To the Editors (Joshua R. Itzkowitz Shifrinson writes):

Michael Beckley’s article deserves attention for challenging the view that the United States is declining because China is rising. Its ambiguous definition of decline, however, sends the wrong impression about the distribution of economic and military power between the United States and China. Without being explicit, Beckley implies that the United States is not declining because the absolute difference of economic, military, and technological capabilities between the United States and China is growing. In contrast, both theory and history suggest that it is more important that the relative distribution of economic and military capabilities between the United States and China is falling: as I propose below, decline is best defined as a decrease in the ratio of economic and military capabilities between two great powers. As a result, even if the United States maintains a large advantage in absolute capabilities, the fact that U.S. capabilities are decreasing relative to China’s means that (1) China will find it easier to advance its interests where U.S. and Chinese goals diverge, while (2) the United States’ ability to pursue its own interests in world affairs will be increasingly constrained by Chinese power.

The remainder of this letter proceeds in four sections. First, I challenge Beckley’s definition of decline and emphasize the need to analyze the relative distribution of capabilities when assessing the decline phenomenon. Using historical examples, I next demonstrate that the relative distribution of power better captures the ability of states to compete with one another. Subsequently, I show that the United States is declining relative to China across several measures of economic and military power. Finally, I propose that the United States’ relative decline suggests a different response to China’s rise, namely, U.S. retrenchment.

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DEFINING DECLINE AND MEASURING POWER

In his article, Beckley does not define what he means by “decline.” He implies, however, that decline occurs when the absolute difference in capabilities between two states falls (pp. 44–55). For example, Beckley states that it is “significant that the average Chinese citizen is more than $17,000 poorer relative to the average American than he was in 1991” (p. 59). Particularly important for Beckley is the difference in per capita gross domestic product (GDP) and measures of technological sophistication: larger absolute differences between the United States and China in these indicators mean an economically and militarily stronger United States (pp. 58–59, 63–65). This definition, however, sets an artificially high bar by which to assess decline, one that mischaracterizes the debate over American decline and makes limited theoretical sense. Instead, decline is better defined in terms of the relative distribution of economic and military capabilities between two great powers: decline occurs when one state’s economic and military capabilities increase at a faster rate than the other’s, such that the ratio of capabilities between the two falls. As such, it is more important for assessing the current distribution of power that the ratio of American per capita GDP to Chinese per capita GDP fell from 67:1 in 1991 to 9:1 in 2011, than it is that the difference in per capita GDP rose from $37,300 in 1991 to $41,600 in 2011 (in constant 2010 dollars).²

Few participants in the decline debate argue that China is likely to overtake the United States across all measures of economic and military power.³ More representative of mainstream views in the debate is the National Intelligence Council’s Global 2025 report, which argues, “Although the United States is likely to remain the single most powerful actor, the United States’ relative strength [. . .] will decline and US leverage will become more constrained.”⁴ In other words, the policy discussion centers on whether China’s growth is making it relatively harder for the United States to pursue its interests without other states opposing its actions—not whether the United States is losing out to China in absolute terms.

Furthermore, for purposes of international relations theory, scholars usually distinguish between decline as an absolute loss of power and decline as a relative loss of capabilities.⁵ Many also assume that there is a threshold above which a state is a great

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³. Aggregate GDP may be an exception, with some studies suggesting that China’s GDP may exceed that of the United States within ten to thirty years. See, among others, Albert Keidel, China’s Economic Rise—Fact and Fiction, Policy Brief, No. 61 (Washington, D.C.: Carnegie Endowment for International Peace, July 2008).
power, defined as an actor with sufficient aggregate economic, military, technological, and geographic resources to influence others’ behavior on an international scale. Decline occurs when a state above this threshold increases its capabilities at a faster rate than another state, such that the ratio of capabilities between the two shrinks. This change matters in two ways. First, the relative loss of capabilities between states A and B requires A to struggle to maintain its international position by improving economic performance or building military forces. Second, B’s improved capabilities make it more difficult for state A to challenge state B’s interests than had previously been the case—A is constrained by B’s growing power—while B can more readily compete with A if their interests conflict.

Explaining International Competition: Competing Perspectives
Focusing on the relative distribution of capabilities among the great powers matters because it suggests different ways of measuring power and decline that better explain past instances of international competition. A simple empirical test demonstrates this point. If Beckley’s focus on the absolute difference in capabilities is correct, then states that are significantly technologically and economically (as measured in per capita GDP) inferior should not be able to compete with wealthier and more advanced states, and changes in relative capabilities should matter little for international outcomes. If, however, the relative distribution of power matters more, then states above a threshold of aggregate capabilities should be able to challenge one another, and the character of competition should change as relative capabilities vary.

Two brief examples illustrate that the most important metric for assessing the distribution of power—and thus rise and decline—is the ratio of aggregate resources, rather than absolute measures of individual wealth and economy-wide innovation. The first concerns Japan’s quest for regional dominance during World War II. Over the course of 1941–42, Japan overran Asia despite opposition from the United States. It did so—with an inferior technological base and barely one-third the per capita GDP of the United States—by acquiring sufficient military might to overcome U.S. aggregate capabilities. Second, the Soviet Union pursued regional hegemony and challenged U.S. interests in Europe from 1945 to 1989 despite an inferior technological base and a per capita GDP that never exceeded 40 percent of the United States’. It did so by suppressing civilian consumption and using aggregate economic resources to acquire political influence and a military that, while inferior in some areas, remained competitive.

Furthermore, as the relative power of the states in these cases varied, so did their ability to press their claims. U.S.-Japanese tensions mounted, for instance, as Japanese capabilities peaked relative to those of the United States in the late 1930s. Similarly, Cold War competition waxed and waned as the ratio of U.S.-Soviet capabilities narrowed in the 1950s and 1960s and widened afterward; most notably, the Soviet Union

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sought rapprochement with the United States in the late 1980s as Soviet capabilities stagnated in relative terms.\(^8\) In short, changes in the relative distribution of capabilities among the great powers provide greater insight into past cases of international competition than do absolute differences in capabilities.

**EVIDENCE OF CHINA’S RELATIVE RISE AND THE UNITED STATES’ DECLINE**

Thus, although Beckley argues that the growing absolute gap between U.S. and Chinese per capita GDP means that the U.S. is growing stronger, it is more germane that the United States is declining relative to China across several economic and military measures. In economic affairs, China is now the world’s second largest economy; and over the course of 1991 to 2011, it narrowed the ratio of U.S. GDP to Chinese GDP from 15:1 to 2:1.\(^9\) Moreover, its annual GDP growth has been greater in absolute terms than the United States’ since 2006. Per capita GDP followed a similar trend: though Beckley did not make the comparison, China’s annual per capita GDP increases were larger than those of the United States for four out of the past five years, while the ratio of capabilities—as noted—plummeted from 67:1 in 1991 to 9:1 in 2011.\(^10\)

An analogous situation applies in security affairs. At a time when the ratio of U.S. to Chinese military spending is falling (see figure 1), the U.S. military is reordering priorities and now devotes approximately half of its air and sea assets to the Asia-Pacific region. Explaining the shift in priorities is problematic if military officials do not believe that it is more difficult for the United States to operate in this area than in the past. Military plans are likewise changing: in the 1995–96 Taiwan Strait crisis, the United States sent a carrier battle group through the strait without fearing Chinese opposition. Today, the U.S. Navy and Air Force are seeking new ways of maintaining forward presence; previous approaches are too difficult to sustain.

In sum, having been much wealthier and more militarily capable compared to China two decades ago, the United States is relatively less so today. Despite large absolute gaps, the revised definition of decline indicates that China is a relatively rising great power and that the United States faces real relative decline.\(^11\)

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\(^9\) Beckley argues that per capita GDP rather than overall GDP should be used to measure economic capacity because per capita GDP indicates surplus wealth available for international purposes (pp. 17–18). This is a misleading argument. Per capita GDP is most relevant for comparing industrialized to nonindustrialized states. As the historical examples suggest, the metric loses relevance when comparing industrialized societies—aggregate resources better capture the ebb and flow of competition. Because both the United States and China are industrialized states, the relevance of per capita GDP is greatly diminished.

\(^10\) Author’s calculations from World Economic Outlook Database, April 2012. If per capita GDP is, as Beckley argues, a measure of mobilizable wealth, then China’s larger annual gains should allow it to mobilizable marginally more resources than the United States on a yearly basis.

\(^11\) Beckley argues against these trends by proposing that the United States reaps increasing returns to scale from globalization, while China faces competition merely to remain in place (pp. 50–55). Beckley thereby sidesteps indications of relative decline by claiming that the United States
Evidence that the United States is declining raises the question of the policies it should adopt in response to China’s rise. Building on the notion of American dominance, Beckley proposes that the United States might seek to “contain China’s growth by maintaining a liberal international economic policy, and subdue China’s ambitions by sustaining a robust political-military presence.” Conversely, he warns that retrenchment could undercut the foundations of U.S. hegemony (pp. 42, 78).

Yet, retrenchment may be more desirable—and seeking to maintain hegemony less attractive—than Beckley’s article implies. To begin, the article’s recommendations are at odds with its thesis. If hegemony is self-sustaining, then it is unclear why the United States must maintain a substantial overseas presence. If multiple factors sustain American hegemony, then there should be enough slack in the system to allow the United States to reduce its presence without imperiling its dominance. Moreover, seek-

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benefits disproportionately from every marginal dollar of per capita GDP and unit of innovation. This argument, however, is not persuasive: even if the United States obtains greater marginal returns on its advantages, surely it is relevant that measures of this efficiency are dropping. China’s absolute position on the value chain has little relevance to whether it is becoming harder for the United States to maintain its position in Asia.
ing to sustain U.S. hegemony might provide incentives for China to balance internally and protect Chinese interests against a perceived American threat. It is plausible that pursuit of this course will prime Asia for the type of rivalry that often undermines relations between rising and declining states.

Retrenchment, on the other hand, could provide the United States with three benefits. First, freed-up resources could be reinvested to sustain future U.S. capabilities. Second, retrenchment might reassure Chinese leaders regarding U.S. intentions. Lastly, by forcing China to confront suspicious regional actors such as Japan, retrenchment would remind China what it gains from a powerful United States, namely, an occasional partner that constrains potential threats and facilitates a stable environment aiding China’s development.

CONCLUSION
Michael Beckley compellingly shows that alarmist claims of Chinese ascendance and American obsolescence are overblown. Still, the article’s focus on the absolute gap in U.S. and Chinese capabilities misses important evidence that the United States is declining relative to China in several areas. As a result, China will enjoy more opportunities to advance its economic and military interests in world affairs than was previously the case, and the United States will face difficult decisions in whether to contest these efforts. The real issue, therefore, is whether and to what extent ongoing changes in the distribution of power will imperil U.S. and international security.

—Joshua R. Itzkowitz Shifrinson
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Michael Beckley Replies:

I am grateful to Joshua Itzkowitz Shifrinson for his thoughtful response to my article. In it, I compare the United States and China across numerous economic and military indicators over the past twenty years and find that, in most cases, the United States increased its lead by significant margins. I interpret these results to mean that the United States is not declining relative to China. Furthermore, I expect the capability gap between the two countries to persist for the foreseeable future because the United States enjoys a privileged position atop the international order. I therefore conclude that the United States can best maintain its edge in material capabilities by remaining deeply engaged abroad.

In his critique of my article, Joshua Itzkowitz Shifrinson advances three core propositions. First, decline should be defined explicitly in terms of capability ratios. Second, national power should be measured primarily in terms of gross resources, especially military spending, while levels of economic and technological development should be discounted. Third, the United States should abandon engagement in favor of retrenchment. Below I examine each proposition.
Itzkowitz Shifrinson makes an important contribution by highlighting capability ratios, which I admittedly underemphasize in my article. He errs, however, in defining decline such that any decrease in the ratio of U.S. to Chinese capabilities is interpreted as U.S. relative decline. As I show later, Itzkowitz Shifrinson’s rigid metric exaggerates the rise of developing major powers, such as China and India, and mischaracterizes present and historical trends in the balance of power. A more useful approach is to interpret ratios in the context of actual levels of capabilities. Doing so suggests that the United States has not yet started to decline vis-à-vis China.

To start, imagine that a Ph.D. student living on $20,000 per year lands a job as a professor earning $80,000 a year. At the same time, a banker earning $1 million per year receives a $200,000 bonus, raising her annual income to $1.2 million. The ratio of the banker’s income to the scholar’s dropped from 50:1 to 15:1, yet the scholar is now $140,000 poorer compared to the banker than he was as a graduate student. According to Itzkowitz Shifrinson, the banker’s relative wealth declined. I doubt, however, that the scholar would agree.

This example shows that the substantive importance of a change in ratios depends on the size of the ratios themselves. When the ratio of one actor’s capabilities to another’s is low (e.g., 3:1), a one-unit drop in that ratio may represent genuine relative decline. When the ratio is high, however, even a steep drop may represent a trivial change in the balance of capabilities. For example, from 1991 to 1992, China’s per capita income rose by $63 in real terms while the United States’ rose by $1,050, yet the ratio of U.S. to Chinese per capita incomes plummeted from 67:1 to 59:1. Clearly, this result is driven by China’s low starting point and should not be interpreted as a decline in U.S. relative wealth. Itzkowitz Shifrinson’s definition of decline, however, does just that. This approach of looking at ratios without regard to actual levels leads to several practical problems.

First, it requires us to ignore the large and growing capability gaps between the United States and China. From 1991 to 2010, the gap in defense spending (excluding U.S. spending in Iraq and Afghanistan) increased by $147 billion, which is $26 billion more than China’s entire 2010 military budget; the gap in per capita incomes in real terms widened by $19,000, which is 4.5 times the average Chinese income; the gap in high-technology output grew by $2.8 trillion, roughly double China’s total high-tech output; and the gap in gross domestic product in real terms expanded by $3.1 trillion, equivalent to half of China’s total GDP.

Second, Itzkowitz Shifrinson’s decline metric suggests, nonsensically, that the United States is more likely to decline relative to weak countries than strong countries. Over the past twenty years, more than half of the countries in the world grew their economies and increased their military budgets at faster rates than the United States.¹ One

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need only skim the top of this list of countries (Algeria, Angola, Armenia, Bangladesh, Belarus, etc.) to realize that it is a list dominated by developing countries. Moreover, by Itzkowitz Shifrinson’s definition, the United States has been in economic decline relative to China since 1968, the height of the Cultural Revolution and a decade before Reform and Opening, and in decline to India since 1979, a decade before its economic liberalization and information-technology boom.

Itzkowitz Shifrinson’s definition of decline fares no better when applied to historical cases. For example, most historians believe British power peaked in the 1870s, which happens to be when the United States and Germany began to narrow the actual gap in capabilities. By contrast, if one uses ratios as the metric, Britain was declining relative to the United States at least since the 1820s, to Germany starting in the 1850s, and to many other countries (e.g., Canada, Chile, Japan, and Sri Lanka) throughout the nineteenth century, even as Britain surged ahead of the pack in absolute capabilities. A recent study of this phenomenon concludes, “It strains the concept to suggest that the United States and Germany were rising when Great Britain’s absolute advantage in capabilities was actually increasing. . . . This does not fit a commonsensical notion of rising power.”

Itzkowitz Shifrinson asserts that the United States recently shifted military assets to Asia because the declining ratio of U.S. to Chinese military spending made it “more difficult for the United States to operate in this area than in the past.” The U.S. pivot to Asia, however, was a result of rising Chinese assertiveness and U.S. withdrawals from Iraq and Afghanistan, not rising Chinese capabilities. In fact, the two most recent analyses of China’s military conclude that it remains “overstretched” by domestic and regional missions, and “over the last ten years . . . has not deployed any new ships or aircraft that significantly enhanced its ability to challenge U.S. maritime superiority.”

The key point is that decline cannot be defined solely in terms of ratios. Some declines in ratios are significant, others are not. Distinguishing between the former and the latter requires looking at actual levels of capabilities and coming to educated but ultimately subjective judgments about which indicators matter more. A more useful way to depict the U.S.-China power balance, therefore, is to eschew singular definitions of decline in favor of simply reporting the data for each country side by side. This is what I do in my article; and the data show that from 1991 to 2010 the United States increased its lead across most indicators by amounts that exceeded China’s total capabilities.

Itzkowitz Shifrinson and others may disagree, but I believe calling this “decline” defies common sense.

MEASURING NATIONAL POWER
Itzkowitz Shifrinson argues that per capita wealth and technology are relatively unimportant ingredients of national power, because economically inferior countries can simply channel resources into military might and political influence. His historical examples, however, contradict this argument. In World War II, superior wealth and technology allowed the United States to project forces into Japan’s backyard, equip them with more powerful weapons including the atom bomb, and batter Japan into unconditional surrender—all while fighting a second campaign in Europe. During the Cold War, a flourishing technological base helped the United States sustain its military strength and economic growth while the Soviet Union and its bloated military machine sputtered into terminal decline.6

These are not isolated examples. Numerous studies show that more developed countries more efficiently translate their basic resources, or “latent power,” into actual capabilities.7 Itzkowitz Shifrinson is correct that China could follow the Japanese/Soviet model and compensate for its economic underdevelopment by lavishing resources on its military. He is wrong, however, to assume that doing so would give China a sustainable military advantage or come without serious costs, costs that China’s new leaders, who currently face a slowing economy and rising domestic unrest, are unlikely to stomach.

Of course, China’s low level of development does not prevent it from competing with the United States; in fact, there may be numerous areas in which China is not just competing but winning. There are, however, undoubtedly areas where the United States is pulling ahead, too. To accurately assess the U.S.-China power balance, therefore, requires analyzing what the Chinese call “comprehensive national power,” a broad set of indicators that contains many factors, including levels of per capita wealth and technology.

GRAND STRATEGY: RETRENCHMENT OR ENGAGEMENT?
I have great sympathy for the idea of retrenchment. Indeed, it seems the logical, God-given strategy for a country protected by two vast oceans. Perhaps the United States can safely leave the world to sort itself out on its own, and perhaps Itzkowitz Shifrinson is correct that retrenching will foster goodwill in Beijing, boost U.S. influence

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abroad, and free up resources for nation building at home. At a time of fiscal crisis, this is a tempting vision.

Unfortunately, however, I lack the courage of Itzkowitz Shifrinson’s convictions. I am skeptical that the liberal world order will survive without U.S. assistance, or that the United States will enhance its clout by dismantling its alliance network, or that Chinese leaders will thank their American counterparts for unleashing Japan, or that stationing U.S. troops at home will be less expensive than keeping them in foreign bases where allies subsidize their room, board, and operating costs.

Even if I were less skeptical of these potential outcomes, I would still caution against radical policy change. The world, though far from perfect, is more peaceful and prosperous than ever, and the United States does not face a hegemonic rival or counterbalancing coalition. In fact, most of the major powers are U.S. allies and form a security community in which war is unthinkable. It is possible that American engagement has nothing to do with these developments. I see no compelling reason, however, to experiment with U.S. grand strategy to find out. One day, relative decline may force the United States to retrench, but the data in my article suggest today is not that day.

CONCLUSION
Joshua Itzkowitz Shifrinson raises useful concerns about my analysis of U.S. relative capabilities and my recommendations for U.S. foreign policy. His focus on ratios of gross resources, however, distorts trends in the actual balance of capabilities. Consequently, his call for retrenchment is premature and, if heeded, could be detrimental to U.S. security, prosperity, and power.

—Michael Beckley
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