Will AI change the balance of global power?

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Executive Summary

AI development is likely to significantly alter the balance of global power, primarily by concentrating influence within nations that possess leading technological and data infrastructure, rather than distributing it broadly [30, 31, 32, 33]. The United States and China are positioned to dominate this shift due to their substantial investments in AI infrastructure, data resources, and advanced models, creating new dependencies and intensifying geopolitical competition [3, 4, 18]. While some evidence suggests potential for broader distribution through technological evolution, the current trajectory points towards increased power concentration [30, 31].

Key Findings

Concentration of AI Power in the US and China

The concentration of AI infrastructure, including compute, data centers, and specialized hardware, within the US and China provides a durable advantage, hindering the ability of other nations to compete in frontier AI development [3, 4]. The US currently leads in frontier AI models, particularly large language models, and maintains a strong ecosystem of AI companies [4, 10]. China is rapidly closing this gap, especially in applying AI to physical systems and data-driven infrastructure, fueled by its large population and comparatively less restrictive data policies [3, 16]. This access to extensive data, combined with significant government investment, provides a potent advantage [3]. The convergence of technological and financial power in these two countries solidifies their positions, creating a high barrier to entry for nations lacking massive computational resources and energy infrastructure [18, 30, 31]. While a multipolar order is emerging with countries like the EU, India, and Russia playing roles, they generally lack the same scale of infrastructure and data resources as the US and China [7, 9].

AI as a Driver of Geopolitical Competition and an "Arms Race"

The increasing concentration of AI technology and financial power within a small number of US and Chinese firms fundamentally alters traditional concepts of national power and creates new dependencies [18]. This dynamic is further amplified by the integration of AI into military technologies, driving competition between the US, China, and Russia [14, 16, 21]. Global military AI spending is estimated at $30-40 billion USD, largely concentrated in these three nations [22]. This escalating competition, characterized by significant military spending and the pursuit of quantifiable military advantages, accurately reflects a traditional arms race, despite the dual-use nature of AI technology [14, 16, 21, 23]. China's comprehensive approach, backed by $200 billion in state investment over the past decade, spans civilian, commercial, and military domains, embedding its technological standards in foreign institutions and infrastructures [22].

Risks of AI-Driven Disinformation to Global Stability

AI-driven disinformation poses a significant threat to democratic processes and global stability, currently outweighing the benefits AI offers for economic growth and societal advancement [1, 17, 18, 19]. AI-powered tools are utilized to create and amplify disinformation, including deepfakes and sophisticated social media bots, impacting societal trust [18, 19]. This risk is compounded by AI-driven job displacement, where new job creation is not keeping pace with losses, and the uneven distribution of economic benefits [16]. The emergence of transnational tech elites and the potential for disinformation campaigns threaten democratic governance [17, 18, 20]. Counter-disinformation efforts employ metrics such as reductions in reach and engagement on flagged content, with flagging showing a 46.1% reduction in reposts and a 13.5% reduction in views [8]. However, determining an overall success rate is difficult, and the effectiveness of AI-driven countermeasures is limited by data quality and the adaptability of malicious actors [7, 14].

Divergent Regulatory Approaches and Their Economic Impact

The EU's human-centered and restrictive approach to AI regulation, particularly through the AI Act, is more likely to foster innovation while mitigating AI risks than the US's more laissez-faire strategy [18]. The EU's framework prioritizes responsible AI governance, emphasizing transparency, accountability, and risk management, which is projected to encourage responsible development and greater public acceptance [18]. This contrasts with the US approach, which relies on voluntary standards and sector-specific

regulations, projected to yield greater economic growth and market share in key AI sectors, but potentially at the cost of higher risks related to bias, privacy, and security [14, 15].

However, the EU AI Act's compliance costs are expected to impose a substantial financial burden on Small and Medium-sized Enterprises (SMEs), with penalties for non-compliance reaching up to â‚¬35 million or 7% of global revenue [2, 5, 6, 7, 12]. This could stifle innovation and drive AI development away from Europe, particularly in the automotive sector, which is highly susceptible to regulatory arbitrage [2, 8, 13]. The EU's stricter data governance may hinder AI development speed, while the US's permissive approach facilitates faster innovation [2, 7, 13]. The feasibility of achieving complete "AI sovereignty" for the EU, defined as strategic autonomy and control over critical AI infrastructure, is considered unrealistic in the short to medium term given resource constraints and reliance on non-European AI technologies [11, 12, 15, 18].

Implications

The evidence suggests that AI will fundamentally reshape the balance of global power by concentrating technological and economic influence in a few leading nations, primarily the United States and China. This concentration creates new dependencies for other nations, who must either invest heavily to compete or align with the dominant powers. The characterization of AI development as an "arms race" underscores the strategic imperative driving national investments, particularly in military applications, which will likely exacerbate existing power imbalances. The pervasive threat of AI-driven disinformation poses a significant challenge to democratic governance globally, potentially destabilizing political systems and societal trust, which could further empower states capable of controlling or weaponizing such technologies. While the EU's regulatory approach aims for responsible AI development and risk mitigation, it faces trade-offs in innovation speed and competitiveness, potentially leading to a geographic shift of AI development and investment towards more permissive jurisdictions like the US and China. This dynamic implies a future where technological leadership in AI translates directly into geopolitical leverage, necessitating strategic adaptation from all global actors.

Limitations and Caveats

The assessment of AI's impact on global power involves predictions about future geopolitical shifts, and while evidence strongly supports power concentration, plausible counter-arguments exist regarding technological evolution and the potential for distributed AI models to diffuse power [30, 31]. Similarly, the probability of catastrophic outcomes from AGI development currently outweighs the probability of widespread benefits, but this finding involves inherent uncertainties and interpretive leaps, making it a debated, not settled, issue [24, 26, 27, 29, 25, 28]. The comparative effectiveness of proactive, legally binding risk assessments (EU) versus reliance on existing laws and voluntary compliance (US) in mitigating AI risks between 2026 and 2030 is also a future prediction lacking direct comparative data on incident rates, thus remaining a debated topic [34, 35, 36, 37, 38, 39]. Specific, quantifiable metrics for assessing the effectiveness of counter-disinformation efforts by governments and social media platforms, and their estimated success rates, are not comprehensively detailed in the provided research, making a definitive evaluation challenging [18, 19, 20]. Additionally, while the EU AI Act's potential to drive AI development away from Europe is a significant concern, quantifiable data on a measurable shift of investment exceeding $5 billion in the automotive sector, or its precise effect on EU market share, is not explicitly provided.

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