The Rise of the Tech Right: How It Is Reshaping the Sino-U.S. Strategic Competition

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ABSTRACT	This article examines how the rise of the American Tech Right is reshaping the Sino–U.S. strategic competition. It conceptualises the Tech Right as a loosely coupled policy network linking venture capital, dual-use technology firms, and policy entrepreneurs associated with the PayPal and Palantir ecosystems. The network seeks to reshape U.S. state capacity through private financing before government procurement, software-defined systems that can be updated after deployment, and dual embedding in commercial and government markets. These mechanisms can allow new technological benchmarks to emerge faster than conventional procurement cycles, particularly in software-intensive domains. Set against China's mobilisation regime, which remains strong in industrial coordination and manufacturing scale but is prone to overcapacity and convergence around common benchmarks, the Sino-U.S. rivalry, the article argues, is increasingly a contest between innovation regimes rather than a race in any single technology.

KEYWORDS	Tech Right, innovation regime, Sino-U.S. strategic competition, policy networks, net assessment
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INTRODUCTION

The Sino-U.S. rivalry is now a central axis of great-power competition. It is no longer only a contest over military balances, trade, or GDP. As advanced technologies increasingly shape strategic power, the central question is not simply which side leads in artificial intelligence, semiconductors, batteries, drones, or other dual-use technologies, but which innovation system can turn technological change into a usable national capability and do so faster than its rival (KENNEDY & LIM, 2018; WEISS, 2014). The key issue is therefore how different innovation regimes shape the speed at which new technologies are developed, deployed, and converted into strategic advantage, and how emerging capabilities on one side can establish new benchmarks that the other side must respond to.

Much of the existing research compares the United States and China in terms of measures that treat technological capabilities as broadly comparable. One line of research examines national innovation systems and how states organise research, firms, finance, and skills (FREEMAN, 1995; LUNDVALL, 1992; NELSON, 1993). When applied to the U.S.-China competition, this literature often emphasises indicators such as R&D spending, patents, technological output, and STEM capacity (KENNEDY & LIM, 2018; MELAAS & ZHANG, 2016; VOLCHIK ET AL., 2023). This approach is useful for assessing accumulated capabilities, but it is less suited to explaining a competition in which the relevant benchmark changes rapidly. When the frontier moves faster than the speed at which existing capabilities can be absorbed, the question is not only who has greater capacity, but also who can generate and adopt the next benchmark more quickly.

A second body of research examines technological competition sector by sector. Allison et al. (2021), for example, compare the United States and China across artificial intelligence, 5G, quantum information science, semiconductors, biotechnology, and green technology. To give another example, Ding (2018) examines China's approach to artificial intelligence. This literature provides important evidence about relative strengths and weaknesses across specific technologies. Yet sectoral comparisons can obscure differences in the organisational processes through which technologies are developed and deployed. If the relevant technology remains relatively stable, the comparison can focus on the distance between the two sides. If firms can introduce new systems

before existing ones have been fully absorbed, however, the ability to establish and respond to new benchmarks becomes part of the competition itself.

A third body of research focuses on how states use technological and economic structures once strategic capabilities and interdependencies have developed. Farrell and Newman (2019) show how interdependence can become a source of coercive power, while Zúñiga et al. (2024) examine competition over technology standards and the rules that shape emerging technologies. Weiss (2024) examines the renewed use of economic statecraft and industrial policy in response to China. This literature explains how states protect, constrain, and leverage technological capabilities, but it pays less attention to how new capabilities are generated before they become objects of statecraft. Works by Weiss (2014) and Mazzucato (2013) highlight the interaction between public purpose and private innovation, providing an important basis for examining how private firms can contribute to state capacity. The more recent expansion of venture-backed dual-use firms raises a related question about whether private networks can generate strategic capabilities before conventional government procurement begins.

The research on military innovation comes closest to this problem. Horowitz (2010) shows that the diffusion of military power depends not only on invention but also on organisational adoption. Gilli and Gilli (2019) explain why the complexity of advanced military systems limits the ability of rivals to reproduce them through imitation and reverse engineering. Cheung (2022) examines how China's techno-security state seeks to convert technological innovation into military power. These studies help explain why technological advantages may persist even when rivals have access to similar technologies. They provide less guidance, however, on what happens when the technology itself continues to change rapidly, or when a rival possesses substantial advantages in other parts of the industrial base, such as batteries, drones, photovoltaics, and telecommunications equipment. The problem is therefore not simply whether one side can copy or adopt an existing technology, but whether its innovation regime can adapt when the benchmark itself keeps moving.

This article addresses this gap by examining the rise of the American Tech Right, understood here as a loosely coupled network of venture

investors, dual-use technology firms, and policy entrepreneurs associated with the PayPal and Palantir ecosystems. The network is diverse and does not constitute a unified political actor. Its members nevertheless share a recurring diagnosis claiming that parts of the American bureaucracy are too slow for contemporary technological competition, together with a preference for building capabilities outside traditional procurement channels and bringing those capabilities into government. The article identifies three mechanisms through which this network seeks to reshape state capacity. First, private capital can finance strategic technologies before government procurement. Second, software-defined systems can be updated after deployment. And third, firms can also operate simultaneously in commercial and government markets, allowing commercial demand and government demand to reinforce one another.

The significance of these mechanisms becomes clearer when they are considered alongside China's mobilisation-centred innovation regime. China can direct credit, land, administrative resources, and political attention toward strategic industrial targets, and this capacity has helped produce globally competitive firms in batteries, electric vehicles, drones, and telecommunications equipment. Its strengths in industrial coordination and manufacturing scale therefore remain substantial. At the same time, however, a system that mobilises large amounts of capital and administrative attention around identified targets can face difficulties when the technological frontier moves rapidly. If a new American benchmark emerges on a commercial time scale, a mobilisation response may be organised around an already visible target rather than the next one. This does not imply a general Chinese disadvantage, however. The potential asymmetry is more relevant in software-intensive and rapidly evolving domains than in sectors where Chinese firms retain major advantages in cost, manufacturing capacity, and supply-chain depth.

The article makes three contributions. First, it conceptualises the Tech Right as a policy network and examines how its organisational and financial practices seek to reshape U.S. state capacity. Second, it treats China's mobilisation regime as both a source of industrial strength and a potential source of rigidity when technological benchmarks change rapidly. Third, it shifts the analysis of Sino-U.S. technological competition from static comparisons of capabilities toward the interaction

between innovation speed, benchmark formation, and strategic response. The central argument is that the rivalry is increasingly shaped by differences in innovation regimes, not simply by differences in technological stocks.

Section 2 defines the Tech Right and explains the research design and sources. Section 3 examines the network's intellectual foundations, capital, firms, mechanisms, and political constraints. Section 4 analyses China's mobilisation-centred innovation regime and the strengths and limitations associated with it. Section 5 brings the two systems together and examines how differences in innovation speed and benchmark formation may affect strategic competition. The conclusion considers the conditions under which these differences could produce a durable advantage and the limits that could constrain either side.

DEFINING THE TECH RIGHT AND THE METHOD OF THE STUDY

THE TECH RIGHT AS A NETWORKED COALITION

The phrase "Tech Right" is a journalistic convenience rather than a settled social-scientific category. Used loosely, it can collapse intellectual currents, investment vehicles, firms, and elected officials into a single actor. That collapse is analytically costly. The figures and organisations discussed below, including Peter Thiel, Elon Musk, David Sacks, Joe Lonsdale, J.D. Vance, Palantir, Anduril, SpaceX, Founders Fund, the Department of Government Efficiency experiment, and others, do not share a unified command structure, a single ideology, or identical commercial interests. Musk's industrial and platform empire is not Palantir's data-integration business; Vance's electoral coalition is not coextensive with Silicon Valley venture capital; crypto-policy advocacy is not missile-defence contracting.

Treating these agents as one coherent subject would reify a heterogeneous field.

This article therefore defines the Tech Right as a *loosely coupled elite policy network:* a set of overlapping personal, financial, and organisational ties among investors, founders, and policy entrepreneurs who share (i) a diagnosis of bureaucratic incapacity in the American state, (ii)

a preference for building dual-use technological capacity outside legacy procurement channels, and (iii) an increasing willingness to convert commercial positions into personnel and agenda access inside government. The definition is intentionally narrower than "the American technology sector" and broader than any one firm or politician.

This conceptualisation draws on several existing traditions without collapsing into any one of them. It resembles a *policy network* or *issue network* more than a classical epistemic community (HAAS, 1992; RHODES, 2006). Haas's epistemic communities are bound by shared causal and principled beliefs grounded in recognised expertise. The Tech Right possesses a recognisable intellectual repertoire – critiques of elite insulation, suspicion of credentialing institutions, first-principles product design, and an emphasis on state-capacity failure – but it is not a scientific consensus community, and its members disagree on regulation, industrial policy, immigration, and the proper scope of executive power. It also has features of a *political elite network* in the sense used in studies of overlapping directorates and donor-personnel pipelines: capital, board seats, fellowships, and campaign finance circulate among a relatively small set of nodes and then into public office (USEEM, 1984; MILLS, 2000). Finally, parts of the network function as a *techno-nationalist coalition* that frames commercial innovation as an instrument of the great-power competition with China (WEISS, 2024; KENNEDY & LIM, 2018).

Three boundary rules follow. First, not every conservative technologist, defence start-up, or Republican appointee is part of the Tech Right; their inclusion in the category requires observable network ties (investment, employment, co-founding, repeated political sponsorship) plus their participation in the shared diagnosis of state incapacity. Second, the network is internally differentiated: commercial-platform actors, defence-software firms, and elected politicians face different audiences and constraints. Third, influence should be demonstrated rather than inferred from proximity. The empirical sections therefore distinguish shared narrative from implemented organisational change.

RESEARCH DESIGN AND SOURCES

The article uses a qualitative comparative design focused on *innovation regimes* – the institutionalised ways in which states and market actors

generate, select, finance, and deploy technology for strategic purposes (LUNDVALL, 1992; NELSON, 1993; WEISS, 2014). The comparison is not a symmetric two-country model in the statistical sense. It is a structured contrast of two interacting systems, with special attention to mechanisms that may alter the tempo of competition (GEORGE & BENNETT, 2005; BEACH & PEDERSEN, 2013). The net assessment supplies the strategic question – how each side's strengths play against the other's weaknesses over time – rather than a claim of predictive precision (MARSHALL, 1982; BRACKEN, 2006).

Empirically, the study proceeds in three steps. It first reconstructs the American network from investment records, corporate disclosures, personnel appointments, and public statements. It then specifies three hypothesised mechanisms of state-capacity change (pre-procurement private financing; software-defined iteration; and dual commercial – government embedding) and assesses them against recent defence and dual-use cases. Finally, it contrasts that configuration with China's mobilisation regime, using sectoral cases in which Beijing has both succeeded at scale (batteries, electric vehicles, drones, telecommunications equipment) and encountered diminishing returns (overlapping guidance funds, price wars, capacity gluts).

The source base necessarily mixes peer-reviewed research with official documents, financial data, and contemporaneous reporting. The last of these is indispensable for a process still unfolding, but it is also partial and often promotional. Where possible, journalistic claims are triangulated with company filings, government contracts, official speeches, and secondary academic analysis. The causal language is kept probabilistic. The article does not treat isolated contract awards as proof of systemic transformation, nor does it treat Chinese industrial overcapacity as proof of China's strategic exhaustion. Both interpretations remain hypotheses to be weighed against counter-evidence.

THE U.S. TECH RIGHT AND A CONTESTED AMERICAN INNOVATION REGIME

The roots of today's Tech Right can be traced to Silicon Valley's so-called PayPal Mafia and the later Palantir alumni network. These overlapping circles included early PayPal leaders such as Peter Thiel,

Elon Musk, and David Sacks, as well as founders of and alumni from Palantir Technologies. Over roughly two decades, the informal relationship networks evolved into a denser formation spanning venture capital, high-technology firms in strategic sectors, policy advocacy, and alternative talent pipelines (AU-YEUNG, 2025; STOKES ET AL., 2025).

What animates this network is less a shared biography than a recurring operating diagnosis: governance failure is treated as an execution and organisational problem rather than a solely partisan one. In this view, the existing administrative machinery is often too slow for the tempo of contemporary technological competition. The preferred response is to build capabilities outside the formal apparatus of government, refine them through operational use, and use demonstrated performance to pressure public agencies to adapt. Technology, on this account, does not merely support existing governance structures; it can precede them, establishing de facto standards that legal and regulatory frameworks are then pressed to accommodate. Whether that sequence strengthens democratic state capacity or privatises public authority is precisely the political question the network's critics raise, and it is taken up in section Political Constraints, Democratic Risks, and Concentrated Power.

INTELLECTUAL FOUNDATIONS

The Tech Right is best understood through an intellectual repertoire that combines Angelo Codevilla's critique of elite misrule with René Girard's theory of mimetic desire, which is also filtered through Silicon Valley's culture of first-principles reasoning, an approach most explicitly articulated by Peter Thiel (THIEL, 2014; THIEL & MASTERS, 2014). These sources do not constitute a formal doctrine. They function as a shared language that makes certain organisational choices appear self-evident to participants.

Codevilla argued that political power had consolidated wthin a self-protecting bipartisan elite insulated from accountability and oriented toward preserving its own authority rather than delivering results (CODEVILLA, 2010). Reform, on this view, could not emerge easily from within because incentive structures reward procedural compliance over problem-solving. Renewal would require alternative centres of competence outside the federal bureaucracy, as these would displace failing

incumbents on grounds of demonstrated performance rather than formal authority alone. Codevilla similarly argued that political leadership alone was insufficient to transform the bureaucracy without effective personnel appointments and sustained support for those appointees (LIMBAUGH, 2019). Thiel and aligned investors translated that diagnosis into practice by funding firms and organisations intended to operate in spaces where, in their view, public institutions had underperformed (LUBAN, 2022; LONSDALE, 2019; STEPHENS, 2025). Founders Fund has targeted sectors where institutional frameworks remain underdeveloped; the Cicero Institute drafts model legislation aimed at circumventing entrenched interest groups; Palantir was built to sell data-integration practices that agencies had struggled to execute internally. The Thiel Fellowship – which pays young people to leave or forgo university and pursue entrepreneurship – expresses the same suspicion of credentialing filters (THIEL, N.D.). The Department of Government Efficiency, staffed in part by figures from this wider orbit, represents an attempt to carry the displacement logic into the executive branch itself. These moves should be read as political projects, not as self-validating proofs of superior governance.

If Codevilla supplied a diagnosis of institutional failure, Girard's theory of mimetic desire offered a language for why systems reproduce stagnation. Girard argued that social conflict often arises from imitation: actors pursue the same objects because others do, and this produces rivalry without novelty (GIRARD, 1965). Thiel, who studied under Girard at Stanford, draws on this framework in the claim that "competition is for losers" (THIEL, 2014): when firms copy one another's products, or when states benchmark the same strategic technologies, rivalry can intensify while genuine differentiation recedes. First-principles reasoning – "zero to one" rather than replication – is presented by Thiel as the alternative (THIEL & MASTERS, 2014). Applied to governance, this reframes the state as a bundle of functions that might be delivered through new organisational and technological forms. The argument is powerful as an entrepreneurial ideology. It is weaker as a theory of public authority, however, because it under-specifies who authorises, oversees, and bears liability when private infrastructures become public essentials.

NETWORKS, INFLUENCE, AND INSTITUTIONAL REACH

These intellectual commitments translate into investment criteria, company-building strategies, personnel decisions, and political engagement. The pattern is consistent even when actors diverge: identify where incumbent institutions are seen to have failed, build outside them, and attempt to force adaptation through working products and personnel placement.

At the core of the capital network is Founders Fund, which has made large, conviction-driven investments in defence, artificial intelligence, and other strategic sectors. High-profile deals such as anchoring Anduril's 2025 financing round at a reported $30.5 billion valuation illustrate how venture-scale capital can create faster-moving competitors in industries historically shaped by slow procurement cycles (SHETTI, 2025). Alongside Founders Fund, 8VC – co-founded by Palantir alumnus Joe Lonsdale – channels capital into logistics, healthcare, and defence, often co-founding rather than merely financing companies (8VC, N.D.-A). Andreessen Horowitz's American Dynamism practice has pushed venture capital into aerospace, defence, manufacturing, and critical infrastructure, seeking to normalise these domains as arenas for elite entrepreneurship (BOYLE, 2022). Palantir alumni networks further institutionalise the circulation of training, capital, and mentorship (STOKES ET AL., 2025). Additional vehicles extend the infrastructure: the 1517 Fund finances founders who bypass conventional credentialing pipelines (GILION, 2025); Narya Capital, founded by J.D. Vance with Thiel's backing, targeted Midwestern investment as a political and economic base outside coastal networks (HART, 2020). These funds are financial vehicles, but they also operate as talent filters and agenda-setting devices.

At the operational level, the aligned firms function less as isolated vendors than as interoperable nodes across defence, aerospace, public safety, and autonomy. Palantir has sought to position itself as a core government data infrastructure, expanding from intelligence footholds into law enforcement, public health, and industrial supply-chain applications (AU-YEUNG, 2025; FEDSCOOP, 2025). Anduril, founded in 2017 by Palmer Luckey with Palantir-linked co-founders, integrates autonomous systems, sensors, and an AI-enabled operating layer. SpaceX has become central to U.S. launch services and low-earth-orbit communications through Starlink and

the national-security-oriented Starshield services (ERWIN, 2023). Anthropic and OpenAI have both moved from their earlier reluctance toward military and government contracts, including some reported Department of Defense awards on the order of $200 million (ANTHROPIC, 2024; BREAKING DEFENSE, 2025). Applied Intuition, Peregrine Technologies, Saronic, and Apex Space occupy adjacent niches in simulation, public-safety analytics, autonomous vessels, and satellite buses (APPLIED INTUITION, 2025; CONTRARY RESEARCH, 2025; 8VC, N.D.-B; APEX, 2025).

The structural feature shared across many of these firms is a simultaneous embedding in commercial and government markets. That dual position can reduce exposure to a single budget cycle and create switching costs once a platform becomes infrastructure (PARKER ET AL., 2016). Interoperability is reinforced by shared engineers, investors, and board members (STOKES ET AL., 2025). A government buyer that adopts one node may face technical and organisational pressure to adopt adjacent nodes. This is an important source of potential lock-in. It is not, however, by itself, evidence that the resulting architecture is more accountable, more resilient, or more effective than the alternatives.

Beyond firms, the network has sought political influence through donor activity and personnel placement. Thiel's backing of J.D. Vance and Blake Masters in 2022 showed how venture capital could shape a Republican personnel pipeline (DWOSKIN ET AL., 2024). The Hill and Valley Forum has connected Silicon Valley investors with lawmakers and officials around technology and China policy (DEMAREST, 2025). The Rockbridge Network has been described as a form of political venture capital funding media, policy organisations, and talent pipelines (BALLERALERT, 2025). In the second Trump administration, figures associated with this wider milieu have occupied or advised people in positions touching technology governance – e.g. Michael Kratsios at the Office of Science and Technology Policy and David Sacks, who deals with crypto and AI coordination at the White House (LONSDALE, 2025). Former Representative Mike Gallagher's move to Palantir as Head of Defense illustrates the two-way flow between legislative policy regarding China and firm-level strategy. Claims that the network commands "virtually every lever of economic statecraft" overstate the case. Its access is real, but its coherence and durability are empirical questions, not accomplished facts.

HOW THE NETWORK SEEKS TO REBUILD STATE CAPACITY

Three structural mechanisms distinguish this model from traditional defence procurement and earlier waves of commercial technology's entry into government. Each can compress the distance between invention, deployment, and institutional change. Each can also concentrate private power inside public functions.

First, venture capital often displaces the government as the primary funder of early-stage development, bearing the technical and financial risk that cost-plus procurement historically assigned to the state. Anduril's publicly discussed development of the Roadrunner interceptor with private funding followed by a Pentagon contract, is frequently cited as emblematic of this (PRINCE, 2025). PitchBook (2025) reported that the global venture investment in defence and dual-use technology already exceeded prior-year totals by mid-2025. When a vendor arrives with a working, market-tested product, bargaining leverage can shift toward the firm and away from the programme office. Under Secretary of Defense for Research and Engineering Emil Michael's 2025 remark that the government "can't take all the risk on risky projects" captures the official rationale for shared risk (PRINCE, 2025). The mechanism is real. Its strategic value, however, depends on whether privately selected priorities coincide with public operational needs and also on whether the government retains enough in-house expertise to be an intelligent buyer rather than a dependent customer.

Second, software-defined and modular architecture can replace long customiszation cycles with post-deployment iteration. Legacy platforms have often been designed as monolithic, hardware-first systems delivered on timelines measured in years or decades. Anduril's Lattice operating system and Palantir's forward-deployed engineering model are designed to absorb new sensors, applications, and user feedback continuously (ANDURIL INDUSTRIES, 2025; AU-YEUNG, 2025). Capability then becomes a function of iteration in the field rather than a function of a single design review. Once such platforms aggregate data across agencies, switching costs rise and organiszational routines adapt to the vendor's logic (PARKER ET AL., 2016). Speed and lock-in are therefore two sides of the same mechanism.

Third, dual embedding in commercial and government markets can generate the scale and revenue diversity that purpose-built defence contractors historically lacked. The historical direction of flow has partly reversed. During the Cold War, defence-funded research produced civilian spin-offs such as packet-switched networking and satellite navigation (BONVILLIAN, 2009; ALIC ET AL., 1992). From the late 2010s, large volumes of venture capital moved into dual-use technologies based on commercial rather than solely governmental demand (JONES ET AL., 2025). Commercial scale can subsidise defence production and impose a cost discipline that cost-plus contracting often failed to produce. Whether this "spin-in" dynamic will prove as generative as the Cold War spin-offs remains uncertain. Commercial incentives can also pull firms toward products with strong civilian market demand rather than toward unglamorous but operationally vital military tasks. Secretary of Defense Pete Hegseth's 2025 call for primes to invest their own capital and accept more risk suggests that elements of the model are being institutionalised inside the Pentagon (HEGSETH, 2025). Institutionalisation, however, is not the same as success.

POLITICAL CONSTRAINTS, DEMOCRATIC RISKS, AND CONCENTRATED POWER

A balanced assessment has to treat the Tech Right as a politically contested project rather than as an unfolding functional upgrade of the American state. Four constraints are already visible.

The first is democratic oversight and data governance. Palantir's expanding role in federal data systems has drawn explicit concern from members of Congress over civil-liberties protections, mission creep, and the difficulty of auditing proprietary platforms once they sit inside investigative and administrative workflows (WYDEN & OCASIO-CORTEZ, 2025; SPEICHER, 2026). Software-defined infrastructure can improve information sharing; it can also create opacity if source code, training data, and integration logic remain vendor-controlled. The more a private platform becomes "the operating system" of the government, the harder it is to apply ordinary public-law standards of transparency, contestability, and exit.

The second is monopoly power and market structure. Network effects, switching costs, and overlapping investors can produce a narrow set

of indispensable vendors. That concentration may accelerate procurement in the short run while reducing the state's alternative supplier base over time. Classic military-innovation research warns that organisational dependence on a small innovation community can become a vulnerability if that community's assumptions are wrong or if political backlash interrupts access (HOROWITZ, 2010; GILLI & GILLI, 2019).

The third is the entanglement of private capital with national-security decision-making. Dual-use firms have legitimate reasons to sell to the government. But when the same networks fund campaigns, staff agencies, write policy, and then receive contracts, the boundary between public purpose and private return blurs. This is not unique to the Tech Right – the traditional prime-contractor system had its own revolving door – but the novelty of software platforms and founder-led firms does not dissolve the conflict-of-interest problem. It relocates it.

The fourth is domestic coalitional fragility. Democratic critics focus on surveillance and monopoly. Populist and MAGA-aligned constituencies remain suspicious of Silicon Valley elites since they see them as socially distant from working-class voters (GOLD, 2025). Network figures have tried to recast artificial intelligence as a tool for restoring industrial wages rather than displacing them (AXIOS, 2025; GAIROLA, 2025), and they have used China as an external threat that can convert domestic disagreement into conditional national-security support (HERZLICH, 2025; THIEL, 2019). That move can widen the coalition. It can also bind technology policy to a threat narrative that is difficult to calibrate and easy to overextend. The Pentagon's Office of Strategic Capital points toward a possible hybrid in which public balance sheets and private venture processes operate together. Whether such a hybrid remains compatible with pluralist oversight is an open institutional question, not a conclusion already settled by firm performance.

CHINA'S POLICY-DRIVEN INNOVATION REGIME AS A DOUBLE-EDGED SWORD

In contrast to the Tech Right's privately initiated, venture-mediated model, China has developed a state-directed innovation regime whose defining feature is mobilisation. The state can translate strategic priorities into coordinated flows of credit, land, administrative privilege,

and political attention across ministries, provincial governments, state-owned enterprises, and government-guided funds (NAUGHTON, 2021; HEILMANN, 2008; CHEN & NAUGHTON, 2016). This system is a double-edged sword. Its capacity to concentrate resources and convert political intent into industrial outcomes is real and, in several sectors, world-leading. The same mechanisms that enable rapid catch-up and scale-up also embed correlated risks when targets are poorly chosen or rapidly obsolesce.

PLANNING CAPACITY, INDUSTRIAL COORDINATION, AND MANUFACTURING STRENGTH

A fair comparison in this regard cannot begin with China's pathologies. For more than a decade, Beijing has treated technological upgrading as a core security task rather than a residual growth bonus. Made in China 2025, the Innovation-Driven Development Strategy, and the later campaign for "new quality productive forces" articulate long time-horizons, sectoral priorities, and China's explicit ambition to occupy the high ground in emerging technologies (NAUGHTON, 2021; KENNEDY, 2015; CHEUNG, 2022; THE CENTRAL PEOPLE'S GOVERNMENT OF THE PRC, 2025). The "new national system" (*xinxing juguotizhi*) language revived under Xi Jinping is an attempt to recentralise coordination after an earlier period of more fragmented local experimentation (HEILMANN, 2008; ANG, 2016).

This planning architecture has produced tangible strengths that the American debate sometimes discounts. First, long-term public investment can sustain multi-cycle investment in capital-intensive industries whose private returns are delayed or strategically undervalued. Second, provincial competition, for all its waste, can also generate a rapid diffusion of production know-how once a national priority is named. Third, China retains a manufacturing ecosystem – consisting of tooling, suppliers, skilled technicians, and logistics – that converts laboratory progress into tradable goods at a speed and a cost structure few other political economies can match (BRANDT & RAWSKI, 2008; CHEUNG, 2022). These are not marginal features. They are the basis of the Chinese advantage in several dual-use and green-technology domains.

The results are visible in industries that require both process innovation and scale. In electric vehicles, BYD overtook Tesla on a full-year

basis in 2025, selling 2.26 million units against Tesla's 1.636 million (36Kr, 2026). In solar manufacturing, polysilicon capacity expanded from roughly 420,000 tons in 2020 to more than 3.2 million tons by 2024 (BERNREUTER RESEARCH, 2025). Contemporary Amperex Technology Co., Limited (CATL) turned battery chemistry, pack manufacturing, and downstream integration into a global chokepoint capability: electric-vehicle and storage customers outside China remain dependent on Chinese cell production even when the final assembly is local. DJI established a comparable position in civilian and, by extension, dual-use unmanned aerial systems, combining design, components, and software in a way that Western incumbents have struggled to displace in terms of price and performance. Huawei, after being pushed off many Western 5G markets and denied leading-edge foreign chips, became the organisational hub of a localisation drive across telecommunications equipment, operating systems, and AI accelerators, working with SMIC and a wider supplier network to reduce exposure to U.S. export controls ((ALLISON ET AL., 2021 (CSIS analyses of the Huawei-SMIC coupling)). These cases demonstrate long-horizon coordination and manufacturing depth, not merely subsidy-fueled copying.

DeepSeek complicates any simple account of China being a state that can only imitate. The firm's 2025 models were widely read in Washington as evidence that Chinese researchers could extract frontier-adjacent performance from a more constrained compute stack. DeepSeek was not a classic national-champion procurement project in the Huawei mold; it emerged from a quantitative-trading milieu and benefited from a broader domestic AI ecosystem rather than from a single ministerial contract. That distinction matters. It suggests that China's regime still contains pockets of relatively autonomous firm-level experimentation even as the political centre tries to steer capital toward designated "future industries." The subsequent usage competition between DeepSeek and ByteDance's Doubao, in which Doubao pulled ahead in monthly active users by mid-to-late 2025 (CHOW, 2025), also shows that once models exist, distribution and ecosystem effects – not planning decrees – shape adoption.

THE CULTURAL AND ADMINISTRATIVE LOGIC OF MOBILISATION

The dual character of the Chinese regime is reinforced by a deeper administrative logic. For generations, social advancement has been

mediated through competitive selection, relative ranking, and hierarchical evaluation. Once innovation becomes a policy target, this comparative logic is amplified through the state. When a strategic priority is designated, many actors ask not where their distinctive advantage lies but how quickly they can display their alignment with the recognised target. Chinese-style adaptive governance has always mixed central signalling with local experimentation (HEILMANN, 2008; ANG, 2016). Under intensified great-power pressure, the experimental pole can shrink relative to the demonstrative pole: provinces replicate the same projects to prove their loyalty and generate measurable output.

This is not a uniquely Chinese pathology. Late industrialisers commonly use the state to compress learning cycles (GERSCHENKRON, 1962; AMSDEN, 1989; WADE, 1990). The relevant question is how the model behaves when the technological frontier is unstable. Mobilisation is highly efficient when the target is a known industrial artifact – an EV battery, a photovoltaic wafer, or a base station – whose performance metrics are relatively stable. It is less efficient when the target is an evolving software-defined architecture or a continuously updated model family whose relevant benchmark changes every few months.

THE STRUCTURAL LIMITS OF BENCHMARK-DRIVEN COMPETITION

When scaled through state policy, the comparative logic can become mimetic. Externally, the United States often becomes the dominant benchmark, as it organises competition around replication at speed and scale. Internally, Chinese provinces, firms, universities, and funds optimise for similar metrics. The bias toward symmetry is therefore not only a ministerial choice; it is reproduced by promotion and funding incentives.

In artificial intelligence, the release of ChatGPT triggered an immediate official push for domestic large language models in China. Many Chinese firms benchmarked U.S. architectures, emphasising adaptation and cost reduction. DeepSeek showed that this process can yield genuine engineering compression rather than empty duplication. Even so, the wider surge also illustrated the limits of procurement-led diffusion once market-based distribution takes over (CHOW, 2025). A similar pattern appears in finance. China's push for renminbi internationalisation has relied on

official mechanisms – swap lines, cross-border settlement systems, gradual capital-account opening – while dollar-referenced stablecoins spread through private firms responding to the demand in high-inflation or dollar-scarce markets. Washington's later move to legalise and police that privately built infrastructure through the GENIUS Act and related measures shows a sequence in which markets sometimes precede statutes. The analogy should not be overstated: monetary infrastructure and weapons platforms obey different political constraints. But the contrast in initiation – commercial first versus plan first – is analytically useful.

China's education and talent system displays the same pressure at individual level. Academic success remains tightly coupled to standardised exams and rankings. The 2023 China Mental and Psychological Health Blue Book reported depressive-symptom detection rates of 40 percent among high-school students and 30 percent among junior-high students (GUO & YUE, 2024). These figures do not by themselves prove an innovation deficit. They do, however, suggest a narrowing of the exploratory space from which unconventional technical work sometimes comes. Paradoxically, several of the Chinese firms most admired abroad – DJI, DeepSeek, and Unitree – were built by founders who did not follow the most conventional academic promotion path.

Internally, the top-down mobilisation increasingly generates what the Chinese policy discourse calls involution (*neijuan*): intensified inputs inside a constrained opportunity set that compress margins rather than produce differentiation (SUN, 2025). By end-2019, China had 1,686 government guidance funds with a combined target size of nearly 4.7 trillion yuan (BAN & LI, 2025). By 2023, their number had surpassed 2,000 with planned capital exceeding 12 trillion yuan (ZERO2IPO RESEARCH CENTER, 2024). Local officials and fund managers often converged on the same projects (YUE, 2025). Ni Zewang, the chairman of Shenzhen Capital Group, stated that his firm "must study the national Five-Year Plans and even longer-term strategies, making them the guiding compass for investment" (TAO, 2022; QIU ET AL., 2022). When public plans become the compass of ostensibly commercial capital, allocation can be fast and also highly correlated. Solar manufacturing shows the endpoint: by 2025, polysilicon capacity already exceeded the projected global demand for 2025–2027 by more than two-to-one (SINA FINANCE, 2026). Electric vehicles followed with price wars that

the Ministry of Industry and Information Technology warned were damaging sector health (REUTERS, 2025B).

Chinese policymakers are not unaware of these problems. Xi Jinping called for an orderly exit of outdated capacity in mid-2025 (REUTERS, 2025C), and the National Development and Reform Commission announced efforts to curb herd behaviour in emerging-sector investment (REUTERS, 2025D). Awareness at the centre, however, does not automatically rewrite local incentives. When an industry is designated as a strategic priority, local officials whose performance is partly evaluated on investment and economic output may have incentives to promote rapid expansion. Fund managers rewarded for deal flow have reason to follow the label. Firms that profit from policy proximity have reason to cluster. Under external pressure, that rigidity is as likely to be amplified as corrected, because the pressure itself justifies the continued mobilisation.

The late Soviet analogy is suggestive and should be used with care. Moscow could match discrete American systems for a time and still exhaust itself through action-reaction competition. China is not the late Soviet Union: it is far more commercially sophisticated, more embedded in global production, and more capable in mass manufacturing. The risk for Beijing is not a collapse by imitation. It is a cumulative overextension – devoting rising effort to tracking a moving set of American commercial-military benchmarks while under-investing in independent problem definitions.

HOW THE RISE OF THE TECH RIGHT MAY SHAPE THE SINO–U.S. STRATEGIC COMPETITION

From a net-assessment perspective, the significance of the Tech Right lies less in any single platform than in whether its mechanisms can change how innovation is converted into usable state capacity and how the other side is induced to respond (MARSHALL, 1982; TELLIS ET AL., 2000). In this case, two channels matter. Neither is deterministic.

The first channel runs through the three mechanisms outlined in section How the Network Seeks to Rebuild State Capacity. Private pre-procurement financing can shorten the interval during which a rival may copy a still-unfielded system. Modular software can mean that a deployed gap

widens after fielding rather than narrowing. Dual embedding can keep iteration going when appropriations pause. China's mobilisation model has historically benefitted from lags between Western invention and large-scale deployment – lags that created space for reverse engineering, industrial scaling, and cost compression (GILLI & GILLI, 2019; CHEUNG, 2022). If those lags shrink, the returns to catch-up industrialisation in software-intensive domains may fall even in areas where China continues to dominate hardware process innovation. Competition would then shift toward organisational iteration, where raw manufacturing scale is a less complete substitute. That shift is already visible in some software-defined military and intelligence applications. It is much less visible in batteries, drones, shipbuilding, and clean-energy hardware, where the Chinese process capability remains formidable.

The second channel is agenda-setting. Long-term advantage can accrue to the actor that shapes what their opponent feels compelled to chase. Because development inside the American network is often funded by private capital rather than by a prior appropriation, new benchmarks can appear as commercial product launches rather than as multi-year budget lines. Concepts such as the "Golden Dome" missile-defence architecture illustrate the political logic even if their technical feasibility remains disputed: they can compel a matching debate in Beijing before their military value is proven. One side moves, at least in selected niches, on commercial time; the other must answer through state planning cycles. Sustained over years, that asymmetry could become a form of strategic exhaustion. It could also dissipate if American products fail operationally, if courts and Congress constrain the vendors, or if Chinese firms such as Huawei, CATL, DJI, and DeepSeek set benchmarks that Washington is then forced to chase.

China's vulnerability is therefore specific rather than general. Mobilisation performs well when targets are stable and legible. It is more strained when the frontier is an evolving architecture of data, models, and organisations. Once an external benchmark is internalised, it becomes a domestic resource magnet, pulling localities toward uniform metrics and correlated risk. Matching visible outputs is an incomplete response to a rival whose advantage, where it exists, lies in its capacity to generate the next output before the last one has been fully absorbed. Conversely,

if the United States cannot manufacture, ship, and maintain the hardware on which software-defined systems depend, the tempo at the frontier will not compensate for the shortfalls in the industrial base. The two regimes expose different flanks.

Whether any American asymmetry proves durable depends on conditions that are not guaranteed. The Tech Right cannot unilaterally mobilise national resources. Its legitimacy is contested by civil-liberties advocates, by antitrust sceptics, and by populists suspicious of concentrated elite power (WYDEN & OCASIO-CORTEZ, 2025; GOLD, 2025). A hybrid arrangement that pairs public strategic capital with private venture processes could mitigate the scale limits of purely private finance while preserving the iteration speed. The same hybrid, however, could also deepen the democratic and monopoly problems identified above. Any strategic analysis that ignores those trade-offs mistakes a political project for a completed institutional fact.

CONCLUSION

The rise of the American Tech Right is one of the important forces reshaping the tempo and structure of the U.S.-China strategic competition, but it is not the whole of that competition and it is not an accomplished transformation of the American state. By linking venture capital with pre-acquisition research and development, a software-defined modular architecture, and dual market-government embedding, this network has proposed a model of state-capacity renewal that inverts several Cold War assumptions. Innovation now often precedes institutional adaptation, while commercially generated tools flow inward into defence rather than only spinning outward into civilian markets. These mechanisms can accelerate selected capability cycles. They can also privatise public infrastructure and narrow the supplier base on which democratic oversight depends.

China's mobilisation regime remains formidable. Its strengths in long-term targeting, local implementation, and large-scale manufacturing have produced globally competitive firms in batteries, electric vehicles, drones, and telecommunications equipment, and, more unevenly, also in artificial intelligence. Those strengths are not erased by the overcapacity in solar polysilicon or by the herd behaviour among guidance funds. They

are qualified by them. As some U.S. technology frontiers move more rapidly and less predictably, the reflexive Chinese tendency to mobilise in order to match visible American breakthroughs can place Beijing in a reactive posture. The same is true in reverse when Chinese firms set the production or cost frontier and American politics is then forced to improvise an industrial policy in response.

The contest is therefore best understood as a competition between innovation regimes rather than as a race in any single technology. The question is which regime can sustain innovation without exhausting its political and economic foundations. For American statecraft, the task is to reach a useful tempo without surrendering auditability, competition among suppliers, or constitutional control over coercive and informational power. For China, the task is to preserve its planning and manufacturing advantages without allowing every externally generated benchmark to become a domestic mobilisation magnet. How both systems manage those tensions will shape the balance of power more than any one model release, interceptor prototype, or five-year plan target.

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