

The Implications of Contemporary US-China “Hypercompetition”

Ian Bowers & Øystein Tunsjø

To cite this article: Ian Bowers & Øystein Tunsjø (2023) The Implications of Contemporary US-China “Hypercompetition”, The Washington Quarterly, 46:4, 83-102, DOI: [10.1080/0163660X.2023.2286136](https://doi.org/10.1080/0163660X.2023.2286136)

To link to this article: <https://doi.org/10.1080/0163660X.2023.2286136>



Published online: 19 Dec 2023.



Submit your article to this journal [↗](#)



View related articles [↗](#)



View Crossmark data [↗](#)

The Implications of Contemporary US-China “Hypercompetition”

On his September 2023 visit to East Asia, President Biden repeatedly stated that he and the United States were not aiming to contain China. However, this rhetoric stands in contrast to a series of US foreign, economic and industrial policy initiatives that seek to challenge and limit China’s pursuit of regional security dominance and leadership in key emerging technologies.¹ Both the 2022 US National Security Strategy (NSS) and the US National Defense Strategy (NDS) emphasize that strategic competition has returned, with the former stating that “this decade will be decisive in setting the terms of our competition with the PRC.”² That said, ambiguity about those terms remains, and there has been little success in defining US-China competition in both the policy and academic worlds. By arguing that the world has now entered a period of “hypercompetition,” in this article we seek to address the fundamental ambiguity surrounding how contemporary and future competition with China will manifest and offer strategies to manage it.

From the outset, it should be acknowledged that competition between the US and China is something fundamentally new. It is not the rules-based economic competition seen during the era of US unipolarity; it is not the superpower competition of the Cold War; nor is it the great-power competition that shaped the international system before World War II. The contemporary intensifying US–China rivalry is occurring in an unprecedented era of economic

Ian Bowers is associate professor at the Centre of Joint Operations, Royal Danish Defence College. He can be reached at iabo@fak.dk and followed on X at [@ianjbowers](https://twitter.com/ianjbowers). Øystein Tunsjø is professor at the Norwegian Institute for Defence Studies, Norwegian Defence University College. He can be reached at otunsjo@mil.no. The research for this article was supported by the Security in Asia program at the Norwegian Institute for Defence Studies.

© 2023 The Elliott School of International Affairs
The Washington Quarterly • 46:4 pp. 83–102
<https://doi.org/10.1080/0163660X.2023.2286136>

interdependence, globalization, interconnectedness, and rapid technological development. Traditional and novel arenas of competition are merging. No longer can military strategy be separated from industrial policy, or technological development isolated from geostrategic maneuvering.

This new reality challenges conventional understandings of interstate competition, and therefore requires new integrated strategies. The dynamism of this

Defining the exact nature of this rivalry is proving enduringly difficult

challenge ensures that defining the exact nature of this rivalry is proving enduringly difficult. We propose that “hypercompetition,” a concept developed by American academic and business consultant Richard D’Aveni in the 1990s to describe new forms of industrial competition at the time, provides analytical guidance that captures the multi-faceted, rapid and escalatory competitive strategies that

have and continue to emerge in the US-China dynamic. Drawing on hypercompetition—defined by D’Aveni as “the process of continuously generating new competitive advantages and destroying, obsoleting, or neutralizing the opponent’s competitive advantage, thereby creating disequilibrium, destroying perfect competition and disrupting the status quo of the marketplace”—brings a novel conceptual frame through which to understand a new era of US-China rivalry.³

The oft-cited case of the Chinese technology giant Huawei and its removal from core telecommunications infrastructure in the Western world in 2019 illustrates the emergence of hypercompetition between the US and China and its effects on US allies. Chinese state-owned or state-sponsored companies like Huawei gained what Western states consider unfair competitive advantages through government financing or subsidies, by screening Western companies from competition in the Chinese market, by gaining access to big data in China and through illegally obtained foreign intellectual property and government-directed diplomatic support.

The United States—and to some extent its European and global allies—are now pushing back, seeking to destroy, render obsolete, and/or neutralize these competitive advantages. Counteractions, such as banning Huawei from building fifth-generation (5G) communication networks, are tantamount to creating disequilibrium both in the economic and international political order. They undermine the open competitive practices of the post-Cold War world and have resulted in a peacetime environment where technology, security, economics, and international politics mix in an unprecedented fashion. The Cold War rivalry never witnessed anything similar to the contemporary competition for 5G and 6G infrastructure.

In this article, we first analyze why traditional understandings of great power and superpower competition fail to capture contemporary US-China competition and why the US-China hypercompetitive relationship differs from Cold War era dynamics. Second, we unpack the concept of hypercompetition. Third, we explore the complexity of policymaking in a hypercompetitive environment. Fourth, we identify four key areas of strategic policy that US policymakers will need to address in this era of hypercompetition: 1) setting the terms of hypercompetition with China, including an explicit and realistic declaration of the desired US outcome; 2) reassessing contemporary and future strategic stability; 3) a new approach to allies; and 4) a new policy aimed at bringing private sector actors into the US security policy apparatus. We conclude by arguing that success in hypercompetition with China not only requires a holistic appreciation of the nature of the rivalry between the two countries, but an unprecedented level of policy flexibility, and that effective strategies may require the acceptance of significant political and economic costs.

Why Contemporary US-China Competition is Different

The media, academics and practitioners assign the term “competition” to describe the relationship between the US and China, but often do so with a lack of clarity or insight into what the nature of the competition is, what it means, and how it shapes the US-China rivalry.⁴ The 2022 NSS and NDS are the culmination of years of discussions that have now put interstate competition back on the agenda. Yet, neither document provides substantial insight into what such competition entails. The NDS states that strategic competition with China is the “most comprehensive and serious challenge to US national security.”⁵ However, more work is required to understand both how this competition manifests in today’s world and what states—in particular the United States and China—are competing *for*, beyond a hazy goal of maintaining or achieving an ill-defined sense of military or economic dominance.

A growing group of academics and practitioners acknowledge that a multi-faceted competitive approach is now required.⁶ However, merely expanding the breadth of competitive areas is not sufficient to understanding contemporary US-China competition. Where these discourses fall short is by failing to consider the structural interconnectedness of contemporary competition, driven by globalization and the speed of technological change and proliferation.⁷

Globalization and the speed of technological change drive contemporary competition

Indeed, the “globalization” that was once a neoliberal ideal to enable peace and prosperity has now become a battleground facilitating the “weaponization” of interdependence.⁸ In other words, the interdependence that has characterized global markets and supply chains not only likely makes complete decoupling between China and the United States impossible, but can also be used as a tool of coercion and—if necessary—punishment.⁹

This is fundamentally different from the blockade and embargo that shaped the US–Soviet rivalry. While both the US and China now enforce export controls on certain raw materials and products, this is not similar to the Cold War Coordinating Committee for Multilateral Export Control (CoCom), which prevented US and its allies’ investments in, and trade with, the Soviet Union, contributing to a two-bloc system in which the Soviet Union mostly traded with its communist bloc. Hence, there is now no Iron Curtain characterized by distinct capitalist and communist blocs. Instead, contemporary international politics is more of a marketplace where China is aggressively disrupting the status quo and changing the world order, forcing disruptive countermeasures by the United States. Accordingly, what is emerging is a hypercompetition for dominance with much broader implications than in the past.

Linked to the interdependence that characterizes the global international economy and states’ use of their economic influence to gain competitive advantages is the exponential nature of contemporary technological developments. The Fourth Industrial Revolution (4IR) is creating previously unforeseen and rapidly emerging areas of competition that go well beyond the field of technological competition. The seemingly exponential and simultaneous development of technologies in diverse fields—including manufacturing, artificial intelligence, computing, bio-engineering and material science—are not only important in their own right, but for their potential to alter societies and even transform the power of states. The breadth and speed of these developments are what separates the 4IR from previous industrial revolutions. In the words of Klaus Schwab, the economist who coined the term, “in its scale, scope and complexity, what I consider to be the fourth industrial revolution is unlike anything humankind has experienced.”¹⁰

Hypercompetition between the United States and China captures the nature of the 4IR and its impact on interstate competition. As during the Cold War, the contemporary arms race between today’s great powers is both about conventional military build-ups (albeit in more domains) and the development of nuclear capabilities. However, unlike during that period, many military weapons systems today—such as increasingly used AI and autonomous systems—are not only shaped by the 4IR, but are also derived from, and in many cases used in, the private sector. As an example, the cyber domain has allowed for new areas of military competition in ways not seen during the Cold War. Cyber warfare

is often below the threshold of open conflict, can target both state and private sector actors, and obviates not only the traditional bounds of geography but also blurs the divide between civilian and military targets.

This type of competition, which cuts across all domains and sectors, involves a race for technological and military superiority and is increasingly about values, information flows, trade, and global supply chains. Additionally, the rapidity of technological development means that new areas of competition continuously emerge and provide fresh avenues for disruptive behavior on both sides. The speed of development and subsequent dispersal of these technologies continuously opens new avenues of competitions and requires states to develop and operationalize an array of hypercompetitive strategies.

For example, the fundamental nature of the 4IR ensures that it is not one technology but rather the dynamic convergence of numerous dual-use technologies that will determine technological dominance.¹¹ This makes competition in a globalized interdependent world much more complex as various states or private sector companies may control specific technologies that are required for advances in other fields. The position of chip manufacturers such as TSMC is an excellent example of this.

Militarily, multiple powers are seeking to gain rapid asymmetric advantages in different domains of warfare, including space and cyberspace.¹² Traditional arms racing has now been replaced by diverse, targeted, and potentially destabilizing effects-based competitions in the realm of new and often exotic military technologies including advanced cyber weapons, semiconductors, AI, hypersonic capabilities, and increasingly systemized and connected warfighting concepts. The contemporary debate on the US-China rivalry is largely sustaining this focus on the interaction between rapid technological advancement and military capabilities. A significant amount of paper and airtime is dedicated to examining how an increasingly powerful Chinese military has the growing capacity to counter the US presence in East Asia, and providing technology-dependent strategies to counter it.¹³

Domination in these new technological domains will not only provide a military edge but also bring massive advantages in economics, communications, and future research and development. Hence, control over system architectures, technological norms, and advanced manufacturing processes now characterize a vital area of contemporary US-China competition.

Although each arena of competition is important in isolation, it is critical to understand how each competitive domain, and the interdependent technology-driven structures that support them, interact to influence competitive strategies. This is what makes contemporary hypercompetition a novel phenomenon. Such a holistic approach, while ambitious, is essential to capturing the nature and quality of the intensifying rivalry we observe today.

A Hypercompetitive World

Hypercompetition is a useful notion to conceptualize the interconnected nature of the contemporary international strategic environment. A hypercompetitive environment is one “characterized by intense and rapid competitive moves.”¹⁴ In such an environment, competing entities will seek to build advantages while actively destroying or rendering obsolete the advantages of their opponents. Unlike in traditional competitive markets, advantages rarely are consolidated, but instead are temporary as structural conditions shift. Hence, competitors must continuously adjust their angles of attack by finding new areas of competition to exploit.¹⁵

A prime example of hypercompetition was the computer sector of the 1990s. In that market, the rapid introduction of new technologies such as the internet, more powerful but cheaper chips, and other advances continuously disrupted the value chain and provided multiple opportunities for competitive advantage.¹⁶ In such an environment, it is not enough for a competitor to win in one area of contestation; instead, it must win “across an entire chain of contests” and take advantage of any competitive window of opportunity.¹⁷

D’Aveni developed the concept of hypercompetition in the early 1990s in response to an increasingly dynamic, adaptive and destabilizing level of competition found in world markets. There are four driving forces behind hypercompetition in the global market. The first is an increasingly sophisticated consumer base that demands better value for their money. The second is the game-changing nature of technology, which leads to ever-changing products, distribution trends, and manufacturing capabilities. The third is falling entry barriers which allow foreign companies into previously firewalled domestic markets. Equally, technology reduces industry barriers, allowing non-specialized companies to enter new markets. Finally, the use of large financial reserves provides hypercompetitors with the resources to maintain competitive behavior until the other side withdraws.¹⁸

Comparable forces are observable in the contemporary strategic environment. First, an era of post-Cold War globalization has created a global market that can produce cheaper consumer-based products based on outsourcing and new value chains. These developments and competitive advantages are now eroded under hypercompetition. Second, the 4IR and the emergence of hypercompetition is transforming traditional competition, which in the words of D’Aveni shifts the focus “from [managing] advantages to effectively managing disruptions.”¹⁹ The arrival of China as a peer competitor of the US is forcing Washington to shift its strategy from managing advantages in the post-Cold War era to managing hypercompetition that disrupts the status quo.

Third, US-China interdependence and access to their respective markets, in addition to China's trade and investments with US allies, is not only distinct from the Cold War era, but an example of falling entry barriers under a period of globalization. These driving forces of hypercompetition have become a new battleground in the US-China rivalry, leading to re-globalization, home or friend shoring, decoupling and de-risking, and an emphasis on relative gains and zero sum instead of absolute gains. Fourth and finally, the US and China have large financial reserves that provide the resources to sustain hypercompetition in a new superpower rivalry.

The primary driving force behind US-China hypercompetition is conflicting long-term grand strategic ambitions. It is characterized by a multi-faceted Chinese challenge to US post-Cold War dominance; hence competition is occurring on multiple interconnected fronts simultaneously. The essence of US grand strategy is to maintain its dominant position in key geostrategic, technological, economic and political spheres.²⁰ US military superiority backed by the world's largest and most sophisticated economy—and bolstered by a network of allies and security and economic partners—has ensured that Washington has sustained its place as the world's leading power since the end of World War II.

The primary driving force is conflicting long-term grand strategic ambitions

China's rise challenges this grand strategy. By seeking to be the dominant power in East Asia, Beijing is actively undermining key military, economic, and rule-based pillars of US security. In the military sphere, Chinese forces are now considered the pacing threat to US military superiority.²¹ The US Joint Chiefs of Staff no longer guarantees supremacy across all warfighting domains when China is the adversary.

China's position as the central economic hub of East Asia also provides Beijing with a set of coercive tools through which to influence regional actors. It should be noted that the use of economic coercion to achieve strategic goals has often failed for Beijing. Worsening ties between Beijing and Canberra in 2020 and 2021 saw China impose a set of trade restrictions on Australia that many viewed as an attempt to both punish and coerce it for calling for an inquiry into the origins of the COVID-19 pandemic.²² By 2023, the consensus was that these measures had failed, as Australia found new markets for its raw materials.²³ Similarly, China's coercive actions against the Philippines, South Korea and Japan have only strengthened US alliances in East Asia by pushing those countries closer to Washington.

Nevertheless, many states still fear the economic losses such sanctions may cause.²⁴ Vitality, this economic power underpins China's increasing influence in the Global South, where states in Africa, South America and the South

Pacific now have much greater agency in selecting their preferred economic, security and political partners. Although China's economy is slowing, it remains in a state of growth and will continue to provide Beijing with a powerful tool of influence.

China has also invested and continues to invest massive resources in technological development. This has driven fears that autocratic Chinese policymakers could have a determining effect on future regulative and usage norms, or even control key technological enablers. China could leverage such influence both by its presence in international fora and its dominant position in the Global South, where it could influence the setting of standards and processes.

Equally important is the dominant role the private sector plays, at least in the Western world, in developing much of this technology. As the 2018 US National Defense Strategy states, "the security environment is also affected by rapid technological advancements and the changing character of war. The drive to develop new technologies is relentless, expanding to more actors with lower barriers of entry, and moving at an accelerating speed."²⁵ The challenge for governments and private sector actors is to absorb and drive these technological advances. This means that as technologies mature, no matter how rapidly, they must be applied in societal, commercial or military contexts (or all three), while at the same time the groundwork for new and transformative technologies must be laid.²⁶

Linked to what could be described as the exponential nature of contemporary technological development is the continued interdependence that characterizes the globalized international economy. Technological development may be a national security priority, but globalized manufacturing chains support such development and bring them to the mass market. Therefore, even as US-China rivalry fuels polarization, zero-sum behavior, and ultimately hypercompetition, both sides must take into account the structural constraints that globalization imposes.

Policy Complexity in a Hypercompetitive Environment

As outlined in this paper, the current hypercompetitive environment is fundamentally different from previous competitive dynamics which the United States and China could draw upon for lessons and guidance. Hypercompetition requires agility in policymaking; clarity in national security strategy development; the ability to coordinate and implement agendas across agencies, departments, and branches of government; and finally, the ability to foresee the consequences of actions across multiple domains and areas of activity.

The difficulties policymakers face in a hypercompetitive environment are evident in, for example, US efforts to slow China's development of an indigenous

and effective semiconductor industry. This endeavor entails economic, geopolitical and security considerations. The US government is no longer in a position to dictate and pursue a policy independently if it wants to ensure that such a policy will be effective. Therefore, the White House must coordinate with and take into consideration multiple internal and external actors including the executive branch, Congress, allies, international organizations, and private sector companies. Moreover, manipulating existing economic structures like the global technological manufacturing supply chain could have long-term and possibly detrimental strategic and economic consequences.

The new US semiconductor export controls introduced on October 7, 2022 represent a major shift in US competition with China. During the Cold War, there were no such supply chains and production networks in the semiconductor or supercomputer industry. Until 2017, Washington allowed China to compete in the race to develop certain technologies and move up the critical technology frontier. Now, the US government seeks to block China’s ability to advance its semiconductor sector and choke off China’s access to future AI technologies by hindering its access to the equipment, component designs, and personnel necessary for the development of advanced computer chips.²⁷ This new approach is captured by the Biden administration’s August 2023 executive order, which restricts or bans US investment in Chinese entities involved in semiconductors, quantum computing technologies, and artificial intelligence for fear of them being used to advance Chinese military and intelligence capabilities.²⁸ Simultaneously, in 2023 the United States invested substantial sums in improving its R&D through legislation like the Innovation and Competition Act and the COMPETES Act.²⁹

The 2022 semiconductor export controls represent a major shift in US competition with China

The new export controls policy, which builds on the CHIPS and Science Act of August 9, 2022, demonstrates how US–China rivalry resembles hypercompetition. The US seeks to build advantages while actively destroying or rendering obsolete the advantages of their opponents. As the headlines of the CHIPS and Science Act Fact Sheet trumpet, “CHIPS and Science Act Will Lower Costs, Create Jobs, strengthen Supply Chains, and Counter China.”³⁰

Importantly, however, Washington seemingly enacted the 2022 export controls without prior agreement from US allies and security partners. States with a direct interest in doing business with China including Taiwan, the Netherlands and Japan initially resisted joining the export controls, forcing US officials to engage in negotiations with them.³¹ While the Netherlands, Japan and Taiwan have acceded to US demands by imposing controls on the export of key

semiconductor technologies, it is unlikely that US allies and security partners will continue to radically alter their trade policies due to unilateral decisions made in Washington, particularly if the US continues to ignore or undermine international trade institutions like the WTO, complicating the hypercompetitive policy environment.³²

One solution the United States is pursuing is developing ad-hoc groups of states based around the G-7 to counter Chinese technological advances. The intention is for these quasi-alliances to be reactive and able to respond to Chinese advances. One example is the Chip 4 alliance between South Korea, Taiwan, Japan and the US, which held its first meeting in February 2023. The US likely intends to use these groups to restrict Chinese efforts to build an indigenous semiconductor industry and to enhance supply chain resilience.³³

However, restricting trade to China using any such forum is easier said than done, as South Korean and Taiwanese companies are reliant on China as a marketplace and have significant manufacturing hubs in China.³⁴ China is the most important trading partner of many US allies, who cooperate closely with China on issues related to climate, development, energy markets, proliferation, and technological developments. This interconnectedness, not just between the US and China but also their allies and partners, is unprecedented and also extends across many different types of technologies, complicating the competitive environment.

Moreover, China has the potential to respond not only with trade restrictions targeted at the technology sector, but also to innovate its way around some of the barriers imposed by the US. In May 2023, Beijing banned US chipmaker Micron from supplying microchips to key infrastructure projects.³⁵ Three months later, China imposed export controls on Gallium and Germanium, two elements used in microelectronics.³⁶ In September 2023, Huawei launched its new smartphone with a 5G chipset enabled by a 7 nm processor made by China's Semiconductor Manufacturing International Corporation (SMIC), working around the Micron microchip ban from just four months earlier.³⁷

US-China trade is declining, but decoupling is not occurring because of globalization. During the Trump administration, the US began applying tariffs to more and more imports from China. These policies have largely remained in place under the Biden administration and total US goods imported from China have fallen from 22 percent of total US imports at the onset of the trade war to 18 percent.³⁸ Many US allies have now also engaged in some similar activities, seeking to ensure Chinese companies cannot invest in or provide services to critical infrastructure. The EU has still not approved a new comprehensive agreement on investment (CAI) with China, and the UK government is revising its decision to work with China on the construction and operation of new nuclear power stations.³⁹

These developments reveal the problems which trying to enact hypercompetitive practices within a globalized economic environment can bring. Not only must the leading competitor—in this case, the US—persuade allies to consistently restrict their interactions with Chinese companies, but it must also convince domestic actors and other foreign countries to do the same. This is often difficult given the potential economic and political cost of isolating China in different markets. Following China’s restrictions on Micron, the US urged South Korean companies not to fill the gap left by the absence of the US manufacturer, a plea that Seoul seemingly ignored.⁴⁰

Even in the US alone, both the Trump and Biden administrations have sought to decouple US domestic supply chains from China with only patchy success.⁴¹ US companies, including tech giants such as Intel and Tesla, have invested considerable time and expense in building markets and manufacturing networks in China, and hence are reluctant to give them up.⁴²

These actions can be characterized as the opening shots of global hypercompetition. The post-Cold War era of globalization is gradually being reversed by US-China rivalry in the military and technological spheres and through trade wars, sanctions, export controls, protectionism, and an emphasis on self-reliance. Although both sides are seeking to decouple—or at a minimum de-risk—key supply chains, US-China economic and technological interdependence is still strong, leaving both countries to continue to hypercompete for multiple national and private sector audiences across multiple technological products.

Operating in a Hypercompetitive Environment

Hypercompetition is destructive by its very nature, and this will likely have significant ramifications not only for the United States and China, but for other states and actors around the world. It is a complex endeavor, requiring new approaches to policy development and execution, a continuously evolving understanding of the international strategic environment, and a high level of clarity from policymakers about the nature of the competition they are engaging in. Below, we have identified four key areas that policymakers should prioritize as hypercompetition becomes the default dynamic between the US and China.

The US End Goal

The first priority for US leaders is to articulate broadly what end goal the US wants to achieve by engaging in hypercompetition. During the Cold War, containment of the Soviet Union was a well-described goal with substantial levels of buy-in from allies around the world. This is no longer the case, thanks to the interconnected presence of multiple Chinese instruments of power—military,

The first priority is to articulate what end goal the US wants to achieve in hypercompetition

economic and political—around the world. While allies may agree to enhance their capabilities in the context of China’s military challenge, it will be more challenging to persuade them to engage in full spectrum containment due to the economic and political consequences. Although current US security and defense strategies highlight the competitive nature of the US-China dynamic, they do not clearly state the how or why of such competition.

By choosing to engage in hypercompetitive practices, as the current Biden administration seems to be doing now, the US is not simply trying to contain and deter, but instead is actively seeking to both undermine key areas

of current and future Chinese power, and to compel Beijing to take a different path. This is fundamentally different from what came before, and thus requires an honest reformulation for all stakeholders to fully understand and engage with the US approach. While concepts such as integrated deterrence still have value, their ambiguity does not fully capture the hypercompetitive path on which the US is embarking, nor its consequences.

Defining what the strategic hypercompetitive environment is, what winning looks like, and providing a clear description of how to achieve it is vital for the development of national security and defense strategies that are aligned with Washington’s policies. The importance of clarity in these matters should not be understated. Under conditions of hypercompetition, more than traditional coordination across the levers of government is required. Moreover, as will be outlined later, in a domestic context hypercompetition will likely require hard choices and sacrifices from the executive and legislative branches to support and win over countries within China’s economic sphere of influence. Only through an explicit description of hypercompetition’s ends, ways and means can such hardship be accepted.

For example, the US goal of integrated deterrence is a central pillar of the 2022 NDS and arguably aims to achieve this by linking all instruments of national power to alter any adversary’s perception of the net benefit of aggression. Problematically, integrated deterrence was included in the NDS and not the NSS, indicating that it remains firmly rooted in the arena of warfighting and is not being used to address the core problems that hypercompetition against a peer competitor presents. Moreover, as international relations scholar Van Jackson points out, the policy, at least publicly, lacks the concrete tools one should associate with deterrence. In reality, “the United States does not have a theory of coercion to deal with great power revanchism and the ‘integrated deterrence’ neologism papers over that absence.”⁴³

What is required for the United States to design a clear pathway through which to navigate hypercompetition with China? Beyond integrated deterrence, this will require seizing the initiative to both compel and deter Beijing in multiple areas simultaneously to gain advantage.

Hypercompetition and Strategic Stability

The second priority for any administration engaged in hypercompetition is an understanding of the impact of its policies on strategic stability. During the Cold War, relative stability was maintained between the two blocs through a deterrence combination of strategic nuclear weapons and the massed deployment of conventional forces in Europe. Direct conflict between NATO and the USSR was avoided due to the fear of calamitous consequences. Instead, both sides competed for influence through proxy wars, electoral and governmental interference, and the advocacy of competing visions of international order. Under the conditions of contemporary and future hypercompetition, traditional conceptions of stability will need to be expanded.

Undoubtedly, nuclear weapons and conventional forces will continue to influence levels of strategic stability. However, under conditions of hypercompetition, we must now consider the inextricable linkage between security, public and private sector technological advancement and economic development as adding extra levels to what countries determine to be an existential threat. No longer are trade restrictions or peacetime economic warfare confined to the economic sphere. Instead, particularly when linked to technology, states can and do view such acts as long-term existential strategic threats. Just as the US views China’s technological development as a long-term threat in the areas of security and economics, Beijing likely views attempts to arrest such developments in the same way: not just as an effort to change economic practices, but rather as a direct effort to stymie military and economic development.

Hence, policymakers should be aware of the potential threat linking such actions will have to broader strategic stability. For example, restrictions on technologies that would prevent China from developing advanced AI while the US and its allies move forward, for example photolithography, which etches chip designs on silicone wafers, may be viewed as an existential threat to national security in Beijing. China consequently could take responsive actions in seemingly unrelated arenas, such as restricting the export of rare earths or even engaging in forms of hybrid warfare in areas of US interest. More broadly, in the

**Under
hypercompetition,
traditional concepts
of strategic stability
need to be
expanded**

emerging competition between democratic and authoritarian states, such economic actions may be used as a state justification for greater national security spending or the pursuit of more aggressive policies. By attempting to hinder China's technological development, the US and its allies may provide the Communist Party with extra ammunition to blame grievances on external forces.

Pertinently, many analysts now argue strategic stability will be increasingly impacted by the influence of new technologies on warfighting concepts. The increasing systematization of warfighting capabilities introduces a range of new considerations for policymakers. There is an increasing blurring between nuclear and conventional capabilities, particularly with the coming introduction of very high-speed and long-range precision weapons. Such capabilities could undermine long-standing assumptions of nuclear stability by calling into question the survival of the nuclear deterrent.⁴⁴

Similarly, while bolstering effectiveness, the increasing adoption of networked warfighting systems introduces new vulnerabilities. These can be particularly seen in the often-classified realms of electronic and cyber warfare. The interruption of data links or the corruption of the data itself would significantly reduce warfighting effectiveness and could even undermine the nuclear deterrent. Hence, there is increasing emphasis on the development of both defensive and offensive systems such as dual use missiles—and even increasingly capable missile defense systems—that can work in both the conventional and nuclear realms.

Hypercompetition with China raises the risk of strategic stability being undermined. This now not only encompasses the traditional military domain, but also extends into the civil-technological sphere. There are no easy policy solutions to the conundrum, but mitigation may be possible. Hypercompetition requires the

intentional undermining of adversary capabilities in multiple areas, but frequent dialogues, institutionalized discussion, and conflict resolution mechanisms may lessen the risk of strategic instability.

Alliance and security partner management is even more complicated under hypercompetition

Alliances and Hypercompetition

The third priority area is alliance and security partner management. During the Cold War and the Global War on Terror, alliance management was a constant task for multiple administrations. However, under these new

conditions of hypercompetition—where the economic, military and technological spheres align—it is even more complicated.

As hypercompetitive interactions spread across the instruments of power, in a manner similar to the push to ban Huawei 5G, the US will need to push allies to

get behind its hypercompetitive strategies and sustain such support. Policymakers should also realize that Beijing has powerful tools through which it can drive wedges between alliance relationships and influence decision-making in capitals across the world. Further, alliance management under conditions of hypercompetition could influence US domestic politics. A prime example of this is the US withdrawal from the Trans-Pacific Partnership during the Trump administration and its failure under Biden’s tenure to replace it with anything substantial. In doing so, the US lost the economic initiative in East Asia and therefore placed itself at a disadvantage in hypercompetitive conditions.

To resolve this, the US should provide packages of support for allies impacted by the consequences of hypercompetition. As existing markets and supply chains are disrupted, US allies and their populations in Europe and Asia will likely be affected. Washington will need to take this into account when pursuing hypercompetition, both unilaterally and within alliance contexts. The US should also expect that its allies and partners may take advantage of hypercompetition between the US and China. One way this may happen is through another state filling a market gap created by trade restrictions. This behavior, despite its potential domestic political unpopularity, should be accepted as part of the cost of hypercompetition with China.

US allies need to be aware that they too will need to make sacrifices to support US hypercompetitive efforts. In Europe in particular, if states are going to remain reliant on the US to provide security, they will need to follow Washington’s lead when it makes rapid moves in the economic and technological arenas. Despite the ongoing war in Ukraine, Washington should continue to prioritize greater European defense spending so that the US military can focus on the Indo-Pacific. No longer can allied free-riding be acceptable in a hypercompetitive environment, and any hypercompetitive strategy emerging from Washington should include concrete expectations from allies in terms of burden sharing.

Defense-Industrial Strategy and Dialogue

The fourth priority area is the need for a defense-industrial security strategy and dialogue. This is more than a development of the current military-industrial relationship centered on developing and procuring defense capabilities. It is a strategy based on the recognition that the private sector is now the owner of a wide range of capabilities such as satellites, communications, and even logistics—all of which have utility both in interstate competition and in military operations.

The US government neither owns nor controls many of said capabilities but may need to restrict access to prevent China or another adversary from gaining access to them. The US administration needs a strategy to provide support to

such companies, as hypercompetition requires agility and may result in the need for the sudden imposition of restrictions in unexpected areas of trade. However, linked to the third priority area outlined above, such support should not result in unfair competitive practices in relation to allies and partners. Further, a regular national security dialogue between the administration of the day and large companies would provide a better foundation for such an approach.

P private sector actors can play a significant role in conflict and need to be involved

The role of industry in national security and hypercompetition also extends beyond the control of trade with China. As the war in Ukraine has demonstrated, private companies such as SpaceX can play a significant role in conflict, particularly in the provision of key enablers such as communication and internet coverage in areas where traditional communication infrastructure has been destroyed.⁴⁵

Moreover, the interconnection between state, local government, and private sector-owned key national infrastructure and industries makes cooperation and alignment critical. For example, hypercompetition is already manifesting in significant threats from Chinese cyber agencies to both the US government and private sector.⁴⁶

This is a fundamental difference between now and the Cold War, when state actors controlled nearly all of the assets related to warfighting. In recognition of this reality, NATO is developing, through its Multi-Domain Operations concept, a structure that can accommodate the capabilities of member states' service and industry sectors.⁴⁷ US policymakers need to develop similar structures which can prevail in hypercompetition by synchronizing assets across a state's instruments of power.

Conceptualizing a New Type of Competition

The intensifying competition between the US and China in an era of rapid technological development and geostrategic change requires new ways of thinking. Hypercompetition is a way to capture contemporary US-China competition. It entails rapid competitive moves, the search for new areas of advantage, and optimally, a continuous streak of interconnected victories. It also involves actively undermining the adversary's advantages. These characteristics are present in the contemporary US-China relationship. Across multiple areas of competition, the US and China are both seeking numerous advantages while simultaneously looking to hinder the progress of the other.

Nowhere is this clearer than in the field of technological development. However, as this paper has argued, hypercompetition requires integrated thinking

across regions and areas of competition. While actively bolstering its efforts to maintain dominance in the technology sector, the US has struggled to ensure supremacy when it comes to geo-strategy and geo-economics, and is ceding ground in East Asia and beyond. Washington is also struggling to bring allies around to the idea of competing with China in multiple fields. During the Cold War, while difficult, alliance management was made easier due to the presence of two blocs with distinct economic and political systems. This is not the case anymore, and the US needs to appreciate that dealing with allies and security partners that possess diverse appreciations of the threat and economic environments will be an increasingly complex exercise.

A hypercompetitive environment is undoubtedly a tough one.⁴⁸ Off-ramps will be difficult to identify even in areas of mutual concern such as climate change and strategic stability because the logic of hypercompetition forces competitors to continuously seek to destroy the advantages of their rivals. Therefore, a holistic and long-term appreciation of the rivalry with China is vital for the US to design flexible and effective strategies, no matter how politically or even economically costly they may be, in order to operate successfully in a hypercompetitive environment.

Notes

1. Alexander Ward, “I Don’t Want to Contain China, Biden says in Beijing,” *Politico*, September 10, 2023, <https://www.politico.com/news/2023/09/10/biden-china-g20-00114892>.
2. The White House, “National Security Strategy,” October 2022, 12, <https://www.whitehouse.gov/wp-content/uploads/2022/10/Biden-Harris-Administrations-National-Security-Strategy-10.2022.pdf>; U.S. Department of Defense, “2022 National Defense Strategy of the United States of America,” October 2022, <https://media.defense.gov/2022/Oct/27/2003103845/-1/-1/1/2022-NATIONAL-DEFENSE-STRATEGY-NPR-MDR.PDF>.
3. Richard A. D’Aveni, *Hypercompetition: Managing the Dynamics of Strategic Maneuvering* (New York: Free Press, 1994), 218.
4. See Uri Friedman, “The New Concept Everyone in Washington is Talking About,” *Atlantic*, August 6, 2019, <https://www.theatlantic.com/politics/archive/2019/08/what-genesis-great-power-competition/595405/>; Katie Bo Williams, “What’s Great Power Competition? No One Really Knows,” *Defense One*, May 13, 2019, <https://www.defenseone.com/news/2019/05/whats-great-power-competition-no-one-really-knows/156969/>.
5. “2022 National Defense Strategy,” 4.
6. Michael J. Mazarr, Jonathan Blake, Abigail Casey, Tim McDonald, Stephanie Pezard and Michael Spirtas, *The Emerging Era of International Competition: Theoretical and Historical Perspectives* (Santa Monica: RAND Corporation, 2018), 1; Hal Brands, “The Lost Art of Long-Term Competition,” *Washington Quarterly* 41, no. 4 (2018): 31-51; David Shambaugh, “Toward a ‘Smart Competition’ Strategy for U.S. China Policy,” in Leah Bitounis

- and Jonathon Price (eds.) *The Struggle for Power: U.S.-China Relations in the 21st Century* (Washington DC: The Aspen Institute, 2020), 143.
7. Ryan Hass' book on U.S.-China competitive interdependence is an example of a study seeking to examine how the United States can compete with China under new conditions: see *Stronger: Adapting America's China Strategy in an Age of Competitive Interdependence* (New Haven, CT: Yale University Press, 2021).
 8. John J. Mearsheimer, "Bound to fail: The rise and fall of the liberal international order," *International Security* 43, no. 4 (2019): 7-50.
 9. Victor D. Cha, "Collective Resilience: Deterring China's Weaponization of Economic Interdependence," *International Security* 48, no. 1 (2023): 91-124.
 10. Klaus Schwab, *The Fourth Industrial Revolution* (London: Penguin Books 2017), 1.
 11. Daniel W. Drezner, "Technological Change and International Relations," *International Relations* 33, no. 2 (2019): 286-303; Michael Raska, "Strategic Competition for Emerging Military Technologies: Comparing Paths and Patterns," *Prism* 8, no. 3 (2019): 66-67; T.X. Hammes, "Expeditionary Operations in the Fourth Industrial Revolution," *MCU Journal* 9, no. 1 (2017): 89.
 12. Michael C. Horowitz, "Do Emerging Military Technologies Matter for International Politics?" *Annual Review of Political Science* 23 (2020): 385-400; James S. Johnson, "Artificial Intelligence: A threat to Strategic Stability," *Strategic Studies Quarterly* (Spring 2020): 16-39; James S. Johnson, "Artificial Intelligence & Future warfare: Implications for International Security," *Defense & Security Analysis* 35 (2019): 147-169.
 13. See Philip C. Saunders and Julia G. Bowie, "US-China Military Relations: Competition and Cooperation," *The Journal of Strategic Studies* 39, no. 5-6 (2016): 662-684; Eric Heginbotham et. al., *The U.S. – China Military Scorecard: Force, Geography, and the Evolving Balance of Power 1996-2017* (Santa Monica: RAND Corporation, 2015).
 14. Richard A. D'Aveni, *Hyper-competitive Rivalries: Competing in Highly Dynamic Environments* (New York: The Free Press, 1995), 154.
 15. D'Aveni, *Hyper-competitive Rivalries*, 150-154; D'Aveni, *Hypercompetition: Managing the Dynamics of Strategic Maneuvering*.
 16. William C. Bogner and Pamela S. Barr, "Making Sense in Hypercompetitive Environments: A Cognitive Explanation for the Persistence of High Velocity Competition," *Organization Science* 11, no. 2 (2000): 212-226, 212; and Shona Brown and Kathleen Eisenhardt, *Competing on the Edge* (Boston, MA: Harvard Business School Press, 1998.)
 17. D'Aveni, *Hyper-competitive Rivalries*, 154; Clayton M. Christensen, *The Innovator's Dilemma* (Boston, MA: Harvard Business School Press, 1997).
 18. D'Aveni, "Waking up to the new era of hypercompetition," *Washington Quarterly* 21, no. 1 (1998): 183-195, 184-186.
 19. D'Aveni, *Hyper-competitive Rivalries*, 238.
 20. Patrick Porter, "Why America's Grand Strategy has not Changed: Power, Habit and the U.S. Foreign Policy Establishment," *International Security* 42, no. 4 (2018): 9-46; Robert S. Ross, "US Grand Strategy, the Rise of China, and US National Security Strategy for East Asia," *Strategic Studies Quarterly* 7, no. 2 (2013): 20-40.
 21. U.S. Department of Defense, *Fact Sheet: 2022 National Defense Strategy*, <https://media.defense.gov/2022/Mar/28/2002964702/-1/-1/1/NDS-FACT-SHEET.PDF>.
 22. Jeffrey Wilson, "Australia Shows the World What Decoupling From China Looks Like," *Foreign Policy*, November 9, 2021, <https://foreignpolicy.com/2021/11/09/australia-china-decoupling-trade-sanctions-coronavirus-geopolitics/>.

23. David Uren, “Why China’s Coercion of Australia Failed,” *Strategist*, April 27, 2023, <https://www.aspistrategist.org.au/why-chinas-coercion-of-australia-failed/>.
24. Richard McGregor, “Chinese Coercion, Australian Resilience,” *Lowy Institute*, October 20, 2022, <https://www.lowyinstitute.org/publications/chinese-coercion-australian-resilience>.
25. U.S. Department of Defense, “Summary of the 2018 National Defense Strategy,” <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>, 3.
26. Michael C. Horowitz “Artificial Intelligence, International Competition, and the Balance of Power,” *Texas National Security Review* 1, no. 3 (May 2018); and Edie Williams and Alan R. Shaffer, “The Defense Innovation Initiative: The Importance of Capability Prototyping,” *Joint Force Quarterly* 77/2 (2015): 38-39.
27. Gregory C. Allen, “Choking Off China’s Access to the Future of AI,” Center for Strategic and International Studies, October 11, 2022, <https://www.csis.org/analysis/choking-chinas-access-future-ai>; and Matthew Reynolds, “Assessing the New Semiconductor Export Controls,” Center for Strategic and International Studies, November 3, 2022, <https://www.csis.org/analysis/assessing-new-semiconductor-export-controls>.
28. The White House, “Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern,” August 9, 2023, <https://www.whitehouse.gov/briefing-room/presidential-actions/2023/08/09/executive-order-on-addressing-united-states-investments-in-certain-national-security-technologies-and-products-in-countries-of-concern/>.
29. Karen Freifield, Andrea Shalal and David Shepardson, “Biden orders Ban on Certain US Tech Investments in China,” *Reuters*, August 10, 2023, <https://www.reuters.com/world/white-house-detail-plans-restricting-some-us-investments-china-source-2023-08-09/>.
30. The White House, “Fact Sheet: CHIPS and Science Act Will Lower Costs, Create Jobs, strengthen Supply Chains, and Counter China,” August 9, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/09/fact-sheet-chips-and-science-act-will-lower-costs-create-jobs-strengthen-supply-chains-and-counter-china/>.
31. Arjun Kharpal, “A Globally Critical Chip Firm is Driving a Wedge Between the U.S. and Netherlands over China Tech Policy,” *CNBC*, December 4, 2022, <https://www.cnbc.com/2022/12/05/us-ramps-up-pressure-on-netherlands-to-fall-in-line-with-china-chip-policy.html>; Hosul Lee-Makiyama & Robin Baker, “US Chip Targets Hits Allies but likely misses long term Chinese Strategic Target,” *East Asia Forum*, December 11, 2022, <https://www.eastasiaforum.org/2022/12/11/us-chips-war-hits-allies-but-likely-misses-long-term-chinese-strategic-target/>.
32. Ravi Agrawal, “America’s Risky New China Policy,” *Foreign Policy*, November 2, 2022, <https://foreignpolicy.com/2022/11/02/united-states-china-semiconductor-imports/>; “Biden’s Chip Curbs Outdo Trump in Forcing World to Align on China,” *Bloomberg*, November 13, 2022, <https://www.bloomberg.com/news/articles/2022-11-13/biden-s-chip-curbs-outdo-trump-in-forcing-world-to-align-on-china>.
33. Tian He, “When the chips are down: Biden’s semiconductor war,” *Interpreter*, July 27, 2021, <https://www.lowyinstitute.org/the-interpreter/when-chips-are-down-biden-s-semiconductor-war>.
34. Che Pan, “US-China tech war: Washington said to eye chip alliance with Japan, South Korea, Taiwan to squeeze China,” *South China Morning Post*, March 30, 2022, <https://www.scmp.com/tech/tech-trends/article/3172418/us-china-tech-war-washington-said-eye-chip-alliance-japan-south>.

35. Peter Hoskins, "China Bans Major Chip Makers Micron from Key Infrastructure Projects," *BBC News*, May 22, 2023, <https://www.bbc.com/news/business-65667746>.
36. "China Gallium, Germanium Export Curbs Kick in; Wait for Permits Starts," *Reuters*, August 1, 2023, <https://www.reuters.com/markets/commodities/chinas-controls-take-effect-wait-gallium-germanium-export-permits-begins-2023-08-01/>.
37. Samantha Murphy Kelly, "The US Government is Investigating China's breakthrough Smartphone," *CNN Business*, September 6, 2023, <https://edition.cnn.com/2023/09/06/tech/huawei-mate-60-pro-phone/index.html>.
38. Chad P. Bown, "Four years into the trade war, are the US and China decoupling?," Peterson Institute for International Economy, October 20, 2022, <https://www.piie.com/blogs/realtime-economics/four-years-trade-war-are-us-and-china-decoupling>.
39. Jim Pickard and Nathalie Thomas, "UK Seeks Investors for Nuclear Plant as it eases out China," *Financial Times*, March 3, 2022, <https://www.ft.com/content/95524dfc-6503-48c7-85ad-a116bdf2c9ed>.
40. Ryan McMorro, Song Jung-a and Tim Bradshaw, "South Korea Signals its Chipmakers can Fill the Gap after China's ban Micron," *Financial Times*, May 22, 2023, <https://www.ft.com/content/93ba7f32-35df-4b5f-a14f-263b26b1f854>.
41. J. Stewart Black and Allen J. Morrison, "The Strategic Challenges of Decoupling," *Harvard Business Review* (May-June 2021), <https://hbr.org/2021/05/the-strategic-challenges-of-decoupling>.
42. Lillian Zhang, "Tech War: China Still and Important Market for US Chip Giant Intel, CEO Patrick Gelsinger says in Beijing Trip," *South China Morning Post*, April 12, 2023, <https://www.scmp.com/tech/tech-war/article/3216835/tech-war-china-still-important-market-us-chip-giant-intel-ceo-patrick-gelsinger-says-beijing-trip>.
43. Van Jackson, "What is Integrated Deterrence? A Gap Between US and Australian Thought," *Australian Journal of Defence and Strategic Studies* 4, no. 2 (2022): 267.
44. See: Heather Williams, "Asymmetric Arms Control and Strategic Stability: Scenarios for Limiting Hypersonic Glide Vehicles," *Journal of Strategic Studies* 42, no. 6 (2019).
45. Amanda Macias, "Pentagon Awards SpaceX with Ukraine Contract for Starlink Satellite Internet," *CNBC*, June 1, 2023, <https://www.cnn.com/2023/06/01/pentagon-awards-spacex-with-ukraine-contract-for-starlink-satellite-internet.html>.
46. Sean Lyngaas, "Chinese Hacking Group Targeting US Agencies and Companies has Surged its Activity, Analysis Finds," *CNN*, October 2, 2022, <https://edition.cnn.com/2022/10/02/politics/china-hacking-espionage-us-agencies/index.html>.
47. "Allied Command Transformation Leads the NATO Multi-Domain Operations Conference," *NATO ACT*, September 11, 2023, <https://www.act.nato.int/article/act-leads-mdo/>.
48. D'Aveni, "Waking Up to the New Era of Hypercompetition."