

DECEMBER 2025  
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# Reimagining the State: A Playbook for 2026

The traditional end-of-year forecast tries to predict the weather. But for leaders heading into 2026, the task is not guessing which way the wind will blow, it is recognising that the house itself is no longer fit for the storms ahead. Much of today's governing apparatus was built for the 20th century, and it has not kept pace with the demands of the world it now serves.

Across the democratic world, the warning lights are flashing red. Too many leaders are trying to confront 21st-century challenges with state machinery designed for another era. The result is familiar everywhere: foundations that are cracking, services that are creaking and resources endlessly poured into shoring up systems rather than renewing them. Public services are becoming cost-heavy and outcome-light; technology is reshaping geopolitics faster than governments can adapt; and the social contract is straining under the weight of unmet expectations.

Voters feel this too. When we [polled 12,000 people across six democracies](#), a stark reality emerged: the only thing uniting fractured electorates is a pervasive sense of decline. The belief that things are getting worse.

Meeting this moment requires a fundamental rebuild, a transformation that harnesses the tools of our time, especially the rapid advances in AI to create a state capable of delivering for the world we actually live in. The task for you and for all leaders in 2026 is this: to arrest the decline, reverse it and begin the difficult process of transforming your country. Citizens are demanding this – and if mainstream politics cannot deliver, they will look elsewhere.

Here is how to begin: with five strategic priorities for 2026. The forces reshaping government are global, and the principles apply wherever leaders are ready to act.

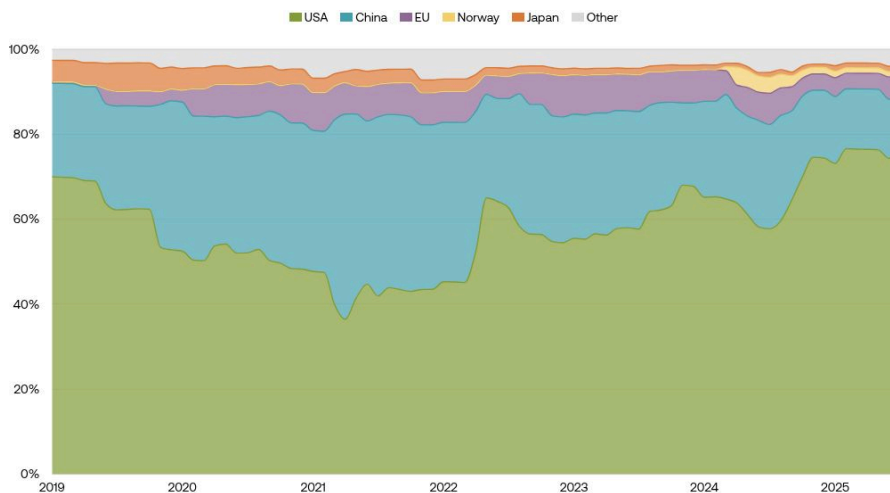
### **1. Define an AI sovereignty plan.**

In 2026, every leader will be forced to answer a critical question: *What is my country's AI sovereignty strategy?*

There is a danger in misreading this question and pursuing an incoherent, unworkable approach. Do not confuse sovereignty with self-sufficiency (autarky). Let's be clear: the AI supply chain is incredibly concentrated. The US and China currently control more than 90 per cent of global AI compute capacity. Attempting to build a purely “national” frontier AI model – a homegrown equivalent to today's leading LLMs – in isolation is a vanity project that will leave your country poorer and weaker.

FIGURE 1

## AI compute is concentrated in the US and China, which dominate global supercomputer performance



Source: [Epoch AI](#)

Instead, as our upcoming analysis on sovereignty in the age of AI will argue, true sovereignty is about agency. We propose a framework of *control*, *steer*, *depend*:

- *Control* what is critical (including national-security data, digital identity).

- *Steer* the market where you have leverage (for instance by using public procurement to shape standards).
- *Depend* on international partners strategically where you must (for example, accessing frontier compute from US hyperscalers).

For countries like the UK, or blocs like the European Union, the smart play is to compete at the application layer. Don't try to outcompete the US on raw compute; instead, become the world's laboratory for applying AI in health, the life sciences and clean tech.

## **2. Build the institutions of the AI era and unlock your country's data.**

Politics often devolves into a binary between defending or tearing down old institutions. The duty of a leader today is to build new ones.

We are seeing sparks of this. The UK AI Security Institute, which is now gaining global traction, and the Advanced Research and Invention Agency (ARIA), the UK's answer to DARPA, are examples of new institutions, designed for speed and high-risk scientific discovery. But these often exist despite the state's existing architecture, not because of it.

We need to embed this innovation throughout government. We need "[Lovelace disruptive invention labs](#)" – spaces explicitly designed to accelerate scientific discovery unbounded by conventional academic parameters. We need [national data libraries](#) and trusted [digital IDs](#) that clean and carry data across the entire system. Data will be the capital of the future state and can, one day, directly reduce the other source of capital: tax. Currently data is trapped in bureaucratic silos. Unlocking it, while affording citizens control, is the essential public infrastructure project of the 21st century.

Other institutions must also be built: those that protect countries from electoral interference, misinformation and disinformation, and those that [diffuse productivity gains into the wider economy](#), which too often can be left untouched. Our proposal to use universities as an engine for this has gained traction in the UK – old institutions can become an asset to the future reinvigoration of your economy.

### **3. Drive upgrades in public services with a new theory of public-service reform.**

We must ruthlessly embrace a new theory of public-service reform and apply this across the whole system. In the '90s and '00s, governments championed competition to create choice in order to drive quality. *Competition = choice = quality*. That model worked for its time, but today we need a different formula: one that leverages 21st-century technologies to create a system that is data-driven, real-time and efficient. *Data-driven = personalised = preventative = real-time*.

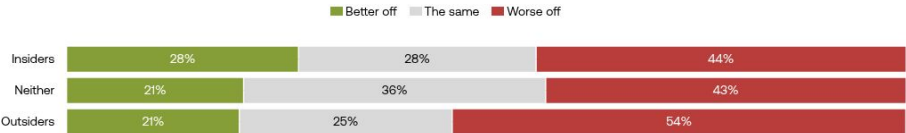
The status quo won't cut it. Welfare states currently operate on a remedial model: they wait for failure – sickness, unemployment, educational struggle – and then intervene at the point of highest cost while overlooking emerging differences in the factors that shape people's life trajectories, such as mental health.

Reimagining the state demands the [replacement of the remedial model](#). This cannot happen in a piecemeal way and must be embedded across the state by the leader.

Consider health care. The goal must be to move from a system that has mastered treating disease to one that empowers its people to live longer, happier lives, with greater control over their own health and more equitable access to the latest technologies, including the game-changing new generation of anti-obesity medications. We have argued that [the NHS App](#) in the UK could offer a prototype for the world – not merely as a digitised booking system, but as a new “front door” to a personalised health plan that nudges citizens towards prevention, paying a political dividend in the process. In education, we look to countries such as Iceland, which is partnering with artificial-intelligence firms to pilot personalised learning pathways that empower teachers to spend more time with children.

FIGURE 2

United by decline: voters who have given up on mainstream politics (Outsiders) and voters who favour change within existing structures (Insiders) both expect the next generation to be worse off than their own

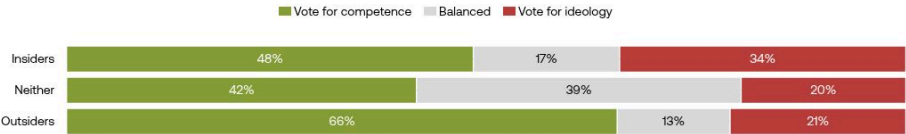


Q: Do you think children growing up in the UK today will end up financially better off or worse off than their parents?

Source: Deltapoll for TBI, based on polling of more than 12,000 voters across six large democracies in September 2024, as described in *Disruptive Delivery: Meeting the Unmet Demand in Politics*.

FIGURE 3

The opportunity: both groups prioritise competence in their political leaders over shared ideology



Q: Here are some pairs of statements. In each case, please indicate whether your view is closer to statement A or statement B?  
A: I tend to vote for politicians that deliver the best outcomes for the country, in terms of better public services and economic growth, rather than politicians with a particular ideology.  
B: I tend to vote for politicians that share my values and ideology, rather than voting based on their competence and ability to deliver.

Source: Deltapoll for TBI, based on polling of more than 12,000 voters across six large democracies in September 2024, as described in *Disruptive Delivery: Meeting the Unmet Demand in Politics*.

By moving from a one-size-fits-all model to a personalised one, you demonstrate to those voters ready to give up on the mainstream that the state sees them and really can work. Technology is not just a tool for efficiency; it is the mechanism for restoring trust.

#### **4. Confront the energy challenge and become an “electrostate”.**

We are entering the energy age. In this era, power belongs to those who can generate abundant, affordable, clean electricity.

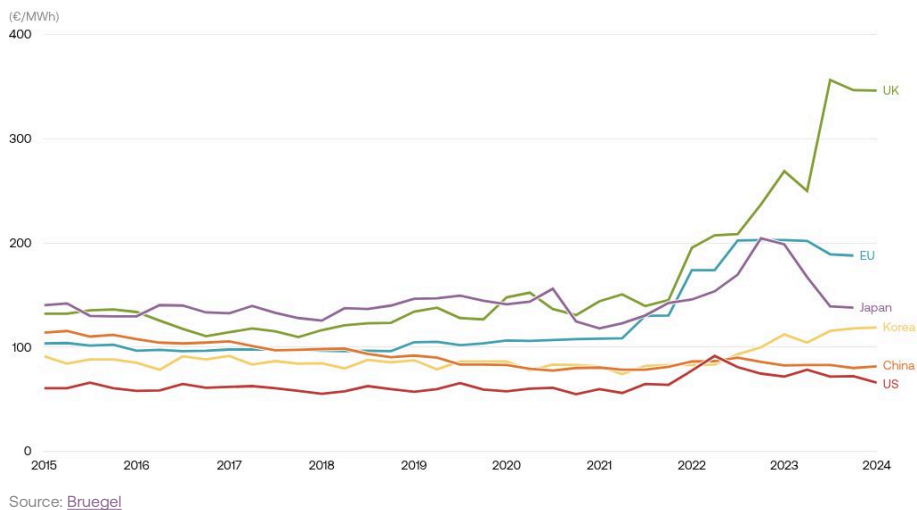
Many European countries, including the UK, are currently failing this test. Industrial electricity prices in the European Union are often two to three times higher than in the US or China. This is an existential threat to competitiveness. You cannot lead the AI revolution, which is energy-hungry, or power a modern industrial economy without competitive energy costs.

The strategy for 2026 must be to become an “electrostate”. This means abandoning the target-driven obsession of the past and focusing on the physics of the grid. In practice, three principles matter most:

- Baseload is king: Renewables need backup. We must be realistic that this means gas in the short term and nuclear in the long term.
- The grid must function as a platform: We need a continental system planner to overcome the fragmentation that keeps prices high.
- Affordability is non-negotiable: This is the political reality. Affordability is the enabling condition for the green transition. If energy bills remain high, the consensus for climate action – already fraying among voters – will collapse.

FIGURE 4

## Data on industrial retail electricity prices by country show that the UK and EU pay significantly more than China and the US



### 5. Deploy modern means to address age-old safety concerns.

Foundational to Maslow's hierarchy of needs is safety. If you as leader cannot provide this, nothing else matters.

Internationally, this means recognising we now live in a "G0" world with a leadership vacuum. The old security umbrellas are leaking, and a fragmented, multi-speed world order is emerging, forcing countries to adapt to this new environment. Leaders must commit to hard power – building a defence industry capable of manufacturing the hardware of modern war (drones, AI weaponry). In Europe this must span across geographies and not be beholden to the politics of individual states.

Domestically, you must embrace the technologies that solve crime, such as live facial recognition and data-driven policing. Privacy debates are vital, but they should shape implementation, not block it. As the UK Home Secretary recently noted at TBI's end-of-year reception, technology can be transformative for the criminal-justice space. AI changes the very concept of punishment – moving from “warehousing” prisoners to sustainable, tech-enabled monitoring. It means your people will feel safer.

Finally, control of borders is non-negotiable, and leaders have spent 2025 engaged in a battle for that. But the next battle is even harder: integration and cohesion. For too long, we assumed connection happened by osmosis. It does not. In 2026, leaders must make a values-driven argument for a nation in which everyone feels a sense of belonging and mutual responsibility. A reimagined state is not just a digital provider of services; it is the architect of a common life. If we cannot build a society where people feel bound to one another, we will lack the resilience to withstand the shocks to come.

**Remember: incrementalism is your enemy.**

The year 2026 will not be kind to hesitancy. The leaders who succeed will be those who stop trying to patch up the 20th-century state and start building the infrastructure for the 21st.

Be bold. Take decisions.

But first, I wish you a restful end to the year.

*Ryan Wain Senior Director, Policy & Politics*

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