IN SEARCH OF THE GLOBAL ECONOMIC SUPREMACY: CHINA VERSUS USA

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Abstract
The roots of the global economy can be found in the 15th century. It started with the expansion of trade and distribution and continued with the development of industry and services. The global economy has changed significantly during the past decades, especially after the fall of the Berlin Wall in 1989. Governments, policymakers, researchers, businessmen, managers or social activists, are highly interested in understanding the way the global economy works today. As the topic of global economy is interdisciplinary and complex it can be studied from different perspectives and levels of analysis. The macro level deals with international organizations and regimes, the meso level emphasizes the role played by countries and companies, and the micro level insists on the literature related to globalization and transnational movements. The aims of the paper are to present the evolution of the world's ten largest economies by gross domestic product in the period 2015-2016 and to emphasize the economic competition between the USA and China. The research methodology is based on a quantitative method. The results of the paper show that these two powerful economies are the main protagonists in the race for economic supremacy and emphasize the Chinese challenge to the American dominance.

Keywords: *global economy, United States of America, China, gross domestic product*

JEL Classification: *F02*

1. Introduction

Different stakeholders, such as governments, policymakers, researchers, businessmen, managers or social activists, are highly interested in understanding the way the global economy works. The roots of the global economy can be found in the period of 1450-1640, the so-called "long sixteenth century" (Wallerstein, 1979). In time, the global economy and culture created a web in which the national boundaries between states became irrelevant to economic activities (Frieden, 2006).

The global economy has changed significantly during the past decades, especially after the fall of the Berlin Wall in 1989. Since the end of the twentieth century, the following two key trends have been identified in the evolution of the global economy: the ever more important contribution of technological innovations to economic well-being and the increasingly interdependeness of the nations (Grossman and Helpman, 2001). In a highly integrated and interactive global economy "changes in commodity markets, exchange rates, stock prices, and interest rates impacted investors and producers in far corners of the world immediately" (Eckes Jr., 2011, p. 4).

As the topic of global economy is interdisciplinary and complex it can be studied from different perspectives and levels of analysis. The macro level deals with international organizations and regimes, the meso level emphasizes the role played by countries and companies, and the micro level insists on the literature related to globalization and transnational movements (Gereffi, 2005). Today's economic processes (production, distribution, consumption) are more and more analysed in terms of relationships of various activities, connected through flows of goods, information and services, among main actors such as states, regions, cities, firms or individuals (Zakaria and others, 2016).

Since the beginning of the 21st century the global economy has witnessed unprecedented changes in a turbulent world. As a consequence, widely divergent results appeared such as the emergence of more powerful economies (e.g., India, Brazil), of new hegemonic powers (e.g., China) and of bankrupt economies (e.g., Greece). Countries are increasingly competing at a global scale not only for resources and markets (Garelli, 2006), but also for economic supremacy (Yallapragada and others, 2009). This is the case of the contest between a dominant superpower and an emerging one, namely the competition between the United States of America (USA) and China. Since the end of World War II the USA has been able to define the rules and exceptions of an economic, trade, and financial world system created by the Americans (Subramanian, 2011). As China has become a key driving force for the establishment of a multipolar growth world (Lin, 2011), this system has been put under high pressure and challenged.

Starting from the above discussion appears the following question: Who will win the race for economic supremacy at the global level? The paper utilizes a quantitative method in order to find the answer. In this respect, the literature review was based on searching data from books and review. The aims of the paper are to present the evolution of the world's ten largest economies by gross domestic product (GDP) in the period 2015-2016 and to emphasize the economic competition between the USA and China.

2. The race for the global economic supremacy

In the period 2015-2016, the world's ten biggest economies by GDP (nominal) were the same (Tables no. 1 and 2). With a GDP that surpassed $18 trillion the American economy has dominated the top followed by the Chinese economy (Figures no. 1 and 2).

In fact, the USA and the Chinese economies are the two main protagonists at the global level. It is obvious that China's challenge to American economic supremacy represents a topic of interest in the 21st century (Glenn, 2016).

Table no. 1 The world's ten largest economy by GDP (nominal) in 2015

No.	Country	GDP (million)
1.	USA	18,036,648.00
2.	China	11,064,664.79
3.	Japan	4,383,076.30
4.	Germany	3,363,599.91
5.	United Kingdom	2,861,090.73
6.	France	2,433,562.02
7.	India	2,111,751.10
8.	Italy	1,824,902,22
9.	Brazil	1,803,652.65
10.	Canada	1,552,807.65

Source: https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2015&start=2012&year_low_desc=true

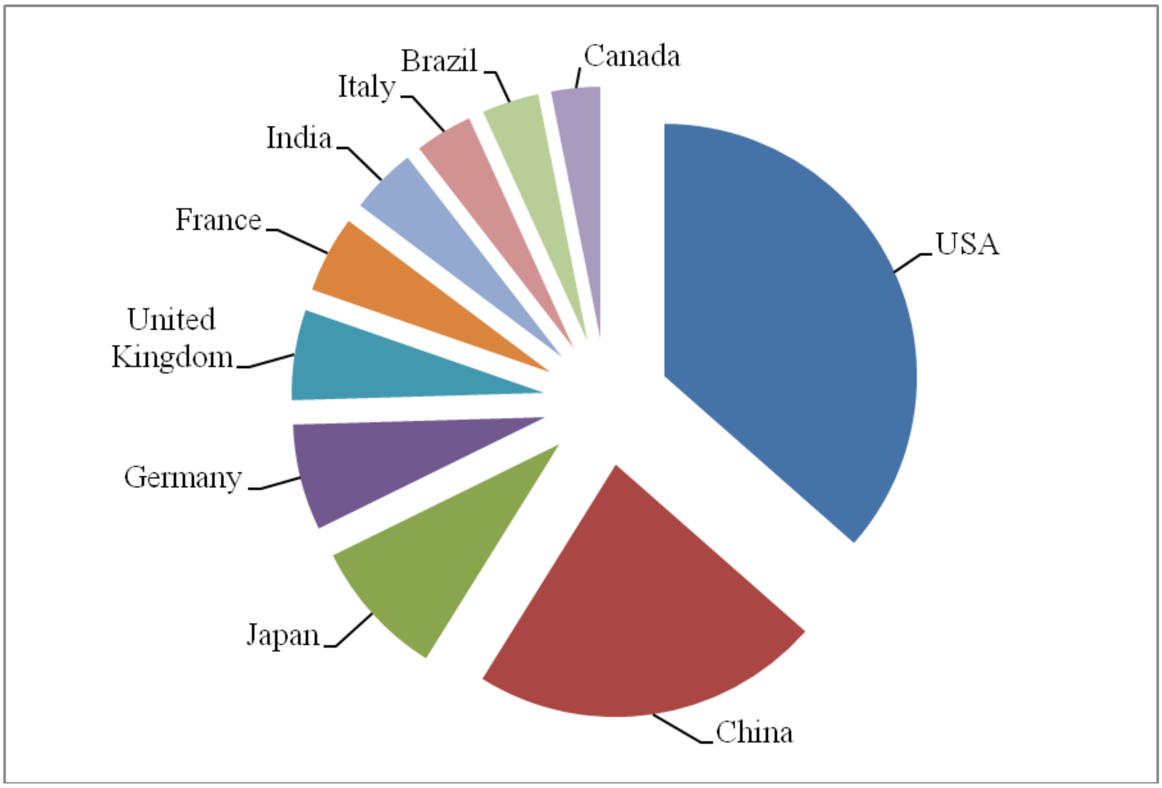

Figure no. 1 Top 10 countries by GDP (million) in 2015

Source : authors' contribution

Table no. 2 The world's ten largest economy by GDP (nominal) in 2016

No.	Country	GDP (million)
1.	USA	18,569,100
2.	China	11,199,145
3.	Japan	4,939,384
4.	Germany	3,466,757
5.	United Kingdom	2,618,886
6.	France	2,465,454
7.	India	2,263,523
8.	Italy	1,849,970
9.	Brazil	1,796,187
10.	Canada	1,529,760

Source: http://databank.worldbank.org/data/download/GDP.pdf

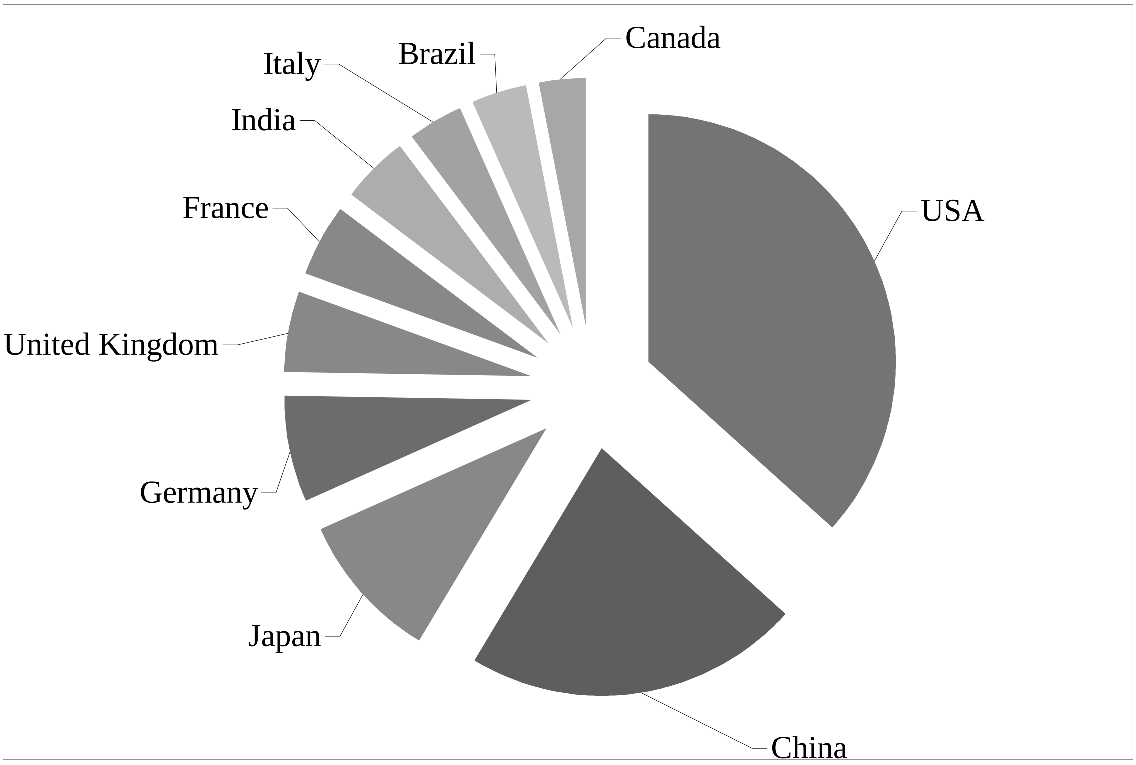

Figure no. 2 Top 10 countries by GDP (million) in 2016

Source : authors' contribution

However, by taking into account the purchasing power parity (PPP), the Chinese economy has already succeeded in overcoming the American economy in the same period (Tables no. 3 and 4). As the Chinese economy has continuously developed and been fully integrated in the world economy it has become an economic superpower (Figures no. 3 and 4) and the world's largest manufacturer, merchandise trader, and holder of foreign exchange reserves (Morrison, 2017).

Table no. 3 The world's ten largest economy by GDP (PPP) in 2015

No.	Country	GDP (million)
1.	China	19,811,750.78
2.	USA	18,036,648.00
3.	India	8,019,948.87
4.	Japan	5,172,861.83
5.	Germany	3,920,864.43
6.	Russian Federation	3,470,238.62
7.	Brazil	3,216,168.97
8.	Indonesia	2,849,797.77
9.	France	2,743,455.32
10.	United Kingdom	2,720,256.00

Source: https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.CD?end=2015&start=2012&year_low_desc=true

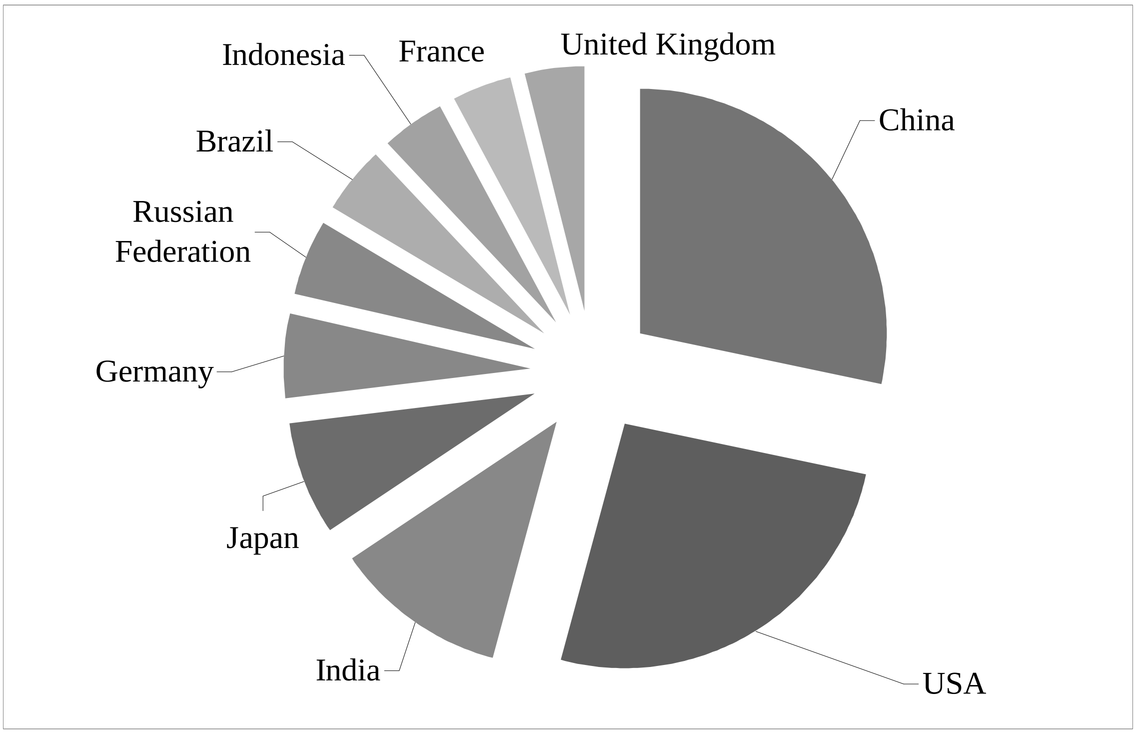

Figure no. 3 Top 10 countries by GDP at PPP (million) in 2015

Source : authors' contribution

Table no. 4 The world's ten largest economy by GDP (PPP) in 2016

No.	Country	GDP (million)
1.	China	21,417,150
2.	USA	18,569,100
3.	India	8,702,900
4.	Japan	5,266,444
5.	Germany	4,028,362
6.	Russian Federation	3,397,368
7.	Brazil	3,141,333
8.	Indonesia	3,032,090
9.	United Kingdom	2,796,732
10.	France	2,773,932

Source: http://databank.worldbank.org/data/download/GDP_PPP.pdf

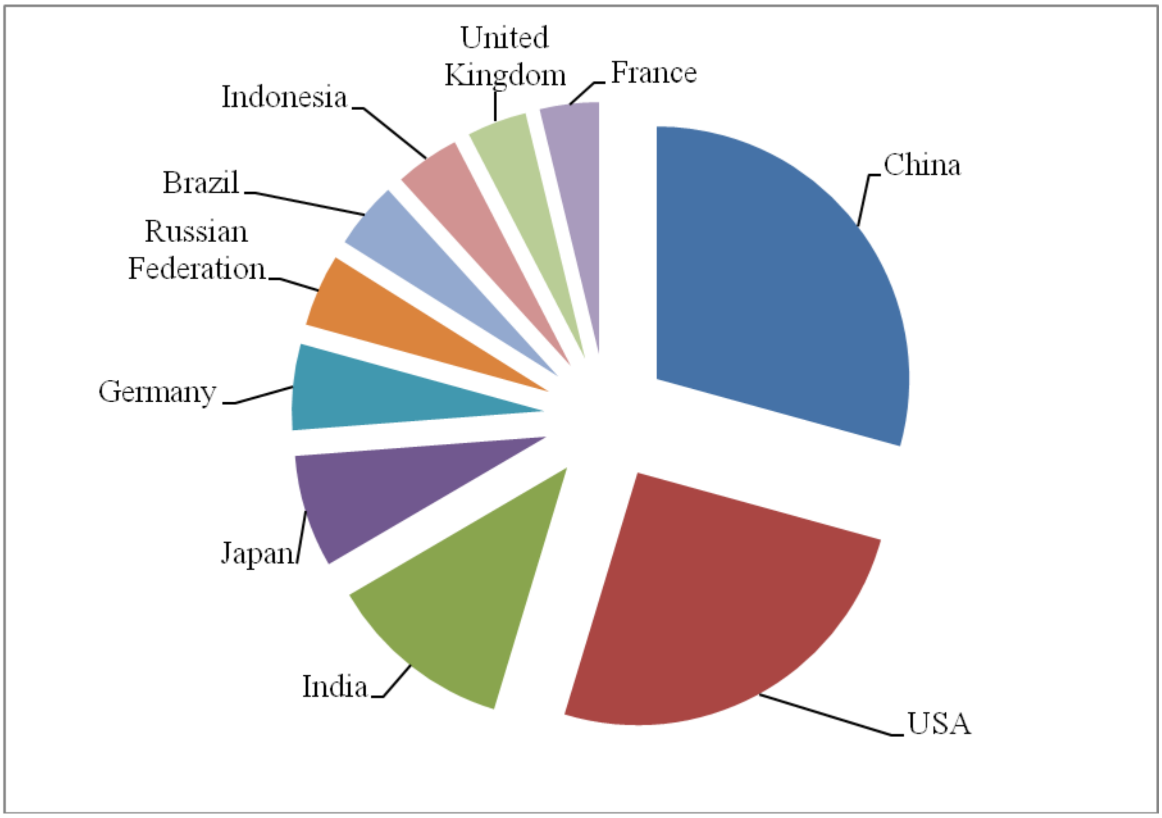

Figure no. 4 Top 10 countries by GDP at PPP (million) in 2016

Source : authors' contribution

The exponential economic rise of China was based on the fundamental reforms accomplished during the 1980s. The continuous progress in China's transformation into a market economy constitutes the result of a pragmatic development strategy implemented by the autocratic political power of the Communist Party of China (Tseng and Rodlauer, 2003; Vietor, 2007). Gradual economic reforms, constant opening-up, continuously improved improved economic structures, and high savings and investments have been among the most important factors that determined China's growth miracle (Yang, 2013). According to the forecasts the emerging economies will grow faster than advanced ones and China will become the dominant economic superpower in the world (PricewaterhouseCoopers, 2017).

3. Conclusions

After the Second World War, the USA established a global economic architecture that consecrated its supremacy. Today's global economy is dominated by the American and the Chinese economies.

China's rapid economic growth has significant implications for the global economy. On the one hand, it challenges the American economic supremacy. On the other hand, it represents one of the greatest economic success stories in the history and a valuable example for other emerging economies.

The paper shows that these two powerful economies are the main protagonists in the race for the global economic supremacy and emphasizes the Chinese challenge to the American dominance. It contributes to the development of the literature related to global economy.

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