

Global Power Metrics

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Historical Trajectories and Current State | 1900-2020

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Confidential

Executive Summary

The 120-year arc of global power from 1900 to 2020 tells a story defined by three great transitions: the decline of the British Empire and the rise of American hegemony in the first half of the 20th century; the Cold War bipolar order followed by unipolar American dominance from 1950 to 2000; and the emergence of China as a systemic challenger in the 21st century, driving what may become the defining power transition of our era.

The United States reached peak composite power in the 1960s, when it simultaneously led the world in economic output, innovation, military capability, financial centrality, education, trade, competitiveness, and reserve currency status. Since then, the trajectory has been one of gradual but persistent relative decline across nearly every determinant, with the notable exception of innovation and military power, where the US retains a significant but narrowing lead. The erosion has been most pronounced in education (from a score of 10 to 5), trade (from 10 to 5), competitiveness (from 10 to 5), and governance (from 8 to 4), the last of which reflects the deepest domestic political polarization since the Civil War.

China's rise represents the most dramatic power trajectory in the dataset. From a composite nadir of 1.3 in the 1940s during war and civil war, China has risen to a composite score of 7.2 by 2020 (the highest of any power in the dataset at that decade), driven by extraordinary gains in trade (1 to 9), innovation (1 to 8), military capability (2 to 8), and economic output (2 to 8). The trajectory mirrors classic Dalio rising-power dynamics: debt levels remain manageable, education is ascendant, and infrastructure investment is aggressive. However, the plateauing signals are emerging: population decline, property sector crisis, youth unemployment, and the inherent tension between centralized authoritarian governance and the adaptive capacity required for continued innovation.

Meanwhile, the broader landscape reveals an increasingly multipolar world. The EU commands significant collective weight but struggles with governance fragmentation. India is the fastest-rising power with favorable demographics but decades of development lag. Japan has stabilized

after a painful 30-year decline from its 1990 peak. Russia has been exposed as a declining power with a nuclear arsenal but a hollowed-out economy. Saudi Arabia is attempting a historically unprecedented transformation from petrostate to diversified economy. The convergence of these trajectories, set against the backdrop of de-dollarization, the AI revolution, and shifting alliance structures, suggests the 2020s and 2030s will be a period of extraordinary geopolitical volatility.

Methodology

This report applies Ray Dalio's Big Cycle framework, which identifies eight key determinants of national power that drive the rise and decline of great empires. Our dataset tracks **nine determinants** across **eight global powers** over **thirteen decades** (1900-2020), producing 810 data points.

The Nine Determinants of Power

1. **Economic Output** -- A nation's share and absolute level of global GDP, both nominal and PPP-adjusted.
2. **Trade** -- Share of global trade, trade surplus/deficit dynamics, and integration into global supply chains.
3. **Competitiveness** -- Cost competitiveness, productivity, infrastructure quality, and WEF-type competitive rankings.
4. **Innovation** -- R&D spending as % of GDP, patent output, frontier technology development, and commercialization capacity.
5. **Military** -- Defense spending, force projection capability, nuclear status, technological sophistication, and combat effectiveness.
6. **Financial** -- Depth and sophistication of capital markets, global financial center status, and banking sector strength.
7. **Reserve Currency** -- Share of global foreign exchange reserves denominated in a nation's currency; SDR/international payment status.
8. **Education** -- Literacy, PISA/TIMSS scores, university quality, STEM pipeline, and accessibility of quality education.
9. **Governance** -- Institutional quality, rule of law, political stability, succession management, and capacity for adaptive reform.

Scoring Scale

Each determinant is scored on a **1-10 scale** where:

- **1-2:** Near-collapse or irrelevance in the global context
- **3-4:** Significantly below global leaders; structural weaknesses dominant
- **5-6:** Middling; competitive in some areas but significant gaps remain
- **7-8:** Among global leaders; strong structural position

- **9-10:** Dominant globally; historical peak or near-peak performance

Scores are assigned based on peer-reviewed academic sources, international organization data (IMF, World Bank, WTO, SIPRI, WIPO, OECD PISA), and Dalio's published framework. Sources are noted in the underlying database for each data point.

Data Coverage

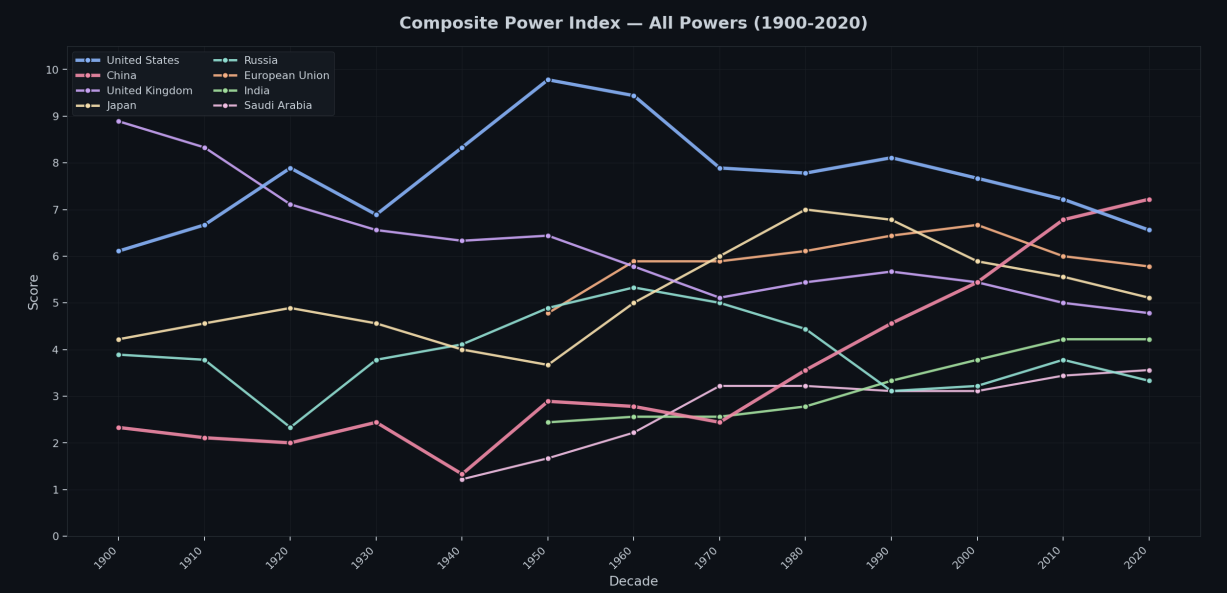
Not all powers have data for all decades. The EU is tracked from 1950 (ECSC founding), India and Saudi Arabia from 1950 and 1940 respectively, reflecting the founding of their modern states. The US, UK, China, Japan, and Russia are tracked across all 13 decades (1900-2020).

Composite Power Index

The composite power index is the simple average of all nine determinants for each power at key decades. This provides a single-number summary of overall national power.

POWER	1900	1920	1940	1960	1980	2000	2020
United States	6.1	7.9	8.3	9.4	7.8	7.7	6.6
China	2.3	2.0	1.3	2.8	3.6	5.4	7.2
United Kingdom	8.9	7.1	6.3	5.8	5.4	5.4	4.8
Japan	4.2	4.9	4.0	5.0	7.0	5.9	5.1
Russia	3.9	2.3	4.1	5.3	4.4	3.2	3.3
EU	--	--	--	5.9	6.1	6.7	5.8
India	--	--	--	2.6	2.8	3.8	4.2
Saudi Arabia	--	--	1.2	2.2	3.2	3.1	3.6

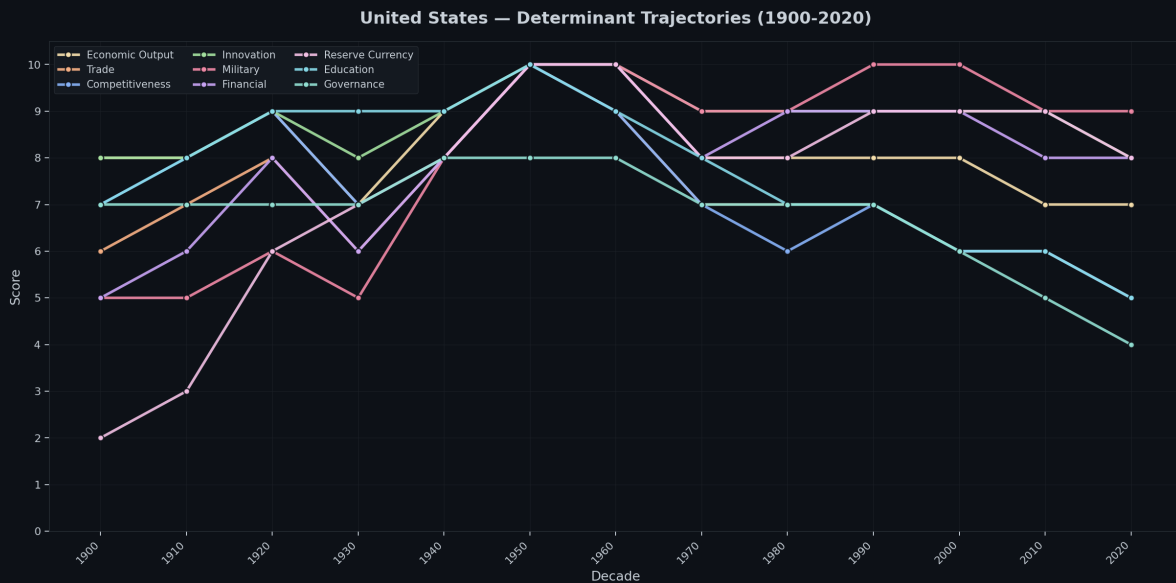
Key observations: - The US peaked at 9.4 in 1960 and has declined to 6.6 in 2020. - China's rise from 1.3 (1940) to 7.2 (2020) is the steepest positive trajectory in the dataset. - The UK's decline from 8.9 (1900) to 4.8 (2020) is the steepest negative trajectory. - Japan peaked at 7.0 (1980) before its lost decades pulled it back to 5.1. - The EU peaked at 6.7 (2000) when the euro launched and eastern expansion occurred.



United States

Determinant Overlay Grid

DETERMINANT	1900	1910	1920	1930	1940	1950	1960	1970	1980	1990	2000	2010
Economic Output	8	8	9	7	9	10	10	8	8	8	8	7
Trade	6	7	8	6	8	10	9	7	7	7	6	6
Competitiveness	7	8	9	7	8	10	9	7	6	7	6	6
Innovation	8	8	9	8	9	10	10	9	9	9	9	9
Military	5	5	6	5	8	10	10	9	9	10	10	9
Financial	5	6	8	6	8	10	10	8	9	9	9	8
Reserve Currency	2	3	6	7	8	10	10	8	8	9	9	9
Education	7	8	9	9	9	10	9	8	7	7	6	6
Governance	7	7	7	7	8	8	8	7	7	7	6	5



Current State Assessment

The United States retains dominant or leading positions in **economic output** (8.5, #1 globally), **innovation** (8, #1), **military** (9, #1), and **financial centrality** (8.5, #1). These scores reflect AI leadership and the world's deepest capital markets.

The areas of relative weakness are **reserve currency** (7, #1 but trending declining), reflecting gradual erosion of dollar dominance; **governance** (5, #8 and trending declining), where polarization has reached levels unseen since the Civil War; **trade** (5, #3 and trending declining), with chronic deficits approaching \$1 trillion annually; and **competitiveness** (7, #2 but trending declining), where despite still-strong rankings, manufacturing has hollowed out to an extent that creates national security vulnerabilities. **Education** (7.5, #1 tied with EU but trending declining) retains top billing in university quality, though PISA scores are falling and 60% of STEM PhDs are foreign-born.

The dollar's reserve currency share has eroded from 72% in 2001 to approximately 54-58% in 2025, with BRICS settlement alternatives growing. US federal debt has reached 100% of GDP and is projected to hit 120% by 2035 under CBO baseline estimates.

Trajectory Analysis

The US peaked at a composite 9.4 in 1960 (the highest score for any power in the dataset), benefiting from the destruction of all competitors in WWII. This was an anomalous high point driven by the unique circumstance of being the only major industrial power with its homeland unscathed. The subsequent decline was inevitable as Europe and Japan rebuilt, but the rate of decline accelerated after 2000 with China's WTO entry, the Global Financial Crisis, and deepening domestic polarization.

Key inflection points: - **1950-1960**: Absolute peak across nearly all determinants - **1971**: Nixon closed the gold window; first trade deficit signaled the end of unmatched economic dominance - **2000-2001**: China WTO entry and the dot-com bust began the erosion of trade and competitiveness - **2008**: GFC damaged financial credibility and accelerated the decline in institutional trust - **2020**: COVID governance failures, deepest polarization metrics, and Capitol riot signaled governance crisis

Key Structural Forces

1. **AI leadership as the last moat**: The US maintains a lead in AI, cloud infrastructure, and quantum computing. China's leading-edge AI chip production is estimated at just 3% of US totals, and top US chips are approximately 5x more powerful. However, China is closing the gap rapidly, particularly in practical AI deployment and robotics, and export controls are driving indigenous Chinese innovation.
2. **Fiscal trajectory**: US debt-to-GDP is at 100% and projected to reach 118-120% by 2035. Interest payments are becoming the fastest-growing category of federal spending. This creates a structural constraint on investment in education, infrastructure, and competitiveness, while simultaneously threatening the dollar's reserve status.
3. **Governance dysfunction**: The deepest structural risk to US power is not external but internal. Political polarization, institutional distrust, and the inability to form consensus on fiscal policy, immigration, or industrial strategy represent a classic Dalio late-cycle governance deterioration.

Outlook

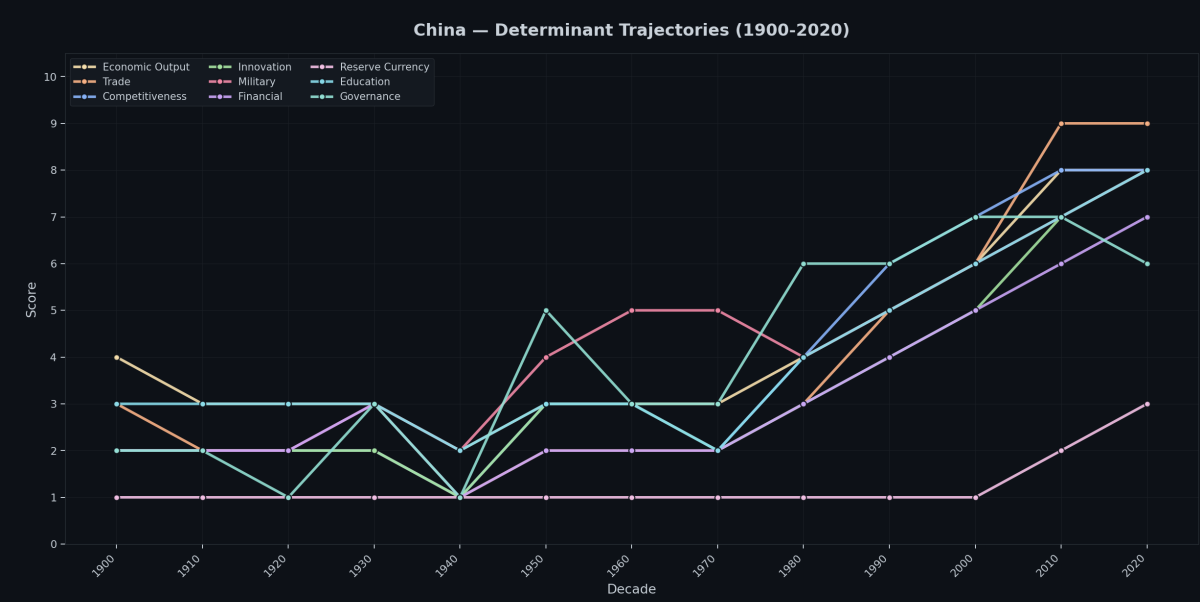
The US is in a managed decline from its post-WWII apex, but the decline is not linear. AI leadership could extend US hegemony by a generation (25% probability per structural outcomes data), or fiscal/governance crises could accelerate the decline (15% probability of crisis-driven scenario). The base case (45% probability) is gradual erosion of primacy over the next 10-20 years, with the US remaining the single most powerful nation but losing the capacity for unilateral global order-setting.

What would change the trajectory: A governance reset that enables fiscal consolidation and bipartisan industrial strategy; alternatively, an AI breakthrough that produces sustained productivity gains above 3% annually.

China

Determinant Overlay Grid

DETERMINANT	1900	1910	1920	1930	1940	1950	1960	1970	1980	1990	2000	2010
Economic Output	4	3	3	3	2	3	3	3	4	5	6	8
Trade	3	2	2	2	1	2	2	2	3	5	6	9
Competitiveness	2	2	2	2	1	3	3	2	4	6	7	8
Innovation	2	2	2	2	1	3	3	2	3	4	5	7
Military	2	2	2	3	2	4	5	5	4	5	6	7
Financial	2	2	2	3	1	2	2	2	3	4	5	6
Reserve Currency	1	1	1	1	1	1	1	1	1	1	1	2
Education	3	3	3	3	2	3	3	2	4	5	6	7
Governance	2	2	1	3	1	5	3	3	6	6	7	7



Current State Assessment

China is the world's #1 trading nation (trade score 8), with approximately 15% of world exports and RCEP as its anchoring trade agreement. Innovation (6.5 current, rising) now exceeds the US in patent filings, though a quality gap persists. Military capability (6.5, rising) includes the world's largest navy by hull count at approximately 395 combat vessels, with plans for 9 aircraft carriers by 2035. The PLAN now operates advanced destroyers comparable to Western surface combatants and an aircraft carrier equipped with electromagnetic catapults.

Weaknesses center on **reserve currency** (2, rising but from a negligible base), with the RMB at only 2.3% of global reserves despite SDR inclusion. Capital controls remain the binding constraint. Financial center development (5, rising) is limited by state control and closed capital account dynamics. Governance (6, stable) faces the structural risk of hyper-centralization under Xi, with succession risk and the demonstrated cost of policy reversals (COVID zero, tech crackdown).

Trajectory Analysis

China's trajectory splits cleanly into two halves. The first half (1900-1950) is a story of civilizational collapse: from the Qing dynasty's failure through warlordism, Japanese invasion, and civil war, China reached its absolute nadir in the 1940s with a composite score of 1.3. The second half (1950-2020) is the most dramatic rise in the dataset, from 1.3 to 7.2, driven by Deng Xiaoping's 1978 reforms and WTO entry in 2001.

Key inflection points: - **1940s**: Absolute nadir across all determinants - **1978**: Deng reforms initiated the rise - **2001**: WTO entry supercharged trade and competitiveness - **2010**: Overtook Japan as #2 economy; #1 exporter (2009) - **2020**: Property crisis and demographic reversal may mark the beginning of a plateau

Key Structural Forces

1. **Demographic reversal**: China's population is declining, with the fertility rate at approximately 1.0. This is the single largest structural headwind and will constrain economic growth, military recruitment, and innovation capacity over the coming decades.
2. **Technology competition and AI race**: Xi Jinping declared 2025 a year of AI and semiconductor breakthroughs. China leads in legacy semiconductor production and is closing the gap in AI, though US export controls have constrained access to cutting-edge chips. The technology decoupling is forcing indigenous innovation, a dynamic with uncertain long-term outcomes.
3. **Reserve currency trap**: China cannot achieve full great-power status without the RMB becoming a meaningful reserve currency, but this requires opening the capital account, which threatens CCP control over capital flows. This is the structural contradiction at the heart of China's power trajectory.

Outlook

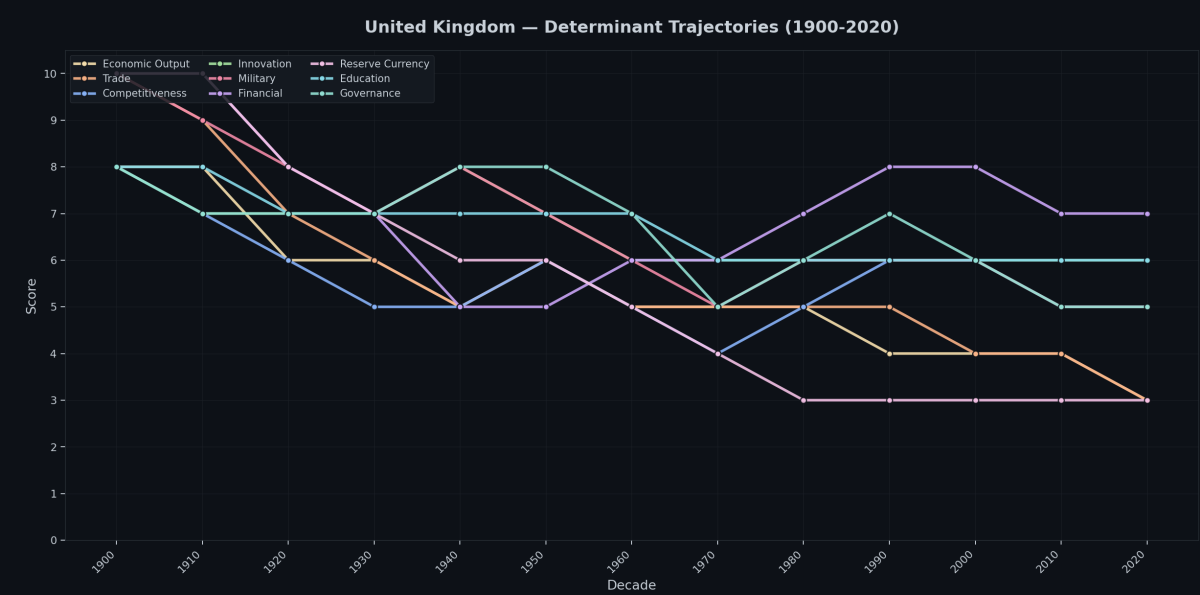
China is in a rising-plateau phase. The explosive growth era (1980-2010) is over. Property deleveraging, demographic decline, and the middle-income transition present structural challenges that Japan and others have struggled with historically. However, China's scale, infrastructure investment, and manufacturing dominance provide a structural floor that Japan never had. The most likely scenario is continued rise in absolute terms but convergence rather than overtaking of the US in composite power over the next decade.

What would change the trajectory: A peaceful resolution of the Taiwan question would remove the single largest source of military-economic risk. Conversely, a capital account crisis or political instability during a future leadership transition could accelerate decline.

United Kingdom

Determinant Overlay Grid

DETERMINANT	1900	1910	1920	1930	1940	1950	1960	1970	1980	1990	2000	2010
Economic Output	8	8	6	6	5	6	5	5	5	4	4	4
Trade	10	9	7	6	5	6	5	5	5	5	4	4
Competitiveness	8	7	6	5	5	6	5	4	5	6	6	5
Innovation	8	7	7	7	8	7	6	6	6	6	6	6
Military	10	9	8	7	8	7	6	5	6	6	6	5
Financial	10	10	8	7	5	5	6	6	7	8	8	7
Reserve Currency	10	10	8	7	6	6	5	4	3	3	3	3
Education	8	8	7	7	7	7	7	6	6	6	6	6
Governance	8	7	7	7	8	8	7	5	6	7	6	5



Current State Assessment

The UK's remaining strengths are concentrated in **financial services** (7, stable), where London remains a top-3 global financial center and the world's largest FX trading hub, and **innovation** (6, stable), where the UK punches above its weight with institutions like DeepMind, AstraZeneca, and ARM. Education retains strong university rankings (4 of the world's top 10) but K-12 performance is mediocre.

Critical weaknesses include **economic output** (3), as the UK has fallen to 6th globally and been overtaken by India; **trade** (3), disrupted by Brexit; and **reserve currency** (3), with sterling holding just 4.7% of global reserves, a remnant of its former dominance.

Trajectory Analysis

The UK's trajectory is the defining case study in imperial decline within the Dalio framework. From a composite peak of 8.9 in 1900, when Britain led the world in trade, financial power, military capability, and reserve currency status, the trajectory has been one of near-continuous relative decline. The loss was not sudden but occurred in stages: WWI bankrupted the empire (1914-1918), WWII finished the job (1939-1945), Suez exposed the reality (1956), and the sterling crises of the 1960s-1970s ended any pretense of financial primacy.

The financial sector's reinvention through the Eurodollar market (1958), Big Bang deregulation (1986), and the emergence of London as a global financial hub represents a remarkable partial arrest of decline. The UK found a post-imperial niche as a financial and professional services center. Brexit has placed this model under stress.

Key Structural Forces

1. **Post-Brexit trade reorientation:** Brexit has disrupted EU trade links without generating compensating agreements elsewhere. The UK's trade score has fallen to 3, its lowest since the post-WWII period.
2. **Financial services concentration risk:** The UK economy is disproportionately dependent on London financial services. Post-Brexit regulatory divergence creates uncertainty, while Amsterdam, Paris, and Frankfurt compete for business.

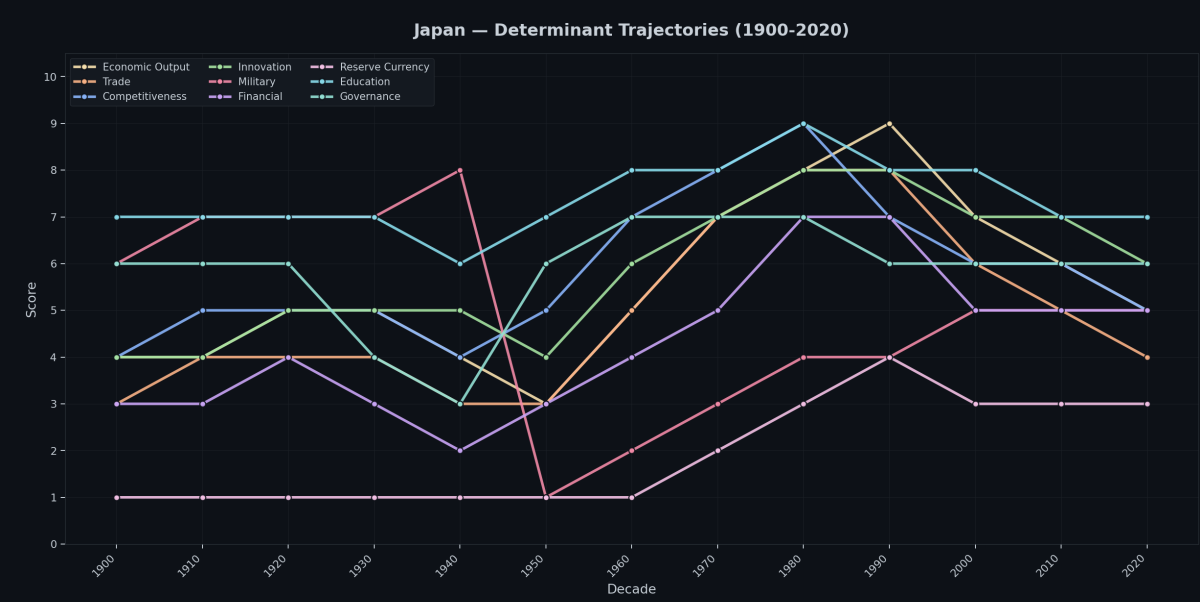
Outlook

The UK is likely to stabilize as a mid-tier power with outsized influence in financial services, innovation, and soft power, but the trajectory of relative decline in economic weight and trade is structural and unlikely to reverse. The historical parallel to the Netherlands after its Golden Age is instructive: a prosperous, well-governed smaller power that retains niche strengths but can no longer shape the global order.

Japan

Determinant Overlay Grid

DETERMINANT	1900	1910	1920	1930	1940	1950	1960	1970	1980	1990	2000	2010
Economic Output	4	4	5	5	4	3	5	7	8	9	7	6
Trade	3	4	4	4	3	3	5	7	8	8	6	5
Competitiveness	4	5	5	5	4	5	7	8	9	7	6	6
Innovation	4	4	5	5	5	4	6	7	8	8	7	7
Military	6	7	7	7	8	1	2	3	4	4	5	5
Financial	3	3	4	3	2	3	4	5	7	7	5	5
Reserve Currency	1	1	1	1	1	1	1	2	3	4	3	3
Education	7	7	7	7	6	7	8	8	9	8	8	7
Governance	6	6	6	4	3	6	7	7	7	6	6	6



Current State Assessment

Japan's enduring strengths are **education** (7, top-10 PISA), **innovation** (6, R&D at 3.3% of GDP among the highest globally, with strengths in materials science, robotics, and automotive), and **governance** (6, stable democratic institutions). The yen remains the 3rd most traded currency with approximately 6% of global reserves.

Weaknesses are concentrated in **economic output** (5, declining from a peak of 15% of world GDP to approximately 6%), **trade** (4, down from 8% of world exports to 3.5%), and **competitiveness** (5, high costs and demographic decline limiting capacity). Japan is doubling its defense budget to 2% of GDP by 2027, reflecting the China threat, but military power remains constitutionally constrained.

Trajectory Analysis

Japan's trajectory is the cautionary tale of Dalio's Big Cycle. Rising from the ashes of WWII (composite 4.0 in 1940), Japan achieved a spectacular rise to peak composite power of 7.0 in 1980, driven by manufacturing competitiveness, export dominance, and education excellence. The "Japan as Number One" narrative peaked in 1989 when the Nikkei hit 38,957 and Tokyo real estate was valued above all US real estate combined.

The bubble burst and subsequent lost decades represent the most dramatic peace-time power decline in the dataset. Economic output fell from 9 to 5. Competitiveness from 9 to 5. Trade from 8 to 4. The financial system, once among the world's most powerful (score 7), was devastated by NPLs and fell to 5.

Key inflection point: **1989-1990** marks the sharpest single-decade decline, from bubble peak to structural stagnation.

Key Structural Forces

1. **Demographic decline:** Japan's population has been shrinking since 2008 and is projected to fall from 125 million to below 100 million by 2050. This is the binding constraint on all determinants.
2. **China security threat:** The rise of China is forcing Japan's most significant military reorientation since 1945, with the doubling of defense spending and acquisition of counterstrike capabilities.

Outlook

Japan has stabilized at a middling composite level and is unlikely to decline further significantly. It will remain a wealthy, technologically sophisticated, well-governed nation, but its days as a top-3 global power are over. The critical question is whether Japan can navigate the EV transition in automotive (its last manufacturing crown jewel) and the AI revolution, both of which currently favor US and Chinese competitors.

Russia

Determinant Overlay Grid

DETERMINANT	1900	1910	1920	1930	1940	1950	1960	1970	1980	1990	2000	2010
Economic Output	5	5	3	5	5	6	7	7	6	3	3	4
Trade	4	4	2	3	3	4	5	5	5	3	3	3
Competitiveness	4	4	2	4	4	5	5	5	4	2	3	4
Innovation	3	3	3	5	5	7	7	6	5	4	3	4
Military	7	6	4	6	7	8	9	9	8	5	4	6
Financial	4	4	1	1	1	1	1	1	1	2	3	3
Reserve Currency	2	2	1	1	1	1	1	1	1	1	1	1
Education	3	3	3	5	6	7	8	7	7	6	5	5
Governance	3	3	2	4	5	5	5	4	3	2	4	4



Current State Assessment

Russia's sole area of genuine global power is **military** (7 current, stable), anchored by the world's largest nuclear arsenal. However, current assessments note that conventional forces have been significantly degraded by the Ukraine conflict. The STEM education base (6, declining) remains a legacy strength from the Soviet era, but brain drain has accelerated dramatically since 2022 sanctions.

Every other determinant is weak or declining. The economy (4, declining) is distorted by wartime defense spending. The financial system (3, declining) has been largely severed from global markets via sanctions and SWIFT exclusion. Governance (3, declining) suffers from authoritarian consolidation, institutional decay, and succession risk. Innovation (4, declining) is constrained by sanctions cutting off technology supply chains. The ruble has zero reserve currency status.

Trajectory Analysis

Russia's power trajectory follows two distinct arcs. The first is the Soviet arc: a dramatic rise from revolutionary chaos (composite 2.3 in 1920) to superpower status by 1960 (composite 5.3), driven by forced industrialization, military buildup, and the space program. Military power peaked at 9 in the 1960s-1970s when the USSR achieved nuclear parity and fielded the world's largest submarine fleet.

The second arc is collapse and partial recovery. The Soviet dissolution produced the most dramatic single-decade power decline in the dataset: the composite fell from 4.4 in 1980 to 3.2 in 2000. The Putin era partially stabilized the situation through oil revenues and military modernization, but the structural weaknesses remain unremedied. The 2022 invasion of Ukraine has exposed conventional military limitations and accelerated economic and technological isolation.

Key Structural Forces

1. **Sanctions-driven isolation:** Western sanctions have severed Russia from global financial markets, technology supply chains, and many trade relationships. Energy exports have been redirected to China and India at discounted prices, creating dependency.
2. **Demographic crisis:** Russia's population is declining, and the brain drain since 2022 has been estimated at 500,000-1,000,000 professionals, disproportionately from technology and scientific sectors.

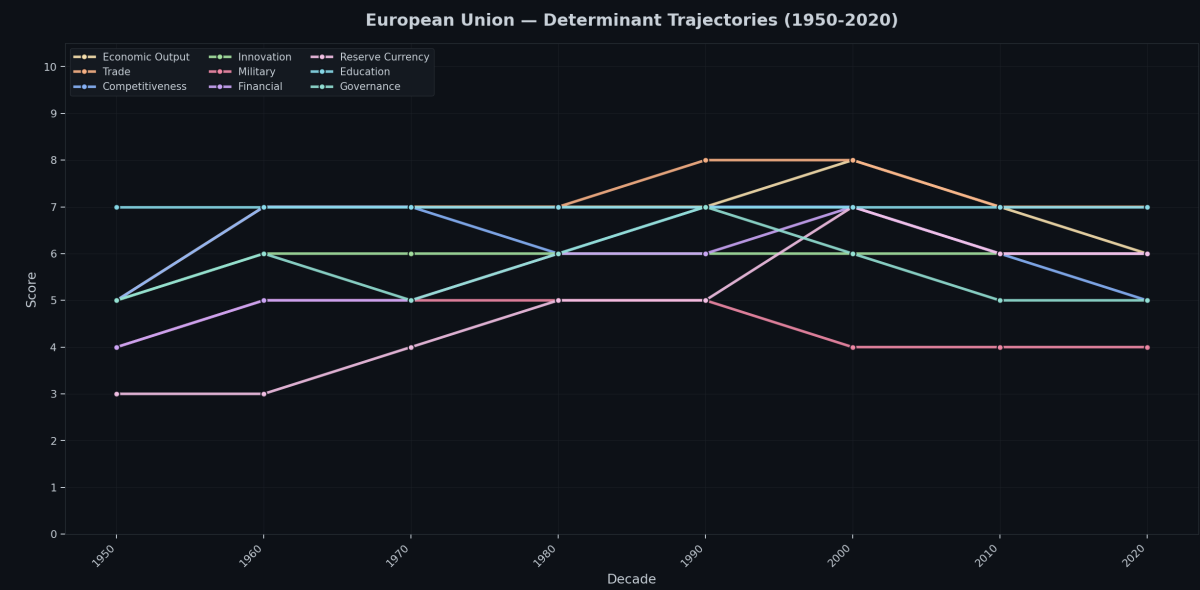
Outlook

Russia's trajectory is one of continued structural decline masked by nuclear deterrence. The economy is increasingly a war economy producing military output that does not translate into civilian productive capacity. Without a resolution to the Ukraine conflict and normalization of international relations, the trend across every non-military determinant is negative. Russia is transitioning from a fading great power to a regional power with nuclear weapons.

European Union

Determinant Overlay Grid

DETERMINANT	1950	1960	1970	1980	1990	2000	2010	2020
Economic Output	5	7	7	7	7	8	7	6
Trade	5	7	7	7	8	8	7	7
Competitiveness	5	7	7	6	7	7	6	5
Innovation	5	6	6	6	6	6	6	6
Military	4	5	5	5	5	4	4	4
Financial	4	5	5	6	6	7	6	6
Reserve Currency	3	3	4	5	5	7	6	6
Education	7	7	7	7	7	7	7	7
Governance	5	6	5	6	7	6	5	5



Current State Assessment

The EU's greatest strength is its collective economic scale (7.5 current, though declining), rivaling the US, and its position as the world's largest trading bloc (8, stable) with 450 million consumers in a single market. Education (7.5, #1 ranking) is uniformly strong across member states, with Germany's dual vocational system, Nordic PISA excellence, and the Erasmus mobility program. The euro (6 reserve currency, stable) holds approximately 20% of global reserves as the clear #2 behind the dollar.

Weaknesses concentrate in **military** (4, rising from historically low base), where the Ukraine war has triggered a rearmament push including Germany's EUR 100 billion special fund. As of February 2026, the Council has activated the national escape clause for 17 member states to allow additional defense spending. However, forces remain fragmented across 27 nations with no unified command. **Governance** (5.5, declining) struggles with consensus-based decision-making, rule-of-law challenges (Hungary, Poland), and immigration politics fracturing unity. **Competitiveness** (5.5, declining) has been hit by the Draghi report's warning of existential risk from energy costs, regulatory burden, and German deindustrialization.

Trajectory Analysis

The EU's trajectory demonstrates both the power and limitations of institutional integration. From the ECSC's founding through the Single Market (1993), euro creation (1999), and eastern expansion (2004), the EU's composite power rose steadily, peaking at 6.7 in 2000. The euro crisis (2010-2012) exposed structural governance gaps and created a divergence between core (Germany, Netherlands) and periphery (Greece, Italy, Spain). Brexit removed the EU's most capable military power and largest financial center.

Key Structural Forces

1. **Defense awakening:** The Ukraine war has produced the EU's most significant military policy shift since NATO's founding. Defense spending is rising toward 2% of GDP with new fiscal flexibility, but transforming 27 fragmented national armies into a coherent force will take a decade or more.
2. **Green transition vs. competitiveness:** The EU's aggressive climate policy creates first-mover advantages in green technology but imposes costs that damage short-term competitiveness against US (cheap energy via shale) and Chinese (subsidized industry) competitors.
3. **Strategic autonomy challenge:** The EU must decide whether it can function as a genuine geopolitical actor or remains a regulatory superpower dependent on the US for security and on China for trade.

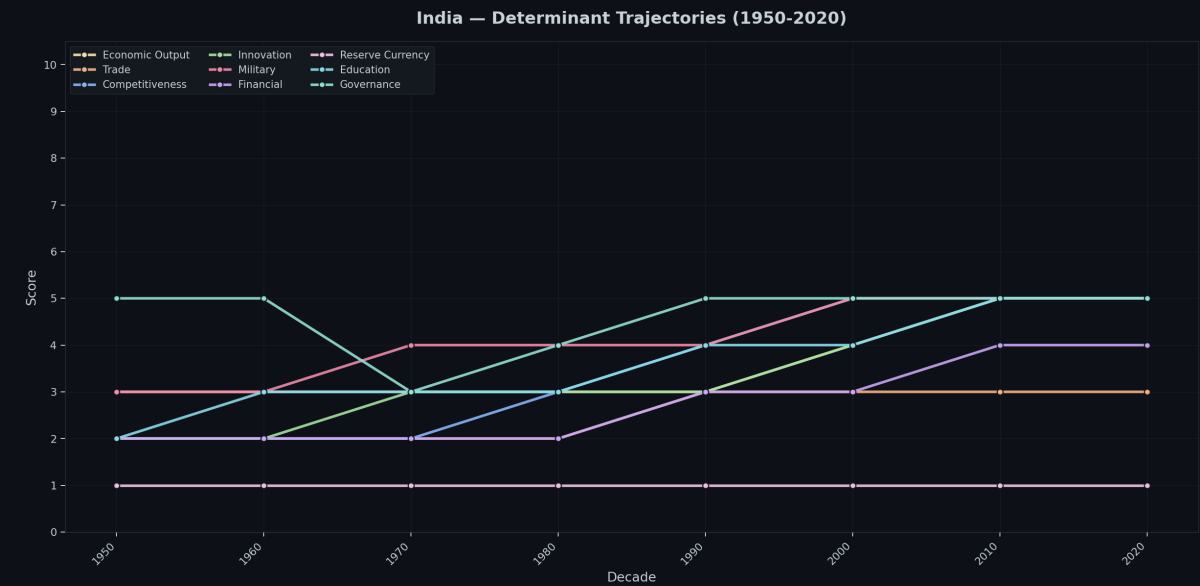
Outlook

The EU's trajectory is one of slow relative decline in economic weight but potential reinvention as a defense and green-technology power. The critical variable is governance reform: can the EU achieve the speed and coherence of decision-making required to compete with the US and China? History suggests that EU integration advances through crisis, and the current polycrisis (Ukraine, defense, competitiveness) may produce the next leap forward. However, the base case is continued slow erosion of relative global weight.

India

Determinant Overlay Grid

DETERMINANT	1950	1960	1970	1980	1990	2000	2010	2020
Economic Output	3	3	3	3	3	4	5	5
Trade	2	2	2	2	3	3	3	3
Competitiveness	2	2	2	3	4	5	5	5
Innovation	2	2	3	3	3	4	5	5
Military	3	3	4	4	4	5	5	5
Financial	2	2	2	2	3	3	4	4
Reserve Currency	1	1	1	1	1	1	1	1
Education	2	3	3	3	4	4	5	5
Governance	5	5	3	4	5	5	5	5



Current State Assessment

India is the fastest-rising power in the dataset, with every non-governance, non-reserve-currency determinant trending upward. Current live metrics show economic output at 6.5 (rising), as India is now the world's 5th largest economy and the fastest-growing G20 member with projected GDP growth of 6.4-7.4% through 2026-2027. The IMF, World Bank, and OECD all project India to be the fastest-growing major economy through the end of the decade.

India's strengths are its **demographic dividend** (median age 28 vs. 38 for China and 49 for Japan), **IT services dominance**, and **digital infrastructure** (UPI payments processing 13+ billion transactions monthly). Military capability (6, rising) includes nuclear power status, the 3rd largest defense budget, and ongoing modernization.

Weaknesses include a chronic **trade deficit** (5 current, goods deficit persistent), **negligible reserve currency status** (1), **limited financial center power** (4), and an education system that produces world-class elites (IITs) but fails the masses (77% literacy, poor PISA scores).

Trajectory Analysis

India's trajectory is the story of unrealized potential slowly beginning to materialize. From independence through the License Raj era (1950-1991), India's composite power was essentially flat at 2.4-2.8, held back by autarkic policies, bureaucratic ossification, and the "Hindu rate of growth." The 1991 liberalization was the decisive inflection point, after which every determinant began improving, with the rate of improvement accelerating after 2010 under the Modi government's digitalization push.

Key Structural Forces

1. **Demographic window:** India's working-age population will grow until the mid-2040s, providing a structural tailwind that no other major power possesses.
2. **US-China hedging position:** India's strategic position between the US and China, BRICS membership alongside Western alignment (Quad), and willingness to buy discounted Russian oil while deepening defense ties with the US creates maximum optionality.
3. **Manufacturing ascent:** The "Make in India" and "Atmanirbhar Bharat" (self-reliant India) initiatives aim to capture manufacturing that is diversifying out of China. Success here would transform India's trade profile and accelerate the overall rise.

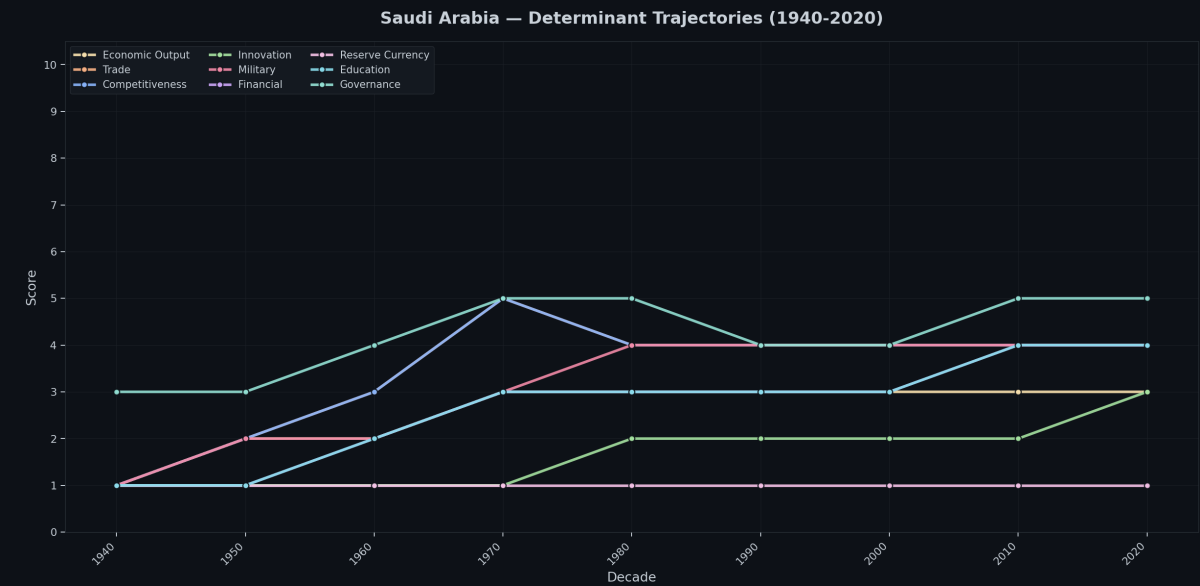
Outlook

India is likely to be the most significant positive mover in composite power over the next two decades. The trajectory from 4.2 (2020) to potentially 5.5-6.0 by 2040 is well-supported by demographics, digitalization, and geopolitical positioning. The risk is that governance constraints (bureaucracy, corruption, infrastructure gaps) prevent the manufacturing breakthrough needed to move from a services-led economy to a comprehensive industrial power.

Saudi Arabia

Determinant Overlay Grid

DETERMINANT	1940	1950	1960	1970	1980	1990	2000	2010	2020
Economic Output	1	2	2	3	3	3	3	3	3
Trade	1	2	3	5	4	4	4	4	4
Competitiveness	1	2	3	5	4	4	4	4	4
Innovation	1	1	1	1	2	2	2	2	3
Military	1	2	2	3	4	4	4	4	4
Financial	1	1	2	3	3	3	3	4	4
Reserve Currency	1	1	1	1	1	1	1	1	1
Education	1	1	2	3	3	3	3	4	4
Governance	3	3	4	5	5	4	4	5	5



Current State Assessment

Saudi Arabia's current power derives overwhelmingly from **energy leverage** (trade score 6, rising; OPEC+ swing producer status) and **sovereign wealth** (financial score 4, rising; PIF with \$930B+ in assets, ARAMCO as the world's most valuable company). Vision 2030 under MBS is producing the most ambitious economic diversification attempt in the history of petrostates, with real GDP growth projected at 3.5-4.5% annually through 2026-2027.

Non-oil GDP is growing as the entertainment, tourism (Red Sea project), and technology sectors expand. However, innovation (3, rising) remains negligible by global standards despite heavy investment in NEOM and AI strategy. Education (4.5, rising) is improving from a very low base. Military spending is among the world's highest (\$55-80B range), but combat effectiveness remains limited, as the Yemen war demonstrated.

The riyal is pegged to the dollar with no reserve currency status. Any shift in the petrodollar arrangement would be seismically significant for global markets.

Trajectory Analysis

Saudi Arabia's trajectory is unique in the dataset: the only power whose rise is almost entirely attributable to a single commodity. From near-zero across all determinants in 1940, oil revenues funded a rapid material transformation. However, the dependency has proven to be both the source of power and its ceiling. Competitiveness, innovation, and education all plateaued at 3-4 for decades, unable to break free of the resource curse dynamics.

Vision 2030 represents a historically unprecedented attempt to escape this trap. Unlike previous diversification efforts (which existed on paper in every Saudi five-year plan since the 1970s), MBS has the political authority and willingness to force social change (women driving, entertainment sector, tourism) that previous rulers could not.

Key Structural Forces

1. **Energy transition risk:** Saudi Arabia's power is built on oil. The global energy transition, even if slower than optimists predict, represents an existential long-term challenge. However, Saudi Arabia's extraction costs (\$5-10/barrel) mean it will be the last oil producer standing.
2. **Vision 2030 execution:** Non-oil sectors accounted for approximately 50% of GDP in recent years, up from 40% a decade ago. The IMF projects Saudi Arabia among the fastest-growing G20 economies. Success would fundamentally change the nation's power trajectory; failure would leave it exposed to the inevitable energy transition.

Outlook

Saudi Arabia's composite power will likely continue its gradual rise over the next decade, supported by sovereign wealth deployment and Vision 2030 investments. The critical uncertainty is whether diversification can generate self-sustaining non-oil growth before the structural decline of global oil demand begins to erode the foundation. The petrodollar arrangement remains the single most important variable for both Saudi and global markets; even discussion of RMB-denominated oil sales moves markets.

Cross-Power Analysis

Gap Closure Rates

The most significant dynamic in the dataset is the **US-China convergence**. In 1950, the gap was enormous: US composite ~9.8 vs. China composite ~2.9, a delta of nearly 7 points. By 2020, the gap has narrowed to US 6.6 vs. China 7.2, with China now ahead by 0.6 points in composite score. This crossover — driven by China's explosive gains in trade, competitiveness, and education — is the single most significant shift in the dataset. However, this topline number is misleading: the US retains decisive leads in military (9 vs. 8), financial (8 vs. 7), reserve currency (8 vs. 3), and innovation (8 vs. 8), while China leads in trade (9 vs. 5), competitiveness (8 vs. 5), and education (8 vs. 5).

The **India trajectory** mirrors China's early rise with a 20-30 year lag. India's composite today (4.2) is comparable to China's in the early 1990s (4.6 in 1990). If India sustains its current growth rates, it could reach China's 2010 composite level by approximately 2040-2045.

Converging Determinants

Education is the most globally converging determinant. In 1950, the spread between the highest-scoring power (US, 10) and lowest tracked (Saudi Arabia, 1) was 9 points. By 2020, the spread is 8 to 4, with the top now shared between China and the EU. Mass literacy is nearly universal, and PISA performance is converging across developed nations.

Innovation is converging at the top. The US monopoly on frontier innovation (scores of 10 in 1950-1960) has been eroded by China's rise to 8 and the EU's steady 6. The AI race has become a two-player competition (US and China) with all others watching.

Reserve currency is the least converging determinant. The dollar's dominance (score 8 in 2020) faces no credible single challenger. The euro (6) is a distant second, and the RMB (3) faces structural barriers. However, the slow erosion of dollar share from 72% (2001) to approximately 54% (2025) reflects a gradual fragmentation rather than a single-currency challenger.

Collision Courses

US vs. China in the Pacific remains the defining geopolitical tension. China's military score has risen from 6 (2000) to 8 (2020), while the US has declined from 10 to 9. The gap continues to narrow, particularly in naval capability in the Western Pacific.

EU vs. Russia has shifted from economic interdependence to confrontation since 2022. The EU's defense awakening (military score moving from 4 toward potentially 5-6) is a direct response to Russian aggression.

Historical Parallels

The current moment most closely parallels the **1930-1945 British Empire decline** (similarity score 7/10), where the incumbent hegemon's reserve currency lost status gradually over 30 years, not overnight. Gold was revalued as the transition played out. The database also identifies strong parallels to the **1970-1974 Yom Kippur War and Oil Embargo** period (similarity score 8/10), which produced gold +400%, equities -50%, and four years of stagflation.

The structural outcomes analysis assigns the following probabilities: - **Gradual US Decline**: 45%
- **AI Extends US Hegemony**: 25% - **Crisis-Accelerated Decline**: 15% - **Chinese Stagnation**: 10%
- **Multipolar Stability**: 5%

Implications for Markets

USD / Reserve Currency

The structural analysis points to continued gradual dollar erosion rather than sudden collapse. The dollar's reserve share decline from 72% to 54% over 24 years translates to roughly 0.75 percentage points per year. At this pace, the dollar would still hold 40%+ of reserves by 2040. However, the pace could accelerate if US fiscal trajectory (debt heading to 120% of GDP by 2035) triggers a sovereign confidence event. The historical parallel to sterling's decline is instructive: sterling lost reserve status over 30 years, not overnight, and the transition was managed, not catastrophic. **Implication**: Dollar weakness is structural and long-term, but not acute.

Gold

Gold is the primary beneficiary of hegemonic transition periods. The historical parallels in the database show gold performing strongly during every comparable transition: +400% during the 1970s oil embargo, doubling during the 2001-2006 post-9/11 period. Central bank gold purchases have accelerated, with BRICS nations (especially China and Russia) consistently adding to reserves. In a 45% probability "Gradual US Decline" scenario, gold structurally appreciates as the monetary anchor of a multipolar world. **Implication**: Gold's structural bid is supported by the macro power analysis.

Equities

The power metrics reveal a divergence: US innovation leadership (8-9) supports tech/AI equity valuations, but declining competitiveness (5), governance dysfunction (4), and fiscal deterioration create headwinds for broad equities. The historical parallel to the 2001-2003 post-9/11 period suggests equities could trade sideways for years during a hegemonic stress period. Chinese equity valuations embed the property crisis and governance risk discounts, potentially creating asymmetric upside if the rising-plateau scenario plays out. Indian equities are supported by the strongest composite power trajectory in the dataset. **Implication**: Selectivity by geography and sector, with a bias toward nations on rising power trajectories.

Commodities

Saudi Arabia's unique position as OPEC+ swing producer (trade score 6, rising) combined with BRICS energy diplomacy creates structural support for oil. The energy transition creates long-term demand risk but near-term supply discipline. Uranium is supported by the AI power demand thesis (innovation scores rising across the board requiring massive energy infrastructure). Copper benefits from electrification trends driven by both Chinese and Indian infrastructure investment. **Implication:** Commodity exposure aligns with a multipolar world where industrial powers compete for resources.

Bitcoin / Digital Assets

Bitcoin sits at the intersection of two structural forces identified in this analysis: de-dollarization and the decline in institutional trust (US governance score falling from 8 to 4). In a world where the dominant reserve currency is gradually losing share but no single alternative exists, a neutral digital reserve asset has theoretical appeal. However, the power analysis also shows that all major powers are developing CBDCs (China's digital yuan, EU's digital euro), which could compete with or regulate decentralized alternatives. **Implication:** BTC's structural case is strongest in the "Crisis-Accelerated Decline" scenario (15% probability) and weakest in the "AI Extends US Hegemony" scenario (25%) where dollar dominance persists.

Emerging Markets

India's power trajectory (fastest rising, favorable demographics, 6.4-7.4% growth projected) and Saudi Arabia's Vision 2030 diversification make them the structural standouts. The broader emerging market thesis is supported by the convergence of education, competitiveness, and trade scores globally. However, the reserve currency constraint (India and Saudi both scored at 1) means emerging market assets remain vulnerable to dollar liquidity cycles until the monetary system genuinely multipolarizes. **Implication:** Selective EM exposure to rising-trajectory powers, with awareness that dollar cycles still dominate short-term returns.

Disclaimer

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