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-Research Proposal-

Artificial Intelligence (AI) has tremendous opportunities is a rapidly growing field of technology, with potentially significant implications for international and national security. The Concept of AI-Government is expected to help authorities identify tax fraud, combating illicit financial flows and improve the system and adapt to changing circumstances for public finance. But AI will transform wealth, power, and world order and can cause an oligopolistic global market structure. How AI will reshape the global economic order? What will be the impact of AI on the balance of power? How broader AI-driven economic changes could affect international security and national economic security of nations? Global investments in artificial intelligence for economic and national security purposes might produce a new security dilemma.

Nations protect their self against those who threaten their national security. It is known that economic security is equal to national security. In the age of AI, international economic competition as an international security-related topic is a long-term international governance question. AI can be used as an economic and financial tool of statecraft.

For instance; the development of AI will affect international trade and the effectiveness of economic sanctions. AI will also affect the type and quality of economic growth, with international trade implications. Using AI to make faster and more well- informed decisions, so it has the potential to be used to improve outcomes from economic diplomacy. Brazil has already established an Intelligent Tech & Trade Initiative that includes using AI to improve trade negotiations. Also, China has already started to use AI in foreign diplomacy. That will also change the nature of modern financial warfare and economy policies of governments; because if governments know about the effects of forth coming economic threats to economy; even if from another country; like economic sanctions and economic coercion can be intervened on time. Here the problem is whoever develops an effective tool as economic state craft with analysis of very large data sets with artificial intelligence will be the new hegemon.

Research aim: In this research aim is to algorithmically determine the optimal interest rate policy of central banks by means of realistic model-based simulations of the economy. With employing modern methods of machine learning; the “optimal” interest rate policy can be algorithmically determined. With simulation runs, the central bank can forsee the optimal interest setting strategy for reaching a certain target figure or combating possible economic turmoil. Taylor Rule can be evaluated for an optimal interest rate policy. The biggest handicap of the fiscal and monetary policies is that they do not function in a timely manner or have a late effect. But with this approach, national economic security will be ensured with the help of measures to be taken.