



NATIONAL DEFENSE RESEARCH INSTITUTE

The Scope and Nature of the U.S.-China Competition

MICHAEL J. MAZARR, AMANDA KERRIGAN, SAM PLAPINGER,
JENNA MURRAY, GREGORY WEIDER FAUERBACH, HABIBA AHMED,
BENJAMIN LENAIN, MARZIA GIAMBERTONI, TREVOR JOHNSTON,
TIM MCDONALD, ASHLEY L. RHOADES, JOHN CHEN, JON SCHMID,
KRISTEN GUNNESS, STEPHANIE PEZARD, JAKE RINALDI,
ALEXANDRA STARK, ANNE STICKELLS

The first report from the RAND
Global Competitive Analysis Project

This research was sponsored by the U.S. Department of War and conducted within the National Defense Research Institute, a federally funded research and development center.

September 2026

RESEARCH REPORT

For more information on this publication, visit www.rand.org/t/RR4254-2.

About RAND

RAND is a research organization that develops solutions to public policy challenges to help make communities throughout the world safer and more secure, healthier and more prosperous. RAND is nonprofit, nonpartisan, and committed to the public interest. To learn more about RAND, visit www.rand.org.

Research Integrity

Our research integrity is grounded in RAND's core values of quality and objectivity. Rigorous quality assurance procedures, conflict of interest screening, and transparency in funding ensure that every study is objective and nonpartisan. Learn more at www.rand.org/integrity.

RAND's publications do not necessarily reflect the opinions of its research clients and sponsors.

Published by the RAND Corporation, Santa Monica, Calif.

© 2026 RAND Corporation

RAND® is a registered trademark.

Library of Congress Cataloging-in-Publication Data is available for this publication.

ISBN: 978-1-9774-1601-8

Cover: Nikada/Getty Images; iii: Nikada/Getty Images; v: Amber I. Smith/DoD photo/dvids; vii: AU USAnakul/Adobe Stock; 1: Olga Yastremska/Getty Images; 3: 安琦 王/Adobe Stock; 4: 拾海 Adobe Stock; 6: Aerial View /Adobe Stock; 8: xieyuliang/Getty Images; 11: Wengen Ling/Getty Images, zhaojiankang/Getty Images, Mojijung/Adobe Stock, and gorodenkoff/Getty Images; 13: 安琦 王/Adobe Stock; 20: zhudifeng/Getty Images; 23: onlyyouqj/Adobe Stock; 27: Chalfy/Getty Images; 28: gerenme/Getty Images; 31: Unique Vision/Adobe Stock; 33: Mike Mareen/Adobe Stock; 34: AU USAnakul/Adobe Stock; 37: ispyfriend/Getty Images; 38: hanohiki/Getty Images; 43: zhaojiankang/Getty Images; 45: xy/Adobe Stock; 47: wenpu wang/Getty Images; 48: zhengzaishuru/Getty Images; 52: Bruno Malfondet/Getty Images, rattanavan Baunoi/Getty Images, zhao dongfang/Adobe Stock, and primeimages/Getty Images; 55: huizhen wei/Getty Images; 56: MaaHoo Studio/Stocksy/Adobe Stock; 57: Rawpixel.com/Adobe Stock; 59: xy/Adobe Stock; 60: eyetronic/Adobe Stock; 71: WangAnQi/Getty Images; 73: Wengen Ling/Getty Images; 74: loveguli/Getty Images; 76: kynny/Getty Images; Derek Yung/Getty Images; 78: brian/Adobe Stock; 79: catchlights_sg/Getty Images

Limited Print and Electronic Distribution Rights

This publication and trademark(s) contained herein are protected by law. This representation of RAND intellectual property is provided for noncommercial use only. Unauthorized posting of this publication online is prohibited; linking directly to its webpage on rand.org is encouraged. Permission is required from RAND to reproduce, or reuse in another form, any of its research products for commercial purposes. For information on reprint and reuse permissions, visit www.rand.org/about/publishing/permissions.



About This Report

This report is the first of several major deliverables in a RAND study on U.S.-China competition. Our goal with this report is to provide a new framework for evaluating the character and status of the U.S.-China relationship and to provide insight into ways the United States can advance its national interests in the context of this critical bilateral relationship. With this report, we begin that process by offering a general conceptualization of the competition, including a seven-component framework for identifying its primary domains.

RAND National Security Research Division

This work was conducted within the Acquisition and Technology Policy Program of the RAND National Security Research Division (NSRD), which conducts research and analysis for the Office of the Secretary of War, the U.S. Intelligence Community, the U.S. State Department, allied foreign governments, and foundations.

For more information on the RAND Acquisition and Technology Policy Program, see www.rand.org/nsrd/atp or contact the director (contact information is provided on the webpage).

Funding

This work is supported by a Congressionally created Global Competitive Analysis (GCA) study that is being executed by the Office of the Undersecretary for Research and Engineering (USW/R&E) in the United States Department of War. The content is solely the responsibility of the authors and does not necessarily represent the official views of the Department of War or other Federal departments or agencies.

Acknowledgments

We acknowledge the support of the RAND NSRD Acquisition and Technology Program director Caitlin Lee, who has been an indefatigable aid to the project team from the beginning. We are grateful to two peer reviewers, Zack Cooper and Jennifer Staats. Our primary connections in the sponsoring office, David Isaacson and Kurt Miller, have offered essential support in substantive and project-management terms. We would also like to thank John Chen for his valuable contributions to this research.

We also gratefully acknowledge the efforts of the wider project staff, many of whom contributed to the analysis behind some of the content here.



Summary

By 1950, with the writing of the National Security Council's report *United States Objectives and Programs for National Security* (NSC-68),¹ the United States was just beginning to accept a clear sense of the Cold War's strategic challenge. The document was completed five years—almost to the day—after Franklin Roosevelt's death, four years after Winston Churchill's "Iron Curtain" speech in Fulton, Missouri, and less than a year after the first Berlin crisis, which led to the famous airlift. Together with George Kennan's essays, telegrams, and memos, a handful of strategy documents, such as NSC-68, provided a clear blueprint for the emerging rivalry and spoke to the character of the Soviet Union, the specific nature of the threat it posed, a conception of what success looked like, and a theory of how to get there.

In 2026, by contrast, significant debates remain underway on some of the most essential aspects of the U.S. contest with China: the nature of the competitor, the main elements of the competition, a sense of what the competition is truly about, what success looks like, or a theory of success to bring about that end.

The U.S. relationship with China, moreover, embodies more than a zero-sum competition. It reflects substantial degrees of interdependence, shared interests, and the need for cooperation on

global issues. But there is no question that China harbors goals that are inimical to U.S. interests and objectives. Competing to preserve those interests is essential—and it does not require blowing up the relationship.

This report, the first of several major reports for the U.S. Office of the Under Secretary of War for Research and Engineering, Office of Strategic Intelligence and Analysis, seeks to promote discussion on these issues.² This report offers a clear framework for understanding the elements of the competition and placing that framework in a broader conception of the competition's nature.

Approach

To build such a conceptualization, we conducted several overlapping lines of research. To identify the contest's major elements, we reviewed U.S. and Chinese concepts of national power and statecraft—notably the U.S. diplomatic, informational, military, economic, financial, intelligence, and law enforcement framework and China's Comprehensive National Power framework—and we reexamined earlier RAND research on competition. We then held multiple consultations with experts, including formal advisory groups of RAND and external experts, to hone our list of issue areas.

Once we identified the seven issue areas (summarized in Chapter 6 of this report), we formed research teams for each area, and we conducted an initial two-month analysis to define the areas and suggest priority issues and research questions within each. We reviewed U.S. and Chinese official statements on the relationship, as well as a variety of literature on the competition and China's posture and ambitions.

Key Findings

This report represents only the first few months of a two-year study. It does, however, suggest several interim findings that can inform our understanding of the U.S.-China competition.

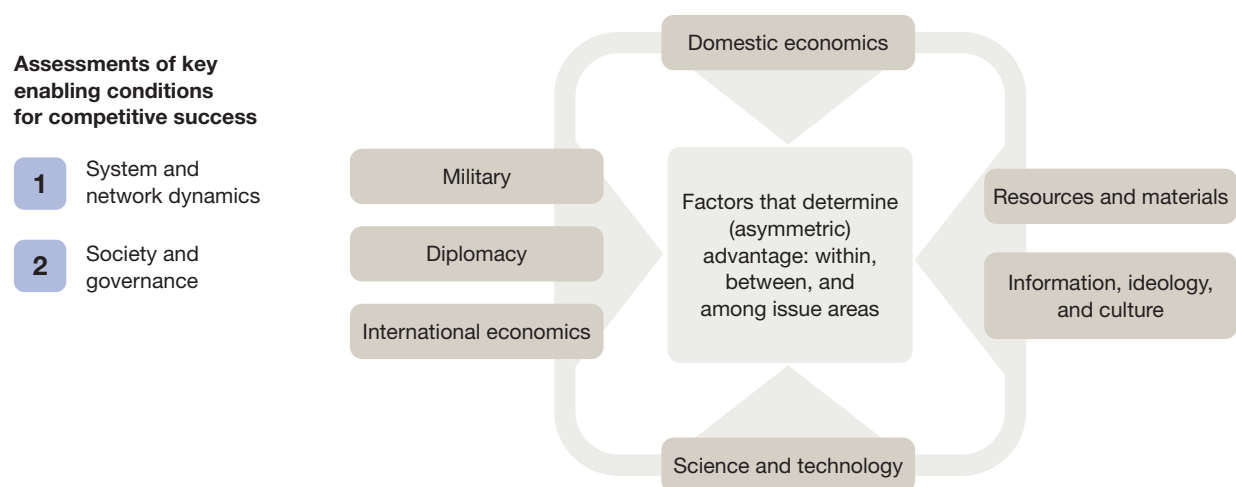
Seven primary issue areas of national power and influence provide a useful framework for understanding and analyzing the U.S.-China competition. Figure S.1 maps the core issue areas. These components provide a basic mapping of the

U.S.-China contest; a further assessment of these issue areas can provide guidance on policies and investments.

Of the seven issue areas, the two foundational issues—the ones of central importance to sustaining U.S. interests in this relationship—are science and technology and domestic economics. Capabilities in those domains echo through the rest of the issue areas and catalyze the competitive advantage across a nation's sources of power. Even more specifically, advantage in the development and deployment of artificial intelligence (AI) could become a single fulcrum of advantage with profound implications for the larger competition.

In addition to the seven issue areas, our research has identified two critical foundational or contextual factors that will play major roles in shaping the rivalry: system and network dynamics and societal and governance issues. As part of our overall project, we are assessing each of these factors in detail.

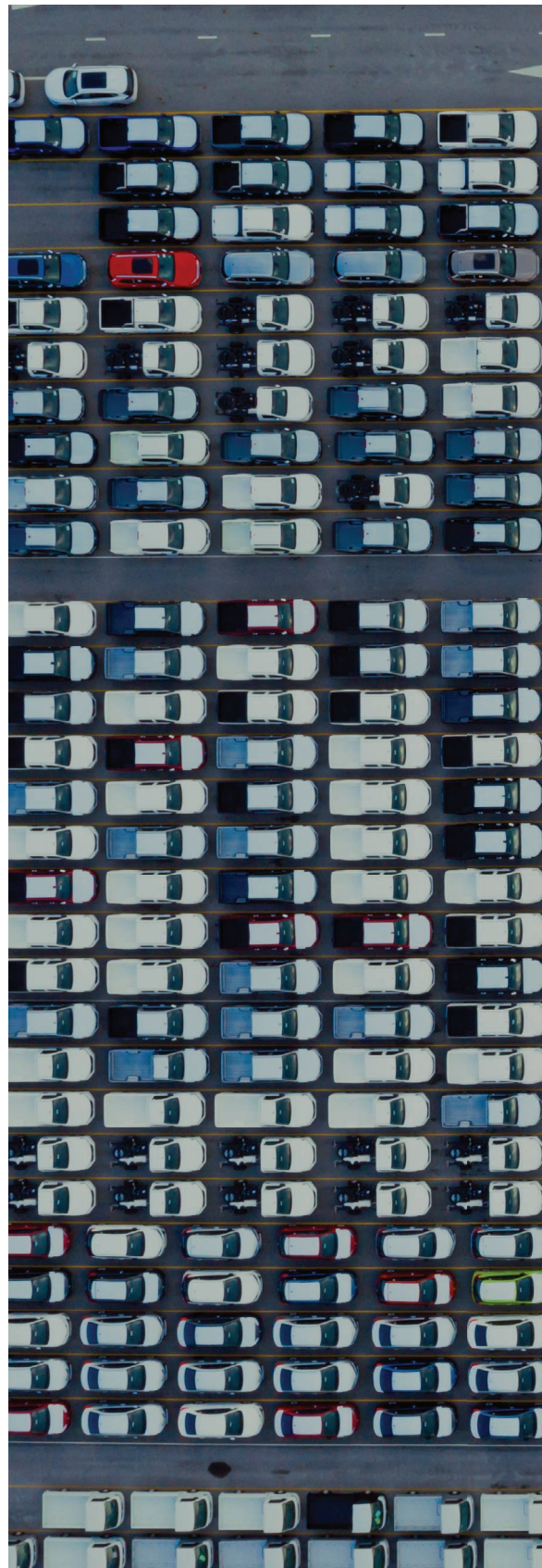
Figure S.1. Core Elements of the U.S.-China Competition



At the core of the competition is a contest between two countries seeking to demonstrate that their system best provides for their own people at a time of intense turbulence and instability. This competition is not necessarily a zero-sum one: Both sides could succeed in their shared goal. However, in an intensifying rivalry, each side might seek ways to degrade the other's ability to achieve that goal.

The fundamental dynamic in the U.S.-China contest does not meet the criteria of a power transition in which a rising nation bypasses the established leading power and achieves predominance. China is not surpassing the United States in comprehensive national power. Instead, it is joining the United States at the top of the international power hierarchy—a position in which both countries will remain—alongside the European Union (if it finds a way to act more cohesively and pursue domestic economic reforms) and eventually India (if it remains on its growth trajectory and decides to express its latent power).

The most significant core finding (at this point in our two-year study) is that, *notwithstanding limits to its rise, China is pursuing ambitious national goals through a comprehensive and at least partly integrated competitive campaign, both within and across many elements of national power, while the United States has yet to fully embrace the contest's scope or invest sufficiently in critical tools of statecraft.* China has built a potent set of national instruments of power for this purpose and is employing it in a more comprehensive and integrated campaign than the United States. China seeks to engineer a preeminent position through *selective* power transitions in the commanding heights of the 21st century—that is, transitions built around science, technology, and manufacturing prowess. The United States has begun taking critical actions across a variety of domains, but neither the urgency nor the scope of its strategic response has yet to come close to meeting the challenge that China's strategic agenda has posed. Left unchecked, this trend will produce significant Chinese advantages in selected, high-leverage areas—as it has already begun to do—even if the result is short of a power transition.



The struggle for predominant influence in the international system is one of the essential battles of the contest. China is determined to change key norms and power structures in the international system to nullify constraints on its own behavior. This contest to shape the international system's design and function—including the architecture of institutions, global relationships, technological standards, economic norms and governance, networks of geopolitical influence, and underlying values—is central to this rivalry.

The stance of third parties could play a decisive role in the competition. The U.S.-China rivalry is playing out in an increasingly complex, contested international environment in which dozens of other countries are both reacting to U.S. and Chinese moves and seeking independent advantages and interests of their own. Through trade and technology policy, diplomatic engagements, military cooperation and alliances, support in international forums, and many other ways, influential middle powers can tilt the global playing field toward the United States or China.

National resilience, both in peace and in war, will be a leading factor in the unfolding competition. China has evolved concepts and capabilities built on the assumption that disrupting a rival's domestic societal, economic, and political stability can be a source of competitive advantage in peacetime and a decisive operational effect in war. At the same time, the painful social transitions underway in developed economies have created new fault lines and vulnerabilities that can undermine national competitive potential.

The U.S.-China relationship is not entirely defined by zero-sum interactions. It can and must embody elements of coordination and, ideally, even cooperation to advance mutual interests. But there can be no doubt that Chinese leaders see the relationship in competitive terms and seek relative advantage. They would be willing to employ growing power to reduce U.S. freedom of action, at home and abroad. Tending to the competitive aspects of the relationship is a critical component of a larger strategy to address the entire relationship. Competing effectively need not fracture that relationship, in part because the most important competitive actions the United States can take aim at strengthening the foundations of its own dynamism rather than undermining China's.

Implications for U.S. Competitive Investment Strategies

At this early point in our project, we do not yet have conclusions on which specific investments are suggested. But our initial analysis revealed tentative findings that indicate key priority areas.

In a contest between the two countries' systems that aim to demonstrate superior results in providing for their people, the United States should not underestimate the competitive value of policy and technology initiatives that serve the safety, security, prosperity, and opportunity of average Americans. Our project deals with the rivalry's national security aspects. However, the United States can pursue specific policies and technology investment portfolios designed to produce broader benefits for the American people.

In assessing potential U.S. investment strategies to shape the contest, most of the competition's "no-fail" areas lie in the domains of science, technology, and some priority fields of industrial capacity. These domains underpin China's strategy for power and have profound effects on all other issue areas. Achieving a reasonable balance of power and capabilities in key areas of science, technology, and industrial manufacturing is arguably the most essential focus of U.S. competitive investments. What such a balance looks like—that is, a balance that preserves essential U.S. interests—is a complex issue that we will investigate in the study's later phases.

Significant further investments and policy initiatives are needed to contest China's strategy for techno-industrial dominance of strategically critical sectors. The United States and its allies cannot tolerate a situation in which numerous critical industries suffer the same fates as the solar, battery, and electric vehicle industries. Part of the solution is trade policy, but other parts are technology and industrial policies.

Global power alignments remain a leading competitive advantage for the United States and can constrain China's claims to power. Investments in these alignments—in terms of security cooperation, defense coproduction, shared diplomatic initiatives, and more—can both have an outsized return on investment in the competition and generate substantial efficiencies for the United States.

Technology and policy initiatives are needed in the competition's areas that fall short of armed conflict but are also ones in which China is focusing on gaining an advantage. These include areas of military "gray-zone" contestation and influence over domestic information environments.

The United States needs to more highly prioritize policy, regulatory, and technological initiatives to address homeland resilience issues. Whether in peacetime or war, if the United States becomes asymmetrically vulnerable in terms of homeland security, it will suffer severe competitive disadvantages. The risks to homeland safety and security are only growing.

The contest for influence in global digital, AI, and energy networks must be an important focus of U.S. strategic investments. China has highlighted science and technology as the key to unlocking 21st-century domestic and global power. These fields will provide the essential foundation for many countries' future growth, as well as data and social influence for outside investors and developers who gain market share.

Governance reforms and the development of efficient new governing institutions and approaches are national issues and will play critical roles in the competition. Both sides are struggling with problems of public-sector effectiveness and legitimacy, fueled in part by governing processes and institutions that do not seem able to deliver results or solve problems. If one side begins to make real headway on the problem, it will gain a tremendous competitive advantage.

Such competitive actions do not assume an entirely zero-sum relationship, nor do they rule out coordination on shared interests. They represent steps to promote domestic U.S. dynamism and resilience and healthy global balances of influence, steps that can be taken while meeting the needs of strategic stability with China. Competing with China and promoting a stable, mature relationship capable of avoiding conflict and allowing for coordination are not mutually exclusive—done right, they can be mutually reinforcing.

Contents

About This Report	iii
Summary	v
Figures and Tables.....	xiii
Chapter 1. Understanding a Historic Rivalry	1
The Geostrategic Context for the U.S.-China Relationship	2
The Need for a Shared Understanding of the Relationship	4
Chapter 2. U.S. and Chinese Narratives on the Competition.....	7
U.S. Perceptions of the Competition	7
China's Perceptions of the Competition	9
Lessons: Starkly Different Conceptions of the Relationship.....	10
Chapter 3. Where Do the Two Sides Stand—and Where Are They Headed?	13
China's Exploding Strengths.....	14
China's Deepening Weaknesses.....	19
An Inflection Point for U.S. Competitive Standing	28
Summing Up: A Contest of Vast Complexity and Uncertainty.....	30
Chapter 4. The Nature of the China Challenge	33
The Baseline: A Classic Great Power	34
The Cultural Component: A Civilization-State.....	35
The Ideological Element: A Marxist-Leninist Power	36
A Developmental State	39
An Emerging Scientific and Industrial Hegemon	40
Xi's China: A Leninist-Personalist Dictatorship	41
U.S. Parallels—and a Competition of Identities.....	42
Summing Up: What Sort of Challenge—and What Sort of Competition?.....	44
Chapter 5. What Does China Want?	47
Defining China's Goals: Broad Categories.....	49
Beijing's Intent to Shape the International Order	50
China's Ambitions: Getting Specific	53
Making Sense of China's Goals	54
Chapter 6. A Framework for Understanding the Competition: Seven Issue Areas	59
Domestic Economics	62
National Scientific and Technological Innovation Capacity	63
Resources and Materials	64
Information, Ideology, and Culture.....	65
Diplomacy.....	66
International Economics.....	67
Military	68
Crosscutting Themes	69
Conclusion: Mapping an Evolving Competition.....	70
Chapter 7. Initial Implications for U.S. Strategy	71
Tentative Findings	71
Priority Investments	77

Abbreviations.....	81
Notes	83
References.....	91

Figures and Tables

Figures

Figure S.1. Core Elements of the U.S.-China Competition.....	vi
Figure 3.1. United States' and China's Share of Global Manufacturing	14
Figure 3.2. Country Share of Global Knowledge and Technology Industry Manufacturing Value Added in 2022, by Industry....	15
Figure 3.3. Trade Relations: Countries Trading with the United States and China, 2001 and 2023	17
Figure 3.4. High-Impact Research: Countries' Proportions of the Top 10-Percent Most-Cited Articles in Technology Domains	18
Figure 3.5. The United States' and China's Gross Domestic Product (Nominal), Projections to 2030	19
Figure 3.6. The United States' and China's Gross Domestic Product as a Share of the Global Gross Domestic Product (Nominal).....	21
Figure 3.7. The United States' and China's Gross Domestic Product (in Terms of Purchasing Power Parity), 1990–2024.....	21
Figure 3.8. Gross Domestic Product per Capita (2025 Dollars): The United States and China, Projected to 2030	22
Figure 3.9. China's Total Population Projection to 2100.....	24
Figure 3.10. Dependency Ratios: The United States and China	25
Figure 3.11. Debt as Percentage of Gross Domestic Product.....	26
Figure 3.12. U.S. Federal Debt Held by the Public.....	29
Figure 6.1. Mapping the U.S.-China Competition: Issue Areas, Priority Topics, and Crosscutting Themes.....	61
Figure 7.1. Core Elements of the U.S.-China Relationship.....	72
Figure 7.2. A Hierarchy of Success Goals for the United States.....	77

Tables

Table 4.1. Lenses on U.S. Power: Six Identities.....	43
Table 5.1. China's Global Initiatives.....	51



CHAPTER 1

Understanding a Historic Rivalry

By 1953, eight years into the geostrategic competition with the Soviet Union—the Cold War—the outlines of the U.S. approach to the contest were coming into clear view. George Kennan’s public essays and U.S. State Department cables had defined the contours of the clash, offered some notion of an end state, and suggested a basic theory of success to get there. A series of national security memoranda and plans—including, most famously, the National Security Council’s document *United States Objectives and Programs for National Security* (NSC-68)³—provided a roadmap of investments and policies to put flesh on the bones of the U.S. strategy. These documents reflected the core insight that national dynamism and solidarity—some combination of economic growth, scien-

tific and technological innovation and progress, intellectual and creative energy, a shared sense of national mission and confidence in the future, social harmony, and governance effectiveness—were the essential foundations for success, more critical over the long term than any collection of military capabilities or competitive actions.

Even in 1953, much remained contested and unsettled with the U.S. approach to the Soviet Union. Kennan and Paul Nitze, two leading thinkers on the rivalry, disagreed about the nature of Soviet intentions and power and about the role of military spending in U.S. strategy. Both President Harry S. Truman and President Dwight D. Eisenhower worried about the domestic costs of an all-out arms race. Nobody yet had a clear sense of what Wash-

ington must unavoidably defend, where it could give way, or how elaborate U.S. global commitments had to be.

Yet all the architects of early U.S. Cold War strategy agreed on one core truth: The rivalry was ultimately a contest of socioeconomic and political systems to see which could deliver a better life and more dynamic society—and through that process, generate a gravitational effect that would attract support around the world. As the scholar John Ikenberry later put it, the Cold War was “a contest over which system of government could best harness industrial modernity to improve the lives of its people.”⁴ Despite the many differences between 1955 and 2026, that simple fact defines the first and most important aspect of the U.S.-China competition: It represents a challenge of systems to deliver results for the people of each country.

The Geostrategic Context for the U.S.-China Relationship

Of those early Cold War planning and strategy documents, arguably the most famous—apart from Kennan’s more scholarly accounts—was NSC-68. The writing of NSC-68 was spurred in part by the Soviet development of nuclear weapons and the emergence of appalling new thermonuclear bombs. But the document also recognized that the United States was beginning to deal with the Soviet Union in the shadow of two world wars, two major revolutions (Russia’s and China’s), “the collapse of five empires—the Ottoman, the Austro-Hungarian, German, Italian, and Japanese—and the drastic decline of two major imperial systems, the British and the French.”⁵ U.S. strategists in 1950 thus had to reckon with a chaotic and unprecedented new balance of power. They could do so, however, from a position of tremendous economic and industrial strength: The authors of NSC-68 estimated that total U.S. economic power was about four times that of the Soviet Union. If the rivalry ever came to a true contest of industrial muscle, the United States could eventually overwhelm the Soviet Union.

But this new U.S. rival was more than a traditional great power. The authors of NSC-68 painted the Soviet Union as “animated by a new fanatic faith” that created a zero-sum contest with the United States. The Soviet Union required expansion for its credibility: It could not “relax the condition of crisis and mobilization, for to do so would be to lose its dynamism.” The authors argued that success demanded not merely deterrence but also, eventually, “a fundamental change in the nature of the Soviet system.”⁶

The context in 2026 is different in many critical ways from that sketched out in NSC-68. Box 1.1 summarizes a few of the main distinctions. In 1950, the United States was trying to assemble a global anticommunist consensus from a fractured, devastated world recovering from history’s most destructive war—and doing so under the shadow of a perilous (and as yet poorly understood) new threat of nuclear weapons. The United States was competing against an inherently adventurist ideology—but one embodied in a Soviet system destined to be far less dynamic than those of the free world.

In 2026, the United States is dealing with a country whose dynamism derives not from ideological expansion but from economic development, a growing influence in international institutions and processes, and a leading position in many fields of science and technology. The United States is contending with a more multipolar world that is less enamored of U.S. power—and the United States itself is seeking less costly and expansive approaches to its own global role. In 1950, the prospect of a Soviet invasion of Europe seemed very real. Today, while China clearly represents a military threat to specific U.S. allies and others, it poses no such threat of comprehensive military conquest to the United States or its treaty allies. The role of nuclear weapons in 1950—as a revolutionary capability transforming the strategic balance—might now be played by advanced technologies, notably artificial intelligence (AI).

Box 1.1. The Strategic Context: 1950 Versus 2026**Early Cold War: 1950**

- The threat of nuclear weapons was revolutionizing strategic affairs, both in military and broader political terms.
- The preceding decades were a chaotic period full of wars, revolutions, and imperial collapse.
- The emergence of two dominant powers loomed over many second-tier countries damaged by World War II.
- Beginning in 1950, the United States fought a series of regional conflicts connected to Cold War dynamics.
- The Soviet system was inherently weak and sclerotic.
- Economic development was a secondary priority for the Soviet Union: a means to the end of military power.
- U.S. economic strength was many times that of the Soviet Union, both in terms of material welfare and industrial power that could be brought to bear in war.
- The Soviet Union sought eventual world domination; its system demanded expansion.
- Soviet plans envisaged the military conquest of Europe and other areas if possible. The Soviet Union was also weighed down with a costly empire of satellite states.
- The United States could overwhelm the Soviet Union with industrial power if it chose to.
- The United States, fresh from leading the allied campaigns in World War II and looming over the world economy, had the power and national will to shape world politics.

U.S.-China Competition: 2026

- A high-technology revolution centered on AI is transforming strategic affairs.
- There was a preceding period characterized by relative peace among major powers and a U.S.-led international order.
- There is the emergence of two leading powers in a multilateral system of rising and increasingly influential second-tier powers.
- The United States is coming out of a 20-year period of global antiterrorism activities and interventions.
- China is, in many ways, dynamic and innovative and cultivates more allegiance from its people.
- Economic development is China's primary objective, the source of regime legitimacy, and the main route to power.
- U.S. economic strength is and will remain only slightly greater than China's in aggregate, and China has substantial advantages in some specific areas.
- China seeks coercive influence on issues of the most concern but not a comprehensive empire.
- China's plans do not require the conquest of areas other than those that are part of territorial claims.
- China's manufacturing capabilities have made it the dominant industrial power, giving it a huge production advantage over the United States in a protracted war.
- The United States is seeking a less demanding way of exercising global shaping.



China does not seek to replace other governments with communist regimes, and, for the foreseeable future, it does not pose the threat of a region-wide conquest, as the Soviet Union did in Europe. But the Chinese Communist Party (CCP) does aspire to degrees of power and influence—from dominating industrial sectors to controlling what citizens of other countries say about China—that, left unchecked, threaten the interests, values, and, ultimately, the sovereign autonomy of the United States and other countries. China is seeking positions of commanding advantage in key areas of trade, technology, manufacturing, and the emerging digital and AI economy, the sum total of which would provide Beijing with a stranglehold on the foreign policy and even domestic choices that many other governments could adopt.

One clear lesson of our research so far is that the broader strategic context for the U.S.-China relationship involves a series of overlapping transitions: changes in global power balances and influence over the international system; the emergence of a new technological era, led by AI; shifts in dominant economic strategies and models; and domestic socio-political transformations in many countries. The competitive challenge for the United States and China is not merely to protect core national interests or gain relative bilateral advantage. It is to better navigate these profound domestic and global transitions. The U.S. strategy for the competition will have to prioritize initiatives and investments that attend to these greater demands and the direct challenge that China poses.

On that contest, for all the differences in strategic context between 1950 and 2026, the core thesis of NSC-68's authors echoes with relevance. They argued that the United States was not investing sufficiently in its instruments of power—notably military strength but also others. The United States had not yet woken up to the full competitive requirements of the Cold War. This same theme is germane today: Even our initial review suggests that the United States is not effectively competing with China across all instruments of power and relevant issue areas. The U.S. relationship with China is not exclusively competitive, and U.S. policy today quite rightly seeks a strategic stability with China based in part on the powerful mutual interests in a peaceful equilibrium and targeted coordination. But China clearly harbors ambitions that would damage U.S. and allied interests. Competing effectively can be an integral aspect of seeking stability, by creating a balance of power and influence that makes each side less likely to see a need for radical steps.

The Need for a Shared Understanding of the Relationship

If we date the onset of the formal U.S. rivalry with China to 2017, we are now as far into that contest as the United States stood in the Cold War by about 1955.⁷ Yet it is fair to say that the United States of 2026 does not have the strategic conception, long-term plan, or series of concerted, competitive

actions that had evolved by then. There is no consensus on the kind of challenge that China poses, the scope of its ambitions, what success looks like, or what strategy or theory of success will deliver favorable outcomes. There is no agreed-on sense of priorities or answers to which of China's advances pose a mortal threat to U.S. interests and which the United States can mostly discount. Even the basic terminology remains an issue, as discussed in Box 1.2.

With this report—the first part of a larger analysis of the U.S.-China competition as it stands in 2026 and as it might evolve to in 2035—we aim to help inform U.S. strategy. We modeled our approach to this report in part after the essential components

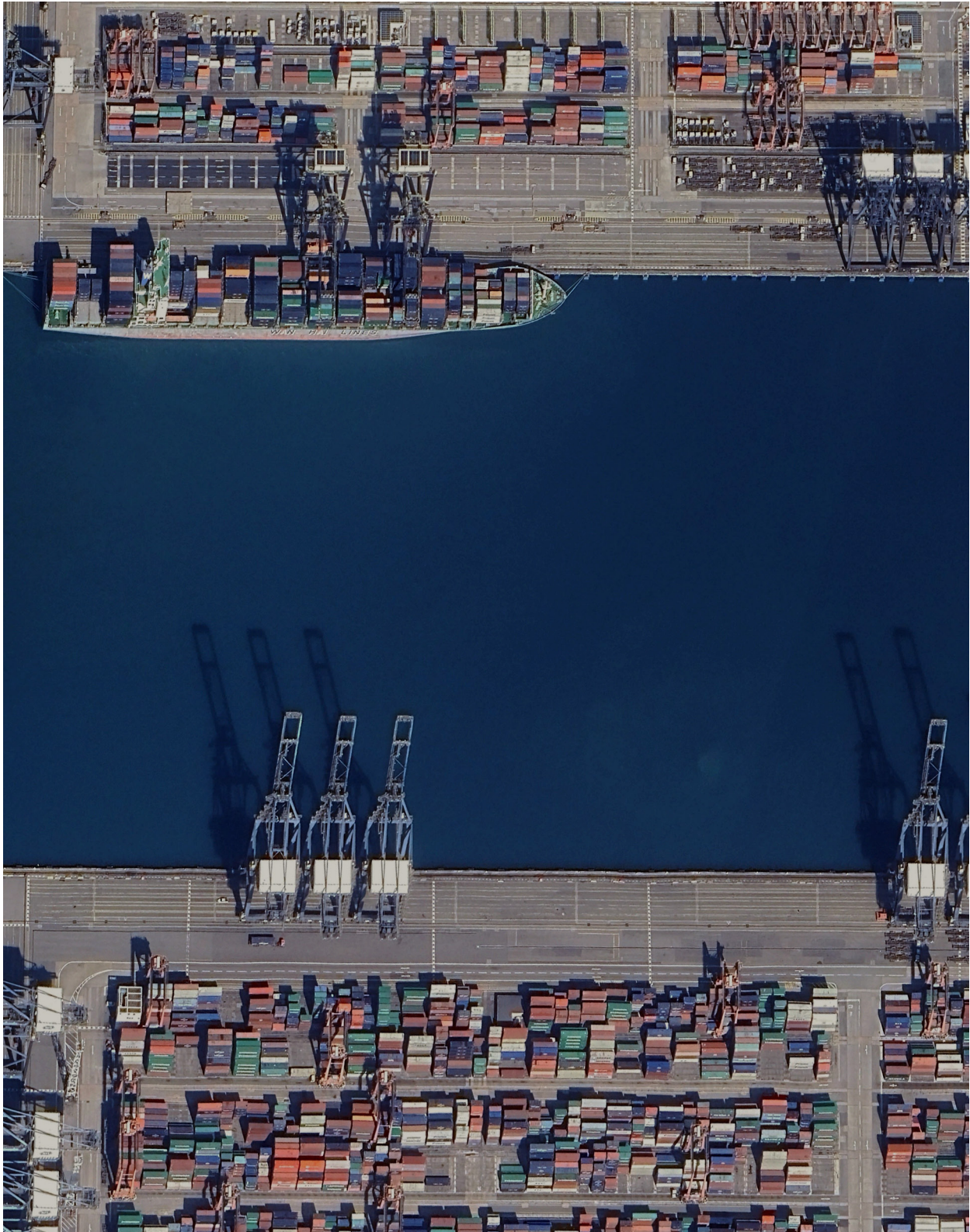
of many early Cold War strategy documents. They tended to address the same basic set of factors: the context for the competition, where the two sides stood in key power measures, the essential character of the Soviet Union, the key elements of the competition, the sources of U.S. and Soviet power, and reflections on essential truths about the rivalry that could inform a theory of success. This report follows a similar structure: It begins by describing U.S. and Chinese perspectives on the relationship, briefly sketches the relative position of the two countries, discusses the character of China's ambitions, and offers six lenses on the nature of Chinese power. We propose a basic framework for defining the competition and understanding it more deeply by describing seven of the contest's key issue areas.

Box 1.2. A Competition, a Rivalry, or Something Else?

A consistent challenge in understanding and evaluating the evolving U.S.-China relationship has been in knowing what to call it. Two of the most common terms—*competition* and *rivalry*—each have advantages and disadvantages. Seeing the relationship as a *competition*, in the sense of long-term contests (as opposed to specific games) between firms or organizations, is helpful because it implies an ongoing struggle that is based on some agreed-on goals or rules. But as earlier RAND work has made clear, competition is poorly defined in the international realm; it tends to imply an ending point (which might not be appropriate to this relationship), and it might imply a contest with more-formal rules and scorekeeping.^a *Rivalry* is a much more widely discussed term in international relations and speaks directly to the situation of a great-power standoff.

In this project and report, we use both *competition* and *rivalry* to describe the U.S.-China contest. Both terms are in wide usage, and each embodies valid elements of the situation. We are using them to describe a struggle for security, influence, and relative advantage that is long term, multifaceted, and not likely to have a single clear ending point or victory for one side.

^a We examined the definitions of these terms and their potential appropriateness to the U.S.-China competition in depth in Mazarr et al., *Understanding the Emerging Era of International Competition: Theoretical and Historical Perspectives*; and Mazarr et al., *Stabilizing Great-Power Rivalries*.



U.S. and Chinese Narratives on the Competition

Before we offer an objective portrait of the competition, it is important to understand it through the eyes of the competitors. How each side views a relationship—the subjective and sometimes distorted lens they bring to their mutual reality—is as important as any objective reality. U.S. and Chinese leaders, officials, and experts conceive of the sources and essential character of this rivalry in starkly different ways.

U.S. Perceptions of the Competition

“ We welcomed the Chinese Communist Party into the global order, and they took advantage of all its benefits, and they ignored all of its obligations and responsibilities. Instead, they have repressed and lied and cheated and hacked and stolen their way into global superpower status.”

—Marco Rubio⁸

The origin story of the U.S.-China competition that Secretary of State Marco Rubio espoused in 2025 is one that resonates with many policymakers, even if they do not agree with every detail. In this view,

the U.S.-China relationship must be viewed as basically rivalrous and, in important ways, zero-sum. Rubio’s account captures the main plot points of that shared story, as well as its emotional tones—the feeling that the United States and the broader free world were naive and the sense that free-market democracies have been taken advantage of. If it were written as a narrative, it might go like this:

After winning the Cold War, the United States made the magnanimous decision to nurture a rules-based international order that was open to anyone, including the United States’ former rivals. States, such as Russia and China, were welcome to share in the new order’s benefits as long as they reformed their political systems, liberalized their economies, and became responsible members of the international community. Given China’s interests in stability and development, it was natural for the United States to expect China to follow such a path, at least in broad terms. But China had no intention of upholding its end of the bargain. China did not loosen the Communist Party’s grip for long. China liberalized parts of its economy but used unfair practices to gain an advantage over the United States. China joined international forums, such as the World Trade Organization, but routinely broke the rules. The United States set out to collaborate with China, not to compete. But that is the path that China has chosen. If the United States wants to avoid being taken advantage of once again, it must respond in kind.



The 2025 U.S. National Security Strategy offered a stark summary of this fundamental viewpoint. It referred to the

more than three decades of mistaken American assumptions about China: namely, that by opening our markets to China, encouraging American business to invest in China, and outsourcing our manufacturing to China, we would facilitate China's entry into the so-called "rules-based international order." This did not happen. China got rich and powerful, and used its wealth and power to its considerable advantage. American elites—over four successive administrations of both political parties—were either willing enablers of China's strategy or in denial.⁹

According to the strategy, China pursued these goals through a wide variety of unfair and illicit means, including "predatory, state-directed subsidies and industrial strategies"; "unfair trading practices"; and "grand-scale intellectual property theft and industrial espionage."¹⁰

This story of betrayal on multiple fronts generates the basic mindset for how most U.S. policymakers view competition with China: as a collection of domain-specific contests that, for China, are part of a coordinated campaign to surpass the United States to attain unquestioned global predominance. John Moolenaar, chairman of the House Select Committee on the CCP, argued in January 2025 that "[t]he CCP's aggression in areas like fentanyl, [intellectual property] theft, transnational repres-

sion, Taiwan, and trade are all different fronts in the same war."¹¹ The *2026 Annual Threat Assessment of the U.S. Intelligence Community* emphasized several specific areas in which China was investing to challenge the United States: space, cyber, chemical and biological weapons, nuclear weapons, and AI.¹²

Most versions of the U.S. narrative focus on a single dominant Chinese goal of these efforts: to "displace" the United States at the apex of world politics. This idea is not always well defined, but the core notion is that China wants to establish itself as some sort of regional hegemon and globally predominant power that is able to enforce its will on others in just about any major way it chooses. In many versions of the U.S. narrative, U.S. power—that is, rallying other countries that might be tempted to accommodate China's demands if they are not supported—is the only thing standing in the way of some form of Chinese preeminence.

U.S. national security documents have laid out China's goals in expansive terms. The 2017 National Security Strategy assessed that "China seeks to displace the United States in the Indo-Pacific region, expand the reaches of its state-driven economic model, and reorder the region in its favor."¹³ The 2022 National Security Strategy stated that "[t]he People's Republic of China harbors the intention and, increasingly, the capacity to reshape the international order in favor of one that tilts the global playing field to its benefit."¹⁴

China's Perceptions of the Competition

At a March 2025 press conference, Foreign Minister Wang Yi offered a clear statement of how Chinese leaders see their country's role in an increasingly turbulent world: "No amount of extreme pressure, threats, or blackmail can shake the united will of the 1.4 billion Chinese people, nor can they halt the historic march toward the great rejuvenation of the Chinese nation."¹⁵ This language—defiant, forward-looking, and grounded in a sense of national destiny—captures the emotional core of the CCP's master narrative about the U.S.-China competition. The larger story might go like this:

For more than a century, China endured foreign aggression, internal chaos, and national humiliation. The CCP reversed China's fortunes by restoring sovereignty, order, and dignity. Since the reform era, China has risen peacefully, bringing prosperity at home and opportunity abroad. But just as the dream of national rejuvenation comes within reach, the United States has begun treating China as a threat to be suppressed. U.S. actions—regional military deployments, semiconductor export controls, sanctions on Chinese firms, and support for Taiwan—form a strategy to contain China's rise and preserve U.S. dominance. The United States welcomed China when it was weak but resists its emergence as a confident power with its own voice. China claims no interest in confrontation or hegemony. It seeks a peaceful environment for national rejuvenation and remains open to cooperation on climate, health, and development—without compromising sovereignty, security, or political stability. Success is defined as returning China to its rightful place as a secure, advanced, respected power anchoring a more balanced, multipolar order.

The CCP conceptualizes its rivalry with the United States not as a temporary contest of interests but as a historic struggle that will define the future of the international order.¹⁶ At the heart of the CCP's

worldview is the conviction that China's rise is inevitable, culminating in the "great rejuvenation of the Chinese nation" (中华民族伟大复兴).¹⁷ This rejuvenation is cast as a civilizational revival rather than a conventional modernization project.¹⁸ In the CCP's doctrine, only its continued leadership can ensure this outcome. To stray from Marxism or to weaken the CCP's authority would jeopardize the entire enterprise because the CCP claims to be uniquely able to interpret and harness the "trend of the times" (时代潮流).¹⁹ That trend, as CCP leaders frame it, is defined by a global realignment captured in the phrase "the East is rising, the West is declining" (东升西降).²⁰

Within this framework, the United States is the main external obstacle to national rejuvenation. China's leaders appear to believe that the United States is determined to contain China's ascent and is motivated by ideological hostility, strategic anxiety, and the erosion of its own domestic vitality.²¹ The United States' promotion of democracy, support for civil society, or backing of protest movements in China are not seen as benign expressions of liberal values but as deliberate instruments of U.S. subversion aimed at fracturing China from within.²² Still, the CCP remains confident that global multipolarity is inevitable and that, over time, the balance of power will shift in China's favor despite U.S. opposition.²³

Although Chinese leaders perceive a competition across many different domains, one domain is central to their conception of the route to national advantage: seizing the commanding heights of global technological transformation.²⁴ They present this ambition as both developmental and civilizational—a means of restoring China to the global stature it once held. Unlike past great powers that expanded influence primarily through territorial conquest, the CCP sees its main instrument as economic statecraft. By dominating advanced industries, setting international standards, and building structural advantages in global production, China can gradually rewire the global economy to its advantage.²⁵

In contrast to perceived Western weakness, the CCP highlights what it considers to be China's systemic advantages.²⁶ A centralized leadership structure, a comprehensive industrial base, and a vast domestic market are cited as foundations of resilience and strategic coordination. By comparison, liberal democracies are portrayed as hampered by internal division and short-term political cycles, unable to marshal resources for long-term national goals.²⁷ The CCP claims this structural contrast will, over time, tilt the balance of competition in China's favor.

This vision rests on strategic patience. Rather than immediate confrontation, the CCP anticipates that steady domestic achievements will gradually erode U.S. capacity to obstruct China's rise. The rivalry is thus conceived not as a contest of fleeting advantage but as a historic transition—one that the CCP is determined to guide toward a China-led future. Chinese leaders think in terms of 50- and 100-year periods, and they place great importance on long-term trends that are reshaping the context for national power, such as climate change and the rise of AI.

For the most part, therefore, Chinese official statements conceptualize the competition as a long-term, primarily nonmilitary contest in which war is always possible but might be avoided. The primary potential exception to this logic is China's relationship with Taiwan. Although most other areas of competition are framed as matters of influence and leverage, the control of Taiwan is depicted as a core interest (核心利益) tied to sovereignty and national resolve.²⁸ On this issue, CCP leaders openly acknowledge that the use of force is possible.²⁹

On these issues, as of 2026, it appears that Chinese leaders are fully confident that their vision of the future is emerging. They perceive instability and dysfunction in the United States and—despite various challenges—a continuing growth of China's power and influence. They see a U.S.-led international system in flux and, as Xi Jinping has repeatedly said, “changes not seen in a century.”³⁰ They believe that they are winning.

Lessons: Starkly Different Conceptions of the Relationship

These contrasting narratives point to several themes that can inform U.S. strategy and the setting of national security priorities. In making choices to promote U.S. interests, the United States needs to seriously consider the differences in how the two sides conceptualize the rivalry. The U.S. and Chinese narratives outlined above are deeply held, mutually reinforcing, and internally self-validating belief systems that drive decisions and inflame grievances. They can obstruct compromise and generate worst-case assumptions. In this sense, the narratives are strategic factors in their own right, which shape behavior and constrain options. This broad fact has several specific implications.

First, *each side has its own unique conception of the bilateral relationship*. The two sides' understanding of what is occurring and why, where the relationship is headed, and how it might be resolved is dramatically different. Both sides see the other's narrative as fundamentally inaccurate and self-serving. This basic fact immensely complicates the task of discovering an equilibrium in the contest.

Second, *the intensity of the contest is fed by contrasting narratives of grievance*. Each side in this competition believes that it has been badly treated: China blames the “century of humiliation” and what it sees as a U.S. campaign to subvert its development, and the United States points to decades of unfair and predatory behavior by China that took advantage of U.S. and world efforts to welcome it into the international order. These views give the contest a perilously moralistic flavor and make any compromise more difficult.

Third, the two sides' narratives show that *they are partly competing on the same playing field—and are partly fighting very different campaigns*. Both sides are contesting some of the same objectives: military superiority in relation to Taiwan, for example. But the United States is still not truly engaged in a battle for economic networks and dependencies the way China is. China has undertaken a truly comprehensive campaign for power across all the issue



areas we have identified, whereas the United States has made halting efforts in many of those domains. The two sides keep score differently and have distinct ideas of success.

Fourth, in a more hopeful light, *the two narratives need not define a zero-sum or existential struggle*. Neither side's vision of national success requires the other's destruction—a sharp contrast with the NSC-68 authors' view of the Soviet Union as a militaristic revisionist compelled to erode U.S. power or cease to exist. The U.S. and Chinese narratives focus instead on perceived risks and grievances. With enough restraint and reassurance to ease those fears, both sides could find space to accommodate each other's interests and temper the rivalry's intensity.

Fifth, *both sides emphasize one essential goal: to demonstrate the superiority of their own socioeconomic and political system*. Each government understands its basic purpose as one of providing for its own citizens in a fluid, unstable, and dangerous world—providing safety, security, prosperity, and national pride and identity. In doing so effec-

tively, each country hopes to demonstrate that its system is superior to the other and thus shape the basic alignments and attractions of world politics to its advantage.

Sixth and finally, *in its choice of strategies and investments, the United States must strike a careful balance: pushing back firmly against China's more aggressive and unfair behavior without stoking its grievances and paranoia to the point of danger*. U.S. concerns about China's coercion are rooted in evidence of industrial espionage, maritime intimidation, disinformation campaigns, and direct influence over individuals. Beijing's ambitions are not boundless or aimed at destroying the United States, but it does seek influence over other nations' political, social, and military spheres in ways that threaten the foundations of U.S. power. Washington must resist these aims. While it does so, however, the United States must keep in mind that—justified or not—China harbors deep fears about U.S. intentions. Even as the United States competes vigorously across a variety of domains, it will do well to pursue means of avoiding unnec-

essary escalatory dynamics in the relationship, reassuring China about its intentions and pursuing confidence-building initiatives where possible. Promoting U.S. interests in this competition demands a balance between competition, deterrence, and reassurance.³¹

Despite the stark differences in viewpoints outlined above, the United States and China, at both the official and unofficial levels, share a focus on two priority issue areas: Science and technology and domestic economic standing are leading areas of China's strategy and in any objective assessment of U.S. priorities. In this important way, then, the United States and China are very much undertaking the same competition—one in which the side that achieves more effective and legitimate gov-

ernance, more robust medium-term strategies to promote strong domestic economic activity, and a stronger position in the commanding heights of emerging technologies will enjoy a profound competitive advantage.

In sum, the United States and China hold views of the relationship that are strikingly parallel in some ways and starkly divergent in others. Although U.S. officials do not need to accept China's narrative, they do need to appreciate that it is legitimately held—many Chinese leaders, officials, and scholars truly seem to believe much of it. U.S. strategy needs to operate in the firm recognition that every action will generate a perception of U.S. intent from China and a response that stems from China's own narratives.



CHAPTER 3

Where Do the Two Sides Stand—and Where Are They Headed?

Many observers have applied a basic logic to the U.S.-China relationship: It is a classic power transition. In this account, the United States is cast as the established, tiring hegemon. China is the fractious, ambitious rising power, boldly overtaking the United States to become the new predominant power—much as Germany grew and surpassed Britain as an industrial and military power in the early 20th century. Whether in overall gross domestic product (GDP), military power, industrial muscle, or other measures, many representations of the two countries' relative positions depict a stalling United States being overtaken and left behind.

That is a tidy and tempting vision. It aligns with Beijing's narrative of the “rise of the East and the

decline of the West” and of China's inevitable future position atop the global hierarchy. But the core material claim of that narrative—that China is in the process of rocketing past the United States on most measures of power (or as the Chinese put it, “Comprehensive National Power”)—is simply wrong. The position of the two sides in the contest, as it stands as of this writing and as it looks likely to evolve over the next decade and beyond, is far more complex.

The real story is not of the United States being overtaken but of a unipolar power yielding its solitary dominance to share the top tier with a peer competitor. Moreover, both countries now operate on a broader stage that is crowded with other significant

players—from the powerful yet divided European Union and an ambitious but constrained India to established middle powers (such as Japan and Türkiye) and fast-rising economies (such as Indonesia, Mexico, Brazil, and Vietnam).

Grasping the United States’ strategic position begins with understanding where the two countries stand. In this chapter, we offer a preliminary snapshot of two core foundations of national power: economic strength and scientific and technological capability.

China’s Exploding Strengths

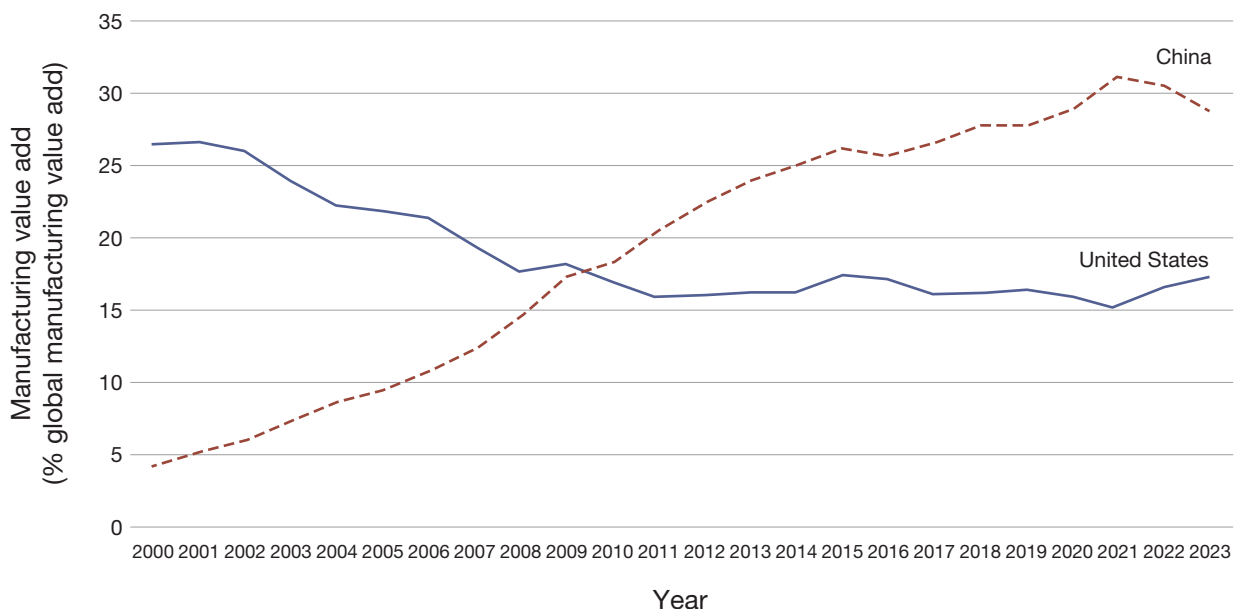
Although much of this competition does *not* reflect a simple power transition, one inarguable fact sets the context for the relationship: China has powered its way through a century or more of modernization and development in a few short decades. The result is a new gravitational force in world politics that continues to advance economically, technolog-

ically, and militarily. China’s dramatic ascent can be understood through several categories.

The first is the simple scale and speed of its economic rise, which is unprecedented in human history. During the heyday of modern China’s “opening” to the West and its reform period, from 1978 through 1995, China’s economic growth rate averaged just shy of 10 percent per year.³² China accomplished in three decades what some earlier industrializers took a century or more to do.³³ From 1978 to 2024, China’s per capita income (in constant 2015 U.S. dollars) skyrocketed from \$386—which placed it among the ten poorest countries in the world—to more than \$13,000.³⁴ In the process, China lifted more than 770 million people out of poverty, the most dramatic feat of poverty reduction in history.³⁵ China alone is responsible for 70 percent of the decline in global poverty during that period.³⁶

A second aspect has been China’s emergence as the world’s dominant industrial and manufacturing powerhouse (see Figure 3.1). The basic statistics

Figure 3.1. United States’ and China’s Share of Global Manufacturing

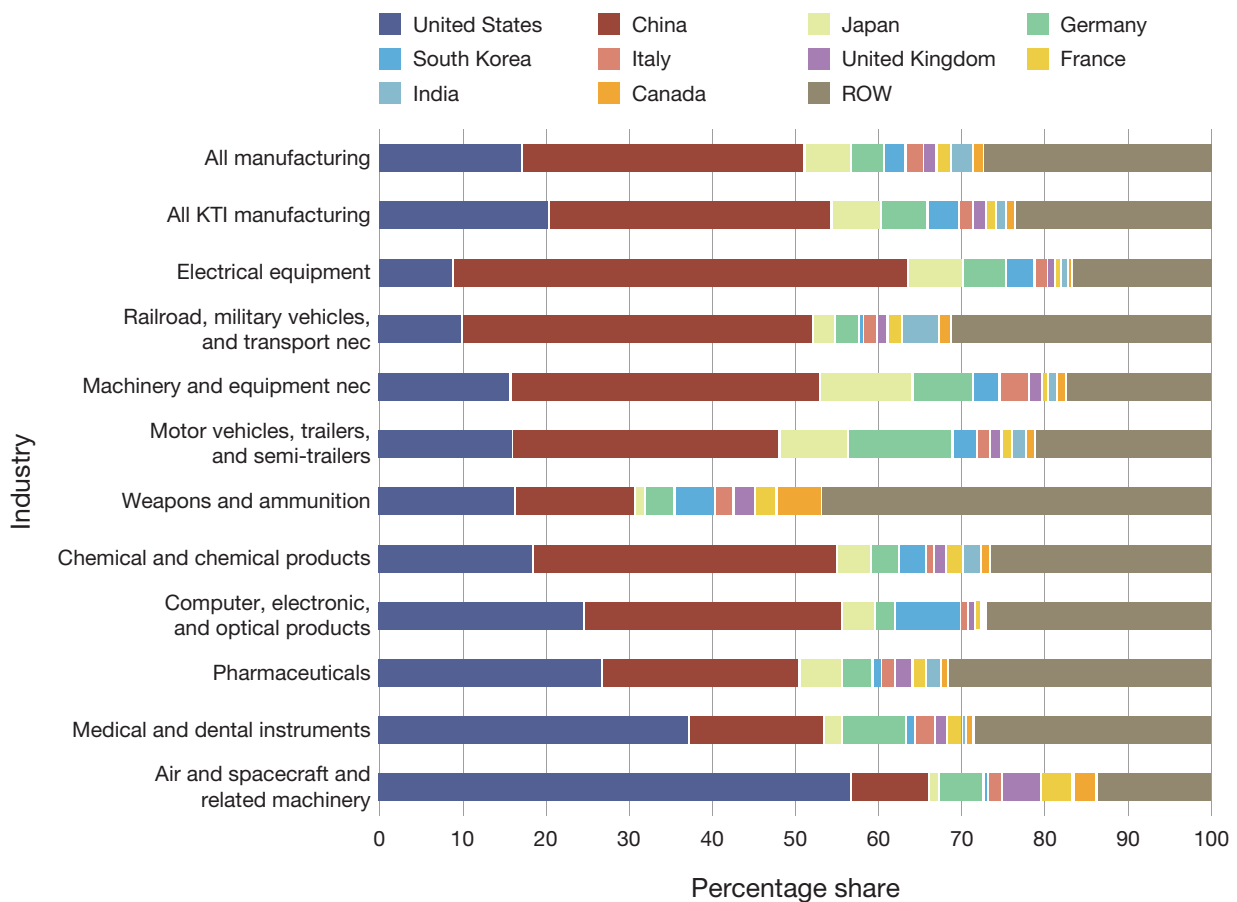


SOURCE: Features data from United Nations (UN) Industrial Development Organization, “UNIDO Statistics Portal” (CC BY 4.0).

are eye-watering: China is responsible for roughly 30 percent of the world's manufacturing output. In the process, China has moved up the economic value chain: As Figure 3.2 indicates, China now accounts for significant proportions of the world's trade in high value-added goods. In 2024, China became the world's leading car exporter and specifically accounted for 70 percent of worldwide electric vehicle (EV) production and 40 percent of EV exports.³⁷ China produces 85 percent of the world's lithium-ion batteries and large proportions of related battery components;³⁸ it has pro-

duced more than 70 percent of all EV batteries ever made.³⁹ China manufactures more than 80 percent of all solar panels, makes 95 percent of the solar panels installed in Europe,⁴⁰ and, as of mid-2024, had almost 40 times the solar panel production capacity as the United States.⁴¹ As of 2025, China was responsible for more than 50 percent of global shipbuilding; the United States accounted for only 0.1 percent. In 2024 alone, China produced more civilian ships by tonnage than the sum total of all U.S. post-World War II production.⁴²

Figure 3.2. Country Share of Global Knowledge and Technology Industry Manufacturing Value Added in 2022, by Industry



SOURCE: Reproduced from National Science Board, "Production Patterns of Knowledge- and Technology-Intensive Industries."

NOTE: KTI = knowledge- and technology-intensive; nec = not elsewhere classified; ROW = rest of world.

The Chinese government has supported this rise with a gargantuan scale of domestic investments. Since the late 1990s, as one source notes,

China has built a national expressway network twice the length of the American interstate system, a high-speed train network with more miles of track than the rest of the world combined, and a formidable network of ports, the largest of which, in Shanghai, moves more cargo in some years than all U.S. ports put together.⁴³

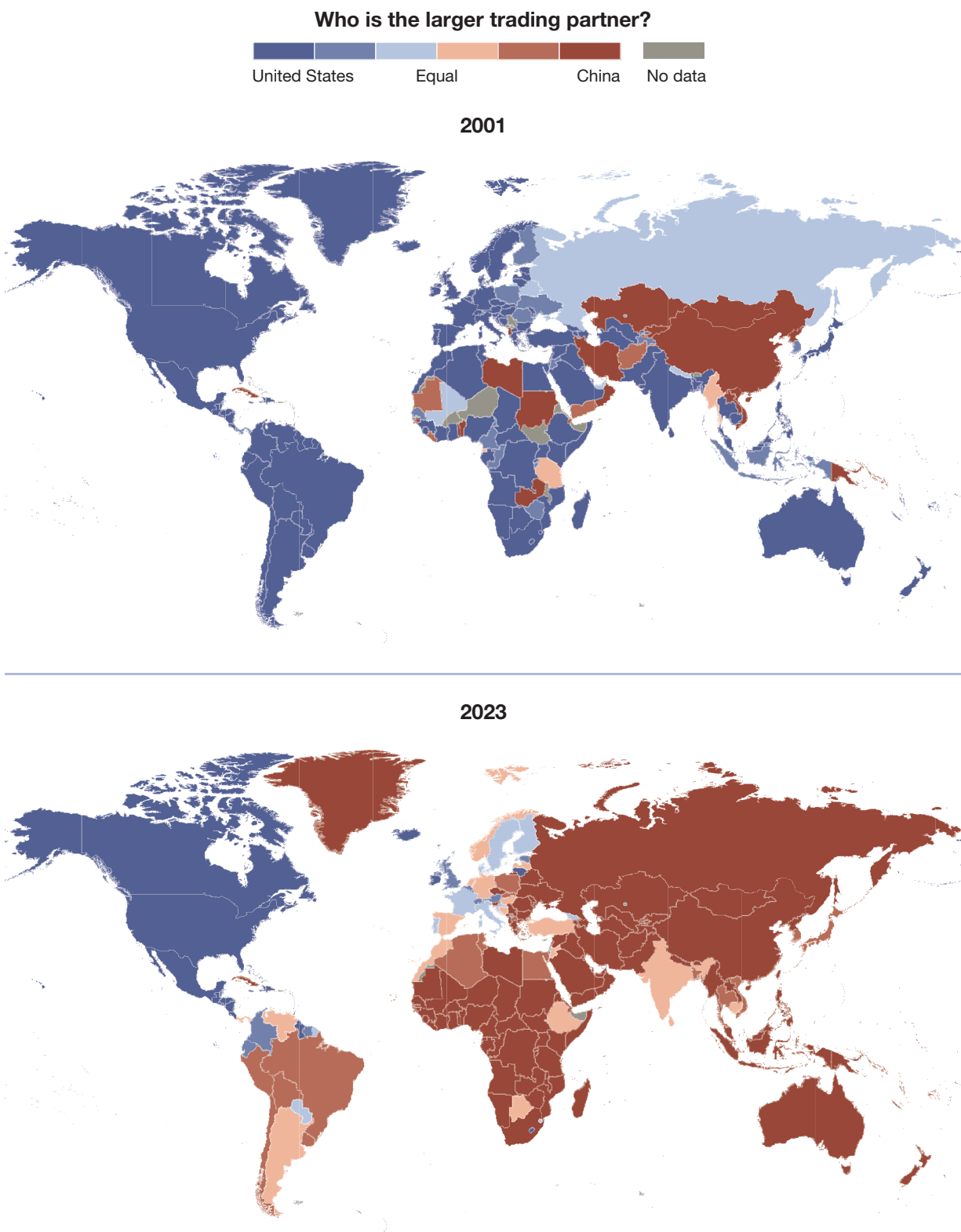
China's industrial rise has made it the world's leading trading state. As shown in Figure 3.3, China is now the top trading partner for most countries in the world, many of which rely on Chinese imports for goods and materials that are critical to national functioning—from rare earth minerals to power transformers to electronic components.

China has achieved these results through a concerted strategy to acquire a leading position in key industries. Beijing has spent up to 2 percent of GDP per year on support for China's industrial sector using direct and indirect subsidies, subsidized credit, and more.⁴⁴ It has abetted these investments with trade and technology strategies that other rising great powers in centuries past have used but are, in theory, prohibited by modern trade norms: intellectual property theft, state-led industrial espionage (in some cases), forced technology transfer as the price of access to China's market, subsidies to forcibly undercut competitors, and constraints on the scope of foreign investments in key sectors in China.

But it would be a mistake to see China's success as primarily the result of cheating. It has climbed to its position of industrial prominence through many entirely legitimate means executed with dogged perseverance: devoting more than 40 percent of GDP to investment, tremendously hard

work on the part of millions of Chinese citizens, savvy business strategies in key industries, and world-class engineering skills. China has engaged in a decades-long, sustained effort to build a leading position in a carefully selected set of strategic industries. More generally, China's most critical advantage is its industrial and technological ecosystem—the “deep infrastructure” of its industrial sector—including roads, railroads, energy supplies, a powerful innovation ecosystem built around universities and research centers, and a burgeoning talent base.⁴⁵

China's modern engagement with science and technology—and their role in national power—has evolved to place the theme at the heart of China's conception of competitiveness. The result is a compelling narrative of technology-powered progress that Beijing is using to position itself as a leader of global development and the main architect of the transition to a new, high-technology growth paradigm.⁴⁶ Partly fueled by a steady rise in research and development (R&D) spending of 9 percent per year and the ascent of its top universities in publishing high-quality research,⁴⁷ China is the unquestioned world leader in innovating at the frontier of discovery and application of several key technology areas, including nuclear power, batteries and energy storage, solar power, and EVs. The United States or other countries retain a lead in other areas, including AI frontier models, biopharmaceuticals, space technology, and semiconductors, but China is catching up. In many other areas—robotics, biotechnology, quantum science, and others—China is drawing even with and surpassing the existing world leaders.⁴⁸ The 2025 version of the Australian Strategy Policy Institute's Critical Technology Tracker, one of the world's leading indexes of science and technology competition, found China leading in 66 of the 74 surveyed technology areas. In highly impactful

Figure 3.3. Trade Relations: Countries Trading with the United States and China, 2001 and 2023

SOURCE: Adapted from Rajah and Albayrak, *China Versus America on Global Trade*, p. 5.

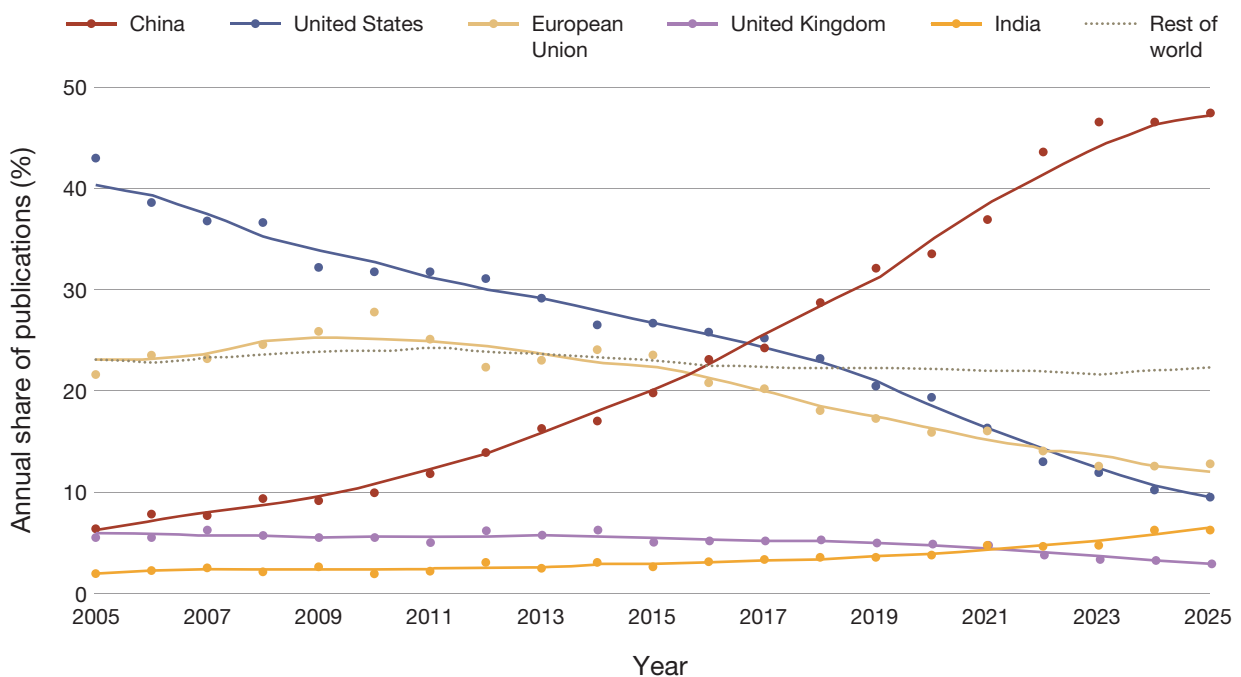
research (measured as the most widely cited publications across technology areas), China has taken a significant lead (see Figure 3.4).⁴⁹ As of 2025, the World Intellectual Property Organization's index of global innovation leaders ranked China in the top ten for the first time.⁵⁰

Apart from the economic and technological progress reflected in these trends is the world-shaking scale of such developments playing out in a country of 1.4 billion people. China produces more than 3.5 million undergraduates in science, technology, engineering, and mathematics fields per year compared with just 820,000 in the United

States—and many of those U.S. graduates are foreign students: Roughly half of all master's and Ph.D. graduates in those fields in the United States are international students.⁵¹

China's immense size means that its emergence as an economic, scientific, and technological power represents a shift in the global system unlike that of any prior great power.⁵² Yet China's development—as well as its escalating national ambitions—is set to run increasingly afoul of a set of taxing trends and realities. Even the colossal juggernaut of development that China has become is not on a trajectory to dominate world politics as some new hegemon.

Figure 3.4. High-Impact Research: Countries' Proportions of the Top 10-Percent Most-Cited Articles in Technology Domains



SOURCE: Adapted from Australian Strategic Policy Institute, "Critical Technology Tracker 2025."

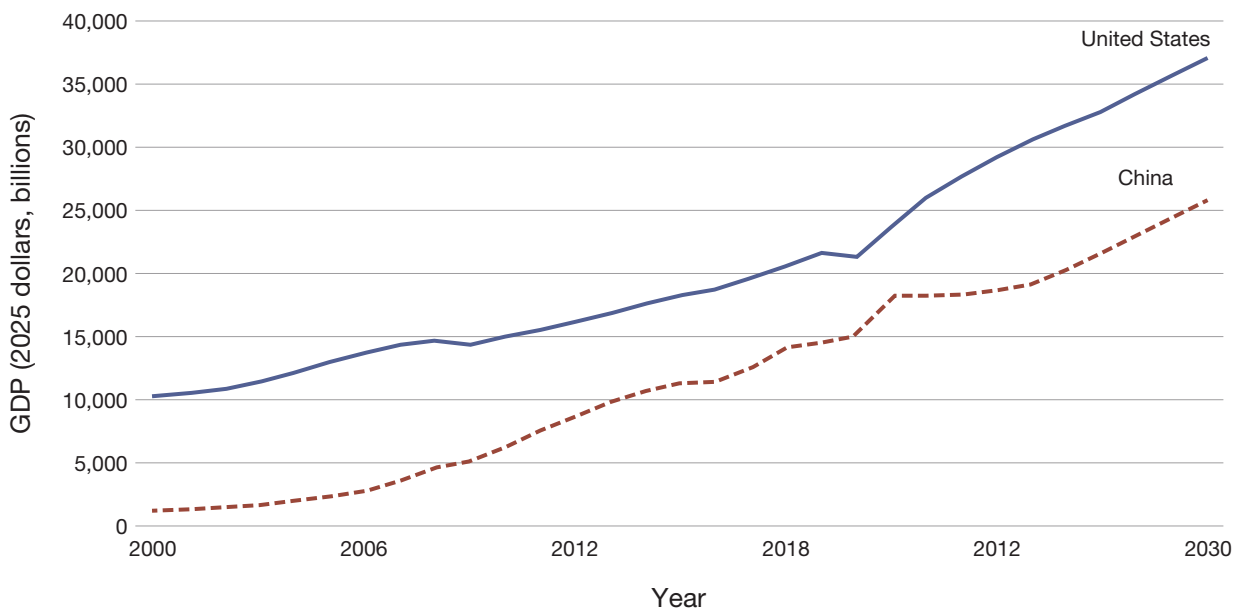
China's Deepening Weaknesses

China's challenges begin with a structural slowdown in its long-celebrated economic growth. Once racing at 10 percent from 1980 to 2012, growth fell to 7 percent from 2013 to 2019 and about 5 percent since 2020. Many projections now suggest that China's growth rate will slow to 3 to 4 percent after 2025—and possibly reach as low as 2 percent.⁵³ Such numbers point to a China that will not loom over the global economy as the country with the dominant GDP but rather to a China standing alongside the United States and the European Union as one of several major economic poles.⁵⁴

Meanwhile, the United States has demonstrated stubbornly resilient dynamism by growing at rates well beyond the rest of the developed world—it has had a post-coronavirus disease 2019 (COVID-19) pandemic GDP growth of nearly 3 percent. With clever economic policies that unlock just a bit more economic potential, the United States could come close to matching China's growth rate in the coming decade—a situation that would upend the patterns of the past 40 years.

One profound strategic implication of these converging growth rates is that, measured in nominal terms, China's economy might never surpass that of the United States (see Figure 3.5). The U.S. economy in 2024 was about \$10 trillion larger than

Figure 3.5. The United States' and China's Gross Domestic Product (Nominal), Projections to 2030



SOURCE: Features data from International Monetary Fund, "World Economic Outlook."



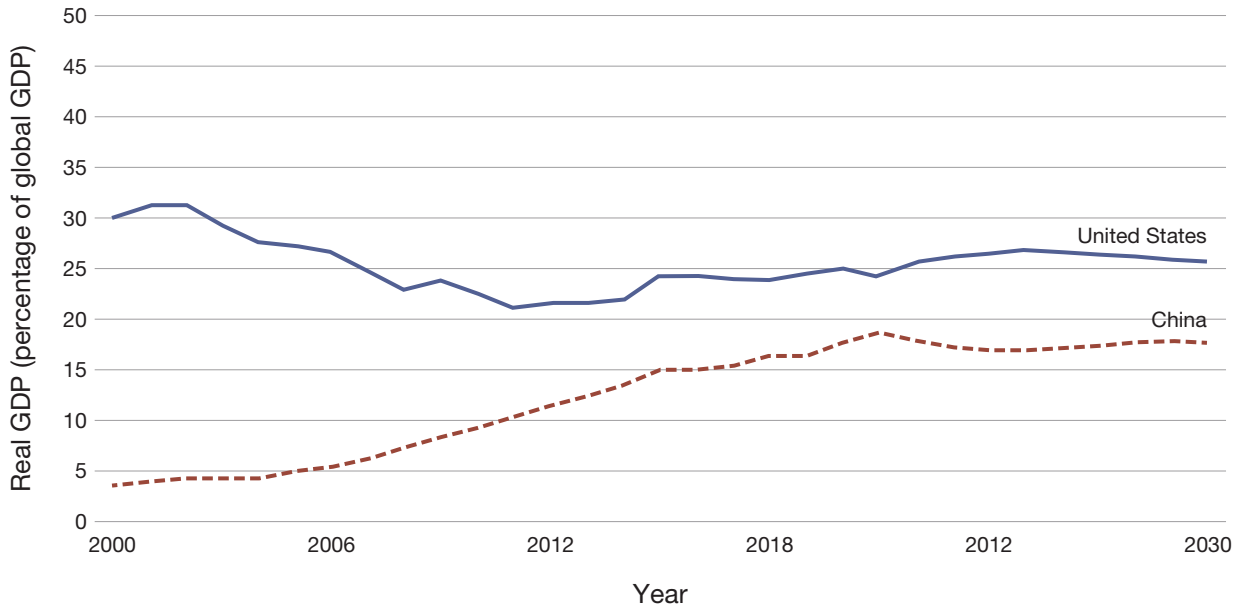
China's in nominal terms, and the United States is likely to retain that lead. As a result, as shown in Figure 3.6, the United States' economy could remain the largest component of global GDP for some time. Indeed, between 2015 and 2025, the U.S. lead in nominal GDP over China *widened* by some \$5 trillion.⁵⁵

Another metric for GDP, purchasing power parity (PPP), tells a different story, as shown in Figure 3.7. Because Chinese firms can access cheaper goods and labor (relative to firms in the United States), they can get more economic activity for their investments. By PPP measurements, China's economy

surpassed that of the United States around 2014 or 2015. The World Bank estimates that China's GDP in PPP terms in 2024 was \$38 trillion compared with the U.S. total of \$29 trillion.⁵⁶ By PPP metrics, China's economy makes up almost 20 percent of the world's GDP and the United States' economy makes up just under 15 percent.⁵⁷

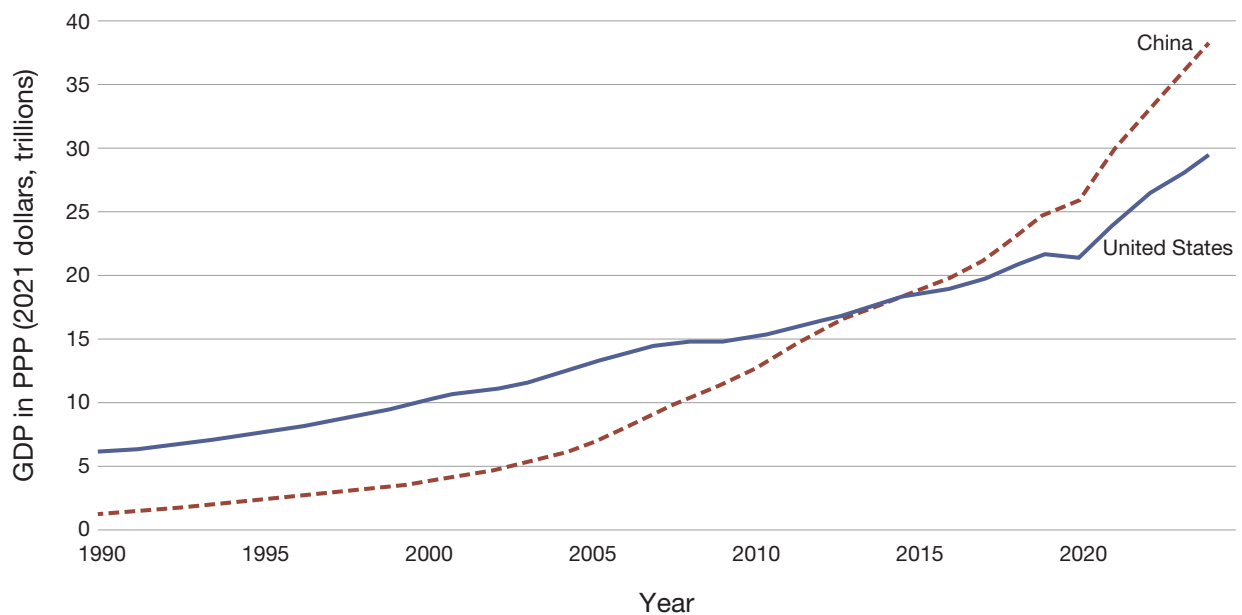
Despite those measurements, it is not even clear just how big China's economy is. Chinese economic data are of poor quality and very likely skewed to support official claims. Many observers suggest that the size of China's economy is significantly exaggerated.⁵⁸

Figure 3.6. The United States' and China's Gross Domestic Product as a Share of the Global Gross Domestic Product (Nominal)



SOURCE: Features data from International Monetary Fund, "World Economic Outlook."

Figure 3.7. The United States' and China's Gross Domestic Product (in Terms of Purchasing Power Parity), 1990–2024



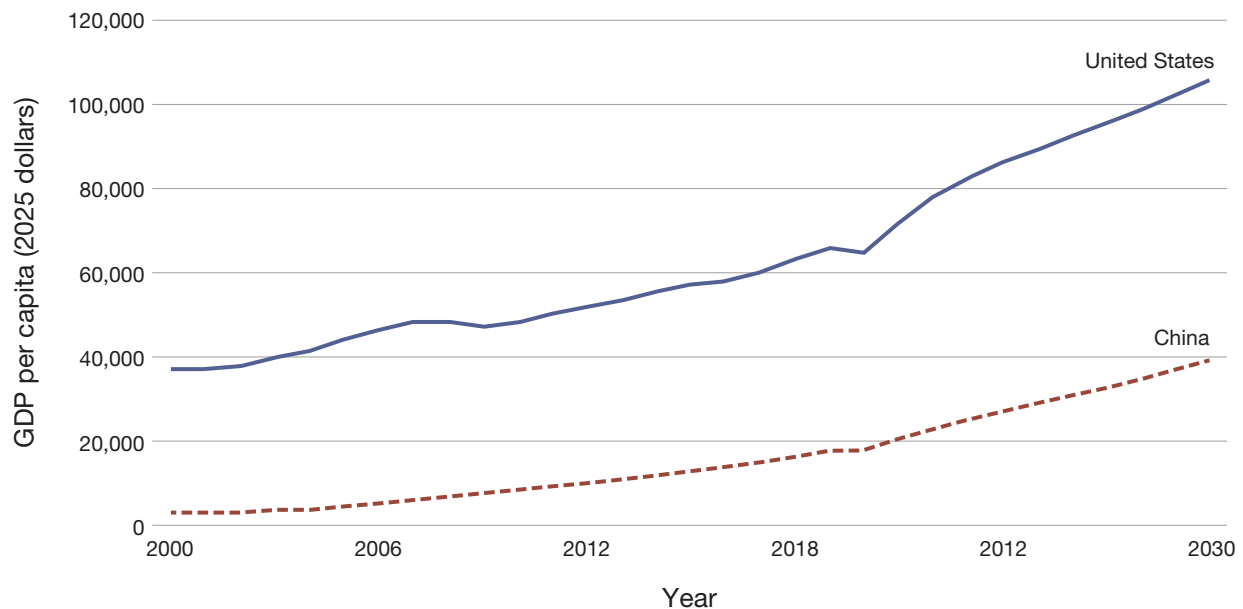
SOURCE: Adapted from World Bank Group, "GDP, PPP (Constant 2021 International \$)—China, United States" (CC BY 4.0).

The pure size of China's economy, moreover, is based in part on its vast population. Overall GDP numbers conceal a persistent and profound difference between the U.S. and Chinese economies—specifically, differences in living standards, including total national wealth.

As Figure 3.8 shows, per capita GDP in China remains far behind that of the United States, and, in nominal terms, China is not catching up. A PPP measurement changes this picture but does not reverse it: According to the World Bank, U.S. per capita GDP in PPP terms was about \$85,000 in 2024, while China's was \$27,000.⁵⁹ Incomes have not risen in China to the levels that workers in other advanced economies enjoy and might not reach such levels for a very long time.⁶⁰

Another area in which a large gap exists between the United States and China is in per capita household wealth. As of the end of 2024, wealth per adult was more than \$620,000 in the United States and only \$89,000 in China. The United States still holds 35 percent of total wealth in the world, while China holds 20 percent. Another way of seeing the disparity is that between 2015 and 2025, the total wealth gap between the United States and China grew from about \$40 trillion to more than \$70 trillion.⁶¹ The United States has roughly a quarter of China's population yet has four times as many millionaires (measured in U.S. dollars). These gaps are set to persist: The financial firm UBS forecasts that average wealth per adult will grow *faster* in North America than in China between 2025 and 2030.⁶²

Figure 3.8. Gross Domestic Product per Capita (2025 Dollars): The United States and China, Projected to 2030



SOURCE: Features data from International Monetary Fund, "World Economic Outlook."



China's growth is slowing, moreover, not because of easily reversed policy errors but because of inexorable structural factors: the tendency of developing countries' high growth to decelerate, using up the growth capacity of housing and infrastructure spending coupled with a population shift to urban areas,⁶³ and demographic decline. Some sources of development could occur only once—for example, radical growth of children's enrollment in school, generational improvements in the population's health, and market opening and reform efforts.⁶⁴ In China's particular case, the slow-motion collapse of the housing sector has threatened people's savings, undermined local government finances, and undermined the growth effects of a sector that accounted for up to 30 percent of the country's GDP. Youth unemployment in China is often reported to be 20 percent or higher.⁶⁵ The return

on investment for new infrastructure spending is now believed to be negative. All told, finding new sources of economic expansion will be more costly for every fraction of growth.

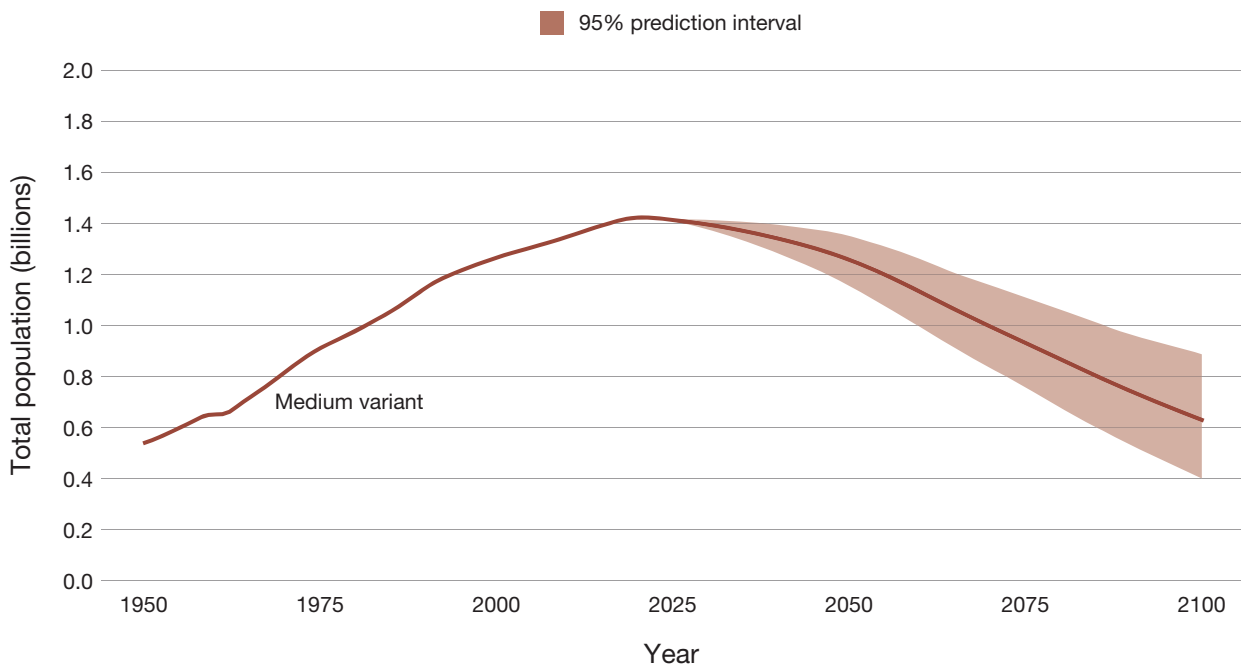
A related challenge is stalled productivity. This is a worldwide problem, but it has been especially evident in China since about 2007. Observers have speculated that there have been a wide variety of causes: infrastructure and housing investments without a high return on capital, using up certain fixed inputs (such as additional labor and urbanization); lower R&D productivity (despite the spending), especially in the state sector; and stubbornly low productivity in sectors of the "second economy" (other than high-technology leaders). Whatever the causes, China's total factor of productivity growth fell from a healthy 3 percent per year from 2000 to 2009 to just greater than 1 percent in the

decade after that (according to some statistics, productivity even began to decline).⁶⁶

An even more fundamental trend is China's demographic collapse. As of 2022, China's fertility rate was only half of what would be required for a replacement level, and China's population began to shrink that year, falling by 2 million in 2023.⁶⁷ China's next generation is likely to be half the size of the preceding one.⁶⁸ China's working-age population will shrink from about 1 billion in 2010 to about 800 million by 2035.⁶⁹ A 2024 forecast from the UN estimates that China's *total* population will collapse to 633 million by 2100 (Figure 3.9).⁷⁰ In fact, the actual numbers might be even worse: Some scholars have suggested that Chinese authorities have been inflating the country's population figures for years.⁷¹

Although such a demographic decline will not begin to severely affect China's economy until about 2030 or 2035, once the decline begins to accelerate, it will have profound medium- and long-term economic effects. A declining workforce will undermine productivity and overall economic expansion. As Figure 3.10 indicates, current projections suggest that, given China's declining and aging population, its rising dependency ratio—higher proportions of an aging population relative to working-age people—will increase social service and health care costs and raise family burdens on younger workers. By 2046, China's dependency ratio will surpass Europe's; by 2064, it will rise past Japan's; and by 2085, it will reach 109 percent, meaning that China will have more people age 65 and over than between ages 15 and 64.⁷² In fact, China is on track to have the world's second-most-crippling dependency

Figure 3.9. China's Total Population Projection to 2100



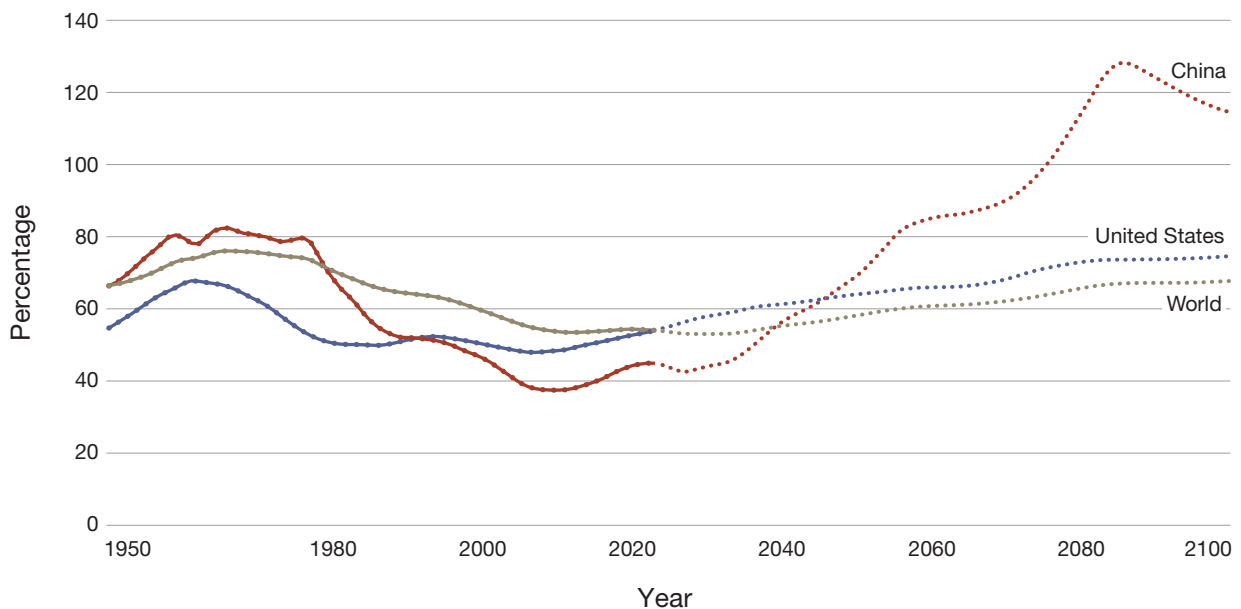
SOURCE: Adapted from Department of Economic and Social Affairs, "World Population Prospects 2024, China: Graphs/Profiles" (CC BY 3.0 IGO).

ratio, behind only South Korea.⁷³ Older people consume less, and a falling workforce will impair any effort to shift to a consumption-based economy. Moreover, China's population is becoming old before it is becoming rich, seriously complicating the challenges of dealing with an aging society.⁷⁴

Beijing does have policy tools in its arsenal to mitigate these effects. It can encourage young families to have more children, although this has had little effect so far. It can extend retirement ages, which are low relative to other countries—just age 60 for men and age 55 for women.⁷⁵ It can seek to enhance productivity through other means, such as improving its workforce's education levels. It can use technology as a substitute for labor, as it appears to be planning to do with its AI strategy. But these steps will only mitigate rather than correct this onrushing demographic crisis.

Another structural obstacle comes from the inefficiencies of state-led development. Beijing continues to prop up many largely unproductive state-owned enterprises. Many observers have begun to speak about the “Two Chinas”: the advanced, high-tech manufacturing part, centered on the major coastal cities and associated manufacturing hubs, and the rural and state-owned part, which continues to lag. The same headlong rush to support key industries has empowered significant amounts of corruption, which Xi is anxiously trying to rein in. The country's autocratic system, which has been used indiscriminately to target business leaders under Xi's rule, appears to be inhibiting investment and confidence; the regime has created an unpredictable and unstable situation for investors.⁷⁶ Partly owing to U.S.-China tensions and the darkening environment for foreign business in China, foreign direct investment (FDI) into China has plateaued in

Figure 3.10. Dependency Ratios: The United States and China



SOURCE: Adapted from Our World in Data, “Total Dependency Ratio” (CC BY 4.0).

NOTE: The dependency ratio is the proportion of dependents (generally children under 15 and adults over 64) to the working-age population. As it rises, the cost to workers of supporting dependent portions of the population grows.

recent years. Inbound FDI fell almost 30 percent in 2024 and has yet to fully recover, although the trend is once again upward.⁷⁷

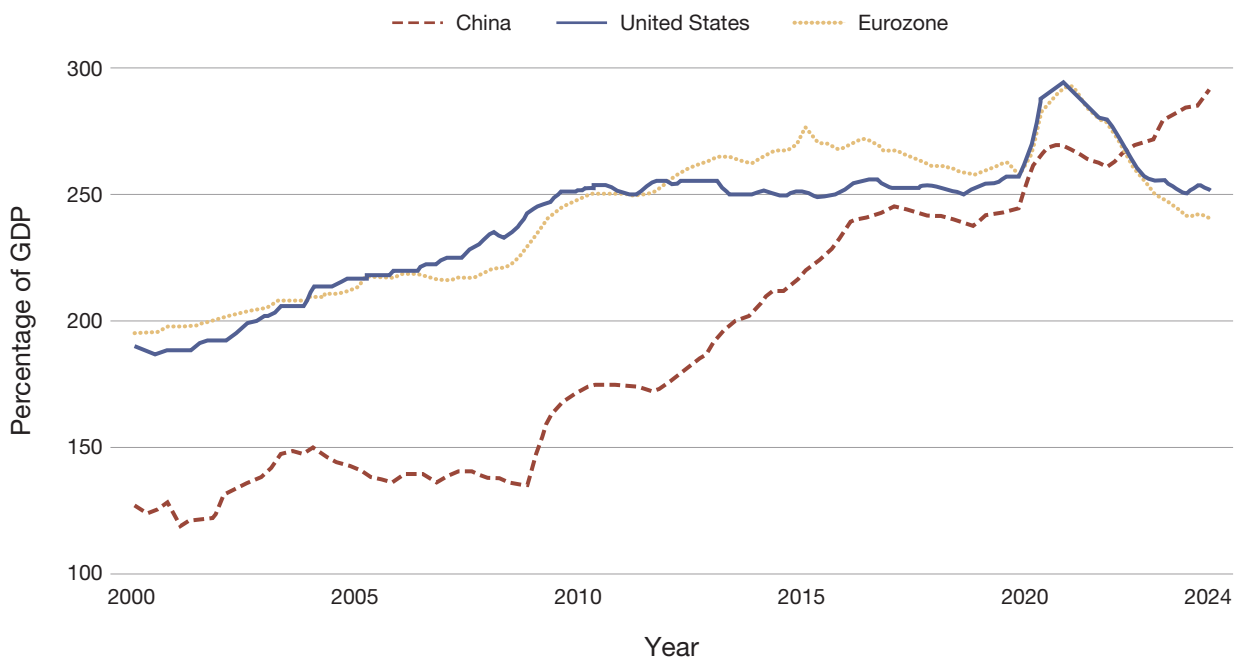
Another risk to China's competitive standing is its immense and still-growing stock of debt. China is one of the most debt-burdened countries in the world, a product, in part, of using local government debt to fuel investment. One commonly used statistic to track debt is the level of credit to the non-financial sector as a percentage of GDP. As shown in Figure 3.11, China's debt by this measure has grown from about 125 percent of GDP in 2000 to more than 292 percent in 2025—a full 40 percent above the heavily indebted United States.⁷⁸ Yet if China pushes ahead with existing economic plans, it will likely require significantly more borrowing, given the limits on taxable revenue and other constraints and the escalating social service demands of an aging population. Beijing's 2025 economic

plan set a target of an added deficit equal to 4 percent of GDP.⁷⁹

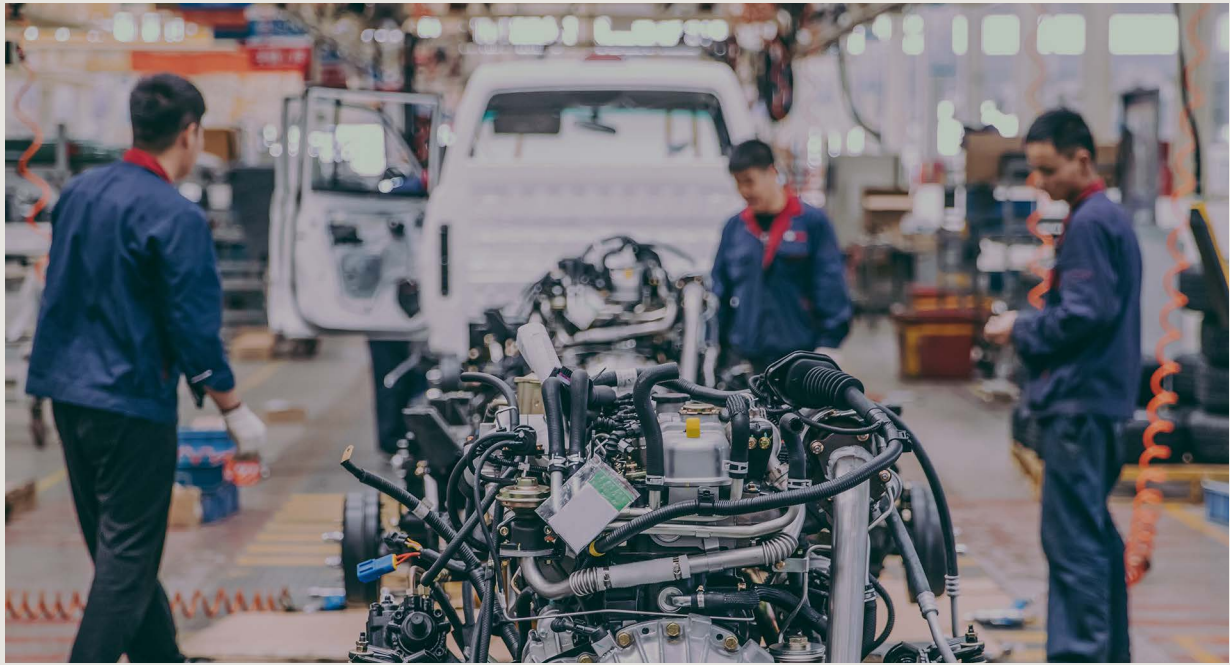
As with demographics, China's debt levels do not necessarily imply a near-term catastrophe. Most of the debt is issued to Chinese borrowers, reducing the potential for outside creditors to spark a crisis. High savings rates have generated a large reservoir of bank deposits, which could be deployed to ward off any sort of emergency.⁸⁰ And yet, as with the United States, this growing debt poses a threat to long-term growth and constrains China's ability to spend significant new amounts of state revenues in service of its goals.⁸¹

Xi's dramatic centralization of power is also creating another structural weakness for China. When any autocratic system becomes so dependent on a single ruler, it becomes brittle and less resilient to leadership turnovers.⁸² Xi has been able to produce decisive policy responses, but history suggests that

Figure 3.11. Debt as Percentage of Gross Domestic Product



SOURCE: Adapted from Jason Douglas and Ming Li, "China's Economy Is Burdened by Years of Excess. Here's How Bad It Really Is."

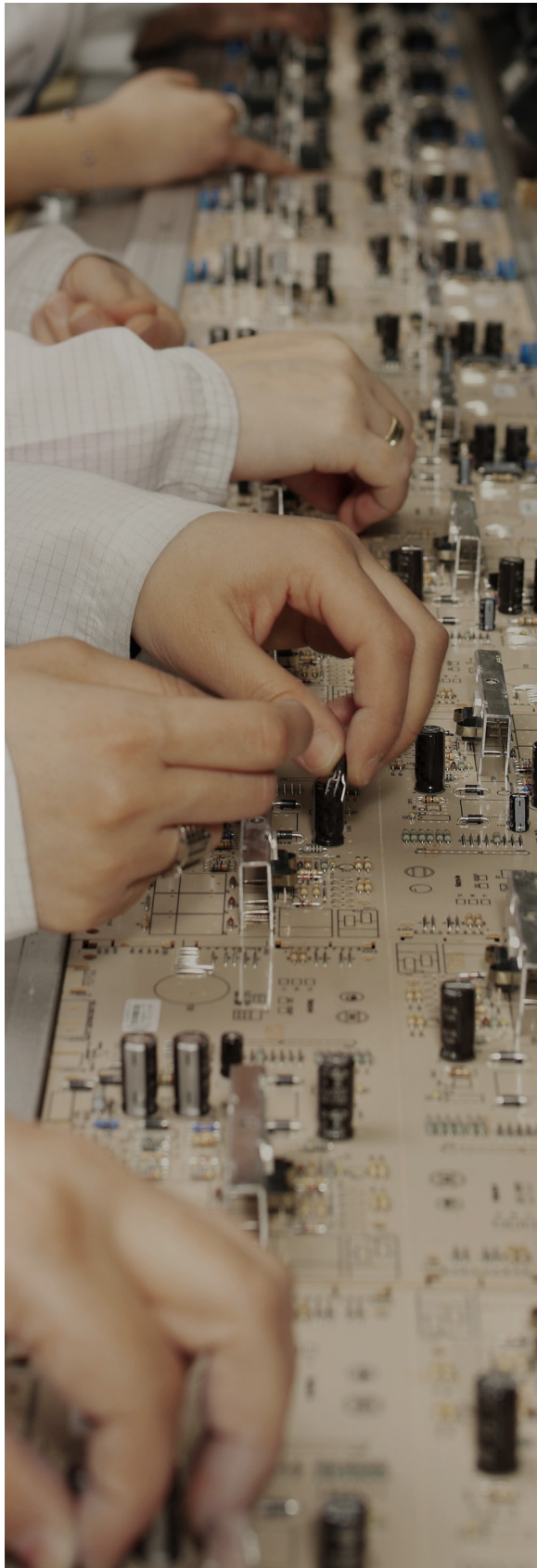


such central control is not a sustainable approach to achieving or maintaining advantage.

Beyond those specific challenges, China—as with the United States—faces a broader challenge of a loss of social vitality and optimism. Long-time visitors to China and scholars engaging with Chinese contacts report growing levels of disaffection and alienation, especially among the youth in China. The repression of the Xi years has reduced hope and optimism about the future; young people are reacting against intense work demands in school and their careers. A term in China that has gained use is *neijuan*; “[o]ften translated as ‘involution,’ it refers to a life twisting inward without real progress.”⁸³ Its effects will take time to play out, but “*neijuan* now permeates all aspects of life in Xi’s China, leaving the country more isolated and stagnant than during any extended period since Chair-

man Deng Xiaoping, launched the reform era in the 1970s.”⁸⁴

The result of these accumulating challenges and weaknesses is that China needs a fundamentally new approach to economic growth and development. For decades, it used a mix of debt-based infrastructure and housing construction to promote growth. The collapse of the housing market and limits on new infrastructure spending demand a new model, one able to deal with an aging society, promote economic self-sufficiency, and address fiscal constraints. Chinese planners appear to have found such a strategy—not the consumption-based economy many economists have called for, but a program of wealth creation that is based on “manufacturing-led productivity growth, driven by innovation and the incorporation of advanced



manufacturing techniques across both emerging and established industries.”⁸⁵

This new model, which was strongly reaffirmed in Beijing’s 15th Five-Year Plan, points squarely at high-tech industries and rising productivity as ways of boosting wages, creating the basis for more domestic spending, and achieving the CCP’s goal of achieving “common prosperity.”⁸⁶ One typical catchphrase for this program is “new quality productive forces,” which is aimed very explicitly at improving total factor productivity.⁸⁷ But the model’s success depends on several very shaky assumptions, the leading one being that China can continue to run an immense and growing trade surplus using exports of the goods that this high-tech manufacturing juggernaut creates. It is also not clear that advances in sectors that still represent a relatively small share of China’s overall GDP will achieve the domestic productivity or consumption growth on a scale that is required to sustain growth.

An Inflection Point for U.S. Competitive Standing

The evidence we discussed in the previous sections shows a clear pattern: The United States retains immense enduring strength, China faces mounting challenges, and the contest reflects the emergence of a long-term peer—not China rapidly overtaking the United States.

The inherent dynamism of the U.S. economy has generated growth of about 3 percent in the post-pandemic years, outpacing most other developed nations. Between 2019 and 2024, even with the pandemic dip, the U.S. economy grew by 8 percent overall—twice as much as the European Union and ten times as much as Japan.⁸⁸ Unemployment has remained around or below 4 percent. U.S. productivity levels have staged a surprising rally, with output per worker rising as much as 5 percent in the years after 2019.⁸⁹ In nominal terms, the U.S. economy still accounts for about 26 percent of global GDP, down from the percentage in 2000 but still at the same or similar levels as it was in the 1990s.

Yet despite these strengths, the United States faces its own inflection point in national dynamism and power. Three issues stand out as especially profound.

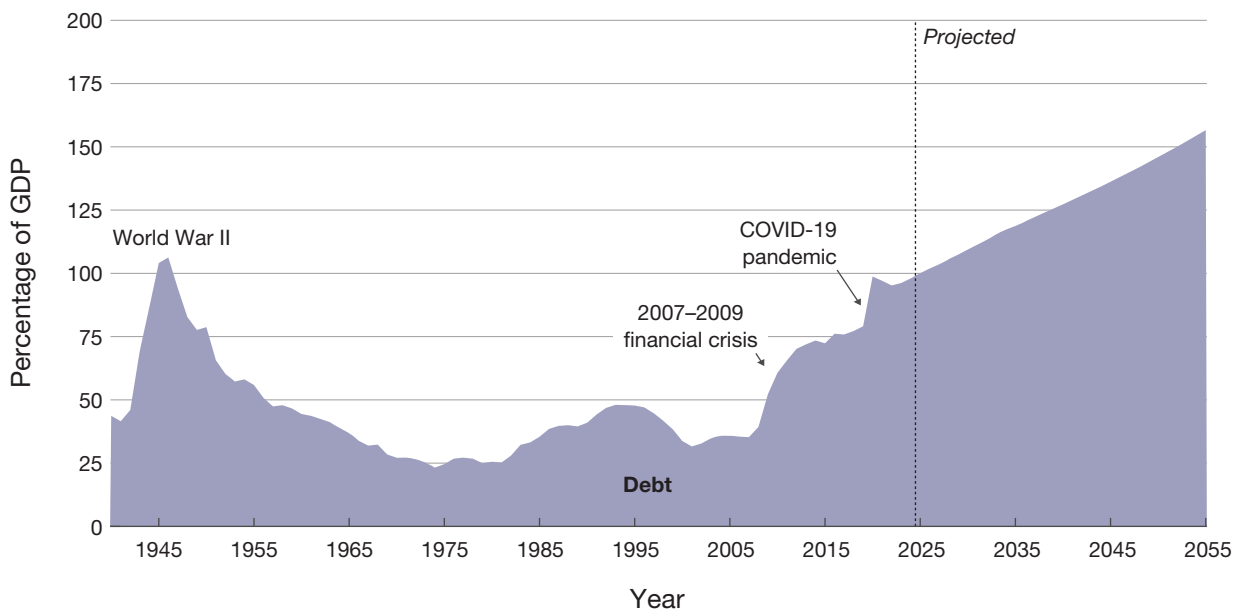
One is debt (see Figure 3.12). U.S. public debt levels have grown dramatically since about 2000, and, under existing plans, there is no prospect of the debt leveling off. One estimate suggests that the U.S. debt-to-GDP ratio in 2054 will be between 170 and 190 percent.⁹⁰ Some economists have begun to warn of the potential for a true debt crisis.⁹¹ One detailed assessment suggests that the United States has a relatively narrow window to act—about 20 years (from 2023), after which “no amount of future tax increases or spending cuts could avoid the government defaulting on its debt whether explicitly or implicitly.”⁹² Rising interest rates would dramatically worsen this situation: That same analysis

found that a projected baseline total debt of about 120 percent of GDP in 2035 would swell to more than 160 percent of GDP if interest rates rose just 2 percent.⁹³

Historian Niall Ferguson has suggested an especially important threshold in the strategic implications of debt: the point at which a country spends more on debt servicing than on defense.⁹⁴ The United States crossed this line in 2024, spending \$880 billion on interest payments on its debt and \$850 billion on defense. The situation will only worsen with persistent deficits and rising long-term interest rates. Congressional Budget Office projections suggest that by 2049, the United States will be spending *twice as much* on interest as on defense.

Another worrying ratio is the relationship between interest payments and total federal revenue. Subtracting Social Security taxes (which are designated

Figure 3.12. U.S. Federal Debt Held by the Public



SOURCE: Adapted from Congressional Budget Office, *The Long-Term Budget Outlook*, p. 2.

to underwrite the program's sustainability), interest payments already reflect about 25 percent of all other federal revenue. By 2034, interest payments are projected to exceed 30 percent of those revenues, even with extremely low assumptions about interest rates—if rates rise just 1 percent by 2034, as much as 40 percent of non-Social Security revenue will be captured by interest payments. One estimate suggests that by 2054, interest payments in a slightly higher interest rate scenario could consume more than 80 percent of non-Social Security revenue.⁹⁵

A second component of the U.S. inflection point is what might be described as political-institutional stagnation. Part of this issue relates to the expansion and ossification of organizational life and the associated explosion of administrative and managerial functions in such fields as health care and education. This reflects an inability to build things—infrastructure costs run far higher in the United States than in most other countries, and major projects run vastly over schedule and over budget.⁹⁶ Meanwhile, at the national level in particular, political effectiveness is further hampered by the highest levels of political polarization in the modern era, which have constrained political action. A RAND study on societal competitiveness isolated effective governance as the key competitive paradigm of the early 21st century.⁹⁷ The United States confronts major competitive handicaps with its existing governance.

A third urgent issue for the United States is the decline of its manufacturing base in critical industries, including in the defense sector. Overall, the U.S. manufacturing sector declined from 11.3 percent of GDP in 2021 to 10.2 percent by 2024.⁹⁸ The number of U.S. manufacturing firms declined more than 20 percent in the past two decades, and the manufacturing sector lost more than 2 million jobs in that time. China's manufacturing output is more than \$2 trillion greater than the United States' output per year.⁹⁹ However, the notion of decline can be exaggerated. U.S. manufacturing output still ranks second in the world, more than Germany, Japan, and South Korea combined. The United States remains the clear world leader in

value-added manufacturing per worker, far ahead of China. The country attracts trillions in FDI every year to its manufacturing sector.¹⁰⁰

The threat of industrial decline is more discrete and targeted. The United States is no longer competitive in several critical manufacturing sectors, notably solar cells, batteries, consumer electronics, machine tools, and shipbuilding. China has become dominant in those sectors. In several other areas—robotics, pharmaceuticals, and EVs—China appears well on the road toward similar levels of advantage. China is stealing a march on the United States in the industries of the 21st century.

More broadly, as with China, the United States confronts a broader rise of social alienation and disaffection that is undermining the national capacity for collective action. Many factors are contributing to this trend: rising economic precarity, stagnant wages, and economic inequality; loss of faith in major institutions; a fragmenting information environment; concerns about the future of U.S. culture; and more. Whatever its causes, the effects of the current social disorientation are poisonous to the foundations of national power. They have exacerbated political polarization and gridlock, social anomie and despair, misinformation and conspiracy theories, and a loss of national will. Taken together, these factors point to a critical moment for U.S. power and competitiveness.

Summing Up: A Contest of Vast Complexity and Uncertainty

The various trends, capabilities, and vulnerabilities that we summarized in this chapter paint a complex, varied portrait of the state of the U.S.-China competition. The competition is clearly something other than a classic power transition; China is rising relative to the United States but not in a straight-line trajectory. China is not set to dominate world politics. Although China is immense and influential, its horizons are not infinite, and its power is counterbalanced by a variety of factors—and by dozens of countries that have no interest in following its autocratic development path.¹⁰¹ These findings, and the other factors summarized in this chapter, highlight



several conclusions that pose serious challenges to U.S. strategy.

First, although China's growth is slowing and China is not likely to overtake the United States in comprehensive terms, the country has achieved one dominant leadership position that it is likely to sustain: the world's manufacturing superpower. This gives China tremendous potential influence over other countries. China is building a commanding position in several specific areas of industrial and technological power that could prove highly significant in an extended competition and decisive in any protracted war.

Second, in many ways, the story of the U.S.-China competition is one of two great powers that are each reaching the end of or diminishing returns in their default model for the economic foundations of national power. For the United States, its unfettered free-market approach has run up against the reality of self-interested behavior from China, the end of easy credit, an international economy that is becoming more focused on self-reliance, and stagnating levels of productivity. The free-market

model also courted political failure by creating the conditions for the weakening of the United States' industrial heartland and generated national security challenges by allowing grave dependencies to arise.¹⁰²

China's growth model is based on housing and infrastructure construction combined with enormous amounts of investment, massive exports, and deeply embedded unfair and sometimes predatory trade and industrial practices, and this model is coming up against natural limits and an intensifying reaction from many of its trade partners. As noted previously, even China's latest alternative—the emphasis on high-productivity technology sectors—will continue to lock China into a manufacturing-first, export-reliant approach that demands that other countries accept a series of “China shocks” that destroy their domestic manufacturing bases and leave them vulnerable to Chinese pressure.

Both the United States and China must confront issues of aging societies, ballooning debt, excessive bureaucracy, and social alienation and misery.

Both suffer from economies that are not able to serve the interests of average workers in the way the economies did in their respective heydays—a perceived failure that might get worse as both governments struggle to deal with the social service demands of aging populations.¹⁰³ The course of the competition over the coming decade will depend on which side responds to these challenges more effectively, especially in terms of devising a new recipe for sustained economic growth.

Third, the way both countries are preparing to address the challenge of long-term growth is through the application of a possibly revolutionary technology: AI. It is not clear how profound AI's effects will be in the next decade. But the country that masters AI's development and application could gain a decisive advantage across many areas of the competition.

Fourth, although China is not set to rocket past the United States in comprehensive national power, China's power and influence are equivalent enough—and the world's political power is becoming sufficiently multipolar—that U.S. strategy can no longer strive for goals that have any flavor of “recapturing primacy.” Primacy—military, economic, and otherwise—is gone. The United States can still safeguard its most vital interests, but it will have to do so with a different conception of its role and plausible strategic options.

Fifth, and more broadly, the idea that the United States and the West had the default recipe for success—and that success would naturally exert a gravitational effect on others—is ebbing. Yet despite its global initiatives and appeals to the developing world, China's model has not replaced it. Countries might buy Chinese surveillance tools, adopt state-led development, or seek Beijing's favor—but few countries are embracing China's socioeconomic or cultural blueprints. The world is fragmenting into hybrids: states mixing elements of both U.S. and Chinese systems, hedging between powers, and asserting their own paths. Defining

clear goals for influence will only grow harder in this pluralistic world.

If viewing many of these trends and themes together, one new theme that captures the wider strategic context for the U.S.-China contest is *transition*. World politics is undergoing a profound change, partly as a result of China's efforts to shift the locus of power away from U.S.-led institutions and processes. The emerging reality retains elements of the postwar order but also reflects new patterns and norms. The United States, China, and many other leading countries are confronting the need to reform and rehabilitate their basic models for economic development. And the societies of advanced countries—including the more developed sectors of China's economy—are undergoing strains associated with the transition to new social patterns, such as the rise of new digital realities.

In such a fluid environment, the challenge for all major powers is therefore much broader than merely seeking bilateral advantage. Many parallel technological, social, economic, and military shifts are underway at the same time. Countries must navigate all of these transitions to build power, influence, and advantage in the emerging geopolitical context. For the United States, the resulting challenge is not first and foremost about prevailing against China in any specific issue area. It is about setting the domestic foundations for success—scientific and technological, economic, social—and strengthening global networks that have provided the United States with such tremendous advantages over the past 70 years. But in the process, the United States has to come to grips with China's comprehensive ecosystems for advantage—its strategic approach to improving its position in key scientific, technological, and economic domains. This approach is in evidence across all seven issue areas we surveyed and demands a more coherent, better-resourced, and synergistic U.S. response.



CHAPTER 4

The Nature of the China Challenge

As the United States organized itself for the Cold War, one of the most significant debates was about the essential character of the Soviet Union. NSC-68 was uncompromising in its portrait of the rival, describing the Soviet Union as a “fanatical” power, the survival of which demanded “the complete subversion or forcible destruction of the machinery of government and structure of society in the countries of the non-Soviet world and their replacement by an apparatus and structure subservient to and controlled from the Kremlin.”¹⁰⁴ Moscow could be satisfied with nothing less than world domination, and it was prepared to impose its will by military conquest. As a result, the only outcome that would truly safeguard U.S. interests would be a radical change in governance—effectively, the overturning of the Soviet Union itself—accompanied by a massive military buildup to avoid Soviet conquest in the meantime.

Others, such as George Kennan, agreed that the Soviet Union was “committed fanatically to the belief that with [the United States] there can be no *modus vivendi*, that it is desirable and necessary that the internal harmony of our society be disrupted, our traditional way of life be destroyed, the international authority of our state be broken, if Soviet power is to be secure.”¹⁰⁵ But Kennan disagreed that the United States had to go on the offensive or pour resources into the military; he saw broader measures of national vitality and solidarity as much more critical to competitive advantage. He believed that leaders in the Kremlin had no grand plans or any intention to launch large-scale invasions. Dwight Eisenhower held a similar view: He saw the Soviets as dangerous, hostile, and paranoid but opportunistic rather than adventuristic and obsessed with domestic security more than expansion.



Although the U.S.-China relationship is starkly different from the clash with the Soviet Union, this same question is a crucial place to start: Just what is the essential character of the U.S. rival? In China's case, the answer is far from simple. In the following sections, we offer six lenses to help define China's complex and, in some ways, contradictory character. No single one of these lenses offers the essential, default way of understanding Chinese power. It is the way that they combine and interact—the crosscutting qualities they suggest, but also their dilemmas and contradictions—that define the challenge that China poses to U.S. interests.

The Baseline: A Classic Great Power

The first and arguably most classic portrait of China is as a traditional great power whose strength is growing and whose ambitions are rising alongside that strength. Great powers at this stage of

development tend to be belligerent, fractious, prideful, and full of beliefs that their emergent position in world politics demands respect. Aaron Friedberg has offered one of the best portraits of China as a traditional great power. Rising powers, Friedberg suggests,

typically attempt not only to secure their borders but also to reach out beyond them, taking steps to ensure access to markets, materials, and transportation routes; to protect their citizens far from home and defend their foreign friends and allies; to promulgate their religious or ideological beliefs; and in general, to have what they consider to be their rightful say in the affairs of their region and of the wider world. As they begin to assert themselves, rising powers usually feel impelled to challenge territorial boundaries, international institutions, and hierarchies of prestige that were put in place when they were still relatively weak.¹⁰⁶

In this and other ways, the expectations of the China-as-a-rising-great-power lens closely match Beijing's public narratives and behavior over the past decade. China demands acknowledgment of its "rightful place" in world politics, aims to settle a handful of remaining territorial demands on its terms, seeks greater influence in global institutions and networks, and works to have its political and economic model become an option for other countries to employ.

One variant of the great-power frame is power transition theory, and as we noted in Chapter 1, this concept warrants special attention in China's case. Rising powers want to seize control of world politics; established powers are not yet ready to surrender it.¹⁰⁷ Some scholars have applied power transition theory to the U.S.-China rivalry with gusto, suggesting that the two rivals are destined for war. Others reject the validity of the theory or its relevance to this competition.¹⁰⁸

Some Chinese scholars and officials (and a few Western authors) claim that China is not a typical great power—its rise is likely to be peaceful, they claim, because China has a nonbelligerent strategic culture that seeks power through patient, indirect means and does not lead to wars similar to ones that Western great powers have fought. They argue that China does not need to follow the trajectory of a classic rising and increasingly aggressive great power. China can learn from history, some suggest, and avoid unnecessary provocations while pursuing any revisionist intent gradually.¹⁰⁹

As tempting as this idea might be, the evidence does not support the notion that China can be expected to rise without taking classic power-seeking actions. Alastair Iain Johnston showed decades ago that China's strategic culture has abundant elements of Western-style realpolitik. China has waged its share of wars: China's own Academy of Military Science counts 3,756 conflicts fought by Chinese states from 77 BCE to 1912 CE.¹¹⁰ China's behavior in such locations as Taiwan, the South China Sea, and its border with India also implies a powerful willingness to impose its will in areas where it believes vital interests to be at stake.

There can be little doubt that elements of the power-transition framing match some of the emerging patterns of China's role in world politics: China has been rising, its determination to claim its rightful position has grown with its power, the United States is threatened by that process, and both sides view each other with suspicion and fear. Chinese strategic narratives fervently assert that the United States—spurred by the fear of a rising competitor—is trying to prevent China's rise, just as an established great power would be expected to do. U.S. officials reject this framing, pointing out that the United States nurtured China's rise by inviting it into the world economy. Whether accurate or not, though, the narrative of U.S. hindrance permeates China's official thinking, and it establishes a challenging context for U.S. strategy. Actions taken to deter Chinese aggression or respond to its coercion will be seen in Beijing as part of this larger effort to constrain China's potential.

The Cultural Component: A Civilization-State

China is not merely a generic great power. Its state reflects the modern incarnation of a 5,000-year-old civilization with a powerful sense of its own significance. Using this lens, one can understand China as a "civilization state":¹¹¹ A society and political entity whose identity is defined by the self-conception, traditions, and culture of its history. The historian Lucian Pye famously observed that "[w]hat binds the Chinese together is their sense of culture, race, and civilization, not an identification with the nation as a state."¹¹² Even Henry Kissinger, the devotee of realpolitik, argued that "China is singular. No other country can claim so long a continuous civilization, or such an intimate link to its ancient past and classical principles of strategy and statesmanship."¹¹³ When the precursors of Chinese language first emerged, Kissinger explains, Athens had not yet appeared on the world stage. To the Chinese, their country "appears in history less as a conventional nation-state than a permanent natural phenomenon."¹¹⁴

This identity is partly, but not completely, grounded in Confucian norms and values. Xi has sought to revive the binding power of Confucianism, but this is relatively new for the CCP. For decades, CCP leaders were either suspicious of or actively hostile to Confucianism as a potential rival to Marxism as a guiding ideology. Moreover, Confucianism only enters the Chinese story halfway through its much-touted 5,000-year history and thus does not reflect the whole of Chinese cultural traditions. Nonetheless, official and popular emphasis on China's Confucian identity has experienced a significant revival in recent years, one with several purposes or effects, such as allowing the regime to tap into an additional well of legitimacy, highlighting China's separateness from the West, and supporting a general reemphasis on traditional values.¹¹⁵

Competing with a state that sees itself as the world's leading culture and civilization, and one with a natural right to exercise influence over others, is a special sort of challenge.¹¹⁶ This self-image can lead China to lean into powerfully hierarchical and arrogant conceptions of its status. These beliefs might infuse China's leaders with a rigid commitment to whatever they believe is their rightful civilizational status—and perhaps overconfidence in their eventual position atop the global hierarchy. That sort of confidence will create constant tensions with countries feeling the blunt edge of China's self-satisfaction. But it also makes China a distinctly uncompromising rival: A nation that views itself as the heir to the rightful claims of a 5,000-year-old civilization, and one that is also fueled by the claimed historical determinism of a governing Marxist-Leninist ideology, will tend to view its positions as objectively correct rather than as claims subject to negotiation. And because China's civilizational conception is ethnic and cultural as much as territorial, this identity empowers the regime's claim on the loyalties of Chinese citizens everywhere in the world—and beyond that, some degree of affinity from all ethnic Chinese peoples.

The Ideological Element: A Marxist-Leninist Power

China is more than a generic great power or a civilization state. A third identity plays a critical role in shaping its worldview and behavior: the CCP's justifying self-conception as a Marxist-Leninist regime. It might be surprising to offer such a reminder of the CCP's underlying ideology. After all, China's political system is the creation of a communist movement. China's system is rife with communist dogma and structures, from the ruling Politburo to the dominant role of the party in governance to the ideological campaigns to promote socialism. Xi's core political ideology, expressed in "Xi Jinping Thought," is that only the CCP can provide effective leadership for China.

And yet, for decades, it was not clear just how much China could be regarded as a Marxist-Leninist entity. China's development was fueled by the private sector, which is generally believed to contribute about 60 percent of China's total GDP.¹¹⁷ Government economic ministries brimmed with Western-trained officials who understood—and in many cases followed—classic Western economic concepts. China's middle class, which saw explosive growth, seems as devoted to consumerism as any Western society.¹¹⁸ By 2024, China boasted more than 6.6 million millionaires (measured in U.S. dollars) and 516 billionaires,¹¹⁹ both of which also reflected stark inequalities. China's Gini coefficient in 2024—a measure of inequality in which 1 is the most unequal—was 0.62, better than the United States' 0.74 but worse than France, South Korea, Italy, Poland, Australia, Japan, and many other advanced capitalist countries.¹²⁰ China's social support system remains meager by U.S. or European standards.

The ideological taproots of the CCP, moreover, are as much Maoist as Marxist: Chairman Mao Zedong adapted communist revolutionary principles to China's domestic circumstances in ways that created a distinct line of doctrine from the very beginning of modern China. In a different way, Chairman Deng also went through a period of adaptation with his implicit turn toward capitalism, famously saying,



“It doesn’t matter if it’s a black cat or a white cat, as long as it catches mice”¹²¹—meaning it does not matter whether economic methods are communist or capitalist as long as they deliver results. Deng’s pragmatism, however, coexisted with a firm preservation of CCP governance structures and one-party rule. To borrow Richard McGregor’s phrasing, China runs on “Soviet hardware”—its core political institutions, such as the Politburo and National Party Congresses—and “Chinese software,” such as the many adaptations the CCP has devised to govern effectively.¹²² Ideology is best understood as a tool of the party rather than an operative system that directs the party’s actions.

Whatever the mixture of doctrine that makes up the CCP’s ideological origins, Xi and his close allies have certainly reacted to China’s backsliding from Marxist-Leninist principles with a concerted effort

to reaffirm China’s Marxist character and the hegemonic position of the CCP in Chinese society.¹²³ At a 2017 Party Congress speech, Xi spoke forcefully of “the scientific truth of Marxism-Leninism” and the importance of the CCP’s Leninist character as “the vanguard of the times, the backbone of the nation, and a Marxist governing party.” He added, “The Marxism of twenty-first-century China will, without a doubt, emanate a more mighty, more compelling power of truth.”¹²⁴ Xi has reemphasized Marxist ideology, instituted elaborate new ideological training programs from grade school through university, and redoubled efforts to build a high-tech and grassroots community-based surveillance and indoctrination system.¹²⁵

China’s continuing and renewed status as a Marxist-Leninist power carries several implications for U.S. strategy. It means, for one thing, that



the United States is dealing with a senior leadership group that is potentially even more intoxicated by the prospect of their own inevitable victory. Marxism offers “objective” claims for the eventual triumph of socialism, which Xi and others have tied tightly to geostrategic assessments of U.S. (and Western) power. Marxist dogma thus blends with Chinese civilizational self-importance and the stresses of a perceived (if not actual) power transition to offer Chinese leaders a growing certainty of the rivalry’s trajectory, one that U.S. policy will have a hard time overcoming.

China’s communist identity could also contribute to a growing risk of adventurism fueled by overconfidence in the United States’ decline. Marxist dialectical materialism holds that intensifying contradictions in capitalism will produce its demise. If Chinese leaders convince themselves that this moment of demise is rapidly approaching, they could conclude that the United States is too fractured and distracted to respond to provocations.

Marxist ideology also imparts a distinctly zero-sum character to the rivalry. In Marxist dogma, socialism and capitalism are locked in a death struggle from which only one will emerge. This precise notion was why Kennan and others depicted the original U.S.-Soviet confrontation as ultimately

irreconcilable. Chinese official doctrines are not that dualistic or Manichean, and it is important not to exaggerate the degree of what an irresolvable clash this rivalry can be. But a Marxist worldview will feed Chinese leaders’ paranoia about U.S. intentions by insisting that global capitalism is irrevocably committed to the destruction of socialism, Chinese and otherwise.¹²⁶

Finally, a Marxist-Leninist worldview imparts a degree of universalism to China’s conception of its role and the applicability of its system. At least since the 1970s, the CCP has not engaged in efforts to overturn other governments and substitute communist systems. China’s officials have repeatedly forsworn any intention of spreading the country’s model abroad. Yet China’s sense of itself as a global development icon, fueled in part by its Marxist identity, has produced a growing willingness to promote its model as one to be copied elsewhere, and more-strident claims about the superiority of the system imply a more intense brand of ideological adventurism than might have been the case a decade or more ago.

A Developmental State

A fourth lens depicts China as a developmental state—a developing nation using state power to spur its economic rise.¹²⁷ In this view, China bears many typical hallmarks of state-directed modernization. It can be seen in a class of Asian developing states following the broad contours of a model established by Japan, South Korea, Taiwan, and others.

Such state-led modernization has several emblematic characteristics. These have included the state having an interventionist role in the economy rather than merely setting the conditions for private-sector success, powerful and generally effective state institutions run by a technocratic governing elite, coherent and long-term economic planning in which government and business closely collaborate and state power is deployed in service of business success, and state support for national champion industries that seek global market share through strong exports as an initial goal.

This is the China of the hyperconnected big cities, the world-leading manufacturing hubs, and the thirst for a better life that drives generations of workers. Take away the Marxist-Leninist jargon; ignore, for a moment, the repression of human rights; and modulate the civilizational hubris, hierarchical impulses, and scale and potential of a world-leading great power, and what China represents is rather conventional: a classic drive for national development and modernization. This identity also represents the China of ecological disasters, awful working conditions in factories, and some degree of wasted public resources thrown at failing firms and industries.¹²⁸

In some ways, this China is powerfully at odds with the regime's Marxist line. China's development has been led by capitalist strategies and firms. Its social patterns conform to fairly typical modernizing tendencies. Its surge of economic growth came from releasing its market energies, not imposing central planning. No other developmental state has succeeded as a Marxist-Leninist entity.

China is bucking the more typical trajectory of modernizing countries in another way: It is not

democratizing. Many developing nations' experiences and impressive worldwide trends in democratic rule had created an expectation—even though the social science on this issue is mixed and full of exceptions—that as countries became richer, they were likely to democratize. This expectation was part of the basis for Western engagement strategies: As China grew, so the hope went, it would become freer. China's wealthier areas achieved impressive per capita income levels by the 2010s, yet it remains a tightly controlled autocracy, becoming arguably even more regimented and repressed through the use of elaborate surveillance technologies.

This perspective on China carries several implications for U.S. strategy. First, it reflects one factor common to the earlier lenses: ambition. China's commitment to development reflects its determination to achieve national rejuvenation, a goal to which much of the Chinese public are committed and which fuels national dynamism. Private-sector leaders in China reflect a forceful blend of capitalist desire for growth and profit and Chinese nationalism.

Second, this version of China's identity, to the extent that its requirements are accepted by senior party leaders, does impose constraints on aggressiveness. If China is truly interested in development, and if it remains reliant on exports as the main engine of that progress, it can only infuriate the rest of the world so much. That bar might be high—many countries depend on their trade with China more than China depends on those countries—but China as a developmental state is not immune to the attitudes of those to whom it would sell.

Third, this lens also directs our attention to key questions about China's future prospects, particularly because China is already starting to confront some of the mid-life challenges of late modernizers. We summarized a few of these challenges in the previous sections: declining birth rates, slowing economic growth, and stagnating productivity and wage growth. Sustained economic stagnation could challenge China's self-appointed identity as a developmental state and hamper the regime's legitimacy.

An Emerging Scientific and Industrial Hegemon

The fifth approach to understanding China is the ultimate extension of the developmental state, but one with a very specific angle particular to China and the present moment in history: becoming the world's leading science and technology power. This ambition has become central to China's strategy for achieving national advantage and, even more than that, to China's 21st-century identity.¹²⁹

Party leaders argue that the real determinants of power in the 21st century are scientific.¹³⁰ They identify AI, quantum computing, and biomanufacturing as foundational pillars of future great-power status.¹³¹ Box 4.1 offers a representative sample of China's scientific and technological priorities. Historical analogs of prior industrial revolutions reinforce party leaders' belief that moments of technological upheaval reset global hierarchies. Self-reliance in these core technologies is therefore elevated as both a developmental goal and a strategic imperative.¹³² Dependence on the United States

Box 4.1. China's Science and Technology Policy: Example Priorities

Made in China 2025 Target Sectors	15th Five-Year Plan (2026–2030) Priority Technologies	Military and National Security Technology Priorities
1. Next-generation information technology industry	1. Integrated circuits	1. AI
2. High-end computer numerical controlled machines and robotics	2. Industrial machinery and high-end manufacturing	2. Autonomous systems, including advanced command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) networks
3. Aviation and space equipment, including drone technologies	3. High-end instruments and precision equipment	3. Advanced semiconductors
4. Offshore engineering equipment and high-tech ships	4. Basic software and digital infrastructure	4. Cyber and electronic warfare
5. Advanced rail transportation equipment	5. Advanced materials	5. Quantum technologies
6. Energy-saving and new energy vehicles, including EVs	6. Biomanufacturing and biotechnology	6. Hypersonic weapons
7. Electrical equipment, including for solar and wind power	7. Quantum technologies	7. Directed energy weapons
8. Agricultural machinery and equipment	8. AI and next-generation information technology	8. Space systems
9. New materials	9. Digital Economy and Digital China initiative	9. Biotechnology
10. Biopharmaceutical and high-performance medical devices	10. Emerging frontier sectors, including advanced manufacturing and industrial software, high-end robotics and cloud, aerospace, and related tech infrastructure	10. Advanced materials
		11. Advanced energy technologies

SOURCES: Features information from Blaugher, Gordon, and Dagher-Margosian, *Made in China 2025*; "15th FYP to Advance Innovation-Driven Development"; Ma, "Future Industries Top Priority in 2026." Military priorities are derived from U.S. Department of Defense, *Annual Report to Congress*, as well as prior RAND work.

for semiconductors, precision tools, or advanced software is seen as a vulnerability that could be exploited in a crisis.¹³³

Technology's emphasis in China's economic development has deep roots in pre-communist-era analyses of how China fell behind during the industrial age, Marxist historical materialism, and various other sources.¹³⁴ Beijing's 2024 National People's Congress Work Report highlights that developing China "through science and technology" was the basis for economic competitiveness.¹³⁵ China's *National Medium- and Long-Term Program for Science and Technology Development (2006–2020)* document outlined the goal clearly: "In the 21st century, China, being a large developing nation, is to accelerate its [science and technology] development and narrow down the gaps with the developed nations. To this end, the nation must make unremitting efforts for a long period of time."¹³⁶

The CCP strongly reaffirmed these basic goals in its 15th Five-Year Plan, and this identity is being expressed through many powerful investments. These include legacy investments of the Made in China 2025 industrial policy, large support for science and technology in various domains, and an increasingly potent AI investment strategy. Such concepts as "new quality productive forces" highlight the central role of science and technology in the country's identity.¹³⁷

Contending with a burgeoning scientific and technological power carries several implications. First, it emphasizes the critical importance of the contest for leadership in the domain of science and technology. Science and technology capacities now lie at the very core of the relationship and the competition.

Second, China's strategies regarding science and technology specifically focus on global network power, especially in the digital domain. Chinese international technology investments and diplomacy, partly organized in the Digital Silk Road, seek to establish dominant influence through supporting many countries' digital infrastructure, such as wireless networks, data centers, and submarine cables. As a subset of the larger science and

technology competition, and given the potential importance of the power that digital networks can convey, recognizing the importance of this element of China's identity mandates that the United States compete effectively in this domain.

Xi's China: A Leninist-Personalist Dictatorship

A sixth and final perspective on China focuses on the leader's preferences in a dictatorial system. Many believe that China under Xi represents a grim combination of two classic forms of autocracy: a Leninist dictatorship and a personalist dictatorship. Xi has certainly gathered power for himself in extreme ways. He has centralized decisionmaking power and created a form of a leadership cult, with Xi Jinping Thought being celebrated and taught as the core wisdom of the regime. He also crippled the CCP's post-Mao collective leadership approach.

Some categorize such a system as a defining case of a closely related autocratic form: a Leninist dictatorship. Leninist states are centralized autocracies in which the party organization demands the right to determine all social institutions and ideologies. The party leaders claim a degree of infallibility in doctrine and action. There is no true space for civil society outside the party-government, which is the law—there is no countervailing power. The CCP does try to match this rigid control with signals of responsiveness—what has been called a "consultative Leninism" that seeks to address social needs and grievances with meaningful policy responses.¹³⁸

At the same time, though, Xi's China has evolved in the direction of what is commonly known as a personalist dictatorship: power centralized in one person, disempowered formal institutions, patronage networks and a cult of personality connected to the leader, tight information control, and arbitrary decisionmaking. As an example, Xi amended the constitution to abolish the two-term limit for his position.¹³⁹ This lens on China focuses attention on Xi's particular beliefs, goals, and preferences because power is centralized in his person. And there is ample evidence that he has been deter-

mined to shed the patient and retiring approach of Chinese diplomacy in favor of something much bolder, drawn partly on a belief that China's time has arrived.

One defining hallmark of Xi's rule has been his sweeping anticorruption campaigns. From day one in office, Xi pledged to "beat the tigers and the flies"—targeting corrupt officials at both the highest levels (tigers) and the grassroots (flies). These campaigns provide a convenient means of both attacking those perceived as not personally loyal to Xi and creating a general climate of fear and submission.

In an important sense, this forbidding identity looms over all of the other lenses in depicting China's nature. China is not an average great power, developmental state, or high-technology superpower. It is a dictatorship, and one that has clamped down much more firmly on its population since about 2010. With Xi's purges, party leaders have embraced intensified repression and surveillance, and the crackdowns have resulted in social disaffection. There is significant anecdotal evidence that the CCP's renewed dictatorial lunge has dampened cultural creativity, caused some of China's elite to flee to other countries (such as Singapore), and intensified feelings of social alienation among China's younger generations.¹⁴⁰

This lens suggests several implications for U.S. strategy. First, in personalist dictatorships, the potential for misunderstanding and miscommunication with other countries is rife because the leader typically relies on a small circle of senior aides—and because many people in the government are reluctant to share information that might contradict the leader's assumptions. This can make such regimes unpredictable and arbitrary.

Second, such regimes sometimes tend to generate extreme behavior because lower-level officials and officers are acting boldly to impress leaders whom they believe want radical action. This tendency toward what is sometimes described as "overcompliance" can lead to provocative and dangerous actions that are not, in fact, ordered from the top of the hierarchy but which the top leaders might feel a need to defend once they have taken place.

Third, the combined Leninist and personalist nature of the Chinese regime could create a complex mixture of patience and urgency. Leninist regimes believe that socialist dogma guarantees them a long-term advantage, and the regimes can afford to let time work for them. But an individual leader with a limited period of rule might feel a need to achieve certain goals more quickly. In this competition, U.S. strategy could seek to play to China's appetite for persistence to reduce the risk of a crisis. The United States must develop mechanisms and policies aligned to a sustained competition—that is, to think in the longer term.

A final implication of this lens is that the departure of Xi from the stage has the potential to introduce dramatic change in China's strategy and behavior. The process of transition itself—and the rising political tensions in China as the transition approaches—will create new challenges for U.S. strategy.¹⁴¹

U.S. Parallels—and a Competition of Identities

Although our focus is more on understanding the China challenge than painting a matching portrait of the United States, in order to grasp the full nature of the rivalry, it is important to understand ways in which the United States sees itself—and is seen by others—and how these perceptions interact with the six lenses on China described previously. Table 4.1 lays out a set of six parallel lenses on how the United States views U.S. power.

These contrasting Chinese and U.S. identities point to clear contests for gaining the advantage regarding relative power in critical regions, international economic position, and science and technology leadership. In other cases, though, the two sides can pursue their identities absent any real zero-sum dynamic. Both countries can achieve certain minimum levels of influence in their own regions. Each can promote its own values and try to attract other countries to its side. The two can cooperate or at least coordinate efforts to promote mutually beneficial collective good in the international system.

These identities highlight another aspect of U.S. and Chinese self-conceptions: Both countries are

**Table 4.1. Lenses on U.S. Power: Six Identities**

Identity	Implications
Classic great power	This version of the United States as a strategic actor will seek to maximize its power and influence even at the expense of norms and values; it will demand a regional sphere of influence and be intensely suspicious of impending power accumulations elsewhere.
City on the hill	This conception reflects the U.S. self-image for the first century of its existence and a continuing theme for some political and intellectual leaders. A viewer using this lens sees the country as exceptional but seeking influence through example-setting rather than global engagement—that is, a country mostly determined to remain aloof and stay away from others' fights. This identity generally has strong civilizational overtones.
Defender of common goods and security	This identity involves the 20th- and 21st-century U.S. belief that the country is called to help stabilize world politics, not only to create a safe environment for itself but for the benefit of all. This identity encourages opposition to aggression, promotion of such norms as nonproliferation and counterterrorism, and adherence to norms and institutions that stabilize the world economy.
Capitalist hegemon	The U.S. capitalist identity reflects the powerfully free market: profit-seeking impulses that have guided the U.S. private sector and government action since its founding. The identity leads the United States to promote free but also fair trade and to prioritize actions that clear the way for private-sector profit-seeking.
Liberal democratic republic	One of the most loudly proclaimed of U.S. identities, this self-conception is grounded in the United States' foundation in creeds and values and leads it to actively encourage democratic transitions and to punish and coerce regimes that deny rights to their people. This identity is also very unevenly practiced: All U.S. administrations qualify this pursuit only when necessary.
Innovation nation	Since its founding, the United States has valorized innovation and discovery in science and technology and in other fields. This identity has generated scientific discoveries and technological progress since the 20th century partly as the result of government support.

self-described *national projects* in ways that are more ambitious than those of many countries. Each country aims to spread its influence and control and to achieve what it views as positive goals that are beyond the basic goals of survival or even simple prosperity. Even more so than some 19th-century great powers, both the United States and China have conceptions of themselves as exceptional countries destined to inspire and shape world politics. These conceptions can be zero-sum or not, but they generate some inevitable degree of tension between two countries that view themselves as the rightful stewards of global politics.

Summing Up: What Sort of Challenge—and What Sort of Competition?

China's overlapping identities leave it without a single, unambiguous set of norms, values, or even traditions as it plows forward toward ever-greater power. China is drawing on complex and, in some ways, contradictory sources of behavior, creating immense uncertainty. The country is a great power fueled by a complex and sometimes volatile mixture of classical Confucian values from its civilizational self-conception and fast-moving norms of its scientific and technological identity. It is a unitary, centralized, personalist dictatorship that cannot help but generate numerous centers of power through its state-led industrialization. Yet it is also a developmental state and classic great power whose interests are served by stability in the international system and by mitigating the reactions to excessive Chinese power.

The journalist Evan Osnos puts it well: “Thirty years after China embarked on its fitful embrace of the free market, it has no single unifying doctrine—no ‘central melody’—and there is nothing predestined about what kind of country it is becoming.”¹⁴² China's conception of itself, the norms it reflects, and the ideas that fuel its strategy are all in flux. Xi's autocratic rule might have concealed these tensions, making China seem more unified in its self-conception than is actually the case. But the tensions are real, as is the potential for China to move in starkly different directions in a post-Xi era.

Yet the six lenses we detailed do have some overarching implications. China embodies a tough and sometimes confrontational blend of great-power instincts, a potent sense of civilizational superiority, and Marxist ideological certainties. This heady mixture might already be producing dangerous levels of overconfidence from Chinese leaders who are convinced of China's historical destinies and its rivals' burgeoning weaknesses. Yet the same identities generate as much fear as confidence: Elements of all six lenses feed a sense of paranoia and siege mentality that would make excessive confrontation with China potentially as dangerous as appeasement.



We also see in these identities elements that make China different from the Soviet Union and introduce qualifications to the threat that China poses. These elements include a willingness to operate over very long time periods, a deep integration into world markets and a resulting national interest in global stability, an absence of any perceived need to convert other governments to its

own model, and multiple sources of domestic and global power other than ideological and military adventurism. Chinese leaders also crave legitimacy (as we learned that even Joseph Stalin did in the Cold War¹⁴³): China's civilizational narrative describes a respected and sincere country, and its Marxist-Leninist appeal to the developing world requires an image as a responsible nation.

These contrasting lenses also emphasize the importance, again, of one of our central themes: Both the United States and China are immensely powerful and ambitious states that have reached a crossroads with their prevailing models of national success. Key assumptions behind one or both models—such as largely unfettered globalization, cheap credit, and the ability to export without constraint—are under pressure. Both countries suffer from some version of the same malady: a degree of social disaffection and alienation, especially among the young, that expresses in forms as varied as loss of career ambitions, collapse of faith in social institutions, and mental illness. Evan Osnos explained after a visit to China in 2023 that the two words he heard most frequently to describe people’s mood were “bewildered” and “frustrated.”¹⁴⁴ One could say much the same about the United States today, the difference being that U.S. popular grievances express themselves in political outcomes more readily than China’s.

Each rival will maintain immense power almost regardless of the degree of social grievance and distrust poisoning their national psyches. But if the foundational goal for both the United States and China is to serve the needs of their people, how well and urgently each country responds to the difficulties of their respective social crises will ultimately play a critical role in determining the competition’s outcomes. This is not merely a contest grounded in the assembly of immense national power—military, manufacturing, or otherwise. It is a race to see which country best navigates the social upheavals of the early 21st century.



CHAPTER 5

What Does China Want?

In 1950, NSC-68 offered a stark hypothesis about the nature of Soviet power. “The Soviet Union,” the authors wrote, is “unlike previous aspirants to hegemony . . . and seeks to impose its absolute authority over the rest of the world.” This urge demanded “the complete subversion or forcible destruction of the machinery of government and structure of society in the countries of the non-Soviet world and heir replacement by an apparatus and structure subservient to and controlled from the Kremlin.”¹⁴⁵ This put the United States directly in the crosshairs of Soviet strategy. The authors said that, according to the Soviet Union, the United States’ “integrity and vitality must be subverted or destroyed” in order for the Soviet Union to achieve its goals.¹⁴⁶ “No other value system,” the authors of NSC-68 concluded starkly, “is so wholly irreconcilable with ours, so implacable in its purpose to destroy ours, so capable of turning to its own uses the most dangerous and divisive trends in our society.”¹⁴⁷

The authors of NSC-68 acknowledged limits to its stark portrait when they suggested that the United States—if it displayed sufficient strength and conviction—could, in fact, convince the Soviet Union to coexist with the democratic world.¹⁴⁸ But whatever the validity of this vision of the Cold War, a similar conception of Chinese ambitions—as a fanatically ideological state determined to substitute its governing system for other political-economic systems and to “subvert or destroy” other leading societies—does not fit the evidence. China’s legitimacy does not demand the destruction of freedom elsewhere. It does not seek to directly control the entire world by overturning other governments. Some of China’s initiatives, such as its industrial policy and security postures in Asia, are based in a degree of zero-sum thinking about competitive outcomes; however, more broadly, there is much in China’s strategy and behavior that suggests that its leaders recognize a need to coexist with other major power centers.



Most observers agree that China has little interest in a massive global military footprint or anything like formal imperial control over others imposed by People's Liberation Army (PLA) troops. China's most essential objectives focus on promoting national development and meeting the needs of its people (at least as the CCP defines those needs) and other self-defined objectives.

At the same time, it is important not to underestimate China's goals—especially under Xi and particularly as its rising power and influence feed a sense of entitlement and confidence. It is a reasonable inference from official and unofficial Chinese writings that “China's international strategy aims to establish the country's primacy in the Asia-Pacific region. It also seeks to establish Chinese leadership of the international order.”¹⁴⁹ This trajectory would lead to a situation in which “China will have surpassed the United States to become the paramount world power,” having the effect of “discrediting or weakening the appeal of the United States as an alternative” and leaving the United States as “a powerful, but clearly inferior, nation” that hesitates to oppose China on its vital interests.¹⁵⁰

Much here remains to be defined, such as what “leadership” means and what measures of paramount power China would seek. These answers will emerge in a contestation with the targets of Chinese power, and there is a significant difference between a great power's self-defined objectives and the outcomes it can feasibly attain. But as we

noted in Chapter 4, many aspects of China's strategic identity do promote a strongly China-centric, hierarchical view of international politics, one that readily supports a vision of China as the natural preeminent power in world politics. China might not be the ideologically adventurist regime that the Soviet Union was, but it possesses a far more energetic and adaptive socioeconomic system, and it craves control that threatens the sovereign autonomy of those who challenge its preferences.

Understanding China's goals is complicated by the fact that Beijing couches its objectives in vague and frustratingly open-ended formulations that leave much to the imagination (for outside analysts and for Chinese officials).¹⁵¹ China's ambitions remain a work in progress rather than a settled grand design;¹⁵² there is an organic, improvisational aspect to Chinese strategy. The most deeply informed observers disagree about what China covets, both within the Indo-Pacific and beyond it. Some of those competing voices come from former U.S. senior officials and intelligence analysts, suggesting that even classified information does not resolve the arguments.

Despite these challenges, the United States' strategy must rest on its rival's likely goals. What is equally important for the United States is the need to sense what China is willing to do to pursue those goals: What risks will it run, how aggressive is it prepared to be, and what tools is it ready to use? These questions are the focus of this chapter.¹⁵³

Defining China's Goals: Broad Categories

The CCP's goals begin with core domestic objectives: to preserve domestic stability and harmony and to guarantee CCP control over society. These aims are grounded in China's modern (and ancient) history, which has been peppered with uprisings, dynastic conflicts, invasions, civil wars, and other forms of large-scale domestic unrest. Avoiding such outcomes at home is the highest priority of those practicing Chinese statecraft.¹⁵⁴ In particular, Xi's leading obsession (from an internal standpoint) has been to reestablish the position of the CCP in the Chinese government, which he saw as having eroded dangerously during the tenure of China's previous two leaders.

The precedence of domestic stability and control establishes an important constraint on belligerent and disruptive actions that might lead to instability. This rule might not always hold, and a future CCP regime could become confident enough in its own domestic surveillance and enforcement capabilities that these fears would subside. But the basis of everything for the CCP—and indeed for any Chinese regime—rides on domestic stability.¹⁵⁵

Beyond domestic control, the CCP's guiding objective has been national development, or national "rejuvenation," which has often been broadly conceptualized as realizing the "China dream."¹⁵⁶ The regime has defined several milestones along this road. The CCP stated that, by 2021 (the 100th anniversary of the CCP), it would "build a moderately prosperous society," which was essentially a determination to end widespread poverty. Xi added a goal for 2035: to "basically achieve socialist modernization" and become a fully modern country across aspects of society, the economy, and government. The ultimate development goal is for 2049, the 100th anniversary of modern China, by which time the CCP intends to "build a modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious (and beautiful)."¹⁵⁷

These are broad injunctions, but China's five-year plans and other planning and strategy efforts translate the goals into hundreds of specific near-term objectives, all designed to contribute to the economic, technological, and military development of China.

Those domestic goals exist alongside a broader ambition that has profound geopolitical echoes: to restore the rightful place of Chinese power after the much-discussed "century of humiliation."¹⁵⁸ The CCP has embarked on a comprehensive effort to recapture what it sees as China's appropriate position toward the top of global hierarchies of power. What this means, precisely—that is, what degree and kind of power China requires to meet these goals—remains hotly contested in China and abroad. But there is no question that it demands a more dominant Chinese position globally.¹⁵⁹

Importantly, this vision of China's leading position is about economics, science, technology, and international networks more than it is about military power. Official statements, strategy documents, and other evidence make it clear that China's conception of national power is grounded in its nonmilitary potential.¹⁶⁰ China aims to become the world's dominant manufacturing and trading power, science and technology power, and hub of critical exchange networks. Although Chinese statements and expert analysis recognize the potential for major war with rivals, the clear preference is to avoid conflict and achieve Beijing's goals through nonmilitary influence.

The sections that follow examine China's international ambitions in more specific terms. We first review China's broadest goal of reshaping the international order to protect and advance its interests. We then catalog a series of more discrete goals, which together represent a widely agreed-on agenda for China's strategy. We conclude the chapter with some thoughts about making sense of that agenda and through doing so better understanding the nature of the China challenge.

Beijing's Intent to Shape the International Order

In the broadest (and to some degree most elaborate) sense, Chinese leaders aim to reestablish the country's position at the apex of world politics, at least in terms of general position, respect, and overall influence. They seek to "reclaim their country's centrality on the global stage," believing that "the last two centuries in which China was not the dominant global economy were an historical aberration."¹⁶¹ The urgency of this objective is based on the sense that China's time has come: The United States and the West are in decline, and the moment has arrived to stop "hiding and biding" and be more direct in the pursuit of these goals.¹⁶² The *2026 U.S. Intelligence Community Threat Assessment* puts it as follows:

President Xi and his government aim to achieve "the great rejuvenation of the Chinese nation" by 2049. China will seek to increase its power and influence to shape its region and world events; create an environment favorable to Chinese interests; overcome perceived containment efforts by the U.S.; secure its freedom of movement at sea; reduce U.S. military presence and operations on its periphery; and fend off challenges to its reputation, legitimacy, and capabilities at home and abroad.¹⁶³

The envisioned future in which China is at the center of power is reflected in multiple Chinese foreign policy concepts, notably the "community of common destiny for all mankind," a "new type of great-power relations," and the Chinese Civilization Initiative (see Table 5.1). These initiatives reflect China's desire for a greater role and voice in shaping international politics, but it is not clear how much actual control China wants or seeks. Beijing wants to shape narratives and outcomes in world politics to its advantage, but it might not be especially interested in the burdens of consistent leadership on many global issues. The initiatives are a low-cost way for China to draw other countries into its orbit and appear to be a leader; however, the substance—and price tag—of China's involvement remains relatively modest.

In the process, Chinese leaders hope to reorient the international system in ways that reduce constraints on Chinese statecraft. Beijing does not crave classic forms of imperial control over other countries. It desires, instead, the freedom to take unilateral action to promote its interests as it sees fit and an international system that is compliant enough to stay out of its way.¹⁶⁴ In some cases—as in the right to bully and coerce others in territorial disputes—these actions directly contradict the rules of the postwar system that the United States has sponsored and defended. In such disputed territories, the U.S.-China competition represents irreconcilable conflicts.

In a wider sense, some analysts see China's effort as designed to take a very specific form: to reestablish an ancient form of a hierarchical and coercive relationship with countries in the region (and possibly beyond) that has been described as the "tributary system." In this structure, China's relationships with surrounding countries would reflect Chinese cultural superiority and require displays of obeisance and subjugation, as well as payments of tribute, in exchange for good treatment. Some scholars even display admiration for the periods allegedly characterized by this system, suggesting that the relationship's historical variants produced a peaceful Asia by embodying a form of quasi-voluntary cultural domination that took the place of more-violent military conquests.¹⁶⁵ However, many scholars argue that nothing like a formal tribute system ever existed. Chinese empires did not describe their diplomacy in these terms, as some scholars point out. Many dynasties waged numerous wars, contradicting the image of a system that traded interstate war for a peaceful, if unequal, hegemony.¹⁶⁶

More broadly, observers debate the degree to which the current Chinese leadership seeks hegemony or predominance globally—specifically, to displace the United States as the undisputed leader of the international system.¹⁶⁷ Many experts suggest that this is precisely what China wants. Others take solace from Chinese public statements that disclaim any ambition to global leadership.¹⁶⁸

Table 5.1. China's Global Initiatives

Initiative and Date(s)	Concept and Focus
Community of Shared Destiny (or Future) for Mankind (2007)	This is a concept and phrase the CCP has used to describe its intended revision of the international order. It is accompanied with rhetoric about China's peaceful intentions, but the practical content of the concept is unclear. Official speeches have indicated several leading elements: an emphasis on the UN as a global convening authority, an endorsement of national sovereignty, and a call for the "democratization" of international politics, essentially implying a reduction of U.S. unipolar influence.
Belt and Road Initiative (September–October 2013)	This initiative was more of a practical development program than a conceptual initiative, but it contains elements of systemic ideas. This massive infrastructure initiative aims to connect Asia, Europe, Africa, and beyond through physical infrastructure projects, including roads, railways, ports, and energy pipelines. It addresses regional connectivity, trade facilitation, and economic integration, and it has become China's flagship foreign policy program.
Regional Comprehensive Economic Partnership (February 2022)	This partnership is a free-trade zone of 15 countries, most of which are Association of Southeast Asian Nations members but also including Australia and New Zealand, which—when including China's size—counts as the world's largest trading bloc by GDP and population.
Global Development Initiative (September 2021)	This initiative aims to accelerate the implementation of the UN's 2030 Agenda for Sustainable Development, which emphasizes six core principles: development as a priority, a people-centered approach, benefits for all, innovation-driven development, harmony between humanity and nature, and results-oriented actions. The initiative covers poverty reduction, clean-energy access, inequality reduction, and mobilization of development resources.
Global Security Initiative (April 2022)	This initiative promotes "common, comprehensive, cooperative and sustainable security" with six commitments, including respecting sovereignty and territorial integrity, abiding by UN charter principles, addressing all countries' security concerns, and peacefully resolving disputes. It seeks to (1) reframe security debates in ways favorable to China, (2) propose alternative security norms (e.g., noninterference, respecting all states' security concerns), and (3) build China's role in global security cooperation. ^a
Global Civilization Initiative (March 2023)	This initiative emphasizes respect for the diversity of civilizations, common values of humanity (peace, development, equity, justice, democracy, and freedom), cultural exchanges, and mutual learning. It emphasizes that countries should not impose their values on others and should respect each state's sovereignty and path to modernization.
Global Governance Initiative (September 2025)	This initiative is intended to integrate and extend the prior initiatives into a broader China-led governance framework. The initiative proposes reforming global governance through five principles: sovereign equality, international rule of law, true multilateralism, a people-centered approach, and concrete actions. It aims to increase the representation of the Global South, address governance deficits, and create a "more just and equitable global governance system." ^b
Issue-specific initiatives (2015–2025)	China has announced a raft of conceptual and institutional initiatives to enhance its influence in the international system. These include the following: <ul style="list-style-type: none"> • New Development Bank (2014) • Space Silk Road (2014) • Global Energy Interconnection (2015) • Digital Silk Road (2015) • Asian Infrastructure Investment Bank (2016) • Health Silk Road (2017) • Polar Silk Road (2018) • Global Data Security Initiative (2020) • Global AI Governance Initiative (2023)
International forums for dialogue and policy	Beijing has been constructing a growing set of international organizations, forums, and conferences designed to offer convening power and influence on global narratives. These now include the following: <ul style="list-style-type: none"> • Shanghai Cooperation Organization • Various "Groups of Friends" (e.g., Global Security Initiative, Charter of the UN) • China–Central and Eastern European Countries Cooperation • Forum on China-Africa Cooperation • Boao Forum for Asia • International Organization for Mediation • Lancang-Mekong Cooperation • China-Arab States Cooperation Forum • China–CELAC (Community of Latin American and Caribbean States) Forum • BRICS (Brazil, Russia, India, China, and South Africa) Summit Process

^a Ministry of Foreign Affairs of the People's Republic of China, "The Global Security Initiative Concept Paper."^b Ministry of Foreign Affairs of the People's Republic of China, "Concept Paper on the Global Governance Initiative."



One middle-ground view would be that China *does* intend to surpass the United States—but China neither intends to replace every aspect of U.S. global power or posture nor expects a world in which it has surpassed U.S. power so completely that it no longer has to deal with the United States as any kind of peer.

The CCP has typically not sought to export or promote the “China model” as one that could be easily applied to other contexts—but under Xi, China has begun to shift this approach. In a 2023 speech, Xi told senior officials, “We neither intend to nor have plans to export Chinese modernization of the ‘China model.’”¹⁶⁹ But he went on to say that “Chinese modernization has set an example for many developing countries to pursue modernization with independence and autonomy, and it will inevitably serve as a reference for some of them.”¹⁷⁰ The content of China’s foreign policy initiatives shows that

Xi’s China increasingly sees itself as an example.¹⁷¹ That policy remains a far cry, however, from active subversion to destabilize other governments and substitute them with communist regimes.¹⁷²

One aspect of these tendencies has become more evident—and concerning: China’s growing emphasis on exporting tools of social control, ranging from facial recognition and closed-circuit television systems, to “Big Data” assessments and law enforcement training, to the harassment of ethnic Chinese abroad.¹⁷³ These relationships are generally demand-driven, and China is encouraging the supply rather than making a wide-ranging effort to change governing systems around the world. But China does have an integrated, systematic effort to deepen relations with others, especially with many developing countries—a process in which sharing surveillance technology and security training can play a major role.

China's Ambitions: Getting Specific

Many observers have noted that China's foreign policy concepts are frustratingly elusive and leave substantial uncertainty in attributing Chinese behavior to specific intentions. Yet agreeing on the meaning of some more discrete goals might be possible. The following objectives make up something close to a consensus among a wide variety of China experts (but even with these issues, China's ambitions remain broad and flexible and leave significant room for interpretation). In this view, China seeks to accomplish the following.

Become the world's dominant economic, manufacturing, and technological power. This is, in some ways, the foundation for all the other objectives. One desirable side effect of this broad goal for Beijing is that such a position will make it difficult—if not impossible—for other countries to contest Beijing's demands on China's leading interests. What this goal looks like in practice remains unclear in terms of the level of power Beijing aims to gain over others through these domains. But such strategies as Made in China 2025 spell out clear industries and domains that are the target of this ambition, and China's tactics in achieving preeminence in such sectors as solar energy, EVs, and batteries speak to the sorts of outcomes it desires.

Achieve a clearly predominant position in Asia. Chinese leaders seek to reestablish a situation they believe to be the historical norm and China's natural destiny: to be the principal power in Asia. Yet this goal is as vague as it is widely agreed on. It is not clear what regional predominance actually looks like or just how much control over others' decisionmaking Beijing would need to see to have achieved it. As an element of China's general sense of hierarchical superiority, Beijing does appear to seek some degree of deference from regional states of a formal hierarchy with China on top.¹⁷⁴

Diminish the role of the United States in Asia, especially in security terms but also more broadly, in an "Asia for Asians" vision with China at its apex. In its more ambitious versions, this goal would include abrogating U.S. regional alliances and pushing most U.S. Navy operations out of the Western Pacific.¹⁷⁵

Establish clear military superiority on China's periphery and eventually out into the Pacific. This goal can be seen as offensive or defensive. In the latter sense, China aims to protect itself with a buffer zone of military predominance, one in which the United States and other countries will be hard-pressed to operate. Establishing such local superiority can then help the regime achieve one of its most important military goals: creating a "counter-intervention" capability to neuter U.S. responses to operations around Taiwan. In the long term, this goal could mutate into the development of more-threatening guises. China could use dominance in its periphery as a foundation for more-distant, militarized power projection. But there is little evidence that Chinese officials are anxious to lay the groundwork for military adventurism against major countries.

Resolve territorial disputes in its favor. China has several outstanding territorial disputes, most notably over Taiwan but including several bilateral disputes in the South China Sea and one with Japan over the Senkaku Islands (which is the Japanese name; the Chinese name is the Daiyu Islands). Chinese officials have, at various times, defined both the South China Sea and the East China Sea disputes as "core interests," only for others to issue statements that backtrack from those pronouncements.¹⁷⁶ Beijing has rejected the idea of negotiations over these high-priority disputes and seeks to resolve them on its own terms.

Gain control over political action and speech in other countries. One of the CCP's most troubling objectives is to dictate other countries' domestic policies on issues of concern to China. Some leading examples are China's campaigns to ensure that U.S. films

depict China in a positive light and do not touch on any sensitive issues, silence pro-Taiwan movements abroad, force U.S. technology companies to censor online speech that contradicts the CCP's claims, and demand that U.S.- or Europe-based clothing firms disavow promised bans on using cotton from Xinjiang (home to the repressed ethnic Uyghur minority group¹⁷⁷). Chinese agencies have harassed foreign academics who have focused on China's human rights practices.¹⁷⁸

One of the most telling examples of what these demands for other societies' control might look like appeared in a Chinese diplomatic communication called the "Fourteen Grievances." This was a list of actions by the Australian government that were offensive to Beijing—delivered with the strong implicit demand that Australia cease those behaviors. The list of complaints, which was deliberately leaked by the Chinese embassy in Canberra in November 2020, included Australia blocking Chinese investment projects and banning Huawei and ZTE on national security grounds; enacting new foreign interference legislation; calling for an independent inquiry into the origins of COVID-19; "interfering" in affairs related to Xinjiang, Hong Kong, and Taiwan; complaining at the UN about China's claims in the South China Sea; funding an unnamed "anti-China think tank" (a clear reference to the Australian Strategic Policy Institute in Canberra); accusing China of cyberattacks; allowing "antagonistic" media reports about China; criticizing the CCP (by Australian members of parliament); and tolerating racist attacks against Chinese people.¹⁷⁹

This particular set of demands is representative of the degree of influence Beijing increasingly pursues over others, and it is based on a presumption that the world needs to defer to China's demands on issues of great import to Beijing.¹⁸⁰ As part of this drive, Beijing seeks to control the activities of Chinese citizens abroad and even Chinese ethnic populations in other countries. It views all ethnic Chinese as part of a unified global Chinese family and routinely intervenes to deny free speech and association rights to Chinese students and workers abroad.¹⁸¹

Making Sense of China's Goals

Our review of the literature on China's global ambitions leads us to three broad conclusions—two bracing and one slightly reassuring. First, CCP leaders appear to envision a future in which China is the world's preeminent power—whatever that means. The official government language of Xi's tenure combined with long-standing Chinese self-conceptions strongly suggest an intent to establish China as the leading country in international politics without necessarily supplanting every aspect of U.S. power or even superseding the United States as a peer competitor. China's new position would be grounded in economic, scientific, and technological power but have important military, informational, and cultural dimensions.

Second, in pursuing that aim, China is already displaying a powerful tendency that reflects the spirit of a tribute system, even if the historical reality of such a structure remains disputed. CCP leaders increasingly expect hierarchical predominance and a significant degree of deference from other countries in their region and, increasingly, beyond it.¹⁸² This impulse includes an intent to reach into other societies to ensure favorable outcomes. Chinese officials approach this agenda with a powerful sense of civilizational superiority and ideological certainty, apparently intent to create an expectation that, on especially important issues, deferring to China is the natural order of things.¹⁸³

Yet a third conclusion is that, at least for now, there remain important constraints on what Beijing is trying to achieve and how aggressively it is willing to pursue its goals, at least compared with historical examples of militarized revisionism. Beijing remains allergic to the idea of being called on for reliable and consistent leadership on many international issues, from maritime security to climate to the resolution of regional conflicts. In that sense, Beijing is not ready—and some doubt if it ever will be—to fully adopt the U.S. role of providing global public goods.¹⁸⁴ Nor is there much evidence that China demands, or even has much sympathy for, the idea of large-scale territorial aggrandizement. China clearly desires a sphere



of influence. It wants specific territorial disputes resolved in its favor. But looking out to 2035 and even beyond, there is scant reason to think that Beijing will contemplate invasions of Luzon in the Philippines; Okinawa, Japan; northern Australia; Vietnam; India; or other nearby countries. It wants submissiveness, not an empire.¹⁸⁵ The goal would be a form of “partial hegemony,”¹⁸⁶ although Chinese sources do not offer precise clarification of what that actually means, and in practice its details would have to be worked out in a complex and difficult give-and-take with other countries.¹⁸⁷

Chinese leaders also appear to believe that nonmilitary and, where possible, nonaggressive approaches to getting what they want are more effective and sustainable than direct military action. China’s strategy does not seek the overturning of other governments; it aims to have a veto power over issues of special importance to China’s interests, but otherwise, it seeks limited direct control over other

societies. Beijing has also developed very effective positive tools to achieve its objectives: It has many incentives to offer, both to countries as a whole and to specific foreign leaders, officials, journalists, and businesspeople: investments, cheap and effective technology networks, trade concessions, infrastructure projects, all-expense-paid junkets to China, and much more. Increasingly, the language of Xi’s global initiatives suggests that Beijing is aiming to offer itself as the solution to countries’ problems at a time of global turbulence.

China’s theory of success is neither grounded first and foremost in military adventurism nor one based on a willingness to be an unambiguously rogue actor in the manner of an Iran or Russia. Chinese officials appear to seek predominant power of so many flavors that other countries will have no choice but to submit when Beijing demands it. This would be a unique theory of success for modern great powers, one that is more coercive, intrusive,



and autocratic as a rule than the United States; less politically subversive and revolutionary than the early Soviet Union; and lacking the military adventurism of 1930s Japan, Italy, or Germany.

One piece of evidence for Beijing's restraint and understanding that good relations with others are essential to its long-term goals is the fact that—although it retains several notable territorial disputes—in the modern era, Beijing actually resolved the majority of those disputes through compromise and negotiation. In some cases, China has surrendered more than 90 percent of the land it claimed to Nepal, Burma, Mongolia, North Korea, Afghanistan, Pakistan, Laos, Kazakhstan, Kyrgyzstan, Tajikistan, and Vietnam. Modern China is more than 3 million square kilometers smaller than the Qing dynasty at its peak, but China has no aggressive revisionist claim to the rest of that historical territory.¹⁸⁸

It is useful to conceive of any great power's goals as a combination of what it would like, in an ideal world, and what it is willing to pay a major price to obtain. As it pursues its goals—and despite its burgeoning economic and military strength—China, like all great powers, has to respect the difference between those two things and balance competing priorities. As the strategy expert Richard Rumelt explains,

The idea that a person or organization has one or two primary driving goals is simply not true. . . . The reality is that most people and organizations have a “bundle of ambitions.” That is, they have multiple intentions, visions of the future, and things they would like to see or achieve. Some things in this “bundle” conflict with one another—not all can be achieved together.¹⁸⁹

This notion is very relevant to today's China: It has a bundle of ambitions, many of which are in tension with one another. It can only be so aggressive, for example, while earning global support for its role as the world's leading nation.

Aspiring to achieve an ambitious list of objectives is different from achieving them. Too often, analyses of the U.S.-China rivalry list China's ambitions as if success were inevitable. History suggests otherwise: Great powers rarely achieve sweeping aims that threaten others' interests. More often, the great power meets resistance, limits, and disappointment.

One way to think of China's behavior, then, is as a menu of priorities, which China consults and balances when making any specific decision. When approaching a specific policy issue, Chinese leaders assess their position relative to their priorities,

how the issue will affect them, and which issues need to take precedence for a specific decision.

Perhaps the single most important variable complicating China's pursuit of its most elaborate goals lies in the reactions of other countries. Will third parties—notably Europe, Japan, India, and South Korea (but more broadly as well)—accept rising Chinese coercion, demands, and trade dependency? Will they stand up to China's bullying and efforts to meddle in their internal politics? Will they continue to prioritize good economic relations over balancing?

During Xi's tenure, China has taken dozens of actions seemingly calculated to alienate others, spur resentment and fear of China's power, and generate practical balancing against China's influence and demands.¹⁹⁰ Edward Luttwak has argued that this emerging pattern reflects the “paradoxical logic of strategy,” which “mandates growing resistance to growing power.” Luttwak argues that China is an especially unselfconscious and narcissistic great power, one with a congenital “insensitivity to foreign sensitivities” that he terms “great-state autism.” A continuing drive to new heights of power, especially if conducted with growing belligerence, would “ensure that instead

of accumulating more power, [China] will remain with less as resistance mounts.”¹⁹¹ China has studied historical examples of power overreach and seems to understand this. Yet its burgeoning power, civilizational hubris, and autocratic instincts have undermined its ability to act on this recognition.

China desires dominant power in Asia but also to be seen as a benevolent and natural leader. It is determined to push other contenders out of its territorial claims but also ease fears to help create the conditions for the departure of U.S. forces from the region. It seeks to dominate global manufacturing and digital networks but also sustain stable trade relations with other countries. A significant component of Chinese strategy and behavior involves an ongoing effort to rationalize the obvious tensions among these goals. Those strains will only intensify as and when Beijing's behavior becomes even more aggressive and its ambitions more extreme. This is arguably the central dilemma facing Chinese statecraft: China cannot achieve its major goals without degrees of belligerent and coercive statecraft that will generate decisive push-back against its ambitions.

The real story of China's next decade lies not merely in what it wants but in what other countries



are willing to tolerate and, in the complex process of power grabs and balancing responses, how Chinese leaders prioritize competing goals, navigate trade-offs, and calibrate risk. A China more willing to get tough to achieve its goals will generate increasingly angry and forceful responses. China can, arguably, either push to achieve maximalist objectives in many domains or sustain good relations with countries that are necessary to the many economic, political, and cultural components of China's global vision. It cannot do both.

The task for U.S. strategy, then, is twofold: name the issues and places where Chinese dominance cannot be accepted, and marshal the resistance generated by China's aggressive behaviors against those specific ambitions. The expansiveness of China's ambitions is concerning, but it is also a major support to U.S. strategy. History has been unkind to powers bent on controlling others' destinies.



CHAPTER 6

A Framework for Understanding the Competition: Seven Issue Areas

One of our leading purposes in this phase of our study is to map the contours of the U.S.-China relationship. What are the primary sources of national power and competitive advantage? In the struggle for geopolitical influence, which forms of power are most decisive? A framework could provide guidance for developing strategies and investments to compete across the relationship's main elements.

To create such a framework, we undertook several lines of analysis. We reviewed the elements of and literature on contrasting U.S. and Chinese frameworks of national capability: the U.S. diplomatic,

informational, military, economic, financial, intelligence, and law enforcement concept and China's idea of comprehensive national power (of which there are several competing versions). We examined relevant RAND work on the U.S.-China relationship and on the societal foundations of national competitiveness. We reviewed other literature on broad national power, including leading indexes of power. (These sources are cited elsewhere in this report and are included in the list of references.) From these sources, we derived an initial set of about a dozen critical domains of the relationship

and its competitive aspects—that is, the main fields on which the contest will be played out.

We then subjected that list to several months of assessment and critique: first among ourselves, then in cooperation with a group of senior RAND analysts, and finally with the support of an outside group of China scholars.

From this continuing assessment and dialogue, we honed the list of core issue areas down to seven and added two crosscutting analytical efforts—one focused on a systems analysis of the relationship and the other on aspects of society and governance. Figure 6.1 depicts these issue areas and the priority topics that we have identified within each area. As depicted in the figure, two of the issue areas—domestic economics and science and technology—stand above the others as foundational domains of the competition. The other five issue areas represent critical supporting domains.

All these issue areas are expansive and complex topics. To focus our efforts, we began with a wide-ranging survey of the areas with two main purposes. We sought to understand all the major elements of the issue area and, from those elements, identify three or four high-priority topics for investigation. Using those priorities, we suggested critical research questions to ask of each area.

In the sections that follow, we describe the key aspects of each issue area. We first define the issue, then offer a short background on its role and importance in the competition. We then describe the priority sub-issues we investigated. The result is a comprehensive map of the most-essential areas of the U.S.-China competition—a map that can eventually support an integrated set of investment priorities.



Figure 6.1. Mapping the U.S.-China Competition: Issue Areas, Priority Topics, and Crosscutting Themes

Foundational Issue Areas: Highest Priority

Domestic economics	<ul style="list-style-type: none"> • Industrial productivity and agility • Stable consumption • Fiscal solvency and debt management • Employment opportunities and inequality
National scientific and technological innovation capacity	<ul style="list-style-type: none"> • Novel scientific discoveries • General purpose technologies (GPTs) • Diffusion of breakthrough ideas

Supporting Issue Areas

Resources and materials	<ul style="list-style-type: none"> • Determining criteria for resource criticality • Evaluating relative positions in lithium, liquified propane, and neodymium and praseodymium • Evaluating competing strategies for energy policy
Information, ideology, and culture	<ul style="list-style-type: none"> • Amplifying narratives and weakening rival narratives • Legitimizing narratives and undermining credibility • Fostering cultural affinity
Diplomacy	<ul style="list-style-type: none"> • Multilateral diplomacy • Military and security diplomacy • Issue-specific diplomacy
International economics	<ul style="list-style-type: none"> • Trade • FDI • Use of coercive measures and sanctions • Financial flows and institutions
Military	<p><i>The contest to dominate future warfare, including</i></p> <ul style="list-style-type: none"> • Battlespace transparency • Autonomy (human and machine) • Closing kill chains

Crosscutting themes that integrate issue areas:

Society and governance

Network and systems dynamics

Domestic Economics

We define the issue area of *domestic economics* as the economic structures, institutions, systems, policies, processes, transactions, and behaviors that are conducted entirely within the sovereign borders of a country. These core elements, which might be wholly or partially owned and driven by public- or private-sector actors, underly a country's domestic production, consumption, and trade.

Background

Economic rivalry is pivotal to understanding the strategic dynamics between the two largest economies in the world: the United States and China. Many elements of domestic economic strategy are not inherently competitive, but each country is taking actions designed to boost its relative position. Although trends favoring industrial policy and renewed focus on select areas in the technology sector (e.g., semiconductors and AI) have led to growing convergence of their science and technology standing, the two countries remain starkly divided in their overall political and economic approaches to stimulating productivity and innovation, encouraging domestic consumption, managing debt and fiscal solvency, and fostering market-based (versus state-driven) solutions to allocate wealth and employment opportunities.

The United States' and China's competing economic visions shape how they leverage their regulatory tools and fiscal and monetary policies in pursuit of achieving asymmetric advantages in emerging markets and technologies that are critical to the 21st-century service and knowledge economies. For both countries, key friction points are foreign imports that compete with or crowd out their own domestic production. The competition from these external sources introduces vulnerability and potential instability in domestic consumption (such as supply chain shocks that cannot be readily absorbed), and external sources also substitute for and discourage domestic production and innovation.

For both the United States and China, encouraging industrial productivity and stimulating innovation, especially in high-tech sectors and advanced manufacturing, will be critical in shaping which state gains (and holds) an overall economic advantage. If one country can achieve a decisive advantage in those key sectors, the country could crowd out or price out competitors and control the supply of critical technologies and goods. Which approach

is more efficient and resilient over time remains an unresolved and essential question to understanding U.S. and Chinese competition through industrial productivity and innovation. How these economies will respond to structural challenges (e.g., rising inequality, long-term unemployment) and how they handle disruptive shocks (e.g., debt and banking crises, employment shocks from new technologies) together represent a decisive factor in long-term competition.

Focus Areas

Using our definition of domestic economics, we disaggregated this issue area into three core components. These components are production and innovation, consumption and debt, and trade and inequality. Drawing on our initial literature review, we identified a series of potential topics for follow-on research. We further refined this list to a set of priority focus areas using our common selection criteria. This process culminated in the following four priority areas:

- **Industrial productivity and agility.** This focus area explores the relative advantages and disadvantages of U.S. and Chinese industrial policies in shaping investment and innovation in critical technology and manufacturing sectors.
- **Stable consumption.** This focus area explores the challenges and opportunities that the United States and China face in sustaining or encouraging consumption as a driver of macroeconomic growth.
- **Fiscal solvency and debt management.** This focus area explores how the two countries can address growing fiscal challenges that threaten existing social-welfare systems without sacrificing the countries' macroeconomic stability.
- **Employment opportunities and income inequality.** This focus area explores how the countries' policy tools and instruments can mitigate the disruptive effects of new technologies (e.g., AI, automation) on jobs and wages.

National Scientific and Technological Innovation Capacity

We define *national scientific and technological innovation capacity* as a country's ability to produce and diffuse scientific knowledge and technological innovations.

Background

National scientific and technological innovation capacity contains three major components: scientific capacity, technological innovation capacity, and diffusion capacity. Scientific capacity generates the knowledge base from which discoveries emerge. Technological innovation capacity converts these discoveries into usable technologies. Diffusion capacity determines the extent to which these technologies are adopted and spread. Together, the capacities shape whether scientific and technological efforts translate into a durable national advantage.

National scientific and technological innovation capacity can have a positive effect on other dimensions of strategic competition. New technologies can enhance a country's ability to fight and deter adversaries, collect intelligence, influence the international economic system, and conduct diplomacy.

The argument for national scientific and technological innovation capacity being a driver of competition's other dimensions is perhaps most evident in its role in promoting long-term economic growth, which is a major determinant of geostrategic outcomes. There is strong empirical evidence that scientific advancement and technological innovation are critical drivers of long-term economic growth. Endogenous growth literature argues that investments in R&D generate increasing returns to scale because the output—new scientific or technical knowledge—is nonrivalrous and partially excludable. *Nonrivalry* means that knowledge can be used by multiple individuals or firms without diminishing its availability, while *partial excludability* allows innovators to capture some of the benefits of their discoveries through intellectual property protections. Because such knowledge also produces spillovers to other firms and sectors, the social returns to R&D often exceed its private returns, creating positive externalities that amplify returns to R&D investments over time.

Careful analysis of the state of play in the U.S.-China technology competition reveals a consistent finding: China is no longer merely an *emerging* scientific and technological power—it is now a true peer to the United States and leads the world in many critical scientific and technological domains.

Focus Areas

Not all increments of scientific or technological development have equal impact on national scientific and technological innovation capacity. Some scientific discoveries, such as the development of the clustered regularly interspaced short palindromic repeats–associated genome editing system (CRISPR-Cas), have long-lasting and widespread downstream effects, creating new fields or opening up new technological possibilities. Some technological innovations create wholly new economic sectors or have wide-ranging impacts on many economic sectors. These benefits are often disproportionately accrued by the country in which the discovery is made because of first-mover effects, de facto or de jure standardization, and network effects. For this reason, we focus on a subset of new scientific and technological advances shown to exhibit these positive returns to scale and thus contribute significantly to long-term strategic scientific and technological advantage:

- **Novel scientific discoveries.** In our baseline assessment, we describe the relative standing of the United States' and China's national scientific capacity. However, we are not only interested in understanding status quo scientific capacity. We also want to investigate which country is positioned to be the global scientific leader in the future. To this end, we consider each country's recent record in producing highly novel scientific discoveries.
- **GPTs.** Because we are interested in which country is poised to lead in the future, we also direct our focus to GPTs—a class of technology that plays an outsized role in driving economic growth and technological innovation. Our motivation for focusing on GPTs stems from two of the technology's closely related features: their role in spawning new rounds of innovation and their contribution to economic growth. GPTs serve as enabling technologies, creating new opportunities for profitable investments.
- **Diffusion of breakthrough ideas.** In addition to assessing a country's ability to produce novel science or develop GPTs, understanding how quickly and widely a country can diffuse important new knowledge is critical to evaluating scientific and technological leadership. The final pillar of our framework, diffusion capacity, captures this dimension. A country's ability to adopt, scale, and embed scientific advances—both domestically and internationally—is a major determinant of the country's long-term strategic advantage in innovation.

Resources and Materials

Resources and materials are the primary products used for intermediate consumption that are critical for a country's economy, national defense, or civil functions. We define *resources* as the power-generating primary products (i.e., energy) derived from minerals or natural sources used for the current economic reality, including extracted fossil fuels (such as crude petroleum, oil shale, natural gas, and coal), as well as renewable energy (such as wind, hydroelectric, and solar power). *Materials* refers to the primary products (or raw materials) used as inputs in the manufacturing process to produce the required machinery and structures of the current economic reality. These include nonfuel inputs, such as metal ores, timber, and rare earth elements.

Background

In the context of strategic competition, resources and materials are critical for the economy, national defense, or civil functions. For the United States, this issue area has mainly focused on *critical minerals* (what has been defined in various ways) because of China's dominance in exporting rare earth elements and the United States' resulting dependence on China for such exports to fulfill many of its most critical manufacturing and defense needs. However, resources—in the form of energy—also play a central role in the competition for China because it seeks to reduce its reliance on foreign energy and the associated critical vulnerabilities that come with such a reliance.

These realities have directly shaped the nature of U.S. and Chinese policymaking regarding the issue area. Policymaking on critical minerals has figured prominently in overall U.S. policy toward China, while U.S. energy policy concerns rarely feature in China's energy policy because of China's relative energy independence and net exporter status. For China, resources are viewed as a core component of its overall national security policy, and a move toward renewable energy to minimize dependence on foreign energy sources is the main feature of Chinese energy policies. At the same time, China leverages its dominance of the global rare earth elements market to exert influence in this and other issue areas within the strategic competition.

Focus Areas

We identified the following three topics as subcomponents for this issue area:

- **Determining criteria for resource criticality.**
This focus area involves identifying a standardized set of criticality criteria and applying them to select resources and materials.
- **Evaluating relative positions in critical materials.** This area involves evaluating competing U.S. and Chinese advantages and vulnerabilities regarding critical materials, relevant projected advantages and vulnerabilities out to 2035, and strategic implications for the broader competition.
- **Evaluating competing strategies for energy policy.**
This area involves evaluating competing U.S. and Chinese advantages and vulnerabilities in energy policy and supply, projected advantages and vulnerabilities out to 2035, and strategic implications for the broader competition.

Information, Ideology, and Culture

Information, ideology, and culture contribute heavily to shaping public discourses at the global and local levels, setting political agendas, and perpetuating or undermining norms and rules. Therefore, they are key components of the United States' and China's soft power. They represent a domain of competition in which both countries are investing resources to both advance their narratives and values and to counter narratives and values perceived as hostile. The effectiveness of these efforts in shaping public opinion and perceptions, however, is often difficult to assess.

Background

Information, ideology, and culture are largely intangible assets that shape attitudes and values. Information is the medium of narrative power, ideology provides the interpretive lens for legitimacy, and culture refers to the shared values through which communities make sense of the world. All contribute to shaping perceptions and attitudes.

The CCP sees information, ideology, and culture as a front line of great-power rivalry and uses “discourse power” (话语权) as a strategic lever to defend the regime's legitimacy at home and shape opinion abroad. The CCP pursues an integrated strategy of promoting its preferred narratives and values and countering perceived threats to its authority.

The United States has long recognized the importance of both promoting its narratives and values and countering adversary narratives and influence to safeguard its national interests. There is, however, a lingering tension between the promotion of specific discourses and upholding freedom of speech. The level of institutional resources devoted to information and promoting U.S. values has varied over time.

The importance of information in competition and the financial and institutional investments that the United States and China have made in this domain have been thoroughly documented. There is also substantial literature on efforts by the United States and China to limit the reach of the other's media, including social media, and to prevent the adoption of the other's communication technology and infrastructure. Less is known about the success or failure of these efforts. We also have an incomplete understanding of the relative advantages and disadvantages of operating in an environment of media control (i.e., China) versus an environment in which media companies are generally privately owned and free to determine the content of their messages (i.e., the United States).

Focus Areas

We identify three principal components within the information, ideology, and culture issue area: the ability to promote a preferred narrative and values; the ability to counter or control the diffusion of certain narratives or values that are perceived as hostile or destabilizing; and the ability to *attract*, which we define as creating affinity, appeal, and benevolent attitudes toward the state. A fourth, crosscutting component is the ability to innovate, which strengthens all other component parts. The three focus areas are as follows:

- **Amplifying narratives and reducing attention to rival narratives.** This focus area involves elevating one's preferred messages (especially in locations where receptivity is high) while diverting attention from adversarial narratives.
- **Legitimizing narratives and undermining credibility.** This focus area involves getting others to perceive one's narrative as authentic and trustworthy (and eroding those perceptions for an opponent's narrative). Because messages' impact collapses without credibility, legitimacy is a potential source of disproportionate advantage with long-term lock-in effects.
- **Fostering cultural affinity (e.g., people-to-people exchanges, educational programs, cultural outreach).** This focus area involves immersing foreign audiences in one's culture and language through exchanges, education, and cultural content—that is, building familiarity, networks, and positive sentiment that lead to spillover effects with innovation capacity and other domains.

Diplomacy

We define *diplomacy* as a negotiation of power and influence with another country or group of countries that is intended to manage interstate relationships, influence behavior, and achieve desired outcomes in the initiating country's national interest. For this study, we will examine the formal and security-related diplomatic tools and approaches that the United States and China employ in the service of diplomatic negotiation.

Background

Although the components that compose diplomatic actions are similar for each country, the approach that the United States and China each take with diplomacy in the competition differs in many respects. The differences are apparent in how each nation views the role of diplomacy in the competition in three key areas:

- **The competition for leadership of the international order.** In this area, the United States' goal is to maintain the current international system, and its leadership in it, while China has made concerted efforts to change the international order by providing alternative frameworks, institutions, and norms.
- **The competition for resources and strategic partnerships.** Diplomacy has also been a feature of U.S. efforts to secure access to critical resources and build strategic partnerships. When it comes to diplomacy, the United States views resource security as inseparable from broader geopolitical competition with China, particularly because the United States relies on China to supply critical minerals. China views resource and energy security as a key component of political security and regime stability. Much of China's diplomatic engagement is concentrated in the Global South, an area in which the United States has used development assistance as a critical diplomatic tool to bolster strategic partnerships.
- **The security competition.** The United States leverages security diplomacy not only to manage bilateral tensions but also to counterbalance China's expanding global influence with its alliances and partnerships. The United States has done this by, for example, increasing its participation in multilateral military exercises and efforts to bolster overseas basing infrastructure with allies. Although U.S. security diplomacy

tends to focus on formal alliances, China's security diplomacy is conceptualized as a function of international security cooperation and aimed at developing military partnerships for access, which allows China to protect its interests around the world.

Focus Areas

We have identified three focus areas that highlight the United States' and China's use of diplomacy to achieve objectives in diplomacy's three key areas:

- **Multilateral diplomacy.** We define this focus area as engagement with more than one other country through participation in a forum, institution, or bloc of nations. This diplomatic theme examines how the United States and China use the components of diplomacy to participate in, shape, and develop international institutions to gain competitive advantage and engage in and build partnerships with geographic blocs that the United States and China each perceive as being important to the competition.
- **Military and security diplomacy.** We define this focus area as diplomatic actions to build and maintain strategic military alliances and partnerships. This diplomatic theme examines the United States' and China's different use of diplomatic military tools to build and maintain military partnerships.
- **Issue-specific diplomacy.** This focus area involves using case studies to examine how each side has pursued diplomacy within the context of a specific conflict or crisis. The case studies we have chosen are the South China Sea territorial disputes, the Russia-Ukraine conflict, and the Israel-Gaza conflict.

International Economics

We define *international economics*, in terms of this competition, as the United States' and China's relative influence in third markets via access and relationship-building in pursuit of market share and strategic influence. It also refers to the United States' and China's efforts to prevent the other from obtaining direct economic advantages or obtaining dual-use technologies via international trade and financial relationships.

Background

Since the turn of the 21st century, in a period that began with China's "Going Out" policy and acceptance into the World Trade Organization, China's leaders have crafted deliberate approaches to expanding Chinese companies' global market share in pursuit of economic growth and stability at home, which is a core priority of the CCP. The United States, in contrast, at first took a more hands-off approach to managing international economic competition. In the early 2000s, U.S. policymakers believed that—although China pursued policies antithetical to prevailing international economic institutions and norms, from currency manipulation to intellectual property theft and technology transfer—China's global economic ascension would itself ensure that China would comply with the rules and norms of the Western-designed and -led system.

Instead, efforts to integrate China into U.S.-led institutions and norms faced increasing pushback from Chinese policymakers who doubled down on the state-led approach to international economics, growing China's global market share through such flagship efforts as the Belt and Road Initiative. At the same time, U.S. policymakers and the public alike have become increasingly aware of the ways that globalization has affected specific segments of U.S. communities and the labor force, a phenomenon popularly known as "the China shock." As a result, what has prevailed is the perception that the United States is engaged in an international economic competition with China—one that will determine the prosperity and fate of both countries and that has critical national security implications. Furthermore, the United States and China have each come to see the other as the most significant barrier to achieving their own international economic goals. As awareness of the centrality of international economics in U.S.-China competition has grown (as have the national security ramifications of these economic policy choices), U.S. and Chinese officials have made use of increasingly sophisticated tools of economic statecraft in pursuit of winning the competition.

Focus Areas

We identified the following issue areas as subcomponents of the competition in international economics: global institutions and norms, trade, investment, digital networks and global standards-setting, development, international financial networks, and sanctions. We applied our common narrowing criteria to select the following focus areas:

- **Trade.** China has used directed policy tools—including a state-led industrial policy, global infrastructure investment via the Belt and Road Initiative, and an emphasis on digital trade and standards-setting to become the world's largest exporter—in pursuit of a dual strategy of global integration and self-reliance. In turn, U.S. policymakers have also used a variety of policy tools aimed at countering China's global trade advantages and boosting U.S. exports. Taken together, these approaches are reshaping global trade, which has significant implications for both countries' domestic economic growth, innovation in science and technology, and competition for global influence.
- **FDI.** The United States and China have deployed FDI to different ends, and each approach has different strengths—the Chinese approach is state-led and directed, while the U.S. approach is driven by the private sector.
- **Use of coercive measures and sanctions.** Both the United States and China have made use of economic statecraft's tools, from tariffs to export controls to sanctions. These measures have a variety of stated policy objectives, but they also carry second- and third-order effects that are not well understood in terms of their effects on competition, as well as on global norms and supply chains.
- **Financial flows and institutions.** The dominance of the U.S. dollar allows the United States to wield influence in the global financial system.

Military

The U.S.-China *military competition* refers to the strategic and operational rivalry between the U.S. armed forces and the PLA, specifically in preparing for and potentially waging future conflicts. Success in 21st-century conflict and military competition will be dictated by how these militaries respond to the increasing complexity and speed of information-age warfare.

Background

Military competition is a critical facet of the broader strategic rivalry between the United States and China. Although the United States began prioritizing the Chinese military threat only in 2015 or so, the PLA has been modernizing in preparation for great-power conflict for much longer. Analysts agree that the PLA is a modern joint force, fielding the world's largest navy and missile force, as well as a rapidly growing fleet of advanced aircraft fighters. Moreover, U.S. advantages in C4ISR and power projection are increasingly contested by China's anti-access and area denial, space, and cyber capabilities. The likeliest flashpoint remains a potential invasion of Taiwan in which both sides race to integrate such advanced technologies as AI, autonomy, hypersonics, and space capabilities.

Many classified and unclassified analyses have assessed U.S. and Chinese military capabilities across a wide variety of systems and categories. Rather than duplicating those often narrowly focused assessments, we sought to focus on the future—the *competition for advantage in the emerging trends shaping warfare in the information age*. Key dimensions of information-age warfare are its simultaneous *complexity* and *speed*. New technologies have greatly increased the volume of information that is rapidly available to commanders, heightening the complexity of decisionmaking. The speed at which commanders are able to collect, synthesize, and act on information across echelons of command is critical to the military's position in this overall competition.

Focus Areas

To assess U.S. and Chinese positions for the future of warfare, we selected three priority capability areas that define the core of that future:

- **Battlespace transparency** is the ability to penetrate the fog of war with advanced sensors, C4ISR, and analytics, yielding near-ubiquitous awareness of enemy dispositions and actions.
- **Autonomy (human and machine)** is the extent to which militaries shorten decision cycles by delegating decisionmaking authority to lower echelons, units, and autonomous systems capable of acting independently.
- **Closing kill chains** refers to the speed and reliability with which forces execute decisions, thus completing the targeting cycle while disrupting or denying the enemy's ability to respond.

Military effectiveness can be a function of at least five major qualities: measurable capabilities and resources (e.g., personnel, order of battle, and budgets), the capacity and quality of the defense industrial base, doctrine, organization (including force structure, command culture, and civil-military relations), and intangibles (e.g., leadership, adaptability, cohesion, and morale). Assessing each of these qualities for both the U.S. and Chinese militaries will be relevant in determining which country will gain the advantage in future warfare.

Crosscutting Themes

In addition to those seven issue areas, our initial research led us to highlight two overarching themes that link the issue areas and provide a critical per-

spective on the competition. The first of these is a systems and network dynamics perspective—viewing the contest in systemic terms, both in terms of the object of the competition and the approaches each side uses. We describe this theme in Box 6.1.

Box 6.1. Overarching Theme 1: A Systems and Network Dynamics Perspective

A critical component of the U.S.-China competition has to do with influencing the design and function of the international system—its institutions, global relationships, technological standards, economic norms and governance, networks of geopolitical influence, and underlying values. Collectively, these elements define the structures, incentives, and contexts that guide how actors pursue their goals and enable or constrain their actions.

The systems and network dynamics theme focuses on two tasks: (1) characterizing the systemic nature of the competition with China and (2) developing and applying an analytic approach to understand how the issue areas we identified interact to shape that systemic competition.

In this context, *systems* refers to structural, institutional, or contextual interconnections. These interconnections include elements that are directly observable, such as financial systems or international organizations, as well as those that are less tangible, such as culture or values. *Networks* refer to patterns of relationships, such as diplomatic alliances, information-sharing, or financial linkages. This line of research will have five components:

- a conceptual framework that will explain how different systems interact to produce effective competition (we refer to the framework's logic as the *competition production function*, a term that serves as an analogy for a system of systems; the competition production function will define the remainder of our approach to this crosscutting issue)
- a theory of competition that applies a systems perspective, including a clear definition of success from the United States' standpoint
- an analytic approach to operationalize the conceptual framework that focuses on how levers within and across issue areas interact to shape competition
- a decision aid informed by the systems-based theory of competition
- actionable insights for decisionmakers.

We have identified three primary questions that will guide this line of research:

- How can the United States use a systems lens to define U.S.-China strategic competition to guide policy and strategy?
- How do different systems (represented by the project's issue areas) interact to shape the dynamics and outcomes of the competition?
- What steps can the U.S. government take to apply these insights and strengthen the United States' long-term competitive position?

A second general theme is the condition of society and the quality of governance on both sides of the rivalry. Authors of prior RAND research have made the case for the importance of societal characteristics in determining great-power competitive outcomes.¹⁹² Authors of another RAND study argued that the quality of governance constitutes the fundamental competitive paradigm of the early 21st century.¹⁹³ Taken together, these insights highlight the importance of good governance and the social outcomes good governance aims to shape as decisive contextual factors in any competition. We describe this theme in Box 6.2.

Conclusion: Mapping an Evolving Competition

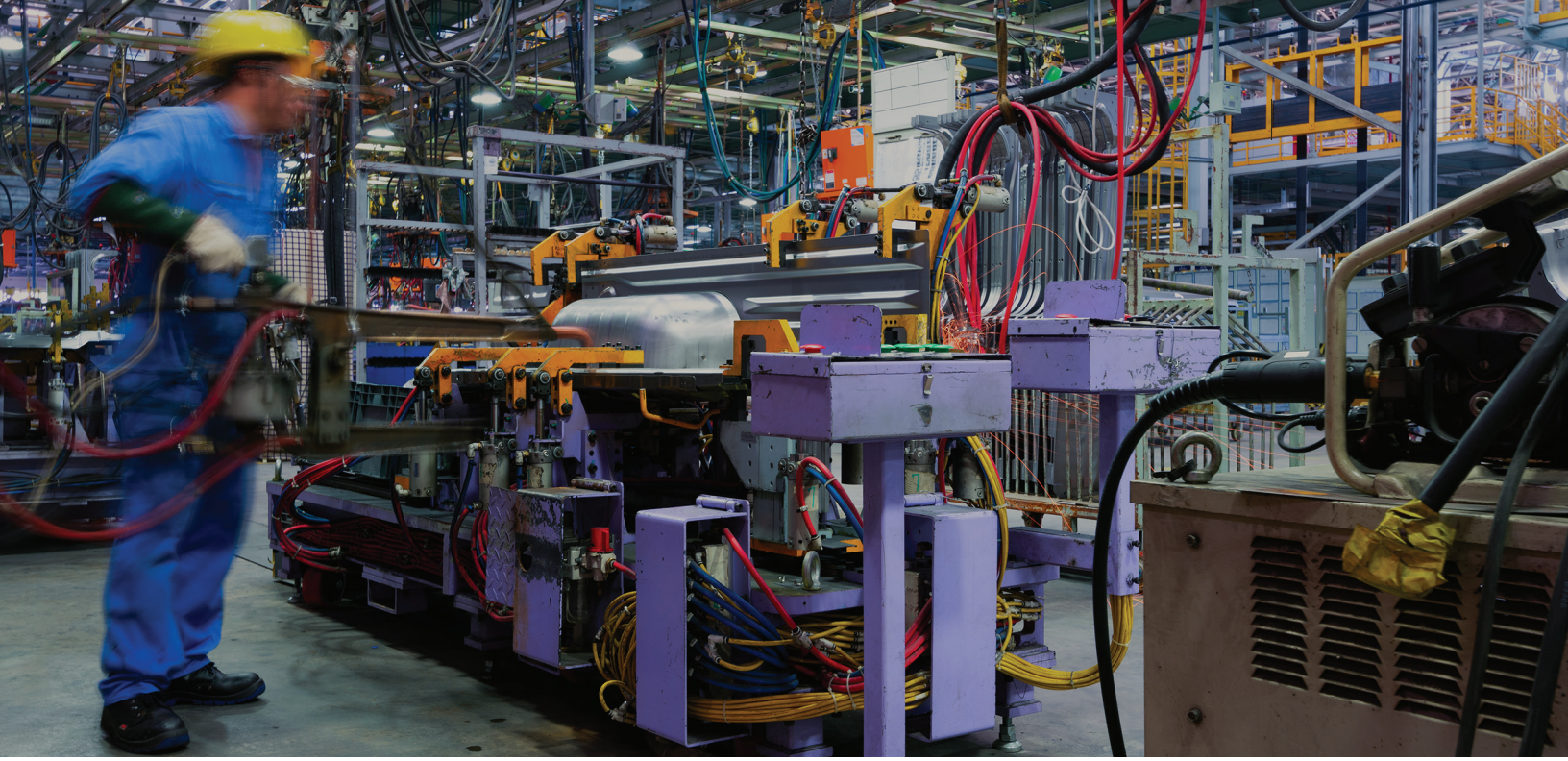
Taken together, these seven issue areas and two overarching themes describe the topography of the U.S.-China competition. They offer a framework for conceptualizing the competition and designing U.S. strategies for navigating the competition, including setting priorities related to technology. Specifically, among the issue areas, we have identified more than two dozen priority topics for analysis and associated research questions. Assessing that variety of questions will provide critical insight into the status and trajectory of the larger rivalry and offer the basis for findings about U.S. investment choices.

Box 6.2. Overarching Theme 2: Society and Governance

Governance refers to (1) the makeup of government institutions (including the selection, accountability, and replacement mechanisms for the people who compose the institutions), (2) the processes and ability to mobilize and implement public and private resources to enact public decisions, and (3) citizens' evaluation of those decisions' substantive outcomes. This definition covers government institutions, actions, and performance. In terms of the U.S.-China competition, the social objectives of good governance involve each country's efforts to build and sustain cohesive societies that enhance the country's global competitiveness—what can be termed as *societal competitiveness*.

Governance is critical to understanding the relationship between the United States and China because a country's model of governance shapes and influences its ability to adapt and perform in a constantly shifting global landscape and serves as a differentiator in great-power contests. Previous competitions, including the Cold War, have hinged on governance models. Both the United States and China view governance as an aspect of their overall competition because the performance of their governance models demonstrates the models' (and by extension the country's) legitimacy and value internationally. In the United States, leaders frequently emphasize democratic values, individual freedoms, and free-market economic principles as proof of U.S. exceptionalism. Chinese leaders also emphasize the value that its governance structure offers, highlighting its model as a viable and, in some respects, superior alternative to Western liberal democracy, particularly what they claim to be the model's ability to deliver rapid development and maintain stability.

The condition of a society is both a background to and a key factor influencing the effectiveness of governance. Without a cohesive national identity and public support for government policies, governments risk losing legitimacy. A lack of optimism for the future can diminish individuals' motivation to acquire the skills necessary for national dynamism. Both circumstances could degrade a government's ability to sustain the competition.



CHAPTER 7

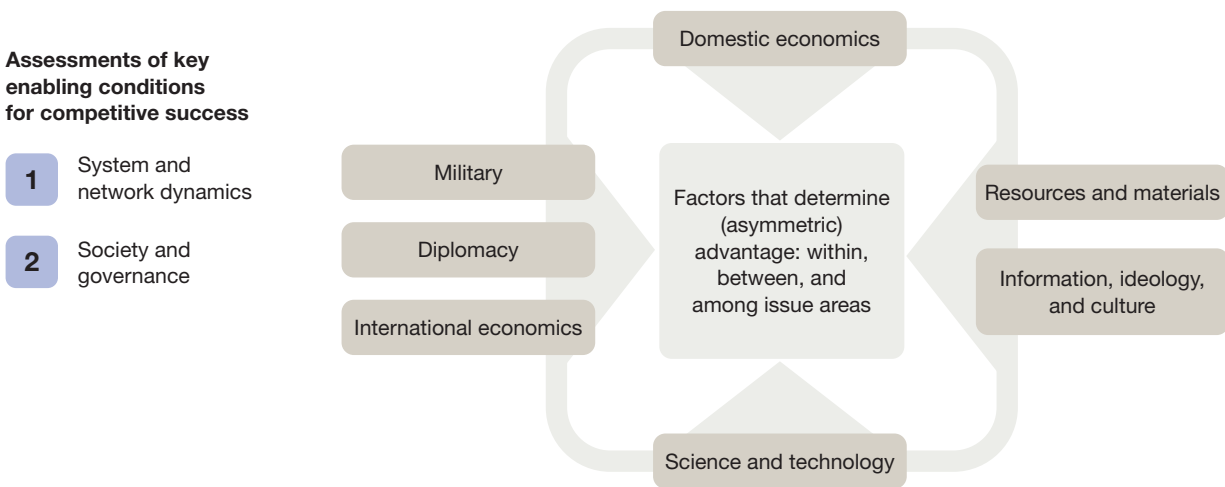
Initial Implications for U.S. Strategy

Our ultimate goal with this project is to develop concrete recommendations to help U.S. policy-makers manage the relationship with China and set priorities to safeguard U.S. interests and achieve advantage in the competitive aspects of that relationship. We will identify the most essential “no-fail” areas for U.S. strategy and investment, as well as the factors that protect and advance U.S. interests. This report represents only a first step in that process; we are not yet prepared to outline detailed recommendations on priority investments. But drawing on detailed issue-area reviews, months of research on the U.S.-China relationship, related work on systems competition, and almost a decade of RAND analysis of the U.S.-China competition, we are in a position to offer initial findings and implications that lay the groundwork for more-specific conclusions.

Tentative Findings

Our research so far supports several broad findings about the character of the U.S.-China relationship and its most important elements, including the more zero-sum aspects of the competition.

Seven critical issue areas of competition offer the building blocks of a framework for understanding the relationship. In Chapter 6, we outlined the essential elements: seven issue areas, each with several priority topics, and two overarching themes. Figure 7.1 lists the core issue areas. A deeper assessment of these issue areas will provide guidance on policies and investments.

Figure 7.1. Core Elements of the U.S.-China Relationship

One lesson we learned from this mapping exercise is that the competitive aspects of the U.S.-China relationship add up to a complex, multifaceted contest without any single fulcrum. Even so, our analysis does support an initial prioritization: *Of the seven issue areas, the two most foundational domains of leading importance to both countries' future positions are science and technology and domestic economics.* For both the United States and China, domestic economic performance delivers systemic legitimacy, allows both nations to meet the fundamental goal of serving their populations, and creates the basis for global economic influence. Progress and leadership in science and technology represent the foundation of future economic potential, offer additional sources of domestic legitimacy, and, in some areas (such as AI advances), will echo across society and politics in profound ways. It seems increasingly clear that progress in AI will represent a critical fulcrum around which other science and technology and economic progress occurs and will thus be a defining feature of the overall relationship in the coming decade.

In addition to the seven issue areas, two critical foundational or contextual factors will play major roles in shaping the relationship and driving competitive advantage: systems and network dynamics and societal and governance issues. As part of

our overall project, we are assessing each of these factors in detail.

At the core of the relationship is the basic reality of two great powers seeking to provide for their own people at a time of intense turbulence and instability. These objectives need not become zero-sum: Both sides could succeed in this goal at the same time. However, the natural dynamics of an intensifying rivalry are already producing a situation in which each side increasingly believes that the other must fail in important ways for it to succeed. In the process, worsening competitive dynamics threaten each country's capacity to safeguard its own interests and achieve its own objectives: Bitter rivalry prevents cooperation on global crises, imposes costs that drain resources from domestic needs, and risks a war that would represent the ultimate failure of both countries' ability to protect their citizens. A leading example of this risk is in the governance and risk mitigation around AI.

The fundamental trajectory of the U.S.-China relationship does not meet the criteria of a power transition in which a rising nation bypasses the established leading power and achieves predominance. China is not surpassing the United States in comprehensive national power. Instead, it is joining the United States at the top of the international-power

hierarchy, and both countries will remain in those positions—alongside the European Union (if it finds a way to act more cohesively and pursue domestic economic reforms) and eventually India (if it remains on its growth trajectory and decides to express its latent power).

This fact carries obvious consequences. China is returning to a higher relative level of power and will have a greater say on international issues, especially within its own region. The goal of U.S. strategy cannot be to arrest that process or prevent China from gaining more influence in key domains. The United States must seek to identify narrower objectives—those critical, no-fail contests in which, at a minimum, the United States must avoid unquestioned Chinese preeminence. The most plausible end state for U.S. strategy is to create the conditions that encourage and require China to constrain its ambitions and aggressiveness—to become not a friend or ally but a great power more capable of controlled coexistence.

China's core characteristics reflect the essence of a potent and motivated strategic challenger—but also a nation that embodies significant contradictions. The overlapping identities that define China today, which we summarized in six broad lenses on national identity, describe a nation animated by multiple mutually reinforcing sources of

ambition and certainty. China today embodies the power-seeking instincts of a rising great power, the civilizational self-confidence of a society that views itself as the natural center of world politics, the ideological conviction of a Marxist-Leninist system that believes history is on its side, the restless energy of a developmental state still hungry for further levels of modernization, the assertiveness of an emerging science and technology hegemon, and the concentrated authority of a leader determined to achieve national greatness. Any one of these identities would make China a formidable rival. Together, they produce a competitor of unusual power and determination, one with whom it will be extraordinarily difficult—but essential—to develop a lasting form of strategic stability.

Yet the differences among those lenses reflect an equally important insight: China is best understood not as a single coherent strategic actor but as a layered and often self-contradicting set of identities operating simultaneously. The elements of China's character do not resolve neatly into a single strategic logic. They can produce behavior that seems to drive in different directions, simultaneously patient and aggressive, pragmatic and ideological, confident and paranoid. The mixture of these identities, and the degree to which each is operative at any given moment, will shape how dangerous and how manageable the competition proves





to be. One lesson of appreciating China through multiple lenses is how much genuine uncertainty remains about what kind of power China ultimately is and intends to become. The United States needs a strategy sophisticated enough to engage this full complexity rather than one calibrated only to a simplified version of the threat.

Despite the complexity of its character, modern China is constitutionally prone to strategic overreach—a habit that is not incidental but a structural feature of the character of the CCP and the Chinese self-conception. China's often confrontational, bullying, tone-deaf, and self-interested behavior, which has systematically alienated potential partners and generated powerful counterbalancing efforts, is not accidental. It stems from deep-seated drivers grounded in several of the lenses on Chinese power outlined in Chapter 4: civilizational hubris, Leninist ideological certainty, a hierarchical self-conception that expects deference, and a personalist leadership structure prone to overcompliance and miscalculation. This pattern represents a potentially decisive structural advantage for U.S. strategy—but only if the United States actively organizes to exploit the pattern and, through its own behavior, offers a clear alternative.

Notwithstanding these limits to its rise, China is conducting a comprehensive and at least partly integrated competitive campaign across many elements of national power, whereas the United States has yet to fully embrace an integrated strategy, cultivate necessary ecosystems of national power, or

invest sufficiently in essential tools of statecraft.

The United States confronts a great power determined to seize power, influence, market share, and coercive leverage for itself. China has built a potent set of national instruments of power for this purpose and is employing them in a more comprehensive and integrated campaign than the United States is. The United States has begun taking actions across a variety of domains, but neither the urgency nor the scope of its strategic response yet comes close to meeting the challenge that China's strategic agenda poses. Left unchecked, this trend will produce significant advantages for China in selected, high-leverage areas—which has already begun to occur—even if the result is short of a power transition. In short, China is approaching the development of national power, and the competitive aspects of the relationship with the United States, in a systemic and at least partly coordinated and strategic manner—from industrial policy to global digital networks to cultivating high-technology domains—that the United States is only beginning to match.

The struggle for predominant influence in the international system is one of the contest's essential battlegrounds. For decades, the United States led the development and maintenance of what became known as the liberal, rules-based international order. In the aftermath of World War II, the United States emerged as the leading power and took a central role in designing institutions meant to prevent future global conflicts and promote economic

stability. China is determined to change key norms and power structures in this system to nullify constraints on its own behavior. This contest to shape the international system's design and function, including the architecture of institutions, global relationships, technological standards, economic norms and governance, networks of geopolitical influence, and underlying values, is central to this rivalry. The rivalry can therefore be understood, at least in part, as a "contest for the system."¹⁹⁴ This is an ongoing and enduring competition that will persist over the long term regardless of whether or how either side chooses to engage.

The stance of third countries will be a critical factor in the evolution of the U.S.-China relationship and the two countries' drives to maximize their relative power. As we have stressed, the competitive space is not limited to the bilateral U.S.-China relationship. The rivalry is playing out on an increasingly complex, contested international environment in which dozens of other countries are both reacting to U.S. and Chinese moves and seeking independent advantage and interests of their own. Through trade and technology policy, diplomatic engagements, military cooperation and alliances, support in international forums, and in many other ways, influential middle powers can tilt the global playing field toward the United States or China.¹⁹⁵

The present multipolar world poses a very different balancing task from one of the more recent efforts to deal with a rising power: Europe's effort to manage a rising Germany. In the late 19th and early 20th centuries, great powers shifted alignments with head-spinning speed—discussing a formal alliance with one country, then pivoting and preparing for war against that same country. Today, the geostrategic context is different. Although most countries want to maintain decent trade and investment relations with China, such countries as Germany, France, Japan, and Australia would never consider formally aligning with China in any fundamental way. And although important Asian countries, such as Vietnam and Indonesia, seek to preserve good relations with China, they have also been willing to push back in defense of sovereign autonomy in important ways. China's autocratic, Leninist, and hierarchical character, as well as the economic and strategic threat China

poses to others, will effectively lock in some balancing effect in its region and beyond.¹⁹⁶ The only question is how firm, united, and effective that balancing coalition will become.

In this regard, existing trends are not as favorable as one might expect. Europe is badly undershooting its potential.¹⁹⁷ Many structural factors appear set to cement this decline: an aging society and declining workforce, rising debt, high energy costs, and brutally constraining regulatory ecosystems. It remains to be seen whether the European Union as a whole or leading European countries will stand up decisively to Chinese industrial and geopolitical bullying. At the same time, U.S. relations with many other members of possible balancing coalitions on discrete issues, from South Korea to Vietnam to Indonesia, have entered a disruptive and fluid period. China is making a fresh appeal to developing countries in particular with its Global Governance Initiative and offers of subsidized digital network programs, as well as making a new push on trade accords with developed and developing nations alike. A global alignment balance that ought to be shifting continually in the U.S. direction seems, at this writing in May 2026, to have stalled out or even edged back toward China.

As much or more than power projection, homeland resilience will be a critical factor in the ability of both the United States and China to meet their national goals, both in peace and war. RAND research over the past decade has demonstrated several clear elements of this trend. China has evolved concepts and capabilities built on the assumption that disrupting rivals' domestic societal, economic, and political stability can be a source of competitive advantage in peacetime and of decisive operational effect in war.¹⁹⁸ The rise of digital societies and economies has introduced the potential for new forms of "virtual societal warfare,"¹⁹⁹ and U.S. and European critical infrastructure is highly vulnerable to more classic cyberattacks.²⁰⁰ At the same time, the painful social transitions underway in developed economies have created new fault lines and vulnerabilities that can undermine national competitive potential. Increasingly, homeland resilience will be an indispensable and leading element of any strategies to sustain national security interests.



Domestic social conditions are determinative competitive factors, not merely background conditions. The social health of the United States and China—their levels of cohesion, institutional trust, optimism, and capacity for collective action—is not merely a background condition for the competition. Those societal qualities will play a conclusive role in determining many outcomes. Both societies are today experiencing a crisis of meaning and collective purpose that carries the risk of undermining their competitive potential. The side that better addresses this internal social crisis will gain competitive advantages that no military or technology investment can offset. This elevates social policy, institutional reform, good governance initiatives, and the cultivation of national purpose to the level of national security imperatives.

Pursuing such social and institutional advantages will be difficult, in part, because *both competitors are approaching the limits of their default models of national power.* The U.S.-China competition is, in important ways, a race to see which side can develop the next successful model of national power before its current model exhausts itself. The decentralized, free-market U.S. model has generated serious dependencies, allowed the erosion of the national industrial base, and permitted the rise of social afflictions, such as inequality and

a corrupted information environment. China's export-led, investment-heavy, state-directed model is running into demographic limits, debt ceilings, diminishing productivity returns, and international resistance. Both are simultaneously facing aging societies, rising debt, and social alienation. The future of the relationship and competition will be powerfully shaped by the requirement to develop a new and sustainable recipe for economic dynamism and social cohesion.

The bilateral search for advantage and the drive for a new model of national power are embedded in acute global transitions that will set the context for national success. At least five such transitions are underway: a technological revolution centered on AI, an epochal demographic shift with massive implications for the future of many countries within two generations, a broad restructuring of global economic models and supply chains, domestic socio-political upheavals in many countries, and a shift from U.S.-led unipolarity to a more contested multipolar order. Success in the competition is not simply a function of outperforming the rival bilaterally but of navigating these transitions more effectively. A U.S. strategy focused solely on countering China risks missing the broader demands of the strategic context.

Priority Investments

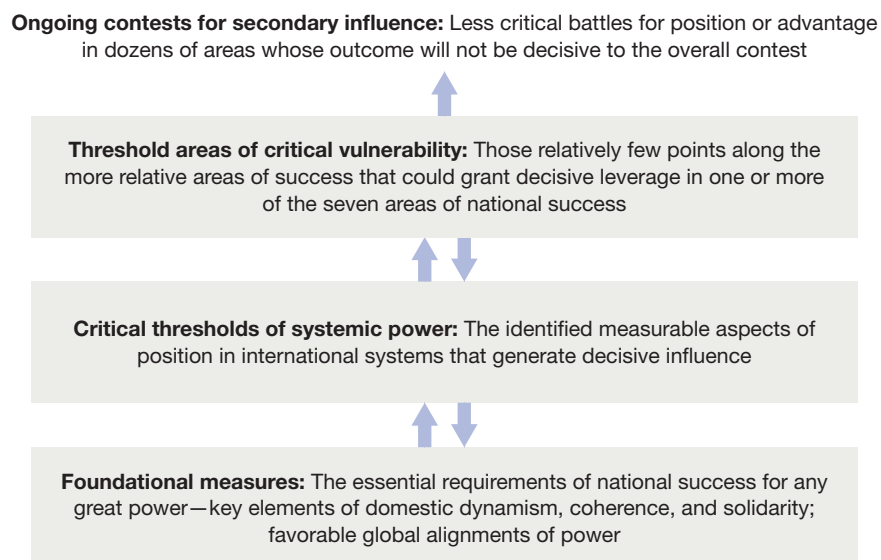
We are not yet in a position to offer detailed findings on the most-essential areas of investment and policy for the United States. Those results will flow from the full analysis over the course of our study. This initial overview, however, does point in some clear directions. We will discuss in more detail a vision of success in the concluding report of this study.

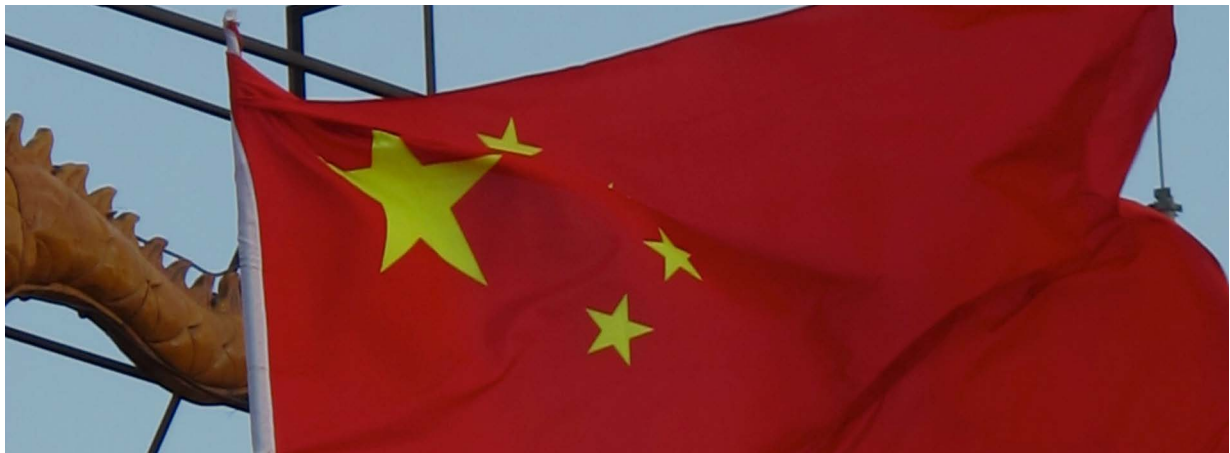
A review of the issue areas, overarching themes, and existing RAND work on the competition suggests that success for a U.S. strategy will be grounded in three elements: ensuring domestic renewal, contesting China's control of critical leverage and chokepoints in the international system, and avoiding critical vulnerabilities. (See Figure 7.2 for a visual representation of these three elements.) At the top of the figure lies the day-to-day contestations for relative advantage, which can provide relative value to one side or the other, but the outcomes of those contests will not in themselves be decisive for the greater contest. These secondary outcomes

could include a variety of economic, diplomatic, and military developments—for example, expanded security cooperation, an infrastructure project, a shared diplomatic initiative—that enhance U.S. or Chinese influence but represent an ongoing ebb and flow of competition.

Below that lie two categories of potential critical power or vulnerability, each of which involves some potential thresholds for very high levels of relative power. One is thresholds of vulnerability in such areas as critical infrastructure, necessary materials or products, or other dependencies that would allow one side to impose conditions on the other (unless the other side had parallel, reciprocal means of imposing costs). The other category is critical thresholds of systemic power—positions in international networks and systems, such as dominance of large-scale digital networks or a global military posture. One element of success, therefore, is for the United States to avoid a situation in either of these categories in which China's power “passes beyond the relevant tipping point, to impose the acceptance of subjection in some form.”²⁰¹

Figure 7.2. A Hierarchy of Success Goals for the United States





At the base of this concept for national competitive advantage lie the core domestic qualities that fuel long-term power: sustainable economic dynamism, social solidarity and resilience, cultural and intellectual energy and creativity, and, in external terms, the most basic measures of global alignments. These factors represent the most-essential requirements for advantage in any great-power rivalry.

At this point in our study, we do not yet have conclusions on which specific investments are called for. But our initial analysis suggests several tentative findings that can begin to point the United States in the right direction for what its priorities should be.

In a contest between two systems aiming to demonstrate superior results in providing for their people, the United States should not underestimate the competitive value of policy and technology initiatives to serve the safety, security, prosperity, and opportunity of average Americans. Our project deals with the national security aspects of the rivalry, and the Department of War is focused on defense investments to gain advantage in the military competition.²⁰² But the context for success in the national security contest will be set at home, by demonstrating effective governance and an ability to deliver for the American people. The national security enterprise can contribute to this wider goal: During the Cold War, for example, Defense Advanced Research Projects Agency research helped spur a variety of civilian technology breakthroughs that enhanced U.S. prosperity.

In assessing potential U.S. investment strategies to shape the contest for relative position, most of the no-fail areas of the competition lie in the areas of science and technology and some priority areas of industrial capacity. These domains underpin China's strategy for attaining power and have profound effects on all other issue areas. More work is needed to identify the most-critical risks and opportunities in these areas. Broadly speaking, however, preventing Chinese primacy in key areas of science, technology, and industrial manufacturing is arguably the most essential focus of any U.S. competitive investments. Those domains have especially high leverage over all three critical areas of competitive success: the foundations of national dynamism, global networks of power, and critical dependencies. Investments to compete in these areas—from R&D, to talent development, to high-risk capital support for breakthrough innovations, to steps to rebuild strategically vital industries—will be among the most important steps the United States can take.

Existing global alignments of power remain a leading U.S. competitive advantage and can serve to constrain the bounds of China's claims to power. Investments in these relationships—in terms of security cooperation, defense coproduction, shared diplomatic initiatives, and more—can both have an outsized return on investment in the competition and generate substantial efficiencies for the United States. Ensuring that allies and partners fully express their potential power and share the burden of the competition is an essential part of

this element of statecraft. This finding highlights the critical role of investments in shared research, development, and coproduction with partners.

Technology and policy initiatives are needed in the competition's areas that fall short of armed conflict but are also ones in which China is focusing on gaining an advantage. These include areas of military “gray zone” contestation and influence over domestic-information environments. There are significant opportunities for technological solutions in these areas, as well as cooperative efforts with allies and partners.

The United States needs to more highly prioritize policy, regulatory, and technological initiatives to address homeland resilience issues. If the United States becomes asymmetrically vulnerable in terms of homeland security, whether in peacetime or war, the United States will suffer severe competitive disadvantages. The risks to homeland safety and security are only growing. The United States needs to put more emphasis on policy and technology development investments to achieve homeland resilience, beginning with significantly more attention to cybersecurity.

The contest for influence in global digital and AI networks must be an important focus of U.S. strategic investments. China has highlighted science and technology as the key to unlocking 21st-century domestic and global power, and China is pursuing specific mechanisms and investments—many, including AI development, grouped around the Digital Silk Road initiative—to seize a commanding position in emerging digital networks. U.S. strategic investments will provide the essential foundation for many countries’ future growth and offer access to data and social influence for outside investors and developers who gain market share.

The United States has an opportunity to develop technology and policy initiatives to compete with China as a provider of solutions for third countries. One aspect of China’s theory of success is to become the provider of choice for problem-solving assistance, whether focused on economic development, AI implementation, cybersecurity, or other areas of need. The United States—in some cases working with allies and partners to develop



joint solutions—will gain a competitive advantage by designing alternative offerings for developing countries. These offerings can be led by the private sector and involve advanced technological solutions.

Governance reforms and the development of efficient new governing institutions and approaches, while a domestic and national issue, will play a critical role in the competition. Both sides are struggling with problems of public-sector effectiveness and legitimacy, fueled in part by governing processes and institutions that do not seem able to deliver results or solve problems. If one side begins to make real headway on this issue, it will gain a tremendous competitive advantage. Experiments and investments in reformed governing approaches should be a leading competitive priority.

The United States is facing one of the most profound strategic challenges in its history—managing a relationship and rivalry with the strongest single great power it has ever had to confront. We have argued that the centerpiece of the U.S. response must be in the areas of core national dynamism, science and technology, and domestic economic policies. Success in those areas will have profound echo effects across all other areas of the relationship. The United States can approach these tasks with confidence in two critical senses: It retains tremendous sources of national power that will prevent China from comprehensively surpassing the

U.S. position, and if the United States manages its relationships well, it ought to benefit from a dominant broader alignment of power in the international system.

U.S. strategy will also have to find the right balance between competing and coexisting with a peer great power that has some threatening goals and tactics but that is not (so far, at least) a militaristic aggressor in classic historical terms. As the public 2026 U.S. National Defense Strategy puts it, the United States can seek to compete while preserving “a stable peace, fair trade, and respectful relations with China” and pursue military deterrence “with a focus on seeking strategic stability with Beijing as well as deconfliction and de-escalation.”²⁰³ The lenses on China’s character and ambitions described in Chapter 4 highlight the possibility of striking that balance and also the profound challenges in doing so: standing up to Chinese predatory and belligerent behavior when necessary, managing relations with a dangerously self-confident and indeed often condescending regime, and yet finding space for coordination on issues of shared concern and promoting a stable equilibrium in the relationship. In this report, we have tried to offer an initial framing and general insights to inform that strategic challenge.

Abbreviations

AI	artificial intelligence
C4ISR	command, control, communications, computers, intelligence, surveillance, and reconnaissance
CCP	Chinese Communist Party
COVID-19	coronavirus disease 2019
EV	electric vehicle
FDI	foreign direct investment
GDP	gross domestic product
GPT	general purpose technology
NSC-68	<i>United States Objectives and Programs for National Security</i>
PLA	People's Liberation Army
PPP	purchasing power parity
R&D	research and development
UN	United Nations

Notes

- ¹ National Security Council, *United States Objectives and Programs for National Security*.
- ² The Under Secretary of War is designated the Under Secretary of Defense under Public Law 81-216, National Security Act Amendments of 1949.
- ³ National Security Council, *United States Objectives and Programs for National Security*.
- ⁴ Ikenberry, “Review: The Triumph of Broken Promises.”
- ⁵ National Security Council, *United States Objectives and Programs for National Security*, p. 4.
- ⁶ The quotes are from National Security Council, *United States Objectives and Programs for National Security*, pp. 4, 16, and 9, respectively.
- ⁷ These dates refer to the moment when U.S. policy and the U.S. political system were engaged in a formal competition. In fact, in both cases, the U.S. rival had been demonstrating itself as a determined competitor for years before the United States formally decided that a competition was underway. Soviet leaders had expected a growing clash with the United States—as the core of the capitalist world—as early as the 1930s. China’s leaders have been speaking of a rivalry with the United States more or less since its founding.
- ⁸ Rubio, “Opening Remarks by Secretary of State-Designate Marco Rubio Before the Senate Foreign Relations Committee.”
- ⁹ White House, *National Security Strategy of the United States of America*, 2025, p. 19.
- ¹⁰ White House, *National Security Strategy of the United States of America*, 2025, pp. 20–21.
- ¹¹ Moolenaar, “Chairman Rep. John Moolenaar Remarks.”
- ¹² Office of the Director of National Intelligence, *2026 Annual Threat Assessment of the U.S. Intelligence Community*.
- ¹³ White House, *National Security Strategy of the United States of America*, 2017, p. 25.
- ¹⁴ White House, *National Security Strategy*.
- ¹⁵ Ministry of Foreign Affairs of the People’s Republic of China, “Wang Yi.” All translations from Chinese-language sources were done by the authors.
- ¹⁶ See Ministry of Foreign Affairs of the People’s Republic of China, *U.S. Hegemony and Its Perils*. This report was released in February 2023 as a sweeping indictment of U.S. global leadership. It systematically accuses Washington of exercising “political, military, economic, technological, and cultural hegemony” and singles out the United States for trying to “mold other countries and the world order with its own values and political system.” The CCP presents this behavior not as a passing policy dispute but as evidence of a long-standing U.S. project to dominate the international order.
- ¹⁷ See Literature Research Office of the China Communist Party Central Committee, *Excerpts from Xi Jinping’s Discourse on Realizing the Chinese Dream of the Great Rejuvenation of the Chinese Nation*. This compilation highlights Xi’s framing of the “great rejuvenation of the Chinese nation” as the core expression of the Chinese Dream.
- ¹⁸ See Xi, *Hold High the Great Banner of Socialism with Chinese Characteristics and Strive in Unity to Build a Modern Socialist Country in All Respects*. This report is the CCP’s most authoritative statement of its long-term vision and explicitly links national rejuvenation, CCP leadership, techno-security, and external containment threats—making it the essential source for the CCP’s broad framing of the U.S.-China rivalry.
- ¹⁹ See Xi, “Comprehensively Promote the Construction of a Strong Country and the Great Cause of National Rejuvenation with Chinese-Style Modernization.” In this speech, Xi links the legitimacy of the CCP to its historical role in overcoming China’s “century of humiliation” and defines modernization itself as a CCP-led, Marxist project. He presents ideological discipline not as dogma but as a safeguard against collapse, implicitly contrasting China’s trajectory with the Soviet Union’s demise. The notion that only the CCP can correctly interpret global shifts reinforces its claim to strategic foresight amid perceived Western decline.
- ²⁰ See Wang, *America Against America*. Wang’s *America Against America* is a key secondary source for understanding how the CCP leadership conceptualizes the U.S.-China rivalry. Written after his travels across the United States in the late 1980s, the book is both a travelogue and a philosophical reflection on U.S. power. Wang’s account reflects both admiration and anxiety. He depicts the United States as a technologically dynamic society but one whose contradictions foreshadow decline. He admires the U.S. “spirit of the future” and the way innovation became a national tradition while also questioning whether China could develop a comparable ethos. For existing CCP leadership, this blend of respect for U.S. strengths and conviction in Western stagnation underpins the slogan “the East is rising, the West is declining.”
- ²¹ See Qi, “Deeply Understand the Global Significance of Chinese-Style Modernization and Gather Tremendous Strength to Forge Ahead on the New Journey.” The article states, “Western countries, led by the United States, are implementing all-round containment, encirclement, and suppression against China, posing unprecedented and severe challenges to China’s development.”
- ²² See *Communiqué on the Current State of the Ideological Sphere*, a 2013 internal CCP directive on the “ideological sphere” (ChinaFile, “Document 9: A ChinaFile Translation”). The document warns that such Western liberal concepts as constitutional democracy, universal values, civil society, neoliberal economics, and press freedom pose existential threats to CCP rule and national cohesion, underscoring the CCP’s view of ideological rivalry as the most dangerous dimension of its contest with the West.
- ²³ Xi Jinping Thought on Diplomacy Research Center, “Accurately Understanding the General Trend of World Development (People’s Important Theory).”
- ²⁴ Xi, “Speech at the National Science and Technology Conference, the National Science and Technology Awards Conference, and the Conference of Academicians of the Chinese Academy of Sciences and the Chinese Academy of Engineering.”
- ²⁵ See Central Committee of the Communist Party of China and State Council, “The Central Committee of the CPC and the State Council Print and Issue the ‘Outlines for the Development of National Standardization.’” For example, the 2021 *National Standardization Development Outline* summarizes

- China's ambition to expand its role in setting international standards as a means of strengthening its structural economic influence (see "The Chinese Communist Party Central Committee and the State Council Publish the 'National Standardization Development Outline'").
- ²⁶ China observers note that leaders in Beijing believe that the state-market system allows efficient steering of innovation and capital toward achieving national goals, enabling rapid scaling of frontier technologies; they also believe that time is on their side. See Wei, "Xi Has Spent Decades Preparing for a Cold War with the U.S."
- ²⁷ Li, "Why Is It Said That the Socialist System with Chinese Characteristics Has Obvious Institutional Advantages?" *Quishi*, February 26, 2019.
- ²⁸ State Council Information Office of the People's Republic of China, *China's National Defense in the New Era*.
- ²⁹ See Taiwan Affairs Office of the State Council and State Council Information Office, "The Taiwan Question and China's Unification in the New Era." This white paper states China's refusal to renounce the use of force.
- ³⁰ Pezzullo, "Great Changes Unseen in 100 Years—but Not the Ones Xi Is Thinking Of."
- ³¹ This idea is reflected in the public 2026 U.S. National Defense Strategy, which notes that the United States' goals in its relationship with China do "not require regime change or some other existential struggle. Rather, a decent peace, on terms favorable to Americans but that China can also accept and live under, is possible" (U.S. Department of War, *2026 National Defense Strategy*, p. 10).
- ³² World Bank Group, "GDP Growth (Annual %)—China."
- ³³ Wen, *China's Rapid Rise*.
- ³⁴ World Bank Group, "GDP per Capita (Constant 2015 US\$)—China."
- ³⁵ World Bank and Development Research Center of the State Council, the People's Republic of China, *Four Decades of Poverty Reduction in China*.
- ³⁶ Liu et al., "China's Poverty Alleviation over the Last 40 Years."
- ³⁷ International Energy Agency, "Trends in the Electric Car Industry."
- ³⁸ Dezenski and Birenbaum, "China Has Weaponized Battery Production Against the United States."
- ³⁹ Lombardo et al., "The Battery Industry Has Entered a New Phase."
- ⁴⁰ Lebreton, "How China Became a Solar Superpower."
- ⁴¹ Robinson and Featherston, *Assessing the United States' Solar Power Play*.
- ⁴² Funairole, Hart, and Powers-Riggs, "China Dominates Global Shipbuilding."
- ⁴³ Wang and Kroeber, "The Real China Model."
- ⁴⁴ Wang and Kroeber, "The Real China Model."
- ⁴⁵ Wang and Kroeber, "The Real China Model."
- ⁴⁶ Yu and Yang, "Technological Progress in Chinese Political Culture."
- ⁴⁷ "Are China's Universities Really the Best in the World?"
- ⁴⁸ See Atkinson, *China Is Rapidly Becoming a Leading Innovator in Advanced Industries*; Rosenbach et al., *Critical and Emerging Technologies Index*; Australian Strategic Policy Institute, "Critical Technology Tracker 2025."
- ⁴⁹ Wong-Leung, Robin, and Cohen, "ASPI's Critical Technology Tracker."
- ⁵⁰ World Intellectual Property Organization, "China Ranking in the Global Innovation Index 2025."
- ⁵¹ Brimmer, "Remarks by Esther Brimmer to a Workshop Convened by the National Academies of Science, Engineering and Medicine"; Zwetsloot et al., *China Is Fast Outpacing U.S. STEM PhD Growth*.
- ⁵² The China watcher Kaiser Kuo recently suggested that the pure historical weight of China's emergence is still too often taken for granted, even though it is "the defining political reality of our time" (Kuo, "The Thing We Still Can't Say"). Taking the full scale of China's emergence seriously means seeing a "slow-moving, system-level transformation being laid bare" (Kuo, "The Thing We Still Can't Say").
- ⁵³ See Rajah and Leng, *Revising Down the Rise of China*; Roson et al., *China's Economy*. Not all analysts agree with these assessments. A 2025 Goldman Sachs report forecast a 5- to 6-percent GDP growth for China in 2026 and 2027 (Goldman Sachs, "China's Economy is Forecast to Grow Faster Than Expected in 2026"). If China's GDP continues to grow at close to 6 percent, that growth will reverse broad-based expectations and once again create the potential for China's nominal GDP to push past that of the United States.
- ⁵⁴ Kroeber, "China's Slowing Economic Growth," pp. 2-3.
- ⁵⁵ Scissors, "A Decade of U.S.-China Fundamentals."
- ⁵⁶ World Bank Group, "GDP, PPP (Constant 2021 International \$)—China, United States."
- ⁵⁷ International Monetary Fund, "World Economic Outlook."
- ⁵⁸ One study used satellite imagery to gauge light intensity at night across China to measure the Chinese economy; comparisons with global averages suggest that official Chinese figures exaggerated GDP growth between 1992 and 2013 by up to 60 percent. Other scholars have been less bold, suggesting that China's economy might be exaggerated by a third—which would make the U.S. economy still double the size of China's in real terms (see Brooks and Vagle, "The Real China Trump Card," pp. 78-79; Hale, "The Growing Problem with China's Unreliable Numbers").
- ⁵⁹ World Bank Group, "GDP, PPP (Constant 2021 International \$)—China, United States."
- ⁶⁰ Scissors, "China's Economic 'Miracle' in Context."
- ⁶¹ Scissors, "A Decade of U.S.-China Fundamentals."
- ⁶² See Börger, *Global Wealth Report 2025*, pp. 14, 18, 21. On the importance of wealth measures, see Scissors, "The More Important U.S.-China Economic Race."

- ⁶³ One result of such changes to housing and infrastructure economics is the deflation of China's real estate bubble: The sector represented almost 25 percent of China's GDP as late as 2021, but falling housing prices and large proportions of empty office space are depressing the sector's contribution to growth. See Li et al., "China's GDP at Risk"; Stanford Center on China's Economy and Institutions, "Overbuilt?"
- ⁶⁴ Magnus, "Why Peak China May Finally Have Arrived."
- ⁶⁵ Johnson, "Xi's Age of Stagnation," p. 110.
- ⁶⁶ McMahon and Polk, *China's Economic Transition*, p. 37; Brandt et al., "Recent Productivity Trends in China"; Brandt et al., "China's Productivity Slowdown and Future Growth Potential"; Smith, "Five Possible Reasons China's Productivity Slowed Down."
- ⁶⁷ Kirkegaard, "China's Population Decline Is Getting Close to Irreversible."
- ⁶⁸ Eberstadt, "The Age of Depopulation."
- ⁶⁹ Kroeber, "China's Slowing Economic Growth," pp. 7–8; McMahon and Polk, *China's Economic Transition*, p. 31.
- ⁷⁰ Department of Economic and Social Affairs, "World Population Prospects 2024, China."
- ⁷¹ Yi, "How Chinese Officials Inflated the Nation's Birth Rate and Population Size for 2019."
- ⁷² McMahon and Polk, *China's Economic Transition*, p. 31.
- ⁷³ China Power Team, "How Severe Are China's Demographic Challenges?"
- ⁷⁴ Mei, Kennedy, and Mazzocco, *China Is Growing Old Before It Becomes Rich*.
- ⁷⁵ Mei, Kennedy, and Mazzocco, *China Is Growing Old Before It Becomes Rich*.
- ⁷⁶ Lee, "China's Entrepreneurial Spirit Is Under Immense Strain."
- ⁷⁷ Measures are in U.S. 2024 dollars (World Bank Group, "Foreign Direct Investment, Net Inflows [BoP, Current U.S.\$]—China").
- ⁷⁸ Bank for International Settlements, "Credit to the Non-Financial Sector"; McMahon and Polk, *China Is Growing Old Before It Becomes Rich*, p. 34.
- ⁷⁹ McMahon and Polk, *China Is Growing Old Before It Becomes Rich*, p. 126.
- ⁸⁰ Kroeber, "China's Slowing Economic Growth," p. 13.
- ⁸¹ Hung, "China's Long Economic Slowdown."
- ⁸² For general findings on the vulnerabilities of personalist dictatorships, see Leyva, "The Hidden Fragility of Authoritarian Regimes"; and Hess, "From the Arab Spring to the Chinese Winter." For an assessment of China's case, see Krolkowski, "Brittle China?"; Czin, "China Against China"; Tsang and Cheung, "Has Xi Jinping Made China's Political System More Resilient and Enduring?"
- ⁸³ Johnson, "Xi's Age of Stagnation," p. 105.
- ⁸⁴ See Johnson, "Xi's Age of Stagnation," p. 105. Another use of the term *involution*—indeed the more common one—is to describe a situation of cutthroat domestic competition among Chinese firms that leaves little room for profitability and pushes many toward bankruptcy. Beijing has sought to combat this tendency with an "anti-involution" drive designed to help firms become profitable.
- ⁸⁵ McMahon and Polk, *China Is Growing Old Before It Becomes Rich*, p. viii.
- ⁸⁶ See Ma, "The Xi Doctrine Zeroes in on 'High-Quality Development' for China's Economic Future."
- ⁸⁷ McMahon and Polk, *China Is Growing Old Before It Becomes Rich*, p. 36.
- ⁸⁸ "America's Extraordinary Economy Keeps Defying the Pessimists."
- ⁸⁹ Sandbu, "Understanding America's Productivity Boom."
- ⁹⁰ Committee for a Responsible Federal Budget, *Analysis of CBO's March 2024 Long-Term Budget Outlook*.
- ⁹¹ Rogoff, "America's Coming Crash."
- ⁹² Gokhale and Smetters, "When Does Federal Debt Reach Unsustainable Levels?"
- ⁹³ Gokhale and Smetters, "When Does Federal Debt Reach Unsustainable Levels?"
- ⁹⁴ Ferguson, "Debt Has Always Been the Ruin of Great Powers."
- ⁹⁵ Rauh, "Playing with Fire."
- ⁹⁶ The United States spent \$140 billion in post-Hurricane Katrina reconstruction spending—a bigger commitment than the Marshall Plan or the federal government's contribution to rebuilding the World Trade Center after the terrorist attacks of September 11, 2001. For the Katrina reconstruction, Washington was never able to generate a clear program or plan. Vast sums were spent on contractors, and tough calls to prioritize the rebuilding's focus could not be made. Huge sums were wasted. New Orleans remains one of poorest and most unequal U.S. cities with a population a quarter smaller than in 2005 and no meaningful local industry. See Bonner and Sanders, "The \$140 Billion Failure We Don't Talk About." For a similar but smaller-scale example, see Fung and Umlauf, "Amtrak's New Acela Trains Are Here."
- ⁹⁷ Mazarr, Dale-Huang, and Sargent, *The Emerging Competitive Paradigm*.
- ⁹⁸ Long, "No, American Manufacturing Hasn't Been Revived."
- ⁹⁹ Ostertag, "The Census Bureau Confirms U.S. Manufacturing Has Declined"; China Power Team, "Measuring China's Manufacturing Might."
- ¹⁰⁰ Grabow, *The Reality of American "Deindustrialization."*
- ¹⁰¹ Magnus, "Why Peak China May Finally Have Arrived."
- ¹⁰² Galbraith, "Corporate America," p. 171.
- ¹⁰³ For a discussion of China's side of this issue, see McMahon and Polk, *China's Economic Transition*, pp. 20, 22, 135, and 138.

- ¹⁰⁴ May, *American Cold War Strategy*, pp. 26–27.
- ¹⁰⁵ May, *American Cold War Strategy*, p. 5.
- ¹⁰⁶ See Friedberg, *A Contest for Supremacy*, p. 40. For an early forecast of what this would mean in U.S.-China relations, see Mearsheimer, “Can China Rise Peacefully?”
- ¹⁰⁷ Friedberg, *A Contest for Supremacy*, p. 39.
- ¹⁰⁸ The most well-known argument in favor of the power transition scenario is Allison, *Destined for War*. For a critique of that book, see Waldron, “There Is No Thucydides Trap.” For a more scholarly argument against power transition theory, see Lebow and Valentino, “Lost in Transition.”
- ¹⁰⁹ Kissinger, *On China*, p. 499.
- ¹¹⁰ Perdue, “The Tenacious Tributary System,” p. 1008.
- ¹¹¹ Martin Jacques has argued that “[t]he Chinese . . . are aware that what defines them is not a sense of nationhood but of civilization. In this context, China should not primarily be seen as a nation-state but rather as a civilization-state” (Jacques, *When China Rules the World*, p. 13).
- ¹¹² Jacques, *When China Rules the World*, p. 201.
- ¹¹³ Kissinger, *On China*, pp. 2–3.
- ¹¹⁴ Kissinger, *On China*, pp. 2, 5.
- ¹¹⁵ Li, “‘Confucian Revival’ from Both Chinese and Western, Ancient and Modern Perspectives”; Rezepa, “Understanding the Revival of Confucianism in China’s Contemporary Politics”; Schuman, “Why a Confucian Revival and the Internet Could Have Unexpected Consequences for China.”
- ¹¹⁶ Jacques, *When China Rules the World*, p. 268.
- ¹¹⁷ Huang and Véron, “China’s Private Sector Has Lost Ground as State Sector Has Gained Share Among Top Corporations Since 2021.”
- ¹¹⁸ According to Evan Osnos,
- China is the world’s largest consumer of energy, movies, beer, and platinum . . . [China is] the world’s fastest-growing source of new billionaires . . . [and is] the world’s largest buyer of Louis Vuitton, second only to the United States in its purchases of Rolls-Royces and Lamborghinis, yet ruled by a Marxist-Leninist party that seeks to ban the word luxury from billboards. (Osnos, *Age of Ambition*, pp. 4–6)
- ¹¹⁹ Börger, *Global Wealth Report 2025*, p. 21; “World’s Billionaires List.”
- ¹²⁰ Börger, *Global Wealth Report 2025*, p. 30.
- ¹²¹ Liao, “China’s Black Cat, White Cat Diplomacy.”
- ¹²² See McGregor, *The Party*.
- ¹²³ Cheek and Ownby, “Make China Marxist Again.”
- ¹²⁴ Rudd, *On Xi Jinping*, pp. 84–85.
- ¹²⁵ Grünberg, Drinhausen, and Davey, *Serving the People by Controlling Them*.
- ¹²⁶ See Rudd, *On Xi Jinping*, p. 103. Rudd refers to Xi’s “strident ideological statements on where China’s ‘struggle’ is now located within an intellectual framework of dialectical materialism, historical materialism, and a Chinese nationalist equivalent of ‘manifest destiny’ is also relevant” (pp. 11–12).
- ¹²⁷ Tan, “Is China an Engineering or a Developmental State?”
- ¹²⁸ Shirk, *Overreach*, p. 293.
- ¹²⁹ See, for example, Daves and Yang, “China’s Next Five-Year Plan Will Bet on Technology at Home and Abroad.”
- ¹³⁰ A “core belief shared by modern China and Silicon Valley alike” is “[t]he person or country that] wins technology, wins the world” (Sun, “America Against China Against America”).
- ¹³¹ See “Outline of the 14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Long-Term Objectives for 2035.” The 14th Five-Year Plan institutionalizes technological self-reliance and dual circulation as strategic responses to the U.S.-China decoupling, which are key factors that explain how the CCP operationalizes its priorities in competition. Proposals for the 15th Five-Year Plan were planned to be released in fall 2025 (Huld, “China’s 15th Five-Year Plan”).
- ¹³² Xi, “Accelerate the Construction of a Strong Country in Science and Technology and Achieve High-Level Scientific and Technological Self-Reliance.”
- ¹³³ China’s party leaders also view China’s dependence on foreign demand, dollar-based finance, and imported resources as structural vulnerabilities.
- ¹³⁴ Greer and Yu, “Xi Believes China Can Win a Scientific Revolution.”
- ¹³⁵ Li, *Report on the Work of the Government*.
- ¹³⁶ State Council of the People’s Republic of China, *The National Medium- and Long-Term Program for Science and Technology Development (2006–2020)*, p. 136.
- ¹³⁷ Kroeber, *Unleashing “New Quality Productive Forces.”*
- ¹³⁸ Friedberg, *Getting China Wrong*, pp. 49–50, 61–66.
- ¹³⁹ See Shirk, *Overreach*, p. 201. Even an observer as sympathetic to China as Susan Shirk nonetheless makes clear that Xi “deliberately deceived people about his intentions,” posturing as “an open-minded market reformer and a CCP organization man” intent on collective leadership (Shirk, *Overreach*, p. 179). Chinese sources said that, even internally, “[h]e fooled us” (p. 179).
- ¹⁴⁰ See Osnos, “China’s Age of Malaise.”
- ¹⁴¹ Jost and Mattingly, “After Xi.”
- ¹⁴² Osnos, “China’s Age of Malaise,” p. 360.

- ¹⁴³ Radchenko, *To Run the World*.
- ¹⁴⁴ Osnos, "China's Age of Malaise."
- ¹⁴⁵ National Security Council, *United States Objectives and Programs for National Security*, pp. 4, 6.
- ¹⁴⁶ National Security Council, *United States Objectives and Programs for National Security*, p. 6.
- ¹⁴⁷ National Security Council, *United States Objectives and Programs for National Security*, p. 9.
- ¹⁴⁸ The authors of NSC-68 argued that "[i]t is only by developing the moral and material strength of the free world that the Soviet regime will become convinced of the falsity of its assumptions and that the preconditions for workable agreements can be created." But if the United States did so, it can "hope gradually to bring about a Soviet acknowledgement of realities which in sum will eventually constitute a frustration of the Soviet design." But even short of that, "it might be possible to create a situation which will induce the Soviet Union to accommodate itself . . . to [coexist] on tolerable terms with the non-Soviet world." Achieving such a shift "must be an immediate objective of United States policy." See National Security Council, *United States Objectives and Programs for National Security*, p. 10.
- ¹⁴⁹ Heath, Grossman, and Clark, *China's Quest for Global Primacy*, p. xv.
- ¹⁵⁰ Heath, Grossman, and Clark, *China's Quest for Global Primacy*, p. xvii.
- ¹⁵¹ Rudd, *On Xi Jinping*, p. 376; Heath, Grossman, and Clark, *China's Quest for Global Primacy*, p. 43.
- ¹⁵² Even if foreign spies could get into Beijing's decisionmaking rooms, the spies "might find that the answers to key questions simply do not exist, at least not yet. Outsiders might not be able to figure out precisely where China is headed because the country's rulers do not yet know themselves" (Friedberg, *A Contest for Supremacy*, p. 120).
- ¹⁵³ For this chapter, we rely on an earlier RAND study for our analysis. See Heath, Grossman, and Clark, *China's Quest for Global Primacy*. We reference specific sections and components of that report as relevant.
- ¹⁵⁴ Kang, Wong, and Chan, "What Does China Want?" pp. 55, 57, 61.
- ¹⁵⁵ The primacy of protecting the domestic system mandates avoiding war: "The first axiom" or the "prime directive of China's strategy . . . the one rule that must not be broken under any but the most-dire circumstances" is "the injunction to avoid confrontation and conflict" (Friedberg, *A Contest for Supremacy*, p. 144).
- ¹⁵⁶ Heath, Grossman, and Clark, *China's Quest for Global Primacy*, pp. 31–35.
- ¹⁵⁷ These quotes and the surrounding Chinese government plans are identified and discussed in Hu, Zhou, and Xie, "A Correct Understanding of the New Stage of Chinese Socialism"; and Chen, *Speech by Comrade Chen Quanguo at the First and Second Plenary Sessions of the Fourth Plenary Session of the Ninth Committee of the Xinjiang Uyghur Autonomous Region of the Chinese Communist Party*.
- ¹⁵⁸ Hass, *Stronger*, p. 52.
- ¹⁵⁹ Hass points out that "[n]ot since the Cold War has a country contested American leadership in multiple regions of the world simultaneously. Beijing has demonstrated that its ambitions are far from being benign or passive" (Hass, *Stronger*, p. 49).
- ¹⁶⁰ Heath, Grossman, and Clark argue that "[d]efense strategy plays an important but supplementary role to the proposed Chinese international strategy" (Heath, Grossman, and Clark, *China's Quest for Global Primacy*, p. xvii).
- ¹⁶¹ Economy, *The World According to China*, p. 5.
- ¹⁶² As Rudd puts it, "A common nationalist thematic across all these formulations is that China's time has arrived to deploy its newfound national power to restructure the international system to better suit Chinese interests and values" (Rudd, *On Xi Jinping*, p. 245). Schweller and Pu had described the boldest possible Chinese vision of the future as,
- An ambitious and controversial idea within China, the vision of a new Chinese order suggests that (1) Chinese traditional philosophy provides a better framework than the current order to deal with world problems; (2) U.S. hegemony is losing international legitimacy; (3) Chinese political and economic systems are gaining legitimacy and provide the basis for a better social model for the world; and (4) China should build a global datong (Great Harmony) society, in which emphasis is given to social welfare and collective goods. This vision aims to undermine the legitimacy of U.S. hegemony in a comprehensive sense. (Schweller and Pu, "After Unipolarity," p. 59)
- ¹⁶³ Office of the Director of National Intelligence, *2026 U.S. Annual Threat Assessment of the U.S. Intelligence Community*, p. 21.
- ¹⁶⁴ See Levin and Liu, "Understanding Chinese Power." Liu stresses Beijing's core desire for strategic autonomy.
- ¹⁶⁵ See Perdue, "The Tenacious Tributary System," p. 1003. Perdue is describing this attitude; he does not agree with it. The leading proponent of this more benign interpretation is David C. Kang (see Kang, *China Rising*). Kishore Mahbubani has argued that for much of the past 2,000 years, China was "the single strongest civilization on the Eurasian landmass." If it was militaristic and expansionist, Mahbubani suggests, "it would have and should have conquered territories overseas, as the European powers did." He argues that the Han people are not expansionist, that China's bouts of aggressiveness occurred "when China was ruled by 'foreign' dynasties, such as the Yuan dynasty (1279–1368) and Qing dynasty (1744–1911)." He also argues that "China is fundamentally unlike America, as it is reluctant to use the military option first. It is also fundamentally different from America in another regard. It does not believe that it has a 'universal' mission to promote Chinese civilization and encourage everyone else in humanity to emulate it." See Mahbubani, *Has China Won?* pp. 82, 84.
- ¹⁶⁶ Perdue, "The Tenacious Tributary System," p. 1008.
- ¹⁶⁷ Rush Doshi argues that a Chinese conception of order would involve "displacing the United States as the world's leading state" (Doshi, *The Long Game*, p. 302).

- ¹⁶⁸ According to Kang, Wong, and Chan, “[t]here is little mention in Chinese discourse of expansive goals or ambitions for global leadership and hegemony” (Kang, Wong, and Chan, “What Does China Want?” p. 49). They add that Xi has claimed that China will “never become the hegemon,” and Chinese officials routinely deny an intent to “replace” the United States globally (Kang, Wong, and Chan, p. 49).
- ¹⁶⁹ Kang, Wong, and Chan, “What Does China Want?” p. 65.
- ¹⁷⁰ Kang, Wong, and Chan, “What Does China Want?” p. 65.
- ¹⁷¹ Increasingly, Beijing has sought to promote “China’s political model and the export of some of its authoritarian elements, such as state control over the internet” (Economy, *The World According to China*, p. 7). Xi argued that as China’s development proceeded, “the superiority of our socialist system will be increasingly apparent” (Economy, *The World According to China*, p. 7). As Susan Shirk has noted, Xi is the first leader to have “publicly proclaimed that the Chinese system was a model for other countries to follow, not just one well suited to China” (Shirk, *Overreach*, p. 200). See also Friedberg, *Getting China Wrong*, pp. 150–152.
- ¹⁷² As Ryan Hass writes,
- Chinese leaders recognize their governance system is not exportable. They do not face a requirement to build Sinocentric political or military blocs organized in opposition to the United States. Attempting to do so would be too alarming to India, Japan, and others, who would actively challenge any such efforts. Rather than seek to carve the world into Cold War-like configurations, Beijing’s proximate goal is to strengthen the legitimacy of the Chinese Communist Party and erode what it views as the bias of key values, norms, and preferences toward democracy, individual rights, rule of law, and Western-led standard setting. Over the longer term, China aims to become wealthy, strong, influential, and respected. (Hass, *Stronger*, p. 53)
- ¹⁷³ Greitens, “Dealing with Demand for China’s Global Surveillance Exports”; Greitens, Inboden, and Klein, *China’s Authoritarian Exports*.
- ¹⁷⁴ See Hass, *Stronger*, p. 56. Aaron Friedberg has argued, “What China’s current rulers appear to want and what their successors will almost certainly want as well, is to see their country become the dominant or preponderant power in East Asia, and perhaps in Asia writ large” (Friedberg, *A Contest for Supremacy*, p. 165). But Friedberg admits that Chinese strategists, while accepting the desirability of regional preponderance,
- differ over precisely how far it is necessary, and possible, to go. The answers to these questions will be determined by events and by the responses of others rather than set in advance according to some predetermined theory or plan. In this important sense, China’s grand strategy remains a work in progress. (Friedberg, *A Contest for Supremacy*, p. 165)
- Friedberg adds, “The question of whether they will have to settle for something less than clear-cut preponderance is probably unresolved at this point in the minds of China’s leaders” (Friedberg, *A Contest for Supremacy*, p. 174).
- ¹⁷⁵ Doshi, *The Long Game*, p. 302.
- ¹⁷⁶ On the East China Sea example, see Shirk, *Overreach*, p. 220.
- ¹⁷⁷ Bureau of International Labor Affairs, “Against Their Will.”
- ¹⁷⁸ Allen, *Beijing Rules*.
- ¹⁷⁹ For a discussion of this issue in the context of China’s coercion of Australia, see Lee, “How China Overreached in Australia.”
- ¹⁸⁰ Allen, *Beijing Rules*, pp. 168–169.
- ¹⁸¹ Allen, *Beijing Rules*, pp. 40–41.
- ¹⁸² Allen, *Beijing Rules*, p. xxviii.
- ¹⁸³ When Martin Jacques argues that China’s government’s behavior has, at times, reflected “the imprint of the tributary system, the need to assert the natural hierarchical order of things, and, if necessary, punish those who dared step out of line,” he is describing a default mindset still evident today (Jacques, *When China Rules the World*, p. 393). Jacques also quotes a Chinese scholar as suggesting that, as China’s power grows, “given the chance, the Chinese may wish to go back to their long-hallowed tradition of treating foreign countries as all alike but unequal and inferior to China” (Jacques, *When China Rules the World*, p. 393). In Henry Kissinger’s formulation, “Chinese elites grew accustomed to the notion that China was unique—not just ‘a great civilization’ among others, but civilization itself” (Kissinger, *On China*, p. 10).
- ¹⁸⁴ Economy, *The World According to China*, p. 27.
- ¹⁸⁵ As Henry Kissinger put it, China has used economic and diplomatic tools to “coax” neighbors into recognizing China’s cultural predominance. According to Kissinger, “[China’s] goal was not to conquer and subjugate the barbarians but to ‘rule [them] with a loose rein’ (*jī mǐ*). . . . The goal of this system was essentially defensive: to prevent the formation of coalitions on China’s borders. . . . [The] objective was a compliant, divided periphery rather than one directly under Chinese control” (Kissinger, *On China*, pp. 20, 22).
- ¹⁸⁶ Doshi, *The Long Game*, p. 303.
- ¹⁸⁷ Heath, Grossman, and Clark argue that “[i]t is possible to imagine alternative forms of [Chinese] global leadership featuring a much lower degree of direct control than either the United States or past colonial powers exercised” (Heath, Grossman, and Clark, *China’s Quest for Global Primacy*, p. 45). This model could be a “‘first among equals’ partnership between major powers that oversee a sort of spheres-of-influence arrangement”; that is, it could be more about setting norms than exercising direct control (Heath, Grossman, and Clark, *China’s Quest for Global Primacy*, p. 45).
- ¹⁸⁸ Kang, Wong, and Chan, “What Does China Want?” p. 75.
- ¹⁸⁹ Rumelt, *The Crux*, pp. 20, 22.
- ¹⁹⁰ Susan Shirk makes this case in detail: Chinese leaders and scholars understand the dangers of being a rising power, yet they have managed to alienate the United States, Europe, and much of Asia with their coercive belligerence. According to Shirk, “China’s leaders have brought the backlash on themselves, and they have done it . . . by overreaching.” Rather than finding a moderate approach that takes lessons from Bismarck, “Xi is acting more like Emperor Wilhelm II . . . [whose] military building and expansion frightened Germany’s neighbors” (Shirk, *Overreach*, p. 11).
- ¹⁹¹ Luttwak, *The Rise of China vs. the Logic of Strategy*, pp. 5, 6, 12.
- ¹⁹² Mazarr, *The Societal Foundations of National Competitiveness*.
- ¹⁹³ Mazarr, Dale-Huang, and Sargent, *The Emerging Competitive Paradigm*.

¹⁹⁴ Mazarr and McDonald, *Competing for the System*.

¹⁹⁵ As argued in the 2025 National Security Strategy, “[T]he United States must work with our treaty allies and partners . . . to counteract predatory economic practices and use our combined economic power to help safeguard our primes position in the world economy and ensure that allied economies do not become subordinate to any competing power” (White House, *National Security Strategy of the United States of America 2025*, p. 22).

¹⁹⁶ See, for example, Taffer and Wallsh, “China’s Indo-Pacific Folly.”

¹⁹⁷ Luhnow and Fairless, “Europe Is Losing.”

¹⁹⁸ Cozad et al., *Gaining Victory in Systems Warfare*.

¹⁹⁹ Mazarr et al., *The Emerging Risk of Virtual Societal Warfare*.

²⁰⁰ Kane et al., *Threats to Critical Infrastructure*.

²⁰¹ Luttwak, *The Rise of China vs. the Logic of Strategy*, p. 258.

²⁰² The Department of War is designated the Department of Defense under Public Law 81-216, National Security Act Amendments of 1949.

²⁰³ U.S. Department of War, 2026 National Defense Strategy, pp. 3–4.

References

Unless otherwise indicated, the authors of this report provided the translations of bibliographic details for the non-English sources included in this report.

“15th FYP to Advance Innovation-Driven Development,” *Science and Technology Daily*, October 31, 2025. As of March 2, 2026:

https://www.stdaily.com/web/English/2025-10/28/content_422148.html

Allen, Bethany, *Beijing Rules: How China Weaponized Its Economy to Confront the World*, Harper, 2023.

Allison, Graham, *Destined for War: Can America and China Escape Thucydides's Trap?* Houghton-Mifflin Harcourt, 2014.

“America’s Extraordinary Economy Keeps Defying the Pessimists,” *The Economist*, March 14, 2024.

“Are China’s Universities Really the Best in the World?” *The Economist*, June 18, 2025.

Atkinson, Robert D., *China Is Rapidly Becoming a Leading Innovator in Advanced Industries*, Information Technology and Innovation Foundation, September 2024.

Australian Strategic Policy Institute, “Critical Technology Tracker 2025,” webpage, undated. As of February 27, 2026:

<https://techtracker.aspi.org.au/>

Bank for International Settlements, “Credit to the Non-Financial Sector,” dataset, last updated February 25, 2026.

As of March 2, 2026:

https://data.bis.org/topics/TOTAL_CREDIT/tables-and-dashboards

Blaugher, Daniel, Benton Gordon, and Matthew Dagher-Margosian, *Made in China 2025: Evaluating China’s Performance*, U.S.-China Economic and Security Review Commission, November 14, 2025.

Bonner, Mark F., and Mathew D. Sanders, “The \$140 Billion Failure We Don’t Talk About,” *New York Times*, August 27, 2025.

Börger, Enrico, *Global Wealth Report 2025*, UBS, 2025.

Brandt, Loren, John Litwack, Elitza Mileva, Luhang Wang, Yifan Zhang, and Luan Zhao, “China’s Productivity Slowdown and Future Growth Potential,” World Bank Group, Policy Research Working Paper 9298, June 2020.

Brandt, Loren, John Litwack, Elitza Mileva, Wang Luhang, Zhang Yifan, and Zhao Luan, “Recent Productivity Trends in China: Evidence from Macro and Firm-Level Data,” *China: An International Journal*, Vol. 20, No. 1, February 2022.

Brimmer, Esther, “Remarks by Esther Brimmer to a Workshop Convened by the National Academies of Science, Engineering and Medicine,” Openness, International Engagement, and the Federally Funded Science and Technology Research Enterprise workshop, NAFSA, November 18, 2022.

Brooks, Stephen G., and Ben A. Vagle, “The Real China Trump Card: The Hawk’s Case Against Decoupling,” *Foreign Affairs*, March/April 2025.

Bureau of International Labor Affairs, “Against Their Will: The Situation in Xinjiang,” U.S. Department of Labor, undated.

Central Committee of the Communist Party of China [中共中央] and State Council [国务院], “The Central Committee of the CPC and the State Council Print and Issue the Outline for the Development of National Standardization” [“中共中央国务院印发‘国家标准化发展纲要’”, *State Council Gazette* [国务院公报], No. 30, October 30, 2021. As of May 27, 2026:

https://www.gov.cn/gongbao/content/2021/content_5647347.htm

Cheek, Timothy, and David Ownby, “Make China Marxist Again,” *Dissent*, Fall 2018.

Chen Quanguo, *Speech by Comrade Chen Quanguo at the First and Second Plenary Sessions of the Fourth Plenary Session of the Ninth Committee of the Xinjiang Uyghur Autonomous Region of the Chinese Communist Party*, trans. by Adrian Zenz and Mishel Kond, Interpret: China, Center for Strategic and International Studies, October 30, 2017.

ChinaFile, “Document 9: A ChinaFile Translation,” November 8, 2013. As of February 27, 2026:
<https://www.chinafile.com/document-9-chinafile-translation>

China Power Team, “How Severe Are China’s Demographic Challenges?” China Power, Center for Strategic and International Studies, last updated January 31, 2024.

China Power Team, “Measuring China’s Manufacturing Might,” China Power, Center for Strategic and International Studies, last updated November 25, 2025.

“The Chinese Communist Party Central Committee and the State Council Publish the ‘National Standardization Development Outline’” [“中共中央 国务院印发 ‘国家标准化发展纲要’”], Center for Security and Emerging Technology, November 19, 2021.

Committee for a Responsible Federal Budget, *Analysis of CBO’s March 2024 Long-Term Budget Outlook*, March 20, 2024.

Congressional Budget Office, *The Long-Term Budget Outlook: 2025–2055*, March 2025.

Cozad, Mark, Jeffrey Engstrom, Scott W. Harold, Timothy R. Heath, Sale Lilly, Edmund J. Burke, Julia Brackup, and Derek Grossman, *Gaining Victory in Systems Warfare: China’s Perspective on the U.S.-China Military Balance*, RAND Corporation, RR-A1535-1, 2023. As of February 25, 2026:
https://www.rand.org/pubs/research_reports/RRA1535-1.html

Czin, Jonathan A., “China Against China: Xi Jinping Confronts the Downsides of Success,” *Foreign Affairs*, November/December 2025.

Daves, Jamie, and Jianli Yang, “China’s Next Five-Year Plan Will Bet on Technology at Home and Abroad,” *The Diplomat*, October 16, 2025.

Department of Economic and Social Affairs, “World Population Prospects 2024, China: Graphs/Profiles,” dataset, United Nations, 2024. As of March 2, 2026:
<https://population.un.org/wpp/graphs?loc=156&type=Demographic%20Profiles&category=Line%20Charts>

Dezenski, Elaine, and Josh Birenbaum, “China Has Weaponized Battery Production Against the United States,” *National Interest*, September 24, 2025.

Doshi, Rush, *The Long Game: China’s Grand Strategy to Displace American Order*, Oxford University Press, 2021.

Douglas, Jason, and Ming Li, “China’s Economy Is Burdened by Years of Excess. Here’s How Bad It Really Is,” *Wall Street Journal*, last updated January 1, 2025.

Eberstadt, Nicholas, “The Age of Depopulation: Surviving a World Gone Gray,” *Foreign Affairs*, November/December 2024.

Economy, Elizabeth C., *The World According to China*, Polity, 2022.

Ferguson, Niall, “Debt Has Always Been the Ruin of Great Powers. Is the U.S. Next?” *Wall Street Journal*, February 21, 2025.

Friedberg, Aaron L., *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia*, W. W. Norton, 2011.

Friedberg, Aaron L., *Getting China Wrong*, Polity, 2022.

Funairole, Matthew P., Brian Hart, and Aidan Powers-Riggs, “China Dominates Global Shipbuilding,” Center for Strategic and International Studies, March 25, 2025.

Fung, Esther, and Taylor Umlauf, “Amtrak’s New Acela Trains Are Here. They’re Moving Slower Than the Old Ones,” *Wall Street Journal*, August 28, 2025.

Galbraith, James K., “Corporate America: A Long History of Private Tyranny,” *American Affairs*, Vol. 7, No. 3, Fall 2023.

Gokhale, Jagadeesh, and Kent Smetters, “When Does Federal Debt Reach Unsustainable Levels?” Penn Wharton Budget Model, University of Pennsylvania, October 6, 2023.

Goldman Sachs, “China’s Economy Is Forecast to Grow Faster Than Expected in 2026,” November 21, 2025.

Grabow, Colin, *The Reality of American “Deindustrialization,”* Cato Institute, October 24, 2023.

Greer, Tanner, and Nancy Yu, “Xi Believes China Can Win a Scientific Revolution,” *Foreign Policy*, April 30, 2024.

Greitens, Sheena Chestnut, “Dealing with Demand for China’s Global Surveillance Exports,” Brookings Institution, April 2020.

Greitens, Sheena Chestnut, Rana Siu Inboden, and Adam I. Klein, *China’s Authoritarian Exports*, Strauss Center for International Security and Law, University of Texas at Austin, July 2025.

Grünberg, Nis, Katja Drinhausen, and Alexander Davey, *Serving the People by Controlling Them: How the Party Is Reinserting Itself into Daily Life*, Mercator Institute for China Studies, August 20, 2025.

Hale, Thomas, “The Growing Problem with China’s Unreliable Numbers,” *Financial Times*, November 18, 2025.

Hass, Ryan, *Stronger: Adapting America’s China Strategy in an Age of Competitive Interdependence*, Yale University Press, 2021.

Heath, Timothy R., Derek Grossman, and Asha Clark, *China’s Quest for Global Primacy: An Analysis of Chinese International and Defense Strategies to Outcompete the United States*, RAND Corporation, RR-A447-1, 2021. As of February 25, 2026:

https://www.rand.org/pubs/research_reports/RRA447-1.html

Hess, Steve, “From the Arab Spring to the Chinese Winter: The Institutional Sources of Authoritarian Vulnerability and Resilience in Egypt, Tunisia, and China,” *International Political Science Review*, Vol. 34, No. 3, June 2013.

Hu, Angang, Shaojie Zhou, and Yize Xie, “A Correct Understanding of the New Stage of Chinese Socialism: 2020–2035,” in *Understanding Xi Jinping’s Governance: Study on the National Conditions of Modernization with Chinese Characteristics*, Tsinghua University Press and Springer Singapore, 2025.

Huang, Tianlei, and Nicolas Véron, “China’s Private Sector Has Lost Ground as State Sector Has Gained Share Among Top Corporations Since 2021,” Peterson Institute for International Economics, September 3, 2024.

Huld, Arendse, “China’s 15th Five-Year Plan: What We Know So Far,” China Briefing, June 2, 2025.

Hung, Ho-fung, “China’s Long Economic Slowdown,” *Dissent*, February 6, 2025.

Ikenberry, G. John, “Review: The Triumph of Broken Promises: The End of the Cold War and the Rise of Neoliberalism,” *Foreign Affairs*, February 28, 2023.

International Energy Agency, “Trends in the Electric Car Industry,” in *Global EV Outlook 2025: Expanding Sales in Diverse Markets*, July 2025.

International Monetary Fund, “World Economic Outlook,” dataset, October 2025. As of February 27, 2026: <https://www.imf.org/external/datamapper/datasets/WEO>

Jacques, Martin, *When China Rules the World*, Penguin Books, 2009.

Johnson, Ian, “Xi’s Age of Stagnation: The Great Walling-Off of China,” *Foreign Affairs*, Vol. 102, No. 5, September/October 2023.

Jost, Tyler, and Daniel C. Mattingly, “After Xi: The Succession Question Obscuring China’s Future—and Unsettling Its Present,” *Foreign Affairs*, September/October 2025.

Kane, Bridget R., Stephen Webber, Katherine H. Tucker, Sam Wallace, Joan Chang, Devin McCarthy, Dennis Murphy, Daniel Egel, and Tom Wingfield, *Threats to Critical Infrastructure: A Survey*, RAND Corporation, RR-A2397-2, 2024. As of February 27, 2026:

https://www.rand.org/pubs/research_reports/RRA2397-2.html

Kang, David C., *China Rising: Peace, Power, and Order in East Asia*, Columbia University Press, 2007.

Kang, David C., Jackie S. H. Wong, and Zenobia T. Chan, “What Does China Want?” *International Security*, Vol. 50, No. 1, Summer 2025.

Kirkegaard, Jacob Funk, “China’s Population Decline Is Getting Close to Irreversible,” Peterson Institute for International Economics, January 18, 2024.

Kissinger, Henry, *On China*, Penguin Press, 2011.

Kroeber, Arthur R., *Unleashing “New Quality Productive Forces”: China’s Strategy for Technology-Led Growth*, Brookings Institution, June 4, 2024.

- Kroeber, Arthur R., "China's Slowing Economic Growth: Causes and Impacts," in Arther R. Kroeber and Jonathon Marek, eds., *China's Economic Slowdown and Its Impact on Trading Partners*, National Bureau of Asian Research, Special Report No. 118, June 2025.
- Krolikowski, Alanna, "Brittle China? Economic and Political Fragility with Global Implications," *Global Policy*, Vol. 8, No. 4, June 2017.
- Kuo, Kaiser Y., "The Thing We Still Can't Say," *Sinica*, Substack, July 17, 2025.
- Lebow, Richard Ned, and Benjamin Valentino, "Lost in Transition: A Critical Analysis of Power Transition Theory," *International Relations*, Vol. 23, No. 3, September 2019.
- Lebreton, Tatiana, "How China Became a Solar Superpower," *Eco Experts*, March 2, 2024.
- Lee, John, "How China Overreached in Australia," *National Interest*, August 29, 2021.
- Lee, Lizzi, "China's Entrepreneurial Spirit Is Under Immense Strain," *Financial Times*, August 17, 2025.
- Levin, Henrietta, and Zoe Liu, "Understanding Chinese Power," *Pekingology* podcast, Center for Strategic and International Studies, March 5, 2026.
- Leyva, Karel J., "The Hidden Fragility of Authoritarian Regimes," *Politics and Rights Review*, June 24, 2025.
- Li, Mei, "'Confucian Revival' from Both Chinese and Western, Ancient and Modern Perspectives: Observations and Reflections on Post-Millennium Research into Confucianism," *International Confucian Studies*, Vol. 1, No. 1, 2022.
- Li Minsheng [李民圣], "Why Is It Said That the Socialist System with Chinese Characteristics Has Obvious Institutional Advantages?" ["为什么说中国特色社会主义制度具有明显制度优势"], *Hongqi Wengao* [红旗文稿], No. 4, February 26, 2019. As of February 27, 2026:
http://www.qstheory.cn/dukan/hqwg/2019-02/26/c_1124163909.htm
- Li, Peipei, Yuan Wang, Licheng Zhang, and Xueying Zhang, "China's GDP at Risk: The Role of Housing Prices," *Journal of Finance and Data Science*, Vol. 10, December 2024.
- Li Qiang, *Report on the Work of the Government*, State Council of the People's Republic of China, March 13, 2024. As of May 29, 2026:
https://english.www.gov.cn/news/202403/13/content_WS65f0dfccc6d0868f4e8e5079.html
- Liao, Wen, "China's Black Cat, White Cat Diplomacy," *Foreign Policy*, July 10, 2009.
- Literature Research Office of the China Communist Party Central Committee [中共中央文献研究室], *Excerpts from Xi Jinping's Discourse on Realizing the Chinese Dream of the Great Rejuvenation of the Chinese Nation* [习近平关于实现中华民族伟大复兴的中国梦论述摘编], Central Party Literature Press [中央文献出版社], December 2013. As of February 27, 2026:
<http://theory.people.com.cn/GB/68294/388648/index.html>
- Liu, Mingyue, Xiaolong Feng, Sangui Wang, and Huanguang Qiu, "China's Poverty Alleviation over the Last 40 Years: Successes and Challenges," *Australian Journal of Agricultural and Resource Economics*, Vol. 64, No. 1, January 2020.
- Lombardo, Teo, Leonardo Paoli, Araceli Fernandez Pales, and Timur Gül, "The Battery Industry Has Entered a New Phase," *International Energy Agency*, March 5, 2025.
- Long, Trelysa, "No, American Manufacturing Hasn't Been Revived," *Information Technology and Innovation Foundation*, June 6, 2025.
- Luhnow, David, and Tom Fairless, "Europe Is Losing," *Wall Street Journal*, August 22, 2025.
- Luttwak, Edward N., *The Rise of China vs. the Logic of Strategy*, Belknap Press, 2012.
- Ma, Damien, "The Xi Doctrine Zeroes in on 'High-Quality Development' for China's Economic Future," *Carnegie Endowment for International Peace*, March 27, 2026.
- Ma Si, "Future Industries Top Priority in 2026," *China Daily*, December 30, 2025. As of March 2, 2026:
<https://www.chinadaily.com.cn/a/202512/30/WS6953239aa310d6866eb311b2.html>
- Magnus, George, "Why Peak China May Finally Have Arrived," *The Guardian*, August 11, 2025.
- Mahbubani, Kishore, *Has China Won? The Chinese Challenge to American Primacy*, PublicAffairs, 2020.
- May, Ernest R., ed., *American Cold War Strategy: Interpreting NSC-68*, Bedford/St. Martin's Press, 1993.

Mazarr, Michael J., *The Societal Foundations of National Competitiveness*, RAND Corporation, RR-A499-1, 2022. As of February 27, 2026:

https://www.rand.org/pubs/research_reports/RRA499-1.html

Mazarr, Michael J., Ryan Bauer, Abigail Casey, Sarah Heintz, and Luke J. Matthews, *The Emerging Risk of Virtual Societal Warfare: Social Manipulation in a Changing Information Environment*, RAND Corporation, RR-2714-OSD, 2019. As of February 25, 2026:

https://www.rand.org/pubs/research_reports/RR2714.html

Mazarr, Michael J., Jonathan S. Blake, Abigail Casey, Tim McDonald, Stephanie Pezard, and Michael Spirtas, *Understanding the Emerging Era of International Competition: Theoretical and Historical Perspectives*, RAND Corporation, RR-2726-AF, 2018. As of February 27, 2026:

https://www.rand.org/pubs/research_reports/RR2726.html

Mazarr, Michael J., Samuel Charap, Abigail Casey, Irina A. Chindea, Christian Curriden, Alyssa Demus, Bryan Frederick, Arthur Chan, John P. Godges, Eugeniu Han, Timothy R. Heath, Logan Ma, Elina Treyger, Teddy Ulin, and Ali Wyne, *Stabilizing Great-Power Rivalries*, RAND Corporation, RR-A456-1, 2021. As of February 25, 2026:

https://www.rand.org/pubs/research_reports/RRA456-1.html

Mazarr, Michael J., Alexis Dale-Huang, and Matthew Sargent, *The Emerging Competitive Paradigm: A Contest of Effective Governance*, RAND Corporation, PE-A2611-1, February 2024. As of February 26, 2026:

<https://www.rand.org/pubs/perspectives/PEA2611-1.html>

Mazarr, Michael J., and Tim McDonald, *Competing for the System: The Essence of Emerging Strategic Rivalries*, RAND Corporation, PE-A1404-2, November 2022. As of February 25, 2026:

<https://www.rand.org/pubs/perspectives/PEA1404-2.html>

McGregor, Richard, *The Party: The Secret World of China's Communist Rulers*, Harper, 2010.

McMahon, Dinny, and Andrew Polk, *China's Economic Transition: Debt, Demography, Deglobalization, and Scenarios for 2035*, Center for Strategic and International Studies, September 2025.

Mearsheimer, John J., "Can China Rise Peacefully?" *National Interest*, October 25, 2014.

Mei, Qin (Maya), Scott Kennedy, and Ilaria Mazzocco, *China Is Growing Old Before It Becomes Rich: Does It Matter?* Big Data China, Center for Strategic and International Studies, last updated September 22, 2023.

Ministry of Foreign Affairs of the People's Republic of China, *U.S. Hegemony and Its Perils*, February 20, 2023. As of February 26, 2026:

https://www.mfa.gov.cn/eng/zy/gb/202405/t20240531_11367483.html

Ministry of Foreign Affairs of the People's Republic of China, "The Global Security Initiative Concept Paper," February 21, 2023. As of February 26, 2026:

https://www.fmprc.gov.cn/eng/zy/gb/202405/t20240531_11367484.html

Ministry of Foreign Affairs of the People's Republic of China [中华人民共和国外交部], "Wang Yi: 'Stabilize an Uncertain World with China's Certainty'" ["王毅: '以中国的确定性稳住不确定的世界'"], March 7, 2025. As of February 26, 2026:

https://www.mfa.gov.cn/wjbzhd/202503/t20250307_11570106.shtml

Ministry of Foreign Affairs of the People's Republic of China, "Concept Paper on the Global Governance Initiative," September 1, 2025. As of May 27, 2026:

https://www.fmprc.gov.cn/eng/xw/wjbxw/202509/t20250901_11699912.html

Moolenaar, John, "Chairman Rep. John Moolenaar Remarks," Strategic Competition in the Trump Administration, Wilson Center, January 22, 2025.

National Science Board, "Production Patterns of Knowledge- and Technology-Intensive Industries," webpage, National Science Foundation, April 22, 2024. As of March 3, 2026:

<https://ncses.nsf.gov/pubs/nsb20247/production-patterns-of-knowledge-and-technology-intensive-industries>

National Security Council, *United States Objectives and Programs for National Security*, NSC-68, April 14, 1950.

Office of the Director of National Intelligence, *2026 Annual Threat Assessment of the U.S. Intelligence Community*, March 2026.

Osnos, Evan, *Age of Ambition: Chasing Fortune, Truth, and Faith in the New China*, Farrar, Straus, and Giroux, 2014.

Osnos, Evan, "China's Age of Malaise," *New Yorker*, October 23, 2023.

Ostertag, Meghan, “The Census Bureau Confirms U.S. Manufacturing Has Declined,” Information Technology and Innovation Foundation, August 9, 2025.

Our World in Data, “Total Dependency Ratio,” dataset, undated. As of March 23, 2026:

https://ourworldindata.org/grapher/age-dependency-ratio-projected-to-2100?country=OWID_WRL~USA~CHN

“Outline of the 14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Long-Term Objectives for 2035” [“中华人民共和国国民经济和社会发展第十四个五年规划和2035年远景目标纲要”], Xinhua News Agency [新华社], March 13, 2021. As of March 2, 2026:

https://www.gov.cn/xinwen/2021-03/13/content_5592681.htm

Perdue, Peter C., “The Tenacious Tributary System,” *Journal of Contemporary China*, Vol. 24, No. 96, 2015.

Pezzullo, Michael, “Great Changes Unseen in 100 Years—but Not the Ones Xi Is Thinking Of,” *The Strategist*, Australian Strategic Policy Institute, November 20, 2024.

Qi Yu [齐玉], “Deeply Understand the Global Significance of Chinese-Style Modernization and Gather Tremendous Strength to Forge Ahead on the New Journey” [“深刻领会中国式现代化的世界意义 凝聚奋进新征程磅礴力量”], *Qiushi* [求是], No. 8, April 16, 2023. As of February 26, 2026:

https://www.mfa.gov.cn/wjbxw_new/202304/t20230416_11059940.shtml

Radchenko, Sergey, *To Run the World: The Kremlin’s Cold War Bid for Global Power*, Cambridge University Press, 2024.

Rajah, Roland, and Ahmed Albayrak, *China Versus America on Global Trade: Data Snapshot*, Lowy Institute, January 2025.

Rajah, Roland, and Alyssa Leng, *Revising Down the Rise of China*, Lowy Institute, March 14, 2022.

Rauh, Joshua, “Playing with Fire: The Interest Coverage of U.S. Federal Government Revenues,” *Liberty Lens*, Substack, October 7, 2024.

Rezepa, Lily Marie Theres, “Understanding the Revival of Confucianism in China’s Contemporary Politics,” *Grimshaw Review of International Affairs*, Vol. 2, No. 1, 2025.

Robinson, Quill, and Ryan Featherston, *Assessing the United States’ Solar Power Play*, Center for Strategic and International Studies, July 1, 2024.

Rogoff, Kenneth S., “America’s Coming Crash: Will Washington’s Debt Addiction Spark the Next Global Crisis?” *Foreign Affairs*, September/October 2025.

Rosenbach, Eric, Lea Baltussen, Eleanor Crane, Ethan Kessler, Lukasz Kolodziej, Ethan Lee, Alexandre Meyer, Cynthia Y. Tong, Britney Tran, and Delaney Wehn, *Critical and Emerging Technologies Index*, Belfer Center for Science and International Affairs, Harvard Kennedy School, June 2025.

Roson, David S., Logan Wright, Oliver Melton, and Jeremy Smith, *China’s Economy: Rightsizing 2025, Looking Ahead to 2026*, Rhodium Group, December 22, 2025.

Rubio, Marco, “Opening Remarks by Secretary of State-Designate Marco Rubio Before the Senate Foreign Relations Committee,” press release, U.S. Department of State, January 15, 2025.

Rudd, Kevin, *On Xi Jinping: How Xi’s Marxist Nationalism Is Shaping China and the World*, Oxford University Press, 2024.

Rumelt, Richard P., *The Crux: How Leaders Become Strategists*, PublicAffairs, 2022.

Sandbu, Martin, “Understanding America’s Productivity Boom,” *Financial Times*, February 29, 2024.

Schuman, Michael, “Why a Confucian Revival and the Internet Could Have Unexpected Consequences for China,” Brookings Institution, March 4, 2015.

Schweller, Randall L., and Xiaoyu Pu, “After Unipolarity: China’s Visions of International Order in an Era of U.S. Decline,” *International Security*, Vol. 36, No. 1, Summer 2011.

Scissors, Derek, “China’s Economic ‘Miracle’ in Context,” American Enterprise Institute, August 2019.

Scissors, Derek, “The More Important U.S.-China Economic Race,” American Enterprise Institute, September 22, 2022.

Scissors, Derek, “A Decade of U.S.-China Fundamentals,” American Enterprise Institute, March 23, 2026.

Shirk, Susan L., *Overreach: How China Derailed Its Peaceful Rise*, Oxford University Press, 2022.

- Smith, Noah, “Five Possible Reasons China’s Productivity Slowed Down,” *Noahpinion*, Substack, December 28, 2024.
- Stanford Center on China’s Economy and Institutions, “Overbuilt? Assessing the Diminishing Returns to Building in China,” Stanford University, May 1, 2025.
- State Council Information Office of the People’s Republic of China [中华人民共和国国务院新闻办公室], *China’s National Defense in the New Era* [新时代的中国国防], Xinhua News Agency [新华社], July 24, 2019. As of February 27, 2026: https://www.gov.cn/zhengce/2019-07/24/content_5414325.htm
- State Council of the People’s Republic of China, *The National Medium- and Long-Term Program for Science and Technology Development (2006–2020): An Outline*, 2006. As of February 27, 2026: https://www.itu.int/en/ITU-D/Cybersecurity/Documents/National_Strategies_Repository/China_2006.pdf
- Sun, Jasmine, “America Against China Against America,” @jasmine’s substack, Substack, August 28, 2025.
- Taffer, Andrew D., and David Wallsh, “China’s Indo-Pacific Folly: Beijing’s Belligerence Is Revitalizing U.S. Alliances,” *Foreign Affairs*, January 31, 2023.
- Taiwan Affairs Office of the State Council [国务院台湾事务办公室] and State Council Information Office [国务院新闻办公室], *The Taiwan Question and China’s Unification in the New Era* [台湾问题与新时代中国统一事业], Xinhua News Agency [新华社], August 10, 2022. As of February 27, 2026: https://www.gov.cn/zhengce/2022-08/10/content_5704839.htm
- Tan, J. S., “Is China an Engineering or a Developmental State?” *Value Added*, Substack, September 4, 2025.
- Tsang, Steve, and Olivia Cheung, “Has Xi Jinping Made China’s Political System More Resilient and Enduring?” *Third World Quarterly*, Vol. 43, No. 1, 2022.
- United Nations Industrial Development Organization, “UNIDO Statistics Portal,” dataset, undated. As of March 3, 2026: <https://stat.unido.org/data/table?dataset=indstat&revision=4>
- U.S. Department of Defense, *Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China*, 2025.
- U.S. Department of War, *2026 National Defense Strategy*, 2026.
- Waldron, Arthur, “There Is No Thucydides Trap,” China Project, June 12, 2017.
- Wang, Dan, and Arthur Kroeber, “The Real China Model: Beijing’s Enduring Formula for Wealth and Power,” *Foreign Affairs*, September/October 2025.
- Wang Huning, *America Against America*, Sanlian Shudian, 1991. As of February 27, 2026: <https://ia801806.us.archive.org/12/items/america-against-america/America%20Against%20America.pdf>
- Wei, Lingling, “Xi Has Spent Decades Preparing for a Cold War with the U.S.,” *Wall Street Journal*, July 4, 2025.
- Wen, Yi, *China’s Rapid Rise: From Backward Agrarian Society to Industrial Powerhouse in Just 35 Years*, Federal Reserve Bank of St. Louis, April 11, 2016.
- White House, *National Security Strategy of the United States of America*, December 2017.
- White House, *National Security Strategy*, October 2022.
- White House, *National Security Strategy of the United States of America*, November 2025.
- Wong-Leung, Jenny, Stephan Robin, and Linus Cohen, “ASPI’s Critical Technology Tracker: 2025 Updates and 10 New Technologies,” Australian Strategic Policy Institute, December 1, 2025.
- World Bank Group, “Foreign Direct Investment, Net Inflows (BoP, Current U.S.\$)—China,” dataset, undated. As of March 2, 2026: <https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?locations=CN>
- World Bank Group, “GDP, PPP (Constant 2021 International \$)—China, United States,” dataset, undated. As of March 4, 2026: <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?end=2024&locations=CN-US&start=1990>
- World Bank Group, “GDP Growth (Annual %)—China,” dataset, undated. As of February 27, 2026: <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=CN>
- World Bank Group, “GDP per Capita (Constant 2015 US\$)—China,” dataset, undated. As of February 27, 2026: <https://data.worldbank.org/indicator/NY.GDP.PCAP.KD?locations=CN>

World Bank and Development Research Center of the State Council, the People's Republic of China, *Four Decades of Poverty Reduction in China: Drivers, Insights for the World, and the Way Ahead*, World Bank Group, 2022.

World Intellectual Property Organization, "China Ranking in the Global Innovation Index 2025," webpage, undated. As of February 27, 2026:

<https://www.wipo.int/gii-ranking/en/china>

"World's Billionaires List: The Richest in 2025," *Forbes*, March 7, 2025.

Xi Jinping [习近平], "Accelerate the Construction of a Strong Country in Science and Technology and Achieve High-Level Scientific and Technological Self-Reliance" ["加快建设科技强国 实现高水平科技自立自强"], *Qiushi* [求是], No. 9, April 30, 2022. As of February 26, 2026:

https://www.gov.cn/xinwen/2022-04/30/content_5688265.htm

Xi Jinping, *Hold High the Great Banner of Socialism with Chinese Characteristics and Strive in Unity to Build a Modern Socialist Country in All Respects: Report to the 20th National Congress of the Communist Party of China*, State Council of the People's Republic of China, October 16, 2022. As of February 26, 2026:

https://english.www.gov.cn/news/topnews/202210/25/content_WS6357df20c6d0a757729e1bfc.html

Xi Jinping [习近平], "Speech at the National Science and Technology Conference, the National Science and Technology Awards Conference, and the Conference of Academicians of the Chinese Academy of Sciences and the Chinese Academy of Engineering" ["在全国科技大会、国家科学技术奖励大会、两院院士大会上的讲话"], Xinhua News Agency [新华社], June 24, 2024. As of February 26, 2026:

https://www.gov.cn/yaowen/liebiao/202406/content_6959120.htm

Xi Jinping [习近平], "Comprehensively Promote the Construction of a Strong Country and the Great Cause of National Rejuvenation with Chinese-Style Modernization" ["以中国式现代化全面推进强国建设、民族复兴伟业"], *Qiushi* [求是], No. 1, December 31, 2024. As of February 26, 2026:

https://www.gov.cn/yaowen/liebiao/202412/content_6995565.htm

Xi Jinping Thought on Diplomacy Research Center [习近平外交思想研究中心], "Accurately Understanding the General Trend of World Development (People's Important Theory)" ["准确认识世界发展大势（人民要论）"], *People's Daily* [人民日报], November 28, 2023. As of February 27, 2026:

<http://theory.people.com.cn/n1/2023/1128/c40531-40127072.html>

Yi Fuxian, "How Chinese Officials Inflated the Nation's Birth Rate and Population Size for 2019," *South China Morning Post*, February 17, 2020.

Yu, Kelvin, and Charles Yang, "Technological Progress in Chinese Political Culture: An Intellectual Genealogy," *American Affairs*, Vol. 9, No. 1, Spring 2025.

Zwetsloot, Remco, Jack Corrigan, Emily S. Weinstein, Dahlia Peterson, Diana Gehlhaus, and Ryan Fedasiuk, *China Is Fast Outpacing U.S. STEM PhD Growth: CEST Data Brief*, Center for Security and Emerging Technology, August 2021.



Significant debates remain underway on some of the most essential aspects of the U.S. contest with China: the nature of the competitor, the main elements of the competition, a sense of what the competition is truly about, what success looks like, and a theory of success to bring about that end. What is clear is that the United States is dealing with a rival whose dynamism derives not from ideological expansion but from economic development, a growing influence in international institutions and processes, and an increasingly strong position in the fields of science and technology.

The competition is clearly something other than a classic power transition; China is rising relative to the United States but not in a straight-line trajectory. China is not set to dominate world politics. Although China is immense and influential, its horizons are not infinite, and its power is counterbalanced by a variety of factors.

This report is the first of several deliverables in a RAND study on U.S.-China competition, and in this report, the authors offer a clear framework for understanding the elements of the competition and placing that framework in a broader conception of the competition's nature. To build such a conceptualization, the authors reviewed U.S. and Chinese concepts of national power and statecraft and reexamined earlier RAND research on competition. The authors share their findings and deliver initial recommendations for how the United States can devise a strategy to counter China and gain strategic leverage in the competition.

\$49.95

www.rand.org

ISBN-10 1-9774-1601-2
ISBN-13 978-1-9774-1601-8

