



Center for Strategic and Budgetary Assessments

TESTIMONY

TESTIMONY BEFORE SELECT COMMITTEE ON THE CHINESE COMMUNIST PARTY

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Thomas G. Mahnken, Ph.D.
President and CEO, Center for Strategic and Budgetary Assessments

Chairman Moolenaar, Ranking Member Krishnamoorthi, Members of the Committee, thank you for the opportunity to appear before you today to discuss the ongoing competition between the United States and the People's Republic of China (PRC) in the field of artificial intelligence (AI).

The United States and the PRC are in a long-term techno-security cooperation that will determine the shape of the global political order for coming years and decades. In the limited time that I have, I would like to discuss the uncertain scope of the competition, asymmetries in the American and Chinese approaches to the AI competition, the state of the competition, and the way forward.

The uncertain scope of the competition.

First, I would like to say a few things about the level of uncertainty surrounding the global competition over AI. It is vast, with poorly defined boundaries. That is, it is affecting, and will affect, different sectors of society. AI has, and will have, implications for national security, but also for society more broadly. It is difficult, if not impossible, to predict how it will develop, when and how it will be adopted, and the implications of its adoption. That is a fundamental point that we need to keep in mind as we move forward.

Asymmetries in the American and Chinese approaches.

Second, it is worth noting that the United States and PRC are approaching the competition in different ways. This is not surprising, as the United States and PRC have very different approaches to innovation and technology adoption.¹

The American approach to innovation is centered in the free enterprise system, and it is at its best when the creativity of the free enterprise system is unleashed. That is not to say that government does not have an important role to play in technology development and adoption. Government plays an important role

¹ Tai Ming Cheung and Thomas G. Mahnken, *The Decisive Decade: United States-China Competition in Defense Innovation and Defense Industrial Policy in and Beyond the 2020s* (Washington, D.C.: Center for Strategic and Budgetary Assessments, 2023).

by providing a demand signal to private industry and also, where necessary, regulating the development and adoption of new technology.

China, by contrast, is a fast follower. Its innovation system is based upon ingesting and improving the innovations of others.²

These different approaches reflect different social norms. The United States is a liberal democracy, and this culture infuses our approach to the development and adoption of technology. The PRC is an authoritarian state, and the authoritarian approach affects the way that China develops technology as well as the purposes to which that technology is put.

We should thus expect that the United States and PRC will continue to develop AI for different purposes.

China is a low-trust society, and we should expect that the PRC will develop applications of AI that allow the Chinese Communist Party to harness AI to bolstering its control over Chinese society. In the military realm, the People's Liberation Army embraces a scientific approach to military affairs, and we should expect it to seek applications of AI that help commanders identify the "optimum" solutions to problems.

The United States, by contrast, is a high-trust society. We should not be surprised that American companies seek to develop AI to empower individuals to maximize their effectiveness. The United States tends to view military affairs as more an art than a science and to put human beings at the center of warfare. With that comes a culture that tends to be risk averse when it comes to the adopting new technology; we weigh perceived benefits against potential costs.

The State of the competition.

The United States comes to this competition from a period of great strength as an innovator. China has joined the competition in a characteristically authoritarian way – by directing massive amounts of state resources and deploying the tools available to an authoritarian regime. Moving forward, the United States should seek to bolster the strengths inherent in our democratic system and our approach to innovation. We will never out-authoritarian the authoritarians.

We could stumble and falter under two circumstances. First, we could fail if we inhibit ourselves from pursuing AI – that is, if we take counsel of our fears and slow our momentum such that the Chinese overtake us.

Second, we could fail if we are careless and continue allow the PRC to poach our innovations and steal our data.

Thinking about the competition.

In conclusion, I want to emphasize the need to think about the Sino-American competition in AI for what it is: a **competition**. We surely need to do a better job of playing defense – of restricting data where warranted to prevent our competitors from gaining an undue advantage from the fact that we have an open society. But we shouldn't imagine that we can win merely by playing defense. We need to couple a

² Tai Ming Cheung, *Innovate to Dominate: The Rise of the Chinese Techno-Security State* (Ithaca; Cornell University Press, 2022).

strong defense with a strong offense. The government needs to provide a strong demand signal for the adoption of AI in areas vital to national security and economic wellbeing.

Finally, because we are talking about a competition, we need to think how we can best sustain our advantage over the long term in interaction with China. That is, we need to think about developing countermeasures to China's efforts to acquire and use our data.

Thank you for your attention, and I look forward to your questions.

About the Center for Strategic and Budgetary Assessments

The Center for Strategic and Budgetary Assessments (CSBA) is an independent, nonpartisan policy research institute established to promote innovative thinking and debate about national security strategy and investment options. CSBA's analysis focuses on key questions related to existing and emerging threats to U.S. national security, and its goal is to enable policymakers to make informed decisions on matters of strategy, security policy, and resource allocation.