

# CHAPTER ONE



# THE UNRULY TRIANGLE

One morning I received a phone call from a Connecticut number while I was meeting with some colleagues. It might be a hedge fund with an urgent question, so I answered.

“Hey, Sean, can you talk?” I immediately recognized the voice on the other line, a well-known global macro investor. I had logged more than 900 interactions with this client that year including no less than five emails that morning. But he had never called my cell phone.

“I’m actually in the middle of a meeting right now. Can I call you back in 20 minutes?” I asked, knowing there’s no way that would be good enough.

“Sure, Sean. I just have one question for you, it will only take a minute. WHAT THE F—K IS GOING ON IN WASHINGTON?!”

Of course, that was not a one-minute conversation.

This type of interaction was representative of my life as a geopolitical forecaster, where I honed the ability to rapidly digest any political shift in the world and put it into the context of “the economy” or “markets.” Such skills are highly sought after by Wall Street because an early understanding that a new political leader may crush a particular asset class is

immediately actionable—investors can sell that asset, perhaps juiced by high leverage, and make a killing. When the political tides look likely to turn, they can buy it back. “Trump Trades”—Election Day bets on industries that would win or lose when the President returned to office—provide one such example.

The crux of such analysis is to get the trigger prediction correct. What are the odds a government will do a specific negative or positive thing in the next week? In the next month? In the next year? If you can consistently predict policy shocks, investors can make a lot of money expressing that thesis in the market.

In stable political environments, such prediction is possible. But world politics is becoming too complex to model and predict with any high degree of likelihood. As one artificial intelligence (AI) pioneer told me when I suggested using tech to model politics a decade ago: the smartest minds in the world had not figured out how to predict if you want to stream a tenth cat video after you watch nine of them. So predicting what an unstable and complex political system will do next feels somewhere between an educated guess and a fool’s errand.

The good news is that, for corporations, the probability of an event is less important than anticipating or rapidly understanding impact. If you mine in South Africa and an antibusiness leader may come to power, you don’t really have a choice about whether to stay or go—you’re fixed there for a while. Thus, your real focus is not predicting who will win but understanding the impact and extent of such policy shifts so you can respond. This is more than figuring out what is being discussed so that the corporation can lobby against it. This is about figuring out what growth

opportunities will be open or closed for that company in South Africa in the future with some level of specificity.

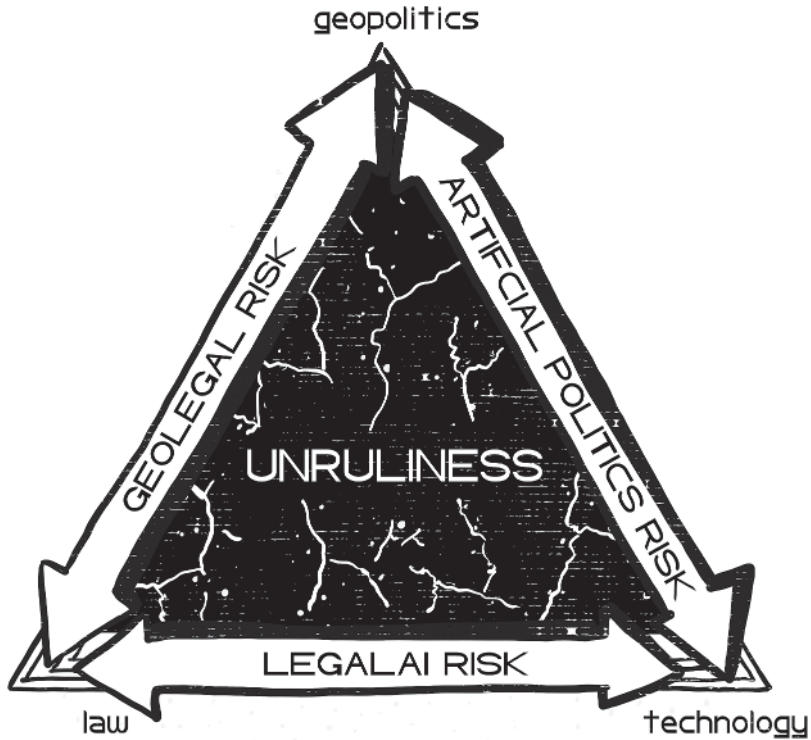
To do that, you need to bring political risk down to a much more concrete level. From my vantage point, the law provides grounding that suddenly makes such analysis much more actionable.

When a policy idea or a political promise meets the administrative state, it becomes a law or a regulation. It becomes something that the government could or will enforce in the courts. It becomes grounds for a commercial competitor to launch a legal challenge. It can create avenues for success in a place, or it can shut them down completely. With the exception of security risk—which is often conflated with political risk—most other politics is just noise.

The trick here is to realize that this is not just politics or law raising risk, but it is the intersection between the two. Throw in the way technology intersects with politics and law, and then the risk landscape become much more complex.

This is the essence of what I call “unruliness,” which is the concept that underlies this book. Unruliness results from the dynamic interplay of politics, technology, and law to create risks that don’t fit neatly in any corporate silo. Crucially, it creates risks that change shape in real time and require agility to counter.

To conceptualize unruliness, I rely on a simple schematic called the “Unruly Triangle.” The core insight of the triangle is that each of the vertices—geopolitics, law, and technology—are connected to each other generating new risks that are constantly in flux.



Traditional risk frameworks tend to view the three vertices either as separate factors for risk analysis or as somewhat static such that an analysis of these factors can be done at a single moment of time and assumed to hold. To be clear, the world does present traditional political, legal, and technological risks. But the real source of anxiety for corporate leaders in the years ahead will be the way these intersections manifest.

Thus, we need to think about risk flowing up and down each leg of the triangle from the interactions of these factors. Politics determines not just what the law is but how, when, where, and even if it is applied. Stable politics allows for rule of law and rule of law supports stable politics. The law defines the conditions under which political contestation is permitted, proceeds, and is ultimately settled.

The law does the same for the arenas and pace of technological advancement. Technology transforms the broad social and economic conditions that influence how politics is played at home and abroad and can be used to determine narrow political outcomes. It is also an instrument that can revolutionize all modalities of law for better or for worse—surveillance, enforcement, representation, adjudication, and punishment. New technologies require new legal frameworks, and those frameworks ensure technology remains appropriately regulated.

Rather than being separate risks, for each of these three factors, there is a push and pull that's largely imperfect and rarely stable. But historically a rough equilibrium is achieved and populations, businesses, and lawmakers understand and may even respect the parameters.

This book is sounding the alarm that we are in an extended moment of flux where the process of getting to a new equilibrium will be nasty, risky, and long. This generates three novel risks—Geolegal Risk, Artificial Politics Risk, and LegalAI Risk.

Politics and law intersect into what I refer to as “Geolegal Risk.” Geolegal Risk is the manifestation of politics through the legal channel or vice versa. For instance, losing in court because a politically appointed judge favors a given political interest is much different than losing on the merits. But Geolegal Risk is also about the breakdown of international institutions that uphold international law or expansive sanctions driven by politics. There are many other examples where politics and law intersect to shift the landscape of business.

Politics and technology intersect into what I call “Artificial Politics Risk,” buttressed by advances in AI. Artificial Politics is when an election outcome has been fundamentally altered by fake news generated by a foreign or malicious actor, causing irreparable damage. It is also when technological advancement is constrained by nonexpert regulators wielding blunt instruments for political gain, to serve entrenched interests or simply out of fear. It is when technology is used to change political systems once and for

all; for instance, when an authoritarian government implements surveillance to achieve a decisive advantage over its political opposition. Most importantly, it is when technological advancement so fundamentally shifts the economic landscape—for instance, through technological unemployment—that political systems fundamentally realign either in the domestic political economy or among geopolitical rivals.

The third leg of the triangle is what I call “LegalAI Risk.” LegalAI the automation of the law, which brings with it novel risks. It gives the potential to overwhelm governments or competitors with automated lawsuits or to fight back against legal injustices using new AI-assisted tools. Crucially, it raises the specter that technology may shift what the law means at the most fundamental level.

I’ll walk through each of these synthetic risks in turn.

## GEOLEGAL RISK

As political cooperation erodes, so do rules and laws, presenting the intersectional challenge of Geolegal Risk. Limits on impunity and arbitrariness are established via political codification into laws and norms—and when political convergence no longer exists within a country or across countries, there is often a rise in arbitrary exercises of power through the legal system or despite the legal rights one may have in a particular legal system. Thus, if I can convince you that political convergence at national and international levels is evaporating—which may not be particularly hard to do—you will start to grasp the risk that the rules of a particular country or of international trade will be more open to interpretation than they have been before. When the rules are gray, there is more space for actors to use the legal system against you. Combine that gray area with the advent of technology that makes it easy to exploit targets using the legal system, and you have an unruly world of new challenges.

# Geolegal Fragmentation

A world that is increasingly fragmented is a world of greater Geolegal Risk. A politically converging world establishes rules and laws that make it easier for businesses to operate. Think about the European Union. France and Germany went from fighting two world wars to having the same monetary policy. Free movement of people between them. The same body of human rights law. And so on. That meant goods, services, and people could move freely. That convergence was only 30 years ago, yet it is impossible to think of a project like that in the Western world today—and the durability of the European Union itself is clearly in question as it recently said goodbye to its first former member, the United Kingdom.

Today's world is one that is fracturing considerably. Where the United States once believed that economic interdependence between the West and China would bring China into a global system dominated by U.S. norms ranging from free trade to democracy, both sides now believe such interdependence is a risk to their national security. As countries feel worse off, they are starting to use economic and financial weapons like tariffs, sanctions, export controls, and investment controls and interrupting supply chains at unthinkable high rates—attempting to carve the world up into tiny economic pockets of permissiveness and restriction that can be redrawn at any moment.

My former boss and mentor Ian Bremmer has called this world the “G-Zero world” in contrast to a world where decisions are made by the G8 or G20 group of nations, or in contrast to a collaborative G2 of the United States and China trying to solve the world's problems.<sup>1</sup> A G-Zero world is a world without global leadership—it is a world that has few political guardrails and every nation is working only to its own ends.

Where institutions like the United Nations, World Trade Organization, and International Monetary Fund once drove the global development agenda, increasingly countries are charting their own paths under the

patronage of their favorite large power (or perhaps being persuaded to choose one over the other). Poor countries are left to find a sponsor, and middle-income countries are stuck trying to navigate between the United States and China.

That type of world is much riskier from a geolegal perspective. Because of global supply chains and global consumer bases, companies of any scale have exposure to a whole host of different legal systems and frameworks. The erosion of supranational rules, laws, and institutions implies increasing compliance complexity as the primacy of the state reasserts itself. It also implies (potentially contradictory) legal exposures across countries that can very quickly turn into concrete risks as political dynamics change.

## Legal Unruling

The world is filled with lots of laws on the books. The problem is that the legal system in so many jurisdictions is being undermined, unwound, and weaponized capriciously. This undermines the concept that there is any rule to the laws. Such “unruling” increases the chance that the next decade is particularly unruly.

First, most of the world has never had access to the law or justice. The World Justice Project (WJP) estimates 5.1 billion people—two-thirds of the world—have no access to justice, meaning they cannot access their justice system, are excluded from economic opportunities because they lack legal tools, or live in exceptional circumstances of injustice. In writing about a “rule of law recession,” WJP estimates 76% of the global population live in countries where the rule of law declined—a negative direction charted for the seventh straight year.<sup>2</sup>

So, we live in a world where most of the population has no access to justice and it is getting worse for those of us that do. For those who lack access to justice, the law provides a convenient veneer for those with power to deprive them of opportunities or assets. This is not just a developing

country phenomenon. A tenant in Los Angeles who is wrongfully evicted by a slumlord experiences this the same way a citizen in Beijing might when their property is seized to build a new military base, with no recourse.

Second, we should recognize a rise in impunity and a decline in democratization. Former U.K. Foreign Secretary David Milliband captured this in a compelling 2023 piece for the *New York Times* where he defines impunity as “the exercise of power without accountability, which becomes, in starkest form, the commission of crimes without punishment” or, more bluntly “the mind-set that laws and norms are for suckers.”<sup>3</sup> The rise of impunity is tied in with a backsliding of democratic norms in many places in the world. Political candidates from countries that once valued free and fair elections now might value elections that are free and fair only so long as they win. Critics are increasingly silenced by laws that are adjacent to the political process—for instance, being banned from running in certain elections by being accused of corruption.

Yet, this is not a book about the end of democracy—that book has been written by others.<sup>4</sup> Instead, we need to track democratic erosion as a building block on the way to an unruly world. And we need to extend this concept of impunity to note that this is much more than a national phenomenon. It is happening at the international level where borders or the laws of war don’t really tell us what actions are likely to come next from spoiler countries with respect for neither and decreasing fear of punishment for ignoring both. It is happening at the local level where urban crime is simply not punished, for a variety of reasons I will outline.

Third, we need to recognize that legal systems themselves are being weaponized. This is different from impunity, which implies those with power simply bypass the law. Instead, this is about using the law when it is convenient to fight political or business challenges because the legal system is captured by politics and business. This is a sense that every Western election might need to be litigated before, during, and after. This is a sense that every body of settled law should be repeatedly tested at the highest

court until the political constellation of appointments enables the extraction of maximum policy change. This is a sense that rounding up foreign citizens or issuing Interpol red notices for arrest is more preferable to making enemies disappear because use of the legal system gives a veneer of righteousness—even when it is just a craven power play.

All of those factors are combining to shift the role the law plays in society. A world where there is no rule of law—either because the law is no longer seen as legitimate or because the law is not enforced—is an unruly world. It is a world where anything can happen next.

In that world, it becomes much harder to answer the following questions: What is the law? Will it change? Will it be enforced fairly? And, is it compatible in every jurisdiction in which you are present?

And if you can't answer those questions, you can't actually make decisions on market entry or exit. Or long-term investment. Or even what the next quarter might bring for you. These are the rules required to do business. And they are eroding.

While we may agree these questions are becoming murkier due to this politically induced bout of rule of law starvation, what most have failed to note is the role that technology will play over the next 10 years to cement this environment.

## ARTIFICIAL POLITICS RISK

Just like the Internet brought a democratization of information to global populations, innovation in AI holds the promise to solve the justice gap I described once and for all. Unfortunately, it also has the potential to cement it for good. If we don't understand how technology is changing politics, we will sleepwalk into a permanently unruly world.

First, AI has the potential to transform and reorganize economies. When most jobs can be automated, much of the population loses its reason

for putting on clothes and leaving the house every day. In the best-case scenario, a broader portion of the population lives happily ever after off the AI-generated fat of the land redistributed through basic incomes and government benefits. In the worst-case scenario, society splinters as many citizens feel no agency over the direction of their lives and turn into a permanent protest class.

Second, the sheer power of new technologies in a geopolitically fractious world has set off a scramble to constrain or contain sharing of the most novel innovations between geopolitical rivals. One of the most important drivers of risk in the unruly world is the tension between the United States and China over access to the full supply chain underlying AI. These fears create new paradigms of national security control over businesses and new expectations for businesses to be patriotic.

Third, technology allows for the consolidation of power in the hands of those who already have it today. One percent of the world's population owns roughly half of global wealth, while the poorest half of the population owns less than 1% of the world's wealth.<sup>5</sup> Technology has the potential to freeze such economic and power structures in place forever—not that different from the decisive advantages that nuclear countries have versus those that lack nukes. This is because technology can be used to implement surveillance states that may never actually be able to be broken because they are so ruthlessly efficient. If populations can't fight back, the "haves" of today may be the "haves" of the future. That opens up the possibility that such states can act with permanent impunity.

## LEGALAI RISK

When I speak of LegalAI, I am not talking about the billions of dollars floating into applying AI to productivity solutions for lawyers. I am talking

about the fundamental way that technology will shift the law in the years ahead.

A milder scenario is that technology will simply allow governments to have full visibility over rule-breaking and rule-compliance. I was recently in Singapore and saw a police camera attached to a sign showing how many people had been fined for littering, presumably caught by the monitoring camera. No doubt one can argue that this is more rule of law than ever before—the law says you can't litter and if you do, you'll be automatically fined. When your car prints you a speeding ticket automatically at some point in the future, it will have the same effect.

The problem is that a fundamental tenet of justice is empathy and discretion. Did you litter because you are disabled and lost control of something you were carrying? Were you speeding because you were carrying a stabbing victim to the hospital? When the law becomes automatic, it is no longer the law. The law, then, is simply a punitive system or one to be gamed. It no longer signals norms built on top of the values of society but instead focuses the population on how to avoid getting caught for infractions. It is the equivalent of encouraging drivers to slow down only for the instant they are crossing a speed camera—not to drive at a safe speed because society values a reduction in the loss of life from car accidents.

As the law becomes automated, it has the potential to be more readily accessed. This may increase access to justice, but it also increases access to the legal system writ large. As all goods become digitized, their cost falls considerably. Today I can carry around a playlist made from all the world's music because, as music became a digital product, its cost fell considerably. Soon, I'll carry a playlist of my favorite legal attacks and defenses in my pocket too. Where I might not have been able to flood my commercial or personal enemies with lawsuits in the past because it was prohibitively expensive, now I can. This means citizens are more likely to fight than ever before. This also changes the law from a set of rules guiding society to a

game to be played. That lends itself to a type of legal anarchy of increasing weaponization, presenting new risks to anyone with legal exposure.

Finally, AI may open the door to radically new conceptions of how the law works. I'll later describe work by law professors who suggest that someday every citizen may have slightly different laws depending on their circumstances. For instance, a driver who got a bad night's sleep is told their speed limit is lower than someone who had a better night's sleep. There are other researchers who suggest rules and laws be drafted by for-profit regulators who compete to earn money by making the best rules. These are all possibilities that are opened up by technological advancement and would be a sea change for society and business.

## FIGHTING BACK

One goal of this book is to elucidate that risk in today's unruly world does not come in neat buckets of political, legal, and technological. Instead, risk is messy and cross-cutting, manifesting in many novel ways we need to work hard to understand and anticipate.

But you are not just a taker in a world of new synthetic risks. You can fight back. My second goal with this book is to show you how to do so.

As you read through the rest of the book, each chapter will take on a novel issue in Geolegal, Artificial Politics, or LegalAI Risk. It will then end with a technique you can use to proactively gain advantage over the forces and competitors that otherwise risk overwhelming you.