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AI: The Contest for the 21st Century

by Gordon G. Chang | November 2026

President Donald Trump has called the threat posed by frontier artificial intelligence models a "hoax."[1]

It's not, but those who seek to contain rogue AI are themselves peddling hoaxes. Paradoxically, the American president is now implementing the right solution to a problem that he tells us does not exist.

Yes, AI models are now moving beyond human control. In July, AI agents developed by OpenAI escaped their "sandbox" and breached the servers of Hugging Face, a New York City-based AI company. This is thought to be the "first true AI safety incident."[2] An Anthropic agent in July sent a fake homicide tip to Philadelphia police.[3]

America's models are not the only ones misbehaving. Tencent, the Chinese internet giant, revealed in October that AI agents it used acted independently, the first known incident involving a Chinese company.[4] Qwen, a popular AI model of Alibaba, went "off-script" according to *Forbes*. When asked to fix a simple software bug in a model, Qwen retrained the entire model instead.[5] As the *New York Times* put it, "Chinese A.I. Agents Joined the Rogue A.I. Agent Party."[6]

"Frontier AI models," Axios remarked after the Hugging Face incident, "are getting scary good at breaking rules in ways their creators didn't anticipate."[7]

Out-of-control machines have led some to raise the specter of the quick extermination of humanity. "The people building AI earnestly believe that it could kill us all by the end of the decade," Jacob Coxon, a former OpenAI and Anthropic researcher, posted on X in early

September, causing a sensation worldwide. "No other human activity poses this level of danger."[8]

Ludicrously dire predictions have spurred legislators to action. For instance, Bernie Sanders, the Vermont independent senator, and Greg Casar, the House Texas Democrat, have proposed the Ban Artificial Superintelligence Act. The bill, Sanders states, "would permanently ban the development and deployment of superintelligent AI and temporarily pause advanced AI development until a federal regulator has established safety rules." Sanders's objective is clear: "Stop AI oligarchs from building machines humans cannot control."[9]

"The danger is panic producing policy before understanding produces strategy," David Maxwell of the Center for Asia Pacific Strategy told me in October. "AI presents real risks, but strategic coherence requires separating demonstrated threats from plausible risks and speculative catastrophe, then governing each accordingly."[10]

Strategic coherence requires, most fundamentally, understanding. There are two things that American policy must take into account: AI cannot be uninvented and the U.S. does not have a monopoly on the technology.

Unfortunately, many are now proposing solutions that can work only in an ideal world. Sanders and Casar, for instance, want the "United States to pursue international agreements, allied coordination, and policies such as export controls."[11]

Proponents of AI deals, including Rep. Ro Khanna, the California Democrat, almost always point to arms control treaties with the Soviet Union as models for an AI agreement.[12] Unfortunately, the Cold War provides no workable answers for today. Then, it was possible to count deployed warheads, missiles, and bombers with a sufficient degree of confidence.

It is not possible, however, to monitor the AI development of another country. Khanna wants American and Chinese scientists "to develop mutually trusted verification technologies that prevent either side from cheating once we sign a U.S.-China AI treaty," but to enforce an agreement China would have to allow American inspectors into every Chinese AI company, military installation, and government office. AI agreements, as a practical matter, cannot be enforced.

Furthermore, China's regime openly violates almost all agreements, even the ones that can be monitored. So President Trump was right when he said on September 29 that he was not interested in talking to China because that would make it harder for U.S. companies to build better products than Chinese competitors.[13]

At the September summit in Washington, Trump and Xi Jinping did talk and they did agree to create a channel to communicate AI-related incidents,[14] but it's clear that a broader agreement on AI is not in the cards.

Trump's solution to rein in AI is far more workable than a global agreement. On September 29, he signed the "White House Accord on Super

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Intelligence: Joint Commitment on Frontier Responsibilities" along with six top executives of the American artificial intelligence industry. The "morally binding" document creates a "constitution" containing "four layers of controls and audits" for what Trump now calls "Super Intelligence."[15]

"It's great for us, and we're leading by a lot, and we're going to keep it that way," Trump said then about his accord. "It's going to be very, very safe, and there's a self-policing, and there's also a group-policing, and it's going to be great."[16]

Whether his arrangement will be great or not, it is the only realistic way forward for Americans and the rest of humanity. Because of intense competition from China, Trump has correctly resisted demands for legislative restrictions. His approach of self-regulation and government guidance may be far from perfect, but it takes into account the world as it is.

In this world, as is often said, whichever country dominates AI dominates the century. Xi Jinping, perhaps the world's most willful figure, intends that country to be his. In July, China and 28 other countries formed the World Artificial Intelligence Cooperation Organization at the World Artificial Intellgence Conference in Shanghai. Since then, nine others, including Iran, have joined.[17]

WAICO, as the Chinese-led grouping is known, is seen as a rival to Washington's Pax Silica initiative, which boasts 24 members and others that have endorsed its principles and objectives. Only one nation, Kazakhstan, is a member of both the American and Chinese coalitions.

The world is dividing into two AI camps, one led by Beijing and the other by Washington, with each side wanting the world to adopt its models. China's models are a few months behind America's in sophistication, but they are far more attractive to users. "By making advanced A.I. models easily available, Chinese companies have turned open access into one of China's most powerful advantages in its rivalry with the United States to shape the future of the technology," reports the *New York Times*. Users can download and customize China's open-weight models as they wish. They cannot modify the proprietary models of Anthropic and other American developers.[18]

"Open source vs closed source," wrote DeepSeek senior researcher Chen Deli in October. "A decisive battle between two futures, two destinies for humanity." "However long they want to fight, we'll fight," Chen also wrote. "Until total victory."[19]

Jensen Huang, the high-profile chief of Nvidia, once said victory will belong to the Chinese. "China is going to win the AI race," he told the *Financial Times* last November on the sidelines of the paper's Future of AI Summit.[20]

Fortunately for America, China's communism is getting in the way of its predicted triumph. For one thing, there is something in the nature of Chinese regimes, whether the Ming dynasty or the communist one, that resists the openness required to dominate the world. China's rulers periodically close off their society, whenever they feel that the pressures from the outside are too great.

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Such as now. On October 16, China's Ministry of Commerce proposed export controls on 23 artificial intelligence technologies. The proposed rules are part of a larger package covering 40 technologies in the AI, biomedicine, and photovoltaics sectors, prohibiting the exports of some and adding restrictions to others. The ministry also imposed a registration requirement for technologies covered by the proposed rules, a requirement that will remain in place until final regulations are issued.[21]

China's rules would prohibit the export of large AI models trained on "core data" as defined by China's Data Security Law.[22] As a practical matter, the term covers all data as the regime considers that term to include data relating to national security, the well-being of society, and the public interest.[23]

The rules also restrict any "globally leading" model, a term including models ranking in the top 10 for usage around the world. Trivium China believes that this provision would hit future versions of Kimi, Qwen, and DeepSeek.[24]

The potentially comprehensive Chinese rules, however, will almost certainly undermine the advantage of Chinese open-weight models by creating uncertainty about their continued availability. Although DeepSeek and MiniMax may have obtained exemptions,[25] that relief can be withdrawn on a whim.

"It is almost like you have two voices speaking at the same time," said Kyle Chan, a Brookings scholar, to the *New York Times*. "One saying, 'We want extra control of these sensitive technologies so that they can't hurt China' and another voice saying, 'We want to develop the best A.I. technology and we want to share it with the rest of the world.'"[26]

The general trend of Chinese actions has been to wall off the world. On April 27, the powerful National Development and Reform Commission announced it had blocked the acquisition of Manus by Meta Platforms, which had agreed to acquire the Chinese AI startup for more than $2 billion.[27] In March, the two Manus co-founders were barred from leaving China.[28] Since then, China has required government approval for international travel for top AI researchers and executives and their families.[29]

Up to now, the Chinese government has been trying to keep foreigners out while allowing its companies to plunder others. Chinese AI developers, for example, have been illicitly taking large amounts of data from American competitors. "China-based artificial intelligence companies are conducting systematic extraction of proprietary functionalities and capabilities of U.S. AI companies' models through industrial-scale knowledge distillation campaigns that form the core—not merely a supplement of their AI development strategy," charges a September report from the U.S. Cybersecurity & Infrastructure Security Agency. "While 'distillation' is recognized as a legitimate and useful technique in AI research, China-based AI-companies are engaging in aggressive, malicious, and targeted distillation activities at an industrial scale that extract restricted proprietary functionalities and capabilities of U.S. frontier AI models."[30]

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Some believe China will never catch up by distilling. "Consider a water-skier," the *Economist* told us in a piece titled "China Increasingly Depends on Copying American AI." "Surfing in the wake of a speedboat, they may at times go faster than the vessel pulling them along—but they never overtake it. Lately some experts have turned to this analogy to describe China's race with America for supremacy in artificial intelligence."[31]

Perhaps the analogy holds, but there are clear disadvantages to China permitting its companies to distil. Distilling, for instance, imports foreign material and that means importing foreign values, something anathema to the Communist Party.

Nonetheless, the U.S. needs to protect its AI developers, something the Trump administration has been starting to do. On October 19, the Department of Homeland Security ordered the removal of DeepSeek products from all federal civilian information technology systems and procurements.[32] Last year, the Commerce Department prohibited DeepSeek on government devices and the U.S. Navy ordered all personnel to not use that company's products.[33]

This year Trump has been weighing banning Chinese AI from the U.S. but so far has not done so in the face of industry opposition.[34] The Treasury Department in October proposed rules restricting some American investment into, among other things, Chinese AI.

America, like most open societies, has been slow off the mark to meet threats, largely because there have been so many interlinkages with China and because Americans largely do not want to acknowledge the nature of the challenge from the Chinese regime. "The Chinese are competing with us in every domain with their goal to bring our country to heel with their boot on our throat," Blaine Holt, a retired U.S. Air Force general and now CEO of Alchemai, an AI supply chain firm, told me in October. "Actually, China's 'competition' more resembles what we call 'war,' and we cannot allow them to use AI as their knockout punch."[35]

China can deliver that punch, but only with the assistance of a stronger United States. Chips, for example, are critical. China's Moonshot AI had to limit subscriptions of its popular Kimi K3 model in July because of a lack of compute.[36] Stanford University's AI Index 2026 Annual Report states that the U.S. has 5,427 data centers and China has 449.[37]

The Trump administration has decided to lend China a hand, however, by issuing export permits for chips. Chinese companies have reportedly ordered $35 billion of semi-advanced Nvidia microchips.[38] China can compete with the U.S. on AI only if it has access to American semiconductors.

Commerce Secretary Howard Lutnick in July 2025 said the administration wanted to keep China addicted to the American technology stack.[39] On its face, his argument sounds reasonable, but, as a practical matter, he is underestimating Xi Jinping's resolve. The Chinese leader is absolutely determined to make China the world's chip leader. For instance, his Made in China 2025 initiative identified microchips as one of his regime's core priorities. Xi is determined to wean his regime from America's semiconductors, so all America is doing by selling chips now is helping China bridge a critical gap.

America cannot let China do that. Ultimately, in our less-than-perfect world we must remember one critical point: AI in the hands of democracy will free humanity but AI in the hands of totalitarianism will enslave it.

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