The Economic Club of New York

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The Honorable Condoleezza Rice
66th U.S. Secretary of State

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In-Person/Hybrid Event

Moderator: Dambisa Moyo
Chair, The Economic Club of New York
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Introduction

Chair Dambisa Moyo

Hello and welcome to the 871st meeting of The Economic Club of New York. I'm Dambisa Moyo, Chair of the Club. It is a pleasure to be here with all of you. I would like to extend a warm welcome to the students joining us virtually from Stanford University, and to recognize the members of the 2026 Class of Fellows – a select group of next-generation business leaders who are with us here today. Please note that applications for the 2027 Class of Fellows are now open.

The Economic Club of New York is proud to stand as the nation's leading nonpartisan platform for discussion on economic, social, and political matters. For nearly 120 years, the Club has hosted over 1,000 preeminent guest speakers contributing to a tradition of excellence.

We continue that tradition today by welcoming our distinguished guest, Secretary Condoleezza Rice. Condoleezza Rice is the Tad and Dianne Taube Director of the Hoover Institution at Stanford University and the Denning Professor in Global Business and the Economy at Stanford Graduate School of Business. She's also the founding partner of Rice, Hadley, Gates & Manuel, an international strategic consulting firm.

From 2005 to 2009, Condoleezza Rice served as the 66th Secretary of State of the United States, the second woman and the first Black woman to hold the post. Before that, she was President George W. Bush's National Security Advisor, the first woman to hold that position.

As a member of Stanford's faculty since 1981, she served as the University's provost from 1993 to 1999. She is the author of numerous books on international politics as well as memoirs of her upbringing and her years in government. She is also part owner of the Denver Broncos and serves on the College Football Playoff Selection Committee.

Today's format will be a conversation which I am honored to be doing, moderating. And the program will conclude promptly at 1:00 p.m. As a reminder, this discussion is on the record as we do have media in the room and online. Now without further ado, please join me in welcoming Secretary Condoleezza Rice to the stage.

Conversation with Secretary Condoleezza Rice

CHAIR DAMBISA MOYO: Thank you for being here.

SECRETARY CONDOLEEZZA RICE: Thank you very much, and thank you for mentioning the Denver Broncos who won yesterday.

CHAIR DAMBISA MOYO: I know that you're just, you rushed over here from the amazing win yesterday in Charlotte. So thank you for making the time. We are absolutely honored to have you here. It occurred to me that had we'd had this conversation about 20 years ago there might not have been much to talk about. I think Russia was still part of the G8. It was sort of peace and kumbaya across the world in terms of globalization. And certainly the whole notion of a pandemic, financial crisis, and ongoing hot wars would not have been on the agenda. So a lot to talk about today.

And I've been juggling with what the order might be so I thought I would just start off with a general question, which is to ask you whether or not you believe that the next generation of Americans will inherit a country that is globally more powerful and influential or less powerful or influential than the one that you served.

SECRETARY CONDOLEEZZA RICE: Well, thank you very much, and it's an honor to be here at this really wonderful gathering. I appreciate very much the opportunity to talk about these big issues that we face. You know, when I talk to my students, I always say that you've just asked me actually an analytical question. So will the United States continue to be the global power that it has been? And I always say the policy question is how do we assure that the United States remains the global power that it has been?

And the reason that that's important is that the United States, along with its allies after

World War II, conceived of a very different international system than had been in place really going all the way back to the creation of the state system, the so-called Westphalian state system. Before that, victors made certain that those who were vanquished stayed down. There was a system in which you had violent conflict over resources, in which my growth came at your expense and your growth came at my expense, a kind of zero-sum view of the international economy.

And after World War II, remarkably a country that was victorious at the end of the war worked with other countries to create instead an international economy that was not zero-sum, that was to be positive sum with free trade and with monetary policies through the IMF that would rationalize the exchange rates. And this system was remarkable not just in that it saw an international economy that was not zero-sum – in other words, my growth didn't have to come at your expense. We could trade for resources. We didn't have to fight over them.

But even more remarkably, think about the picture of the G7 in 1983 when it was created by George Shultz and Ronald Reagan. The members, at the time the seven largest economies in the world. Japan, Italy had been enemies along with Germany, but not vanquished, brought back to life economically. Britain, France, the United States, Canada had been victorious, but not to oppress those who had lost. And so this system was extraordinary in the prosperity that it brought. Of course, the Soviet Union collapses

and those countries also joined the system.

And so the question is what has happened to erode that concept of an international economy? And by the way, an international economy that was protected by American military power, whether it was in Europe, or with the Defense Treaty with Japan, or protecting the sea lanes, what happened? And so I think in trying to understand what happened, we can answer the question, how do we get back to an international economy that is more stable, more predictable for the kind of growth and prosperity that we saw in the past? And so I think it's really a policy question, not an analytical one of what do we have to do?

CHAIR DAMBISA MOYO: So you've got our leading, you've given me a leading question, which is what happened? You know, obviously there were gains. The global economy is over $100 trillion today. We saw many emerging countries converge – the Chinas, the Indias, the so-called shorthand, with BRICs, converge to higher levels of per capita income. Things seemed to be going well and then all of a sudden, certainly I think the estimates, 2009, you start to see deglobalization in trade, anti-immigration policies, etc. etc. So what happened?

SECRETARY CONDOLEEZZA RICE: I'm glad that you put it that way because I've been often asked this, have we just seen a revolution or an evolution? And I always say,

look, a revolution is what happens when you don't see an evolution coming. And this evolution had been going on for some time. And I think it really had three factors. The first is, let me call it China's defection. It was absolutely the case after 2001 when China entered the international economy through the WTO that the expectation was that we would have a single international economy in which China would play an important role by the rules of the WTO.

And indeed some of that worked for, if you had what I sometimes now call the CEO perspective of the world, kind of 2001 to, let's say 2014-15. It was the following: I can put my supply chains where they are most efficient. I can invest where I'm going to get the greatest ROI. I can assemble and I can manufacture where the conditions are best. And I don't have to worry about these things called borders essentially. And the answer to a lot of that was China.

Fast forward, if you start to look, and I'm not a great, Great Man Theory person, but if one person has had a huge impact, it's Xi Jinping because his view of that global relationship to China was fundamentally different, I think, than those who came before him. So all of a sudden, what had happened when we had the kind of CEO narrative, let's call it the international economy track, and then you have this national security track that's out there. Now during the Cold War those didn't have to cross. Because the Soviet Union was a national security problem, but the Soviet Union was an economic

and technological midget. And so it had nothing to do with that international economy track.

All of a sudden, they come together with China because under Xi Jinping, and some would say maybe it wasn't Xi Jinping, maybe it was just the rise of Chinese power, you begin to see that the national security piece of this, it sort of starts from my mind in 2013. Xi Jinping gives a speech that we now know actually, we didn't know until 2015, where he says China will surpass the United States in frontier technologies like quantum and AI. And then they have a policy called civil military fusion.

So the narrative now becomes something like this. Let me get this right. We have invested in your technology – a lot of our venture capitalists invested in this technology. We have trained your PhD students, which by the way I think we should continue to do, but that's another story. But we've trained your PhD students, and now you're going to take that technology, you're going to surpass us.

You're going to give it to the PLA, the People's Liberation Army, so that they can force us out of the Indo-Pacific because you're also at the same time declaring that the South China Sea is Chinese national waters. You're stepping up pressure on Taiwan. You're threatening islands around Japan and the Philippines. Is that the bargain that we've made? And you got a backlash.

And then the recognition that those supply chains were really dependent now on an adversary gets reinforced during Covid when we suddenly realized that much of our pharma comes from China through supply chains, when we recognized that, oh, my goodness, this thing called batteries, this thing called rare earth minerals, the supply chain is all in China. And for me, the crystallizing moment comes not too long ago when China decides to withhold rare earth magnets, and we realize that within some period of time we won't be able to build an F-35. Now think about that. So that clash then begins to have people questioning the very premise of the international economy with China at the center of it and begins technological decoupling. So that's the first thing that happens.

Secondly, and I try to explain this to our allies from time to time, it's a little bit of the United States is just tired, right? Eighty years, we've done this for eighty years. For eighty years, we took a pledge, an attack upon one is an attack upon all, in Europe. And we took that pledge in 1949 when the Soviet Union had exploded a nuclear weapon five years ahead of schedule and we still said, if necessary, we will sacrifice New York for London.

Well, I would go, I was one of those secretaries. I would go to Brussels and I would beg for the 2% of GDP for defense, and I'd get patted on the head, and next year I'd beg again. Now, to be fair, it wouldn't have been in my talking points to say I won't defend

you if you don't pay your 2%, but that seems to have gotten people's attention. Mr. Putin got people's attention. But allies needed then to step up because America was not going to continue to be the one that did everything.

There was a line that President Trump used that I thought kind of encapsulated it. He said, why do have such great airports? In that, we were defending while you were building great infrastructure. While you were building a social safety net in Europe, we were defending. Now, I'm a trans Atlanticist. I'm a believer in allies. I'm a believer that the United States is absolutely privileged to have as many allies as we do. But there will need to be some redistribution of responsibility so that the United States doesn't carry this alone.

And then the final piece of this is that globalization served a lot of people extremely well, and the macroeconomy that you just mentioned. In fact, the macroeconomy was very, very prosperous, but there were pockets of extreme pain from the China Shock and from globalization. When I would teach a course at the Graduate School of Business at Stanford, I'd always have a student of the following profile. Born in Brazil, went to college at Oxford, first job was in Shanghai, now graduate school at Stanford, next job will be in Dubai, moves seamlessly around the world. Most people never move more than 25 miles from where they were born. And for that unemployed coal miner in West Virginia, this didn't work out.

And those people found that the pain, so the pain was intense and concentrated, and they found their voice in populism. And populism, I've called it the Four Horsemen of the Apocalypse. Populism tends to be, populism, nativism, isolationism, and protectionism, and they tend to ride together. And so that too began to undo the moorings of that international system.

But I'm quite confident, and we're doing some of this work at the Hoover Institution, I'm quite confident that if we go back to first principles about, we don't want to go back to the inter-war period between World War I and World War II where we fought over resources, where your growth came at my expense, where great powers were constantly trying to find territory. We don't want to go back to that world. But we're also not going back to the world of 2010 and before.

CHAIR DAMBISA MOYO: That's superb. So I want to come back to China in a moment. I'm going to park it for a moment because in a sense China is quite a structural bogeyman. I've heard you say on occasion that China is absolutely our technological, military, and economic competitor. I think you used the word adversary today and I will pick on that a little bit more and also what their agenda is.

But before we do the structure, I'd like to focus on a bunch of what I'm going to call tactics. We're in the middle of a bunch of hot wars. I'd love to just get your perspective

on each of them. And I'm going to start with Iran. And maybe in a provocative way ask you whether we're in a stalemate and essentially the fact that we are where we are, that's perhaps a view by the Iranians, whether they're winning because they're not losing. So just any thoughts to help us understand where we are and essentially what you think the risks are.

SECRETARY CONDOLEEZZA RICE: Well, stalemates are rarely actual stalemates in international system. Things are moving underneath. And Iran, actually, we've been at war with Iran for 47 years. I negotiated about the Iranian nuclear program. And so we've been going through this for a while. Now, I am one who believed that the decision to go after Iranian nuclear facilities in June of a couple of years ago was absolutely the right decision. And the decision to try and degrade Iran's conventional capability so that they could not protect that nuclear capability and so that they could no longer threaten the region and our allies and the like was also, I think, a good decision.

Now, I would be the first to say that maybe the messaging hasn't been completely linear about this war. But if you said that's what we're going to try to do, and I think some of the talk about regime change perhaps was premature. Regimes like this never come down from the street. If anything, they come down from intra-regime defection. So I'll come back to that.

So I will say one thing that was a little puzzling to me, if you do a sophomore simulation with your kids or you do a war game, the first thing the Iranians do is they try to close the Straits of Hormuz. It seemed somehow that we were surprised. But we came to the right policy, which was the blockade. Because to say to the Iranians, if you won't let anything out, fine, you won't come out either. And oh, by the way, that is your only source of revenue, and we're going to put extreme Treasury sanctions and make everybody play by the same game because nobody wants to run, no other country wants to run afoul of those Treasury sanctions. That's the right policy. But it takes time and it takes strategic patience.

The Iranian economy is going down for the third time. I happen to think that we let them off the hook a little bit with the MOU because we let them get $6 billion to fill their coffers again, and they, they're smart. They worked very quickly to make sure that they had storage and the like. But with that interregnum, this policy seems to me to be working.

Now, I understand that gas prices are high. I get it. And I understand too that even though oil is moving – I was an oil company director, by the way, for ten years – even though oil is moving, some of the byproduct of refining is, like urea or helium, some of the things that we need even in food supply, understand that there's certain dysfunctions. But I think the one thing we can't do is make a deal that leaves the Iranians with any sense of control in the Straits of Hormuz, because that would be bad

for us, bad for the region, bad for the international economy.

Because it's only, it's not too long then before people start saying, well, what about a toll on the Straits of XYZ? The freedom of navigation for which we have been so much responsible is one of the fundamental pillars of the international order. And that we need to defend. So I don't really think there needs to be more kinetic, big-scale kinetic action. I've heard that we've taken small shots when the IRGC is fired up to try to attack a ship in the region. So there are ways to manage through this. Sometimes it's a little frustrating in international politics. You have to manage the situation. You can't really solve it. But underneath, I think we are getting some place.

The other point I would make is it's absolutely true that the Iranians cannot be allowed to get a nuclear weapon. It's also true that I do not believe that their nuclear capability at this particular time is particularly a threat because I think it's pretty flat on its back. To make a nuclear weapon takes components that you have to put together. And one of the components, you've been reading about the 60% highly enriched uranium.

Well, that uranium has to get to 93%, 94% to be weapons grade. The way that you get that to weapons grade is you spin it in high-speed aluminum tubes called centrifuges that are longer than this building, the cascades are. And they break if you look at them. And so with all the bombing that's been going on, I'd be rather surprised if those

centrifuges are functional.

And so we have some time, and some time to get the region recover. They need to rebuild some of their defense capability. They need to rebuild some of their oil and gas infrastructure. And if we're patient, this may turn out okay.

I'll just make one last point that I made in an op-ed not too long ago. It's said that the IRGC, the Revolutionary Guard Corps, owns about 40% of the Iranian economy. Pretty soon they may realize that 40% of nothing is nothing. And one begins to wonder if then you get some regime defection.

CHAIR DAMBISA MOYO: Well, so sticking with Iran a little bit longer, you said it takes some time. I think, without getting into U.S. politics, clearly, you intimate the affordability issues around gas. Americans clearly lost some patience there. When do you think we might start to see, I know it's a little bit unfair, but I know that you have a lot of perspective. And it's linked to my next question, which is around the regional proposition because this is, even though I said it's about Iran, it clearly has spread to become a regional concern.

So if you could just talk to us a little bit about what you're sort of seeing six months, a year from now. Are you more optimistic that something will happen? And what does this

mean for the reconstruction? I mean there are a lot of people in this room in the finance area who are now saying, well, okay, if AI is selling off in the markets, you know, maybe will there be a reconstruction? Will there be de-dollarization as money goes back to the Middle East? So some thoughts on that.

SECRETARY CONDOLEEZZA RICE: I think we shouldn't overdo the negative potential consequences here. We're not that far into this actually. And, you know, I'm not an economist. There are some out there who can tell me about all the aspects of affordability of which energy is only one. And so I think the idea that you have, if you have a strategic goal that the Iranians cannot get a nuclear weapon and that they cannot control the Straits of Hormuz, then a policy that says we're going to be patient, since we finally put this policy in place, to let it work. I could, kind of tongue in cheek say it took us 45 years to collapse the Soviet Union, but we did. I don't think 45 years is the right number here. But I do think that it's time to let this work for a little bit.

In terms of the region, we have pretty strong relations with our allies. Now I will say the Houthis are a problem and figuring out exactly what to do about that. One thing that you have, when you've been inside, you are careful about your advice to those inside because you realize that from the outside you don't know the puts and takes that they're dealing with every day.

And I often told my colleagues at places like Stanford or whatever, thank you very much about your thoughts about national security, but you actually don't know what I'm dealing with on a day-to-day basis. And so let me be very careful about giving too much advice here. But it looks from the outside as if we continue to support our allies in the region, help them with the significant defense buildup that they need to do to make themselves more resilient the next time around. They've done remarkably well in finding alternative routes and the like. So sometimes you just have to step back and take it one step at a time. And I think that's what I see.

CHAIR DAMBISA MOYO: Well, look, we know that there are discussions, to your opening remarks, there are things going on that we're just not aware of, but it is disconcerting to see the Houthis attacking Saudi Aramco headquarters, attacking the airport, different terminals. But I think it's also a little bit unsettling when you hear about the tensions within the region, sort of MBS, MBC. I don't know whether you have any perspective.

SECRETARY CONDOLEEZZA RICE: Those actually kind of predate all of this. But we have worked very hard, and I actually think the Saudis and the UAE have worked pretty hard at finding a way to overcome some of those tensions, tensions about what happened in Yemen, tensions about who is going to be at the top of the heap in terms of modernization in the region. Let's remember that for a long time the UAE was with

Emirates and all of that. They were the dominant modernizer in the region.

And along comes Saudi Arabia with all of its power and influence and MBS engages in a major modernization effort, and maybe there's just a little competition there, so that would be okay. But I wouldn't overstate some of this. This is what diplomacy is all about. You go and you talk to your allies and you say could we cool the tensions because we have one big common problem which is Iran.

CHAIR DAMBISA MOYO: Okay, I'm going to stay in the region. Israel, obviously another issue that's seeped into the U.S. sort of political discourse. But I want to just understand from you, post their own election, which is, was not I think for many people, myself perhaps included, was not as sort of decisive and clear as we might have expected. Just any thoughts on, you know, what happened and what are we seeking there now? What do you think happened?

SECRETARY CONDOLEEZZA RICE: Well, first of all, let's remember that Israel is a democracy so let's let them solve it. I think actually American commentary on what the Israelis ought to be doing is probably not helpful at this point. They've had several close elections recently that have caused them to have rather creative solutions to forming a government. As I understand it, Herzog has decided, the president has decided to give the baton not to Bibi Netanyahu. And they have four weeks, six weeks to form a

government.

Israeli politics is quite complicated. But as a friend of Israel, the things that I would hope is that Israel's democracy will find a way to, through their political system, deal with some of the tensions that are there in Israeli society. There are clearly tensions between ultra-orthodox and the rest of the society about things like military service and the like. So sometimes we think this is all just about the politics of the Middle East but Israel is a country that some decades after its birth is dealing with a lot of internal contradictions that have to be reconciled in its democracy.

I will say this, if in time this war, the current wars in the Middle East begin to subside, Israel could be in the best position in terms of security that it has ever been. It has now defeated all of the Arab armies that threatened or questioned its existence. We defeated the Iraqis, but every other one. And Iran's tentacles, Hezbollah, Hamas, in Iraq, the militias in Iraq, are weakened at this point, particularly Hezbollah and Hamas. Lebanon has a chance to emerge as finally able to have a decent government with Hezbollah pushed to the side. And so there are also some good trends that are going on in the Middle East.

And I think if the Israelis look around them, they will see that there are a lot of Arab states that would like to have their own path toward modernization, and normalization

with Israel is a part of that modernization. So, yes, things seem a bit problematic right now, but I think that the longer term future of the Middle East looks potentially somewhat brighter with Israel as a functioning member of the region because those Gulf States would like to have, I think, better relations with Israel. It probably requires in time doing something about the Palestinians.

I will say that the reason there's not a Palestinian State is not Israel. It's because the Palestinians haven't been able to make a deal. And I know because I spent 24 trips to the region trying to make a deal. And in November of 2008, Ehud Olmert made an offer to Abbas that he should have taken, and I told him at the time he should have taken it. And I remember also saying to him, if you don't want to take the deal, do this. Come to Washington, we'd already, President Obama had already been elected, I said come to Washington, deposit what Olmert has given you with President Bush. He will pass it to President Obama and they can begin there.

And Abbas, for whom I had a lot of respect and liked very much, couldn't do it. And so the Palestinians need reform. They need reform of their political institutions. They need reform of Fatah. They certainly need to stop embracing Hamas, which has done more to harm the people, the Palestinian people, than anybody ever could.

I'll tell you a little story about Hamas, just to vivify it. So I helped to negotiate the

withdrawal of the Israelis from Gaza in 2005. Ariel Sharon, somebody known for his absolute devotion to security in Israel, told us that Gaza was not defensible, he wanted out, and so they withdrew. The settlers had built greenhouses for the vegetables and fruits. I know there are dreams about Gaza as a resort, but Gaza is pretty rocky and pretty crummy territory.

They had built these wonderful, like this building. I knew that Sharon said they want to be compensated for it. I knew we weren't going to go to the Congress and get an allocation to buy greenhouses from settlers. So I raised private money to do it. Within three weeks, Hamas trashed them. And I had to go tell all these people who had given money, sorry, but Hamas trashed it. That's how much they care about the Palestinian people. And so when the Palestinians are able to divorce themselves from terrorism and Hamas and take a deal, I think a deal will be there.

CHAIR DAMBISA MOYO: Do you have a view, I'm sure you do, on whether the sort of next stage of the relationship and the talks and security and agreements will be undermined or enhanced by some of the announcements that have been made about funding to Israel?

SECRETARY CONDOLEEZZA RICE: Well, I assume that announcements are announcements. Look, it's a complicated relationship with Israel. It's also a country that

is quite capable now in terms of its own defense industries and the like. This is not 1973. And so I think, and off of sitting with the Israelis and thinking about what the relationship ought to look like going forward, especially given that there are changes in the region in terms of who Israel's enemies are, that probably makes some sense. But I think we should do it in conjunction with our Israeli allies rather than in some sort of way that doesn't put them into the conversation. But I think there are adjustments that could be made. It's been a long time.

CHAIR DAMBISA MOYO: I want to move on to another region. You've touched on it very lightly, which is Europe. There is a view that Europe, broadly speaking, is no longer a great ally to the United States, partly because it's unable to even sustain its own economic environment. I won't rattle off all the specific economic challenges, but they definitely have slower growth. They are largely missing the AI super cycle. They have issues of youth unemployment. We've seen it in pictures around what happened in France and has spread to other countries, etc. etc., some of the policies around energy. And so just would love to hear what your thoughts, hopes, expectations are around that relationship because you did make the very important point that they have been free riding for many decades.

SECRETARY CONDOLEEZZA RICE: By the way, it was President Obama who said that.

CHAIR DAMBISA MOYO: And so any thoughts about what needs to happen? It's never nice to see it happen in an aggressive way, but we are where we are.

SECRETARY CONDOLEEZZA RICE: Well, I'm worried about Europe because we need a good partner in Europe. I'm a great believer in our shared traditions. I'm a great believer in our shared history. I look at what we achieved in essentially collapsing the Soviet Union despite its military power because we stayed together. And so I'm a believer in the transatlantic relationship.

But I'll make the following points. Europe needs to, you know, we all have read the Draghi report. It's all there. And Europe needs to do something about growth. It needs to do something about innovation, and we can't do that for Europe. And it needs to not spend all of its time regulating other people's innovation. I actually heard a European parliamentarian say we will be the regulation superpower. I thought, really? That's a great idea. And so we need Europe to get up off the mat, and I do think there are some who want to do it.

Now, one of the things that I hope we could do is, on the innovation front, it is true that we don't, that they're not at the frontiers of the AI revolution, but they have pieces of the AI stack. And we ought to be talking about how that works together. There are places like the Netherlands that are absolutely key to what's going on in the AI stack.

And so one of the things that is troublesome is we can't talk about Europe as a whole. There are different geographies that are emerging in Europe – Southern Europe, especially Southeastern Europe, if you think about what's going on in Greece, if you think about what's going on in even Poland, Romania. I think if Ukraine can survive for a year, Ukraine is going to be quite a remarkable addition to security in Europe. If you go to Northern Europe and you talk about Sweden and Finland and the Baltic States and their purchase on the Arctic, there is a lot that we can do together. And I'm glad that the Europeans are thinking about defense spending. I think some of them wish to use defense spending to growth the economy, which is fine with me because they need growth.

Politically, Europe has some real problems. The social welfare state is not sustainable. We're seeing that in the streets of France. I don't know what the Germans can do about the fact that 40% of their population voted, in the East, voted for the Alternative for Germany. I understand why you don't want the Alternative for Germany in coalition, but when you therefore have the East not really represented.

I was on the team that did German unification. If you had told me that East Germany would be as unintegrated into Germany as it is 30 years later, I would never have believed it. But I'm told, I was in Berlin about a year ago and I'm told that women are leaving in large numbers because there are no marriageable men in East Germany.

They are, you know, 50-year-old men with no prospects. So the internal politics of these countries are very problematic too.

I will say this about the U.K. First of all, they do have a purchase on some of the AI because of Oxford and that's where DeepMind came from. They built the first really great AI Safety Institute. They now call it the Security Institute, which Rishi Sunak put in place. We actually have imported some of those people to work at Hoover because they're very good at thinking about how to think about the safety issues.

And I tell the U.K. folks all the time, they have great power DNA. And I'm going to tell you something, as Secretary of State, having an ally like the U.K. that had great power DNA, the thought in global terms was indispensable. My phone call on Sunday morning every week was with the Foreign Secretary of the U.K. And they're still that way and so there's something to be built on there. But it's troubling.

And then the final thing I'll say is we all ought to be worrying about Chinese mercantilist policies that are de-industrializing everybody. Look at what's happening to Volkswagen. The German car makers are trying to find new markets in the United States because they can't find them at home because Chinese competition is...so we've got a lot that we can do together. But Europe has its problems and I'm concerned because I'm a believer in what we've built together over the last years.

CHAIR DAMBISA MOYO: So obviously, coming from the question of Europe, it almost directly goes to Russia, which you have spent an enormous amount of your academic mind share. You've met Putin on a number of occasions. What is going on there? What is an off-ramp? What are you hearing and seeing about those prospects? And, in fact, linked to that, speaking of Europe, will Ukraine become part of NATO? What is your view about the future of NATO?

SECRETARY CONDOLEEZZA RICE: Well, I think the future of NATO is actually bright for the reasons, you know, Sweden and Finland are real military powers. They give us purchase on the Arctic, which frankly as Secretary I didn't pay enough attention to. But it is a region that we should be paying for attention to. Now that we actually have a deal about Greenland, we can work on that piece of it too. So I think NATO is getting stronger.

I'll come to Russia, but on Ukraine, the problem is going to be the next year. Vladimir Putin, having failed at every other strategy that he had, now I will just tell you, this is not about the Soviet Union. I remember sitting in his office and he kind of liked me a little bit because I was a Russianist. And he said at one point, Conde, you know us. Russia has only been great when it's been ruled by great men, like Peter, the Great and Alexander, the Second. Now every bone in your body will say, do you mean Vladimir, the Great, but that would be rude, so you can't say that.

But this is about the Russian Empire, and you can't have a Russian Empire with an independent Ukraine. And this is a mistake sometimes that Russians will make. They don't realize that the Ukrainians are a distinct people with a distinct language. It's true they haven't been independent that often in their history, but they think of themselves as Ukrainian. There's a piece by Tchaikovsky called The Little Russia Suite. It's about Ukraine.

So Putin's view of this is why can't the great Russian nation crush this thing called Ukraine that he told us wasn't even a real country. Well, he first was going to take it in five days. They went with their dress uniforms and five days provisions. You will remember that convoy getting stuck. That didn't work. Then he was going to keep the war away from Russia, but punish Ukraine. And now, of course, the Ukrainians have learned to bomb things inside of Russia.

There was a story the other day that the Russians have told, the Russian officials told their industrial enterprises, you have to buy your own defense, your own air defenses. Imagine if they told, you know, Amazon, or if the U.S. government said to Amazon or Walmart you've got to buy your own air defenses. So this is not going well.

The Russians lost, they had 46,000 casualties in September, and he's running out of people. Because he was going to fight this war with poor boys from Dagestan and from

Khabarovsk. The blonde boys from Moscow and St. Petersburg were not going to be mobilized. And now, and North Koreans, who turn out apparently not to be very good at this. And so now is he going to mobilize those blonde kids in Moscow? I don't think so.

So now his latest strategy is we're just going to make it really cold for the Ukrainians by bombing their grid and kind of bombing them into submission. That won't work either. So if we can get through the next year and the fighting season, kind of March, April, I suspect that – my colleague, Bob Gates always says maybe it just sort of stops. People just kind of stop fighting. You get a little bit of hot spots here and there.

If that is the outcome, and I emphasize "if", Ukraine will have won this war because Ukraine will have the second largest land army in Europe after the Turks, and they're way better trained than the Turks. They will have greater integration into NATO, to your point, than I think probably other members of NATO do because of intelligence sharing and defense cooperation and training. And they will not have yet mobilized their 18- and 19-year-olds. Not to mention the defense industry, which every defense industry in Europe and the United States is trying to get a piece of that because the Ukrainians have been so innovative.

And so if we can just get through this period, support the Ukrainians with intelligence, which is the most important thing we can do, support them with Starlink, which is very

important, support them with whatever we can do on defenses, this may turn out okay. But it's going to be a rough year.

CHAIR DAMBISA MOYO: So just to focus still on the Russia question, there's speculation, reports of a meeting between the U.S., China, and Russia. Is that not an important piece of coming to some resolution? Because as much as we talk about a Ukraine win, I just wonder whether the optics could be tolerated in Russia. And again you know, you've met, you've looked in the whites of his eyes, so you tell us what you think.

SECRETARY CONDOLEEZZA RICE: Well, notice I didn't say when. I said things stop, right? And Vladimir Putin is very good at narrative creation. So he'll try to create a narrative that he essentially won. But he's made a mess of his country, he really has. A million people have left, the best and brightest. A million more will leave if he tries to mobilize them. There's no doubt that their oil and gas industry is hurting. As I said, I was an oil company director, and those of you who know oil companies will know that if you're not maintaining your infrastructure, it erodes extremely quickly. And they've been using the money, not to do anything about maintenance, but just to feed the war. And so the whole infrastructure is really eroding.

And so he will have really hurt his country, and we'll see whether, you know, tsars who

lose wars aren't usually dealt with very kindly in Russia. So we will see. I don't really care if they have a meeting. I probably wouldn't recommend one. I don't know what Xi Jinping gets out of such a meeting. I don't know what we get out of such a meeting. I guess Vladimir Putin gets to stand and pretend he's a great man.

But the underneath of this is that Russia is not in great shape, thanks to his war. The underneath of this is he's becoming a vassal state of the Chinese. That's really not so great from his point of view. Just think about what the Chinese are doing in Central Asia, which used to be part of the Soviet Union, and now they're dominating Central Asia. Fortunately, we've started to move back in, in Central Asia. So, you know, a meeting, but I'm one who, as a political scientist, always looks at structurally what's going on. And structurally Russia is in not very good shape.

CHAIR DAMBISA MOYO: So speaking of structurally, I was going to say would you have any perspective or thoughts you want to offer regarding America's backyard, around Brazil or Venezuela, what's going on in Argentina? But I know we're going to have to get to China soon, so I don't know if you want to say a few words.

SECRETARY CONDOLEEZZA RICE: But don't skip over the Western hemisphere because, you know, when I was in office people would say, why don't you do more about the Western hemisphere? Now these people do something about the Western

hemisphere and people say, why do you do so much about the Western hemisphere? Well, because something needed to be done. The first thing, the Chinese needed to be put on notice, not in our hemisphere at the Panama Canal. That was the first most important thing, and they will end up selling.

Secondly, Argentina. Milei has done something in Argentina, do you know how I spent all my time in Argentina? Calling the IMF to say please don't let them default. That's how I spent my time in Argentina. Look at what he's doing in Argentina. And there are like-minded places in several other places as well. Now, yes, Brazil went to Lula. I've always found Lula to be rhetorically ideological, but quite competent when it comes to knowing what Brazil's economy needs. And so I'm less concerned about that.

And then finally I will say that Venezuela, you know, when you have a lot of problems – I know this from having been Secretary – you've got a lot of problems on your plate, okay is good enough, and Venezuela is okay. They will have to eventually arrange a transition in Venezuela because I don't think that Delcy Rodriguez can govern in the long run.

I know that Marco Rubio has sponsored some talks there, and we will see. But they're right about one thing. You need to rebuild the institutions, between Maduro and Chavez before him, Venezuelan institutions have been destroyed. And you don't want to go into

an election without a judiciary that people trust. You don't want to go into an election without election monitors that people trust. And so taking a little time to make that transition is probably okay and then we'll see who wins the election. But Venezuela, okay, and when you're in that position, okay is good.

CHAIR DAMBISA MOYO: I'm sure I'm going to get criticized for passing over other regions of the world, which I know you have perspective. We didn't really get into AUKUS and what's going on in Australia. You touched a little bit about the waters.

SECRETARY CONDOLEEZZA RICE: Australia, best allies ever. Because when everybody else in the world calls the Secretary of State and says, can you take care of this, the Aussies call you and say, we'll take care of this. So best allies ever.

CHAIR DAMBISA MOYO: Good to know. And obviously there are other regions, Africa, with some of the wars that are ongoing. But let me push you to China because I'm conscious of time and I know people will say, well, you know, China is the biggest sort of adversary currently in so many areas, how are we spending only ten minutes on it? But I would just, rather than lead the witness, as they say with a whole host of questions – what's going to happen at the next five-year plan? What's going to happen with Taiwan next year? What's going on with AI? – why don't I just open it up and just say China, and please take us wherever you think is important.

SECRETARY CONDOLEEZZA RICE: Okay, so let me just start by saying they are remarkable in what they've achieved and what they continue to achieve. Some of their supply chain dominance, for instance, in something like robotics, is really quite stunning. They do have an economy that I think others are starting to recognize is de-industrializing other economies. And we'll see whether or not there are reactions to that, that might lead to kind of protectionists. In the way that we've kept EVs, Chinese EVs out of our markets, you may see others do that as well. They also continue to have demographic problems. They have 20% or so youth unemployment. Kids who are said to be lying flat, in other words, not really engaged. So it's got its problems, but it's remarkable what they've achieved.

Now, I do think when it comes to AI, you know, we're in the lead on the frontier models and probably will stay there for a while. But when it comes to adoption, you know, not everything has to be a frontier model in order to run your CRM. And so they seem to have a better strategy for adoption, and because they have an open weight model, they are showing, Chinese tokens are showing up all over the world because we don't actually have a competitor. And that's a problem, so-called diffusion problem.

I'm a little concerned here in the United States that we could hand it to them because unfortunately when you look at the polling, Americans are very, well, you saw it in the election, Americans are very sour on AI. Well, it's because they've been told it'll take

your job, it's going to run up your energy bill, and Tron, the AI-empowered robot, is going to eat you. And so, what was good about this? And so the whole narrative around AI that we have is problematic because China is pushing forward in some ways.

But let me just close this with one, two points. On Taiwan, there's no doubt that they are being very aggressive in and around Taiwan. Admiral Paparo has called their exercises a rehearsal. But it is also the case that an amphibious landing on Taiwan is a pretty big idea. And it seems instead that they may have adopted a kind of salami tactics. So you have the potential for quarantine. You have the potential for blockades. You use cyber-attacks. Maybe you try to play inside Taiwanese politics to get a more favorable government. You don't have to make Taiwan, you don't have to occupy Taiwan, you just have to turn it into Hong Kong, where you actually control the politics and the security.

So, I, most military people will tell you that a big invasion of Taiwan may not be in the offing. You might also notice that Xi Jinping keeps firing his military generals, including the one that he went to kindergarten with who wasn't apparently loyal enough. So there are problems.

Now, finally U.S.-China relations, I do think largely due to the good work of Scott Bessent, we've been able to put a floor under this relationship. You know, eighteen months ago the two largest economies of the world, 100% tariffs on you, okay, I'll raise

you 50, now it's 150% tariffs on you. I'm taking your rare earth magnets. Okay, so your kids aren't going to go to MIT and Stanford. I mean it had gotten to a place that the volatility was not good. And I think what they've done is to put a floor under it. But the fundamentals that I described at the beginning are not changing. And so I don't see this becoming anything more than a managed relationship, but sometimes managed is not bad.

CHAIR DAMBISA MOYO: I'm going to open it up for questions in a moment, but can I just conclude with maybe one question that will bring in some of your perspective around the work that you are doing at Hoover, which is if you think about the arc of history, there have been sort of big ideas around diplomacy and geopolitics, detente and issues around U.S. democracy, global leadership, containment, isolationism. Could you just tell us what you think the big ideas, or what you're working on and how you're reevaluating some of these big ideas from the past?

SECRETARY CONDOLEEZZA RICE: Right. I think the big idea is can we recreate, but on a sustainable basis that relates to where we are today, a world in which the United States is a fulcrum for a world in which we don't have zero-sum international economy or politics. Because what we know about zero-sum international economies is they definitely lead to conflict. And so that's the first big idea.

The second is can that world also unite particularly the democracies of the world, and friends like India, which will always keep its strategic autonomy, but friends like India, to say to great powers like Russia and China, territorial disputes of 19th century types got us into bad wars before. Let's not do that again.

And then finally I am concerned that the American social contract is in trouble. There are too many people in the United States who do not believe that the American dream is theirs or that it will be better for their children. We have an educational system that is cheating the poorest of our kids. When I can look at your zip code and I can tell whether you're going to get a good education, and today I can, because when people tell you school choice will destroy the public school system, we have a choice system.

Because if you are of means, you will move to a district where the schools are good and the houses are expensive or you'll send your kids to private schools. So who is stuck in failing neighborhood schools? Poor kids. And so if you're going to write that editorial in the *Washington Post* that says school choice will hurt the public schools, then do that, but don't send your kids to Sidwell Friends. So my view is we've got to recapture the sense of confidence that comes with a population that believes that it can prosper. And so those are the big ideas that we're working on at Hoover.

CHAIR DAMBISA MOYO: So I'll take a couple of questions. Please remember it's

questions, not comments, not speeches, please. We'll take this one right here. Thank you.

QUESTION: Bal Das from BGD Holdings. Thank you, and thank you, Secretary, for your service. Your story is an extraordinarily relevant American story. I would appreciate your reflection on the moral content of who we are as an American. We are both an idea, which is pragmatic, but at the heart of that idea is the imperfection we are pursuing, which is moral. Could you speak to that? I feel optimistic about it.

SECRETARY CONDOLEEZZA RICE: Thank you. I would be glad to. And let me just say, one of the things that I'm hopeful about this morning is I heard the President say something about immigration and immigration reform. You know, I am a great believer that one of the strong moral pillars of this country is that you can come from humble circumstances and you can do great things. And, in fact, you can come from some other place to be a part of the American dream and within a generation you'll be American.

Lee Kuan Yew, the great founder of Singapore, at a dinner that I was sitting next to, told me exactly that. He said, you know, so many countries in the world, you can go there and you can work, but you'll never be that nationality. He said, you can be American. We need to get back to that because we need to be able to recruit the talent from the best parts of the world. And, by the way, the people who came here to make $5, not 50

cents, their kids in a generation will be college-educated. And the people who came here to lead the knowledge-based revolution, we don't train enough engineers to do that. And so that's a part of our moral fiber, and I hope we can get back to that.

And then secondly, and maybe I'll just do it this way, I'll tell you my own story. I say to Americans, when you're feeling bad about democracy, remember three things. Our institutions are remarkable and they always seem to respond. It is remarkable that we have the creativity and the innovation that we have and that always seems to be a part of who we are. But it is also the case that we have individual stories and a common story.

And so I ask people to think about the moment that their individual story and our common story came together. And for me, it was when I was sworn in as Secretary of State. So you're sworn in, in the Franklin Room on the 8th floor of the State Department. And there's a huge portrait of Benjamin Franklin behind you. And I remember thinking, what would old Ben think of this? Here is this Black woman from the segregated South whose parents couldn't go to a movie theater until she was eight, and she's being sworn in to take an oath of allegiance to a Constitution that once counted her ancestors as three-fifths of a man. And, oh, by the way, she's being sworn by a Jewish woman Supreme Court Justice who was my neighbor, Ruth Bader Ginsburg.

What would old Ben think of this? Well, he would never have imagined it, right? And really, would I have ever imagined it as a little girl in Birmingham, later Denver? Would Ruth have imagined it when she was trying to get her voice heard in law school? No. But there's something about who we are that makes moments like that seem impossible one moment and inevitable in retrospect. And so recapturing somehow that incredible energy and will that has driven this country forward time and time and time again, I feel that we've lost confidence in ourselves somehow.

And, you know, I used to get these polls, oh, America's not popular. Great powers are rarely popular because great powers don't mind their own business. They try to shake the international system and that means they're really quite concerned about other people's business. So they're not popular. But what was admired was that spirit, and what was admired was that that spirit had been passed from generation to generation to generation and it had gone from my ancestors as three-fifths of a man to my ancestors to a Secretary of State and to others' ancestors who would be president and etc. And so that's what I want to see. I want to see somebody bring that up in us again.

CHAIR DAMBISA MOYO: Well, I was going to take another question, but I think we should stop there, just because that is such a powerful message. And I just wanted to say it is an absolute honor to have you here. You are, to me, but I think to many in this room, the embodiment of America, and I would like to believe that Benjamin Franklin

was saying to himself, that is America. So thank you so much. Please, will you join me in thanking the Secretary. (Applause)

You should know that usually the hand clapping is much briefer than that. Okay, so just to conclude really quickly, thank you so much for your time today, as I said. It's been such an insightful conversation. I am pleased to share that we have a few more spectacular speakers on the calendar for this fall. If you turn over your programs at your seats, and for those of you on Zoom, you can refer to your screen to see what's ahead.

Next on, tomorrow, Tuesday, November 10th, we have Andrew Roberts, Lord Roberts, who actually is a distinguished Visiting Fellow at Stanford University's Hoover Institution. He'll be here to talk about *Napoleon and His Marshals* and maybe lessons we can learn around the Trump administration and some of the similarities and not similarities there. Thursday, November 19th, a Signature Luncheon with Ken Chenault, Chair and Managing Director of General Catalyst. We then have a virtual event on November 30th. It's an economics event with Glenn Hubbard, who is a Professor of Finance at Columbia, and Jason Furman, who is a Professor at Harvard.

We have a Signature Luncheon on December 1st with Andy Jassy, President and CEO of Amazon. Flipping over really quickly here, we have a lunch with Martina Cheung, a Signature Lunch with the President and CEO of S&P Global. And then at the end of

year, a very exciting event which we're getting a lot of interest in already, Thursday, December 10th, a Signature Luncheon with Clem Delangue, who is the Co-Founder and CEO of Hugging Face. Please be sure to check the website and your email for updates. And as always, we encourage you to invite guests to our events.

Before we close, I would like to take a moment to recognize our Centennial Society members who are with us today. Nearly 450 of our members have committed to the Centennial Society and their generous contributions continue to support the financial foundation of the Club. Thank you everyone for joining us. For those participating virtually, we will see you next time. And for those here in the room, please enjoy your lunch. Thank you again.