in response to events, allied expectations, Afghan political dynamics, and fears that a rapid withdrawal might recreate the conditions that had allowed a terrorist sanctuary to emerge.

The problem was that Afghanistan remained a political system with its own actors, interests, and conflicts. The local alliances used against the Taliban did not disappear once the initial campaign ended. Relations between Kabul and the provinces, tribal structures, power networks, trafficking, regional rivalries, and above all the role of Pakistan weighed on the conflict's evolution. Presenting the country as a simple object of American strategy would reproduce precisely the analytical error that must be examined: external power operates in an environment whose causalities and preferences it does not control.

Over the following years, the Taliban gradually rebuilt an ability to act. The war lengthened. American and allied forces developed techniques of counterinsurgency, intelligence, targeting, and cooperation with local forces. But the strategic equation became more complicated: the broader the mission grew, the more demanding the expected result became. Preventing a terrorist network from freely using a territory is a relatively bounded objective; constructing a political order legitimate, competent, and autonomous enough to make that result durable is far more costly.

Afghanistan therefore provides the chapter's first answer. American power was not defeated there in the conventional sense. It encountered another limit: the strategic return on committed resources declined as the mission shifted from military destruction to political transformation. This distinction, still partly contained between 2001 and 2003, became much more visible with Iraq.

Iraq 2003: the Central Test of Unipolar Power

The invasion of Iraq was a more demanding test because it combined the confidence of the unipolar moment, the security climate created by September 11, and a much broader political ambition. In October 2002, Congress adopted a specific authorization to use force against Iraq.[46] The administration advanced several justifications: failure to comply with obligations imposed after the Gulf War, concerns about weapons of mass destruction, proliferation risks, links with terrorism, and the need to enforce international resolutions. The post-September 11 context lowered political tolerance for risk: the possibility that a threat might be underestimated itself became a powerful argument.

The arguments made before the invasion must nevertheless be distinguished from what was established afterward. The failure to find the expected stockpiles of weapons of mass destruction later became a central element of the U.S. credibility crisis. This distinction is not secondary: a power pays not only the cost of its decisions; it also pays the cost of a diagnosis that proves wrong or was presented with excessive confidence. When the most visible justification for a war is weakened by subsequent facts, the legitimacy of the action and trust in the decision-making apparatus deteriorate far beyond the strictly military sphere.

The campaign of March–April 2003 nevertheless confirmed the operational asymmetry. American and British forces rapidly overthrew Saddam Hussein's regime. Baghdad fell within weeks. An army that remained substantial on paper could not prevent the coalition's rapid advance. If power is measured by the ability to destroy a conventional military apparatus and overthrow a government, the operation seemed to demonstrate American superiority.

But that measure was inadequate. Once the regime fell, the problem changed in kind. It was no longer simply a matter of defeating Iraqi forces; the country had to be administered, services restored, political authority rebuilt, order maintained, the consequences of dissolving state structures managed, communal rivalries contained, insurgency confronted, and the territory prevented from becoming a new center of regional violence. Military victory therefore opened a sequence whose demands were heavier than those of the campaign itself.

Early occupation decisions became part of the problem. The decisions on de-Baathification and dissolution of the Iraqi army have been widely debated because they contributed to the disorganization of an apparatus already weakened. They are not enough by themselves to explain the insurgency, which also resulted from Iraqi dynamics, networks from the former regime, jihadist groups, regional actors, communal rivalries, and the very presence of foreign forces. But they illustrate a specific limit of unipolar power: the ability to overthrow a political order quickly does not imply an equal ability to understand and build what must replace it.

The insurgency quickly increased the cost of occupation. American losses, attacks on coalition forces, bombings of civilians and infrastructure, and then rising violence between Sunnis and Shiites transformed Iraq into a much longer conflict than expected. The war changed form. Superiority in tanks, aircraft, satellites, and precision missiles did not disappear, but it was insufficient to control dispersed, clandestine, and politically rooted violence. Military power had to learn to operate in cities, protect populations, identify networks, and rebuild institutions at the same time.

This is where conversion becomes the central issue. The United States achieved the initial outcome it pursued: Saddam Hussein was overthrown. But the strategic benefit of that victory cannot be measured without considering what followed. If stabilization costs rise, objectives expand, and political gains remain uncertain, then the relationship between power expended and result obtained deteriorates.

The contrast with 1991 is revealing. The Gulf War had a limited objective: expel the Iraqi army from Kuwait. In 2003, the fall of the regime was only the beginning of the political problem. The contrast does not mean that the first war was "easy" or the second doomed in advance. It shows that the nature of the objective determines the kind of power required. A coalition capable of defeating an army can achieve spectacular success without possessing an instrument capable of rapidly producing a stable state.

Diplomatic costs compounded the operational ones. Unlike the 1991 war, the 2003 intervention did not rest on a new Security Council resolution explicitly authorizing the use of force. The United States and the United Kingdom argued that existing resolutions provided a sufficient basis; other governments and legal scholars disputed that interpretation. The split with France, Germany, and other partners did not destroy Western alliances, but it weakened the image of an order in which American power operated chiefly through institutionalized consensus.

The revelations from Abu Ghraib, detentions at Guantánamo, and controversies over interrogation methods deepened this tension. The problem was not that a photograph or a detention center could by themselves destroy the cultural appeal of the United States. Hollywood, universities, technology companies, and American society continued to exert considerable attraction. The deeper problem was normative consistency. The more Washington justified its actions in the name of democracy, human rights, and a rules-based order, the more practices incompatible with those principles generated symbolic cost. Narrative power depends less on the ability to spread a message than on the credibility of the actor carrying it.

The Cost of Dispersion

The concept of overextension needs to be used carefully. A great power is not overextended simply because it spends heavily on defense or fights in several theaters. It becomes overextended when lasting commitments absorb growing resources while the strategic benefits obtained become more uncertain, and when that mobilization reduces the room available for other priorities. Overextension is therefore a relationship among cost, duration, objectives, and alternatives—not a defense budget viewed in isolation.

Even before the financial crisis, the available figures showed that the cost was already substantial. In February 2008, the Congressional Budget Office noted that Congress had provided $18 billion in 2002 for military operations in Afghanistan and elsewhere, $76 billion in 2003, $74 billion in 2004, then increasing amounts up to $165 billion in 2007. If the administration's 2008 request had been fully funded, cumulative appropriations for Iraq, Afghanistan, and other activities related to the war on terror would have reached roughly $752 billion since 2001.[47] The number is enormous, but it has to be read correctly: it is neither the full future economic cost nor, by itself, an amount capable of bankrupting an economy the size of the United States.

The Government Accountability Office provides a different measure, one that should not be confused with appropriations. By the end of fiscal year 2007, the Department of Defense had reported roughly $492 billion in obligations related to the war on terror since 2001; by March 2008, the reported cumulative total approached $562 billion.[48] The GAO itself emphasizes the differences among available appropriations, reported obligations, and expenditures actually executed, as well as limitations in some Pentagon data. That accounting distinction matters: combining different categories would create a false appearance of precision.

What the figures do show is a clear trajectory. Annual obligations rose sharply, especially with the Iraq War. In 2007, the Department of Defense reported about $140 billion in obligations related to the war on terror, roughly 40 percent more than in 2006. Operations and maintenance spending dominated, but rebuilding and replacing equipment became increasingly important. A long war consumes not only ammunition and fuel; it wears out vehicles, helicopters, electronic systems, and personnel.

The impact on force availability also became documentable. In February 2008, the GAO emphasized that ground forces had operated at a high tempo since 2001. Roughly 931,000 Army and Marine Corps personnel had deployed in overseas operations between 2001 and July 2007, including about 312,000 members of the National Guard or reserves.[49] Readiness problems do not mean that the American military ceased to be capable of fighting. They mean that the ability to sustain existing commitments, train units for other scenarios, and rebuild equipment became more costly.

That is precisely the difference between constraint and collapse. The United States could finance operations, increase personnel, buy equipment, and regenerate units. But every correction had a price. An army that must rebuild force readiness after several years of prolonged ground operations has less room for maneuver than a theoretically equivalent army that did not have to sustain those rotations. Power remained immense; the cost of reproducing it increased.

The mode of financing partly reduced the immediate political visibility of this mobilization. Unlike the great wars of the twentieth century, post-September 11 operations were not accompanied by a specific fiscal effort on a comparable scale. A significant share of financing came through deficits and borrowing. This made it possible to sustain the effort without immediately demanding a proportional tax increase from the population. American financial privilege functioned here as a shock absorber: the depth of markets and global demand for dollar-denominated assets made durable financing possible on relatively favorable terms.

But that shock absorber did not eliminate the cost; it deferred and redistributed it. Part was deferred into debt and future interest. Another part appeared later in care and benefits owed to veterans. Retrospective estimates made after the period show that these obligations extend over decades. It would be methodologically wrong to use a contemporary multi-trillion-dollar total as though decision-makers in 2003 or 2007 already knew that amount. But later calculations reveal a real property of long wars: their cost does not end when combat operations stop.

Human costs make this temporality even more visible. The dead and wounded are not merely military statistics; they alter families, communities, and political perceptions of commitments. Repeated deployments increase fatigue among personnel and reservists. Psychological trauma, disability, and long-term care bind the state long after forces withdraw. A theory of overextension that counted only dollars would therefore miss an essential part of the mechanism.

Legitimacy erodes through a different mechanism, but it can also narrow strategic room for maneuver. After September 11, the United States benefited from very broad international sympathy. Afghanistan received substantial allied support. Iraq rapidly transformed that environment. Pew Research Center surveys show that between 2002 and 2007 favorable views of the United States declined in 26 of the 33 countries with comparable measures.[50] This means neither universal hostility nor the disappearance of alliances. Several governments cooperated closely with Washington, and many publics continued to admire aspects of American society. But the diplomatic cost of action rises when a power must persuade partners in an environment where its credibility has deteriorated.

Domestic legitimacy also deteriorated, especially regarding Iraq. In February 2008, Pew found that a 54 percent majority of Americans considered the decision to use force in Iraq wrong, compared with 38 percent who considered it right.[51] Afghanistan retained clearly higher support, showing that this was not uniform isolationism. The narrower lesson is that when the relationship between cost and outcome becomes uncertain, the domestic coalition needed to sustain prolonged uses of power contracts.

Military adaptation provides a genuine counter-test to any simple story of weakening. The wars in Afghanistan and Iraq produced major innovations. Special operations forces accumulated considerable experience. Tactical intelligence, persistent surveillance, drone use, data fusion, techniques against improvised explosive devices, and joint operations advanced. Counterinsurgency again became a central doctrinal domain. The American military learned, adapted its procedures, and improved its effectiveness in several kinds of operations.

That adaptation should not be turned into retrospective proof of strategic success. An institution can learn enormously in a costly war. The question is what that learning displaces. Forces trained for population security, ground patrols, counterterrorism raids, and counterinsurgency do not prepare exactly for the same scenarios as high-intensity competition against a state equipped with missiles, a large navy, advanced air defenses, and a significant industrial base. The hypothesis that the wars temporarily diverted doctrine, procurement, and attention from that competition is plausible, but it must remain more cautious than retrospective claims that "Washington ignored China."

Opportunity cost is the hardest causal issue to establish. It cannot be demonstrated that a dollar spent in Iraq would necessarily have financed a ship, a semiconductor factory, or an Asian program. Budgets are political, alternatives uncertain, and China's rise depended first of all on Chinese dynamics. It is nevertheless reasonable to observe that an administration, Congress, diplomatic apparatus, and armed forces do not possess unlimited attention. Wars occupy meetings, shape careers, define urgencies, orient investments, and absorb political capital. Strategic distraction can therefore be real without appearing as a clean accounting line.

2006–2008: Adaptation Without Erasing the Costs

Beginning in 2006, the deterioration of the situation in Iraq reached a level that made simple continuity impossible. Sectarian violence, insurgency, and the fragility of the Iraqi government fueled the view that the existing strategy was not producing an acceptable result. The Bush administration responded with a major revision: increased troop levels, greater emphasis on protecting the population, new counterinsurgency practices, and the search for local alliances, especially with Sunni groups that would form part of the Sons of Iraq.

The 2007 "surge" has to be assessed without reading the later outcome backward into the decision. It was neither proof that the entire war had been a success nor a mere event without effect. GAO data show a substantial decline in violence: enemy-initiated attacks fell from roughly 180 per day in June 2007 to about 50 in February 2008, then around 30 in June. The decline was real. The GAO attributed it not to a single factor but to the combination of increased American forces, tactical changes, creation of the Sons of Iraq, and the cease-fire by the Mahdi Army.[52]

The result confirmed a pattern already seen during the Cold War: a power in difficulty can retain substantial capacity for correction. American military institutions learned, adapted doctrine, increased force levels, and improved the local security situation. It would therefore be a mistake to describe Iraq as a straight-line trajectory toward failure.

The improvement in security in 2007–2008 created political room that no longer existed in 2006.

But correction does not erase what came before it. Budgetary costs had already been committed. Human losses had occurred. International legitimacy had been damaged. Forces had undergone years of rotations and wear. Above all, improved security did not immediately produce the autonomous political order that had been the project's highest ambition. In 2008, less than 10 percent of Iraqi security forces were classified at the level allowing them to conduct operations without coalition assistance, according to Department of Defense data reported to the GAO. Several political and institutional objectives remained incomplete. Tactical correction therefore improved the return without retroactively transforming the entire balance sheet.

During the same sequence, China followed a trajectory almost opposite to that of American strategic attention. Its accession to the WTO on December 11, 2001, still belonged to the triumph of the open order described in the previous chapter. But it also accelerated commercial integration, investment inflows, and the development of productive capacities. This process was not caused by Iraq or Afghanistan. It resulted from Chinese reforms, foreign investment, corporate strategies, the growth of Asian trade, and a transformation of the world economy.

The simultaneity still matters historically. Between 2001 and 2008, the United States mobilized a major share of its strategic apparatus around the war on terror. During the same interval, its principal future systemic rival deepened its participation in global economic networks. This simultaneity must not be turned into causality. But it helps explain why opportunity costs become a serious question: American power was not merely engaged in wars; it was engaged in those wars while another kind of transformation was progressively altering the global distribution of capabilities.

Here the paradox of the American order becomes especially clear. The institutions, markets, and networks that had multiplied American power during the 1990s were not closed mechanisms reserved for the center. Because they functioned as an open order, they also offered other states opportunities for enrichment, learning, and accumulation. China could therefore strengthen itself within a system of which Washington remained the principal financial, technological, and institutional center. The historical success of the American order contained the possibility of a future reduction in the relative gap.

By 2008, nothing yet justified speaking of imperial collapse. The dollar remained central. The United States remained capable of financing immense military commitments. Its economy remained the largest in the world in nominal terms. Its alliance network had not disappeared. Its military apparatus adapted and retained unmatched power-projection capability. Its technological and university system continued to produce major innovations. Even Iraq showed that a significant operational correction remained possible after several years of mistakes and deadlock.

What had fractured was something more specific. The belief that rapid military victory could be transformed almost mechanically into stable political order was gravely damaged. Confidence in regime change as a relatively low-cost instrument of international policy was reduced. American legitimacy had deteriorated in a significant part of the world. Domestic support for Iraq had eroded. Forces and budgets had endured prolonged mobilization. And the idea that unipolar power possessed a virtually unlimited quantity of time and strategic attention became far less credible.

The sequence therefore offers a better causal test than the blanket claim that "the wars caused the decline." The hypothesis of an almost negligible structural effect is too weak: the costs, wear, legitimacy losses, and strategic mobilization are too well documented to be treated as insignificant. The opposite hypothesis—that overextension by itself explains the redistribution of power—is too strong: the American economy was still absorbing the costs, the fundamental infrastructures of power survived, and China's rise had autonomous causes. Between the two, a more robust conclusion emerges: the wars genuinely contributed to reducing American room for maneuver without constituting by themselves the engine of relative decline.

The year 2008 closes this sequence for another reason. While the wars remained open, a global financial crisis began in the United States and struck at the heart of the system that the previous decade had presented as one of the principal multipliers of American power. It would be artificial to explain that crisis through Iraq or Afghanistan. Its mechanisms belong to another history: credit, housing, financial leverage, regulation, securitization, and vulnerabilities in the banking system. But its coincidence with the accumulated costs of the wars marked a further rupture in confidence in the American capacity to organize the world order without contradiction.

The first fracture of the unipolar moment was not the destruction of American power. It was the discovery that enormous power could be spent for returns far smaller than initial superiority seemed to promise. The United States emerged from 2001–2008 still extraordinarily powerful, but with a more precise image of its limits: it could overthrow regimes, project armies, and finance considerable commitments; it could not automatically convert those capabilities into stable societies, legitimacy, or strategic advantage proportional to the cost incurred. Meanwhile, the productive transformation of the world continued along its own trajectory. That is what must now be examined.

The Shift in the World's Productive Center

PART III - The Shifting World

The shift in world power is visible not only in military budgets, alliances, foreign-exchange reserves, or diplomatic statements. It is also visible in where things are made. Behind financial flows and the promises of globalization, there are always factories, machines, supply chains, engineers, mines, refineries, ports, power grids, suppliers, and workers. For much of the twentieth century, the United States and, more broadly, the industrial West had concentrated an exceptional share of this material infrastructure. Since the end of the century, that geography has changed profoundly.

The shift cannot be reduced to the slogan that "America no longer makes anything." That would be false. The United States remains one of the world's largest manufacturing producers, possesses industrial sectors of remarkable sophistication, and continues to concentrate a substantial share of research, design, and very high-value-added activities. But it would be equally misleading to treat the relocation of production as strategically irrelevant simply because an advanced economy can specialize in services, finance, software, and innovation. A power depends not only on the value it captures, but also on what it can actually produce, replace, repair, and scale quickly when a global supply chain breaks.

The figures show the scale of the change. According to UNIDO, China's share of global manufacturing value added rose from about 2.8 percent in 1990 to about 32 percent in 2024.[53] The United States still accounts for about 15 percent, making it the world's second-largest manufacturing power, but Asia and Oceania now concentrate more than half of global manufacturing value added. This is not merely a story of rising U.S. imports from China. The material center of gravity of global manufacturing has shifted.

This shift is not in itself proof of American collapse. Manufacturing value added measures neither the dollar, nor finance, nor software, nor patents, nor universities, nor alliances, nor the totality of military power. But it changes a deep condition of power: the distribution of the physical capacity to transform resources into complex goods on a large scale. This transformation must be measured without reducing it to a single narrative of "deindustrialization."

The Shift: from Western Centrality to Industrial Asia

The most striking change is one of scale. China, Japan, South Korea, Taiwan, and then a growing part of Southeast Asia have become central components of productive networks that no longer merely supply cheap goods to Western consumers. They manufacture machinery, electronic components, batteries, industrial equipment, vehicles, chemicals, ships, solar panels, and a growing range of technologically sophisticated goods.

Asia is no longer simply a peripheral workshop connected to a Western center; it has itself become an ensemble of centers of production, design, finance, and innovation.

China's rise provides the most visible measure of this transformation. China's share of world merchandise exports, still close to 4 percent around 2000, roughly doubled in less than a decade and then continued to rise. This dynamic accompanied the country's accession to the World Trade Organization, but it cannot be explained by that event alone. It resulted from several decades of economic reform, massive infrastructure investment, capital accumulation, urbanization, education and training, industrial policy, technology transfers, decisions by multinational firms, and progressive integration into regional and global value chains.

The history would be distorted if this transformation were described as a transfer decided in Washington. American choices mattered: trade opening, encouragement of investment, corporate offshoring, confidence in economic integration, and the search for lower costs all contributed to the movement. But Asian governments, local firms, European and Japanese investors, technological change, automation, and falling transport costs also participated in the new productive geography. Global openness created the conditions in which these choices could operate; it did not determine the outcome by itself.

The comparison with the United States therefore has to be precise. American power did not stop producing. The Department of Commerce estimates that in 2022 about 80 percent of the value of gross manufacturing output produced in the United States still came from domestic content.[54] American manufacturers obtained about 69 percent of their intermediate inputs from suppliers located in the country. The image of U.S. manufacturing as little more than the assembly of imported components is therefore largely false. An immense domestic productive fabric still exists, even though nearly one-third of intermediate inputs are imported and dependence varies enormously by sector.

Relative decline can coexist with very high absolute capacity. This is a fundamental distinction for the entire book. Producing a smaller share of world output does not necessarily mean producing less than before. An economy can continue to grow in absolute terms and lose relative weight if other economies advance much faster. Conversely, high overall domestic production can conceal critical losses in certain sectors. The diagnosis therefore cannot rest on a single indicator.

Manufacturing output must also be distinguished from manufacturing employment. In advanced economies, productivity gains make it possible to produce more with fewer workers. A decline in manufacturing employment is therefore not automatic proof of declining output. It may reflect automation, robotics, improved processes, and corporate concentration. But this explanation is not sufficient either. In some regions, factory closures have indeed caused the disappearance of jobs, incomes, subcontractors, skills, and local tax bases. National economic performance and regional experience can diverge sharply.

The shift toward Asia is also a shift in industrial ecosystems, not merely a relocation of individual factories. A large factory never exists alone. It depends on suppliers of parts, tooling, materials, software, maintenance, logistics, industrial services, and a trained workforce. When an activity migrates for several decades, suppliers and skills may move with it. The result is not merely a difference in production costs; it is sometimes the formation of an ecosystem that cannot be rebuilt quickly by simple political decision.

This is where globalization takes on a different strategic meaning. During the expansion of global supply chains, specialization was often evaluated in terms of efficiency: producing where costs were lowest, distributing stages across several countries, and reducing inventories made it possible to increase margins and lower prices. As long as flows remained open, this organization could appear to be a net gain. But a chain optimized for normal conditions is not necessarily robust when a pandemic, war, sanction, natural disaster, or closure of a maritime route occurs. At that point, production is no longer only an economic issue; it becomes a question of resilience.

What "deindustrialization" Really Means

The word "deindustrialization" is useful only if its meaning is specified. It can refer to at least five different realities: a decline in manufacturing's share of employment, a decline in industry's share of gross domestic product, the absolute disappearance of capacity in certain sectors, the territorial destruction of industrial ecosystems, or increased dependence on critical foreign inputs. These phenomena can occur together, but they are not identical.

The decline in manufacturing's share of employment is common to most rich economies. It results partly from productivity gains and the rise of services. An automated factory can produce more than an older factory with far fewer workers. Likewise, industry's share of GDP mechanically declines when health care, education, finance, software, and other services grow faster. Those two indicators alone can make structural economic change look like industrial disappearance.

But productivity cannot be used to explain away real losses. In several American regions, competition from Chinese imports produced lasting consequences. The work of David Autor, David Dorn, and Gordon Hanson shows that local labor markets most exposed to the rise in Chinese imports between 1990 and 2007 experienced more unemployment, a greater decline in labor-force participation, and stronger wage pressures. Their cautious estimate attributes roughly one-quarter of the contemporaneous decline in American manufacturing employment to this exposure.[55]

The evidence does not justify the claim that "China destroyed American industry." It means something more precise: in certain areas specialized in sectors directly exposed to a rapid rise in Chinese imports, adjustment was slower and more costly than an abstract view of labor mobility predicted. Workers did not all leave affected regions to move immediately into growing sectors. Wages, labor-force participation, and local incomes sometimes took many years to recover. The national gains from trade and the costs concentrated in particular communities were therefore distributed very unevenly.

Other factors nevertheless contributed to the decline in industrial employment. Automation, higher productivity, offshoring to Mexico or other countries, shifts in demand, technological change, and firms' financial strategies also played a role. It is therefore impossible to attribute all deindustrialization to a single external adversary. This safeguard is important for what follows: if territorial losses become a source of political anger, their origins remain multiple.

U.S. specialization in high-value segments is the strongest counterargument to a simple story of industrial decline. The United States retains very strong positions in software, intellectual property, research, design, aerospace, pharmaceuticals, some industrial equipment, digital services, and finance. An American company can capture a large share of a product's value without manufacturing most of its components itself. In a world of complex value chains, economic power is therefore not proportional to steel tonnage or the number of factories.

But that specialization raises three different questions: Who captures the value? Who controls the technology? And who can actually manufacture at scale when ordinary supply channels are disrupted? A favorable answer to the first two does not guarantee the third. This is the difference between economic power under normal conditions and productive capacity under conditions of disruption.

This distinction is visible in semiconductors. American firms remain dominant or highly influential in several segments of design, electronic-design software, intellectual property, equipment, and research. Yet the American share of global semiconductor manufacturing has fallen sharply since 1990. The Department of Commerce notes that it declined from about 37 percent in 1990 to about 12 percent in the early 2020s, and then to less than 10 percent of global wafer-fabrication capacity in 2024 according to a more recent estimate.[56] There is no contradiction once technology and manufacturing are separated: a country can remain indispensable to a supply chain while becoming dependent on physical capacity concentrated elsewhere.

The global semiconductor shortage of 2020–2022 made this dependence visible to the general public. Automotive industries with capital, demand, and advanced technologies were slowed by the absence of relatively small components. The bottleneck was not the total value of the product but the impossibility of rapidly substituting for one specialized link. The principle extends well beyond chips: a chain can be diversified overall and still contain a single point whose failure paralyzes the whole.

When a Value Chain Becomes a Strategic Dependence

Strategic dependence cannot be measured simply by the share of imports. Importing is not synonymous with weakness. A country can buy abroad because it is cheaper, because an ally produces better, or because reciprocal specialization increases everyone's efficiency. Dependence becomes strategic when a critical imported link is hard to substitute, geographically concentrated, consequential if disrupted, and slower to replace than the crisis allows.

Supply chains therefore have to be analyzed by function. In a complex product, raw materials may be extracted in one country, refined in a second, transformed into components in a third, assembled in a fourth, while design, software, and intellectual property come from a fifth. The flag printed on the final product says almost nothing about this architecture. A serious industrial policy must identify where the bottlenecks lie and how long it would take to bypass them.

Semiconductors offer the clearest case because they combine manufacturing concentrated in Asia with U.S. leadership in several critical technological segments. The result is interdependence rather than one-sided dependence. Asian producers need equipment, software, and technologies that come in part from the United States and its allies; American firms need Asian manufacturing capacity. This interdependence may be stable in normal times and extremely vulnerable in the event of conflict around Taiwan or a prolonged disruption of regional trade.

Clean-energy supply chains present another type of concentration. The energy transition is sometimes described as a shift from dependence on hydrocarbons to a more autonomous economy. But photovoltaic panels, batteries, permanent magnets, and electric vehicles also require minerals, refining, components, cells, wafers, and industrial facilities. The Department of Energy has documented very high Chinese concentration in several solar-photovoltaic manufacturing stages, including more than 80 percent in some links and still higher levels in others.[57] An energy transition can therefore reduce one vulnerability while creating another.

The issue is not that China controls every technology or resource. It is that concentrating many links in the same industrial ecosystem raises the cost and time required to replace them. When a country possesses refining capacity, component factories, port infrastructure, equipment suppliers, and immense domestic markets at the same time, competition is no longer only about hourly wages. It is about the existence of a complete ecosystem.

The defense industrial base makes the issue more acute. A modern military depends on extremely sophisticated systems, but it also depends on quantity. A prolonged war consumes ammunition, missiles, spare parts, explosives, engines, electronic components, and maintenance capacity. The sophistication of an individual platform does not solve the problem if stocks are depleted faster than industry can replenish them.

Recent strains on American ammunition production illustrate this constraint without proving a general military decline. The GAO has identified significant delays in several defense supply chains and the lengthening of some delivery times for electronic components.[58] The Department of Defense has committed several billion dollars to expand production capacity and is seeking, among other things, to increase 155 mm artillery-shell production sharply. The fact that higher output requires investment, suppliers, equipment, and time shows that industrial capacity cannot be treated as an abstract reserve. It must either exist before a crisis or be rebuilt quickly enough to matter.

This constraint must be stated cautiously. The United States has an immense military budget, a technologically advanced defense industry, and a network of allies capable of producing ships, electronics, ammunition, and components. Its total mobilizable capacity therefore greatly exceeds its strictly national capacity. Japan, South Korea, Canada, Australia, several European countries, and Taiwan can play essential roles. Any assessment of American power that ignored these allies would be incomplete.

But allied capacity is not the same as sovereign national capacity. It depends on political decisions, contracts, maritime routes, interests of its own, and geographic vulnerabilities. In a major conflict, some allies may cooperate fully, others more partially. Facilities located near a war zone may be difficult to use. National capacity, potentially available allied capacity, and capacity actually mobilizable in a specific crisis therefore have to be distinguished.

The same distinction applies to autonomy. Complete self-sufficiency is rarely necessary and would be extremely costly. No large modern country optimally produces every raw material, component, or machine on its own territory. A more realistic strategic objective may be diversification rather than autarky: multiple suppliers, strategic stockpiles, minimum domestic capacity, allied production, long-term contracts, and workable substitutes. Resilience is not the same as independence.

Manufacturing and innovation also cannot be treated as fully separable. For a long time, part of American economic discourse assumed that it was possible to retain higher-value activities—research, design, software, finance—while outsourcing a large share of manufacturing. This strategy produced genuine gains. But the separation is not always stable. Industrial learning often happens on the factory floor: fixing defects, refining processes, testing materials, training engineers, and developing suppliers generate knowledge that is difficult to codify fully.

American research data also show that industry remains central to innovation. In 2023, manufacturing firms performed about $394 billion in domestic R&D, or 55 percent of R&D performed by businesses in the United States.[59] This does not mean that all production should be reshored. It simply indicates that manufacturing and innovation remain linked in several sectors, particularly pharmaceuticals, electronics, aerospace, and advanced equipment.

Industrial Decline, Transformation, or a New Geography of Power?

At this point, four interpretations have to remain separate. The first sees substantial industrial decline: the loss of certain critical capacities would directly reduce American economic and military power. The second describes structural transformation: American industry remains strong but specializes more heavily in high-value activities while part of mass production shifts to Asia. The third speaks of relative decline without absolute decline: the United States continues to produce enormous amounts, but other countries grow more rapidly and narrow the gap. The fourth holds that some dependencies can be offset through technology, finance, allies, and a capacity for industrial reconstruction.

At the broadest level, the second and third interpretations are the strongest. The United States has not experienced an overall disappearance of its industry. It still possesses an enormous market, global firms, a fabric of suppliers, research centers, and exceptional investment capacity. But its share of world manufacturing output has fallen sharply relative to Asia's rise, and this redistribution has created vulnerabilities in several critical chains.

The first hypothesis becomes more plausible at the sector level. Semiconductors show that a loss of manufacturing share can create strategic dependence even when the country remains powerful in design. Some energy chains show that a new technology can be deployed on a large scale without the corresponding production capacities being domestic. In defense, the time required to replenish some ammunition or components shows that the physical capacity to produce in quantity becomes important again when consumption exceeds the rate anticipated in peacetime.

The fourth hypothesis—dependence that can be offset—is the hardest to assess because it turns on the capacity for correction. A dependence is not equivalent to an irreversible loss if the country can rebuild factories, attract firms, train workers, mobilize capital, and reorganize public procurement. The United States possesses several of these resources. Since the beginning of the 2020s, policies on semiconductors, batteries, infrastructure, and certain energy supply chains have sought to accelerate the reconstruction of domestic capacities.

But political will is not enough. An investment announcement is not an operating factory. An operating factory is not a competitive industrial ecosystem. And a competitive ecosystem is not automatically capable of reaching crisis-scale output. Construction times, permits, availability of skilled workers, specialized equipment, energy costs, and dependence on foreign suppliers determine the actual success of reindustrialization.

The decisive variable is therefore time. A power may be capable of rebuilding a capacity in ten years while remaining vulnerable to a disruption that occurs in six months. Productive sovereignty is not merely the theoretical ability to make something. It is the ability to produce it in the required quantity, at an acceptable cost, and within the timeframe the situation demands.

The same timing issue separates peacetime capacity from capacity in a prolonged crisis. For several decades, the American economy benefited from a global system capable of delivering the necessary inputs quickly. As long as that system works, international specialization increases efficiency. But if relations with a central supplier become hostile, or if an essential maritime zone is contested, part of the advantage can turn into a constraint. Globalization does not abolish geography; it can simply make geography less visible until flows are disrupted.

The productive shift therefore changes how decline has to be measured. It requires distinguishing at least four possible losses: losing a relative share of world production; losing an absolute quantity of production; losing control of a technology; losing the physical capacity to manufacture a critical object. These four phenomena are not the same. The United States has clearly experienced the first in several domains. The second is more variable. The third is limited by the persistence of strong technological positions. The fourth exists in certain links and constitutes the principal strategic risk.

This conclusion fits neither a story of industrial renaissance nor one of industrial ruin. The United States remains a major industrial power. Its domestic production is still immense, its manufacturing R&D is substantial, and its allied network multiplies its capabilities. But the industrial world is no longer organized around a Western preponderance as exceptional as that of the mid-twentieth century. A growing share of global manufacturing capacity, mass production, and several strategic supply chains is now located in Asia.

The geopolitical consequence is not simply that another country produces more. It is that the cost of autonomy, resilience, and mobilization has changed. A power does not cease to be industrial because it no longer manufactures everything itself. But when the objects on which its economy, its defense, and its capacity for innovation depend can no longer be produced or replaced quickly enough without supply chains it does not control, the geography of production becomes a constraint on power.

That constraint does not tell us whether China has converted its industrial advantage into a form of global power equivalent to that of the United States. An exceptional productive base can support technology, the military, diplomacy, and financial influence; it does not by itself guarantee their combination. That is the problem of the next chapter: how far China's productive scale has been converted into systemic power.

China — from Productive Giant to Systemic Rival

Turning Productive Mass Into Strategic Power

The previous chapter established a massive shift in the world's productive geography. Yet manufacturing more does not by itself make a country a systemic power. Production creates resources, skills, infrastructure, dependencies, and mobilization capacities; it does not automatically transform those advantages into diplomatic influence, military superiority, an international currency, standards, alliances, or the ability to organize an order durably. The question, then, is how China converts an industrial base of global scale into political and strategic power. China has become the first state since the disappearance of the Soviet Union capable of contesting several dimensions of American preponderance simultaneously. It is no longer merely an immense trading partner or a manufacturing platform for Western companies. It is an industrial, technological, financial, and diplomatic center capable of altering the choices of other states and reducing, in certain regions and sectors, Washington's freedom of action. That is enough to justify calling China a systemic rival. But it does not mean that China has already replaced the United States, that it is destined to do so, or that it is reproducing the American model of power. This distinction is essential. The United States built a form of power whose different components reinforce one another: the dollar, deep financial markets, military alliances, bases, multinational corporations, universities, technologies, multilateral institutions, and global cultural diffusion. China follows a different trajectory. It combines industry, trade, public investment, infrastructure, financing, military power strongly concentrated on its regional environment, and a network of partnerships that does not resemble the American alliance system. Comparing the two powers therefore requires comparing functions, not institutional look-alikes. The central question is not whether China is simply "more" or "less" powerful than the United States. Such an aggregate comparison conceals more than it reveals. We must ask what China can already do, what it still cannot do, and what costs it is now capable of imposing. In the 1990s, no state could constrain Washington simultaneously across industry, technology, military power, and major parts of the world economy. That is no longer true. The first conversion runs through trade. When a country occupies a central position in global value chains, it gains more than export revenues. It becomes a supplier, customer, investor, and market for a multitude of other economies. This centrality creates interdependence. For some countries, China is a major outlet; for others, an essential source of machinery, electronic components, chemicals, consumer goods, or infrastructure. This does not produce automatic political obedience, but it changes the cost of political choices. Resisting Beijing, diversifying suppliers, or reducing a dependency may be possible while remaining costly. Chinese industrial power also creates powerful scale effects. Producing millions of vehicles, batteries, solar panels, machines, or components makes it possible to accumulate know-how, suppliers, logistical capacities, infrastructure, and learning that GDP statistics describe only imperfectly. In several sectors, the advantage is no longer merely labor cost. It lies in the density of an ecosystem: rapid availability of parts, proximity of subcontractors, the ability to modify a process, the scale of the domestic market, financing, and infrastructure. An industry capable of producing on a large scale can therefore support a technological and strategic ambition that simple specialization in low-cost assembly could not. Shipbuilding is a particularly clear example of this conversion. According to UNCTAD, China accounted for around 55% of global shipbuilding output in gross tonnage in 2024, 74.4% of new tonnage contracted that year, and 63.7% of the global orderbook at the beginning of 2025.[60] These figures primarily concern commercial industry. They do not mean that every civilian yard becomes a military yard, or that merchant tonnage and naval power are equivalent. But they describe a rare industrial depth: steel, engines, electronics, engineering, suppliers, labor, port infrastructure, and the capacity to manage complex programs. That depth can indirectly strengthen maritime power by making related skills, suppliers, and industrial capacity easier to mobilize. The same mechanism appears in technology. The old contrast between "American innovation" and "Chinese imitation" no longer describes the landscape adequately. China remains dependent on foreign technologies at certain critical bottlenecks, but it also possesses research centers, companies, laboratories, digital platforms, and industrial capacities able to innovate at the frontier in several sectors. In artificial intelligence, it leads or rivals in some measures of publications, citations, and patents, while the United States retains a stronger position in the most notable models and in several essential infrastructures. In batteries, telecommunications, drones, energy equipment, robotics, or electric vehicles, China can at times combine research, commercial deployment, and mass production on a scale that is difficult to reproduce elsewhere. Scientific output, quality, frontier innovation, intellectual property, and industrial capacity still have to be kept separate. Producing more papers or filing more patents does not automatically prove technological leadership. Conversely, measuring only the most visible innovations may underestimate the power of a system capable of rapidly diffusing a technology through hundreds of factories and millions of products. Technological rivalry therefore operates on several levels: invention, design, manufacturing, deployment, cost, standardization, and the ability to build an ecosystem. Semiconductors reveal both the strength and the vulnerability of the Chinese system. China has an immense electronics market and growing manufacturing capacity, but for some advanced chips and equipment it remains dependent on technologies controlled by American or allied companies. Design software, some manufacturing equipment, and several lithography technologies constitute bottlenecks that Beijing is actively seeking to circumvent. American export restrictions have shown that control over a few links can still be used as an instrument of power. But this American advantage is not a permanently guaranteed condition. Every restriction also creates an incentive for substitution. If a country knows that a technology can be withdrawn for strategic reasons, it has an additional reason to finance a domestic alternative, even if that alternative is more costly in the short term. Competition then becomes a race between control of a bottleneck today and the ability to work around it tomorrow. The outcome is not known in advance: some bottlenecks may remain durable, while others may be progressively reduced. Military power is the most direct strategic conversion of that material base. In 2025, SIPRI estimated Chinese military spending at around $336 billion, or 12% of the world total, compared with $954 billion and 33% for the United States.[61] The gap remains massive. Washington finances a global force, a considerable nuclear arsenal, aircraft carriers, bases, alliances, operations across several theaters, and a worldwide intelligence apparatus. Beijing does not yet possess an equivalent infrastructure. But budget comparisons alone can be misleading. China concentrates a large share of its effort near its own territory: the South China Sea, East China Sea, Taiwan Strait, and the western Pacific littoral. The United States, by contrast, must distribute its power across Europe, the Middle East, the Indo-Pacific, nuclear deterrence, and global presence. A regional power can therefore make an American intervention extremely costly without matching America's global capacity. Chinese modernization is aimed precisely at this asymmetry. Long-range conventional missiles, anti-ship capabilities, aviation, submarines, air defense, space, cyber, and a nuclear arsenal complicate American access to the region. The key concept is not global domination but denial. A power can erode another's hegemony without being able to replace it everywhere. If Washington must now take into account the possibility of heavy losses, the exposure of its bases, and the risk of nuclear escalation before acting near the Chinese coast, part of unipolarity has already disappeared. Taiwan makes this shift especially visible, but the case should not be turned into a prediction of war. The case serves as a conceptual test. In the 1990s, American military superiority in the region was much harder to contest. Today, any intervention would entail far higher operational and political risks. American relative decline, in this sense, need not mean losing an aircraft carrier, a technology, or a base. It can mean that using those assets becomes substantially more costly because an adversary can impose greater risks. China thus possesses enough material power to produce real strategic effects. But a systemic rival is not defined only by its ability to make intervention costly. It must also be able to offer networks, financing, institutions, or relationships capable of giving other states additional room for choice.

Building Instruments of Power Without Reproducing America

The Belt and Road Initiative illustrates a different route to influence. Since 2013, China has financed or built ports, roads, railways, power plants, digital networks, and other infrastructure in many regions.[62] These projects first serve economic functions. When they are actually completed and properly integrated, World Bank research has shown that they can reduce transport times and trade costs. Their political effects can extend further, however, by creating contracts, logistics corridors, financial ties, technical standards, and a durable presence for Chinese firms. It would still be a mistake to treat these relationships automatically as evidence of a "Chinese empire." Recipient countries have their own interests. They renegotiate, delay, cancel, or redirect some projects. They may welcome Chinese investment while cooperating militarily with the United States or maintaining an independent foreign policy. Debt does not necessarily mean submission, and participation in the BRI is not a vote for geopolitical alignment. Beijing's power lies less in centralized control over these states than in becoming a partner they cannot easily ignore. This position is particularly important in the Global South. Many governments do not want to organize their policy around an exclusive choice between Washington and Beijing. They may seek American security guarantees, Gulf capital, European technologies, Russian hydrocarbons, and Chinese infrastructure simultaneously. China's rise expands their room to bargain. A country with several sources of financing, several trading partners, and several arms suppliers is less dependent on a single center. Chinese influence therefore works differently from the American system built after 1945. It relies less on a universal system combining multilateral institutions, security alliances, and cultural projection than on a dense network of economic relationships, infrastructure, financing, and state-to-state partnerships. Beijing often emphasizes sovereignty and non-interference, which can be attractive to governments that reject Western political conditionality. This discourse has its contradictions, particularly when Chinese interests are directly threatened, but it offers a distinct diplomatic proposition. BRICS is another sign of pluralization. Its expansion shows that a growing share of major non-Western powers wants spaces for cooperation in which the United States and Europe do not dominate the definition of priorities. This shift is real, but it does not make BRICS a Chinese bloc. India maintains a strategic rivalry with China. Brazil pursues its own objectives. Gulf states diversify their partnerships without necessarily abandoning their relationship with Washington. South Africa, Indonesia, and the other members also have autonomous trajectories. More institutional alternatives do not amount to alignment. This distinction helps explain a new form of power. China can reduce American preponderance without building a disciplined camp around itself. Sometimes it is enough to offer credible alternatives that let other states negotiate with Washington from a less dependent position. Power does not consist only in obtaining obedience; it also consists in changing the options available. Soft power remains a more visible limitation. The United States still possesses a cultural ecosystem of exceptional reach: cinema, music, universities, media, digital platforms, brands, the English language, scientific networks, associations, foundations, and political imaginaries. Much of this influence is not directly produced by the American state, which can make it more persuasive. China has developed international media, cultural institutes, public diplomacy, universities, and creative industries, but their global reach remains more limited. Less soft power does not, however, mean no attraction. China's economic success, the speed at which it builds infrastructure, some of its technologies, rail transport, electric vehicles, telecommunications, or the image of a state capable of pursuing long-term industrial policies can inspire admiration or imitation. Attraction is not reducible to films, music, or ideological adherence. A country can be influential because it offers practical solutions, financing, or a development trajectory seen as credible. This mix of instruments is why China should not be judged as an incomplete copy of the United States. It does not need to reproduce exactly the dollar, NATO, Hollywood, and American universities to become systemic. It needs only to be capable of producing equivalent effects in certain functions: offering alternative financing, creating a technical standard, making a military operation more costly, opening a market, supporting infrastructure, creating a dependency, or allowing a partner to resist American pressure more effectively. But this alternative architecture is still incomplete. Some of the most powerful resources of the American order—currency, open financial markets, an alliance network, and institutional confidence in assets—still have no Chinese equivalent. This is where the most visible ceiling on Beijing's rise lies.

The Ceilings: Currency, Alliances, Vulnerabilities, and Interdependencies

China is a major financial power, but it does not possess a hegemonic currency. At the end of July 2026, its foreign-exchange reserves stood at around $3.4188 trillion.[63] That stock provides a substantial external cushion and gives the state significant financial capacity. But China's reserves also reveal a paradox: part of the country's financial power is stored in the assets, currencies, and markets of a system in which the dollar remains the central infrastructure. In the first quarter of 2026, the IMF estimated that the dollar represented 57.13% of reported global foreign-exchange reserves. The renminbi represented 1.99% of reported global reserves in the first quarter of 2026[64] and comes nowhere near the position of the American currency. The size of the Chinese economy is therefore not enough to produce monetary substitution. An international currency requires deep and liquid markets, high convertibility, a large supply of safe assets, durable confidence in legal rules, and the ability for investors to move capital with few restrictions. Chinese controls on capital movements and the organization of its financial system limit this function. Trade settlement in renminbi may increase, central banks may hold more of it, and bilateral agreements may locally reduce use of the dollar. These developments matter. They should not be confused with replacement of the dollar as the dominant currency of the global financial system. China can contribute to a more pluralized monetary order without possessing a currency capable of performing all the functions of the dollar. The alliance picture shows a similar asymmetry. Beijing has strategic partners, military cooperation, privileged relationships, and close ties with several states. But this does not form a security network comparable to that of the United States. Washington can rely on NATO, Japan, South Korea, Australia, the Philippines, and multiple bilateral or multilateral arrangements. These alliances never guarantee perfect alignment, but they create bases, access, interoperability, intelligence, planning, and a capacity for joint mobilization. China has fewer partners willing to take major military risks on its behalf. This weakness matters especially for a power dependent on global maritime trade. Extensive commercial influence is not equivalent to an extensive security system. States can be deeply tied to the Chinese economy while refusing to support Beijing in a strategic crisis. Geography creates vulnerabilities as well. China is a manufacturing giant that imports a significant share of its energy and raw materials. A substantial portion of these flows passes through sea routes vulnerable to tension or disruption. Investments in pipelines, ports, reserves, supplier diversification, and new routes reduce some risks without eliminating them. The larger an industrial economy becomes, the more continuity in raw-material flows becomes a strategic condition. This dependence does not mean that the United States could easily "cut China off" from the world. That idea ignores the scale of China's merchant fleet, its naval capabilities, Beijing's partners, the costs to the world economy, and the military risks involved. Maritime vulnerability must be treated as a constraint, not as a switch Washington could flip without cost. Domestic constraints are equally important. In 2025, the Chinese economy still grew by 5%, which remains a strong performance for an economy of this size. But the IMF projects 4.5% in 2026[65] and a gradual slowdown over the medium term. The property correction, debt and local public finances, weak private demand, deflationary pressures, population aging, and slowing productivity are real obstacles to a linear extrapolation of the past trajectory. Real estate plays a particular role because it affects household wealth, local finances, credit, and confidence simultaneously. Local governments long depended heavily on revenue linked to land and construction. When the sector slows, weakness can therefore spread to local budgets and domestic demand. The IMF also emphasizes the weight of debt in local-government financing vehicles and the risks of continued low-productivity investment. None of these problems proves that China is headed for collapse. Repeated prophecies of "collapse" over several decades have often underestimated the adaptive capacity of the state and the economy. China still has an immense market, high savings, infrastructure, industrial capacities, and a public apparatus capable of mobilizing resources. But the same methodological discipline applied to the United States must be applied here: no favorable trend can be projected indefinitely. Demography illustrates this point. Aging and a shrinking working-age population can reduce potential growth and increase the cost of aging. But they do not mechanically determine future output. Robotization, artificial intelligence, improvements in human capital, and productivity growth can offset part of the shortage of workers. This compensation remains an adaptation hypothesis, however, not an achieved solution. Producing more with fewer workers requires productivity to rise fast enough and the corresponding investments to be effective. China's political system cuts both ways. Concentration of power can facilitate long industrial policies, direct credit, accelerate some infrastructure projects, and mobilize resources quickly. But it can also reduce the circulation of information, strengthen bureaucratic incentives to conceal errors, or delay correction of bad decisions. No political regime automatically turns centralization and planning into an advantage. The question is always the quality of feedback and the capacity to correct. These constraints do not make China a secondary power. They merely show why the word "rival" is more precise than "successor." Beijing now possesses enough resources to impose structural constraints on Washington, but it remains dependent on many infrastructures of the existing world system. U.S.-China rivalry is not a contest between two sealed-off systems. It is competition inside a world that remains deeply intertwined.

What Kind of Rivalry Now Structures the System?

The first hypothesis is hegemonic succession: China would gradually convert industrial power into monetary, institutional, military, and technological power until it replaced the United States as the principal center of the world order. That possibility cannot be ruled out. But the current evidence does not justify treating it as the established trajectory. Monetary, global military, institutional, and cultural gaps remain significant, while China faces substantial internal constraints. A second hypothesis is incomplete bipolarity. The United States and China would dominate enough dimensions to structure a large part of global competition without either possessing complete hegemony. China could lead in certain industrial capacities, be very strong in several technologies, and be militarily formidable in Asia, while the United States retained major advantages in finance, the dollar, alliances, some technologies, military projection, and soft power. A third hypothesis emphasizes multipolarity. Even if Sino-American rivalry becomes the main axis of the system, it does not eliminate the autonomy of India, Europe, Japan, Russia, the Gulf states, Brazil, or other regional powers. Some may align with Washington in one domain, with Beijing in another, and pursue their own policy elsewhere. The world could therefore be strongly structured by two poles without returning to a bipolar system as rigid as the Cold War. A fourth hypothesis is a Chinese plateau. Aging, debt, productivity limits, technological restrictions, trade tensions, and institutional errors could prevent Beijing from fully transforming its industrial power into global hegemony. Here again, teleology must be avoided. A slowdown would not mean disappearance of power. An economy can stop converging rapidly while remaining immense and capable of constraining rivals for decades. The fifth is durable competitive interdependence. The United States and China would seek to reduce certain strategic dependencies while remaining tied by trade, value chains, finance, markets, and cross-cutting technologies. Economic and technological decoupling would remain selective rather than total. In this scenario, rivalry resembles neither the cooperative globalization of the 1990s nor the relatively sealed separation of the Cold War. It becomes competition within a shared system. At this stage, incomplete bipolarity, multipolarity, and competitive interdependence fit together best and match the evidence most closely. They describe a world in which the United States remains the most complete power but can no longer organize the strategic environment alone; China becomes the principal rival capable of constraining it, while other actors enjoy growing autonomy. This diagnosis should not be collapsed into a single score. China is a major economic power, the world's leading manufacturing power, a strong technological power that is uneven across sectors, a first-rank regional military power with expanding global reach, a considerable financial power without a hegemonic currency, a diplomatic power capable of offering partial alternatives, and a cultural power whose reach remains below that of the United States. These dimensions cannot be reduced to one common measure. The implication for American decline is nevertheless clear. It is now necessary to distinguish America's own weakening from the rise of a competitor. The United States can continue to enrich its economy, improve some technologies, modernize its military, and preserve its alliances while losing part of its relative preponderance if China advances faster in decisive domains. Relative decline can therefore occur even while American capabilities continue to grow in absolute terms. The reverse also holds. If China slows, suffers a prolonged property crisis, or encounters technological limits, that does not automatically repair American fragilities. The trajectory of each power must be assessed in itself before their relationship is measured. The analytical trap is to treat every Chinese weakness as an American revival, or every Chinese success as proof of American collapse. The break with the 1990s is simpler and more fundamental. At that time, no rival was capable of imposing comparable costs on Washington simultaneously in industry, technology, the military sphere, and part of the architecture of the world economy. Today, China can. China has not replaced the United States, but it has already ended the world in which no comparable rival could constrain Washington across several major domains at once. This conclusion shifts the book's focus. After measuring the principal external rival, we must return to the United States itself. A power can bear the existence of a competitor if it retains the capacity to correct its own errors, invest, maintain institutional cohesion, and renew its political contract. The next problem is therefore not China's rise alone, but the United States' capacity to adapt to a world in which that rise has become a durable fact.

Domestic Fragilities and the Capacity for Correction

PART IV - Fragilities and Renewal

When Domestic Conflict Becomes a Constraint on Power

After measuring the rise of the principal external rival, we must return to the United States itself. A power does not necessarily lose its place because it experiences conflict, inequality, debt, or low political trust. The United States has gone through a civil war, several depressions and recessions, political assassinations, profound social struggles, institutional scandals, military defeats, and periods of inflation without ceasing, at other times, to strengthen its economic, technological, and strategic power. The relevant question is not whether American society is "in crisis" in some vague sense. It is whether its tensions durably reduce its capacity to transform still-immense resources into decisions, investment, administrative execution, and sustainable strategy. This distinction is decisive because a diagnosis of domestic decline can easily become a collection of spectacular images: electoral confrontation, record debt, aging infrastructure, political violence, inequality, health problems, migration conflicts. Each of these phenomena can be serious. None proves by itself that American power is doomed. A rich society can remain highly unequal and retain considerable military capacity; a polarized democracy can still pass structural legislation; a heavily indebted state can mobilize gigantic sums if it retains market confidence, a deep tax base, and a dominant currency. The analysis therefore has to move from symptoms to mechanisms. The central mechanism of this chapter is the capacity for correction. A great power does not necessarily decline because it accumulates problems; it declines when those problems durably reduce its capacity to mobilize resources, correct errors, and bear the cost of necessary transformations. That capacity has several distinct dimensions: making a lawful decision, financing it, executing it through public institutions, producing what it requires, and sustaining the effort politically. A country can succeed in four of these dimensions and fail in the fifth. It can pass a law but fail to build; allocate funds but lack engineers; possess technologies but fail to obtain permits; have an industrial base but abandon a strategy after each change of administration. Competition with China makes this question more pressing, but it did not create American fragilities. It exposes them. As long as no comparable rival exists, a poor allocation of resources can be absorbed more easily. When competition becomes durable, delays accumulate. Ten years lost in an industrial chain, an infrastructure, a training system, or an energy policy can produce a strategic cost that wealth alone cannot correct instantly. The American domestic problem is therefore not sudden collapse. The risk is that the gap widens between available resources and the capacity to turn them into sustained action quickly enough. Political trust provides a first test case. In September 2025, Pew found that only 17 percent of Americans said they trusted the federal government to do what is right almost always or most of the time, one of the lowest levels since the series began in the late 1950s.[66] In July 2026, Gallup measured average confidence of 27 percent across fourteen major institutions, only one point above its historical low.[67] These are different measures, but both point to substantial distrust. Neither directly tells us what the federal government or other institutions can actually do. Low trust becomes a variable of power only through its consequences. A government whose decisions are received with suspicion may find it harder to secure acceptance of a tax, a costly reindustrialization program, a technology restriction, military spending, sustained support for an ally, or an investment whose results will appear only after several terms in office. The political cost of each transformation rises when citizens distrust not only the party in power but also the public agencies, experts, or institutions responsible for carrying it out. American distrust also has a strong partisan component. Trust in government generally rises among supporters of the party controlling the White House and falls among supporters of the opposing party. The problem is therefore not a uniform collapse of legitimacy. It is that legitimacy has become more conditional. If each change in party control leaves a large share of the population viewing federal institutions as fundamentally hostile, continuity in long-term policies becomes more difficult. This does not mean voters automatically reject legality or that the state ceases to function. It means that the duration required by an industrial, energy, or military strategy can come into conflict with the duration of partisan trust. Polarization must be treated with the same caution. A democracy does not become strong simply by eliminating disagreement. Disagreement can produce oversight, alternation, and correction. Polarization becomes a problem of power when it blocks precisely these functions: budgetary compromise becomes impossible, regulation becomes unstable, a previous administration's programs are systematically reversed, common infrastructure becomes a subject of culture-war conflict, or international commitments become difficult to sustain beyond the electoral cycle. The point is not that everything changes after every election. Several policies of competition with China, technology controls, support for certain alliances, or reindustrialization have shown greater continuity than partisan rhetoric might suggest. That continuity is an important counter-test. It indicates that intense polarization can coexist with zones of strategic consensus. But it does not guarantee their stability. The empirical question is which policies survive, which are reversed, and how much uncertainty those reversals create for companies, allies, and implementing agencies. Political violence represents a more acute form of this tension. In 2025, the United States Capitol Police opened 14,938 cases involving concerning statements, behaviors, or communications directed at members of Congress, their families, staffs, or the Capitol complex, compared with 9,474 in 2024.[68] This increase does not measure 14,938 acts of violence. It includes threats, behaviors, and communications requiring assessment. It therefore does not justify describing the United States as being in a civil war. But it reveals an institutional burden: more investigations, protection, coordination with local police, and resources devoted to the security of elected officials. That is the function that matters here. When intimidation increases, it can alter who is willing to run for office, how elected officials meet constituents, the resources needed to protect institutions, and the way some officials make decisions. A threat is not only a condemnable act; it can also impose administrative and political costs. We must still distinguish declared attitudes from action. Surveys showing that a non-negligible minority of citizens sometimes considers political violence acceptable indicate potential normalization at the level of representations. They are not a rate of actual violence. Inequality requires a different shift in focus. In 2024, median American household income remained very high, at around $83,730, while the Gini coefficient for household money income stood at 0.488.[69] Both facts must be held together. The United States is not a uniformly impoverished society. It remains a high-income economy with exceptional capacities for consumption and investment. But the distribution of that wealth and territorial trajectories are highly unequal. Inequality becomes strategically relevant when it affects mobility, trust, the capacity to accept common costs, or the geography of opportunity. An industrial loss can be absorbed nationally while destabilizing a region for a long time. Technological gains can enrich certain metropolitan areas while leaving other regions with a weakened tax base, aging infrastructure, and fewer opportunities for mobility. In that case, the problem is not only the level of inequality at a given moment, but the capacity of individuals and territories to re-enter growth. Mobility is therefore more important than the Gini coefficient alone. A society can accept large income differences if trajectories remain open, if changing region or job remains possible, if access to housing does not close off the most productive areas, and if education allows real upward movement. Research on American mobility has long shown strong geographical variation in opportunities for advancement, which prevents us from speaking of a uniform national experience. No single measure should carry the argument: intergenerational mobility, geographic mobility, housing access, and job mobility are distinct mechanisms. This first set of fragilities is not enough to diagnose decline. It instead indicates a possible increase in the cost of collective action. A deeply conflictual society can continue to act if it has sufficient wealth, a state capable of raising resources, and institutions that turn conflict into decisions. We must therefore move from cohesion to the material room for maneuver.

When Resources Remain Immense But Room for Maneuver Narrows

The debate over American debt is often framed in misleading terms. The debt level is high and rising; this does not mean that the United States is on the verge of a bankruptcy comparable to that of a debtor without its own currency, without deep access to markets, and without fiscal capacity. The dollar remains central to the world financial system. The Treasury securities market remains a major infrastructure of international finance. The federal government has a capacity to tax and borrow that few countries can approach. Talk of imminent bankruptcy therefore obscures the real mechanism. In its February 2026 baseline scenario based on the laws then in force, the Congressional Budget Office projects federal debt held by the public at 101 percent of GDP in 2026 and 120 percent in 2036. The deficit would rise from 5.8 percent to 6.7 percent of GDP. These figures point to a rising-debt trajectory during a period in which projected unemployment remains below 5 percent, making these deficits historically high for an economy not expected to be in a deep recession. But the mechanism most directly relevant strategically is debt service. The CBO projects net interest payments rising from 3.3 percent of GDP in 2026 to 4.6 percent in 2036, or roughly $1 trillion and then $2.1 trillion.[70] At that horizon, those payments would approach total federal discretionary spending. A growing share of the budget would therefore go to interest on past borrowing rather than to financing new choices. The strategic question then becomes less "how much does the United States owe?" than "how much fiscal room will debt service absorb?" Defense, research, infrastructure, energy, climate adaptation, industrial policy, or social protection can all receive more funding. But if interest absorbs a growing share of revenue, every additional choice requires higher taxes, more deficit, or a harder trade-off with other spending. The constraint is not an inability to act. It is a narrowing of the number of actions that can be pursued simultaneously without additional political or financial cost. The counter-test is essential. Debt is also an instrument of power. The United States has financed wars, financial crises, a pandemic, and vast emergency programs through borrowing. Borrowing capacity makes it possible to shift costs over time and act quickly when circumstances require it. A reserve currency and deep capital markets provide precisely this flexibility. But a strength used continuously can become more costly to mobilize in an emergency. A state whose debt and interest payments are already high retains the capacity to borrow; it gradually loses part of the freedom that a lighter fiscal position would provide. Public health poses a different kind of capacity question. Recent data require us to avoid catastrophism. In 2024, life expectancy at birth in the United States reached 79.0 years, 0.6 years higher than in 2023.[71] This improvement is real and important. It invalidates the idea of continuous deterioration across all indicators. But in available international comparisons, the United States still lags behind several wealthy countries, with high levels of preventable or treatable mortality. Health enters here not as a judgment on the social model, but as capacity. A population in poorer health may experience more absenteeism, withdrawal from the labor market, medical spending, difficulties in military recruitment, and financial vulnerability among households. The cost of the health system can also absorb resources that might have other uses. None of these mechanisms should be assumed; they must be documented separately. But they remind us that a power is not measured only by GDP or aircraft carriers. It also depends on the quality of the human capital it can mobilize. Infrastructure provides a particularly useful case because it shows fragility and correction at the same time. The American Society of Civil Engineers gave U.S. infrastructure an overall grade of C in

2025, up from C- in 2021 and D+ in 2017.[72] Several categories remain mediocre. But the trajectory has improved. In other words, aging did not produce irreversible incapacity. Public investment has begun to change some indicators. The point is methodological. A degraded road, power grid, or water system is a fragility. It becomes a mechanism of decline only if the country can no longer upgrade it at a pace compatible with its needs. The improved 2025 grade therefore constitutes a direct counter-test to the thesis of a state wholly incapable of investing. It does not prove that the problem is solved. It shows that corrective action exists. Immigration, finally, concentrates several contradictions of American power. Historically, it supports demographic growth, universities, laboratories, entrepreneurship, technology, and labor-force renewal. In competition with an aging China and other economies facing demographic constraints, this ability to attract skilled people is potentially a major strategic advantage. But migration policy is also one of the most explosive issues in American domestic debate. Instability of rules, conflicts between the federal government and the states, lengthy procedures, and policy changes can reduce the capacity to convert this attractiveness into a predictable advantage for universities and companies. The paradox is therefore simple: a potentially exceptional resource can become less useful if the political system fails to define durable conditions for its use. At this stage, the evidence does not support describing the United States as a country that has exhausted its resources. The diagnosis is almost the reverse: resources remain vast, but some margins are narrowing and turning those resources into results is becoming more costly in some areas. The central question is therefore execution.

The Capacity for Correction: Decide, Finance, Execute, Sustain

One recurring mistake in U.S. policy debates is to confuse adopting a policy with carrying it out. An infrastructure law is not a repaired bridge. Semiconductor funding is not an operational fab. An announcement of reshoring is not a supply chain. A military strategy is not a stockpile of munitions. Between decision and result lies a chain of execution that is often more decisive than the amount announced. This chain can be broken down into five capacities. The first is legal: can the institutions make a valid decision? The second is budgetary: are the resources available? The third is administrative: are there personnel, procedures, data, and skills capable of turning the decision into a program? The fourth is industrial: do the companies, suppliers, workers, and equipment required exist? The fifth is political: can the effort be sustained long enough to produce its effects? These five capacities do not automatically travel together. The United States can appropriate funding for a factory while lacking power transformers, engineers, permits, or equipment. It can possess advanced technology but a vulnerable supply chain. It can announce a policy under one administration and change its conditions under the next. It is in these gaps that the real capacity for correction is measured. Federal administrative capacity has to be treated more precisely than broad complaints about "bureaucracy." Since 2001, the Government Accountability Office has classified strategic human capital management among its high-risk areas.[73] It documents persistent skill gaps in critical functions, including human resources, cybersecurity, and public procurement. This does not mean the federal administration is globally incompetent. It means that some of the skills on which execution depends remain chronically difficult to recruit, retain, or organize. This constraint becomes strategic when policies require precisely scarce skills: engineering, cyber, acquisition, management of large programs, data analysis, technology regulation, or interagency coordination. A federal agency can receive more money without immediately gaining the capacity to spend it effectively. Public capacity does not operate like a bank account in which a budget line automatically turns into a result. Permitting and delays illustrate this difficulty. Accelerating the construction of an electricity grid, a factory, a mine, a port, or a transport line may require federal, state, and local procedures, environmental reviews, consultations, appeals, and land negotiations. Some of these procedures protect legitimate interests; eliminating them altogether would create other costs. The capacity problem is therefore not simply "too many rules." It is whether multiple legitimate requirements can be coordinated within a timeframe compatible with the strategy being pursued. Federalism makes this trade-off more visible. It can slow execution because it multiplies decision centers and standards. But it also produces redundancy, experimentation, and resilience. California, Texas, Massachusetts, North Carolina, or Arizona can develop specializations, attract industries, or experiment with different policies. When one level of government fails, another can sometimes act. Federalism therefore cannot be classified as either an advantage or a weakness in the abstract. Its function depends on the domain. Continuity across administrations is another test. A strategy of power often requires investments over ten or twenty years. U.S. electoral cycles are much shorter. The right question is not whether the parties oppose one another rhetorically, but whether essential policies survive alternation. On several issues—technological competition with China, strengthening certain industrial capacities, controls on sensitive technologies, the importance of the Indo-Pacific—significant continuity exists despite deep disagreement over instruments. This is a sign of resilience. But this continuity can be partial. Changes in subsidies, tariffs, environmental rules, immigration, or international commitments alter the calculations of companies and allies. A strategy does not need to be identical from one administration to the next. It must nevertheless provide a sufficiently stable horizon for actors to invest billions over ten years without assuming that the rules will be entirely reversed at the next election. The capacity for correction finally includes acceptance of costs. Industrial policy can raise prices in the short term. Diversifying supply chains can reduce immediate efficiency. Higher military spending requires more revenue or less spending elsewhere. Supporting an ally mobilizes equipment and funds. An energy transition requires infrastructure and local compromises. No state can pursue all of these policies for free. The relevant form of cohesion is therefore not the absence of conflict, but the capacity to build a coalition broad enough to accept present costs in exchange for future benefits. This is one of the points where trust, inequality, and administrative capacity meet. If citizens believe that costs are distributed unfairly, that the state will execute the program badly, or that the next administration will abandon it, acceptance declines. The capacity for correction is thus as political as it is technical. The United States nevertheless continues to provide counterexamples to any claim of generalized paralysis. It has adopted vast infrastructure programs, mobilized resources for semiconductors, energy, and defense, attracted considerable private investment, and retained universities, laboratories, and companies capable of working at the technological frontier. These elements should not be turned here into an inventory of resilience—that will be the function of the next chapter—but they are enough to show that correction has not disappeared. The tension therefore becomes more precise. The American system still appears capable of correcting some fragilities, sometimes on a very large scale, but this correction is often slow, costly, contested, and uneven. This observation supports two competing diagnoses: gradual erosion or adaptation already under way.

Fragilities, Erosion, or Readaptation?

A first interpretation would treat much of this conflict as domestic noise. Democracies are visible, noisy, and open; their crises are exposed more than those of more closed regimes. Under this hypothesis, low trust, cultural confrontation, and political crises are striking without deeply damaging fundamental economic, technological, and military capacities. There is some truth in this interpretation. The United States has often appeared to be a society on the verge of rupture before producing new phases of innovation or power. Some of the most dramatic indicators can be politically serious without directly eliminating the country's capacity to finance a fleet, universities, or laboratories. But reducing all fragilities to noise is not enough. Rising interest costs, administrative skill shortages, infrastructure delays, or difficulties of continuity have more concrete mechanisms. A second hypothesis is therefore one of slow erosion. In this scenario, no single event destroys American power. Margins narrow gradually. A larger share of the budget finances interest. Necessary investments become more expensive. Low trust raises the political price of mobilization. Polarization makes some policies less stable. Territorial inequalities complicate the construction of a national coalition. Correction remains possible but requires more time and resources. A third hypothesis goes further: the United States could retain vast resources while finding it increasingly difficult to convert them into coherent action. This would be a crisis of the capacity for correction rather than a crisis of wealth. The country would possess the money, companies, researchers, and institutions required, but the gap between decision and result would widen. In that case, relative decline would come not from a lack of absolute resources but from a pace of execution below what competition requires. This hypothesis is serious, but it should not be prematurely turned into a conclusion. It meets a powerful counter-test: readaptation. Competition with China, supply-chain disruptions, and recent crises have already produced a return of industrial policy, infrastructure investment, reflection on defense capacities, and efforts to secure technologies. New coalitions can form precisely because a more constraining external environment makes certain investments politically acceptable. American history provides several precedents of this kind. The capacity for correction is not necessarily constant. It can weaken and then recombine under pressure. Institutions can produce delayed but massive responses. Companies can scale rapidly when a market, crisis, or public signal makes investment profitable. Individual states can experiment before federal policy stabilizes. Weakness at one moment is therefore not enough to predict the trajectory. The most defensible diagnosis is therefore twofold. The hypotheses of slow erosion and increasing difficulty in converting resources are sufficiently supported to be taken seriously. But they do not describe a general or irreversible incapacity. Readaptation remains open, and several signs show that it has already begun in some domains. The distinction between fragility and decline becomes essential here. Mediocre infrastructure is a fragility as long as the country can repair it. High debt is a fragility as long as debt service remains compatible with collective choices. Low trust is a fragility as long as institutions can still produce legitimate and executable decisions. A slow administration is a fragility as long as it can recruit, reform procedures, or coordinate levels of government. Fragility becomes decline when correction repeatedly fails, arrives too late, or costs so much that it prevents other necessary investments. The American risk is therefore not that the country has become poor, resource-less, or talent-less. It is that the distance grows between the resources it possesses and its political, administrative, and budgetary capacity to convert them quickly enough into sustained action. This risk is real because several constraints reinforce one another: interest reduces fiscal room; polarization raises the cost of compromise; distrust reduces acceptance of costs; skill shortages slow execution; territorial disparities make the coalition harder to sustain. But the same country still retains capacities for correction that many decline diagnoses underestimate. Its capital markets, universities, technology companies, ability to attract talent through immigration, energy resources, experimental federalism, and borrowing capacity give it exceptional means of response. The question therefore cannot be settled without subjecting these resources to a systematic counter-test. That is the task of the next chapter. After identifying the mechanisms capable of eroding domestic correction, we must measure what still resists: the dollar, innovation, alliances, energy, universities, companies, immigration, and the capacity for renewal. A diagnosis of decline will be credible only if it survives that test.

What Endures — the Dollar, Innovation, Alliances, and the Capacity for Renewal

The previous chapter showed that America's domestic problem cannot be reduced to poverty, a lack of resources, or a general incapacity of the state. It lies more in the risk that the distance may widen between the means available and the political, administrative, and budgetary capacity to convert them into sustained action. But a diagnosis of decline cannot stop there. A power must be judged not only by its losses, vulnerabilities, or the rise of its rivals. We must also measure what it continues to produce, attract, finance, organize, and renew.

This is where the history of the 1970s retains methodological value. At the time, Vietnam, inflation, the oil shocks, the end of Bretton Woods, the industrial rise of Japan and West Germany, and a profound crisis of confidence all seemed compatible with a narrative of decline. Yet several of the structures that appeared weakened were transformed rather than destroyed. The dollar lost its gold anchor but retained and then reorganized its centrality. The United States lost part of its industrial superiority but strengthened its position in finance, computing, aerospace, advanced services, research, and digital technologies. A present weakness therefore does not prove its irreversibility.

This chapter is not meant to rank American strengths. That would be as misleading as compiling a catalogue of its weaknesses. Three things must be distinguished: inherited advantages, which come from a position accumulated over time; renewed advantages, which continue to be produced today; and conditional advantages, which remain powerful but depend on institutions, political choices, or resources that can deteriorate. The decisive questions are not only whether an advantage remains strong, but whether it is still being reproduced and whether it can still be converted into strategic capacity.

Inherited Infrastructures That Remain Active: the Dollar, Finance, Geography

The dollar is probably the best example of an old advantage that remains functional. In the first quarter of 2026, according to the IMF, it represented 57.13% of reported global foreign-exchange reserves.[74] That share is clearly lower than in the decades when its dominance was more overwhelming, but it remains without a close equivalent. The Chinese renminbi still represents only about 2% of those reserves. There is therefore genuine gradual diversification, but no global monetary replacement has yet been achieved.

"De-dollarization" can describe real developments, but it becomes misleading when used as shorthand for the dollar's collapse. Some states seek to reduce their exposure to American sanctions; some trade agreements make greater use of local currencies; gold has regained an important place in official reserves; China, Russia, and several partners are developing alternative payment instruments. But the international function of a currency does not depend on a single political choice. It rests on market depth, liquidity, legal security, convertibility, the size of the bond market, the availability of safe assets, institutional habits, and the capacity to absorb gigantic volumes of capital.

That is why the dollar must be understood as a network infrastructure. U.S. Treasury securities are not only instruments of public financing; they are used as benchmark assets, collateral, reserves, risk-management tools, and anchors for a multitude of private transactions. Banks, funds, insurers, central banks, and companies have built practices around this infrastructure. Replacing a reserve currency is not like switching suppliers; a competing functional system has to be built.

This advantage is not invulnerable. Its geopolitical use can encourage the search for alternatives. Persistent deficits and rising debt can gradually alter perceptions of risk. Heavy dependence on external financing also creates vulnerabilities of its own. The key point is that both can be true at once: the dollar can lose relative share without ceasing to be central. To speak of strong monetary decline, one would have to show not only that its share is falling, but that one or more competing systems are acquiring comparable scale, liquidity, and functional credibility.

The depth of American finance extends this advantage. The United States has equity, bond, public-debt, venture-capital, and credit markets capable of mobilizing enormous volumes. This infrastructure gives U.S. firms rapid access to capital, helps finance new technologies, and allows the federal government to borrow on an exceptional scale. It also makes it possible to absorb losses: a system with deep markets can finance more experimentation, tolerate more failures, and concentrate capital rapidly on projects that show potential for scale.

This financial power, however, is ambiguous. It can compensate for some productive weaknesses by financing innovation and movement up the value chain. But it can also encourage financialization, orient firms toward short-term returns, or make global arbitrage more profitable than rebuilding domestic productive capacity. The same mechanism can therefore be a source of resilience and of fragility. Deep markets are not enough by themselves; what matters is what they actually finance.

American geography constitutes a third old advantage. Two oceans, two non-hostile neighbors, an immense territory, a major agricultural base, abundant energy resources, a large domestic market, and exceptional logistical depth reduce some of the risks faced by other powers. China depends more heavily on vulnerable sea routes for part of its energy imports. Russia is exposed across a vast continental space. Europe must manage a dense security environment. The United States is not free of vulnerabilities, but it benefits from a geographical environment that is rarely unfavorable in existential terms.

This advantage is largely inherited; by itself, it is not evidence of dynamism. But it reduces the cost of several forms of correction. A power with energy, agriculture, space, a domestic market, and strategic depth can endure certain crises with greater room for maneuver. Yet the infrastructures that convert geography into power still have to be maintained. An overloaded electrical grid, inadequate ports, or fragile supply chains can neutralize part of a natural advantage. Geography therefore does not dispense with politics; it gives politics favorable ground.

These inherited infrastructures already distinguish the United States from a power whose accumulated assets produce little more than inertia. But they would not be enough to refute a profound decline if the country ceased to create new sources of power. That is why the decisive counter-test concerns renewed advantages.

Renewed Advantages: Science, Ai, Companies, Energy, and Talent

Research and development is one of the strongest indicators of this capacity for renewal. The National Center for Science and Engineering Statistics estimates that $937 billion in R&D was performed in the United States in 2023 and about $993 billion in 2024.[75] In constant 2017 dollars, the effort continues to rise as well. This is not merely a historical stock of laboratories or patents: nearly one trillion dollars a year is still being devoted to research, experimentation, and technological development.

R&D spending obviously does not guarantee dominance. An economy can invest heavily and diffuse its inventions poorly. It can discover a technology without industrializing it domestically. It can finance a laboratory without creating the supply chain capable of producing at scale. For that reason, a diagnosis of terminal decline would have to show that the capacity to generate new options has sharply contracted. That is not what the American data show.

Universities reinforce this system. They performed about $117.7 billion in R&D in 2024.[76] Their role extends far beyond teaching: they train researchers, connect basic science with medicine, feed technology companies, work with the defense sector, attract foreign students and scientists, and anchor entire regional ecosystems. Boston, the San Francisco Bay Area, Seattle, Austin, North Carolina, and several hubs in the Midwest illustrate this capacity to organize networks in which universities, capital, companies, and public institutions reinforce one another.

Here again, the advantage is conditional. The prestige of a university is not eternal. Training costs, migration rules, the stability of scientific funding, and international competition can reduce its attractiveness. A power that assumed the best talent would always come automatically could lose precisely one of its principal mechanisms of renewal.

Artificial intelligence is particularly revealing because the U.S. advantage in this field cannot be explained by the inertia of the postwar order alone. The Stanford AI Index 2026 estimates U.S. private investment in AI at $285.9 billion in 2025, compared with $12.4 billion in China.[77] This comparison concerns private investment, however: Stanford emphasizes that it probably understates total Chinese effort, given the role of public and quasi-public funds. The United States also counted 1,953 newly funded AI companies that year, more than ten times the number in the next country. These figures do not show that the United States will "win" AI. They show that an American ecosystem continues to mobilize capital, companies, and talent on an exceptional scale in a technology that emerged long after the industrial peak of the twentieth century.

This leadership rests on a combination that cannot be reduced to any single sector: hyperscalers, cloud computing, software, venture capital, universities, advanced semiconductors, data centers, the domestic market, private demand, public contracts, and an entrepreneurial culture. It is precisely this kind of complementarity that distinguishes a renewed advantage from a merely inherited stock.

But Stanford also documents an important vulnerability: the number of AI researchers and developers moving to the United States has fallen sharply since 2017. The report estimates the decline at 89%. That figure is a direct check on triumphalism. America remains at the center of the global AI ecosystem, but its capacity continually to attract the best profiles is no longer automatic. The technological advantage therefore depends on another conditional advantage: openness to international human capital.

The technological question, moreover, is not only who reaches the frontier first. It is the entire chain: invention, financing, industrialization, diffusion through firms, productivity gains, capture of value, and retention of critical skills. A country can produce the best AI models and remain vulnerable in some physical components. It can dominate software and depend on factories located in allied countries. It can create a technology without small and medium-sized firms adopting it rapidly. American technological leadership is therefore real, but its strategic value depends on conversion.

Large firms play an ambiguous but central role here. The United States still has firms capable of investments that few states can directly finance in cloud computing, semiconductors, biotechnology, aerospace, space, defense, software, energy, or digital infrastructure. This scale can accelerate the move from idea to global deployment. It also makes it possible to build private infrastructures—data centers, cloud networks, platforms, constellations, supply chains, laboratories—that extend American power far beyond the federal administration.

It would nevertheless be wrong to equate an American company with the national interest. A firm seeks markets, margins, stock-market value, and survival. It can produce a strategic advantage for the United States without sharing the government's priorities. Concentration in a handful of firms also creates dependencies. A global private infrastructure can become a resource of power, but also a source of fragility if the state depends on a small number of actors for critical functions.

Energy provides another major example of renewal. In 2025, the United States produced an average of 13.6 million barrels of crude oil per day, a new national and world record.[78] It remained the leading crude producer ahead of Russia and Saudi Arabia. Natural-gas production also reached a record, and total U.S. energy production set a record for the fourth consecutive year. That is a sharp contrast with the 1970s, when oil dependence and supply shocks were major strategic vulnerabilities.

This transformation does not eliminate dependencies. Being the leading oil producer does not mean producing exactly the grades of crude suited to every refinery. Being rich in gas does not guarantee an electrical grid robust enough for every need. Batteries, solar panels, critical minerals, transformers, and several types of equipment still depend on global chains. Energy is therefore a renewed material advantage, but an uneven one across sectors.

Immigration is another major part of this renewal system. For decades, a significant share of American science, entrepreneurship, and technology has depended on people born abroad. Attracting students, engineers, researchers, and entrepreneurs gives the United States access to a global market for human capital. In a context in which China, Japan, and part of Europe are aging rapidly, this capacity can constitute an important relative demographic advantage.

But this advantage is politically conditional. Immigration rules, visa delays, the cost of living, access to housing, political tensions, and competition from other scientific hubs can reduce attractiveness. American aging itself is not absent: Census Bureau projections show that the country is aging and that immigration is gradually becoming a central driver of demographic growth.[79] Immigration is therefore not only a social issue; it is also a mechanism of strategic renewal whose value depends on the political capacity to manage it.

None of these renewed advantages proves that the United States will reverse its relative decline. They show something more precise: the American system continues to produce new capacities. That is enough to make the hypothesis of simple imperial inertia insufficient.

Power in Networks: Alliances, Bases, Intelligence, and Coalition Capacity

American power is not limited to the resources located on its own territory. It rests on a network of alliances, defense agreements, bases, industrial cooperation, intelligence, and standards that makes it possible to transform foreign resources into shared capacities. This dimension is often either exaggerated or discounted. Allies are not American possessions. But a durable alliance is more than a diplomatic symbol.

NATO remains the most institutionalized example. It has command structures, planning, interoperability, intelligence, standards, exercises, and logistics accumulated over decades. In 2025, European allies and Canada increased their defense spending by about 20% in real terms compared with 2024 and spent about $574 billion at 2021 prices.[80] The United States remained the principal contributor, accounting for about 60% of the Alliance's nominal spending, but the European trend shows that the network is not only a burden borne by Washington.

Higher defense budgets are not yet military capability. The commitments made at the 2025 Hague summit must be measured by their execution: stocks, equipment, infrastructure, available units, industry, personnel, and logistics. But the fact that a group of sovereign states can collectively alter their budgets and plans in response to a threat demonstrates a capacity for institutional mobilization that few powers have around them.

The opposite mistake must nevertheless be avoided: allied spending cannot be counted as though it belonged to the United States. European and Canadian governments have their own interests, their own voters, and their own limits. They can refuse an American operation, choose other priorities, or alter their posture. The relevant distinction is between strictly national capacity and capacity that can actually be mobilized through a coalition. In some crises, the United States can rely on allied bases, intelligence, refueling, and air, naval, or industrial capabilities. In others, that contribution may be partial or absent.

The Indo-Pacific presents a different network. Alliances with Japan, South Korea, Australia, and the Philippines, together with several regional partnerships, give the United States access, facilities, industrial capacity, intelligence, and strategic depth. Japan and South Korea also possess advanced industrial bases; Australia provides geographical depth; the Philippines has direct operational importance in the maritime environment near Taiwan and the South China Sea.

But this network is not an Asian equivalent of NATO. Interests are more heterogeneous, alliances are often bilateral, and the states of the region live in the immediate vicinity of Chinese power. They therefore have strong incentives to cooperate with Washington while sometimes seeking to avoid open confrontation with Beijing. Here again, the American advantage exists, but it is conditional.

American military power also remains exceptional on a global scale. It combines naval and air projection, nuclear submarines, space forces, intelligence, logistics, bases, strategic transport, and accumulated operational experience. What has changed is not the disappearance of these capacities, but their relative relationship to an adversary that is more geographically concentrated and better armed in certain zones. China does not need to reproduce the entire American military presence in order to reduce Washington's advantage around its own coasts.

Two propositions have to be held together: the United States remains the leading global military power, but its local superiority is not guaranteed everywhere. This distinction prevents the rise of China from being turned into a narrative of American disappearance while also avoiding the opposite idea that the size of the American budget automatically guarantees dominance in every theater.

Intelligence, bases, and communications infrastructure extend this networked power. They provide presence, prepositioning, knowledge of the environment, access to partners, and speed of reaction. These capacities were built over decades and would be costly for a competitor to reproduce. They represent an inherited advantage, but remain active so long as they are financed, accepted by host countries, and adapted to new technologies.

Culture and private infrastructures complement this network through more diffuse mechanisms. English remains a central language of science, business, and the internet. American universities, media, platforms, companies, brands, technical standards, and professional networks contribute to the global circulation of ideas, products, and norms. But cultural diffusion does not mean political adherence. Hollywood, a digital platform, or a university can strengthen the American presence without making a population favorable to Washington's foreign policy. Advertising, attractiveness, soft power, and state propaganda must remain distinct.

This networked power can sometimes compensate for strictly national weaknesses. The United States has highly capable allies in shipbuilding, semiconductors, batteries, electronics, defense technologies, or certain minerals. But allied capacity is not automatically U.S. capacity. It becomes strategically relevant if agreements, standards, investment, and political will allow it to be mobilized in periods of tension.

The U.S. advantage is therefore not that it somehow "possesses" its allies. It is to have a network in which several states have an interest in coordinating part of their capacities with its own. This network can reduce costs, distribute risks, and increase strategic depth. Its strength nevertheless depends on trust. A foreign policy perceived as unpredictable or excessively unilateral can weaken precisely this multiplier.

Resilience, Inertia, or Strategic Readaptation?

At this stage, four interpretations remain open. The first is imperial inertia. According to this view, American advantages would consist mainly of the remnants of an earlier period: the dollar, institutions, bases, universities, English, financial markets. They would continue to produce effects because they were accumulated over decades, but their renewal would be insufficient. This hypothesis fits some domains. Geography is inherited; the monetary architecture is old; several alliances were built in the middle of the twentieth century.

But inertia alone does not adequately explain AI, the shale boom, the continuing creation of new technology companies, the growth of R&D, or the recent return of industrial policies. These phenomena indicate that some sources of power are still being actively produced.

The second hypothesis is genuine renewal. The American system would continue to create enough new capacities to prevent a simple terminal decline. R&D, AI, energy, companies, markets, and alliances support this interpretation. But it does not mean that the new advantages compensate for everything. An economy can dominate AI while depending on vulnerable physical supply chains. It can have a central dollar while accumulating debt. It can have powerful but politically autonomous allies.

The third hypothesis—and the one currently most consistent with the book as a whole—is partial compensation. Finance, innovation, energy, attractiveness, and alliances compensate for some productive losses and some relative disadvantages without neutralizing every vulnerability. The United States remains capable of creating new capacities, but it must mobilize more of them to preserve a position that once required less effort. This is one of the characteristics of relative decline: a power can become stronger in absolute terms while the environment catches up with it.

The fourth hypothesis is deeper strategic readaptation. Competition with China, supply-chain disruptions, the war in Ukraine, and technological tensions may have begun to produce a new industrial and strategic coalition: semiconductors, defense, infrastructure, energy, minerals, export controls, and cooperation with allies. If these policies result in operational factories, higher stocks, more robust networks, and greater technological diffusion, they could stabilize or even improve the American relative position in some domains.

This hypothesis remains open. Appropriated funds are not capabilities. Investment announcements are not supply chains. Military objectives are not munitions in stock. Readaptation must be measured by results, not intentions.

The counter-test of this chapter nevertheless leads to an important conclusion. The United States does not resemble a power whose fundamental sources of power are all simultaneously disappearing. It has lost part of its relative preponderance. Its industrial centrality is smaller. China has become a systemic rival. Domestic and budgetary fragilities are real. Some material dependencies are deep. But at the same time, the dollar remains central, financial markets remain exceptionally deep, R&D remains massive, American AI attracts unparalleled volumes of capital, energy production is reaching records, alliances are rearming, and the country retains a global military capacity that no one else reproduces as a whole.

This does not disprove decline. It changes the kind of diagnosis the evidence can support. A strong "imperial decline" thesis would now have to demonstrate that these still-dominant resources are ceasing to produce effects, that they can no longer compensate for losses, or that they themselves are entering a durable erosion. Relative losses of share alone are not enough.

The U.S. problem, then, is not that every source of power is disappearing. It is that still-exceptional advantages must now compensate for material losses, more powerful competitors, and domestic fragilities that they do not automatically neutralize.

This conclusion prepares the final chapter. We must now confront simultaneously relative losses, absolute losses, critical dependencies, still-dominant resources, capacities for renewal, the strengths of rivals, the stability of alliances, and the cost of domestic fragilities. The comparison has to be made without collapsing these dimensions into an aggregate score and without treating any label—decline, empire, multipolarity, or hegemony—as a conclusion in itself.

After Unipolarity — Decline, Recomposition, or a New Balance?

PART V - After Unipolarity

What Has Actually Disappeared: the Unipolar Exception

After eleven chapters, the word "decline" can no longer carry the same loose meaning it had at the outset. It is no longer enough to observe that the United States no longer enjoys the freedom of action it had in the 1990s, that China has become a systemic rival, that Asia now concentrates a much larger share of world production, or that America's domestic fragilities have worsened. Nor is it enough simply to list the counterexamples: a dollar that remains central, exceptional global military power, massive research, frontier innovation, extensive alliances, record energy production. Each of these statements can be true without any one of them cancelling out the others. The problem is precisely to understand how they can coexist. Two overly simple narratives must therefore be set aside. The first claims that the "American empire" is already undergoing a fall comparable to the great imperial collapses of the past. The second considers that nothing fundamental has changed because the United States remains extremely rich, armed, innovative, and influential. The first confuses the loss of an unparalleled position with the disappearance of power. The second confuses the persistence of immense capabilities with the persistence of the same structure of the world system. What has changed is not only the quantity of American power. It is the relationship between that power, its rivals, its dependencies, its alliances, and the space of constraints within which it must now act. The thesis that emerges from the inquiry is more precise. The United States is not today a power in collapse, but a power that has emerged from the unipolar exception. Its decline is above all relative, hegemonic, and sectoral: it remains capable of exceptional economic, financial, technological, military, and cultural power, but it must now exercise that power in a world where rivals, dependencies, and domestic fragilities impose limits that it could bypass much more easily in the 1990s. The clearest change is also one of the easiest to misread. Between the disappearance of the Soviet Union and the beginning of the twenty-first century, the United States benefited from a historically rare configuration: no rival was capable of combining, on a comparable scale, economic power, technology, global military capacity, a network of alliances, a central currency, and institutional influence. This meant neither omnipotence nor the absence of resistance. It meant that no other power could structure the system as a whole as a competitor of equal rank. The exceptional character of this period is essential for measuring what follows. If the 1990s are taken as the implicit norm, almost any reappearance of constraints can be described as decline. Russia regains a capacity for regional disruption: decline. China becomes a central industrial actor: decline. Allies assert their own interests more strongly: decline. Interventions produce disappointing political results: decline. This reading captures something real, but it risks turning a historical anomaly into a permanent baseline. The hypothesis of simple normalization is partly correct. The United States probably could not indefinitely preserve such a strong simultaneous lead in so many domains while the rest of the world continued to develop. The diffusion of technologies, the growth of major economies, the rise of new military capabilities, and the increasing autonomy of regional actors made a narrowing of the gap likely. Part of what is now called "decline" thus corresponds to the gradual disappearance of a situation in which one power exceptionally combined material superiority with the absence of a systemic rival. But normalization does not explain everything. Normalization does not fully explain the shift in the world's productive center, the growing dependence on certain Asian supply chains, the loss of capabilities in several industrial sectors, the rising cost of some military operations, the future budgetary weight of debt, or the domestic difficulties that may complicate strategic continuity. Above all, it is not enough to describe China's rise, because this is not simply the return of one great power among others. China has become the first state since the end of the Cold War capable of contesting several essential functions of American power simultaneously. The productive shift provides the most visible material evidence. According to UNIDO, China accounted for 32.0 percent of global manufacturing value added in 2024, compared with 15.0 percent for the United States.[81] This difference does not mean that the American economy has become secondary. It shows that a profound change has occurred in the geography of production. A considerable share of the world's capacity to manufacture commercial ships, electrical equipment, batteries, solar panels, components, and intermediate goods is now concentrated in Asia, and particularly in China. Such concentration weighs on trade, supply chains, potential military capabilities, and bargaining power. Yet China does not need to replace the United States in every function to have ended unipolarity. It does not need the renminbi to replace the dollar, its alliance network to become equivalent to Washington's, or its military power to be global to the same degree. It is enough that China can impose costs, create alternatives, and limit American freedom of action in several central domains. Around its own coasts, it can increase the risks of American intervention. In some industries, it can influence global supply chains. In countries across Asia, Africa, or Latin America, it can offer financing, infrastructure, markets, or partnerships that reduce exclusive dependence on the West. This marks a deeper break than a simple change in economic ranking. In the 1990s, the absence of a systemic rival meant that an American failure did not automatically create space that a comparable power could exploit. Today, almost every weakness becomes relational: a lost industrial capacity may strengthen a competitor; a rupture with an ally may open diplomatic room; a technological dependency may become a vulnerability; a budgetary crisis may reduce the ability to sustain several theaters simultaneously. American power remains immense, but it operates in an environment where others can more readily convert its limits into opportunities. In this sense, the unipolar exception has clearly ended.

What has been lost is not American power itself, but the singular combination of exceptional power and a system almost devoid of a comparable global rival. An essential part of contemporary "decline" is the disappearance of that combination.

What Exactly Are the United States Declining From?

The first distinction to preserve is between relative decline and absolute decline. A power can continue to produce more, invest more, develop new technologies, and maintain a high standard of living while becoming relatively less dominant because others are advancing faster. This is precisely what makes the American case difficult to summarize. The United States does not need to become poorer to lose preponderance. Chinese growth alone is enough to narrow some gaps and transform balances of power even when American capabilities increase in absolute terms. Relative decline is the best-supported diagnosis. It appears in global manufacturing production, in several technologies, in the growth of Asian military budgets, in the multiplication of actors capable of resisting American preferences, and in the reduction of strategic freedom of action. This does not mean that the United States is becoming weak. It means that it is less alone in being strong. Alongside this relative decline are sectoral declines. They do not affect every sector or every function with the same intensity. The United States remains strong in aerospace, software, finance, research, semiconductor design, several advanced forms of equipment, defense, and digital technologies. But it holds a much smaller share than it once did in commercial shipbuilding, some links in semiconductor manufacturing, batteries, solar power, several critical materials, and certain forms of mass production. In a globalized economy, this specialization could appear compatible with maximum efficiency. In an environment of strategic rivalry, it can become a resilience problem. The decisive point is that a sectoral weakness can have disproportionate importance. Losing a share of ordinary-goods production does not have the same significance as depending on a component indispensable to military systems, on a transformer with a long replacement time, or on shipyards capable of producing large volumes quickly. Two simplifications must therefore be rejected at once: deindustrialization does not mean the disappearance of American industry; the persistence of an advanced industry does not mean the absence of strategic dependencies. Hegemonic erosion is a third dimension. After 1945, American power did not rest only on what Washington possessed. It rested on the fact that other actors used institutions, markets, currencies, norms, networks, and alliances largely structured around the United States. The dollar facilitated global financing and trade. American markets absorbed capital and exports. Alliances provided security and access. Multilateral institutions formed a framework within which American power often enjoyed disproportionate influence. A large part of this architecture remains active. In the first quarter of 2026, the dollar still accounted for 57.13 percent of reported world reserves according to the IMF.[82] This level is lower than during decades of stronger monetary dominance, but no global substitute today offers an equivalent combination of scale, liquidity, convertibility, safe assets, and financial depth. De-dollarization therefore exists as a partial and differentiated process; it does not yet constitute a functional replacement of the dollar-centered monetary system. The same logic applies to alliances. NATO is neither an American empire nor a merely symbolic relic. Allies retain their sovereignty, interests, and choices, but interoperability, intelligence, infrastructure, and common planning create a real multiplier of power. In the Indo-Pacific, Japan, South Korea, Australia, and the Philippines give the United States access and capabilities that China does not possess in equivalent form. These resources, however, are not American by nature. They are conditional on political trust and the willingness to cooperate. Hegemonic erosion therefore does not mean the disappearance of influence. It means that Washington increasingly needs to negotiate, persuade, coordinate, and sometimes concede. The world is no longer organized around an American capacity with almost no rival to define most central priorities. Sanctions can be circumvented more easily. States can buy weapons from several suppliers. Governments can borrow from China, trade with the United States, buy energy from Russia, and maintain relations with Europe or the Gulf powers at the same time. This multiplication of options reduces the capacity of any single center to organize the system alone. Domestic fragilities remain part of the diagnosis. They are real, but they must be handled with particular caution. High public debt, rising interest costs, intense polarization, low institutional trust, aging infrastructure, or administrative deficits can reduce strategic room for maneuver. The CBO projects federal debt held by the public rising from 101 percent of GDP in 2026 to 120 percent in 2036, while net interest would rise from 3.3 percent to 4.6 percent of GDP.[83] This is not evidence of bankruptcy. It is a growing constraint: the more resources debt service absorbs, the more every strategic budgetary choice becomes politically and financially costly. The same reasoning applies to polarization. Institutions can continue to function under strain. A society can experience low trust and remain capable of innovation. But if changes of administration make industrial, climate, immigration, trade, or military policies radically unstable, correction becomes more difficult. The strategic problem is therefore not that the United States is "divided" in some vague sense. It is whether that division durably reduces the capacity to make decisions, finance programs, execute them, and sustain them long enough to produce results. A domestic crisis becoming geopolitical therefore remains an open risk, not a total diagnosis. The United States has recently shown that it can still mobilize massive resources for semiconductors, infrastructure, energy, defense, or research. Its economy continues to finance nearly a trillion dollars of R&D per year.[85] Domestic fragilities can therefore slow correction or make it more expensive without yet demonstrating a general incapacity to correct. A strong thesis of imperial decline requires much more evidence. One would have to observe a lasting combination: contraction of the economic base, general productive failure, deep monetary weakening, inability to finance commitments, rupture or fragmentation of alliances, retreat of global military power, loss of technological leadership, a durable reduction in the capacity to organize the order, and domestic blockage of any response. That combination is not present today. The counter-tests are too important to ignore. The United States remains by far the world's largest military spender: according to SIPRI, $954 billion in 2025, or 33 percent of the world total, compared with $336 billion and 12 percent for China.[84] These figures guarantee neither effectiveness nor superiority in every theater; they nevertheless show the persistent scale of American resources. The dollar remains central. Research and AI mobilize exceptional amounts of capital. Energy production is at record levels. Alliances remain active. American companies dominate several global digital infrastructures. The strongest diagnosis is a combination: relative decline, sectoral declines, and hegemonic erosion, under the constraint of domestic fragilities capable of affecting the capacity for correction. This formulation is more demanding than "simple normalization" and less spectacular than "the fall of the empire." It corresponds more closely to the available evidence.

What World Is Replacing Unipolarity?

The end of unipolarity does not automatically mean the emergence of a Chinese order. The history of power transitions is often told as a succession: one power declines, another rises, and then the second takes its place. That model is too simple for the current system. The United States and China are the two most important poles of strategic rivalry, but the rest of the world is not a passive space waiting to choose a camp. India seeks to maintain strategic autonomy while deepening some partnerships with the United States and preserving relations with Russia. The European Union shares many security interests with Washington while developing its own industrial, trade, and regulatory policies. Japan is rapidly strengthening its military capabilities while retaining deep economic interests in Asia. The Gulf powers are diversifying their economic and security relations. Brazil, Turkey, Indonesia, and other states pursue strategies that vary by issue. This behavior corresponds neither to rigid bipolarity nor to an unchanged American order. One plausible scenario is incomplete bipolarity. The United States and China would become the two principal centers of technological, industrial, and military competition, but neither would fully control its partners. Economic chains would remain partially integrated, alliances would not form two perfectly symmetrical blocs, and several states would refuse to subordinate all their policies to a single alignment. This configuration would resemble two major poles in a complex network more than the classical Cold War. A second, partly compatible scenario is asymmetric multipolarity. The United States would remain the most complete power because it still combines capabilities that no one else fully brings together: finance, currency, technology, a global military, alliances, energy, universities, and companies. But several actors would be capable of blocking or circumventing American preferences in specific domains. Multipolarity would therefore be real in the distribution of veto and bargaining capacities while remaining asymmetric in the overall combination of power. This description fits the current evidence reasonably well. China is extremely strong industrially and regionally but less central in currency, finance, and alliances. The European Union is a commercial and regulatory giant without equivalent integrated military power. India is rising rapidly but remains far from comparable systemic capacity. Russia retains considerable military and energy resources despite a narrower economic base. None of these actors reproduces the American combination, but several can limit Washington in their domain or region. A third scenario is renewed U.S. hegemony. This would not mean a return to the 1990s, since China will not disappear and the system will remain more pluralized. It would instead mean a new preponderance based on partial reindustrialization, renewed technological leadership, abundant energy, stronger alliances, and a better capacity to coordinate critical supply chains among partners. This scenario remains possible, but only if announced policies become real capabilities. An announced semiconductor plant is not yet an industrial chain. An approved defense budget is not yet a reserve of missiles. A critical-minerals policy is not yet security of supply. An allied spending target is not yet an available force. A permitting reform is not yet a built electrical infrastructure. The renewal scenario therefore has to be judged by execution, not announcements. A fourth scenario is Chinese hegemonic succession. For it to materialize, China would have to convert its productive centrality into a much more complete ensemble: durable technological leadership, power-projection military capacity, a credible financial architecture, a more central international currency, robust alliances or security partnerships, sufficiently attractive or constraining institutions, and the capacity to organize international public goods. Nothing rules out such a development in principle. The evidence does not establish it today. China's limits remain substantial. The renminbi remains a very small share of global reserves. Chinese financial markets are less open and less liquid. Capital controls limit convertibility. The alliance network is much narrower. Military power is impressive but more concentrated around the regional environment. Demographic, property-sector, local-fiscal, and domestic-demand fragilities complicate the trajectory. Succession remains a scenario, not an accomplished result. A fifth scenario is fragmentation without a hegemon. Value chains become more regionalized, technological standards diverge, several payment systems develop, industrial policies multiply, and global institutions become harder to coordinate. In such a world, the United States could lose part of its centrality without China replacing it. The result would be less a new empire than a plurality of partially connected centers. Competitive interdependence helps connect these scenarios. Sino-American rivalry unfolds within a system in which the two economies remain deeply linked. The United States seeks to reduce its dependencies in semiconductors, critical minerals, batteries, or certain equipment, but continues to import a considerable mass of Asian goods. China seeks to reduce its technological and financial vulnerability, but remains connected to global markets, currencies, and value chains. Competition therefore does not immediately replace interdependence; it transforms it. This structure makes a simple replay of the twentieth century unlikely. The emerging world looks more like a combination of incomplete bipolarity, asymmetric multipolarity, and competitive interdependence. These categories should not be turned into predictive doctrine. They describe trends that may evolve according to Chinese growth, American policies, alliance cohesion, future crises, and the capacity of other powers to strengthen their autonomy.

The Decisive Variable: the Capacity for Correction

The book's most important conclusion may concern less the quantity of U.S. power than the capacity for correction. The history of the United States offers several episodes in which negative indicators seemed to announce lasting decline: the Vietnam War, inflation, oil crises, Japanese competition, the end of the Bretton Woods monetary system, and a deficit of confidence. Yet some weaknesses were transformed into new configurations: the dollar remained central in another form, the digital revolution strengthened American companies, the financial system assumed a larger role, alliances consolidated, and the Soviet rival eventually disappeared. The lesson is not that the United States "always bounces back." Such a formula would be as teleological as the narrative of inevitable decline. The lesson is more limited: a snapshot of weakness is not enough to predict a trajectory. One must observe a system's capacity to identify its vulnerabilities, accept the costs of correction, and transform available resources into results. This capacity cannot be reduced to wealth. A country may have capital without managing to build. It may have researchers without industrializing their inventions. It may vote budgets without recruiting the necessary skills. It may possess allies but lose their trust. It may have abundant energy and an inadequate electrical grid. Five functions must therefore be distinguished: decide, finance, execute, produce, and sustain the effort. The United States remains very strong in several of these functions, but unevenly. It can finance research and companies on a massive scale. It can mobilize private capital rapidly. Its federal state can still support programs of considerable scale. Its alliance network increases available resources. But execution can be slowed by procedures, skill shortages, local constraints, construction delays, political alternation, or institutional fragmentation. The question of decline then shifts from whether the United States still possesses power to whether it can convert that power quickly enough. Several tests will be decisive in the years ahead. Will semiconductor policies actually increase advanced manufacturing capacity? Will shipyards and defense industries be able to increase production rates? Will electrical infrastructure keep pace with the growth of data centers and industry? Will critical-mineral chains become more diversified? Will allies turn their new budgets into available capabilities? Will the United States remain attractive to international researchers and engineers? Will the gains from AI diffuse beyond a small number of large companies? The budgetary constraint adds a temporal dimension. As long as markets continue to finance American debt on an exceptional scale, the problem is not the immediate absence of resources. It is the rising cost of mobilizing them. According to the CBO, net interest could reach 4.6 percent of GDP in 2036. At that level, it would absorb almost as much as all projected federal discretionary spending for that year. The question therefore becomes one of trade-offs: how many resources can be devoted to defense, research, infrastructure, and investment when debt service takes a growing share of the budget? Polarization operates in the same way. It is not evidence of decline in itself. But it can make unstable the policies that require ten or twenty years: energy, industry, defense, scientific immigration, infrastructure, taxation. Strategic correction often requires enough continuity for investments to outlast an electoral cycle. A power can therefore possess all the necessary resources and lose ground if it cannot sustain them over time. The diagnosis proposed here must remain falsifiable. It would be weakened if the United States achieved lasting reductions in several critical dependencies, rebuilt a significant share of its industrial capacities, accelerated productivity, stabilized the burden of interest payments, maintained frontier technological leadership, and converted higher allied budgets into genuinely mobilizable capabilities. Such a development would show that the loss of preponderance observed since the 1990s was more a transition toward a new form of hegemony than a lasting decline. Conversely, the diagnosis would be strengthened if the dollar rapidly lost central functions to credible alternatives, if alliances fragmented, if debt service persistently reduced strategic investment, if critical industrial dependencies worsened, if China simultaneously widened its productive, technological, and military advantages, or if domestic conflicts made long-term correction policies impossible. In that case, what is today a relative and hegemonic decline could turn into a deeper imperial decline. The distinction between current diagnosis and future scenario is essential. The book cannot assert that China will inevitably replace the United States. It cannot announce the collapse of the dollar, an American sovereign default, the imminent breakdown of the political regime, or the already-completed formation of a Chinese world order. Nor can it reduce China's rise to American errors after 2001, or equate deindustrialization with industrial disappearance. Such claims would go beyond the available evidence. What the inquiry does support is narrower but more robust. The United States has lost the unipolar exception. Its relative share of several global capabilities has declined. Some material sectors have become strategic vulnerabilities. Its capacity to organize the international order by itself is weaker than at the end of the twentieth century. Its domestic and budgetary fragilities may make the necessary corrections more expensive. Yet its absolute power remains exceptional, and several of its most important advantages are not merely inherited: they continue to be produced. The most precise formulation is neither "the fall of the empire" nor "simple continuity." The United States is declining less as an absolute power than as a power without peer. The major historical change is the gradual disappearance of the situation in which its economic, military, technological, monetary, and institutional superiority was combined with the absence of a comparable systemic rival. The term "empire" itself must still be handled with the caution established in the first chapter. The United States has exercised formal and informal imperial relations; it has also built a hegemonic order based on institutions, alliances, and forms of cooperation that cannot be reduced to simple imperial domination. Consequently, speaking of the "decline of the American empire" may be editorially effective if the book uses the word decline precisely as a question. It becomes misleading if it suggests that all forms of American power follow the same trajectory or that the current order is already being replaced by a new empire. The final question remains open in a precise sense. It no longer concerns the existence of American power: that power is manifest. It concerns the relative speed of three processes. The first is erosion: loss of shares, rising rivals, dependencies, budgetary costs. The second is renewal: science, technology, energy, finance, companies, alliances. The third is correction: the capacity to convert renewal into responses fast enough to prevent erosion from becoming cumulative. That is where the actual trajectory will be decided. A power can live for a long time with a relative decline in its preponderance if it retains the capacity to adapt its institutions and renew its advantages. Conversely, it can enter a much deeper decline if costs rise faster than its capacity to correct, if rivals durably exploit its dependencies, and if its own internal conflicts block adaptation. The conclusion is less spectacular than a narrative of collapse, but more demanding. The United States is not yet a post-imperial power relegated among others. Nor is it any longer the almost peerless power it was during the unipolar moment. It remains at the center of the system, but in a system that is no longer centered on it in the same way. This shift is already historical. Its outcome is not yet.

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About Noosophie

Noosophie begins from a simple distinction: reality does not depend on what we believe about it. An idea can be persuasive and still be false. A tradition can contain useful intuitions and errors. A scientific theory can be extremely robust and still remain limited to a particular domain. Our understanding changes, while what we are trying to understand is not reducible to our representations of it.

Within the noosophical project, the word Noosophie refers to truth or to the structure of reality independently of the way human beings understand it. We do not claim to possess that truth in its entirety. The texts, concepts, institutions, and people working under this name offer only partial, debatable, and revisable understandings of it.

Noosophical work therefore means searching more seriously: distinguishing what we know from what we suppose, comparing different explanations, examining their contradictions, looking at the available facts, recognizing areas of uncertainty, and correcting an idea when it does not withstand examination.

This inquiry is not limited to one field. Science can illuminate some questions, philosophy can clarify their concepts, history can show how they formed, the arts can reveal other dimensions of experience, spiritual traditions can offer interpretations that must be understood before they are evaluated, and practical activity can show what our ideas actually become when we try to apply them.

Connecting these domains does not mean mixing everything together. Noosophie does not assume that all opinions are equivalent or that every tradition necessarily contains a part of the truth. Two incompatible claims do not become true merely because we want to reconcile them. Integration also means preserving a difference, contradiction, or uncertainty when it cannot honestly be resolved.

This way of searching naturally pushes beyond the separation between theory and practice. When an idea can be tested in practice, its consequences become another source of learning: understand, act at the relevant level, observe what reality returns, then correct. A beautiful theory is not treated as sufficient proof of its value.

The noosophical movement brings together people and structures that consciously wish to participate in this work of understanding and transformation. It does not ask anyone to subscribe to a fixed list of beliefs. Books published by Éditions Noosophie can therefore address very different subjects while participating in the same wider search: understand what is real more accurately, connect what can be connected without erasing differences, and accept correction when reality requires it.

How This Book Was Produced

This book was produced through successive stages rather than by automatically generating a complete text. The subject, objectives, and general directions were first defined by a human. Noosophy AI then contributed to exploring the subject, researching and comparing sources, constructing possible architectures, and bringing out arguments, objections, and areas of uncertainty.

The manuscript was developed progressively, chapter by chapter. Proposals were reread, discussed, corrected, or rejected when they did not fit the project, contained insufficiently supported claims, or simplified the subject too aggressively. Distinct phases of documentary research, drafting, criticism, coherence checking, and assembly were used when necessary.

Artificial intelligence is therefore not treated here as a source of authority. It functions as an active tool for research, formulation, comparison, and testing. Its proposals can be wrong and remain revisable. This English edition was then subjected to a chapter-by-chapter U.S. adaptation audit, a native-prose pass, source-to-target non-regression checks, and a final whole-book consolidation audit. The decision to publish remains human.

About Hieronymus Anonymus

Hieronymus Anonymus is the human initiator of the Integrative Noosophie project. His work focuses on connecting fields of knowledge and practice that are usually separated, and on experimenting with new forms of collaboration between humans and artificial intelligence. He participates in the design, discussion, revision, and validation of works published by Éditions Noosophie.

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- Deindustrialization and loss of competitiveness
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- Erosion of soft power and international trust
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TO UNDERSTAND AMERICAN DECLINE IS TO UNDERSTAND THE WORLD OF TOMORROW.

NOOSOPHY AI

under the direction of Hieronymus Anonymus

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