

THE FIRST AI WAR:
BATTLING FOR CONTROL OF THE DIGITAL ECONOMY

The fight for artificial intelligence supremacy is more than a competition over technology—it is a battle over values. Will the future of AI reflect freedom or coercion, human rights or abuse? As nations vie for dominance in the digital economy, the outcome will shape whether AI serves as a tool of empowerment or a mechanism of control.

“AI will reshape not just the tech sector but every part of the global economy,” writes Brad Smith, Microsoft’s Vice Chair and President, in a stark call to action for American leadership in artificial intelligence. His words carry a weight reminiscent of the early Cold War, signaling a new kind of global contest—not for land or traditional power, but for control over the data-driven technologies that will define the 21st century. At the heart of this race lies an arms race of a different kind: the construction and governance of data centers and AI ecosystems.

If the last two decades have taught us anything, it is that complacency in the face of technological rivalry can have profound consequences. The U.S. watched as Huawei built a telecommunications empire, carving up the global market and embedding itself in critical infrastructure across continents. That failure was not just an economic setback but a geopolitical wake-up call. Today, the stakes are even higher, and the U.S. appears determined not to repeat the mistakes of the past.

Freedom or Control: The Strategic Contest for AI

The current race for AI and data center dominance is unfolding with uncanny parallels to the telecommunications battles of the past. Huawei's rise to global leadership in telecom hardware left the U.S. and its allies struggling to respond, their failure allowing Beijing to expand its technological and political influence. In many ways, data centers are now the new battleground: massive infrastructure hubs that will determine who controls the pipelines of the AI economy—and, with them, access to knowledge, communication, and economic opportunity.

The fight for dominance in AI and data centers is fundamentally a contest for control over the global flow of information. Freedom of communication, access to knowledge, and the ability to work and innovate are pillars of a democratic society. The importance of ensuring democratic hegemony over these systems cannot be overstated. As the U.S. and its allies confront authoritarian regimes, they are not merely competing for technological superiority but striving to uphold the values that underpin free and open societies.

Much like the ideological divisions of the Cold War, this bifurcation will have far-reaching consequences for global alliances and economic development. But unlike in the past, this is also an opportunity for the West to shine—not only as a partner in economic growth but as a moral compass in an increasingly fragmented world.

The Dynamics of a Digital Arms Race

1. **An Explosion in Data Center Construction:**
   The AI arms race will see a surge in data center construction as nations vie for digital supremacy. This will not only reshape global trade routes but also create new spheres of influence. The West must ensure its dominance in this field, offering allies and swing nations a compelling alternative to China's technological ecosystem.

2. **Who Controls the Data:**
   Beyon d cybersecurity, the most critical aspect of this competition is control over data itself. Access to data underpins the ability to innovate, communicate freely, and ensure economic and social mobility. Democratic nations must lead in building AI systems and data centers to guarantee these freedoms are preserved rather than restricted.

3. **Global Energy Demand and Its Consequences:**
   The massive energy demands of AI infrastructure introduce a strategic layer to this contest. Energy security, long a cornerstone of geopolitical competition, will now be linked to AI innovation. Countries investing in renewable energy and grid resilience will gain an edge in supporting the AI-driven economy.

4. **A Push for Democratic AI Alliances:**
   To counteract the growing influence of authoritarian regimes, the U.S. and its allies must build a coalition of nations that prioritize transparency, accountability, and innovation. This is not simply about technological superiority but about exporting democratic values through digital infrastructure.

The Human Factor in AI

While much of the focus is on high-level strategy, the rise of AI will also transform the labor market in unexpected ways. Beyond its impact on existing professions, the AI economy will create new jobs tied directly to data center construction, AI model development, cybersecurity, and ethical oversight. In many ways, these roles will be the foundation of the next industrial revolution, and preparing a workforce for this shift is as much a strategic priority as building the technology itself.

Learning from the Huawei Playbook

The lessons of the telecommunications race with Huawei are clear: ignoring the long-term implications of technological leadership is a mistake democracies cannot afford to repeat. Now, with AI, the stakes are higher, and the consequences of failure could be irreversible.

This time, the U.S. has the advantage of hindsight. Unlike with Huawei, where the response was reactive, the AI race offers an opportunity for proactive leadership. A cohesive strategy that combines private-sector innovation with government support can ensure that democratic nations, not authoritarian regimes, define the rules of this new age.

The fight for AI supremacy is more than a technological contest. It is a moral imperative for the West to reclaim its position as a leader of free, open, and just societies. The decisions made today will not only determine America's standing in this new digital arms race but will also shape the global order for decades to come.