ITIF | INFORMATION TECHNOLOGY & INNOVATION FOUNDATION
HAMILTON CENTER ON INDUSTRIAL STRATEGY

National Economic Power Industry Series: Executive Summary

ROBERT D. ATKINSON | NOVEMBER 2026

China is on the march to dominate advanced industries that underpin national power in the 21st century. To protect U.S. economic strength and national security, policymakers must jettison old techno-economic and trade policy doctrines and adopt a new national power industry strategy.

KEY TAKEAWAYS

- Certain technologically advanced industries—from semiconductors to aerospace to AI—serve as the wellsprings of national power and security in the 21st century. China's strategic campaign to dominate those industries is an existential threat to America.
- These industries are globally traded. When China captures market share, it is at America and the West's expense—and losing market share usually leads to downward spirals in innovation and investment, or even irrevocable loss due to high reentry barriers.
- The CCP follows a predictable strategy across industries: attract foreign investment, coerce tech transfer and steal foreign IP, provide massive subsidies, close domestic markets, and then capture global market share.
- Prevailing policy narratives in Washington largely ignore techno-economic and trade warfare and its implications for U.S. power. Neither engagement, nor denial, nor false confidence in American innovation will suffice in the face of the threat China poses.
- We must abandon consumer-welfare economics and neo-New Dealism and go beyond competitiveness and innovation strategy. We need a "national power industry strategy" that adapts from the field of corporate strategy, where competition is win or lose.
- Time is short. Policymakers must recognize that industries differ in strategic importance, markets won't automatically preserve critical capabilities, production matters as much as innovation, and long-term strategic positioning trumps short-term efficiency.

OVERVIEW

The Information Technology and Innovation Foundation (ITIF) has conducted an 18-month research effort examining how China's domineering industrial strategy threatens U.S. technological leadership, economic strength, and national security. ITIF's research concludes that U.S. policymakers must fundamentally transform the country's techno-industrial economic system to prevent America from becoming subservient to China in a critical group of advanced, traded-sector industries that provide the foundation for national power in the 21st century. ITIF calls these industries "national economic power industries."

This research effort produced a series of 19 policy reports from November 2025 through November 2026. The first report in the series provides a comprehensive overview of the unfolding techno-economic-trade war that China is waging to dominate these industries at the expense of the United States and its allies in the West. A second group of nine reports includes quantitative and qualitative analyses of U.S. industrial performance versus China in national economic power industries. A third group of nine reports offers nearly 200 specific recommendations for U.S. policymakers to reorganize government to mobilize for the techno-economic-trade war with China.

The reports are available on ITIF's website both serially and as an anthology:

- "National Economic Power Industry Series" (ITIF, November 2025–November 2026), https://itif.org/power-industries/.
- Robert D. Atkinson, et al., *Marshaling Economic Power Industries: An Anthology of Analytical Research and Policy Recommendations* (ITIF, November 2026), https://www2.itif.org/2026-power-industry-anthology.pdf.

An executive summary of the overview report follows, along with an index of ITIF's policy recommendations, listed first by topic, then by branch of government.

EXECUTIVE SUMMARY

The Strategic Imperative

The United States faces an existential challenge in China's systematic campaign to dominate the advanced industries that enable national power in the 21st century. Unlike any competitor in American history, China combines the continental scale of a 1.4-billion-person economy with a Marxist-Leninist political system explicitly committed to achieving techno-economic supremacy over the Western democratic world. This is not normal economic competition between market economies—it is a carefully orchestrated, multi-decade strategic campaign to displace U.S. industrial capabilities, weaken allied nations, and fundamentally reshape the global order under CCP leadership.

The stakes transcend economics. National power today depends on strength in what this report terms "national power industries"—a spectrum of sectors spanning pure defense production, dual-use technologies employed in both military and commercial applications, and enabling industries that support the broader industrial commons. These include semiconductors, aerospace, biopharmaceuticals, telecommunications equipment, advanced chemicals, precision machinery, robotics, artificial intelligence (AI) systems, and dozens of other sectors in which

weakened or fatally injured firms would grant China dangerous leverage over the United States and its allies, as well as weaken U.S. defense production capabilities.

This competition occurs against a backdrop of American policy failure. For over two decades, U.S. leaders across both parties have operated under the assumption that China was becoming a "normal" market economy that would gradually liberalize politically and economically. That assumption has proven catastrophically wrong. China today is more authoritarian, more aggressive internationally, and more committed to state-directed capitalism than at any point since Mao's death.

On its current trajectory, it is likely that China will soon amass significantly greater capabilities than the United States will in national power industries.

On its current trajectory, it is likely that China will soon amass significantly greater capabilities than the United States will in national power industries. With those greater capabilities will come geostrategic hegemony over the West, unless the United States forestalls that outcome by adopting a new, transformative national power industry strategy that goes beyond a mere competitiveness or national innovation strategy. This is not a war that the United States and allies can win in the sense of significantly weakening or retarding the growth of China's own national power industries. The only way Chinese attacks will end is if China becomes a free, democratic country. But the United States and allies can avoid defeat—keeping their national power industries relatively strong—by working together and adopting national power industry strategies.

Understanding the Chinese Communist Party's True Objectives

Perhaps the most damning evidence of Chinese intentions comes from internal Communist Party documents and speeches intended for party members rather than foreign audiences. As China scholar Daniel Tobin has documented, these reveal a regime explicitly committed to Marxist-Leninist global ambitions that go far beyond merely moving up the value chain and growing its economy.

Xi Jinping has repeatedly framed China's rise in ideological terms, stating that "scientific socialism is full of vitality in 21st century China" and that China offers "a new option for other countries and nations who want to speed up their development while preserving their independence." In a 2013 speech to senior party officials, Xi declared that "the viewpoint of historical materialism that capitalism is doomed to failure and socialism will prevail" remains valid, and that China must "seize the initiative, win the competitive edge, and secure our future" in a "long-term cooperation and rivalry between the two social systems."

Documents from the party's 20th Congress state that China's success has "significantly shifted the worldwide historical evolution of the contest between the two different ideologies and social systems of socialism and capitalism in a way that favors socialism." Chinese leaders explicitly describe their work as part of a "great struggle" and "systems contest with Western capitalist democracy," using terminology that leaves no ambiguity about their intentions.

On technology and industry specifically, party documents are equally explicit. The minister of Science and Technology wrote in the *People's Daily* that "the scientific and technological

revolution and the contest between major powers are intertwined; the high-tech field has become the forefront and main battlefield of international competition." Another official commentary stated: "To a certain extent, those who gain access to the Internet will gain the world. Core technology is an important weapon for the country."

China's Made in China 2025 plan, while officially downplayed after international backlash, clearly articulates the goal: "Building an internationally competitive manufacturing industry is the only way China can enhance its comprehensive national strength, ensure national security, and build itself into a world power." The plan calls for China to "seize the commanding heights of a new round of competition in the manufacturing industry" and achieve innovation leadership "ranking first globally."

The CCP follows a predictable playbook across industry after industry.

Leading Chinese scholar Lu Yongxiang stated in 2024 that "by 2035, 'Made in China' will surpass the United States and become the global leader," noting this would thrust the world into a "new era"—explicitly referencing an era of Chinese dominance. These are not the words of a nation seeking merely to "catch up" or achieve "legitimate development." They are the explicit articulation of a campaign for global advanced industrial hegemony.

China's actions match its rhetoric. The CCP follows a predictable playbook across industry after industry. First, attract foreign investment by promising market access. Second, coerce technology transfer through joint venture requirements and other mechanisms—pressure the U.S. Trade Representative has characterized as "particularly intense." Third, support domestic firms in copying and incorporating foreign technology while building indigenous capabilities through programs such as the 2006 Medium- and Long-term Program for Science and Technology Development, which identified 402 core technologies to master.

Fourth, carve out and protect the Chinese market for Chinese firms, excluding foreign competitors once domestic champions can reasonably serve the entire Chinese market. Fifth, provide massive subsidies—estimated at minimum 1.73 percent of Chinese gross domestic product (GDP) annually, or over $400 billion per year, though actual figures are likely far higher accounting for provincial and local support. Finally, support Chinese firms "going out" to capture global market share, particularly in developing nations through Belt and Road Initiative investments exceeding $1 trillion. These dwarf the minimal industrial subsidies the U.S. government (USG) provides.

The scale of Chinese subsidies dwarfs anything in Organization for Economic Cooperation and Development (OECD) nations. A German institute found that in 2022, 99 percent of listed Chinese firms received direct government subsidies, with electric vehicle (EV) maker BYD alone receiving over $3.7 billion. Chinese industrial subsidies were 4.5 times greater than U.S. subsidies as a share of GDP. Combined with a chronically undervalued currency, suppressed domestic consumption, and closed markets, these subsidies have enabled Chinese firms to sell below cost for years or decades, systematically destroying foreign competitors' market positions.

This is not to say that all Chinese efforts or innovation are win-lose. If China invents a cure for Alzheimer's, the world benefits (assuming the United States or its allies would not also do so). But this would also reduce U.S. (and allied) strength in the pharmaceutical industry.

Three Flawed Strategic Responses

Overall, the policy debate about China is largely dominated by international relations scholars and experts, not business or industrial strategy experts. The former are aware of the global competition for leadership in advanced industries, but they largely see it as subservient to overall foreign policy considerations and goals. Moreover, few understand the operation of advanced industries, the nature of the competition, or the importance of barriers to entry and reentry. As such, the prevailing narratives largely ignore techno-economic and trade war implications and the implications for U.S. power.

Current U.S. thinking about China coalesces around three main strategic approaches, all of which are inadequate to the challenge.

The Engagers: Cooperation Above All

The first camp, still influential in much of the U.S. foreign policy establishment, prioritizes maintaining cooperative relations with China, even in the face of CCP behavior that harms U.S. national power industry capabilities. These experts argue that China's growth benefits global prosperity, that Chinese cooperation is essential for addressing climate change and other global challenges, and that confrontation risks becoming a catastrophic conflict.

A 2019 open letter signed by over 100 prominent scholars claimed that "we do not believe Beijing is an economic enemy or an existential national security threat" and argued that "the fear that Beijing will replace the United States as the global leader is exaggerated."

This camp consistently minimizes Chinese malfeasance while emphasizing supposed benefits of engagement. They cite Chinese economic growth as driving global prosperity (ignoring that China's persistent trade surpluses actually reduce GDP elsewhere). In arguing that cooperation is needed on issues such as climate change, pandemic response, and AI governance, they gloss over the question of why the United States should be the supplicant when China has equal or greater interest in addressing these challenges.

Their fundamental error is treating China as a partner rather than a strategic competitor. Engagers assume that continued dialogue and economic ties will moderate China's behavior, when two decades of evidence proves otherwise. They prioritize the process of engagement over the substance of outcomes, accepting Chinese predatory practices as the price of maintaining access and conversation.

The Deniers: Wait for China's Collapse or Assume Inherent U.S. Superiority

A second camp acknowledges China's rise but counsels patience, predicting that internal contradictions will lead to Chinese economic stagnation or political crisis. These analysts point to demographic decline, the housing bubble, government debt, and the inefficiencies of state capitalism as harbingers of inevitable Chinese failure. To be sure, many advance the well-trodden prescriptions such as improved K-12 education, more high-skill immigration, smarter regulation, and more government spending on science. But they will not go so far as to support a national power industry strategy.

This "Peak China" thesis is seductive because it requires no painful U.S. policy changes. If China is destined to collapse under its own weight, the United States need only wait and maintain its existing approaches to the economy, trade, and national security. Proponents cite any negative Chinese economic news as evidence that their predictions are materializing, while ignoring continued Chinese gains in technological capabilities and global market share of advanced industries.

The fatal flaw is mistaking China for the Soviet Union. Unlike Soviet command economics, Chinese state capitalism has proven remarkably effective at generating growth and technological advancement. The CCP studied why the Soviet Union failed and adopted fundamentally different economic management—allowing market forces to operate within state-directed strategic frameworks rather than attempting to centrally plan everything.

Moreover, even if China faces economic headwinds from demographics or debt, these business-cycle challenges do not negate its structural advantages in the techno-economic competition. Chinese firms will continue benefiting from massive subsidies, protected markets, and patient capital regardless of GDP growth rates. Waiting for China to self-destruct while Chinese companies dismantle Western industries one after another is a prescription for defeat.

The Innovationists: Technology Will Save Us

The third camp acknowledges the challenge China presents but argues that American innovation superiority will enable the United States to prevail. These "dynamists" focus on deregulation, immigration reform, scientific research funding, and nurturing entrepreneurship—particularly in cutting-edge fields such as AI, quantum computing, and synthetic biology.

This view holds that the United States need not defend legacy industries because American innovators will create entirely new sectors and the United States will lead them. Why fight over solar panels or EVs when we can dominate AI and quantum? The prescription is to boost science funding, reduce regulatory barriers, import more STEM (science, technology, engineering, and math) talent, and trust that Silicon Valley-style innovation will deliver victory.

The problems with this strategy are multiple. First, with a few exceptions (e.g., AI), it is industry-agnostic—there is no guarantee that market-driven innovation will produce capabilities in sectors that matter most for national power. Second, the United States has repeatedly lost production of technologies it invented, from televisions to solar panels to batteries, as other nations have commercialized American discoveries. Innovation alone does not ensure domestic production or competitive strength.

Third, advanced defense systems increasingly rely on commercial technologies (spin-on rather than spin-off), making a strategy that abandons commercial sectors to China while hoping to maintain defense-only production unrealistic and prohibitively expensive. Fourth, the "industrial commons"—the ecosystem of suppliers, skilled workers, and manufacturing capabilities—erodes when industries disappear, making future innovation harder. Intel founder Andy Grove's warning resonates: "Abandoning today's 'commodity' manufacturing can lock you out of tomorrow's emerging industry."

Finally, China is not ceding emerging technologies. Chinese firms are competitive or leading in AI (see Alibaba, Baidu, and DeepSeek), quantum communications, commercial space, robotics, and biotechnology. The notion that the United States can retreat to "higher ground" in emerging

tech while China dominates established industries ignores that Chinese firms are aggressively pursuing both.

Why Current U.S. Economic Policy Frameworks Fail

The deeper problem is that dominant U.S. economic doctrines are fundamentally mismatched to the era of *national* power industry competition.

Consumer Welfare Economics

The reigning paradigm in U.S. economic policymaking—which critics call "neoliberalism"—treats all industries as equivalent. Financial services and semiconductor fabrication are no different; both simply respond to market signals. The goal is to maximize consumer welfare through efficient resource allocation, which markets achieve better than governments do.

The reigning paradigm in U.S. economic policymaking—which critics call "neoliberalism"—treats all industries as equivalent.

In this framework, Chinese subsidies (including low labor costs and lax environmental regulations) are gifts to American consumers (lower prices!), not strategic attacks. Trade deficits reflect American prosperity (we're rich enough to buy foreign goods!), not industrial weakness. Offshoring production to China demonstrates smart capital allocation by U.S. firms seeking higher returns, not a national security vulnerability.

Consumer welfare economics has no concept of strategic industries or national power. Its proponents argue that "countries don't compete, only companies do" and that concerns about industrial structure reflect economically illiterate protectionism. The Peterson Institute epitomizes this view, arguing that U.S.-China trade is "clearly win-win" and that "Chinese companies have a right to compete with U.S. companies and succeed in any sector, including in high-tech."

This doctrine might have been adequate when America faced no serious techno-economic competitor; it is catastrophically inadequate against China's state capitalist predation. Markets have no inherent reason to preserve semiconductor fabrication, aerospace, or pharmaceutical production domestically. They are equally happy producing legal services, retail, and hospitality, none of which enable national power.

But the reality of this techno-economic and trade attack fundamentally undercuts the foundation of consumer welfare economics and exposes its inability to address the current challenge. If national power is the ultimate goal, not consumer welfare, then this doctrine fails, at least in guiding the share of the economy composed of national economic power industries. If a nation's industrial mix is critical, then a doctrine that gives equal weight to potato chips and computer chips fails.

Neo–New Deal Progressivism

The ascendant alternative on the Left is equally unsuited to the challenge. Neo–New Dealism focuses on redistribution, social justice, and worker welfare overgrowth and competitiveness. Its industrial policy priorities are human services (childcare, eldercare), climate-focused sectors (renewable energy), and breaking up large corporations through aggressive antitrust.

While rhetorically supporting "industrial policy," progressives' actual agenda—drug price controls, restricting intellectual property (IP), mandating labor standards that limit automation, attacking profitable corporations as exploitative—systematically weakens the large advanced-technology firms that must serve as national champions against Chinese competitors.

Moreover, neo–New Dealism's massive social spending agenda would consume the fiscal resources needed for strategic industrial investment. Its anticorporate ideology and deep suspicion of business-government collaboration make the public-private partnerships required for an effective national power industry strategy politically toxic.

The reality of the CCP's techno-economic and trade war on the West undercuts the foundations of neo–New Deal progressivism. If the United States is in an existential contest for global power, then boosting taxes and regulations on business is especially ill-advised, as are the neo-Brandeisian campaign to destroy large corporations and separate unrestrained demands from organized labor. Progressive advocates know this quite well, which is why they go to any end to deny that China is even a competitor.

What's Required: National Power Industry Strategy

The United States needs a fundamentally new framework: a national power industry strategy. This approach recognizes the following:

- **Industries differ fundamentally in strategic importance.** Semiconductors and furniture are not equivalent. Some sectors—defense, dual-use, and enabling—are critical to national power and must be prioritized even at short-term economic cost.
- **Markets are indifferent to national power.** Unregulated market forces will not automatically preserve strategic capabilities. Government must actively shape industrial structure through strategy, not just generic competitiveness or innovation policies.
- **China is a strategic competitor, not a normal trading partner.** Chinese mercantilism requires defensive measures (restricting imports produced unfairly) and offensive support (strengthening domestic champions in national power industries) that violate free-market and progressive orthodoxies.
- **Production matters as much as innovation.** The United States cannot rely on inventing technologies that China then produces. Manufacturing capabilities, supply chain resilience, and industrial commons must be preserved domestically in strategic sectors.
- **Long-term strategic positioning trumps short-term efficiency.** Maintaining redundant capacity, subsidizing strategic industries, and accepting higher consumer prices are necessary costs of not losing the techno-economic war.

This requires jettisoning the deeply held view that governments should not "pick winners." Markets might optimize GDP growth, but only by happenstance will this generate needed national power industry capabilities. Policymakers must embrace strategic industry selection and support, drawing on business strategy frameworks rather than consumer welfare economics.

Implementation Barriers

The political economy obstacles to a national power industry strategy are severe. U.S. business leaders, shaped by decades of financial capitalism prioritizing quarterly returns and shareholder

value, distrust government involvement and focus myopically on firm-level profitability rather than systemic strength. Unlike their predecessors from the 1940s–1970s who saw themselves as corporate statesmen with responsibilities to the broader capitalist system, today's executives view government industrial policy as either incompetent interference or the thin edge of socialist control.

Labor unions pursue short-term wage gains that often undermine firms' long-term global competitiveness because they are unable to escape the prisoner's dilemma of aggressive bargaining today leading to job losses to less-constrained Chinese rivals tomorrow.

Conservative organizations reflexively oppose the government activism required for industrial strategy, while progressive organizations reflexively oppose supporting corporations. Neither party's dominant coalition supports the combination of strong state capacity and empowered corporate champions that a national power industry strategy requires.

Perhaps most critically, the USG itself lacks the analytical capacity, institutional structures, and personnel with expertise to formulate and execute sophisticated industrial strategy. Unlike China, where officials study industrial policy as a discipline and spend careers mastering sectoral dynamics, U.S. policymakers typically have backgrounds in law or generalist economics divorced from operational understanding of specific industries and technologies.

The Path Forward

The United States requires political, policy, and institutional transformation comparable to previous pivots after the War of 1812, the Civil War, and World War II. In all three cases, war provided the spur to overcome inertia and interest group resistance. We certainly hope it will not take a physical war to achieve similar transformation today. Either way, the organizing principle of economic policy must shift from maximizing consumer welfare or spurring social justice to ensuring that the United States maintains superior capabilities in national power industries relative to China. The simplest measures of this are the share of these industries' global output that is produced in the United States and the share of U.S. production that occurs in allied nations. Related measures are the technological sophistication of U.S. products and services in national power industries compared with those of Chinese competitors.

The United States requires political, policy, and institutional transformation comparable to previous pivots after the War of 1812, the Civil War, and World War II.

This demands classifying industries by strategic importance, developing sophisticated strategies for priority sectors informed by business strategy principles rather than economics, restricting unfairly traded Chinese goods' access to allied markets, substantially increasing public and private investment in strategic sectors (on the order of $100 billion per year in tax incentives and direct expenditures for at least a decade), coordinating with allies to present unified responses, and building government institutional capacity for industrial strategy.

The costs will be significant: Implementing a national power industry strategy will bring higher prices for certain consumer goods, increased government spending, greater fiscal discipline elsewhere, and reduced returns for some investors as capital is channeled toward strategic rather than merely profitable uses. But the alternative is worse: a future in which Chinese dominance of

advanced industries leaves the United States dependent on an adversary for critical technologies, unable to defend its interests or protect its allies, and relegated to second-tier status in a China-dominated world order.

Conclusion

History shows that America can make fundamental pivots when circumstances demand. Whether it can do so absent the shock of military conflict—which might come too late, after critical capabilities are already lost—remains the defining question of our era. The window for effective action is narrowing. Chinese positions in industry after industry are becoming entrenched, protected by economies of scale, learning curves, network effects, and the enormous barriers to reentry that characterize advanced manufacturing. The reality is that once advanced industry capabilities are lost, they are extremely difficult to resurrect.

The choice facing America is stark and unavoidable: Fundamentally reform techno-economic policy now by embracing the uncomfortable truth that some industries matter far more than others—and by recognizing that preserving them requires active government strategy—or accept a managed decline into second-tier status while China's techno-economic dominance translates into geopolitical supremacy. There is no third option, no magical innovation breakthrough that will solve the problem without hard choices and real sacrifices.

The United States remains far stronger than any declining power in history. Its advantages in innovation ecosystems, allied networks, capital markets, universities, and democratic legitimacy provide a foundation for successful competition if properly mobilized. But time is not on America's side. Every industry lost makes recovery harder; every year of Chinese industrial expansion shifts the balance further; every failure to act because it violates free-market or progressive orthodoxies surrenders ground that cannot be regained. The techno-economic war with China is the central challenge of the 21st century. America's response will determine not just its own future but the future of the liberal democratic world.

INDEX OF RECOMMENDATIONS BY TOPIC

Part 1: The Case for Policy Transformation[1]

Overarching Recommendation

- Fundamentally transform the U.S. techno-industrial economic system to prevent America from becoming subservient to China in strategically important industries that underpin national power and security in the 21st century.

Five Key Principles to Guide U.S. Policymaking

1. China is an adversary of the United States and of Western democracies more generally.
2. National power industry capabilities are so critical that losing them to China cannot be an option.
3. Strong domestic policy actions are necessary but not sufficient to avoid losing production capabilities in national power industries.
4. Just as domestic action alone is not sufficient to avoid losing the techno-economic war to China, efforts that individual nations undertake on their own will not be sufficient.
5. Transforming techno-economic and trade policy on both the offensive and defense sides of the equation cannot be done incrementally.

Part 2: Slowing China's Advance[2]

Limits of Export Controls

- Establish a modern-day version of the Coordinating Committee for Multilateral Export Controls (COCOM) focused on China.

Limiting Chinese Knowledge Acquisition

- Require universities and Federally Funded Research and Development Centers (FFRDCs) to report the country of citizenship of postdocs, and track their later decisions to determine whether they stayed in the United States or went back to home countries, especially China.
- Pass the Defending Education Transparency and Ending Rogue Regimes Engaging in Nefarious Transactions (DETERRENT) Act to expand the oversight and disclosure requirements regarding Chinese funds channeled to U.S. universities and research institutions.
- Require universities to disclose in real time all research partnerships with researchers or companies in China.

---

[1] For more, see: Robert D. Atkinson, "Mobilizing for Techno-Economic War, Part 1: The Case for Policy Transformation" (ITIF, February 2026), https://itif.org/publications/2026/02/02/mobilizing-for-techno-economic-war-part-1-the-case-for-policy-transformation/.

[2] For more, see: Robert D. Atkinson, "Mobilizing for Techno-Economic War, Part 2: Slowing China's Advance" (March 2026), https://itif.org/publications/2026/02/02/case-for-policy-transformation-avoid-losing-techno-economic-trade-war-with-china/.

- Approve the Securing American Funding and Expertise from Adversarial Research Exploitation Act of 2025 (SAFE Act) to block U.S. federal grants to scientists with a history of collaborating with hostile foreign countries, such as China.
- Improve cross-agency disclosure guidance produced under National Security Presidential Memorandum 33 (NSPM-33) by NSF.
- Create an unclassified database using open-source information to keep track of PRC research entities that engage in defense and military research and civil-military fusion programs.
- Ban cooperation with CCP/PLA-associated entities, presume research is problematic, and require those institutions to obtain waivers to proceed.
- Expand the practice of revoking visas of Chinese students with connections to the CCP or studying in critical fields.
- Require universities and FFRDCs to be more transparent about how many Chinese are enrolled in what disciplines, and provide analytical tools to universities and Federally Funded Research and Development Centers (FFRDCs) to make better decisions on individual students.
- Pressure foreign fellowship and other tuition assistance programs to not include Chinese students and instead prioritize students from other nations.
- Limit the U.S.-China Science and Technology (S&T) Agreement to areas that do not provide China with any assistance in technologies related to national economic power industries.
- Reinstate a White House-level IP enforcement reporting function to restore the institutional continuity necessary to translate isolated agency actions into a sustained strategic response.
- Strengthen and broaden screening and oversight under the Committee on Foreign Investment in the United States (CFIUS).
- Direct CFIUS to create a comprehensive registry of all Chinese-origin companies operating in the United States, including subsidiaries, joint ventures, firms with Chinese financing, and entities with partial Chinese government ownership.
- Reform the Protecting American Intellectual Property Act of 2022 (PAIPA) to include a presumption of refusal to foreign persons who have engaged in significant theft of trade secrets.
- Expand the Corporate Transparency Act to require Chinese-origin companies operating in U.S. power industries to report beneficial ownership and operational control, including minority stakes, joint ventures, offshore subsidiaries, and IP transfer rights.
- Implement pre-award due diligence to screen for Chinese ownership, operational control, or dual-use access before awarding grants or cooperative agreements.
- Clarify brand obscuration practices, which false-flagging companies use to maintain U.S. branding that obscures foreign ownership and misleads stakeholders and regulators.

- Pass legislation or engage in rulemaking to mandate that Chinese companies operating in defense, dual-use, or enabling industries disclose foreign state ownership or control in a standardized and visible manner.
- Pass legislation that requires bankruptcy courts to consider U.S. national security and competitiveness interests as a factor when approving asset transfers.
- Expand FIRRMA to widen the definition of what would affect U.S. leadership so that CFIUS's mandate encompasses threats to not only U.S. leadership "in areas related to national security" but also industries critical to economic and strategic competitiveness, including dual-use and enabling industries.
- Pass new CFIUS legislation that expands its coverage to include not just acquisitions but also investments, including venture capital investments, in U.S. firms by entities from China.
- Reform CFIUS by adding a "whitelist" for approved nations.
- Ensure that any legislation requiring CFIUS approval for Chinese joint ventures is contingent on at least Europe and Japan adopting similar rules.
- Work with CFIUS and funding agencies to require companies that receive U.S. federal funding to obtain explicit approval before relocating operations or substantial portions of their workforce or IP to China, or before accepting any investment from Chinese entities.
- Incorporate topics that help the United States forecast trends in economic espionage and trade secret theft by the PRC into the President's Intelligence Priorities (PIPs) and cascading National Intelligence Priorities Framework (NIPF) if they are not already included.
- Significantly increase the FBI's commercial counterintelligence budget.
- Increase DHS funding for limiting Chinese IP theft.
- Reintroduce and pass legislation similar to the Protecting Our Courts from Foreign Manipulation Act of 2023 to stop foreign entities from using the U.S. judicial system to obtain sensitive IP.
- Pass legislation increasing criminal penalties for IP theft by adversaries so that the punishment serves as a stronger deterrent.
- Reform the Protecting American Intellectual Property Act (PAIPA) so that the executive branch can work with the judiciary to identify individuals engaged in trade secret theft and respond promptly to such theft.
- Mandate that the Bureau of Industry and Security (BIS) put entities or individuals that have committed sustained theft of U.S. IP on the Entity List.
- Expand the remit and funding for the Export Control and Related Border Security (EXBS) program at the State Department.

Limiting Chinese Imports

- Stop permitting imports from companies that the federal government designates as part of the Entity List.

- Make explicit that unfair trade practices are eligible for Section 337 investigations.
- Eliminate the requirement for injury for unfair trade practices claims under Section 337.
- Allow any federal entity to file a complaint to initiate a Section 337 unfair trade investigation against innovation mercantilists from nonmarket, non-rule-of-law economies.
- Allow broader Section 337 exclusionary orders to classes of products, including digital products.
- Mandate that lower standards of evidence apply to Section 337 cases involving nonmarket, non-rule-of-law economies.
- Use BIS cybersecurity authorities liberally to ban certain Chinese imports.
- Limit the ability of PRC companies to license their technology to U.S. companies for sale in the United States if a Chinese company maintains control over the U.S. company.
- Ban Chinese companies from federal contracts if a specific product they manufacture is deemed inadequate by federal contractors.
- Enforce federal procurement rules in states with stronger pressure by incentivizing state governments to adopt procurement rules aligned with U.S. national power, regardless of whether the funding comes from the federal government.
- Fully align federal lists of Chinese entities so that, for example, a Chinese company deemed involved in IP theft through a Section 337 investigation is not eligible for federal contracts.
- Make it easy for consumers to identify if they are buying a product owned by a Chinese company.
- Increase the CBP budget and ensure that the director collaborates with private-sector stakeholders, including brand sellers, online marketplaces, and shippers, to establish real-time information sharing and analytics about potential counterfeit shipments that would allow them to better detect and seize more imported counterfeits.
- Procure an AI-driven software solution that systematically "crawls" e-commerce platforms and essentially replicates what ITIF conducted in a test purchase by identifying suspicious listings.
- Expand the Section 5949 procurement ban to include all technology products related to national power industries and manufactured in China.

Limiting Financing to Chinese Firms

- Pass legislation prohibiting cities, states, and the federal government from providing any funding to Chinese companies investing in the United States.
- Codify what states such as Arizona, Florida, Indiana, Iowa, Kansas, Missouri, Tennessee, and Texas are already doing: creating mechanisms to restrict public pension fund investments that require divestment from China.
- Approve a broader initiative banning all types of retirement funds from being channeled to the PRC or Chinese-based entities, and urge private equity firms and employee retirement plans governed by the Employee Retirement Income Security Act (ERISA) to

disclose their ongoing investments in companies based in or controlled by foreign adversaries.

- Bar U.S.-based companies with PRC financing from receiving U.S. government funding, tax incentives, or other financial support.
- Direct NDAA authorities for FY 2027 to mandate that agencies expand Section 1260H and related authorities to ensure that Chinese-origin companies in defense, dual-use, and enabling industries cannot indirectly advance military capabilities.
- Centralize interagency due diligence by establishing a single, interagency due-diligence database that integrates CFIUS, Commerce Department, and federal grant-funding data to screen all potential recipients of federal awards, contracts, and research grants.
- Pass the national security and foreign risk proposals in the INNOVATE Act.
- Introduce a targeted SBIR–STTR research security bill that builds on Senator Ernst's INNOVATE Act.
- Direct DHS and the FBI to deliver basic counterintelligence and foreign talent recruitment awareness training as an eligible, fundable SBIR support activity.

Reducing the Negative Impact of Chinese Mercantilist Policies

- Bring a WTO case, ideally with the European Union, against China for its ongoing failure to publish thousands of trade-related final measures, including subsidies, in a single official journal as it is required to do under WTO rules.
- Mandate disclosure of third-party financers to the judge and defendants in any civil case.
- Ban sovereign wealth funds' litigation financing activity.
- Ban Chinese-firm and Chinese-government participation in third-party litigation financing (TPLF).
- Bring criminal monopolization cases against Chinese state-backed entities that engage in predatory behavior and seek heavy penalties, as well as, when appropriate, jail time for guilty executives.
- Be prepared, in connection with antitrust cases brought against Chinese SOEs, to issue "Bernstein letters" to courts stating that the act of state doctrine is inappropriate when it comes to challenging anticompetitive practices by Chinese state-owned entities.
- Consider legislation that limits the foreign sovereign compulsion defense to ensure Chinese firms can be held liable for their anticompetitive behavior when it is directed by the PRC.
- Make clear that Chinese companies receiving subsidies might be violating antitrust laws as an unfair practice under Section 5 of the FTC Act, and spearhead an intergovernmental task force analyzing in what areas Chinese subsidies are having a direct, substantial, and reasonably foreseeable anticompetitive effect on U.S. commerce.
- Actively advocate for American mergers and acquisitions to be approved abroad and, where appropriate, recommend potential Section 301 actions to USTR where there is

substantial evidence that a merger control regulation is being used to discriminate against American firms.

- Issue a Hart-Scott-Rodino (HSR) Act rulemaking that provides that the exemption for acquisitions by foreign states will not apply to Chinese state-owned entities.
- Require USTR's Special 301 report on IP abuses to include Chinese abuses of standard essential patents (SEPs).

Reducing Allied Production in China

- Include concrete rules in the new USMCA agreement to shield the regional economy from Chinese predatory practices, including implementing more standardized investment screening practices, strengthening rules of origin, definitions, and enforcement, and reinforcing the USMCA's non-market clause.
- Outline mechanisms in Chapter 14 of the USMCA to share information on foreign investment screening from "countries of concern," with clear objectives, responsibilities, and a mandate to report to the three partners.
- Improve USMCA rules of origin (ROO) definitions to help prevent Chinese companies that benefit from mercantilist policies from getting their final products (or even inputs) into the U.S. market.
- Reinforce the USMCA's nonmarket clause.
- Establish a joint global manufacturing hub competition with core allies.
- Create a $10 billion fund companies can apply for to pay for a portion of their expenses in repatriating manufacturing operations.
- Pass a time-limited tax incentive for firms that move Chinese production to U.S. Labor Department–designated "labor surplus areas."
- Require disclosure of production in China, to the extent governments impose ESG disclosure requirements.
- Codify the tariffs imposed on Chinese products by legislating a predictable, incremental pathway.

Contesting Chinese Firms in Non-Allied Markets

- Significantly increase Ex-Im lending levels, and permit Ex-Im's China and Transformational Exports Program workstream to accept greater loan-loss risk across its portfolio and expand its transformational export areas.
- Increase the permissible Ex-Im Bank default rate from 2 percent to at least 4 percent in reauthorizing legislation.
- Permit Ex-Im, through reauthorization, to finance weapons exports to U.S. allies (with approval from the Pentagon).
- Use the International Development Finance Corporation (DFC) as a centerpiece of a coordinated engagement strategy with allies in Global South countries.
- Increase development finance investments.

- Expand DFC's institutional capacity and expertise.
- Require DFC to use its financial tools to explicitly reduce third countries' reliance on PRC investments, technologies, or standards, and to the extent possible, focus on national economic power industries.
- Make it clear that recipients of DFC funding are not permitted to expend resources on products or services made by Chinese companies (unless there is no feasible alternative).
- Create explicit criteria for DFC to use in assessing how a country's trade and technology policies affect U.S. interests.
- Charge the Commerce Department with establishing a national, interagency, and intergovernmentally aligned trade promotion system.
- Support an export program for all national power industries, particularly in the Global South.
- Lead a coalition of Western countries to increase allied market share in national power industries in Global South markets.
- Remove the limitation on financing weapons exports that Congress placed on the Ex-Im Bank.
- Significantly increase the lending authorities for the Foreign Military Financing (FMF) program.
- Reinstate the ability of the FMF program to make grants.
- Broaden Foreign Military Financing (FMF) to all Foreign Military Sales (FMS) countries.
- Review FMF guidelines to reduce or eliminate barriers to foreign sales.
- Establish an office whose mission is to focus on winning the techno-economic weapons industry war with China by boosting foreign weapons sales.
- Be more supportive of foreign weapons sales, even to countries that are problematic from a human rights perspective, as long as they are not military adversaries.
- Increase the reporting thresholds for sales the administration must report to Congress.
- Accelerate internal review and approval of proposed FMS by streamlining deal approval among the so-called congressional "Four Horsemen."
- Pass legislation that exempts U.S. firms' bribery in China and also allows U.S. firms to get a timely exemption to the FCPA from DOJ if they can show that the bribe is needed to win a contract in a foreign country against a Chinese competitor.
- Establish a narrowly tailored pilot authority that allows the IC to share classified assessments with vetted U.S. firms competing with Chinese firms for third-country contracts.
- Ensure that agency budgets, especially the State Department's, include expanded funding for relationship-building and education efforts with government officials in contested nations.

Part 3: Transforming Financial Capitalism Into National Power Capitalism[3]

Using the Tax Code to Foster National Power Capitalism

- Raise the federal R&D tax credit to match China's incentive generosity rate by increasing the Alternative Simplified Credit (ASC) from 14 percent to 38 percent.
- Allow expenditures on workforce training and global standards setting to also qualify for the R&D tax credit.
- Institute a national power industry tax credit, modeled on the CHIPS tax credit law, that would only apply to national economic power industries.
- Tax dividends as normal income.
- Boost the capital gains tax rate and extend the holding-period time horizon for qualifying for lower rates.
- Reduce the incentives for companies to buy back their own stock by increasing the buyback tax rate.
- Allow corporate tax deductions for executive compensation above $20 million per year.

Spurring Private Vehicles to Support National Power Capitalism

- Use the bully pulpit to encourage investors and investment managers to take into consideration national economic power goals.
- Encourage patriotic, high-net-worth individuals to target more of their investments to firms in national economic power industries and take a longer-term investment horizon.
- Provide at least some federal support for strategic capital funds, or make subsidiary investments to support firms backed by strategic capital funds.
- Establish rules to prohibit measuring pension fund managers on quarterly or even annual performance and instead measure them on longer-term performance (e.g., three or more years).
- Tie federal funding to states based on whether their state pension funds include some kind of national economic power investment mandate, and do the same with the Federal Thrift Savings Plan.
- Take steps to limit the power of hedge funds to force short-termism and capital extraction.
- Reconsider the legislative and regulatory changes—including SEC proxy rule amendments, the National Securities Markets Improvement Act (NSMIA), and fiduciary obligations for pension and mutual funds to vote their shares—that have empowered hedge fund activists.

[3] For more, see: Robert D. Atkinson, "Mobilizing for Techno-Economic War, Part 3: Transforming Financial Capitalism Into National Power Capitalism" (ITIF, April 2026), https://itif.org/publications/2026/04/13/mobilizing-for-techno-economic-war-part-3-national-power-capitalism/.

- Pass legislation to penalize organizations that allow their investments to be used in the service of "activist investors" who own a small share of a company's stock but enlist institutional investors to join their demands for the corporation to transfer cash to shareholders.
- Make it clear that, in national economic power industries, CFIUS should be able to block domestic hostile takeovers if there is a risk that they would weaken firms' dynamic capabilities, especially vis-à-vis China competition.

Spurring Public Vehicles to Support National Power Capitalism

- Provide funding to expand early stage investment programs focused on national security, including InQTel, the Defense Innovation Unit's National Security Investment Capital program, the Air Force's AFWERX STRATFI/TACFI program, the War Department's Office of Strategic Capital, and DOD's Accelerate the Procurement and Fielding of Innovative Technologies program.
- Make a one-time appropriation to establish an Industrial Finance Corporation, which would then make more patient capital investments in national economic power industries.

Part 4: Transforming Education and Workforce Policy[4]

K-12 Education

- Establish and fund a New Schools America Fund to encourage state legislatures to create specialized organizations for new, innovative schools that are independent of traditional school management.
- Dramatically reduce the course mandates that states have imposed over the last several decades.
- Make federal higher education funding contingent on state colleges and universities eliminating specific course requirements beyond a minimum (such as two years of math).
- Allocate $600 million per year for the next five years to the National Science Foundation (NSF), with matching funds from states, local school districts, and industry, to invest in both the creation of new math and science high schools and the expansion of existing ones.
- Provide federal funding, through either the Department of War or the Department of Education, to establish manufacturing and engineering programs at at least a quarter of America's middle and high schools.
- Increase funding for the Carl D. Perkins Career and Technical Education Act formula grants to states, and allow states to apply for matching grants to expand technical education in high schools, including engineering courses (e.g., robotics) and maker spaces.

[4] For more, see: Robert D. Atkinson, "Mobilizing for Techno-Economic War, Part 4: Transforming Education and Workforce Policy" (ITIF, May 2026), https://itif.org/publications/2026/05/13/mobilizing-for-techno-economic-war-part-4-transforming-education-and-workforce-policy/.

Higher Education

- Demonstrate to the private sector the feasibility of using alternative credentials by accepting a suitable set as a substitute for a college degree when filling federal government jobs.
- Require that any college receiving federal funding disclose its National Survey of Student Engagement (NSSE) scores.
- Pass a third Morrill Act to incentivize state land grant universities to return to their original mission of technical education aligned with industry needs.
- Require agencies such as NSF and the Department of Energy that currently prioritize basic research to dedicate at least 25 percent of all federal research funding given to land grants to "translational or applied" research.
- Appropriate funds to the Department of Education to establish a competition to establish up to 10 industry- or technology-focused universities.
- Establish a new kind of accreditation for practical universities as part of efforts to reform accreditation bodies.
- Provide the Department of Education with funds to operate a challenge grant competition wherein schools could apply to create practical education programs within their institutions or create new practical colleges.
- Ensure that all federal student aid, including Pell Grants, can be used to support practical college education.
- Ensure that NSF has adequate funding to establish an annual funding program for research universities (including land grant colleges) to establish new science and technology curricula in areas of national importance.

Gifted Individuals

- Treat giftedness as federal policy treats disabilities, requiring states and school districts to test for it and provide appropriate learning environments, ideally by creating new schools for gifted students.
- Reform the O-1A visa to allow applicants to qualify if they meet one of the eight possible requirements (instead of three).
- Allow O-1A visa applicants to qualify if they are in the top 1 percent of international SAT test takers in the math section and in the top 5 percent in the reading and writing portions.

Part 5: Transforming STEM Research Policy[5]

More Funding

- Appropriate at least $90 billion more annually for research spending targeted to supporting innovation in national economic power industries.

[5] For more, see: Robert D. Atkinson, "Mobilizing for Techno-Economic War, Part 5: Transforming STEM Research Policy" (ITIF June 2026), https://itif.org/publications/2026/06/17/mobilizing-for-techno-economic-war-part-5-transforming-stem-research-policy/.

Target Increased Funding at National Economic Power Industry Needs

- Reduce the imbalance between science and engineering research support by directing at least one-third of new funding to engineering, up from around 15 percent.
- Target new research funding to areas of science, engineering, and technology that have direct implications for national economic power industries.
- Triple the NIST budget and double the DARPA budget over five years.

Less Open Internationally, Especially to the Chinese

- Focus federal STEM research policy more on specialized centers than on individual awards, with funding for the centers sustained for at least 10 years, contingent on performance, and sizeable enough to gain real scale.

More Focused Specialization With Scale

- Require that significant research funds go to mid-level Technology Readiness Levels and that research proposals demonstrate interest and commitment to having the research commercialized in the United States or with allies that have reciprocal programs with the United States.

More Funding of Mid-Level TRL Research

- Double War Department basic, applied, and advanced-technology research funding from around $21 billion to $42 billion.
- Create a "civilian DARPA" to co-invest with industry on research and application of key technologies needed for dual-use national security leadership in the commercial sector.

Increase Industry Involvement

- Direct most new additional research funding not to individual investigators pursuing basic research, but to institutional models that engage much more deeply with industry.
- Create new kinds of research universities focused on a few narrow technology areas by providing NSF with at least a one-time appropriation of $1 billion to award to around five entities that seek to create specialized research universities.
- Establish five national industrial research institutes focused on key, dual-use industries and technologies, modeled after Taiwan's Industrial Technology Research Institute.
- Significantly expand the Manufacturing USA centers' public-private precompetitive research institutes from 18 to at least 36.
- Direct some of the increased research funding to states that agree to increase their own funding for R&D centers focused on research related to national economic power industry technology needs.
- Modify the collaborative R&D tax credit to boost the credit rate from 20 percent to 50 percent for industry funding of university or federal lab research or industry-led collaborative research.

More Industry-Focused Graduate Programs

- Provide funding for grants to higher education institutions that want to develop new institutional approaches for training scientists and engineers.

- Treat AI-enabled science as a strategic national capability by prioritizing the large-scale integration of AI and advanced digital infrastructure into the core of the scientific enterprise across all federal research agencies.
- Use procurement power to accelerate the development of anticipatory models that look at early-stage research, patents, and funding trends to better predict and prepare for technological shifts driven by Chinese scientific advancements.

Part 6: Transforming Free Trade Agreements Into Strategic China-Defense Partnerships[6]

New Approach

- Transform free trade agreements (FTAs) into a new class of strategic techno-economic agreements (STEAs) that offer full market access with zero-for-zero tariffs in return for binding commitments from trading partners to promote a dual objective of strengthening allies' national economic power industries and weakening China's.

Requirements to Join

- Require U.S. trade partners to acknowledge trade irritants and take measures to address them as a precondition for joining a strategic techno-economic agreement (STEA), including eliminating or significantly reducing nontariff barriers, particularly nontariff attacks; openly promoting and committing to fair, reciprocal trade; and embarking on symbolic, believable commitments to lay the groundwork for STEA membership.

Key Components

- Deepen allied cooperation in national economic power industries through strategic techno-economic agreements (STEAs) with six main components: preferred market access, high-standard digital trade rules, preferential investment in national power industries, cooperation on defense and dual-use technologies, high-skill talent movement, joint antitrust interpretation, and a mutual approval requirement for commitments with nonmarket economies.
- Constrain the PRC's development in national economic power industries through strategic techno-economic agreements (STEAs) that include eight key components: immediate reciprocity in addressing nontariff barriers, fully integrated investment screening, full export control alignment, joint Section 301-like investigations, a joint sovereign fund to reverse Chinese technology adoption, joint import bans, limits on Chinese R&D funding, and shared commercial counterintelligence.

[6] For more, see: Rodrigo Balbontin and Stephen Ezell, "Mobilizing for Techno-Economic War, Part 6: Transforming Free Trade Agreements Into Strategic China-Defense Partnerships" (ITIF, July 2026), https://itif.org/publications/2026/07/27/mobilizing-techno-economic-war-6-free-trade-agreements-strategic-techno-economic-agreements/.

Part 7: Transforming Regulatory Policy[7]

A New Federal-State Division of Labor: Preemption

- Pass comprehensive data privacy legislation that preempts state privacy and data breach notification laws, including both comprehensive state privacy laws and sectoral privacy laws that target biometric data, such as Illinois's Biometric Information Privacy Act (BIPA), or data collection and use for AI.
- Impose a five-year moratorium on state AI and children's online safety laws while working toward passing a national AI framework and children's online safety legislation that addresses online harms to children.
- Pass net neutrality legislation that does not regulate broadband Internet as a telecommunications common carrier under Title II of the Communications Act and instead codifies widely agreed-upon Internet protections and gives the Federal Communications Commission (FCC) reasonable jurisdiction to enforce open Internet rules.
- Pass the Improving Digital Identity Act to create a framework for deploying a digital ID system at the federal, state, and local levels.
- Remain constantly on the alert for rent-seeking protectionist actions at the state level, whether they come from car dealers, real estate agents, liquor wholesalers, banks, taxi industries, or others.
- Update the Permanent Internet Tax Freedom Act to ban both taxes on wireless services and discriminatory taxes on digital goods and services that do not have a physical component.
- Pass legislation instructing the Alcohol and Tobacco Products Tax and Trade Bureau, FTC, and Food and Drug Administration to establish uniform regulations for age-restricted or medical products purchased online.
- Update the Uniform Electronic Transactions Act and Electronic Signatures in Global and National Commerce Act to require states to recognize the legality and enforceability of records, signatures, and contracts secured over a blockchain.
- Preempt state right-to-repair laws with a consistent right-to-repair standard for electronics at the federal level.
- Ensure that states repeal industry-specific regulations that balkanize national markets, starting by forcing California to repeal its separate laws regulating automobile emissions.
- Reduce federal funds to states that choose to impose their own product and service standards above federal standards.

[7] For more, see: Robert D. Atkinson, "Mobilizing for Techno-Economic War, Part 7: Transforming Regulatory Policy" (ITIF, September 2026), https://itif.org/publications/2026/09/21/mobilizing-for-techno-economic-war-part-7-transforming-regulatory-policy/.

- Ensure that key interstate infrastructure is truly interstate in nature and not allow states to restrict it, such as by penalizing states that ban or significantly limit the development of AI data centers.
- Pass a law making clear that federal antitrust laws set the outer bounds of liability for state antitrust laws.
- Pass the SMARTER Act, which would require the FTC to litigate merger cases in federal court rather than in its own administrative process, and to satisfy the same preliminary injunction standards as DOJ.
- Pass the One Agency Act and merge all antitrust enforcement into DOJ.

A New Federal-State Division of Labor: Devolution

- Repeal NEPA, except perhaps for projects on federally owned lands.
- Repeal Section 404 of the Clean Water Act.
- Allocate approximately 80 percent of Highway Trust Fund revenues to states as formula grants based on states' contributions, with no strings attached, and reserve the remaining 20 percent for interstate projects of national significance.

Adopt Regulatory Carveouts for Key National Power Industries and Projects

- Pass legislation providing the Department of Commerce with the authority to identify up to 100 projects a year of national economic power importance that qualify for streamlined regulatory approval, limited legal challenges, and reduced compliance burdens.
- Charge the Commerce Department with designating a set of preapproved very large industrial sites—50 to 100 nationally, each at least 3,000 acres in size—where comprehensive environmental and permitting review has already been completed and utilities are guaranteed.

Tilt Agency Regulation to Consider Automation, Productivity, and Competitiveness

- Direct the administration to create an entity in government that weighs in on regulatory decisions to defend innovation, productivity, and competitiveness and the interests of national power industries.

End Small Business Preferentialism

- Embrace firm size neutrality and abolish small business preferences, including government procurement preferences, regulatory exemptions, small business financing programs, and tax benefits that favor small firms.

Make Antitrust Support Techno-Economic Power

- Use the flexibility in the Tunney Act to consider the effects of antitrust actions on U.S. industrial competitiveness.
- Assess the likelihood that splitting up a firm would result in its divisions being purchased by PRC firms when considering divestiture remedies.
- Factor national competitiveness consequences into prosecutorial discretion in deciding whether to bring antitrust cases.

Embrace Innovation- and Build-Friendly Regulation

- Create a unit within OMB's Office of Information and Regulatory Affairs (OIRA) to systematically consider how proposed agency regulations impact innovation and competitiveness.

Part 8: Transforming Industrial Policy Organization[8]

Federal Data, Analysis, and Organization

- Establish a new Undersecretary for Defense, Dual-Use, and Enabling Industries at the War Department.
- Establish a quasi-public National Advanced Industry and Technology Agency (NAITA) organized like the Ex-Im Bank, but with greater flexibility.
- Expand federal statistical collection to include more fine-grained international statistics, such as a better input price index, better data on imports and exports in the Annual Survey of Manufactures, restored BLS international labor comparisons, better BEA data on U.S. companies' overseas facilities, and better data on U.S. multinationals.
- Transition the North American Industry Classification System (NAICS) to the International Standard Industrial Classification System so that U.S. industry data is comparable to that of most other nations.
- Fully avail federal agencies of private-sector sources of data and analysis on Chinese policy and Chinese firms.
- Conduct competitiveness analysis of key advanced sectors and technologies, including SWOT analysis, as an economy-wide equivalent of the War Department's "net assessment" process.
- Develop strategic roadmaps to guide interdepartmental efforts to ensure that the regulatory policies and activities of disparate government agencies are aligned to promote the global competitiveness of strategic sectors of the U.S. economy.
- Fund at least one university to establish a graduate program and related career-training tracks focused on economic warfighting and industrial strategy.
- Establish a Joint Economic Competitiveness Committee, separate from but akin to the Joint Economic Committee, to bring coherence to Congress's disparate efforts on economic competitiveness.
- Establish a National Economic Security Council (NESC) whose job would be to manage economic competition with adversaries, especially China.
- Form an all-of-government China strategy wherein each major agency develops an approach to deal with China.
- Statutorily reconstitute the Council of Economic Advisers as the Council of Economic and Enterprise Advisors.

[8] For more, see: Robert D. Atkinson, "Mobilizing for Techno-Economic War, Part 8: Transforming Industrial Policy Organization" (October 2026), https://itif.org/publication-brands/power-industries/.

- Establish a new undersecretary position at the State Department to assume responsibility for monitoring U.S.-China relations and PRC actions around the world.

Part 9: Finding the Political Will to Transform America's Economic System[9]

Evolving to National Economic Power Capitalism

- Move beyond today's strains of financial capitalism, societal capitalism, and socialism, because none provides the policy framework necessary to prevent America from devolving into a techno-economic vassal state of the People's Republic of China.
- Embrace a new economic system that explicitly supports businesses in national economic power industries.

INDEX OF RECOMMENDATIONS BY BRANCH OF GOVERNMENT

Whole of Government

- Fundamentally transform the U.S. techno-industrial-economic system to prevent America from becoming subservient to China in strategically important industries that underpin national power and security in the 21st century.
- Move beyond today's strains of financial capitalism, societal capitalism, and socialism, because none provides the policy framework necessary to prevent America from devolving into a techno-economic vassal state of the People's Republic of China.
- Embrace a new economic system that explicitly supports businesses in national power industries.

Administration

- Establish a modern-day version of the Coordinating Committee for Multilateral Export Controls (COCOM) focused on China.
- Require universities to disclose in real time all research partnerships with researchers or companies in China.
- Expand the practice of revoking visas of Chinese students with connections to the CCP or studying in critical fields.
- Pressure foreign fellowship and other tuition assistance programs to not include Chinese students and instead prioritize students from other nations.
- Reinstate a White House-level IP enforcement reporting function to restore the institutional continuity necessary to translate isolated agency actions into a sustained strategic response.
- Implement pre-award due diligence to screen for Chinese ownership, operational control, or dual-use access before awarding grants or cooperative agreements.

[9] For more, see: Robert D. Atkinson, "Mobilizing for Techno-Economic War, Part 9: Finding the Political Will to Transform America's Economic System" (ITIF, November 2026), https://itif.org/publication-brands/power-industries/.

- Work with CFIUS and funding agencies to require companies that receive U.S. federal funding to obtain explicit approval before relocating operations or substantial portions of their workforce or IP to China, or before accepting any investment from Chinese entities.
- Incorporate topics that help the United States forecast trends in economic espionage and trade secret theft by the PRC into the President's Intelligence Priorities (PIPs) and cascading National Intelligence Priorities Framework (NIPF) if they are not already included.
- Stop permitting imports from companies that the federal government designates as part of the Entity List.
- Use BIS cybersecurity authorities liberally to ban certain Chinese imports.
- Limit the ability of PRC companies to license their technology to U.S. companies for sale in the United States if a Chinese company maintains control over the U.S. company.
- Fully align federal lists of Chinese entities so that, for example, a Chinese company deemed involved in IP theft through a Section 337 investigation is not eligible for federal contracts.
- Procure an AI-driven software solution that systematically "crawls" e-commerce platforms and essentially replicates what ITIF conducted in a test purchase by identifying suspicious listings.
- Bar U.S.-based companies with PRC financing from receiving U.S. government funding, tax incentives, or other financial support.
- Centralize interagency due diligence by establishing a single, interagency due-diligence database that integrates CFIUS, Commerce Department, and federal grant-funding data to screen all potential recipients of federal awards, contracts, and research grants.
- Bring a WTO case, ideally with the European Union, against China for its ongoing failure to publish thousands of trade-related final measures, including subsidies, in a single official journal as it is required to do under WTO rules.
- Bring criminal monopolization cases against Chinese state-backed entities that engage in predatory behavior and seek heavy penalties, as well as, when appropriate, jail time for guilty executives.
- Be prepared, in connection with antitrust cases brought against Chinese SOEs, to issue "Bernstein letters" to courts stating that the act of state doctrine is inappropriate when it comes to challenging anticompetitive practices by Chinese state-owned entities.
- Actively advocate for American mergers and acquisitions to be approved abroad and, where appropriate, recommend potential Section 301 actions to USTR where there is substantial evidence that a merger control regulation is being used to discriminate against American firms.
- Require USTR's Special 301 report on IP abuses to include Chinese abuses of standard essential patents (SEPs).
- Include concrete rules in the new USMCA agreement to shield the regional economy from Chinese predatory practices, including implementing more standardized investment

screening practices, strengthening rules of origin, definitions, and enforcement, and reinforcing the USMCA's non-market clause.

- Outline mechanisms in Chapter 14 of the USMCA to share information on foreign investment screening from "countries of concern," with clear objectives, responsibilities, and a mandate to report to the three partners.
- Improve USMCA rules of origin (ROO) definitions to help prevent Chinese companies that benefit from mercantilist policies from getting their final products (or even inputs) into the U.S. market.
- Reinforce the USMCA's nonmarket clause.
- Establish a joint global manufacturing hub competition with core allies.
- Require disclosure of production in China, to the extent governments impose ESG disclosure requirements.
- Use the International Development Finance Corporation (DFC) as a centerpiece of a coordinated engagement strategy with allies in Global South countries.
- Create explicit criteria for DFC to use in assessing how a country's trade and technology policies affect U.S. interests.
- Support an export program for all national power industries, particularly in the Global South.
- Lead a coalition of Western countries to increase allied market share in national power industries in Global South markets.
- Reinstate the ability of the FMF program to make grants.
- Broaden Foreign Military Financing (FMF) to all Foreign Military Sales (FMS) countries.
- Review FMF guidelines to reduce or eliminate barriers to foreign sales.
- Establish an office whose mission is to focus on winning the techno-economic weapons industry war with China by boosting foreign weapons sales.
- Use the bully pulpit to encourage investors and investment managers to take into consideration national economic power goals.
- Encourage patriotic, high-net-worth individuals to target more of their investments to firms in national economic power industries and take a longer-term investment horizon.
- Establish rules to prohibit measuring pension fund managers on quarterly or even annual performance and instead measure them on longer-term performance (e.g., three or more years).
- Dramatically reduce the K-12 course mandates that states have imposed over the last several decades.
- Demonstrate to the private sector the feasibility of using alternative credentials by accepting a suitable set as a substitute for a college degree when filling federal government jobs.

- Establish a new kind of accreditation for practical universities as part of efforts to reform accreditation bodies.
- Focus federal STEM research policy more on specialized centers than on individual awards, with funding for the centers sustained for at least 10 years, contingent on performance, and sizeable enough to gain real scale.
- Treat AI-enabled science as a strategic national capability by prioritizing the large-scale integration of AI and advanced digital infrastructure into the core of the scientific enterprise across all federal research agencies.
- Use procurement power to accelerate the development of anticipatory models that look at early-stage research, patents, and funding trends to better predict and prepare for technological shifts driven by Chinese scientific advancements.
- Transform free trade agreements (FTAs) into a new class of strategic techno-economic agreements (STEAs) that offer full market access with zero-for-zero tariffs in return for binding commitments from trading partners to promote a dual objective of strengthening allies' national economic power industries and weakening China's.
- Require U.S. trade partners to acknowledge trade irritants and take measures to address them as a precondition for joining a strategic techno-economic agreement (STEA), including eliminating or significantly reducing nontariff barriers, particularly nontariff attacks; openly promoting and committing to fair, reciprocal trade; and embarking on symbolic, believable commitments to lay the groundwork for STEA membership.
- Deepen allied cooperation in national economic power industries through strategic techno-economic agreements (STEAs) with six main components: preferred market access, high-standard digital trade rules, preferential investment in national power industries, cooperation on defense and dual-use technologies, high-skill talent movement, joint antitrust interpretation, and a mutual approval requirement for commitments with nonmarket economies.
- Constrain the PRC's development in national economic power industries through strategic techno-economic agreements (STEAs) that include eight key components: immediate reciprocity in addressing nontariff barriers, fully integrated investment screening, full export control alignment, joint Section 301-like investigations, a joint sovereign fund to reverse Chinese technology adoption, joint import bans, limits on Chinese R&D funding, and shared commercial counterintelligence.
- Use the flexibility in the Tunney Act to consider the effects of antitrust actions on U.S. industrial competitiveness.
- Assess the likelihood that splitting up a firm would result in its divisions being purchased by PRC firms when considering divestiture remedies.
- Factor national competitiveness consequences into prosecutorial discretion in deciding whether to bring antitrust cases.
- Create a unit within OMB's Office of Information and Regulatory Affairs (OIRA) to systematically consider how proposed agency regulations impact innovation and competitiveness.

- Expand federal statistical collection to include more fine-grained international statistics, such as a better input price index, better data on imports and exports in the Annual Survey of Manufactures, restored BLS international labor comparisons, better BEA data on U.S. companies' overseas facilities, and better data on U.S. multinationals.
- Transition the North American Industry Classification System (NAICS) to the International Standard Industrial Classification System so that U.S. industry data is comparable to that of most other nations.
- Fully avail federal agencies of private-sector sources of data and analysis on Chinese policy and Chinese firms.
- Conduct competitiveness analysis of key advanced sectors and technologies, including SWOT analysis, as an economy-wide equivalent of the War Department's "net assessment" process.
- Develop strategic roadmaps to guide interdepartmental efforts to ensure that the regulatory policies and activities of disparate government agencies are aligned to promote the global competitiveness of strategic sectors of the U.S. economy.
- Fund at least one university to establish a graduate program and related career-training tracks focused on economic warfighting and industrial strategy.
- Form an all-of-government China strategy wherein each major agency develops an approach to deal with China.
- Clarify brand obscuration practices, which false-flagging companies use to maintain U.S. branding that obscures foreign ownership and misleads stakeholders and regulators.
- Make clear that Chinese companies receiving subsidies might be violating antitrust laws as an unfair practice under Section 5 of the FTC Act, and spearhead an intergovernmental task force analyzing in what areas Chinese subsidies are having a direct, substantial, and reasonably foreseeable anticompetitive effect on U.S. commerce.
- Issue a Hart-Scott-Rodino (HSR) Act rulemaking that provides that the exemption for acquisitions by foreign states will not apply to Chinese state-owned entities.

Congress

- Require universities and Federally Funded Research and Development Centers (FFRDCs) to report the country of citizenship of postdocs, and track their later decisions to determine whether they stayed in the United States or went back to home countries, especially China.
- Pass the Defending Education Transparency and Ending Rogue Regimes Engaging in Nefarious Transactions (DETERRENT) Act to expand the oversight and disclosure requirements regarding Chinese funds channeled to U.S. universities and research institutions.
- Approve the Securing American Funding and Expertise from Adversarial Research Exploitation Act of 2025 (SAFE Act) to block U.S. federal grants to scientists with a history of collaborating with hostile foreign countries, such as China.

- Improve cross-agency disclosure guidance produced under National Security Presidential Memorandum 33 (NSPM-33) by NSF.
- Create an unclassified database using open-source information to keep track of PRC research entities that engage in defense and military research and civil-military fusion programs.
- Ban cooperation with CCP/PLA-associated entities, presume research is problematic, and require those institutions to obtain waivers to proceed.
- Require universities and FFRDCs to be more transparent about how many Chinese are enrolled in what disciplines, and provide analytical tools to universities and Federally Funded Research and Development Centers (FFRDCs) to make better decisions on individual students.
- Limit the U.S.-China Science and Technology (S&T) Agreement to areas that do not provide China with any assistance in technologies related to national economic power industries.
- Strengthen and broaden screening and oversight under the Committee on Foreign Investment in the United States (CFIUS).
- Direct CFIUS to create a comprehensive registry of all Chinese-origin companies operating in the United States, including subsidiaries, joint ventures, firms with Chinese financing, and entities with partial Chinese government ownership.
- Reform the Protecting American Intellectual Property Act of 2022 (PAIPA) to include a presumption of refusal to foreign persons who have engaged in significant theft of trade secrets.
- Expand the Corporate Transparency Act to require Chinese-origin companies operating in U.S. power industries to report beneficial ownership and operational control, including minority stakes, joint ventures, offshore subsidiaries, and IP transfer rights.
- Pass legislation or engage in rulemaking to mandate that Chinese companies operating in defense, dual-use, or enabling industries disclose foreign state ownership or control in a standardized and visible manner.
- Pass legislation that requires bankruptcy courts to consider U.S. national security and competitiveness interests as a factor when approving asset transfers.
- Expand FIRRMA to widen the definition of what would affect U.S. leadership so that CFIUS's mandate encompasses threats to not only U.S. leadership "in areas related to national security" but also industries critical to economic and strategic competitiveness, including dual-use and enabling industries.
- Pass new CFIUS legislation that expands its coverage to include not just acquisitions but also investments, including venture capital investments, in U.S. firms by entities from China.
- Reform CFIUS by adding a "whitelist" for approved nations.
- Ensure that any legislation requiring CFIUS approval for Chinese joint ventures is contingent on at least Europe and Japan adopting similar rules.

- Significantly increase the FBI's commercial counterintelligence budget.
- Increase DHS funding for limiting Chinese IP theft.
- Reintroduce and pass legislation similar to the Protecting Our Courts from Foreign Manipulation Act of 2023 to stop foreign entities from using the U.S. judicial system to obtain sensitive IP.
- Pass legislation increasing criminal penalties for IP theft by adversaries so that the punishment serves as a stronger deterrent.
- Reform the Protecting American Intellectual Property Act (PAIPA) so that the executive branch can work with the judiciary to identify individuals engaged in trade secret theft and respond promptly to such theft.
- Mandate that the Bureau of Industry and Security (BIS) put entities or individuals that have committed sustained theft of U.S. IP on the Entity List.
- Expand the remit and funding for the Export Control and Related Border Security (EXBS) program at the State Department.
- Make explicit that unfair trade practices are eligible for Section 337 investigations.
- Eliminate the requirement for injury for unfair trade practices claims under Section 337.
- Allow any federal entity to file a complaint to initiate a Section 337 unfair trade investigation against innovation mercantilists from nonmarket, non-rule-of-law economies.
- Allow broader Section 337 exclusionary orders to classes of products, including digital products.
- Mandate that lower standards of evidence apply to Section 337 cases involving nonmarket, non-rule-of-law economies.
- Ban Chinese companies from federal contracts if a specific product they manufacture is deemed inadequate by federal contractors.
- Enforce federal procurement rules in states with stronger pressure by incentivizing state governments to adopt procurement rules aligned with U.S. national power, regardless of whether the funding comes from the federal government.
- Make it easy for consumers to identify if they are buying a product owned by a Chinese company.
- Increase the CBP budget and ensure that the director collaborates with private-sector stakeholders, including brand sellers, online marketplaces, and shippers, to establish real-time information sharing and analytics about potential counterfeit shipments that would allow them to better detect and seize more imported counterfeits.
- Expand the Section 5949 procurement ban to include all technology products related to national power industries and manufactured in China.
- Pass legislation prohibiting cities, states, and the federal government from providing any funding to Chinese companies investing in the United States.

- Codify what states such as Arizona, Florida, Indiana, Iowa, Kansas, Missouri, Tennessee, and Texas are already doing: creating mechanisms to restrict public pension fund investments that require divestment from China.
- Approve a broader initiative banning all types of retirement funds from being channeled to the PRC or Chinese-based entities, and urge private equity firms and employee retirement plans governed by the Employee Retirement Income Security Act (ERISA) to disclose their ongoing investments in companies based in or controlled by foreign adversaries.
- Direct NDAA authorities for FY 2027 to mandate that agencies expand Section 1260H and related authorities to ensure that Chinese-origin companies in defense, dual-use, and enabling industries cannot indirectly advance military capabilities.
- Pass the national security and foreign risk proposals in the INNOVATE Act.
- Introduce a targeted SBIR–STTR research security bill that builds on Senator Ernst's INNOVATE Act.
- Direct DHS and the FBI to deliver basic counterintelligence and foreign talent recruitment awareness training as an eligible, fundable SBIR support activity.
- Mandate disclosure of third-party financers to the judge and defendants in any civil case.
- Ban sovereign wealth funds' litigation financing activity.
- Ban Chinese-firm and Chinese-government participation in third-party litigation financing (TPLF).
- Consider legislation that limits the foreign sovereign compulsion defense to ensure Chinese firms can be held liable for their anticompetitive behavior when it is directed by the PRC.
- Create a $10 billion fund companies can apply for to pay for a portion of their expenses in repatriating manufacturing operations.
- Pass a time-limited tax incentive for firms that move Chinese production to U.S. Labor Department–designated "labor surplus areas."
- Codify the tariffs imposed on Chinese products by legislating a predictable, incremental pathway.
- Significantly increase Ex-Im lending levels, and permit Ex-Im's China and Transformational Exports Program workstream to accept greater loan-loss risk across its portfolio and expand its transformational export areas.
- Increase the permissible Ex-Im Bank default rate from 2 percent to at least 4 percent in reauthorizing legislation.
- Permit Ex-Im, through reauthorization, to finance weapons exports to U.S. allies (with approval from the Pentagon).
- Increase development finance investments.
- Expand DFC's institutional capacity and expertise.

- Require DFC to use its financial tools to explicitly reduce third countries' reliance on PRC investments, technologies, or standards, and to the extent possible, focus on national economic power industries.
- Make it clear that recipients of DFC funding are not permitted to expend resources on products or services made by Chinese companies (unless there is no feasible alternative).
- Charge the Commerce Department with establishing a national, interagency, and intergovernmentally aligned trade promotion system.
- Remove the limitation on financing weapons exports that Congress placed on the Ex-Im Bank.
- Significantly increase the lending authorities for the Foreign Military Financing (FMF) program.
- Be more supportive of foreign weapons sales, even to countries that are problematic from a human rights perspective, as long as they are not military adversaries.
- Increase the reporting thresholds for sales the administration must report to Congress.
- Accelerate internal review and approval of proposed FMS by streamlining deal approval among the so-called congressional "Four Horsemen."
- Pass legislation that exempts U.S. firms' bribery in China and also allows U.S. firms to get a timely exemption to the FCPA from DOJ if they can show that the bribe is needed to win a contract in a foreign country against a Chinese competitor.
- Establish a narrowly tailored pilot authority that allows the Intelligence Community to share classified assessments with vetted U.S. firms competing with Chinese firms for third-country contracts.
- Ensure that agency budgets, especially the State Department's, include expanded funding for relationship-building and education efforts with government officials in contested nations.
- Raise the federal R&D tax credit to match China's incentive generosity rate by increasing the Alternative Simplified Credit (ASC) from 14 percent to 38 percent.
- Allow expenditures on workforce training and global standards setting to also qualify for the R&D tax credit.
- Institute a national power industry tax credit, modeled on the CHIPS tax credit law, that would only apply to national economic power industries.
- Tax dividends as normal income.
- Boost the capital gains tax rate and extend the holding-period time horizon for qualifying for lower rates.
- Reduce the incentives for companies to buy back their own stock by increasing the buyback tax rate.
- Allow corporate tax deductions for executive compensation above $20 million per year.

- Provide at least some federal support for strategic capital funds, or make subsidiary investments to support firms backed by strategic capital funds.
- Tie federal funding to states based on whether their state pension funds include some kind of national economic power investment mandate, and do the same with the Federal Thrift Savings Plan.
- Take steps to limit the power of hedge funds to force short-termism and capital extraction.
- Reconsider the legislative and regulatory changes—including SEC proxy rule amendments, the National Securities Markets Improvement Act (NSMIA), and fiduciary obligations for pension and mutual funds to vote their shares—that have empowered hedge fund activists.
- Pass legislation to penalize organizations that allow their investments to be used in the service of "activist investors" who own a small share of a company's stock but enlist institutional investors to join their demands for the corporation to transfer cash to shareholders.
- Make it clear that, in national economic power industries, CFIUS should be able to block domestic hostile takeovers if there is a risk that they would weaken firms' dynamic capabilities, especially vis-à-vis China competition.
- Provide funding to expand early stage investment programs focused on national security, including InQTel, the Defense Innovation Unit's National Security Investment Capital program, the Air Force's AFWERX STRATFI/TACFI program, the War Department's Office of Strategic Capital, and DOD's Accelerate the Procurement and Fielding of Innovative Technologies program.
- Make a one-time appropriation to establish an Industrial Finance Corporation, which would then make more patient capital investments in national economic power industries.
- Establish and fund a New Schools America Fund to encourage state legislatures to create specialized organizations for new, innovative schools that are independent of traditional school management.
- Make federal higher education funding contingent on state colleges and universities eliminating specific course requirements beyond a minimum (such as two years of math).
- Allocate $600 million per year for the next five years to the National Science Foundation (NSF), with matching funds from states, local school districts, and industry, to invest in both the creation of new math and science high schools and the expansion of existing ones.
- Provide federal funding, through either the Department of War or the Department of Education, to establish manufacturing and engineering programs at at least a quarter of America's middle and high schools.
- Increase funding for the Carl D. Perkins Career and Technical Education Act formula grants to states, and allow states to apply for matching grants to expand technical education in high schools, including engineering courses (e.g., robotics) and maker spaces.

- Require that any college receiving federal funding disclose its National Survey of Student Engagement (NSSE) scores.
- Pass a third Morrill Act to incentivize state land grant universities to return to their original mission of technical education aligned with industry needs.
- Require agencies such as NSF and the Department of Energy that currently prioritize basic research to dedicate at least 25 percent of all federal research funding given to land grants to "translational or applied" research.
- Appropriate funds to the Department of Education to establish a competition to establish up to 10 industry- or technology-focused universities.
- Provide the Department of Education with funds to operate a challenge grant competition wherein schools could apply to create practical education programs within their institutions or create new practical colleges.
- Ensure that all federal student aid, including Pell Grants, can be used to support practical college education.
- Ensure that NSF has adequate funding to establish an annual funding program for research universities (including land grant colleges) to establish new science and technology curricula in areas of national importance.
- Treat giftedness as federal policy treats disabilities, requiring states and school districts to test for it and provide appropriate learning environments, ideally by creating new schools for gifted students.
- Reform the O-1A visa to allow applicants to qualify if they meet one of the eight possible requirements (instead of three).
- Allow O-1A visa applicants to qualify if they are in the top 1 percent of international SAT test takers in the math section and in the top 5 percent in the reading and writing portions.
- Appropriate at least $90 billion more annually for research spending targeted to supporting innovation in national economic power industries.
- Reduce the imbalance between science and engineering research support by directing at least one-third of new funding to engineering, up from around 15 percent.
- Target new research funding to areas of science, engineering, and technology that have direct implications for national economic power industries.
- Triple the NIST budget and double the DARPA budget over five years.
- Require that significant research funds go to mid-level Technology Readiness Levels and that research proposals demonstrate interest and commitment to having the research commercialized in the United States or with allies that have reciprocal programs with the United States.
- Double War Department basic, applied, and advanced-technology research funding from around $21 billion to $42 billion.

- Create a "civilian DARPA" to co-invest with industry on research and application of key technologies needed for dual-use national security leadership in the commercial sector.
- Direct most new additional research funding not to individual investigators pursuing basic research, but to institutional models that engage much more deeply with industry.
- Create new kinds of research universities focused on a few narrow technology areas by providing NSF with at least a one-time appropriation of $1 billion to award to around five entities that seek to create specialized research universities.
- Establish five national industrial research institutes focused on key, dual-use industries and technologies, modeled after Taiwan's Industrial Technology Research Institute.
- Significantly expand the Manufacturing USA centers' public-private precompetitive research institutes from 18 to at least 36.
- Direct some of the increased research funding to states that agree to increase their own funding for R&D centers focused on research related to national economic power industry technology needs.
- Modify the collaborative R&D tax credit to boost the credit rate from 20 percent to 50 percent for industry funding of university or federal lab research or industry-led collaborative research.
- Provide funding for grants to higher education institutions that want to develop new institutional approaches for training scientists and engineers.
- Pass comprehensive data privacy legislation that preempts state privacy and data breach notification laws, including both comprehensive state privacy laws and sectoral privacy laws that target biometric data, such as Illinois's Biometric Information Privacy Act (BIPA), or data collection and use for AI.
- Impose a five-year moratorium on state AI and children's online safety laws while working toward passing a national AI framework and children's online safety legislation that addresses online harms to children.
- Pass net neutrality legislation that does not regulate broadband Internet as a telecommunications common carrier under Title II of the Communications Act and instead codifies widely agreed-upon Internet protections and gives the Federal Communications Commission (FCC) reasonable jurisdiction to enforce open Internet rules.
- Pass the Improving Digital Identity Act to create a framework for deploying a digital ID system at the federal, state, and local levels.
- Remain constantly on the alert for rent-seeking protectionist actions at the state level, whether they come from car dealers, real estate agents, liquor wholesalers, banks, taxi industries, or others.
- Update the Permanent Internet Tax Freedom Act to ban both taxes on wireless services and discriminatory taxes on digital goods and services that do not have a physical component.

- Pass legislation instructing the Alcohol and Tobacco Products Tax and Trade Bureau, FTC, and Food and Drug Administration to establish uniform regulations for age-restricted or medical products purchased online.
- Update the Uniform Electronic Transactions Act and Electronic Signatures in Global and National Commerce Act to require states to recognize the legality and enforceability of records, signatures, and contracts secured over a blockchain.
- Preempt state right-to-repair laws with a consistent right-to-repair standard for electronics at the federal level.
- Ensure that states repeal industry-specific regulations that balkanize national markets, starting by forcing California to repeal its separate laws regulating automobile emissions.
- Reduce federal funds to states that choose to impose their own product and service standards above federal standards.
- Ensure that key interstate infrastructure is truly interstate in nature and not allow states to restrict it, such as by penalizing states that ban or significantly limit the development of AI data centers.
- Pass a law making clear that federal antitrust laws set the outer bounds of liability for state antitrust laws.
- Pass the SMARTER Act, which would require the FTC to litigate merger cases in federal court rather than in its own administrative process, and to satisfy the same preliminary injunction standards as DOJ.
- Pass the One Agency Act and merge all antitrust enforcement into DOJ.
- Repeal NEPA, except perhaps for projects on federally owned lands.
- Repeal Section 404 of the Clean Water Act.
- Allocate approximately 80 percent of Highway Trust Fund revenues to states as formula grants based on states' contributions, with no strings attached, and reserve the remaining 20 percent for interstate projects of national significance.
- Pass legislation providing the Department of Commerce with the authority to identify up to 100 projects a year of national economic power importance that qualify for streamlined regulatory approval, limited legal challenges, and reduced compliance burdens.
- Charge the Commerce Department with designating a set of preapproved very large industrial sites—50 to 100 nationally, each at least 3,000 acres in size—where comprehensive environmental and permitting review has already been completed and utilities are guaranteed.
- Direct the administration to create an entity in government that weighs in on regulatory decisions to defend innovation, productivity, and competitiveness and the interests of national power industries.
- Embrace firm size neutrality and abolish small business preferences, including government procurement preferences, regulatory exemptions, small business financing programs, and tax benefits that favor small firms.

- Establish a new Undersecretary for Defense, Dual-Use, and Enabling Industries at the War Department.
- Establish a quasi-public National Advanced Industry and Technology Agency (NAITA) organized like the Ex-Im Bank, but with greater flexibility.
- Establish a Joint Economic Competitiveness Committee, separate from but akin to the Joint Economic Committee, to bring coherence to Congress's disparate efforts on economic competitiveness.
- Establish a National Economic Security Council (NESC) whose job would be to manage economic competition with adversaries, especially China.
- Statutorily reconstitute the Council of Economic Advisers as the Council of Economic and Enterprise Advisors.
- Establish a new undersecretary position at the State Department to assume responsibility for monitoring U.S.-China relations and PRC actions around the world.

Acknowledgement

This research project has been made possible with generous support from the Smith Richardson Foundation. For more, visit: itif.org/power-industries.

About the Author

Dr. Robert D. Atkinson is a senior fellow and the founder of ITIF. His books include *Technology Fears and Scapegoats: 40 Myths About Privacy, Jobs, AI and Today's Innovation Economy* (Palgrave McMillian, 2024); *Big Is Beautiful: Debunking the Myth of Small Business* (MIT, 2018); and *Innovation Economics: The Race for Global Advantage* (Yale, 2012). He holds a Ph.D. in city and regional planning from the University of North Carolina, Chapel Hill.

About ITIF

The Information Technology and Innovation Foundation (ITIF) is an independent 501(c)(3) nonprofit, nonpartisan research and educational institute that has been recognized repeatedly as the world's leading think tank for science and technology policy. Its mission is to formulate, evaluate, and promote policy solutions that accelerate innovation and boost productivity to spur growth, opportunity, and progress. For more information, visit itif.org/about.