



TECH-GEMONY IS THE KEY TO THE FUTURE

BY BRAD GLOSSERMAN

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I first sensed a disturbance in the force in the early days of the first Trump administration. It wasn't the president's antics that got my spidey sense tingling. Rather, it was a gnawing recognition of a fundamental shift in the way the world worked. Over time, the contents and contours of this new mindset became clear—to me, at least—and I called it “the new national security economy.”

While that administration's declaration that strategic competition was the defining feature of the geopolitical moment made sense, it wasn't clear how that concept would be applied. Unlike the Cold War, when the primary battleground was military, the US and the West generally were squaring off against a real economic adversary, one that is deeply embedded in its supply chains and integral to its economic success.

The economic dimension transformed strategic—I use that word in its most elemental sense—calculations, particularly since this shifted attention to an arena, technology, where Western leadership has been taken for granted. Historically, discussions of technology in the strategic sphere zeroed in on its impact on military capabilities. Today, the civilian uses of that technology matter most. That is why David Lee and I titled our new book—available most places as of Aug. 27 and in the US on Nov. 1—*Tech-Gemony*: It explains how and why the future will be written by the companies and countries that lead in this field.

Addressing the China challenge requires fundamental changes in policy by both government and business (and behavioral changes by ordinary citizens, too). It seemed clear to me even way back then

that sharpening competition with China would be difficult, if not impossible to contain, and I had spirited arguments with folks working these issues about how far the US would go and how the fight would be fought. They almost uniformly told me I was way out over my skis.

My working metaphor is the barbell. Imagine two big spheres that once overlapped but are increasingly separate. Those two circles correspond to the US-centered and the China-centered economies. Initially, connections between the two spheres were thick. They have gradually thinned as each country creates its own technology ecosystem.

The increasing distance between them is created by the decoupling that has been occurring over the last eight years. That discomfort I mentioned at the outset was triggered by a certainty that this process would continue much farther than anyone was willing to admit or anticipate at the time.

First, export controls blocked the transfer of technologies with military applications. Then, it became “strategic technologies” more generally. Daily, it seems, the list is lengthened, and decisions are being driven as much by a fear of importing vulnerabilities as the prospect of strengthening a potential adversary. The US call to ban Huawei from its and allies' national telecommunications infrastructures was prompted by worries about China's access to those messages or allowing it to insert a “kill switch.” Last month, Washington added advanced robotics, joining 5G communications systems, routers, drones and connected vehicles to a lengthening list.

My focus has been high-tech, but even low-tech products are being restricted when their internet sensors and connections are made by China and create opportunities for espionage or chaos if they are manipulated. China's development of NearLink, an alternative to Bluetooth, means that every wireless device is being dragging into this bifurcation.

Meanwhile, those who care about human rights argue for restricting cotton imports because of the use of forced labor. Others argue for environmental standards to ensure that trade is sufficiently “green.”

Each shrinks the connective tissue between the two economic spheres.

While the US has gotten much of the blame for this division, China is just as guilty, restricting tech exports and limiting imports. In some cases, it is retaliating for US measures. Restrictions announced Aug. 5 on export to the US of drones, their key components and related technologies were framed as a response to US “economic and trade restrictive measures.” But self-reliance is a pillar of Chinese industrial and national security policy more generally. The Chinese government has long insisted that it cannot rely on foreign technologies and maintain its sovereignty. In rejecting high-tech imports, the US is adopting the Chinese model.

(Yes, the decoupling story is complex and new research from experts at the Peterson Institute for International Economics concluded that efforts by the first Trump administration and that of Biden “failed to achieve significant US decoupling from China.” Still, the direction of travel is clear and the two spheres are separating, even if more slowly than desired.)

It is impossible to overstate the determination of the Chinese leadership to master new and emerging technologies and their country’s success in that effort. Every study of technology leadership warns that it’s a genuine competition, and the winner has not been determined.

The June update to the Australian Strategic Policy Institute’s Technology Tracker concluded that “China leads in 69 of 74 technologies—a position consistent with the March 2026 update, and a clear signal of a structural shift underway in global technological power.” The technology scorecard of the Special Competitive Studies Project agrees: “China is winning the race to automate the 21st century.”

Critical to China’s progress is a model of capitalism that deeply integrates the public and private sectors to ensure that the energies of business are directed toward officially sanctioned objectives. That policy and its success demand a rethinking and rejection of core components of postwar economic orthodoxy and policy. Among them:

- The claim that China cannot innovate and can only steal or buy Western technology;
- The related claim that industrial policy is doomed to fail, a belief that ignores the remarkable development of Japan and the Asian governments that followed its lead;
- The belief that the US hasn’t had its own—successful—industrial policy and its economic leadership is solely the product of extraordinary entrepreneurial energies; and
- The belief that technological sovereignty is possible and any single country can be self-reliant in the development and production of technology.

This last item has gotten little attention as governments scramble to shore up supply chains and ensure access to critical inputs and products. But that effort will invariably come up short.

Virtually all cutting-edge research collaborates across borders. Key components and minerals are distributed across the globe. Industrial supply chains are transnational and excessive concentration in a

geographic space makes them vulnerable to disruption from natural disasters. (Japan learned that lesson after the March 11, 2011 triple catastrophe.) Multinational markets are needed to create scale which reduces costs and generates sufficient revenue for more research and development.

Navigating between these twin realities—competition with China for tech leadership and the need for international cooperation to ensure success in that effort – is the defining feature of the current geopolitical calculus. The stakes—who will write the rules of global order and who will run the world—could not be higher. *Tech-Gemany* explains it in more detail.

The Pilot commentaries and responses represent the views of the respective authors. Alternative viewpoints are always welcomed and encouraged. Please write to rob@pacforum.org for more information on how to contribute.