Intelligence Is Only Half the Race

AI: Strategy and Society

Much of today's debate about artificial intelligence is framed as a race: who builds the largest models, deploys the most compute, or reaches AGI first.

That framing is understandable — and potentially misleading.

The deeper question is not who builds the biggest models or the coolest AI-generated media, but who builds the most effective feedback loops between AI, capital, and the physical world — energy systems, infrastructure, industry, cities, and ecosystems. Intelligence alone does not determine outcomes. National systems do.

The recent essay in the *Financial Times* by Columbia Law School's Prof. Tim Wu raises a legitimate concern: that the US, and Silicon Valley in particular, may be concentrating too narrowly on building frontier AI while neglecting its application to the broader productive systems that ultimately underpin economic and geopolitical strength. This is not an argument against AI per se, but an argument against over-concentration — against monoculture.

History suggests that societies rarely fail because they lack intelligence or ambition. They fail because success suppresses caution and encourages over-extension. Resources pile into a dominant paradigm. Alternative approaches are crowded out. Early warning signals are ignored because they contradict the prevailing narrative. By the time reality reasserts itself, systemic adaptation becomes slow, costly, and politically fraught.

AI, for all its power, is not immune to this pattern.

Many leading AI developers appear aware of the risks of over-concentration. Efforts to diversify applications, reach wider audiences, and embed AI into everyday life are rational responses to uncertainty. Yet diversification in the American technology ecosystem remains largely cultural and consumptive: platforms for content and entertainment competing for consumer attention. These may be worthwhile, but they do not build resilience in the underlying systems that feed, power, move, and house societies.

Other economies appear to be treating AI less as a spectacle in itself and more as a tool to optimise manufacturing, energy, logistics, and industrial coordination. This is not a claim of superiority, nor an endorsement of any political system. It is a structural observation: different societies pursue technological ambition with new tools, but through the institutional mechanisms they already possess.

The risk is not that one approach is right and the other wrong. The risk is that we are failing to do both.

What is needed is a systems design philosophy that treats AI not as an end in itself, but as a layer embedded in the productive real economy — continuously monitoring real-world twins, learning from outcomes, and adjusting to keep capital, technology, and physical reality in sync. Such AI would also, incidentally, absorb large amounts of compute steadily and predictably — unlike the spiky demands of consumer entertainment and novelty.

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