

# The Washington Post

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## Is China No. 1 (in GDP)?

By [Robert J. Samuelson](#), Published: May 14

It's probable that the U.S. economy is no longer the world's largest. New World Bank figures, notes economist Arvind Subramanian of the Peterson Institute, suggest that sometime in 2014 [China will overtake the United States in gross domestic product](#) — the production of goods and services.

We knew this day was coming, but if the [World Bank figures](#) are correct, it has arrived sooner than many experts predicted. Using those figures — which stop at 2011 — I estimate that China's GDP in 2014 will hit \$16.8 trillion compared with \$16.1 trillion for the United States. (All these figures are in "constant" 2011 dollars.)

This is a historic milestone, but its immediate significance is limited. It doesn't make the Chinese richer than Americans, because China's GDP is spread across many more people. Per capita GDP, a rough gauge of living standards, is about five times higher in the United States than in China, about \$50,000 per person compared with \$10,000. Similarly, China's status as an economic powerhouse is well established, regardless of whether its GDP exceeds America's or not. In 2012, it became the world's largest trading nation, [notes the McKinsey Global Institute](#).

Still, the World Bank figures are fascinating. In 2011, the U.S. economy still was larger than China's. To get my updated estimate for this year, I adjusted both countries' GDPs for economic growth in 2012 and 2013, plus a forecast for 2014. Because China is growing faster than the United States, its GDP overtakes America's in 2014.

These numbers reflect broad trends, because measuring economies at varying stages of development and with separate currencies is difficult. The technique used here (called "purchasing power parity") compares the value of similar items in different countries in an effort to get a common baseline. But huge variations "in tastes, cultures, climate, price structures [and] product availability" complicate the results, notes economist Timothy Taylor. Some economists use exchange rates to make comparisons, but this also involves serious distortions. By the math of exchange rates, China's economy still remains smaller than America's. ([Taylor's Web site](#) explains the measurement problems.)

The numbers also raise profound issues. Perhaps the biggest involves the nature of global geopolitics.



The U.S. and Chinese worldviews contrast starkly.

The lesson that Americans drew from the Great Depression and World War II was that U.S. isolationism in the 1920s and the 1930s had contributed to both. Post-World War II American foreign policy has presumed that U.S. leadership is necessary for a more peaceful and prosperous world. The American idea is that if countries could become more like the United States — democratic and affluent — global conflicts would subside. U.S. military power, from the creation of NATO in 1949 to the “war on terrorism,” has aimed to minimize security threats to this economic vision.

Unlike the United States, China does not seek to remake the world in its own image. China wants a global system that supports its strong domestic economic growth, which is viewed as crucial to maintaining the Communist Party's grip on power. Export markets should remain open; China should have easy access to the oil, grains and minerals its economy needs. “Beijing still sees its actions and policies from the narrow perspective of national self-interest rather than its role as a leader,” writes Cornell University economist [Eswar Prasad in the Wall Street Journal](#). For example, the United States hasn't won much Chinese support in its efforts to curb North Korea's and Iran's nuclear programs.

These two worldviews have coexisted uneasily, but as China becomes more prosperous, the competition is bound to intensify. Economic power — the ability to confer advantages or disadvantages on other countries and to influence global markets and investment flows — is slowly shifting in China's favor. Conflicts seem inevitable.