

What's going on in the world? What's gonna happen?

*'Here's a list of alternative high level narratives about what is importantly going on in the world—the central plot, as it were—for the purpose of thinking about what role in a plot to take'*¹

Economics: Growth is [really good for welfare](#), and [GDP will continue to increase](#) and many more people will get richer and have better lives.

The driving force is mostly corporate capitalism: Big corporations are really good for growth and innovation, and thus the welfare of humanity.² The biggest corporations in the US—which have a much lower tax-to-GDP ratio—are the ones pushing the global technology and innovation frontier and Europe is just free-riding on US innovation (and also its much bigger science and defence budgets, but the US is onto this scheme and it might change).³ As such, economists think corporate taxes are the most harmful to growth,⁴ and maybe that's why they have gone down a lot of the last 100 years. For instance, the 2017 US tax cuts increased long-run GDP by 0.6% and also, labor income increased by ~\$750 per employee.⁵

Corporation capitalism will continue to be the dominant force because the structure ultimately enjoys deep and broad support: people can invest in the S&P 500 and get a steady 7% return every year which doubles your money every 10 years. Americans have gotten really rich off this recently: 20M US households now have net worth over \$1M. Politics will get ever more responsive to the stock market. People will be upset if that doesn't continue. It's just too good. R is so much bigger than G, and people love it mostly. Trump realized this and has told people 'Look at your 401k'. Corporate capitalism will continue its march, and maybe people will even move away from having all their wealth in homes, and hold more of their assets in stocks or a GlobalMarketPortfolio Coin (some banks already let you switch your current account to stocks easily).

¹ [What is going on in the world?](#)

² [Big Is Beautiful](#)

³ [Can't We All Be More Like Scandinavians? Asymmetric Growth and Institutions in an Interdependent World](#)

⁴ [EconPapers: Taxation and Economic Growth](#)

⁵ [Lessons from the Biggest Business Tax Cut in US History - American Economic Association](#)

I hope politics will solve most issues and externalities (e.g. we've been making good progress on climate change⁶). Governments are not as effective as corporations but tax-to-GDP ratios are ~30% in rich countries and tax receipts increase in lockstep with GDP, which corporations drive, and even though most tax is spent in a fixed way on welfare, pensions, health, etc. the small percentage of what's left is still a lot in absolute terms and enough to solve most problems.

Because growth is good, US foreign policy of the 20th century spreading free market ideology and democracy in many countries was, on the whole, actually very good and communism was really very bad.⁷ Spreading democracy was also really good, because of democratic peace—the idea that democracies rarely fight one another—which has been called 'the closest thing we have to an empirical law in the study of international relations' and the relationship is ~5x 'as robust as that between smoking and lung cancer'.⁸ So, free-market liberal democracy will spread further, which is good and maybe we should get back to doing that more.

Geopolitics: Autocratic countries like China probably won't continue to grow without continuing to converge a little more towards the corporate capitalist consumerism liberal democracy. Their growth has already slowed down a bit recently and China actually does have some internal resistance to its autocracy and lying flat and so on. Also, EU+US is 2x the GDP and ~the same population, with a significant head start. Expansionism seems just really difficult... Maybe China will annex Taiwan and Russia will try to invade another country but it seems unlikely - maybe 1% - that they will try to really go for it beyond that full WWII style. It's just hard, and pointless, and the optics and economics are bad. Also everyone is arming themselves and getting nukes now, so the worst that could happen is another cold war, which we've survived once, but maybe that was just luck.

AI: Above is the base case and AI is a wildcard that could change everything, but so far it hasn't. AI progress is crucially dependent on two powerful drivers that are working in different directions:

1. **Diminishing returns to scaling:** might really bite. LLMs are still not transformative AI that could automate ~all human labor.⁹ But Big Tech is pulling out all the stops: by 2030 we might train AI that is 10,000x bigger than GPT-4—the same increase from GPT-2 to 4¹⁰— this would cost on the order of hundreds of billions and use 10s of GW in energy. OpenAI is using 70% of compute for R&D to improve their next model.¹¹ But crucially:

⁶ [Good news on climate change](#)

⁷ [Making the Unipolar Moment: U.S. Foreign Policy and the Rise of the Post-Cold War Order](#)

⁸ [Robustness of Empirical Evidence for the Democratic Peace](#)

⁹ [Forecasting Transformative AI, Part 1: What Kind of AI?](#)

¹⁰ [Can AI Scaling Continue Through 2030? – Epoch AI](#)

¹¹ [Most of OpenAI's 2024 compute went to experiments | Epoch AI](#)

due to diminishing returns the money spent leading up to it is 1000x less effective than what we spent around the \$100M mark (for GPT-4, at which scaling has already stopped delivering). If we already see diminishing returns, then this will only get worse as the low hanging algorithmic improvements fruits are plucked. 'Ideas are getting harder' to find is a very powerful force.¹² We have so many more scientists now and yes things have gotten a lot better but it's not that crazy.

2. **Recursively self-improving AI R&D:** This seems to be the only feedback loop that can undo the slowdown from diminishing returns. *If* true, and anyone builds it, everyone dies, or in a slower take-off long time line world, there are global catastrophic risks from misuse or accidents- we might live in a vulnerable world.¹³ But it's hard to pause because the autocrats really are evil, because they put millions into camps (CCP) and slaughter them in Ukraine (Putin) and we can't let them get such powerful technology and a decisive strategic advantage.

¹² [Are Ideas Getting Harder to Find? - American Economic Association](#)

¹³ [The Vulnerable World Hypothesis - Bostrom - 2019 - Global Policy - Wiley Online Library](#)

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