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Ian Bremmer
President, Eurasia Group, GZERO Media

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In-Person/Hybrid Event

Moderator: Dambisa Moyo
Global Economist, Author, Board Member
Co-Principal, Versaca Investments
ECNY Trustee

Introduction

President Barbara Van Allen

Good afternoon and welcome. So I'd like to go ahead and get started. We have a large virtual audience as well, so if we can get ready for what is to come. So this is the 742nd meeting of The Economic Club of New York. I'm Barbara Van Allen, President and CEO of the Club. And it's wonderful to be here in person, our first luncheon for 2024.

Renowned as the premier nonpartisan forum for discussions on economic, social, and political issues. The Economic Club of New York remains the important platform for the discussion and deliberation on so many issues. And actually for more than a century now, the Club has hosted over 1,000 guests who have contributed to our tradition of excellence, which continues up to today.

I'd like to give a warm welcome to students joining us virtually from Princeton University, the CUNY Graduate Center, the Zicklin School of Business at Baruch College, and Mercy University. Congratulations are also in order to our new Class of 2024 Fellows, who are joining us virtually, some of those today, as well. It's actually our largest and most diverse class of fellows to date. I believe, when you count the New York fellows and the national virtual fellows, it's close to 90 talented, upwardly mobile, mid-career business people. On behalf of myself and on behalf of the Board of Trustees and the entire membership, we are delighted to be welcoming them.

For today's program, we're honored to welcome Ian Bremmer. Ian is a political scientist who helps business leaders, policymakers, and the general public make sense of the world around them. He's President and Founder of Eurasia Group, the world's leading political risk research and consulting firm by many accounts and GZERO Media, a company dedicated to providing intelligent and engaging oversight of international affairs.

Ian provides an independent perspective on crucial, global issues presenting thoughtful insights through speeches and written commentary. He's written 11 books, including the *New York Times* bestsellers, *Us Vs. Them: The Failure of Globalism*, which talks about the rise of populism, and his latest book, *The Power of Crisis, How Three Threats – And Our Response – Will Change the World*, covering health emergencies, climate change, and technological revolution and explaining how they can bring actually global prosperity and opportunity.

Ian serves as a member of the United States High-Level Advisory Body on Artificial Intelligence, a topic I'm sure that will come up today in the conversation, as well as Foreign Affairs Columnist and Editor at Large for *Time* magazine. And he's the host of GZERO World with Ian Bremmer, which airs weekly on U.S. national public television. He also teaches at Columbia University's School of International and Public Affairs.

The format today will be a conversation. We're honored to have Club Trustee, Dambisa Moyo as our moderator. Dambisa is a noted global economist, author, board member, and co-principal of Versaca Investments. We're going to end promptly at 1 p.m. and time permitting, they'll take questions from the room. As a reminder, this conversation is on the record. We do have media joining us, both online and in the room. So without further ado, please join me in welcoming Ian and Dambisa to the stage.

Conversation with Ian Bremmer

DAMBISA MOYO: Thank you, Barbara. And hello Ian. Good afternoon everyone. I'm delighted to be here and thrilled to interview Ian Bremmer, who is a very dear long-term friend of mine. But also, and perhaps most importantly for the conversation today, an eminent mind on geopolitical trends over the last several decades, and I'm sure will have some very interesting perspectives on what's happening currently in the world.

What I was planning to do is to start the conversation by really throwing it to Ian to talk to us a little bit about recent reports that he and his team put out, which is highlighting the top risks for 2024. And then after we have a bit of a conversation, I will open it up for questions. Some very enthusiastic people have already sent questions in so I'll weave them into our conversation here. But if you have some thoughts or some questions, please feel free to start thinking about them.

So, Ian, just in terms of your top risks, you have ten of them here. We obviously won't be able to go through each of them line by line, but I've kind of grouped them. I've taken the opportunity to group them for our purposes. It seems to me that, to shorthand the most important ones, the main one, really the number one concern you have is around the U.S. versus itself. Then you have a number of them, a number of risks that are really around geopolitics. And we all in this room can imagine what's in there but we will talk some more given every day we wake up and something new has happened that could be heightening risks.

And then there's another category, the third category I'm going to call AI. There have been some other points that you've raised around El Niño, etc. and you have three topics that you are calling red herrings, and we'll come to those a bit later. But let's start off with these three areas and, in particular, start off with the United States versus us. Could you just talk to us a little bit about what you think the risks are there.

IAN BREMMER: Well, first of all, it's great to be here. And it's kind of, it's a little bit unfair to have me moderated by Dambisa because we have been close and known each other and respect each other for decades. And so, you know, I never get to choose my own moderator in advance, so like, would you be okay with Dambisa? What I be okay with Dambisa? I should be paying Dambisa, right?

DAMBISA MOYO: Yes, you should be really. Are you not?

IAN BREMMER: But it's in kind. But this is nice. And, you know, the report is, because it's focused on top risks, of course it tends to be a little negative. There are some big non-negative things at the end of the report. In particular, U.S.-China, that are underappreciated and deserve our attention.

But I open the report by calling it the Voldemort of years. And I think a lot of us have been, you know, we've been worried about 2024 for some time and now it's here. And there are these big wars that are hard to contain, and one of them is our own war against ourselves. Why is it number one? Well, impact matters. I mean Africa is not really in the report. It's not because there aren't things to worry about in Africa. It's just that economically, diplomatically, and geostrategically, they don't have the same global impact the way the United States does. And for those of us that were in Davos a couple of weeks ago, and of course it kicked off with the Iowa Caucuses on the Monday, everyone there was finally aware of the fact that Trump can indeed become president again, and they're worried about it. They're deeply worried about it.

Now, I'm not suggesting here that this is only a concern for people that don't like Trump, because I don't see Trump as the problem. I see Trump as the symptom of something that's much deeper – the fact that the United States, the most powerful country in the

world, has a democracy in crisis, the fact that the United States is incapable of holding a free and fair election that is seen as legitimate by its entire population. The U.S. is the only major democracy that that's true of. It's not true of Canada. It's not true of Japan. Not Germany. But it is true of the United States.

And I worry about that because the stakes are so high, because if Trump loses, he's going to jail. And if Biden loses, Trump is not only going to undo the cases against him but will likely politicize the institutions that he feels have been politicized against him and use them to go after his political enemies. And that's one big reason. So the priorities are very different.

But secondly, of course, because the geopolitical environment of this U.S. election is so much more dangerous. We are talking about an environment with major wars going on and with the United States seen as a country that you cannot necessarily count on, that is unwilling to lead, is inconsistent, does not have the same legitimacy. That has a much greater level of uncertainty and impact on others around the world. It's an opportunity for adversaries. It creates impunity and greater chaos actors, and you've seen that in other parts of the report.

It also, you lose leverage over friends, like Ukraine, like Taiwan, like Israel. That's interesting too. But this is, 2024, there is an enormous amount to play for. And let's face

it, if we could just punt on 2024 and keep our democracy and just have the election in 2028, you'd have a couple of new candidates, I think everybody would be more comfortable with that. That's not where we are. That's not what's going to happen, and we've got to get through it.

DAMBISA MOYO: Yes, so lots of stuff in there, and we'll get to a lot of it. You threw in there that; you sort of made the assumption that President Biden is going to be the candidate. And there's questions around brokered convention. I'd love to hear a little bit about whether you think that's likely. But also you talk about the importance of the U.S. versus itself for the, sort of geopolitical, geostrategic aspects of the world going forward. I'd love to maybe probe a little bit more around what you think a Trump 2.0 policy basket looks like. Just because that's what I imagine the people in Davos would be most worried about.

IAN BREMMER: Yes, look, I think that we are looking at Biden and Trump as the nominees. These are two extremely old men and we're still almost a year to election so anything can happen. If the election was today, Trump would win easily. I'd say 60/40 Trump for November, but I have very low confidence around that because there's so much uncertainty. And either of them might not be the candidate when it comes there, but the presumption overwhelmingly should be that they are.

Also, let's keep in mind that when Trump is the nominee, he becomes vastly more powerful than he presently is. And you've seen some of this already with Tim Scott and a little McConnell, you know, you're already seeing the orientation that his policies becomes the policies of the Republican party. So even though he doesn't have the nomination yet, the likelihood that you get a deal on the border and in return \$61 billion has gone way down because Trump, as about to be nominee, has put his finger publicly on the scale. And that makes it harder to get that money done.

So what are the policies under a Trump administration? Well, one policy that I think is the one that there's most concern about by the Europeans is that Trump views Zelenskyy as a political enemy. He has repeatedly said that he will end the war in one day, which seems like a long time for him. But nonetheless, I mean he's going to have other priorities obviously on the first day, but he will end it in the first day. And him saying that is because he is going to tell Zelenskyy that you must accept the outcome on the ground, and in return there'll be a ceasefire, which is completely unacceptable for the Ukrainians. And, of course, that also means no more support when he doesn't accept that outcome.

Now, what does that mean? Well, number one, that's an existential crisis for Zelenskyy. It could well undermine the ability of him to continue to govern Ukraine. Number two, there are many leaders in Europe that will be strongly opposed to Trump on that issue,

like the Balts and the Poles and the Nordics. But there are others that will support him, like Orban. Perhaps like Fico in Slovakia. I'd make that bet if I had to, though Fico has been all over the map in the last week.

And also a number of anti-establishment groups that are becoming more powerful and will be more powerful come June parliamentary elections, like the Alternative for Deutschland in Germany and their analogs in the Netherlands and France and elsewhere. And so I do think we are looking at a crisis for the Trans-Atlantic relationship. I don't think that's overstated. A crisis for NATO. Even perhaps a crisis for the E.U. on the back end. It's not because Trump is saying I'm leaving NATO. I don't think he will do that. But what Trump will do will have those implications.

I think that on other issues, it's a lot more uncertain. It could go very badly. It could go very well. I mean, you know, Trump believes that there wouldn't be a war in the Middle East right now if he were president because the Iranians would know that they would not be able to get away with what they are presently getting away with in terms of keeping these proxies on a long leash and continuing to send them weapons. Why? Because when Trump was there, he took a while to get around to it, but when he finally did, he ordered the assassination of Qasem Soleimani. And the Iranian response was a lot of bluster and very little militarily, very little. So that was seen as successful.

So if Trump came back in, and the Iranians understand that this is a guy that is prepared to bomb Tehran, this is a guy that's prepared to engage in regime change, it may well be that the Iranians fold. Now, it may well also be that the Iranians are divided on this issue, that the proxies act independently and you end up in a massive war, \$200 oil, and a global recession and all the other, a lot of other things. But I can see that, in other words, the tail risks, upside and downside in a second Trump administration in the Middle East, both get high, in my view.

China, the same thing. Trump is talking about 60% tariffs across the board on Chinese goods, which strikes me as implausible. I mean this is the economists' club, you will have views on why it's even more implausible than I view it to be. But I could certainly see that Trump becoming president at a time when the Chinese economy is doing badly, at a time that China's geopolitics in Asia are going badly, and where Modi is going to be all in supporting Trump just as he's all in supporting Biden. That's not going to change. I could see the Chinese folding. I could see the Chinese saying we are desperate to do a deal with you, Mr. Trump, Mr. Lighthizer, please, Mr. Kushner. I could absolutely see that. And he could look like a big winner on U.S.-China relations.

I could also see a situation where the Europeans are really, really worried and scared, where they split completely from the United States on China, where the South Koreans split from the United States on China, and where the Chinese say, screw it, like we can't

work with this guy. We need to like really hit him hard and work to undermine U.S. alliances. I think both of those tail risks go way up under Trump.

So when I say the risks go up under Trump, I mean risks in the broadest possible term. I mean risks that are creating things that you are not prepared for, some of which will be upside, some of which will be downside. But they are dramatically different than what we would otherwise expect in our geopolitical environment.

DAMBISA MOYO: Yes, and you know, one indication of some of the tariffs and the trade sort of approach in Trump 2.0, Lighthizer has put out a book talking about the fact that trade is not free. And I think the whole tariff agenda seems to be something that will be definitely back on the menu if Trump came back in.

IAN BREMMER: It seems pretty clear.

DAMBISA MOYO: Yes, absolutely. Can we just move a little bit more into geopolitics. I mean you've hinted at some of them, talked a little bit about Iran, talked about China. As we sit here today, there are at least sort of two, sort of wars that are alive – Israel-Gaza and Ukraine-Russia. And then there's other types of engagements or factions that are going in – U.S.-China – which, as it turns out you put in your list of red herrings. And Fareed Zakaria wrote quoting you yesterday that it sounds like you're much more

constructive about the prospects for that relationship.

And you've hinted here that as China becomes weaker economically, there may be much more to play for, I guess, for the U.S. in terms of resetting that relationship. And then, of course, we have North Korea. We've got some of the other factions and issues that are emerging. Just talk to us maybe very quickly about those sort of pockets of risk. You've hinted at, let's start with Israel-Gaza. Netanyahu is one of your axis of rogues...but talk to us a little bit...

IAN BREMMER: Dangerous friends, we call them. Dangerous friends. And look, I think what we just saw over the weekend, you talk to the Biden administration, and their top officials have considered this...(Audio issue)...and it just happened, which is that large numbers of American servicemen and women are injured and died from an attack in the region. They knew it was a challenge. They would privately refer to it as a red line. And so very clearly the United States will respond militarily against Iran. I think that is very clear. Against Iran. That does not mean strikes into Iranian territory necessarily. But I certainly think we're talking about Iranian military capabilities in the region. IRGC advisors...

DAMBISA MOYO: So notwithstanding the fact that they've put out a statement saying that they had nothing to do with...

IAN BREMMER: The Iranians have said that, and I have no doubt that the Iranians did not directly order the attack that killed the Americans. I suspect they are right about that. It is utterly implausible that the Iranians had nothing to do with, right? I mean they are providing real-time military capabilities and intelligence to these proxies around the region. The United States is fully aware.

And it's very important to note that in the last several hours U.S. official, high level spokespeople, at least from the White House, I'm not sure if it was Defense as well, referred to these as Iranian attacks, Iranian-supported attacks. So there is no question in the mind of the Biden administration and, therefore, in the response of the Biden administration that they will hit Iran.

Now, the Americans do not want a full-scale war against Iran. The Iranians do not want a full-scale war against the United States. Trotsky said it best – sometimes you don't want war, war wants you. And in the top risk report, we said this war will not be contained to where it is right now between Israel and Hamas and Gaza. It will expand significantly. We are now on that path. Does that mean that we're going to have full-out war? No. But I mean, I don't think it ends with the next American strikes. I don't. And I think we are now entering a period where we have to be very, very careful about what the implications of these moves are going to be.

Now, maybe at the same time, we could also get, this could be the pressure that forces the Israelis to accept an extended deal with Hamas. And there's been a lot of talk around that. And the U.S. has sent senior officials to talk to the Karaites and the Israelis. And I will tell you that the Israelis are now willing to consider deals that two weeks ago they were not willing to consider in terms of the length of the ceasefire for example. Hamas heretofore had not been but looking at the United States prepared to actually engage in strikes against Iran, is going to lead to different conversations between the Iranians and Hamas and that's useful.

So there is opportunity in this. There is opportunity. But Netanyahu also knows that after this ceasefire, he's out in relatively short order. There's going to be an election announced. There will be an election three months later and he probably isn't going to be surviving. And when that happens, he probably goes to jail himself. This is kind of an ongoing theme of today's conversation. And he is strongly incited to not allow that to happen, which means that the possibility of a northern front or, you know, missile strikes from Hamas breaking a ceasefire leads to significant retaliation by the Israelis again. All of that sort of thing makes it very, you can talk, just like a two-state solution. You can talk about a two-state solution. Even if you got there, there are plenty of ways for interested actors in the region to undermine a two-state solution. That is also true of a ceasefire between the Israelis and Hamas.

DAMBISA MOYO: So, you know, a lot of people online and in the room are investors or involved in businesses, and they're thinking about allocation decisions based on what you're saying here. And so maybe just to push a little bit further, because you've highlighted possible, in the report and in your comments, partitioning of Ukraine. You've talked about China's weak economic recovery. We've seen the beginning of the year already a lot of challenge in that economy. You've talked about Ukrainian scenarios. Talk to us a little bit about what you might see as investable ideas.

I mean if you're a portfolio manager, are you telling us that the world has become such a volatile place with 40 elections, over half the world's population going to elections? Is this the time we should be thinking about home bias and bringing back capital to the United States? How should we be thinking about deploying troops? What are the investable decisions that need to be executed based on what you see as the world? And you've said in your remarks that the world has changed in a very dramatic way. So how should we be thinking about it?

IAN BREMMER: Well, I mean, keeping in mind that, as a political scientist, there's an awful lot of what goes into an investment thesis that is not in my area of expertise.

DAMBISA MOYO: But having said that, it would seem to me that geopolitics has become much greater and possibly even in our own lifetime.

IAN BREMMER: And I also say that, you know, you can get the geopolitics right, and if you don't understand timing, you're going to hurt a lot of people that have money at stake. So again, as someone who has been in this business for 26 years, I think one of the reasons that our company has been successful is in knowing what we don't know, and not trying to have expertise scenarios that are outside of our wheelhouse.

But, you know, having said all of that as a caveat, yes, of course, in an environment where macro-geopolitical risk is increasing, and where China is having a seriously hard time and portfolio investors are not buying at all that they are changing tune, especially because all their responses at home are incremental. There's no bazooka.

DAMBISA MOYO: There's no massive stimulus.

IAN BREMMER: There's no bazooka. So in that environment, certainly home bias to the U.S. market seems structurally smart. I would say that if you're a foreign direct investor, you've never seen the outreach that you've had from the Chinese in the last three or four months. And so if you're a CEO with China business who is thinking about maintaining that business or expanding that business, and you're not spending real time in China right now, you should have your head examined. Because you will never have the ability to make asks that you have right now. And they remember who is early. Right? And, you know, Mastercard has taken advantage of that, but there are lots, lots

of CEOs I know. The Japanese have been slow. I mean the first Keizai Doyukai visit is not until like March. That's crazy. They should have been on this months ago. But they're cautious, oh, we don't know.

DAMBISA MOYO: And their economy, I mean their stock market is doing incredibly well. They're probably happy with where things are for themselves.

IAN BREMMER: I get it. But still if you've got this kind of opportunity, like I'll tell you, as soon as I could get to China, I got to China, because I had an information deficit. I hadn't been there during the pandemic, so I needed to go over there and talk to the Politburo members and talk to the analysts on the ground. You've got to do that in person. You can't do that by Zoom. So that's one complete, that's a no-brainer.

DAMBISA MOYO: And yet U.S. institutional investors have only about 2% exposure to China.

IAN BREMMER: Listen, I don't think this is an institutional investment. This, for me, is an FDI thing. This, for me, clearly is a corporate thing in non-strategic sectors that are getting really caught in the crossfires. It's not the high tech, but it's everything else. So you're doing pharma, healthcare. You're doing like luxury goods. You're doing hotel services. You're doing, like even baseline manufacturing. You get your butt over there.

That seems pretty obvious.

You know, I'm a huge believer in India still. And the fact that India is not just an enormously popular leader who has a strong economic team around him, and he's going to win for another five years and will continue with his reform agenda, but also India is a leader of the Global South and had a spectacularly successful G20 chairmanship, but also is a bridge to the West. And despite their hiccups with the Canadians who have significant portfolio investment but aren't actually strategically important for India, the others in the West are doing very well with the Indians. And I think, again, they're the one major country out there, major country that will do very well irrespective of what happens in the U.S. elections. So that, to me, is quite meaningful.

I think that Mexico, which has done well because of their geostrategic position vis-a-vis the U.S. after their elections, is poised to have much better economic governance and policy, which really matters. AMLO is very popular but he doesn't understand the economy. And his advisers around him don't challenge him at all. I think that will be different with the Sheinbaum administration who is likely to win. So that, to me, is really positive. I mean there are other places we could go, but generally speaking this does not strike me as an oh, my God panic. You know, we're just like, we're in the mattresses environment now.

DAMBISA MOYO: Yes. I mean one thing that struck me reading the reports is that you've also put the tension between the BRICS and the G7 in your red herring section. And part of the reason I find that interesting is because in many of the big areas that the world is grappling with, so climate with COP, AI, and we'll come to AI in a minute and, you know, just as a quick warning, you can start preparing your questions, but just thinking about the fissures, the swing states, the Saudis, Turkey, you mentioned India, and the BRICS, who have expanded by ten countries if Argentina steps out in January, basically this month.

IAN BREMMER: Given who won.

DAMBISA MOYO: Correct, which I'd love to, maybe as we get closer to the end, I'd love also to hear what your thoughts are about Milei's speech in Davos because I think that was quite refreshing. I mean, for people who aren't aware, this is the new president of Argentina, who was very vocally quite Libertarian, I would say, to shorthand it. So very pro free markets.

IAN BREMMER: Argentina, yes.

DAMBISA MOYO: Relatively small state, for Argentina. So in any case, the point just fundamentally being that there are a lot of people, particularly in economics, who would

argue that the world is actually becoming more fragmented, deglobalization. Those themes have continued before the pandemic, through the pandemic to now. And so you, having put it in the camp of a red herring, is something that was a flash point for me. I mean, do you have any comments you want to add to that?

IAN BREMMER: A broader one, which is that one of the reasons that I find myself less dire on the state of U.S.-China relations is because the power of these two countries comes from such a different place. I mean American power globally is expressed more readily through its unique security capabilities. The U.S. is the only country in the world that can project power globally in defense and security capacity. And therefore, the United States has NATO. And the United States can create an expanded NATO that increasingly includes the Japanese and the South Koreans and the Australians and the _____. And the Americans can drive policies, even with economic implications if there is a clear national security concern and other countries will come on board, like the CHIPS-4 agreement and some of the critical mineral stuff.

And if the Chinese wanted to build a NATO competitor, they couldn't. Right? The Shanghai Cooperation Organization is not that. BRICS is not that. On the other hand, China has Belt and Road and they haven't put as much money into it of late. But the Americans can't do Belt and Road. The U.S. system is not set up to do Belt and Road. Belt and Road is done by a state capitalist country that not only invests as the state with

its state-owned corporations but also can tell its corporations you are going to do X, Y, and Z in these countries. And you get a lot of diplomatic leverage from that commercial power.

The United States cannot replicate Belt and Road if it wants to. And what that means is that to the extent that these two countries are fighting against each other, they're glancing blows. It's not like the Americans and the Soviets where, I mean, they are literally fighting over the same stuff with similar capabilities all the time. I think that matters. And so when we talk about the BRICS, which is not a China-run organization, but is also an organization that just has very different conversations and capacities by virtue of the fact that China is the most powerful country in it, than if it was a U.S.-led organization. And on balance, I think that that complementarity, if you will, in the Venn diagram, actually reduces geopolitical gauntlet.

DAMBISA MOYO: So I just want to make a remark, and it's not for you to respond because I want to move onto AI. But, you know, the only counter that I'd make to what you've just said, and I understand your framing, is that notwithstanding what you've said, these sort of, a reconstitution of the world map, does mean our ability to price goods and services. I mean look at the energy, the sanctions on Russia, the fact that they're still able to send oil molecules through India, etc., and back into Europe, the pricing of foodstuffs, energy, trade, I think, I would just be a little bit, maybe a little bit

more sanguine about their power. And you might be right, is it because there's less of a military aspect to it and it's much more economic, that sort of point to make it much more economic, it may very well be that you and I are not that far apart.

IAN BREMMER: Yes, I agree. And I'm saying, we're not in a Cold War. It's very hard to be in a Cold War, by the way, when no one else wants to fight it, which is also interesting.

DAMBISA MOYO: So I want to move into AI for a couple of minutes. And you said something which has prompted me to read a question that came in from one of the audience members. It said, and this picks up on this theme of the state apparatus in China basically being very linked to state-owned enterprises, etc. And I think this is an interesting view. It says vis-a-vis AI, do you see a day where U.S. tech companies are more aligned to the U.S. government, even if it's not as severe as China?

IAN BREMMER: Oh, it's absolutely possible. It's absolutely possible. I think a lot depends on which way AI goes in the next three to five years. So the technology is growing a lot faster than the governance. And right now, you know, the trend has been towards more advanced models that require much more compute, much more energy of these massive, large language, all the data that's out there. And if it continues along those lines, then within the next several generations, the amount, the cost, just the cost

of developing this will mean that only a very small number of organizations in the United States and China will be able to play.

And yes, those organizations in China will be linked to the government, and those organizations in the United States will increasingly be linked to the government in certain ways because of just the national security implications of what AI will be able to do will require some level of overlap. But it may also occur because of hybridization of governance in society, in the economy, when so much is determined by who controls that data, who controls those platforms. That's possible. And if that happens, then the United States may well become more state capitalist or just may well become more monopolist economically in terms of its platforms which feels state capitalist because you don't have the competition.

Now, that's possible. But it's also possible, and a lot of people in the AI field feel this way, that what is going to happen with the next few generations is not just about bigger and bigger models with more compute, but it's about taking the models that you have and applying them to datasets that are 100% fact-based, science-based, that are discreet and that lead to incredible inventions and reductions of waste and improvement of management and all these things in all of these different scientific fields and sectors.

And if that happens, then AI becomes incredibly proliferated in both its upside wealth

generation but also in the downside availability as tools to cause massive disruption, disinformation, new weapons, Malware, viruses, you name it. And then it's not about the U.S. and China's governments. Then it's about, like who has access to it? And there'll be haves and have-nots and the inequality will be massive. But for those that have access to it, they'll be everywhere. They'll be everywhere. And if it's the former, then in mitigating the risk also I worry less about global governance. They'll just be new arms control agreements between the Americans and the Chinese.

If it's the latter, then we're desperate for global governance. Then U.S.-China arrangements won't get you very far. And I am completely uncertain about where this is going to head in the next few years. Because again, the technologists that I talk to who know much more about this than me, do not know. They don't agree and they don't know.

DAMBISA MOYO: I mean it's interesting, this whole notion of inequality because there is an argument and a real concern among public policymakers that you will see the benefits of AI really accrue to people who own capital. And the people who own labor could be, you know, it's classically the jobless, underclass argument that essentially you have a widening of inequality as fewer gains accrue to people who own labor.

IAN BREMMER: By the way, I'm worried about that. And I'm sure people have seen the

IMF's recent report that said 40% of all jobs globally will be disrupted by AI in the near term, 60% in advanced industrial democracies. I am more worried about the inequality between people that have AI and do not as these tools change from being LLMs that are the same for everyone to being models that are training on your data. Because when they train on your individual data, they will be the most important tool that you've ever had. And I mean a friend, therapist, assistant, productivity enhancer, everything, that you will keep on all the time.

And I think that's going to change – if you think social media has changed people's ways of thinking and engaging – I think this will change who we are as people. I don't think we're homo sapiens completely when that happens. I think we are the next thing, whatever that is, in three to five years. And I don't think that we will interact with people that are not that. And I worry very deeply about that. In other words, I worry that the people that don't have that tool are likely to face the kind of inequality that has described some of the worst scenarios in our collective history and imaginations. And therefore, we need to do everything possible to ensure that those numbers are as small as possible, as quickly as possible. It's very, very important.

DAMBISA MOYO: So you think it's a more proactive approach as opposed to reactive. I mean I'm sitting here thinking to myself, oh, the way government would deal with that, many governments would be like, okay, great, we're going to tax those higher sort of

productivity people and pass it along as a UBI, which would be generally quite unappealing in a place like a United States. But in Europe, people would be completely for that.

IAN BREMMER: Yes, I don't know what the right answer is because there are lots of ways to get there. But I do not believe that the governments are going to be the ones making most of these decisions. We just had a week of AI conversations at Davos, and I was involved in a lot of the governance conversations. And the governance conversations were mostly about the United States and Europe and the U.N. and Japan and U.A.E. and da, da, da.

The governance conversations about AI need to be about corporations and their business models because those are the ones that are going to be doing the majority of the governance. And therefore, we need to understand what does it mean if Apple becomes the dominant company that determines how we engage with AI as opposed to Meta or Google or Microsoft or Anthropic or any of them, and what does that mean? Their leadership, how they make money, their business model, how much it can change?

For example, I think, we just talked about Trump versus Biden, how much Trump 2.0 could differ. I would make the argument that governance of Twitter has changed more

dramatically between Dorsey and Musk than governance of the United States would change between Biden and Trump. I would make that argument. Normally, we wouldn't care because who cares about governance of Twitter, X. It doesn't really matter that much. But if we're talking about AI, suddenly we need to care because now we're talking about fundamental geopolitics, fundamental national security, fundamental survivability of existing social and political models. I mean, there is nothing more important in the next five to ten years, in my view. So we need to start having that conversation. We don't have the analytic tools to do that. We don't think of companies that way. We need to.

DAMBISA MOYO: But companies, just for what it's worth, a perspective from the boardroom, companies are very much thinking about their business models. I mean it's as basic as are we going to need this many people in an AI world? You know, you could even push it to say if you're a venture capitalist, you know, part of the model is raising all this capital to fund startups. And what does a big chunk of that money that goes to the startups go to? It goes to hiring people. Well, if you can get one person to do the job of ten, well, maybe you don't need that much capital. Therefore, the venture capitalist firms don't need to raise that much money. What's then their *raison d'être*? How did they actually function? What's their business model? So I think the knock-on effects, you're absolutely right, will be huge in the business sector and we don't know where they stand.

I want to take it over, to open it up to questions. I see a hand there. But while the mike is getting to you, we didn't really talk about the World Data Organization and some of the things you've written about in your previous work around governance. And there may be an opportunity to come back to that. It would be interesting to hear that as well. But would you like to ask your question please.

QUESTION: Chris Fralic from First Round Capital. I'm wondering if you have any thoughts on global regulatory approvals of M&A. It seems like things are coming to a grinding halt. What does that mean to the world and startup ecosystem?

IAN BREMMER: Well, I hate to do this to you, but no. I don't feel like I have great expertise to respond to that question. So, sorry.

DAMBISA MOYO: Just to probe the question, I don't have an answer either, but is your question really about the fact that there seems to be increasing regulation to block these types of transactions?

QUESTION: Yes....(Inaudible – not on microphone)...

IAN BREMMER: Yes, I mean I looked at the list and I think most of the people you have coming in the next few months would be – I mean not Tom Brady – but other than that, I

think would be relatively better equipped to handle that question.

DAMBISA MOYO: Okay, another question right here.

IAN BREMMER: Maybe Tom Brady. He's more involved in M&A.

DAMBISA MOYO: He's more of a crypto.

QUESTION: Thank you so much for today's panel. A quick question. Do you feel like we're going to a new world order? Or do you feel like we're still getting into this turbulent state of fragmentation geopolitically?

IAN BREMMER: I can answer that question. I think that there has been a lot of presumption that people recognize that we're now in this period, this interregnum, the geopolitical recession, a bust cycle, the balance of power is not aligned with our institutions, so we need to build new institutions. And we are starting to. Look at climate, and okay people lied about climate for decades, and it stopped us. It slowed us down. And then you needed to start to build from scratch.

But you now have global architecture on climate and you have global alignment on what the basic facts are. How many parts per million of carbon are there in the atmosphere?

What are the implications of that? And, yes, it came from us. It didn't just come magically from, you know, sort of natural cycles. That's positive.

And so in that regard, you are seeing a level of response to create new architecture. You're seeing, like because China is so much more powerful, the United States and others have built new architecture in Asia. The U.S. pulled out of TPP but you have the CPTPP, which is a higher-level engagement between the other countries. It's still quite meaningful in terms of trade and alignment. You've got the Quad. You've got U.S., Japan, and South Korea. It doesn't have a name but it's as meaningful as the Quad is in terms of all of this engagement. So I don't want to give the view that the world is just continuing to flail around facing an absence of global leadership and nothing is happening. That's not true.

But I do think it's a much more complicated picture than what people had presumed 10, 20, 30 years ago. People were asking, well, is there going to be a G2, U.S. versus China? Or is it just going to be the Chinese century? Or is India going to play a big role? And the reality is we no longer have global orders, at least not singular global orders. The security order, and this goes back to what I was discussing on U.S. and China, the security order is still dominated by the United States. So if the Americans don't want to play, it ain't happening.

Now that creates a lot of room for rogues to misbehave as we might be about to see in North Korea, for example. And, you know, you look at these three African states that just pulled out of ECOWAS after they've had coups. That is a problem with U.S. as the sole leader of the global order but isn't really interested in ensuring security in different pockets of the world.

On the economic front, I don't think you can talk about a U.S.-led global order, I think you have to talk about a multi-lateral global order where the Europeans have the Brussels effect and significant regulatory authority and that matters in some areas. But the Americans have the role of the dollar and the ability to sanction and can weaponize finance to a degree. And then you have the Chinese who have Belt and Road and have the ability to actually drive investment in different countries in a way that no other country can. And India is becoming more relevant and the Japanese. And so those two global orders evolving exist at the same time.

And then, as you can probably guess from my AI comments, there's a very, very fast-moving and growing in influence, digital order. And the digital order, at least for now, is not dominated by states. It's dominated by individual technology companies that we do not think of yet as geopolitical actors but they are. And the real question is not only what those companies want and how they behave, but also to what extent that increase in power trajectory is going to continue unabated over the coming five or ten years. So

that's a complicated answer to what used to be a fairly simple question. It's not anymore.

DAMBISA MOYO: Yes, there's a question there, that gentleman.

QUESTION: Hi, Ian. You were on FP Live and you talked about the firms that have the cultural leadership, the culture and the leadership to adapt to AI, the top five in the sector. Can you kind of go down a little bit as to what type of, couple of questions that you might ask to determine whether these companies have the leadership to do this?

IAN BREMMER: So I'll give you an example. I do a lot of work in Japan, and I love working in Japan. I've worked with the same people in many cases in some of these companies for 25 years. And they frequently stay with their organizations, the cultures are very strong. They are communal in orientation. Having said that, they are overwhelmingly uninterested in how important and transformative AI is for their firms, unless they're directly in technology right now.

And that's because there's not a lot of incentive for younger people...(Audio Issue)...technologies, to tell the senior boss, hey, you need to pay attention to this. And even if you have one or two people in the top of the organization that get it, it's hard to get consensus. It's hard to build that collectively. So I worry that Japanese business

society, which has been so good at so many things, is really not set up to succeed at AI, for example.

When I look at, you know, whether or not, so the reason I said this is because, you know, you go and meet with a lot of CEOs and everyone is talking about AI. Everyone now understands what it is and has the talking points. But are you driving change throughout your organization? Because the way that you're going to apply AI isn't one big thing about your product. It's thousands of little things about the way your organization runs every day. It's how you track sales force. It's how you do a phone call with a client. It's how you identify new talent and recruit. It's everything. It's everything.

And to have an organization that is going to do that across the whole group requires a willingness to continually challenge and change your existing SOPs. That's not just about a CEO. That's about a management and organizational style that actually accepts those sort of creative inputs and is willing to manifest change. Fundamental small change across your entire organization is a very different thing than a big, big change.

Like a big change, anyone can manifest a big change in response to a crisis. Right? I mean, like, you know, you think you're fine and everyone tells you stop drinking so much. Stop smoking so much. You know, take care of yourself, sleep a little more. Then you have a heart attack and, you know what? You have just changed your diet. Just like

that. Anyone can do that. But the kind of organization that continually is capable of manifesting small, incremental changes across the whole organization, that's a very different type of place.

I think that Eurasia Group is that type of place, by the way. We're very flat. We've only got a few hundred people, like 250 people. Nobody listens to me as the founder because they know that I don't have that expertise. It's very expertise-driven. And so as soon as we started seeing AI, the organization immediately, just like we would on any analyst point, we'd say, okay, who in our organization knows anything about this? And let's get them together in a room and figure out how we should attack it as an organization. So it's not top down at all.

I think there are different ways to do that in different organizations, but some organizations are good and some are bad. And given what I'm seeing from AI and how transformative it is in every sector, like if it were up to me, and I'm not an investor, so now I'm really talking out of school, but I'd love to see a fund that just identified the five companies in every sector that did this the best. And just invest in them for three years. That just strikes me as, like pretty smart. Again, there are probably lots of reasons why I'm wrong. So don't take direct investment advice from me. But that was the broader context of the point that you bring up.

DAMBISA MOYO: I wonder; I'll pass it to Sasha in a second, but I wonder if you wouldn't mind just saying a little bit about culture wars. Because your item number ten in your list, it's about risky business. And I'm going to shorthand it and say is DEI dead? How should you be thinking about these culture wars? Because you're talking about culture being such an important piece of whether or not companies can adapt to AI.

IAN BREMMER: I mean it's ESG. It's DEI. It's LGBTQ. It's all, I mean the fact is that these things that obviously manifest important values in society also can create political correctness and truism and can be taken to a degree that they've become caricatures of what they were originally intended. And in an environment where we do not agree on narratives, where we don't agree on facts, everything becomes a fight. And corporations do not want any of this. Corporations do not want to be in a position where they have to take political views that will alienate or antagonize large percentages of their clients, of their partners, of their workforce, etc. And yet that's exactly what's happening on everything.

It's happening at Harvard and it's happening at Disney. It's everywhere. And that's not the United States. I mean cancel culture is the opposite of what the United States should be standing for. It's the opposite of what diversity should be standing for. And, of course, what we now have are activists on the Republican and Democratic side that are fighting to see who can most quickly cancel the other.

DAMBISA MOYO: Sasha...

QUESTION: Ian, thank you. I'm here in New York working for the U.K.'s Mission to the United Nations. So I wanted to ask a question about some of the early comments you made around the kind of tail side, sort of the tail end risks and opportunities around a possible Trump victory in November. What would be your advice to allies of the U.S. like the U.K. and others in the face of that uncertainty?

IAN BREMMER: Well, you'll note that that Japanese already put in place a 2% of GDP spend on defense, which they're doing incrementally. But they did that at the end of 2022, part of the national security document. That was directly a response to what happens if Trump becomes president. So, I mean, if I'm the Germans right now, I'm like, we are not in a position to deal with that. So that's number one.

Number two, safety in numbers. Again, you don't want to get picked off. The U.K. arguably has made a known goal that makes them more vulnerable in this environment. I would argue that you need to, in a place where the Trump administration will be singularly focused on trade deficits and on unilateralism and economic weaponization, having the ability to get the Europeans and other allies in numbers to maintain existing agreements, to align on existing standards, to focus on the things that really matter and make sure that individuals can't be picked off is actually really important. Especially

because Trump does not stay focused on most issues for long. Right?

So I mean this happened a lot in his first administration, his only administration, is that you had people around him that would stop him from doing stuff when he was angry and five minutes later he forgot about it. Talk to Mark Milley about sort of pulling troops out of Germany. Talk to Gary Cohn about ripping up the U.S.-South Korea bilateral FTA.

I mean there are so many examples of this. And especially in an environment where Trump is really focused on things that do matter to him personally, you know, like his wealth and his viability as a private citizen and all these things, like it's going to be easier to knock him off of subsidiary policy questions. But you're going to have to deal a lot more with people around him, some of whom will not, you will not have had any experience with historically. Lighthizer will come back. But I think there will be a lot of people on the national, I think O'Brien will come back, but I think there'll be a lot of people on the national security, on the defense side, that are going to be completely new to you. And your administration is going to need to start thinking about engaging with those people now. I assume they're already doing a little. I saw some of that. I've been involved with a few governments that are already starting to do that. You don't have time for this.

DAMBISA MOYO: Well, let me just pass it back to Barbara and say thank you, Ian. Very illuminating as always. And I really encourage people to go onto the site of Eurasia Group and have a look at these risks. You will have your own, I'm sure. But it's a really great read especially as we kick off this year, which is bound to be incredibly geopolitically interesting. So thank you very much. And I'll pass it to Barbara.

PRESIDENT BARBARA VAN ALLEN: Well, you've given us a lot to think about. It was just a terrific conversation. And I have to say this year is shaping up to be a really exciting year and we're really kind of early in terms of all that will come. We have many great speakers, additional speakers coming.

In February, on the 8th, we have Tom Barkin, President and CEO of the Richmond Fed. On the 13th, we have a breakfast event with Kai-Fu Lee, the Chair and CEO of Sinovation Ventures. On the 21st of February, we have Melissa Kearney, the Neil Moskowitz Professor of Economics at the University of Maryland, who has a groundbreaking book on the economics of family and how important that is. February 22nd, as already mentioned, we're going to be taking our show on the road and going down to Miami, where we will host Seven-Time Super Bowl Champion, Tom Brady, in a conversation, a dinner event with Terry Lundgren. So if you can't attend in person, please know that your guests are also welcome. On the 26th of February, we will host a webinar with Charlie Cook of the Cook Report. We'll have him again, by the way, in

November, where he'll sit with Bob Rubin. And on the 27th of February, we'll have Eric Holder, Senior Counsel, Covington & Burling, and the 82nd Attorney General of the United States.

Looking forward to the spring, Professor Jeremy Siegel of Wharton Finance over at Penn, will be joining us. He's actually going to be in a conversation with our very own John Williams, the Chairman of the Club and the Head of the New York Fed. That will be followed by David Ricks, the CEO of Eli Lilly, Susan Collins, the President and CEO of the Boston Fed, Jamie Dimon has confirmed as well for April. And then John Williams will circle back and do an event that will be just John Williams later. So keep your eye on our calendar. Much more to come.

And we always like to take a moment at the end of our events to thank those in the room or virtually who are members of the Centennial Society because those contributions help to make our programming possible. So again, thank you for attending today. For those of you virtually, we're going to say goodbye. And for those in the room, please enjoy your lunch. And we look forward to seeing everybody again soon. Thank you both.