



Center for Strategic and Budgetary Assessments

STUDIES

The Decisive Decade: United States–China Competition in Defense Innovation and Defense Industrial Policy in and Beyond the 2020s

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In the long-term competition between the United States and China, the competitive edge will be decided not only by who more effectively fields current capabilities and strategies, but also by which state's techno-security system can most effectively develop and field new technologies for strategic, dual-use, and defense applications. Although both states recognize the need to prevail in the techno-security competition, the two have drastically different approaches to defense innovation and defense industrial policy.

In *The Decisive Decade*, authors Tai Ming Cheung and Thomas G. Mahnken contend that the long-term techno-security competition between the United States and China hinges upon how both states organize, mobilize, and incentivize their respective innovation sectors and industrial economies. Cheung and Mahnken offer a comprehensive analysis of both systems, including a detailed assessment of China's defense industrial transformation in recent years and how recent global events have affected the defense industrial bases in both states. The authors conclude with a diagnostic net assessment of the U.S. and Chinese techno-security systems, judging that although the U.S. system is better organized and structured for long-term competition than China's to be successful the United States cannot be complacent and must take urgent action to improve the performance of its system.