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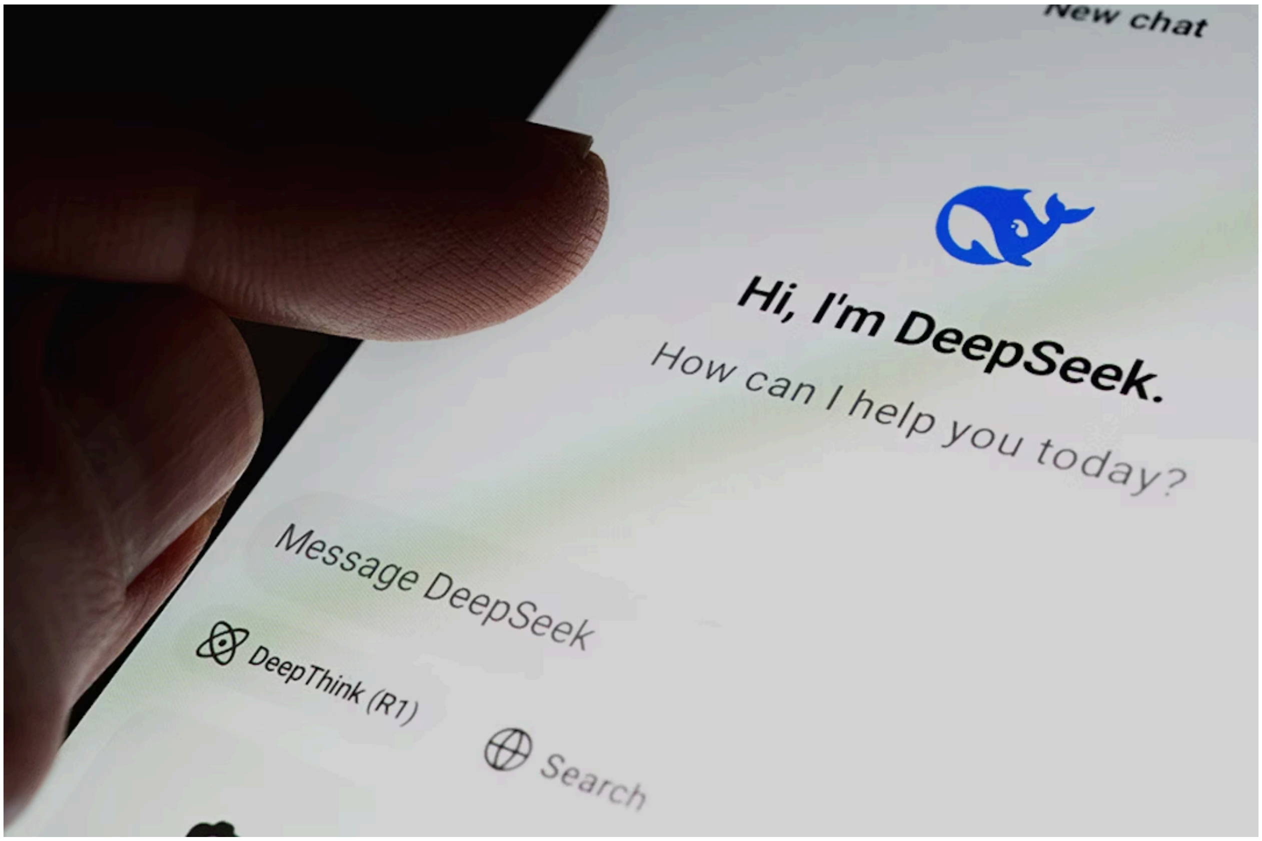
7 Implications from the DeepSeek AI Release



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On the second day of Trump's second term, he announced the $500 billion Stargate partnership—a joint investment by OpenAI, SoftBank, and Oracle to build AI infrastructure in the United States. On the seventh day, DeepSeek's open-source AI reasoning model R1 triggered a trillion-dollar stock market wipeout in the United States, with commentators calling the revelation a "Sputnik moment." Here are 7 implications of the DeepSeek tsunami.

1. **Accelerationism—the once-fringe view that accelerating AI development is a moral imperative—may become Republican orthodoxy.** Accelerationism posits that compounding improvements in AI will eliminate scarcity and create unimaginable prosperity. They even believe that slowing down AI development in the name of safety is dangerous and immoral. Accelerationist proponents like Marc Andreessen are becoming an influential part of the Republican coalition. Considering Vice President JD Vance's tech brain trust, the US appears poised to adopt an accelerationist agenda under Republicans' leadership.

2. **Guardrails are so yesterday.** A bipartisan consensus that AI development and innovation must also have guardrails may suffer. To accelerationists, an onerous EU-style regulatory regime over AI is tantamount to murder. The cutthroat state of AI rivalry—the salient issue for DC and Silicon Valley—means ethics and regulation could be on the cutting room floor in this conservative moment.

3. **Open-source AI is a national security imperative.** DeepSeek's compliance with Chinese state censors is well documented, but its performance is too robust for AI developers globally to dismiss on that basis alone. If American open-source AI does not remain competitive, Chinese models will reinforce authoritarian regimes worldwide.

4. **The West invents; China perfects (or steals).** Kai-Fu Lee points out that this pattern of transmission has recurred historically since Jesuits began gifting elaborate clocks to the Ming Dynasty in the 17th century. Sanctions can slow but not stop this process, particularly if China successfully purloins American intellectual property, as Open AI alleges. Developers in China and beyond can easily train new AIs to copy existing models through "distillation," even if they are closed-source and secured.

5. **Energy and inference will be key to maintaining the lead in the AI race.** It is unrealistic to constrain mere access to frontier AI as reasoning models—a major leap toward artificial general intelligence—become open-source, too. As AI demand is expected to increase, securing the necessary energy supply will be essential.

6. **The thrust of AI policy for the foreseeable future will be in development and innovation.** Congress is considering a Manhattan Project to build AGI and Republicans should be expected to capitalize on this moment. But this could be an area of bipartisan agreement as AI innovation remains a top priority of Senate Democratic Leader Chuck Schumer. Democrats must consider how both parties can navigate this generational challenge together.

7. **AI's risks could mutate in obscurity.** As we reflect on the ramifications of over a decade of smartphone and social media proliferation, we should brace ourselves for what unknown unknowns emerge as DC and Silicon Valley floor the gas on AI development.