The Economic Club of New York

119th Year
844th Meeting

Secretary Antony Blinken
71st U.S. Secretary of State

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In-Person/Hybrid Event

Moderator: David Westin
Anchor, Bloomberg Wall Street Week

Introduction

President Barbara Van Allen

Welcome everybody. We're going to get started. This is the 844th meeting of The Economic Club of New York, for those of you that are keeping track. I'm Barbara Van Allen, President and CEO of the Club. And it's certainly a pleasure to have all of you here with us today. I want to extend a warm welcome to students joining us virtually from Purchase University, and to recognize members of the 2026 Class of Fellows joining us as well – a select group of diverse, rising, next-gen business thought leaders, who are also here in the room.

The Economic Club of New York is proud to stand as the most prominent platform for speakers from a global horizon over more than a century. And we've had a tradition of excellence that continues up to and includes today.

We are delighted to welcome our distinguished guest, Secretary Antony Blinken. Secretary Blinken served as the 71st U.S. Secretary of State under President Biden from 2021 to 2025. During his tenure, the United States strengthened NATO alliances, expanded partnerships in the Indo-Pacific and led diplomatic efforts in Ukraine, the Middle East, and other global security matters.

Prior to serving as Secretary of State, he had several senior national security and foreign policy positions, including Deputy Secretary of State, Principal Deputy National Security Advisor, and National Security Advisor to then-Vice President Biden. He also served as the Staff Director of the Senate Foreign Relations Committee.

The format today will be a conversation, and we're honored to have Club Member David Westin here to moderate. David is the Anchor of Bloomberg Wall Street Week. There will also be an opportunity today for questions from the audience that will be moderated by David. The program will conclude promptly at 1:00 as usual. As a reminder, this discussion is on the record, and we do have media both in the room and online. And without further ado, please join me in welcoming the Secretary and David to the stage.

Conversation with Secretary Antony Blinken

DAVID WESTIN: So first of all, Mr. Secretary, thank you so much for doing this. It's a favor for all of us.

SECRETARY ANTONY BLINKEN: It's great to be here, great to be with you, my friend, and with all of you. Always wonderful to be back to my hometown, New York City. If I'd been coming up from Washington a couple of years ago, it would have been on a plane that said United States of America. Now it just says United, but things change...

DAVID WESTIN: So I think we have to start with Iran, the news dictates that. But you have been in the room, literally, with the Iranians and negotiating. We look from a distance. How should we be watching this? Give us a viewer's guide to what we're seeing and how do we make sense of it all?

SECRETARY ANTONY BLINKEN: Well, I wish I could say it would be easy to make sense of it all because it's a little head-spinning, because every day we're hearing something a little bit different. I am hopeful that maybe this is coming to at least a temporary landing place. But if you look at where we are, I think you've got to step back and ask where did we come from. And then where does it actually go from here?

Where did we come from? I actually obviously have a bias, having been in the Obama administration. But to the extent that Iran's nuclear program is one of the causes of the most recent conflict, you know, unfortunately we had an agreement. It wasn't perfect because by definition anything that's negotiated is going to give something to the other side. But it put Iran's nuclear program in a box, a tight box, with the most intrusive inspections, pushed back the time it would have taken them to produce fissile material for a nuclear weapon until well past one year. And at least that problem was in a place where we could manage it, which in foreign policy, national security, is usually the best that you can do. Had they decided to break out of the box, we still had a military option, and we would have had a lot more information about their program because we had very intrusive inspections.

Back then President Trump decided to tear up the agreement but replace it with nothing. And the end result was over the years since then, Iran went from having a breakout time to produce that fissile material of more than a year to a couple of weeks. And that led in part to the actions that were taken last year when the program was obliterated according to the President, and then the most recent actions which apparently re-obliterated the program. But had we not had, I think, that original decision to tear up the agreement, we'd be in a different place. But we are where we are and you have to deal with what you have, not with what you wish things were.

So the question going forward is this. Can this land in a place that's acceptable at least for some period of time to all the parties? I think the challenge the President has had is that he's really constrained by two things, and I've talked about this. He's constrained by markets and munitions. He's constrained by where do oil prices go, where do gas prices go, where do fertilizer prices go, where do helium prices go, etc.? And here we're in a very challenging moment because it's not just prices. We're getting to the point where we've moved from prices to actual availability and that is starting to have real repercussions, of course, as so many of you know, for the global economy.

The shock absorber that we have put in place with reserves, with boats that were already on the water before this crisis started, that is now worn very thin. And so the market driver of this is getting more and more acute. And the idea that the President would want to see prices that are rising, for example, on gasoline heading into Memorial Day when people start driving to their summer vacations, not something he'll want to see. And then munitions, we've depleted in a significant way certain categories of critical offensive and defensive munitions. We've also redeployed them from different parts of the world, making us arguably more vulnerable or having a weakened deterrent. All of that comes into play. So the question, David, then is how does this shape a deal?

On other side of the equation, I think you have to recognize this about the Iranians. Have we done tremendous damage to them? Yes. Removing one Ayatollah, significantly damaging their supply of missiles, rockets, etc., infrastructure, there's no doubt about it. But what is the actual strategic effect? Has it changed the fundamental equation? And here, I think, from my perspective at least, the President may have misread the situation. He was enthusiastic after the, at least on its surface, successful venture in Venezuela. He took into account when there was this initial effort by Israel and the United States to go after the nuclear program, a pretty tepid Iranian response, and thought that we can actually do more.

And in this instance, because what was done was perceived as an existential threat to the regime, they started to do things that they'd held back from doing, notably the Strait of Hormuz. So now we have a new normal that didn't exist before where the Iranians have leverage that had never been exercised over the Strait. They've also launched more rockets, more munitions at the Gulf countries than they did at Israel in this. And the infrastructure is taking a beating. Just, in fact, yesterday, they launched at the UAE. There's a critical pipeline that takes oil and is kind of a backstop for the Strait of Hormuz to get oil out through a different way, demonstrating that they can hold that at risk.

So both parties have shown that they can do damage to the other. There's a certain amount of mutual assured destruction, but there's an asymmetry in it because for relatively little the Iranians, even diminished, can hold things at risk and they've demonstrated now they can hold the Strait of Hormuz at risk in ways that we all knew before it was a real problem. That's why administration after administration chose not to push things this far – the first Bush administration, the Obama administration, Biden, even the first Trump administration. I think there's a deal in the making. At least I hope there's one. But the President is going to have to acknowledge, well, he won't acknowledge it, he'll claim victory, okay fine, but he's going to have to give something to the Iranians in this process.

And this gets me to the last point. If you look at the history of Iran and the clerical regime, the only two times where there's actually been a deal on something where the regime has agreed to make a compromise, one was ending the war with Iraq after eight years, and there had to be an off-ramp, and the off-ramp was the United Nations negotiating something. The off-ramp was getting Iraqi troops out of Iranian territory, and then the 2015 nuclear deal where Iran got, not the right to enrich, but was allowed to continue enriching at a very, very low level so they could say we sustained our right. They are going to insist on getting something for this. And I think if we're looking at what seems to be in the offing, it may be that they freeze enrichment for some period of time. That would be good. We don't know what's going to happen with the supply of highly-enriched uranium that they've apparently retained. Hopefully some of that will be either depleted or shipped out. Under the Obama deal, 97% of the highly-enriched that they had was shipped out. We'll see if they get something like this. And they'll probably get sanctions relief in return.

So it would be very ironic. We'll be back to something that looks a little bit like the 2015 deal. And the problem though is, and I know I'm going on too long, but I just want to add this, one, we'll have a new normal. We're not reverting back to where we were before. The new normal is they can hold the Strait of Hormuz at risk anytime they want to with very little. So whether there's a deal on how the Strait is managed is another big question. And then in the process, pretty much everyone's been ticked off. The Europeans were ticked off because a lot of sand was kicked in their face, Denmark and Greenland, NATO. And then not being told about this and then being asked, well, please help me out now that I'm in trouble, that hasn't gone well.

Our partners in Asia who are the very first to feel the effects of this, not being clued in, not being given an opportunity to say we have interests here too. And then in a very different way, our friends and partners in the Gulf who are very concerned now that from their perspective, the United States hasn't finished the job and they're more vulnerable than they were. The entire Dubai model is now in question.

So we will land in a place that is very different from where we started, and it's going to take a long time, weeks certainly, probably months for this to settle because getting production back, getting processing back, refining back, getting shipping back, that's going to take a while to work through the system, if what's being reported this morning is real. Who knows?

DAVID WESTIN: So let's come back to your framework of markets and munitions because we are at The Economic Club of New York. I'm at Bloomberg. Let's talk about markets. With all the complexity, with all the difficulties, with all the setbacks you described, I think it's a fair description of the markets, and I'm talking about equity markets, debt markets – the United States, Europe – they've taken a look at this and said we're fine. Now, maybe part of this is because of AI investment, because of corporate earnings, but the markets don't necessarily agree there's a real big problem here. They seem to have confidence this is going to go right. Are the markets wrong?

SECRETARY ANTONY BLINKEN: I think there's clearly a gap between the markets on the one hand and the so-called experts on the other. But they come at this from very different perspectives, and both are in a sense right, and both need to be taken into account. I think markets are pricing in the notion that there is going to be some return to normal, that this is a temporary thing, it's going to land. That's one factor. And that may well be the case, although again I don't think it's landing in the same place from which it started. But that's what they tend to price in. And at the same time, to your point, I think another reason markets are so strong, of course, is the extraordinary investment in AI, in technology more broadly. So that's helped buoy things.

The experts are always looking at second and third order effects and are looking at black swans and looking at all sorts of things that could happen. Markets tend to be focused on what's a realized truth. The experts tend to be looking at what could happen. And so I think the challenge for anyone looking at this is kind of to look to both. To look at markets for developing, what's the sort of overall underlying consensus about where this is and where it's going? But also to try to look to the experts who may give you very good ideas on trip wires, on things to look for going forward that could take this totally out of balance again.

DAVID WESTIN: So you've worked on this problem under various presidents. And frankly, presidents for, if not 47 years, for a lot of years have been very worried about a nuclear Iran. I think we can all agree that's a bad idea. That would really be dangerous for a lot of people. Does Trump have a point, in fairness, that this is a real risk of a nuclear Iran that we need to address?

SECRETARY ANTONY BLINKEN: You know, this gets to something larger, which is we're living in a time, in a period that is so binary, where it's impossible, it seems, for people to hold multiple ideas in their heads at the same time. And so, yes, I think with respect to the United States and many countries in the region around the world, a nuclear Iran is not a good thing, which is why administration after administration has looked at how do we deal with this. But the conclusions that previous administrations drew were different than the ones that President Trump drew.

During the Obama administration, when we got the JCPOA, the Iran nuclear deal, of course, we looked at military options. But we concluded then that if we exercised a military option, one, there could be all of these second and third order consequences, including the Strait of Hormuz, including attacks on our forces and our people in the region, including attacks on our partners in the region.

And to what gain? We assessed back then, it's been publicly reported that in all likelihood if we went with the program, we might gain a couple of years at best. That Iran would rebuild, and it would rebuild deeper underground, it would be harder to get at, and we'd be right back where we started.

On the other hand, doing the hard work of diplomacy, getting a deal bought us, in the case of the JCPOA, ten, fifteen, twenty years, depending on the different constraints. And at that point, had the Iranians decided, okay, the deal has now sunsetted, the different provisions have now expired, we're going to go for a nuclear program, a nuclear weapon even, well, what typically happens is you either renegotiate or extend. And if they don't want to do that, well, the military option is still there, except with a lot more information because during this time you had inspectors looking all throughout Iran at what they're up to, where they're up to it, and so we would have been fine.

The only thing that the Iranians really got was money. Not insignificant. Except most of the money was theirs. They paid for the deal. It was their frozen assets that we had bottled up from the sale of oil that we released to them. Lifting sanctions on investment in Iran proved to be not much of anything because even without the sanctions, very few people wanted to invest in Iran because it was such an uncertain place to do business. So that was the basic assessment.

When President Trump and the Israelis went at the nuclear program last year, last June, my concern back then was, okay, this is going to be exactly what we were concerned with. It's at best a temporary fix, and it could actually ultimately make the problem worse because they will rebuild. They'll build it underground in ways we can't get at so easily. And maybe we'll buy a year, maybe we'll buy two years. But if you can get a diplomatic deal, you might buy a lot longer. Yes, you have to pay for it. That's the challenge. But I think that's still a better bargain than this military deal with all of these unintended consequences that many of us gamed out but apparently were not factored in this time.

DAVID WESTIN: When you talk about second and third order effects, certainly that includes the Gulf States. I mean they have been the most immediate recipients of a lot of what's going on, particularly UAE. What does this do to the calculus in the Gulf? I mean both in terms of their getting along with each other – Saudi Arabia and UAE seem to be diverging now. Obviously, UAE is out of OPEC. But also, they had economic plans. They had robust, ambitious economic plans, frankly, for the capital to start flowing into the Gulf rather than out of the Gulf. What does this do in the long term?

SECRETARY ANTONY BLINKEN: I don't think it ends those plans, but it puts a real damper on them, at least for some period of time. The significant investment that they were looking for, building data centers, people have to ask themselves questions about stability. Tourism, diversifying away from oil. All of these things are now, at least a question mark. And this Dubai model of security, stability, an oasis in that part of the world, is now in real question.

As I mentioned a moment ago, the Iranians, whatever you think of them, are smart. And part of the reason that they fired many more munitions and rockets at the UAE than they did even at Israel is to say we can disrupt, we can damage this model. We can inflict real pain that's actually enduring because people are going to be thinking twice. So that's a real problem. I think it obviously has a big impact, and this existed before this particular crisis, on what are the discretionary expenditures that these countries make in the other direction.

Anything that's, shall we say, is a vanity project, but may not be necessary, maybe investing in golf, you're not going to see much more of that. I think the fiscal responsibility that has to come into effect is going to be more and more acute. And the investments that they're going to be looking for in the region are going to flow much more to things that make them more resilient, that add to their defenses, that diversify their infrastructure with pipelines for example so that they're not dependent on the Strait of Hormuz to the extent that they are now. They go to food security. All sorts of things that were not necessarily front and center but now are.

You've got an added dynamic, David, which of course is there's been a challenging relationship between the leadership in both countries that predates this crisis. And it's really a competition for who is the leader in the region. We work very hard to try to make sure that our friends were getting along, to try to focus on the fact that there were larger equities that they shared that should hopefully supersede whatever competition existed.

Right now, unfortunately, it's that competition that may have been accentuated because since the environment is now more challenging for them, the competition for attracting investment, for attracting people may be a little bit more acute. They have, I think, a real demand signal on them to figure out ways to make themselves both more attractive by actually working more closely together, having markets that are more common, having shared regulations, things of that nature that make it easier to invest because now people are going to be thinking twice.

DAVID WESTIN: We, in the news business, right now seem to be consumed with Iran. There are other things going on around the world, including a proposed planned visit from President Trump to Beijing to visit with President Xi in the Summit next week. I guess if we can make segue from Iran into that, how much will the issues in Iran really absorb that attention? What is the risk of being distracted away from the relationship between the two largest, most powerful countries in the world?

SECRETARY ANTONY BLINKEN: My sense is this meeting is going to go forward. I think the President certainly wants it to. The Chinese, for their own reasons, want to have the meeting, and there are often distractions. When I was last in government, I was all set to go to China after a year or so into the administration and unfortunately, I looked up one day and there was a big red balloon flying over the United States. So we had a little bit of a mini-crisis and we had to postpone the meeting, but it ultimately happened. So I think this will happen.

And if I had to bet, I would say that Iran, of course, will be on the agenda. It will be discussed, but it's not fundamentally what either side really wants to talk about. They have much more fundamental pressing issues between the two countries, as important as Iran is at the moment. So it's going to be tariffs. It's going to be technology and restrictions on technology. It's going to be Taiwan. It's going to be how do we govern in the space that's going to be artificial intelligence? I think all of those things will fundamentally shape the agenda.

My concern is this: I think stepping back, before this crisis, Iran, which is a little bit of an aberration because it's on the one level hard to understand why the President actually did this. Because if you step back and look at where things seemed to be going before, the approach he seemed to be taking was some combination of the 19th century and the 1980s. And I don't mean that pejoratively, just as a matter of analysis.

The 19th century in that he seemed very attracted to a spheres of influence world. The big guys, and I mean guys, got to do what they wanted in their part of the world – China, Russia, the United States, maybe a Saudi Arabia. And the smaller folks had to suffer what they would. And then the 1980s because I think when he was coming up here in this city, the dominant thing was Japan Inc., was being taken advantage of from his perspective by certain countries. And so that was factored into his economic approach, hence among other things, the tariffs.

And in that frame, what China does in its part of the world, except for in the economic sphere where it has repercussions for us, doesn't really matter. Taiwan, even though it should and does matter, I think was diminished in the concerns of the President, the South China Sea, the strategic challenge posed by China. And so the interesting question to me is going to be are we going to see a meeting between the two where the President is able to announce a deal of some kind on buying more soybeans or on buying more stuff from us. Something that gives the Chinese a little bit on Taiwan, sends another message that they want to hear on Taiwan. Maybe there's some further lessening of restrictions on high tech. We've already seen some. With the threat that they could come back. I think that's going to be the focus fundamentally of the meeting.

DAVID WESTIN: Give a little something on Taiwan. There could be a lot built into that. As best as I understand, the language of the relationship was crafted by one of your predecessors, Henry Kissinger, a long time ago. If there were changes to that language, wouldn't that have really profound ramifications?

SECRETARY ANTONY BLINKEN: It would. And the Chinese have been at us and our previous administrations for years to change some of the language. It matters deeply to them. So, for example, we in previous administrations have said, we do not support Taiwanese independence. The Chinese would like us to say we oppose Taiwanese independence. If you listen to that, if you're not focused on this every single day and say, who cares, what's the difference? It matters deeply to Beijing. Watch that space to see if maybe we change the rhetoric that we use on Taiwan.

As a practical matter, though, the Chinese every single day are testing the limits. They're testing the limits in the Taiwan Strait. They're looking to see with exercises, with planes flying over the median line, with boats that are basically practicing, interestingly enough, a blockade of Taiwan, how far they can go without incurring any kind of push-back from us. And the answer right now is not much.

The problem is this, and one of the reasons that I think we were in a very different place a couple of years ago is we understood that in dealing with the challenges that China poses to our interests, to our economies, to our basic investment in the way the world works, we were so much better off aligning with others than when we were going at it on our own. If we're playing one-on-one with China, we may not do so well. You've got obviously a much larger market. You've got manufacturing that's three times ours. You've got purchasing power parity much greater than ours. You've got far more patents and papers. They've got a bigger Navy. All of that one-on-one doesn't match up so well.

At the same time, if we're aligned with Europe, with the EU, with Japan, with Korea, with India, Australia, Canada, we go from being 20 or so percent of world GDP to 50 or 60%, a much heavier weight for China to ignore. And we had worked very hard to get exactly that kind of alignment. And I know it was working, not because I said it was working or President Biden said it was working, but because my Chinese friends complained about it every single time that I went to see them, and that was a pretty good indicator.

That alignment now, unfortunately, is challenged to say the least because if you spend most of your time going at your friends and partners, they're a lot less enthusiastic about building that kind of convergence in approaching China than they were, even though everyone has a real, strong, vested interest in this. Chinese overcapacity is a bigger problem for Europe now than it is for us. And when we put certain controls in, China shifted exports even more to Europe. We're seeing them reap the whirlwind.

But there's something else that's going on that I think is really deeply problematic for the future and in the relationship with China. They're in some ways a paradox. Of course, remaining the biggest emitter of fossil fuels, and at the same time being by far the biggest producer of renewables. And, of course, cornering markets left, right, and center for this technology. In Norway last year, 95% of the new vehicles that were purchased, 95% of the new vehicles purchased were full EV. Now Norway is a little bit of an outlier. It's further along than others. But this crisis in the Gulf has just reminded people why actually making that bet on EVs, as problematic as it might be in the short term, was not such a bad bet. So China's got a huge head start and that's a problem.

There's another problem, David, which is this. We did two things after the second World War that were of extraordinary benefit to us for 80 years, and that period has now unfortunately, it's come to an end. We've got to get over the fact that it's come to an end, focus on what's coming next. But we did two things. We made these major investments in others, in their security, in their well-being, not out of altruism, but out of what we call enlightened self-interest – the notion that the success and strength of others would actually redound to our benefit.

And, of course, it did. We got new markets for the stuff we wanted to sell. We got new partners to deal with increasing global challenges. We got new allies to deter aggression. That was the sort of external alliance that we created. But then we created an internal alliance, an alliance between the federal government, our universities, our research institutions, our national labs. We were spending about 1½% of GDP on research and development right after the Second World War. By the end of 2024, we had gotten that up to 3.5%. Forty percent was coming from the federal government.

And, of course, it was fueling extraordinary innovation because much of it was going to universities for research. And, of course, the other part of this was the welcome mat to the best and brightest from around the world. People were coming here wanting to be a part of it, an open system, with the necessary support and funding. And that innovation in turn was extraordinary because they then stayed and they translated what they were doing from basic research into actual products that were incredibly remunerative for our economy, but also incredibly important to our national security.

And if that investment is now being taken away, if that welcome mat is being withdrawn, that's going to put us at a tremendous disadvantage in the competition with China going forward. We're seeing some beginnings of a brain drain and brain gain in other places. And it was interesting, some of you will remember about, I guess about a year ago, Mark Zuckerberg went on a hiring spree and tried to hire the best AI talent he could find in the country and was offering them these incredible packages to jump ship and join his. And the first group that he hired, there were 11 people, and I looked at the list and something jumped out at me, and I checked it out, and it was right. Every single one was an immigrant.

So we're at a moment where so many of the basics that went into the creation of the American century are now in jeopardy. And again, that doesn't mean nostalgia for what came before to the extent that we just have to go back to that. This is not about putting a genie back in the bottle. It is about shaping a new bottle. But that's what we have to focus on, and I'm worried that this is not where the focus is.

DAVID WESTIN: Another place where President Trump, I think, altered our foreign policy was Ukraine. And at least when I was listening to it, I think what he said is, this is a stalemate, let's call a stalemate and let's get passed that. How does a diplomat deal with a stalemate, assuming you agree it sort of is a stalemate? It seems unlikely to me that Ukraine is going to take back all the territory Russia has had. It seems unlikely that Russia is going to take all of Ukraine.

SECRETARY ANTONY BLINKEN: I think we've got to start by recognizing why it was so important that we engage in support of Ukraine. It wasn't simply that we saw one larger country bullying a smaller one and Americans generally don't like that. It was because this was also something that was much larger than Ukraine. It was an attack on the very principles that we had tried, however imperfectly, to put in place after the Second World War to make sure that there wouldn't be another – sovereignty, territorial integrity, independence. These things have real world meaning. And the aggression that Russia was committing was an aggression against those principles as well as an aggression against the people of Ukraine. So we thought it was important to stand up in defense of them as well in defense of Ukraine.

If you let that go, if you let Russia act with impunity, then it opens a Pandora's Box. One of the most interesting things was early on in the aggression, one of the people who was most forceful in coming to the defense of Ukraine, rhetorically as well as substantively, was the then-Prime Minister of Japan, Kishida, halfway around the world. But he said what's happening in Ukraine today could be happening in East Asia tomorrow. He recognized that would-be aggressors everywhere could be taking a lesson from this. So that's why we were so determined to try to help the Ukrainians and to rally others to do the same thing.

Stalemate, yes. The line on the battlefield is unlikely to move very far in either direction. In fact, in the last few months the Ukrainians have actually been doing a lot better and the Russians have suffered horrific losses, and they've actually lost a little bit of ground. Not a lot, but a little, and that's reversed the trend line where they were taking, you know, literally a few hundred feet, but at horrific cost. So that stalemate is real.

But there are other places where there's not a stalemate. For example, one of the things that's happened is extraordinary. Ukraine has been the recipient obviously of a lot of assistance from us, from the Europeans. And, by the way, for every dollar that we put into Ukraine, Europeans and others put in a dollar and a half. So the notion that they were free riding on Ukraine is simply not true. And much of the money that we spent on Ukraine was actually spent here in the United States to either buy weapon systems for them or to replenish the systems that we gave them.

But leaving that aside, yes, they continue to be a recipient and the Europeans just found another significant chunk of change to give them. But they're also about to become a major contributor to Europe's future. What's happening in Ukraine's defense industry is extraordinary. And if you look at what they're doing with the technologies of the battlefield of today and increasingly the battlefield of tomorrow, on drones, on autonomous vehicles of one kind or another, they're ahead.

And that's going to increasingly be integrated into Europe's defense. As Europe is compelled to do more on defense, they're going to be looking to Ukraine, and I think the opportunities for investments, for partnerships, for co-investment are increasingly substantial. It's a tough place to do business because there's still corruption, a challenging environment.

One of the things that I was really proud of is I managed to convince my friend, Penny Pritzker, to come back into government and to lead an effort to help the Ukrainians design a better environment to get investment from us and from Europe. And she did terrific things, such that it is a better place. Still challenging, but better. But I think if you're looking at Ukraine, it's not static in that sense.

What happens with a stalemate? I think the way this settles at some point, at least for some period of time, where there's an off-ramp, not maybe to a destination but at least a rest stop, is some agreement that the front line is frozen, some commitment to negotiate for however long it takes what's happening de jure, if not de facto. Critically, security guarantees for Ukraine so that Putin can't simply rest and refit and then restart in a year or two years when he catches his breath.

And hopefully, Ukraine moving closer and closer to the European Union and that creates something that is not static, that's not a stalemate when it comes to making sure that Ukraine is a country that can stand on its own feet militarily with its defense production, that can stand on its own feet economically with this investment, that can stand on its own feet democratically by moving closer to the European Union.

DAVID WESTIN: You've referred more than once to the 80 years since World War II, where there was sort of World Order in the wake of World War II, and formed, in no small part, by U.S. leadership at the time.

SECRETARY ANTONY BLINKEN: That's right.

DAVID WESTIN: And you said we're not going back to that. Where are we going to? What is the new substitute for World Order? And what role will the United States have in forming that?

SECRETARY ANTONY BLINKEN: So as I'm looking at it, I think we're seeing a new world take shape that, to my colleagues' dismay, I used to call variable geometry because they said no one knows what that means, which is probably right. But basically what we were driving at is I think we're likely to see the emergence of different overlapping blocks, groups, collections, not just of countries, but of companies and other stakeholders who have a profound interest in a given issue.

Maybe it's dealing with opioids. Maybe it's dealing with food security. Maybe it's dealing with climate. And on that issue, are willing to play by an agreed set of rules and adhere to a shared set of norms. And you'll see that, I think, increasingly emerge, and we already saw that on the numbers. And, of course, AI is the big one. So instead of having one dominant, totally dominant system, Bretton Woods, when it comes to economics, I think you're likely to have a series of overlapping systems. That creates challenges, especially if you're in business, because you have to factor that into what you're doing.

You have to factor in the fact that the geopolitics is having as big an effect on the economics as the economics are having on geopolitics. You have to factor in building resiliency and building redundancy in ways that you didn't before. You have to factor in, unfortunately, probably the word that's on everyone's minds over the last couple of years, but I think is going to be with us for a while, and that's it's an age of uncertainty. And how you deal with that, how you plan for that, is going to be a critical question. It's why I think geopolitical expertise in business is so important.

Having that perspective, having that lens is going to be hugely important. But trying to figure out how these overlapping blocks are going to work, and how you work within them, understanding that those blocks, again have a shared set of understandings, of norms, of standards of rules, that can be work. It doesn't mean the system is disappearing. It doesn't mean that, even if it's eroding it's gone. It's not. So much of what's happening day in and day out is still happening under an agreed set of rules, but increasingly the erosion means that different arrangements are going to be made.

The last thing is this. If the approach that we're taking now persists, I think you're going to continue to see that countries will try to find workarounds for the United States. They're going to look to see if they can make arrangements with others that work around us, away from us, over us, under us, beneath us. And we see that in the fact that Canada is importing more cars from Mexico than it is from the United States. We see it in the EU trying to make trade arrangements with everyone under the sun.

There are limits to that. The dominance of the United States in the international financial system is such that it puts a ceiling on exactly how far countries can go. But that is clearly the dynamic, and that's something that we'll have to adjust for. It may be that in something like AI, our dominance is such that we remain the central, or certainly one of the central fundamental poles of attraction, but that's taking shape as well.

DAVID WESTIN: You mentioned Canada. And Prime Minister Carney actually, I think just this week said the New World Order is going to be formed in Europe, not in the United States. So going back to my question, what role will the United States have informing, whatever, whether it's variable geometry or something else, are we giving up some of our leadership role?

SECRETARY ANTONY BLINKEN: Well, there's no doubt that we're giving up some of our leadership role, and it does depend on the choices we make. But, look, there may be some positive repercussions from this. To the extent that Europeans figure out ways to do more and to build their own resilience, but not just their resilience, to actually build the attractiveness of Europe as a place for investment and as a generator of innovation and high tech, that would be a good thing, and hopefully an additive thing. Now, if it comes to our detriment, that would be an unfortunate thing. It's ironic because the Europeans are spending more on defense, that's good.

And by the way, there was an agreement in 2014 at a NATO Summit when Obama was president that everyone in NATO would spend 2% of GDP on defense. And by the time

President Trump left office the first time, nine of the then 32 allies were spending the requisite 2%. By the time Biden left office, 23 were spending the requisite 2%, and everyone else had a plan to get there within the next three or four years. Now, there's an agreement at least on paper to do even more. That's good. Here's the bad part. They're going to spend it, but they may be buying European technology instead of American technology. Too bad for our defense industry.

DAVID WESTIN: So what does this mean for your profession, your craft, diplomacy? I mean what is the role of diplomacy and how has it changed given the really profoundly changing world structure?

SECRETARY ANTONY BLINKEN: Some things change profoundly and some things never change. What changes profoundly? We were talking about this a little while ago. I was in Washington for 30 years and the single biggest change in my 30 years was the pace and scope of change itself, that went to warp speed.

Think about it this way, to get to 50 million users, it took, back in the day, for various technologies, if you go back, for example, to the telephone, it took about 75 years. For radio, it took about 40 years. For television, it took about 15 years. For Facebook, it took about four years. For ChatGPT, it took four months. You all know this very, very well. This plays out across everything. The abilities of governments, the abilities of individuals, the ability of institutions to manage that pace of change, never mind the scope because it's so profound in the case of AI, is virtually impossible. And that means we're going to have to figure out new arrangements, new ways to somehow manage it.

In the case of AI, for example, and I'm very glad, by the way, to see the administration apparently come back to this, we work with the frontier companies to develop voluntary commitments, as many of you know, on safety, on security, on trust. Voluntary, done by the companies, but at least to put some check on products before they went to market. And then we took those voluntary commitments and we internationalized them. We went to the G7 countries and said we should all adopt this. We got a G7 agreement to do that. We went to the United Nations. We got the first ever resolution out of the General Assembly. And interestingly, China supported our resolution and a few months later we supported the Chinese resolution despite all of the differences we had.

This is a very reasonable debate, though. President Trump came in and said, no, we can't have any constraints, any guardrails really on the development of AI because we're in a competition with China and we can't do anything that impedes our companies in this race. And again, that's a reasonable perspective. But given what we're seeing about the challenges that this technology poses as well as all of the extraordinary benefits, if we can't figure out that kind of governance, we risk, as we know, terrible things. And doing it, I think, is both imperative for the companies but also a role for government. Now we're reading in the last week or so that the administration is looking at actively becoming involved in that. So I think that's a good thing.

But what doesn't change? Human nature. Agentic nature may change, but human nature doesn't, and by that I mean this. One of the challenges that any of us who engage in diplomacy have found is that you have to really work hard to make sure that you're not imposing your own frame of thinking, your own frame of logic on someone who is on the other side of the table. And that can be obviously, in a business deal it's multiplied ten-fold when you're dealing with someone from another country, another culture, another history.

And it's very tempting to do that because if you're trying to proceed from a rational, what you believe is a rational basis, well, you impose that frame of rationality on the other person, ignoring maybe, or downplaying the history, the geography, religion, the collective experience. And it's so important to bring that element into whatever you're doing. To understand that a stated position that a country may have may not actually reflect much more fundamental interests that go to everything from the dignity of the country to the survival of a regime, to the economic prospects that the country has, etc. Which is why I think making sure that you're forcing yourself to always bring that human element in, in ways that I think, at least to date, it may be harder for the new technologies to do is really important.

It's also why expertise remains, maligned as it is, really, really important. The experts who know the person, the country, whoever it is on the other side of the table, who know that history, who know that culture, who have a deeper understanding, they bring something to the table that intuition, gut instinct simply can't replace. You've got to have both, and this is something that hasn't changed.

DAVID WESTIN: So I've had the luxury of talking to you at some length here, thank you very much. But we're going to open it up for questions. I'll ask one more question before that. So get your questions ready. I think we have mikes out there. But I want to come back to a couple of things you mentioned, the pace of change. And AI is a great example, ChatGPT is a wonderful example. Big challenge, and we can get it wrong. Is it also a major source of hope for the future? I was at a dinner recently with Jett Boyd, give me an argument that anything's going right? I said, if you go over time in history, you wouldn't do well betting against American innovation through the years.

SECRETARY ANTONY BLINKEN: Absolutely. And I'm profoundly optimistic for the long term. My concern actually comes in the short term, not the long term. And here's what I mean. To your point, David, if you look at any technological inflection point, and many of us have studied this, looked at this throughout history, the basic story is you wind up in a better place. You wind up with all sorts of jobs that you couldn't even imagine before the transition started. You wind up with greater productivity. You wind up with more human progress.

The question is how do you manage the transition? And this gets me back to the first point. Because the pace and scope of change is so much faster, so much more difficult to manage with so little ability to have some distance and remove, my concern is that getting to the other side is going to be more fraught than it ever was. And that, God forbid, we may have to have a Titanic moment before we get there. So that's what concerns me. And that's why I think it's so important that we find ways to be thoughtful about how we actually manage the transition. So, yes, I'm actually an optimist about this.

And, of course, if you read what's happening every single day in terms of innovation, and innovation despite some of the challenges I mentioned earlier that we're imposing on ourselves, innovation that continues to happen here in the United States, it's extraordinary. And that, to me, is a source of extraordinary hope. But it's so, unfortunately, easy to get some of this wrong because that transition period is going to be so hard.

Yes, let's say for example, and I know many of you are grappling with this, ultimately, we're going to wind up with more jobs. But if in the near term those who are displaced from their jobs or don't get a job are, if we don't find the right way to help them, to support them, then the pitchforks may come out before we get to the other bank. We see challenges now to data centers being built in communities that don't want them. They draw on energy, on water. If we can't figure out a way to solve for that, then again, the pitchforks may come out and we don't get there.

So all of these things are usually fraught, and again coming from 30 years in government, governments are not the best at dealing with this. I hope that we have the most responsible private sector possible. But it's not just the private sector in terms of enterprises. We have, more than ever before, individuals, small groups, super empowered by technology and by information who have an ability to disrupt in ways that never existed before.

One of my, my friend Tom Friedman, knows he's been here in the past, he wrote a column a couple of years ago that I saved. I loved it because it started out, it said something like, mothers and fathers, don't let your sons and daughters grow up to be Secretary of State. If they come home and say, mommy, daddy, that's what I really want to do, say no, no, do anything else. Don't do that. And the reason, he explained, was that when the greats were doing it, the Kissingers, the Jim Bakers, and others, when you had a challenge, there were pretty much four or five people they would call around the world, and they tended to be a handful of their counterparts. And you could figure out some way to work through it.

Now, this multiplicity of actors, again empowered by technology and information, not simply rising countries, but again corporations, sub-national actors, individuals who have some stake in whatever the issue is, you've got to somehow find ways to line up dozens, hundreds of people. You sometimes don't even know who to call first. That makes it usually, usually challenging. And when you have a transition like the AI transition, it's going to be incredibly fraught.

DAVID WESTIN: This is great. As I say, I could talk to you forever, but I want to open it up for questions. Two requests. Identify yourself and also have a question mark in the question somewhere.

QUESTION: Hi. I'm Tom Daniels. So you talked about diplomacy, the pace of change, and AI. So I'd like to weave those three together. How will AI change your craft, which is diplomacy?

SECRETARY ANTONY BLINKEN: You know we started in on it. That's a great question. We were just in its infancy. But one of the things I'm very proud of, not anything I did, we luckily had the right people at the department. It turned out that the State Department led the federal government in integrating AI into its day-in-day out work back in 2023, 2024. So we were finding small ways to integrated it.

I'll give you two very quick examples on this. When we have transitions in our embassies and we have one officer shipping out and a new one shipping in, you've got someone who's been there for three or four years typically. They've built up an incredible reservoir of contacts, of knowledge, a database of expertise. There may be no overlap. And even if there is, it's pretty brief. And the transfer of that knowledge is very imperfect and takes a long time. Maybe the new person spends months trying to read in.

Well, we created chatbots that basically put all of the information that the outgoing person had collected during his or her tenure into it, and the new person could come in and say who are the five most important people in the host government that I need to talk to on Issue X? What do they most care about? What are they looking to the United States to do? And they get it in, of course, four or five seconds. Small things.

We were able to do a tremendous amount, synthesizing in real time, information across publicly available sources around the world in 120 different languages on any given issue to really find out what is a community thinking? What is a country thinking? What is the world thinking? And bring that right at the fingertips of our officers. These are incredibly small things, but they were making a real difference.

The critical thing is so much of the, like in any business, so much of the more drudgelike work that people would have to do, they could put to the side. We'll have AI agents that are doing it. And it will free people up to actually bring the human difference to that work, including developing relationships that maybe they didn't have as much time to do. I think it's going to make things obviously faster than it was before.

But I still, we were talking about this a moment ago, I don't think it can or should replace the human element because at least up until now AI has not shown the ability to really capture that. Maybe it will. Maybe it will get to general intelligence, and we'll see that. I think there's something that remains uniquely distinct about human interactions, especially when it comes to diplomacy. So that I hope that AI becomes an augmenter, not a replacement for our diplomats. That's what I believe is going to happen.

QUESTION: Hi. Derek Kravitz with Bessemer Trust. Mr. Secretary, thank you for taking my question. It's a two-part question.

SECRETARY ANTONY BLINKEN: I'm used to these. I would get, some of my reporter friends would say I've got a six-part question...

QUESTION: Well, I hope and I promise it won't be that long. I've always been very curious about the decorum that goes into when you're traveling abroad and visiting some of these other countries. I'm curious if you notice things in real time or if it's in hindsight or a little bit of both. I'll give you an example. If you're arriving in Beijing and they literally roll out the red carpet for you, it may be an indicator of how warm the visit is going to go versus maybe, I remember seeing your predecessor, Secretary Pompeo, arriving and the stairway to the plane did not have the red carpet on it, and I thought that was interesting, and I know they're big on decorum. Vladimir Putin is notorious for making his guests wait for five hours while he's in other meetings, etc. So I'm just curious if you noticed that in real time and what you make of that.

The second part is, without naming names, I mean what is it like to sit across the table from some people that you have reasonably good evidence that are doing things, like committing knowingly violations of like the Geneva Convention? I've always just been very curious, like what's it like to be across the table from somebody you know has done some bad stuff. Just answer that however you like, but I'm just curious.

SECRETARY ANTONY BLINKEN: I'm glad you didn't name names on that last one. Yes, clearly if I got out of the plane and there was actually no staircase, that was a pretty good indicator. Yes, this happened constantly. Years ago, John Lennon had a song called Mind Games. Well, there was a lot of mind games that would go on. Famously, you may remember this, Vladimir Putin knew that Angela Merkel had a phobia about dogs, and there was a meeting and he brings this huge dog. Very deliberate. Get in someone's head space, put them off their game, get them off of what they're trying to achieve. And we would see that, yes, day in and day out. And especially this business about people making you wait, which never really bothered me. I mean, okay, fine, you want to do that. It's okay, I've got something else I can do during that time.

I'll give you one example of this. Many years ago when I was working for then-Chairman Biden of the Senate Foreign Relations Committee, this is before he was Vice President, the Bush administration had struck a deal with Libya, with Gaddafi, and Gaddafi renounced nuclear weapons. He gave up chemical weapons, biological weapons. A really good thing. And Condoleezza Rice asked Biden if he would go to Libya to put a kind of bipartisan imprimatur on this and meet with Gaddafi. We said, yes, absolutely, this is a good thing. Good for the United States, good for the world. So off we went.

And we went to see Gaddafi in Sirte, his hometown, and we were escorted into the tent. And time goes by, more time goes by, more time goes by, the classic waiting game. Finally after a couple of hours, Gaddafi comes bustling in and his first words are, I'm a very busy man. At which point, Biden stands up and says, okay, if you're busy, that's fine, I can leave and starts to walk out. And Gaddafi says, no, no, no, come back. So there's always a way of turning these things around. Most of the time, you know, with most of our close friends and partners, that stuff doesn't happen, but there's always that.

When Biden and Putin met before the aggression against Ukraine, in Geneva back in 2021, we made very sure that the meeting site, Putin got there before we did because we knew exactly what you describe, we weren't going to play that game. So it's part of the theater of things. It usually doesn't go to fundamentals because, again, you've just got to look beyond that and look at the interests.

In terms of sitting across from people who are doing terrible things, it's almost the nature of diplomacy. It just comes with the territory. And the question is, do you think by having that engagement, by having that meeting, by being willing to sit across the table, maybe even in a small way, if not in a big way, you can actually make a difference. And that's what we were betting on every single day. And it could be incredibly frustrating. It could be incredibly trying on your own psyche. Because if you weren't getting something to stop in the moment, are you somehow giving it greater legitimacy by engaging?

George Mitchell, who was a long-time leader in the Senate was also a tremendous diplomat. He was deputized by President Clinton back in the day to lead the effort to bring peace to Northern Ireland. He had this wonderful description of diplomacy and the peace process in Northern Ireland, which I think applies across the board. He said it was 700 days of failure and one day of success. When you're in one of those 700 days of failure, including sitting across from someone that you really have a problem with, you have to just keep looking at the possibility of that one day of success.

DAVID WESTIN: One last question, okay, good.

QUESTION: Yes, Mr. Westin and Secretary Blinken, thanks for making time to be here. My son graduates tomorrow with a degree in diplomacy, national security, and intelligence. So I may dissuade him, to be in investment banking now. So here's my question. China seemed to be the third leg of the stool. How does this Iran strengthen or weaken them in the world stage? And how that decelerated their rise in the world stage in many ways – economically, politically, influence, and others?

SECRETARY ANTONY BLINKEN: It's a great question. And again, like so many things, I think it's one that has a somewhat complicated or not black and white answer. Because what's happening? China has a marriage of convenience, not conviction with Iran. It's not sentimental. It's about their interest in energy and getting cheap energy that they could out of Iran. It's about making life a little bit more difficult for us by eroding the order that we've established, at least on the edges.

But at the same time, they've got a problem because they want strong relationships with Gulf Arab countries, so they don't want to push that too far. And, of course, their own energy dependence is such that they have to be sensitive to these major disruptions. And here they were smart, they built up a very strong reserve. They were able to use that as a cushion, but even that has its limits. And so they have some incentive as well in trying to see if this can land. But they like the idea that we're, if we're tied down, if we're distracted, that's good from their perspective.

I remember back in 2004, 2005, when we were embroiled in Iraq, embroiled in Afghanistan, I was talking to the then-Deputy Foreign Minister from China asking him what he thought about the fact that the United States was so deeply engaged there and maybe paying less attention to Asia. And he just laughed because, of course, that's a good thing from their perspective.

So they're also looking very, very carefully at what we're doing, how we're handling the situation. What does that mean for them in terms of their own competition with us? What does it mean for them in terms of thinking about Taiwan contingencies? They're taking very careful note. And it's not a clear-cut answer. You know, on the one hand, our distraction. The fact that we've depleted our own stockpiles of defensive and offensive weapons, well, that's an interesting factor.

But on the other hand, the fact that this relatively smaller country, although Iran is 90 million people, but nonetheless a country that could make life so difficult with so little also raises questions for them about how they would deal with Taiwan and what Taiwan might do should there be some kind of military action there. All of that is being factored in real time.

But as I suggested earlier, I think they're really focused on dealing with their own kind of paradox because you've really got to kind of split-screen when it comes to China. You've got a country that made fundamental decisions way back in 2015 to invest in certain core technologies and industries of the future. And with its industrial policies, has done a very good job at that. Although with some real cost because this extraordinary competition that they fostered in their internal markets, as well as their external markets with companies so desperate to win the competition that they continue to try to undersell each other to the point where they're not even viable themselves. That's paying some costs, obviously, the overinvestment in real estate, and that bubble is huge, aging population is a dramatic problem. Productivity losses are a real problem.

But they've also made a lot of smart bets, and I think the bottom line is that when we're looking at our own relationship with China, to me the most important thing to get in our minds is this. We can't put it on a bumper sticker. It's much too complex for that. It has elements of competition obviously, and those are the fundamental elements. It's got elements of contestation, where we're really at loggerheads over something. And it's got elements of necessary cooperation where we have interests in common, and like it or not, we've got to figure out ways to bring those interests to bear.

I think AI is one of them. And as hard as it is to imagine right now, given the state of the relationship, I think it's essential that we find ways to talk to China about AI because the common interest in making sure that this technology doesn't go out in such a way that all sorts of actors can use it in horrific ways that could be to the detriment of both our countries, never mind civilization, is something that really should drive us to find ways to work together, even as we continue to compete, even as we continue to contest.

Neither of us is going anywhere, and that's what I think we have to wrap our minds around. It's really challenging because, again, binary thinking at a time when binary is usually not the way to look at the world, that's the real hard part now. And I hope that the folks who are responsible in whatever it is, whether it's the private sector, whether it's government, whether it's any institution, find a way to think beyond the binary. Unfortunately, every incentive that we now have built into our system pushes us in the other direction.

We're so atomized in all of the information that we receive, we're so atomized in terms of the people that we deal with and talk to, we're so atomized in our politics that if you're not thinking the way your one little tribe is thinking, then you're in trouble. So this is maybe the biggest challenge, I think, for the era that we're heading into. As I say, I don't see how we put the genie back in the bottle, but I think we have to think really hard about how do you fashion a new bottle. The U.S.-China relationship with all of China in the world is one of the biggest places we have to do that thinking.

PRESIDENT BARBARA VAN ALLEN: Well, wow, thank you both for a great conversation. You've given us a lot to take away. Thank you. I think it also reminds, hopefully everybody in the room, how important the role is of The Economic Club of New York and bringing different points of view together and not arming ourselves to go in our corners, but instead listen respectfully to different points of view.

I want to just ask all of you to take a look at your program. On the back you can see that we've got a lot of upcoming events. Just yesterday we were on the phone with Ruth Porat's team at Alphabet preparing for that. But there's so much more here. For the sake of time, I'm not going to go through it.

But as always, I do want to just, before we close, thank members of the Centennial Society for joining us today as their financial contributions provide the financial backbone for the work that we do at the Economic Club, which is a 501(c)(3). So thank you and thank you to our listeners that are joining us virtually. Have a nice rest of the day. And for everybody in the room, please enjoy your lunch. Thank you.