

China, the United States and the EU in the 21st Century

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International distribution of power

- GDP, \$billions at current exchange rates

	USA	China	Japan	India	Russia
• 2000	9.899	1.198	4.731	475	260
• 2010	14.447	5.931	5.488	1.684	1.488

China

- Spectacular rise
- Limits to further growth
 - Exports and public investments can no longer function as powerful growth engines
 - Pollution
 - Corruption and disturbances
- External challenges
 - Taiwan
 - Neighbors
 - Energy
 - Thucydides trap

United States

- Paradox – no anti-hegemonic alliance after 1991
 - Oceans
 - Structure of armed forces
 - Provider of public goods
- Structural advantages
 - Economic dynamism
 - Universities, R&D
 - Access to both key oceans
- Key issue: Will the West remain united?

EU

- Soft power plus largest economic unit
 - Military dependence on the United States
- Aging societies – unlike the United States
- Dependence on immigrants
 - Cultural threat for some Europeans
 - No mechanism for attracting skilled immigrants – unlike the United States
- European integration
 - Euro crisis
 - New monetary policy – QE (quantitative easing)
 - New emergency support mechanism
 - Next challenge – more fiscal union