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The China Challenge Can Help America Avert Decline

Why Competition Could Prove Declinists Wrong Again

By Kurt M. Campbell and Rush Doshi

When U.S. President-elect Joe Biden takes the oath of office—likely masked and surrounded by socially distanced officials and family—he will look out on a country that many believe is in decline. The problems that propelled President Donald Trump to office, including a collapsing middle class and toxic internal divisions, remain. And Trump will bequeath new ills to his successor: a runaway pandemic, a struggling economy, burgeoning debt, a wounded democracy, and a diminished global reputation.

"Declinism," or the belief that the United States is sliding irreversibly from its preeminent status, is tempting. But such fatalism would be misguided. The United States still retains enviable advantages: a young population, financial dominance, abundant resources, peaceful borders, strong alliances, and an innovative economy. Moreover, as Samuel Huntington wrote in Foreign Affairs decades ago, the United States possesses an unusual capacity for self-correction, with declinists ironically playing "an indispensable role in preventing what they are predicting."

For the United States, decline is less a condition than a choice. The downward path runs through the country's polarized political system, with an incoming Democratic president facing a deadlocked or narrowly Republican Senate. The path away from decline, meanwhile, may run through a rare area susceptible to bipartisan consensus: the need for the United States to rise to the China challenge.

This challenge is in most respects not a choice. China's scale and its increasingly global ambitions are geopolitical facts. But unlike the militarized and occasionally existential struggle with the Soviet Union, U.S.-Chinese competition is primarily economic and technological. Meeting this challenge requires the kinds of reinvestments in American competitiveness and innovation that are also critical to domestic renewal and working-class prosperity. Policymakers should link these two agendas, not to amplify American anxieties but to make clear that accomplishing the country's most important domestic tasks will also have salutary effects abroad. At the same time, policymakers must resist the common declinist tendency to see U.S. competitors as ten feet tall and instead calibrate a response that spurs innovation without stoking fear and prejudice.

The arrival of an external competitor has often pushed the United States to become its best self; handled judiciously, it can once again. During the Cold War, U.S. politicians endeavored to leave foreign policy differences at "at the water's edge." In this time of partisan gridlock, domestic consensus may once again begin beyond America's shores.

DECLINISM AS U.S. TRADITION

American anxieties about decline have a rich history, punctuating even the supposedly sunny American Century with interludes of deep self-doubt. Declinism began as a European import: the German writer Oswald Spengler's bestseller *The Decline of the West*—published after World War I amid a pandemic—inspired a generation of pessimistic Americans that included Henry Kissinger, who was often called "Spenglarian" for his declinist perspective. But whereas European declinists were often fatalists who wrote in the shadow of lost empires, Americans who foresaw decline generally used those visions to unleash motivation, energy, and reinvention.

The first wave of American declinism began during the Great Depression in the 1930s. The economic calamity, from which Germany and Japan seemed to emerge more swiftly than the United States, stirred American doubts about the country's system of self-governance. The United States rebounded through innovative New Deal programs that President Franklin Delano Roosevelt used to reshape the U.S. economy. In 1957, the Soviet Union launched its Sputnik satellite, provoking a second wave of declinist handwringing. But the muscle memory of the New Deal remained: the United States built federally supported institutions for research and education that made the country a technological leader for decades.

Declinism crested in a long, third wave in the 1960s and 1970s. The United States weathered social unrest and political assassinations; the collapse of Bretton Woods and the arrival of stagflation; the impeachment of President Richard Nixon and the fall of Saigon—all set against the backdrop of Soviet advancement. But eventually even these developments brought adjustment and renewal. Social unrest propelled civil rights reforms, impeachment reaffirmed the rule of law, Bretton Woods' collapse brought eventual dollar dominance, defeat in Vietnam ended the draft, and the Soviet Union's Afghan invasion hastened its collapse.

But U.S. declinism had not receded for good. A fourth wave marked by industrial erosion, trade deficits, and rising inequality rattled American leaders in the 1980s and early 1990s, prompting Massachusetts Senator Paul Tsongas to declare that "the Cold War is over, and Japan and Germany won." But despite those pressures, the United States successfully harnessed the information technology revolution. Less than a decade after Tsongas's comment, the United States was heralded as an unrivaled superpower.

THE NEW DECLINISM

The United States is now in its fifth wave of declinism—one that began with the global financial crisis in 2008 and accelerated through Trump's norm-breaking presidency. American decline is "out in the open," observes Bloomberg columnist Noah Smith, arguing that absent domestic reform, "the U.S. will resemble a developing nation in a few decades." The United States could devolve into a "deindustrialized, English-speaking version of a Latin American republic," warns Professor Michael Lind of the University of Texas at Austin, with an economy based in "commodities, real estate, tourism, and perhaps transnational tax evasion," as China absconds with the country's high-tech industries and curtails the United States' global leadership.

Those who foresee continued U.S. decline point to forces—such as inequality, polarization, disinformation, and deindustrialization—that are real and formidable, but also global in nature

rather than uniquely American. At the same time, they overlook U.S. advantages over China, which has a fast-aging population, slowing growth, and a currency still far from rivaling the dollar. Throughout most of China's four-decade rise, the United States has consistently held a quarter of the world's GDP.

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They may also underestimate the power of the United States' appeal. American openness attracts the allies that sustain the global liberal order, the immigrants who fuel American growth, and the capital that sustains dollar dominance. U.S. soft power flows from the country's open society and civic creed, not from the state. The protests that followed the killing of George Floyd this past summer reflected a public struggle to realize the founding values of the United States—values whose appeal was so universal that the struggle for them captivated global audiences and inspired marches abroad. The United States attracts more criticism than other great powers "precisely because it holds itself to a higher standard," argues the South Africa–based journalist Dele Olojode. "Nobody holds China to that kind of standard."

Yet U.S. advantages are not enough on their own to prevent the country from declining. If the United States does decline, the root cause will be political and therefore a matter of choice. Economic inequality, the urban-rural divide, social media algorithms, and unrestricted campaign contributions have intensified domestic division, which in turn has stymied Congress for more than a decade. A system historically held together more by norms than by laws just weathered an election that could have ended in political violence and the greatest constitutional crisis since the Civil War. Can the U.S. political system still summon the common purpose needed to address the country's woes?

CONSENSUS OFFSHORE

Many believe it can, including President-elect Biden, who does not accept the proposition of American decline. "So many people have bet on our demise that it absolutely drives me crazy," he said ten years ago after the global financial crisis. While a first Biden term might face the kind of partisan obstructionism familiar during the Obama administration, preventing the United States from acting to reverse decline, this need not be the case. Beneath the usual partisan rancor, both parties have retired some old orthodoxies and recognized the need for reinvention. At times, they have even converged on new priorities and transformative ideas—particularly with respect to industrial policy, state-market relations, research and development, and trade policy.

China policy is at the heart of many of these shifts and likely to remain so. The more assertive and repressive China becomes, the more likely the public and Congress are to unify around concerns about Beijing's long-term intentions and the impact of its state-backed mercantilism on American workers and businesses. Framing an American agenda for renewal not purely in domestic terms but as part of a broader effort to sustain U.S. competitiveness relative to China may even garner bipartisan support. As the Brookings Institution scholar Tom Wright argues, "Senate Republicans must ask themselves if the United States can afford two or four years of legislative stagnation if we are to compete with China."

To succeed in that competition, many policymakers on both sides of the aisle now agree that the United States will need to act. In particular, Washington will need to rebuild a state weakened by 40 years of benign neglect by some and antigovernment malice by others. If Washington is to reckon with China's predatory economic practices and protect American jobs, the federal government will, for example, need an office that can consolidate information on industrial capacity, supply chains, economic bottlenecks, and import dependence—a critical capacity the trade war and pandemic have revealed is lacking.

The United States will also have to rethink the relationship between the state and the market. Many figures in both parties now acknowledge that market forces alone cannot halt inequality, sustain growth, secure the country, or ensure competitiveness against China's state champions. This realization could provide support for investments in science and technology and even justify elements of a progressive agenda—efforts to support workers, break up monopolies, and conduct industrial policy in critical sectors such as semiconductors.

If the Biden administration plays the China card in this way, it must do so with great care. Competition with China need not require confrontation or a second cold war. The United States has a responsibility to protect Asian Americans from discrimination, and it must avoid conflating the Chinese Communist Party with the Chinese people or with Chinese Americans by sending a clear and early message that demagoguery and racism are unacceptable.

With a constructive China policy that strengthens the United States at home and makes it more competitive abroad, American leaders can begin to reverse the impression of U.S. decline. But they cannot stop there. They must also find affirmative ways to rebuild the solidarity and civic identity that make democracy work. An effort to stress a shared liberal nationalism, or what the historian Jill Lepore calls a "New Americanism," has been part of our civic culture and can be again.

As a presidential candidate 60 years ago, when Americans were still reeling from the Sputnik shock, John F. Kennedy addressed a municipal auditorium in Canton, Ohio. The country faced serious crises, and Kennedy enumerated them: low wages, high housing costs, a growing risk of conflict, the gradual shrinkage of industry, and the rise of a new rival that appeared to be on the march while the United States stood still.

"What we have to overcome," Kennedy said then, is "that psychological feeling in the world that the United States has reached maturity, that maybe our high noon has passed, maybe our brightest days were earlier, and that now we are going into the long, slow afternoon… I don't hold that view at all, and neither do the people of this country."

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