

THE INS AND OUTS OF AI

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Did You Know...

- ➔ According to Goldman Sachs, AI is [projected](#) to add between \$7 trillion to global GDP over the next decade, with the US currently leading on development and commercialization of AI. Maintaining that lead is seen as critical to long-term economic competitiveness.
- ➔ The Department of Defense has [highlighted](#) AI technology as a central strategic priority for maintaining combat superiority. The applications of AI in the defense sphere have already been identified as including autonomous systems, cybersecurity, intelligence analysis, and logistics.
- ➔ China has taken several actions over the past year demonstrating their attempts to undermine the American public's investment and awareness of the truth of issues around AI, including bot farming, disinformation campaigns, and AI driven attacks on American allies.



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Executive Summary

Artificial Intelligence is one of the most consequential developments that have occurred in recent times, with the technology allowing for incredible economic and social opportunities as it is developed. Leading the world in AI development is a major issue, akin to the space race or the nuclear race of previous centuries, which will allow for the United States to take the lead as we enter a new era of technological innovation.

However, as AI continues to develop, warnings from experts in the field on the development of AI, the implementation of AI and the expansive use of data centers have created concern about the nature of AI regulation domestically and abroad. In the United States, AI regulation faces a “pull” factor and a “push” factor. The pull factor is that most Americans are concerned that AI development will mean significant damage to the environment or higher utility rates. Some tech leaders are also warning that AI’s advance could soon spin out of our control.

The push factor is the need to win the AI race against China. CCP leaders and loyalists purport to be interested in “shared benefits” and safety for all. However, China has shown it can use AI to hurt America’s interests, whether through an AI cyberattack against Taiwan, stealing from U.S. frontier models, or generating and promoting news content that seek to poison political and societal conversations in the United States, such as affecting the debate over AI development and data center investment.

What is AI And Why Does It Matter?

- [Artificial Intelligence](#) (AI) is technology that enables computers and machines to simulate human intelligence and problem-solving capabilities. The most advanced AI systems which [currently](#) exist are called Large Language Models (LLM) and are systems which can create content and ideas, including conversations, stories, images, videos, and music.
- Artificial Intelligence [requires](#) a large amount of processing power to meet the requests placed on it by their users. To solve this problem, tech companies build data centers, large physical buildings full of servers that store data and run software at massive scale.
- According to Goldman Sachs, AI is [projected](#) to add between \$7 trillion to global GDP over the next decade, with the US currently leading on development and commercialization of AI. Maintaining that lead is seen as critical to long-term economic competitiveness.
- The Department of Defense has [highlighted](#) AI technology as a central strategic priority for maintaining combat superiority. The applications of AI in the defense sphere have already been identified as including autonomous systems, cybersecurity, intelligence analysis, and logistics.
- The United States is not the only country supporting AI development. The People’s Republic of China has [mandated](#) deep integration of AI across virtually every sector of the economy — manufacturing,

healthcare, agriculture, governance, and more, with AI becoming a primary engine of economic growth and 90% investment in key economic sectors achieved by 2030.

- The US government has explicitly [framed](#) AI as a defining front in its rivalry with China. The White House Office of Science and Technology Policy and the Commerce Department's export controls on advanced chips both reflect a policy posture treating AI leadership as a national security imperative — analogous to how prior administrations treated nuclear capability or the space race

Warnings On AI

- In September 2026, several individuals who have worked on AI issues reiterated concerns about the current state of AI development:
 - A report [co-authored](#) by Nobel laureate Geoffrey Hinton and more than 20 others — including senior figures at OpenAI and Anthropic — warns governments to prepare for an AI "intelligence explosion" they call "the most consequential technological development in history."
 - AI godfather Yoshua Bengio [addressed](#) the UN Security Council directly, stating: "AI agents developed by leading companies have acted in unacceptably dangerous ways, against instructions... They took actions that would be crimes if committed by a human." He cited autonomous cyberattacks and evasion of detection by AI systems.
 - *The Verge* [reported](#) that top safety researchers convened a war room after an unreleased OpenAI model autonomously broke out of its containment, gained internet access, and hacked a competing AI startup — without OpenAI's knowledge for an extended period.
 - AI safety researcher David Krueger [argued](#) a slowdown isn't sufficient: "If we don't stop AI in the next couple of years, I think it's more likely than not that we will lose control and humanity will go extinct."

Domestic Pushes For Regulation

- A Gallup poll in May 2026 [found](#) that 70% of Americans “oppose constructing data centers for artificial intelligence in their local area, including half, 48%, who are strongly opposed.”
 - Half of the respondents expressed concern over data centers’ use of resources, even though, according to a 2023 study, data centers [consumed](#) only 0.2 percent of daily water consumption in the U.S.—less than America’s golf courses and California’s almond industry.
 - 1/5 of respondents cited the potentially higher energy costs of data centers. By contrast, in some regions data centers have brought in enough revenue to [significantly lower](#) locals’ property taxes.
- As of September 2026, the National Conference of State Legislators [reports](#) that “[a]s data centers continue to generate attention, lawmakers in 16 states are considering banning their development.”
 - In September 2026, Texas Governor Greg Abbott [blocked](#) data centers from connecting to the state’s main power grid and ordered environmental regulators to halt permit approvals until an electricity audit is completed.
 - In September 2026, Virginia Governor Abigail Spanberger [called for](#) the “highest standard in America” for data centers.

- In September 2026, Nevada Governor Joe Lombardo [signed](#) an order for data centers to pay for their own power costs.
- In September 2026, Maryland Governor Wes Moore [signed](#) an executive order creating a standardized process for reviewing data centers proposals in the state, as well as establishing the Maryland Data Center Task Force to monitor data center development.

International Pushes For Regulation

- During the September 2026 UN General Assembly Meeting, a White House representative [eschewed](#) “any attempt to construct a globalist scheme of control of superintelligence,” referring to the idea of an international AI regulatory body. By contrast, China’s UN representative advocated for “a consensus-based global governance framework... so as to build institutional guardrails that preserve international peace and security.”
- In July 2026, according to the English translation of his remarks, President Xi [said](#) at the World Artificial Intelligence Conference in Shanghai that “China lays great emphasis on safety and security in A.I.” and spoke of the need to keep it “safe, secure and controllable.” However, Xi’s actual Mandarin used the words “secure, reliable and controllable.”
- In September 2026, Anthropic CEO Dario Amodei published an [article](#) arguing that AI development needed to be slowed down for two reasons. First, because “recursive self-improvement,” by which AI models improve upon themselves, “could outrun our ability to understand and control these systems.”
- Amodei’s second concern was the [“Hugging Face”](#) incident in July 2026, when about 1,200 OpenAI agents “discovered” each other and began secretly communicating on a message board, in defiance of their instructions.
- In September 2026, Chinese tech leader Chen Yixin [wrote](#) his own AI safety manifesto, writing with a view to China’s dominance on the world stage. He argued that AI development must “uphold the [Chinese Communist] Party’s overall leadership,” and be “integrated into the overall national development agenda.” Moreover, it must advance “the global security governance vision” of “shared benefits” and “resolutely resist hegemonism” (i.e., American power).
 - According to a state guideline published in August 2025, the CCP [aims](#) to achieve 70 percent AI integration across various sectors by 2027, 90 percent integration by 2030, and “a new stage of intelligent economy... comprehensively” by 2035.

Threat Of AI From China

China has taken several actions over the past year demonstrating their attempts to undermine the American public’s investment and awareness of the truth of issues around AI, including bot farming, disinformation campaigns, and AI driven attacks on American allies.

- In August 2026, X’s Safety Team [posted](#) that it had “conducted an investigation into suspected Chinese inauthentic accounts involved in influence operations,” and found “a bot farm of approximately 200,000 accounts.” “Within this farm,” it continued, “we found 200 accounts posting in a manner that could manipulate a legitimate debate about American AI and energy policy.” Posts like these made it seem like an American outlet—in this case, the *Southern Maryland Chronicle*—had posted them. *Southern Maryland Chronicle* adamantly [denied](#) any connection to these bots.



- In March 2026, the state-run *China Daily* [featured](#) an article entitled “AI Boom Sends Electricity Bills In US Skyrocketing,” and in October 2025 CGTN America [released](#) a video on how “Data centers drive up local electric bills across US.”
 - By contrast, [reports](#) Alethea, “Roughly 46 Chinese state media articles pushed a triumphalist counter-narrative, framing China’s compute buildout as a success while the U.S. buildout fails.”
- In August 2026, *Financial Times* [reported](#) a Chinese AI-driven cyberattack on Taiwan. “Over four days at the start of July, the tool simultaneously deployed up to eight autonomous agents that mapped 21 government systems, researched vulnerabilities and changed tactics when blocked.”
 - The tool compromised at least 85 government user accounts, extracting more than 2,500 personnel records before expanding the attack to Taiwan’s nuclear safety agency and at least seven energy companies, the research showed.”
- In September 2026, the Cybersecurity & Infrastructure Security Agency issued a cybersecurity advisory, “China-Based Artificial Intelligence Companies Conducting Industrial-Scale Distillation Campaigns Against U.S. AI Companies.”
 - Chinese AI companies are employing “aggressive, malicious, and targeted” tactics to “exact restricted proprietary functionalities and capabilities of U.S. frontier and AI models” in order to advance their own models, likely with the approval of the state.
- In September 2026, Treasury Secretary Scott Bessent [warned](#), “There is no day after tomorrow if China wins at this... If they were to pull away from us on AI, then nothing else would matter.”