The greatest geopolitical challenge in the 21st century will be how the United States—and the rest of the world—responds to the rise of China. The central contest of this century will be between the U.S. model of political and economic development and the Chinese model of political and economic development. If China’s vision prevails—if it becomes the dominant power of the 21st century—there is a risk the United States and the world will be less free, less prosperous, and less safe.

To turn this dynamic around, the United States must prioritize making critical investments at home and building a united front with allies and partners. With those fundamentals in place, the United States can then pursue a new approach toward China that limits China’s ability to exploit U.S. openness; leverages China to contribute its growing capabilities in ways that benefit the global common good; and positions the United States to compete more comprehensively over the long term. Instead of betting U.S. prosperity on its ability to shape China’s trajectory, the aim is to put the United States in a strong position regardless of what China does. It can achieve that with three-part approach:

**LIMIT CHINA’S ABILITY TO EXPLOIT OUR OPEN SYSTEMS.**

The United States values open markets and free speech. China is exploiting that openness to distort markets and influence U.S. policy toward China. The United States can counter with enhanced transparency and screening, addressing legitimate security concerns in ways that strengthen core democratic values rather than undermining them.

- **Investment transparency.** Require Chinese firms to disclose their ownership structure and funding sources before entering the U.S. market.
- **Propaganda transparency.** Require disclaimers on direct foreign government propaganda.
- **Funding transparency.** Mandate transparency for U.S. educational and civil society institutions receiving Chinese government funding.
- **Update and enforce foreign influence rules.** Overhaul the U.S. legal framework on foreign interference; stop allowing Chinese security services to operate illegally within U.S. borders.
While China presents the most serious economic and security challenge to the United States in a generation, the good news is that, throughout history, the United States has always excelled and advanced when it faced a strong peer competitor. Although competition with China brings significant downside risks, it also provides a critical strategic opportunity for the United States to get its own house in order.