Four executive strategies for navigating geopolitics, AI and population aging

Productivity and consumption face a triple, simultaneous pressure that is rewriting the rules of management.



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Asia’s share of the global economy has increased significantly since the second half of the 20th century, while the relative weight of the United States and Europe has declined.

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According to the IMF, Asia will remain the main engine of global economic growth in 2026.

Although the rise of new economic powers points toward a reduction in global inequalities, it has also fueled fears of the so-called Thucydides Trap. This theory suggests that when a rising power challenges the dominance of an established one, the risk of military conflict increases sharply, regardless of the ideologies of their governments.

Chinese President Xi Jinping referred to this concept during a summit with Donald Trump in Beijing in May 2026. In his opening remarks, Xi posed a rhetorical question to the U.S. leader: Can China and the United States transcend the Thucydides Trap and forge a new paradigm for relations between major powers?

More than a decade ago, China surpassed the U.S. economy in GDP measured by purchasing power parity. Today, we are witnessing both the use of economic tools as weapons of war — sanctions, tariffs and mercantilist policies — and the rise of proxy wars, noted IESE professor Pedro Videla and journalist John Müller during a session at IESE's Madrid campus for members of the Alumni Association.

According to the speakers, we are witnessing the end of Pax Americana — the system of rules and institutions that emerged after World War II and fostered unprecedented growth, reduced global poverty and expanded international trade. That framework of stability has faded, and we are entering a second Cold War in which geopolitical competition takes precedence over economic cooperation. The world order has given way to global disorder.

Beyond geopolitics, two additional forces will transform productivity and consumption in the coming decades: artificial intelligence and the demographic winter. Videla and Müller propose four strategies to confront this new environment.

1. Prioritize resilience over cost

Between the 1990s and the 2020s, the business world experienced a wave of globalization driven by the relentless pursuit of efficiency: lower costs and maximum speed. Müller explains that, with the breakdown of Pax Americana and growing distrust between the Western bloc and the Russia-China axis, the just-in-time model has been replaced by just-in-case thinking.

Secure trade routes and stable supplies can no longer be taken for granted, making protection and resilience more important than efficiency in supply chains. Evaluate and

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redesign your supply chains through the lens of national security and geopolitics, not solely financial efficiency.

2. Redesign your geographic footprint

The key decision criterion is no longer producing better and cheaper, but building alliances with trusted partners within aligned trade blocs, even if that means sacrificing short-term profitability.

This has given rise to practices such as:

- **Friendshoring:** locating production in politically aligned countries.
- **Nearshoring:** moving production closer geographically to reduce dependence on long and vulnerable supply routes.

As a result, companies are diversifying risk. While maintaining relationships with China, they are increasingly incorporating other manufacturing powers such as India, Mexico and Turkey, which provide better access to North American and European markets.

3. Manage talent in the age of AI

Artificial intelligence presents a management dilemma: although more knowledge is being generated than ever before, converting that knowledge into real economic growth is increasingly difficult. Does your team have what it takes?

For executives, the key question is not whether certain jobs will disappear, but who will capture the value created by this technology.

Do not focus solely on automation. Instead, consider how your organization will capture AI-generated value and how this will affect workers' dignity and sense of purpose.

In addition, control over the physical infrastructure that powers AI, such as data centers, has become a critical strategic asset. As Müller puts it: "Whoever controls the silicon controls AI."

4. Adapt your strategy to the "demographic

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winter”

Declining birth rates are exhausting the silent economic growth that population expansion once provided. With fertility rates at historic lows in countries such as South Korea, China and Spain, companies will need to learn how to operate in increasingly aging markets.

Population decline will reshape consumption patterns and talent availability. As workforces shrink, productivity per employee will become more critical than ever.

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