

RACE FOR THE FUTURE: SECURING AMERICA'S INNOVATION EDGE AGAINST AUTHORITARIAN THREATS

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Executive Summary

The United States and its allies face a formidable challenge from a **rising axis of authoritarian states** led by China. This new geopolitical landscape, reminiscent of the Cold War era, features a more potent adversary whose resources and ambitions pose a threat to American leadership, especially in strategic technologies.

The list of authoritarian technological advances grows daily. From powerful artificial intelligence (AI) models like DeepSeek that embed censorship into global tech infrastructure to quantum computing breakthroughs that threaten cybersecurity, **China is intent on tilting the digital landscape in its favor.**

Similarly, **Russia's cyber warfare teams have successfully breached U.S. government agencies,** critical infrastructure, and major corporations through state-sponsored hacking operations. Cyberattacks from state-backed groups in [Iran](#) and [North Korea](#) have also become increasingly sophisticated and concerning. **Every authoritarian advancement challenges U.S. leadership,** undermines democratic norms, and embeds anti-American values into global digital infrastructure, making our country and allies less secure militarily and economically.

To secure a future defined by American leadership, prosperity, and democratic values, **U.S. policymakers must prioritize accelerating innovation as a key pillar of our nation's strategy.** By collaborating with allies and outpacing competitors in critical emerging technologies—including advanced computing, AI, and quantum—the United States can establish a decades-long decisive technological advantage.

But winning the global innovation race requires a **unified effort involving government, industry, academia, and the public,** such as the shared national mission to win the Space Race.

While there are many partners in this effort, the **U.S. private sector is the cornerstone of the innovation ecosystem,** driving breakthroughs and fostering a competitive edge through significant investments in research and development (R&D). Private enterprises provide essential capital and technological expertise, cultivating a culture of innovation and rapid development necessary to maintain leadership.

Simultaneously, **U.S. policymakers at all levels**—federal, state, and local—also play a critical role by **creating helpful policies, providing funding,** and establishing **supportive legal and regulatory frameworks** that enable and sustain this innovation. Collaborations between government and industry serve as a force-multiplier to respond to emerging challenges and seize new opportunities, ensuring that the United States remains at the forefront of global technological advancements.

“For the first time since World War II, America’s technological predominance – the backbone of its economic and military power – is under threat. China possesses the might, talent, and ambition to surpass the United States as the world’s leader in AI in the next decade if current trends do not change.” – [Final Report](#), National Security Commission on Artificial Intelligence

Four Key Objectives for American Policymakers

As China pursues technological dominance, U.S. policymakers must **focus on four key objectives**:

- 1. Accelerating Private Sector Innovation and Investment in Critical Technologies:** Foster a supportive environment through incentives, access to capital, R&D, and innovation ecosystems, while securing AI preeminence by fostering both open- and closed-source AI leadership.
- 2. Strengthening Supply Chains and Digital Infrastructure:** Strengthen and secure tech supply chains, enhance energy and transmission capacity, bolster cyber defenses, and build a world-class workforce to sustain U.S. technological leadership.
- 3. Implementing Forward-Thinking Policies to Sustain Leadership:** Avoid regulatory missteps, ensure supportive policies, engage with allies, and align regulations with public and industry sentiments.
- 4. Promoting Democratic Values and Countering Authoritarianism:** Advocate for an open internet, counter digital authoritarianism, strengthen international partnerships, and utilize targeted export controls.

By addressing these objectives, the United States will advance our leadership in global innovation and fortify our national security and economic prosperity while upholding democratic values against rising authoritarian influences.

This is a pivotal moment in history – and a defining opportunity for the new administration and Congress to make AI leadership America’s modern-day moonshot, securing a multi-decade advantage in national security and economic prosperity. But the United States and our allies must choose wisely, as the decisions made today will shape the world for generations. By embracing innovation as a core strategy, fostering collaboration, and working alongside our allies to uphold democratic values, America will once again “meet the moment” and lead the world toward a better future.

The sections that follow delve deeper into each of these four objectives, exploring the importance of these strategic technologies and the policies needed to support and nurture America’s global tech leadership.

“A world of unchecked, Beijing-built AI ecosystems would be a major blow to the U.S. and to humanity writ large.”

[The Center for a New American Security](#)

The Battlefield: The Digital Domain and Which Country Will Build Tech's Future

America began the 21st Century with a technological edge no other nation could match. However, in 2015, China's leader Xi Jinping launched a three-part plan to supplant America as the global technology leader. This plan includes:

1. **Investing more than \$2.8 trillion to usurp America as the pre-eminent tech powerhouse.** [Half this investment came in 2020 to 2025](#) from state-driven funds to advance AI, semiconductor production, and other strategic technologies, while the remaining [\\$1.4 trillion](#) is projected to flow into China's AI sector by 2030 to secure global leadership.
2. **Stealing what they can't build to help accelerate their gains.** Each year, China steals [up to \\$600 billion](#) in pirated software, critical intellectual property (IP), and trade secrets.
3. **Making the world increasingly dependent on Chinese technology** to give Beijing economic and geopolitical leverage, including through its Belt and Road Initiative and its Digital Silk Road efforts.

China's efforts are paying off. As competition has accelerated, China has reached parity or surpassed the United States in numerous technologies. These technologies are centered in what economists call the digital economy – the combination of hardware, software, cloud services, e-commerce, internet connectivity, and data that runs most daily life. Together with advanced computing, AI, quantum information science, these sectors form the “**digital domain.**”

The digital domain is powerful because of its inherent value, its military implications, and because it enhances productivity across all other sectors. According to the U.S. Department of Commerce's Bureau of Economic Analysis, the digital domain grew strongly in economic value over the past few years. From 2017 to 2022, the digital share of the economy [grew at 7.1 percent](#), adjusted for inflation, compared to just 2.2 percent for the economy generally.

America's digital domain is now valued at \$2.6 trillion and accounts for [10 percent](#) of the U.S. economy. Companies in the digital domain [employ 8.9 million people](#) across all fifty states. The core technologies resident in the digital domain are the new wellsprings of American power.

But China is determined to overcome our edge, and winning is not guaranteed. To effectively counter these challenges and secure our technological future, **policymakers must focus on accelerating innovation** and investment in critical technologies that will define global leadership in the years to come.

To secure America's economic future and national security, America must hold the lead of critical technologies including advanced computing and microchips, AI, quantum information science, and similar technologies.

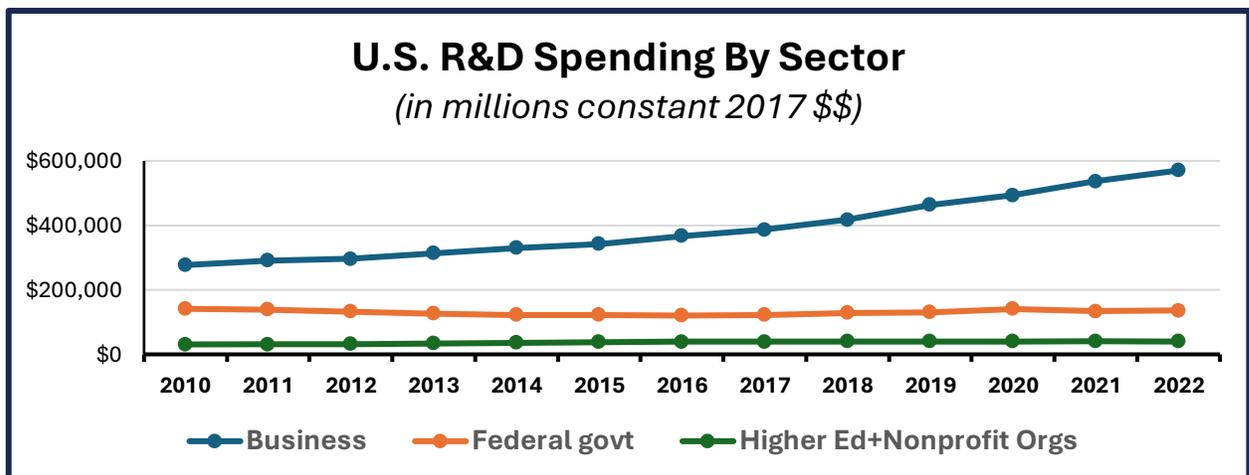
Objective One: Accelerating Innovation and Investment in Critical Technologies

The Critical Technologies That Will Determine Tech and Geopolitical Leadership

To secure America's economic future and national security, the United States must maintain leadership in **AI, advanced computing, and quantum computing** – key technologies that have the potential to revolutionize business, medicine, military operations, and other critical sectors. The U.S. government tracks these and other essential fields through the **Critical and Emerging Technologies (CET) List**, which identifies 18 priority areas for investment and strategic focus.

In fact, America does **not** have a secure lead in these technologies, and China is closing the gap in others. Numerous independent analyses show that China is making meaningful progress in its efforts to surpass the United States, including:

- **Securing Leadership in Strategic Technologies:** A detailed study from Australia's ASPI Critical Technology Tracker shows a stunning shift in global research leadership. **Two decades ago, the United States led in 60 of 64 critical technologies. Today, China holds the top spot in 57**, while the United States leads in just seven. China is at a near research monopoly in 24 of these. While the United States still leads in quantum computing, AI, and space technologies, staying ahead requires sustained, strategic investment, not short-term fixes.
- **Surging in Advanced Manufacturing Techs:** China has surged from producing less than nine percent of global manufacturing output in 2004 to **29 percent in 2023**, surpassing the European Union (EU) and now outpacing the United States, Japan, Germany, and India combined. A [Harvard University](#) report found **China is ahead of the United States in high-tech manufacturing and 5G and could soon overtake America's advantage in quantum computing.**
- **Seeking AI Supremacy by 2030:** A report from the [National Security Commission on Artificial Intelligence](#) (NSCAI) warns that China is on track to overtake the United States as the global AI leader by 2030. The launch of China's DeepSeek AI prompted Silicon Valley investor Marc Andreessen [to call it "AI's Sputnik moment"](#) – a warning that China's AI surge could redefine global tech leadership, much like Sputnik reshaped the Space Race.



The private sector is foundational to America's ability to lead in these strategic technologies, supplying the necessary ingenuity, talent, and critical investment. In fact, business [R&D investment](#) grew by **88 percent from 2010 to 2022**, far outpacing the **10 percent growth in federal R&D** over the same period (see *chart at right*).

While private enterprise drives much of this innovation, **strategic public policy can create a catalytic regulatory and investment environment** that accelerates breakthroughs in AI, quantum, and advanced computing, and ensures American leadership.

1. Artificial Intelligence

America and China are the leading superpowers in AI, a field that [demands](#) vast resources including high-end chips, cloud computing services, data centers, and a robust and secure energy grid. While the United States currently leads the world in AI development, China is executing a detailed and aggressive plan to become the global AI leader by 2030.

In December 2024, China [launched DeepSeek AI](#), a chatbot trained on massive datasets designed to rival the best Western models. DeepSeek is just one of [hundreds Chinese AI models released](#) in dozens of languages to secure global market share.

Beyond chatbots, China is systematically building its own **open-source AI ecosystem** as a means of [spreading Chinese Communist Party \(CCP\)-aligned values](#) and shaping global AI development. **Chinese firms are aggressively exporting AI models that embed censorship and propaganda** mechanisms into widely used applications worldwide, giving China the ability to influence narratives and restrict free speech in key digital spaces.

Large U.S. platform companies, with their substantial resources and economies of scale, are best positioned to drive American AI development, as they can afford the sustained multi-billion-dollar investments required for compute power, training data, specialized chips, and energy usage.

Losing the lead in AI not only jeopardizes America's ability to innovate but also risks ceding future technological advancements to competitors. **Falling behind China in AI could make it impossible for the United States to regain its footing** and leadership in this critical and fast-evolving field.

Leading In Both Open- and Closed-Source AI

To secure America's advantage in AI, **U.S. policymakers should [encourage a broad spectrum of AI models, including open-source models alongside closed ones](#)**. A recent National Telecommunications and Information Administration ([NTIA](#)) report found that open-source AI can democratize access to advanced technologies, allowing smaller companies, researchers, and individuals to build and refine AI tools without the high costs of starting from scratch.

By leading in open-source AI development, the United States will not only accelerate innovation within the United States but also strengthens America's global AI leadership by making U.S. models more widely adopted across the globe, particularly in developing countries in Africa and the Global South that China is targeting.

Open-source AI neutralizes authoritarian ambitions by fostering a decentralized and transparent development environment, enhancing cybersecurity, and promoting competitive technological standards that uphold democratic values. It positions the United States to lead in global tech, driving economic growth and safeguarding a free and open internet.

At the same time, **closed-source AI is equally important**, allowing companies to protect their intellectual property, fostering commercially viable, strategic advantages. **Maintaining leadership in both models is essential** to prevent China from controlling key AI platforms and dictating the rules of engagement in the digital age.

2. Advanced Computing

“America's lead in advanced computing is nearly gone, putting in jeopardy the dividends that leadership has historically provided,” a recent [Georgetown University study](#) found. To accelerate innovation, the U.S. Department of Energy (DOE) successfully partnered with a half-dozen U.S. tech companies – Advanced Micro Devices (AMD), Cray, Hewlett Packard Enterprise (HPE), IBM, Intel, and NVIDIA – on the [Exascale Computing Project](#) (ECP) to develop supercomputers capable of performing a quintillion (one billion billions) calculations per second.

The ECP officially concluded in 2024, marking a significant milestone in U.S. computational capabilities. Ongoing efforts are now focused on leveraging these exascale systems to “drive breakthroughs in energy production, storage, and transmission; materials science; additive manufacturing; chemical design; artificial intelligence and machine learning; cancer research and treatment; earthquake risk assessment; and many other areas,” [according](#) to the ECP website.

*A recent government report (NTIA) found that **open-source AI** can accelerate innovation, democratize access to advanced technologies, and also strengthen America's global AI leadership by making U.S.-origin models more widely adopted across the globe, especially in developing countries that China is pursuing.*

“The competition between China and the U.S. in quantum technology is not just about technological breakthroughs but also geopolitical dominance. The countries that reach quantum computing technology will gain a strategic advantage in areas such as defence and cybersecurity, shaping the future international landscape.”

*— Professor Jose Ignacio Latorre,
Director, Centre for Quantum
Technologies (CQT) in Singapore*

China, however, is rapidly expanding its high-performance computing capabilities and has announced plans to **increase its national computing capacity by more than 30 percent by 2025, and is said to be planning 10 exascale supercomputers by the end of this year, compared to the United States' three.** With state-backed initiatives and heavy investment in supercomputing, China is positioning itself to challenge U.S. leadership in advanced computing, which could accelerate breakthroughs in AI, defense, and next-generation technologies.

Losing the lead in this technology would not only allow China to go well beyond its current capabilities in high-performance computing but also enable it to develop next-generation innovations that surpass the capabilities of America and its allies.

3. Quantum Computing

Quantum computing leverages quantum mechanics to perform calculations at speeds unattainable by classical computers, with applications spanning medicine, materials science, AI, and cryptography.

The economic and security implications are significant – **the country that achieves scalable quantum computing first will hold a strategic edge** in encryption, defense capabilities, and scientific research. Both countries recognize quantum computing's potential. China dwarfs the rest of the world in quantum investment, dedicating [\\$25 billion](#) to the technology. Additionally, China claims to have developed a quantum computer that can perform certain kinds of AI-related calculations 180 million times faster than the world's top supercomputer.

The United States is also prioritizing quantum computing, launching the [National Quantum Initiative](#) in 2021. Its strategy is built on three pillars: **government agencies** leading research and security efforts, the **private sector** driving commercialization and technological development, and **academia** advancing fundamental research and workforce training. Among the U.S. private sector's recent major breakthroughs:

- **December 2024:** Google unveiled [Willow](#), a 105-qubit quantum chip that completed a computation in five minutes that would take a supercomputer 10 septillion years.
- **February 2025:** Microsoft introduced [Majorana 1](#), the world's topological qubit-based quantum processor, a breakthrough that could bring practical quantum computing within years, not decades.

Falling behind China in quantum computing could have painful consequences. A quantum advantage could enable adversaries to break all existing encryption, intercept sensitive communications, and bolster military capabilities. **The United States must prioritize sustained investment in quantum R&D** to maintain its technological leadership.

By investing in AI, advanced computing, and quantum computing while fostering an environment that accelerates private sector innovation, America can maintain its competitive edge, ensuring national security and economic prosperity in the decades ahead.

Objective Two: Securing American Supply Chains and Infrastructure

While spearheading innovation is crucial, it is equally important to ensure that our supply chains and infrastructure are secure from external vulnerabilities that could undermine our technological advancements.

Understanding Beijing's Strategy to Dominate Critical Industries

American economic leadership, national security, and values are all on the line in the tech race with China. Over the past three decades, Beijing has leapt from petitioning for market access to dominating significant segments of the global market for consumer products and technology. To check China's global tech ambitions, policymakers must first understand China's approach and then take the necessary steps to counter these efforts.

China aims to become the global AI leader by 2030.

Introduced in 2017, China's Artificial Intelligence Development Plan (AIDP) seeks to position the nation as "the world's premier artificial intelligence innovation center." This ambition underscores China's broader strategy to dominate critical technologies through significant investments and state-backed initiatives.

U.S. policymakers must remain vigilant to ensure that China's success in dominating critical global industries is not repeated with advanced and emerging technologies.

Technology is not just another sector – it's the very backbone of U.S. security, prosperity, democracy, and values.

Over the past two decades, China has employed tactics such as subsidies, currency manipulation, and IP theft to enhance its industrial capacity and expand its global market share. While these strategies have contributed to China's growth, they are part of a broader set of factors affecting various sectors. **These strategies have enabled China to achieve dominance in key sectors** such as manufacturing, [solar panels](#), active [pharmaceutical ingredients](#), telecommunications equipment, and [electric vehicle](#) (EV) sales. Currently, China holds 30 percent of the global EV market, challenging established leaders such as Tesla.

China's strategy involves targeting key sectors, developing comprehensive multi-year plans, and committing substantial state resources to outcompete other nations. By offering below-market prices, subsidies, and leveraging IP theft, China can establish dominance and increase global dependency on its supply chains.

Strengthening America's Supplying Chains, Energy Security, and Cyber Infrastructure

To prevent Beijing from securing a stranglehold over the next generation of critical technologies, **America must not only lead in innovation but also fortify the infrastructure that sustains it.** Unlike China, where the state dictates industrial priorities, America's strength lies in a dynamic private sector that drives breakthroughs. However, for this innovation to flourish, policymakers must collaborate with industry to establish a secure foundation of resilient supply chains, a modernized energy grid, robust

cyber defenses, and a skilled, capable workforce. Without these critical reinforcements, even the most advanced technological gains risk being compromised, outpaced, or rendered strategically vulnerable.

Securing Critical Supply Chains and Infrastructure

America's technological leadership depends on secure robust supply chains, particularly in semiconductors and other critical components. Building these elements in America and developing reliable supply sources from our closest allies will reduce dependency on vulnerable foreign suppliers and mitigate risks from global disruptions. The **\$500 billion Stargate AI infrastructure project**, announced by President Trump and backed by major U.S. tech companies, is a crucial step for scaling American innovation, especially data centers. **Other leading tech companies have announced combined investments of approximately \$800 billion** in [AI, chip manufacturing, advanced R&D, data centers](#), and worker training. Lastly, we need to ensure that our trade policies help secure access to critical rare earth and other foundational elements of advanced technologies.

Modernizing Energy Infrastructure and Expanding Grid Capacity

The U.S. power grid is aging and under immense strain, with [70 percent of transmission lines over 25 years old](#) and approaching the end of their typical lifecycle. Meanwhile, [energy demand is expected to soar by 15 percent](#) in some regions within five years, the most since World War II. **Policymakers must prioritize strengthening and expanding energy infrastructure to support AI-driven growth** and protect against cyber threats from China.

While the U.S. grid struggles with delays and capacity issues, **China has built 30,000 miles of ultra-high voltage (UHV) transmission lines and invested \$442 billion in grid modernization** to power AI expansion. Meanwhile in **the United States, 12,000 domestic energy projects remain stalled, waiting for grid connection**, throttling our AI growth. Public-private collaboration is essential to expedite energy growth and resilience, modernize transmission infrastructure, and unlock AI's full economic potential.

Strengthening Cybersecurity to Protect Critical Infrastructure

The government must fully partner with American tech companies to bolster critical cyber infrastructure. These companies are the backbone of U.S. cyber defense capabilities, investing billions annually in cybersecurity R&D. Given the massive cyber threats posed by China, which now has the [world's largest hacking program](#), this partnership is essential to proactively secure our supply chains and infrastructure, safeguard technological secrets, and prevent authoritarian adversaries from exploiting vulnerabilities.

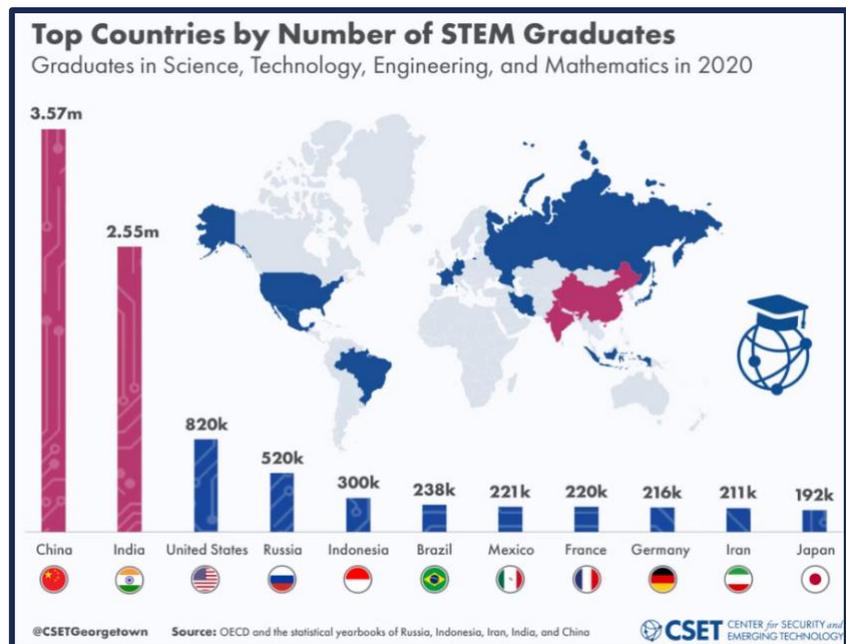
Expanding America's High-Tech Workforce

Another top threat to American tech leadership is a critical talent shortage in Science, Technology, Engineering, and Mathematics (STEM) graduates. As the [table to the right shows](#), **China is producing STEM graduates at an unprecedented rate and is projected to outproduce the United States by 27.5 million STEM graduates in the next decade.**

Meanwhile, AI-related jobs are expected to grow [21 percent over the next decade](#), and the semiconductor industry alone faces [160,000 unfilled positions by 2030](#), leaving a dangerous gap in America's high-tech workforce.

To remain competitive, the United States must adopt a three-pronged strategy: 1) dramatically increase domestic STEM graduates;

2) ensure that the world's best and brightest – who come here to study – stay and contribute to America's economy; and 3) invest heavily in worker retraining in key tech areas, as well as expanding the supply of skilled trades members – plumbers, pipefitters, electricians, etc. – who are vital to building and maintaining America's technology infrastructure, particularly data centers. Without urgent action in these three areas, the United States risks falling behind in the technologies that will define the future.



The Role of Small Businesses in Strengthening Supply Chains and Innovation

Policymakers must remember the essential role small businesses play in innovation. Representing [44 percent](#) of U.S. economic activity and nearly half the workforce, small firms drive competition, create breakthroughs, and fuel growth. **Small businesses are making significant contributions to emerging fields, such as cybersecurity, quantum computing, health care, and semiconductor manufacturing, reinforcing their role in securing America's technological leadership.** Just as with larger firms, excessive regulations, limited capital, and restrictive policies can hinder small business growth as well. To sustain innovation, policymakers must ensure small businesses have the resources, infrastructure, and regulatory environment to succeed, reinforcing America's leadership in critical technologies.

Objective Three: Implementing Forward-Thinking Policies to Sustain Tech Leadership

Securing America's technological edge also requires prudent policymaking which avoids short-sighted decisions that could inadvertently hamper our innovation capabilities or benefit our adversaries.

Avoiding Short-Sighted Policy Stumbles

To sustain our technological leadership, **policymakers must be forward-thinking in how to accelerate innovation and use a light-touch regulatory approach** that leverages America's strengths – a robust private sector, world-class research institutions, deep capital markets, and a dynamic startup

ecosystem that fosters breakthrough technologies. (A detailed list of policy recommendations is included at the end of this document).

But it's equally important to **avoid short-sighted regulatory and legislative missteps** that could stifle innovation or whose unintended consequences give strategic advantages to adversaries, namely China. For example, expansive antitrust legislation, broad anti-merger restrictions, ignoring overseas digital trade barriers, and legal and regulatory overreach by agencies like the Department of Justice (DOJ) and Federal Trade Commission (FTC) can undermine American tech companies' ability to compete globally. *These regulatory excesses happened frequently in the previous administration and are mistakes that should not be repeated.*

U.S. and allied policymakers must also consider geopolitical strength when it comes to winning the tech race. They should critically evaluate all proposed tech regulations and policies through the lens of American competitiveness and security, ensuring they do not inadvertently grant technological advantages to China or other adversaries. The EU **failed to fully appreciate** the potential impacts of the Digital Markets Act (DMA) prior to its enactment and is now scrambling to understand the national security impact of forcing companies to share data with China. Meanwhile, under the DMA, U.S. firms face billions in tariff-like costs, plus **\$22-50 billion** in compliance expenses – funds better spend on innovation.

The issue of EU regulatory overreach is quickly coming to a head, with the Trump Administration issuing a sharp rebuke of European policies that disproportionately target American tech companies. In a recent [executive order](#), President Trump directed federal agencies to counteract what he called the “unfair exploitation of American innovation” by the European Union, warning that the United States would not tolerate foreign governments imposing punitive measures that weaken American innovation. The EU, in turn, [has threatened retaliation](#), escalating tensions that could shape the future of global technology policy. ***It is essential that Europe modify its approach to regulating U.S. tech companies so that America and our allies present a unified front against authoritarian technology threats.***

In addition to the DMA, the EU and United Kingdom (UK) have **targeted America's tech leaders with other discriminatory laws and regulations** such as the Digital Services Act (DSA), limitations on mergers and acquisitions, and new regulations on AI. Rather than bolstering the European tech sector, **these laws undermine Western innovation, hurt European competitiveness, and advantage China in the global tech race.** In fact, European [elected leaders](#), European [private sector companies](#), and EU-commissioned [reports](#) are now raising sharp concerns that the DMA and AI Acts are hurting local businesses and slowing EU competitiveness.

Recent polling also suggests that pro-regulation policymakers are out of step with voter sentiments when offering punitive tech legislation. An American Edge Project survey found that **80 percent of U.S. and European voters** believe in a united stance against tech threats from nations such as China and Russia. **A large majority of voters oppose excessive regulations that could weaken their tech sectors in global competition.** Policymakers should consider voter and industry perspectives, recognizing that excessive regulations may conflict with public opinion and could weaken the tech sector globally.

By aligning policies with long-term geopolitical goals and ensuring supportive regulations, we can strengthen the U.S. position and maintain our competitive edge.

Objective Four: Promoting Democratic Values and Countering Digital Authoritarianism

Ultimately, our pursuit of technological leadership is not just about economic prosperity or national security; it's about promoting democratic values and countering the rise of authoritarianism in the digital age.

A Contrast in Values

Achieving the **full societal benefits from advanced technologies can only happen under the leadership of America and its allies**, not from authoritarian regimes. AI is already being used to strengthen the authoritarian grip of Beijing's government, with China's recently enacted AI regulations primarily serving as "a '[hammer](#)' to nail down future threats to stability," suppress dissent, and guarantee absolute control by the CCP.

Should China become global tech leader, AI development will follow a markedly different set of values. China and others have already shown a disregard for values that Americans and its allies hold dear, as evidenced by its attempted [hacks](#) on U.S. critical infrastructure, its strong alliance with Russia, and its support for Russia's invasion of Ukraine. China's provision of dual-use technologies to Russia, enabling its war against Ukraine, illustrates the deep divide in values between China and the United States, and the danger of exporting superior technology to U.S. adversaries.

Concurrent, China employs technological advances to monitor its own citizens, as seen with its latest chatbot trained on "[Xi Jinping Thought](#)," aimed at ensuring the absolute power of the CCP and promoting socialist values.

In contrast, **American leadership and innovation in the digital domain safeguards against authoritarian control of information flows.** Unleashing American innovation fuels economic productivity and supports freedom of expression. The transformative power of critical technologies—and who leads in developing them—will significantly determine whether Western values thrive internationally.

Promoting Democratic Values and Countering Authoritarianism

The United States and allies must actively promote a vision of an **open and accessible internet** that supports the free flow of information and ideas, reinforcing Western values of freedom and democracy on the global stage. **By advocating for policies that prevent censorship and promote digital rights**, the United States can counter efforts to fragment or control the internet.

Western policymakers should **oppose China's attempts to export a controlled internet model, powered by its AI**, used for censorship and surveillance. China seeks to make the world increasingly dependent on its technology, providing it the ability to influence other nations and spread digital authoritarianism. Promoting a free and secure global digital environment is essential to safeguard democratic values.

While focusing on American leadership, policymakers must **strengthen international partnerships and expand [digital diplomacy](#) efforts**. This includes promoting open-source or low-cost technologies to developing countries, especially in Latin America, Asia, and Africa, to counter China's Digital Silk Road efforts.

Targeted export controls can also slow China's tech ambitions. But these need to be highly limited on advanced semiconductor chips, because overly restrictive or broad export controls, especially on American AI models, could hinder Western companies from partnering globally and accessing global talent and markets. A balanced approach ensures national security without stifling innovation.

By embracing the private sector as a powerful ally, prioritizing supportive legislation, and leveraging technology aligned with American values as a foreign policy tool, the United States can combat digital authoritarianism and maintain its technological edge.

Recommendations For Policymakers

Protecting the lead in American and Western innovation is an essential strategy for U.S. policymakers at all levels. Below are detailed policy recommendations to help turn that strategy into reality.

1. Accelerating Innovation and Investment in Critical Technologies

- **Incentivize Private Sector Investment and R&D in Key Strategic Technologies:** Policymakers should accelerate investment in critical technologies such as AI, quantum computing, and advanced computing to bolster America's technological leadership. This includes ensuring private sector innovators have access to large-scale capital through supportive financial ecosystems, providing tax credits and incentives, and supporting mergers and acquisitions (M&A) that boost innovation scaling capabilities to better compete globally.
- **Create and Maintain Supportive Legal and Regulatory Frameworks:** Establishing legal and regulatory environments at both the federal and state levels to advance capital growth, M&A activity, and market access. By prioritizing long-term national interests and promoting policies that encourage growth (such as reducing digital trade barriers), we can strengthen our competitive edge and reinforce U.S. leadership in critical technologies, while providing critical growth tools for America's 33 million small businesses.
- **Achieve Leadership in Both Open- and Closed-Source AI:** China's open-source AI tools are embedding CCP values of surveillance, censorship, and misinformation into global tech infrastructure. The United States must lead in AI development and deployment—across both open- and closed-source models—to ensure democratic principles shape AI's future. Ceding this ground risks allowing China's authoritarian vision to define global AI, with serious national security implications if allies (or worse, American businesses) begin relying on Chinese-built models.

- **Support Robust Regional Innovation Hubs:** Develop dynamic regional innovation hubs that integrate academic research, private sector innovation, and public investment to accelerate technology development and commercialization, enhancing local and national economic growth.

2. Strengthening Supply Chains Digital and Infrastructure

- **Strengthen and Secure Tech Supply Chains:** For national security and economic stability reasons, the United States must strengthen tech supply chains by onshoring or creating reliable, allied sources of critical components, such as semiconductors. This reduces dependency on foreign suppliers and mitigates risks associated with global supply chain disruptions. Trade policies that both secure access to raw materials for critical technologies and that knock down overseas digital trade barriers are also priority areas for lawmakers.
- **Enhance Energy Security to Support Technological Development:** America's limiting factor on innovation cannot be a weak energy grid or insufficient power sources. As such, the U.S. government must secure and reinforce the nation's energy infrastructure to manage the increasing demands of technological development and defend against external threats, such as cyber-attacks from China. Public/private collaborations can enhance grid security and ensure the United States remains a leader in innovation amidst global competition. Strengthening and expanding the U.S. energy infrastructure is crucial not only to support the digital economy but also to manage load growth and facilitate new power generation.
- **Strengthen the Resilience of Critical Cyber Infrastructure:** The government must fully partner with American tech companies to properly protect its digital domain. These companies are the backbone of U.S. cyber defense capabilities, investing billions annually in cybersecurity R&D, benefiting users worldwide.
- **Promote Initiatives to Deepen America's Tech Talent Pool:** The United States should promote initiatives that deepen its tech talent pool, including heavy investments in K-12 educational programs, university and community college tech curriculums, and vocational training that develop the skilled workforce necessary for advanced technologies. Individual states can play a key role in developing the human capital necessary to sustain long-term innovation through education and training initiatives.
- **Support Small Business Innovation:** Small businesses in driving competition, creating breakthroughs, and securing America's technological leadership. Policymakers must ensure that these innovation engines have access to capital, infrastructure, and a pro-innovation regulatory environment to sustain U.S. leadership in critical technologies.
- **Expand High-Speed Internet and Accessible Technology:** Extend high-speed internet to all American communities, ensuring universal connectivity. Promote the development of user-friendly technology solutions that improve tech adoption and literacy across all population segments to enhance American technological competitiveness and increased opportunity.

3. Implementing Forward-Thinking Policies to Sustain Leadership

- **Avoid Short-Sighted Regulatory and Legislative Missteps:** Short-sighted policymaking and regulatory overreach can threaten American technological leadership as much as China's investments and hacking efforts. Policymakers should embrace "light-touch" regulation when needed and avoid excessive legislative and regulatory measures whose unintended consequences risk stifling innovation or giving strategic advantages to adversaries, namely China.
- **Ensure Supportive Policies and Regulations:** U.S. and allied policymakers must consider long-term geopolitical strategy when it comes to winning the tech race. They should critically evaluate all proposed tech regulations and policies through the lens of American competitiveness and security, ensuring they do not inadvertently grant technological advantages to China or other adversaries.
- **Engage with Allies on Policy Development:** Policymakers should collaborate with allies to ensure their laws and regulations support collective innovation and security interests, avoiding measures that undermine Western technological leadership.
- **Align Policies with Public and Industry Sentiments:** Policymakers must consider voter and industry perspectives, recognizing that excessive regulations may conflict with public opinion and could weaken the U. S. tech sector globally.

4. Promoting Democratic Values and Countering Authoritarianism

- **Promote an Open and Secure Internet Aligned with Democratic Values:** The United States and allies must actively promote a vision of an open and accessible internet that supports the free flow of information and ideas, reinforcing Western values of freedom and democracy on the global stage. This initiative counters efforts by authoritarian regimes to control or fragment the internet, ensuring a vibrant digital ecosystem that promotes transparency and openness.
- **Counter Techno-Authoritarianism Globally:** America and authoritarian governments have two fundamentally different views of not just the internet, but also the role of technology in society. America's vision is for technology to support democracy, create opportunities, and to empower individuals, while authoritarian governments view technology, especially AI, as tools for state control, censorship, and surveillance. Western policymakers must strongly oppose China's attempts to embed its technology, and thereby its values, into the global digital infrastructure.
- **Strengthen International Partnerships and Expand Digital Diplomacy Efforts:** Policymakers must strengthen and expand technological partnerships with allies and other countries to ensure a united front in technological development and security.
- **Utilize Targeted Export Controls to Slow China's Tech Strategy:** Maintain limited, but highly targeted export controls, especially on advanced semiconductor chips, to curb China's technological advancements. Unduly restricting the export of/access to U.S. AI models, especially open-source ones, would undermine the broader American innovation ecosystem (particularly

[public section innovation](#) at U.S. universities), while handing Beijing an unchallenged advantage in shaping global norms.

By adopting these strategies, the United States can ensure its continued leadership in global innovation while supporting broader goals of economic prosperity and the promotion of democratic values in the face of rising authoritarian influences.

Conclusion

The choices American policymakers make and the actions they take today will shape the world for generations to come. The United States and our allies must rise to this challenge with unity, determination, and a vision of the future. By embracing innovation, fostering collaboration, and upholding democratic values, the United States can lead the world towards a better tomorrow.

America possesses a tangible advantage: a thriving culture of innovation. Businesses of all sizes are making significant breakthroughs and mastering critical technologies that have the potential to positively impact the entire globe.

These American innovators are now on the front lines of the digital domain and national security competition with China. The surge in AI and other areas over the past five years has proven that companies, large and small, are engines of transformation. This is not the time to slow down but to advance decisively.

AI is not the final episode of transformation. Emerging technologies such as quantum computing, nuclear fusion, space exploration, and other strategically important fields are up for grabs. American technological leadership relies on an innovation ecosystem that enables companies to develop, launch, and scale critical and emerging technologies.

By deploying the approach outlined in the four key objectives—accelerating innovation and investment in critical technologies; strengthening supply chains and infrastructure; implementing forward-thinking policies to sustain leadership; and promoting democratic values and countering authoritarianism—the United States will not only advance its leadership in global innovation but also fortify our national security and economic prosperity while upholding democratic values in the face of rising authoritarian influences.

For the benefit of the global community, **America must prevail in this competition.** The only truly free future is one built upon technologies underpinned by American values.

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