Dambisa MOYO

An author and international economist formerly with Goldman Sachs, Dambisa Moyo sits on the boards of Chevron and Condé Nast. She has served as a member of the World Economic Forum's Global Agenda Council on Global Economic Imbalances, and the Bretton Woods Committee. She wields both an expertise and insider view of global corporate, economic and financial issues. Born in Zambia, she is today also Baroness Moyo, named in November of 2022 a member of the UK's House of Lords.

She was named by *Time* magazine as one of the "100 Most Influential People in the World." Her books have made *The New York Times* Best Sellers list and her fifth book, *How Boards Work (and How They Can Work Better in Chaotic Times)*, was published in 2021.

Moyo is in demand as a public speaker. As a commentator and columnist, she frequently writes for international financial and economic journals, periodicals and publications including *The Wall Street Journal, Financial Times* and *The New York Times*.

When we caught up with her recently, Moyo had just returned from Jackson Hole Economic Policy Symposium, a three-day annual conference and pivotal gathering of the world's central bankers and financial and economic experts. Her outlook for the financial and economic future reflects a world focused on both startling technological progress and deepening inequality. She is worried that those who assume the future invariably involves more democracy and more capitalism, not less, are taking a "dangerous view."

You're just back from Jackson Hole, and you talk with leaders of all types about the state of the global economy on an ongoing basis. What are you hearing?

It's a weird situation. When I'm in boardrooms with CEOs or listening to their conversations with investors, I hear optimism. They'll say, "What are you worried about? At worst, it's going to be a soft landing. It's all going to be fine."

But if I spend time with economists and public policymakers, as I did at the Fed meeting in Jackson Hole, the mood is almost 180 degrees different. They're worried about growth, still deep concerns about inflation—and how sticky inflation is. They're worried about geopolitics, what that might mean for globalization. They're worried about the debt burden. Public policymakers are very stressed about 100% debt-to-GDP ratios, the slowdown in consumer spending.

It's this weird dichotomy where half the people I spend time with think happy days are here again and the other half are much more concerned in terms of the global outlook.

Clearly there's a lot to be euphoric about, a lot of the forecasts that there were going to be these massive recessions, the war in Ukraine was going to create all these problems—all that we've managed to navigate through. But longer-term, the more structural questions about the global economy, migration, debt, demographic changes, geopolitics, supply chain constraints, headwinds from climate—I don't think we've solved any of those problems. We're now closer to them becoming ever more problematic.

PHOTOGRAPH: GUERIN BLASK/THE NEW YORK TIMES/REDUX

“The world we’ve been living in, where democratic, capitalistic states dominate, is a historical aberration,” says the global economist, author and board member.

By **KEVIN HELLIKER.**

Is the global economic picture harder to foresee today than in the past?

During the pandemic I realized that as economists we very much live in the here and now. I was reminded about something I had written in *Edge of Chaos* in 2018: "What is the equilibrium around political economy and economics?"

What we know from hundreds and hundreds of years of history is that the world we've been living in, where democratic, capitalistic states dominate, is a historical aberration. If you go back centuries, you find more state-led economies—I think the word authoritarian is thrown around a bit too much, but you have more central control: Less market capitalism, more forces of government. That tends to be a more consistent theme than market capitalism and democracy.

If you start to look at things through that lens, then from my vantage point, things become a little bit more predictable.

If you think about a globalized world where there's going to be more democracy, not less, more capitalism, not less, I think that's a very dangerous view, because it causes you to miss a lot of stuff that's happening in the world today. If we look at the political and economic environment that has dominated the last 50 years as our best guide for what's going to happen in the next 50 years, I think we're going to find ourselves in a lot of trouble.

Should the Western model, if you want to call it that, of capitalism and democracy be the model for others?

The answer is complicated. For me as an individual, the answer is yes. If you're able-bodied and you want to work hard and to contribute and you want opportunities, why wouldn't the market capitalist system be the best system? But that's not really how the real world functions.

It also depends on where you live. In developed economies, it is a very different proposition from living in a smaller country that is in a nascent stage of democracy where you need to drive home a lot of foundational things to get the economy going—in those societies it's been argued that you need more of a benevolent dictator, less of a plural society.

I feel more and more that there are a lot of system errors, not just in corporations or NGOs, but in how economies and societies develop. Legacy aspects drive the way a society functions.

To become an "America" is a very difficult thing, a lot of things have to go right. Clearly, it's not been easy to transplant it around the world.

"It's this weird dichotomy where half the people I spend time with think happy days are here again and the other half are much more concerned in terms of the global outlook."

You talked on CNBC recently about productivity and declining productivity, which is a concern. Also, the mystery of: Are we really measuring it?

We haven't had any real productivity gains for the past 10 to 15 years, which is a puzzle. There are three drivers of growth: capital, labor and productivity. Economists estimate that at least 60% of why one country grows and another one doesn't is because of productivity. It's hugely important. So to see a decline in productivity during a period of technological boom, when ultimately we should be more efficient, is an enormous puzzle.

I do want to say, it's happened before, during the Industrial Revolution. There were enormous gains of productivity and then all of a sudden, they fell off. It was 10 years where there were no productivity gains. To this day, historians and economists debate what happened. How is it possible that there were all these gains, and then suddenly there was this lull? We're kind of in that period now.

It might be a measurement problem. We're in the AI era now, people are coming up with these crazy estimates of gains to expect. And yet, it can take a while to embed them. Going from Benjamin Franklin's kite getting struck by lightning to electricity on everybody's walls, just press a button, that takes many decades of delivery.

How do you get these potential gains that everybody's excited about with AI? How do you deliver them so that it can be reflected in our output? It might be the case that regulation means the ability to embed those gains has been too aggressive.

Whole important and heavily regulated sectors of the economy have not been fully disrupted: education, healthcare, housing, financial services. In a lot of sectors in technology, there have been gains, but they're just not recorded yet. Everybody's speculating about where those gains would come from, but for now, it's still an open question. And I think it's going to remain an open question, especially with the AI euphoria, which I do think might be a bit premature.

How do you see this impacting the employment landscape?

People like to say it's not just machines, it's humans plus machines. Fine. But if you're a policymaker, I think you'd be naive not to start to do some of the calculations and calibrations that even John Maynard Keynes was doing in the 1930s when he predicted that by 2030, we would have a 15-hour workweek because workers were going to be displaced.

I've heard anecdotally, and I'm getting more and more data, that people graduating from top universities are not finding jobs. A lot of companies now think they don't need to hire as many new employees; they can just implement new AI for routinized work. And that's in the here and now.

If you're a government, the knock-on effects for skilled labor, non-skilled labor and immigration are enormous. If it's true that we're going to start to see a lot of workers out of work, you can see how the government will want to be much more aggressive about who's coming into the country, because what are you going to do with all these new workers? Wages pushed down, more people coming and don't have work—there are a lot of questions.

But policymakers like to be quite rosy about these things publicly. "Oh don't worry! We'll have more machines, but you're going to be more efficient and we'll need more workers." I'm sure that's true in some scenarios. But I think the broad sweep is that there will be dislocations. There's not an obvious sector to absorb unskilled workers, as there was when people moved from agriculture to manufacturing, or manufacturing to services over the last 100-plus years.

From a public policy stance, does that mean more universal basic income? Does it mean more welfare? Does it mean that more gains will accrue to the companies that are the fastest to get rid of the human workers and invest more in the capital? At the extreme, let's suppose you have 99% of the population not working but you have one person running the machine that's generating enormous value. Well, the tax structure could be quite different.

And then, Keynes' question becomes a very live one: What do that 99% do? In private, policymakers are asking that question, but publicly, it's not the sort of question that people would find easily palatable because it causes a lot of stress. But I think it's the right question to be asking.

It's a scary question.

Already, Wall Street traders have shortening horizons over which to perform—the windows are so short, and we have high-frequency trading, *et cetera*. It's not going to be long before you won't need the person at all. You won't need those humans. With AI, you can have machines trading, essentially high-frequency trading in the *n*th degree. It's so interesting for business models—countless examples.

In some aspects, it's going to take some time, but for others it's here already. From policy and inequality perspectives, I think it's going to be an enormous issue between countries. People are now coming to the southern border of the US because there are jobs for them to do here, but within 10 years, certainly 20, when AI becomes more fully baked in, there could be no jobs, and we'll be in a very, very different world.

There are already over 100 million displaced people and refugees—the highest on record, according to the IRC [International Rescue Committee]. And everybody's waiting for something to get done. We know that wages have been under pressure. I think this is going to be very problematic.

"To become an 'America' is a very difficult thing, a lot of things have to go right. ***Clearly, it's not been easy to transplant it around the world."***

Where does the relationship between China and the West go from here and what does that mean for developing economies?

I hope the relationship gets better. There's a symbiosis there, the fact that we're even in this situation suggests some outlines to take. The language that's been used, the standoffs, were kind of unnecessary given the interrelationship within trade and capital and ideas, given where the world is, given where China is. Militarily, technologically, economically. That we ever got to a place of checkmate like this is absurd as far as I'm concerned. I'm very hopeful that some air can be taken out of it.

I actually think ultimately this is very much a money game. If China is going to write checks, they'll be welcomed. If they stop writing checks, they won't. It's as simple as that. I know that sounds almost farcical, but I really do think that. They've never pitched themselves as some ideological villain. They've never said, "We're trying to sell you God and democracy." And so the only thing that they've ever had to offer around the world is capital. Not even ideas, really. Just pure capital.

The question mark is because of their own economic situation, they've got deflation, large pockets of unemployment, the real estate problem. All those things mean there's a question mark about China's ability to continue to be an underwriter of economic development around the world.

The only caveat I'd add is that there are now these swing states coming up: Saudi Arabia, the other GCC countries, India. I think they will play a much bigger role and therefore might start to squeeze China's role in the global competition.

What gives you hope?

Generally, I don't have good news, I'm afraid. But I feel most confident about the US resetting. People are suspicious, given what lies ahead, the 2024 elections. But I just assume whoever wins, there'll be a bit of a fracas. Then we'll all go back to, "It's fine, it's America."

They say I'm being slightly naive. But there's pretty much nowhere else in the world, all things considered, and the numbers don't lie: *Res ipsa loquitur.* ◆

KEVIN HELLIKER is a Pulitzer Prize-winning journalist, formerly with *The Wall Street Journal*, and Editor of the *Brunswick Review*.