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Main Surprise Economy

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The main goals and values, adopted by the UN, are called “sustainable development goals”. This implies that the mankind has 17 generally recognized development guidelines up to 2030, and that it counts on continuing progress in achievement of these goals. However, forward movement along this virtuous path is fraught with controversy, stumbling over a cascade of surprises.

These surprises can be grouped into two categories: 1) natural and 2) man-made. Both lead to occurrence of risks. Natural surprises are unpredictable “Wrath of Nature”: earthquakes, typhoons, floods, fires. Economic damage for major economies from such natural disasters reaches up to 5-7% GDP every year.

The range of man-made surprises is extensive. Sometimes these are hybrid products, like, for example, the recent pandemic. Sometimes these result from complex, accumulated events – these are the events usually referred to in the formula “the knot of contradictions became tighter and tighter”.

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It is the second group of surprises that will be testing the global and national economies over the next 15-20 years. Our previous predictive modeling of global dynamics, updated annually, shows that the acute conflict background (“chaos” scenario) will go back down to its “natural values” only by 2045. By this time, the chances of extending the shelf life of the world order with the dominance of one power will significantly decrease. The global economy will complete a period of transformation, including its technological basis, global regulators, and the contours of the international division of labor. This multifaceted transition is described by all the features of a comprehensive “phase transition” of complex systems. A major war would be a most essential surprise in this category.

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Any model of world order could be stable or destabilized under very specific conditions. There are at least three conditions for loss of stability: 1) dissatisfaction of major “actors” with the existing order; 2) available “image of the future”, viewed by these “actors” as more attractive; 3) understanding of ways to achieve this new world order.

The single power domination model had no longer satisfied the key great powers of the modern world early in the last century. But primarily the growing discontent with the “globalization” was taking shape in the top leading power. This is why 9/11 is still a “secret of secrets” to this day. Regardless of who was the actual organizer and perpetrator of this complex terrorist act, the very fact of 9/11 reflected the crisis of the US development concept and their external positioning. The MAGA concept, which initially got its political shape in 2016 with the administration of Donald Trump coming into office, had demonstrated dissatisfaction of a significant part of the ruling elite and population with the globalization model, linked to excessive outflow of capital from the USA, which turned unprofitable for them.

Way back during the Great Depression the US elites developed a model of controlled crisis destabilization. The model took into account the World War One results, which had made the USA a net lender for Britain and France. However, the internal balance of interests in the USA slowed down their expansion to Europe and other regions of the world at the time. F. D. Roosevelt’s New Deal was based on the need to quit “isolationism”, to uproot the global currency and financial hegemony of the Great Britain and “liberalize the global trade”, at the time meaning liquidation of colonial control by European and Japanese metropolitan powers over many regions of the world. In this sense the World War Two became a way to reconfigure the global economic system on the back of rising US domination, among other, reinforced by weakening the potential of formal adversaries and allies alike. This is deep-rooted “dialectic” of the US strategy, which has brought them many benefits both in the XX century and in this one as well.

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This logic of controlled aggravation of international relations is implemented through cascading sanctions, support of one and/or all sides of local conflicts, acceleration of a military technology race, use of the complete set of “hypercompetition”

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methods to create unilateral advantages by undermining market mechanism operations: “nothing personal, just business”. All these methods are clearly outlined in the set of US strategic documents, reflected in policies of NATO and other collation structures. By all means, interests within the coalition do not always match, but these fall into the category of “nuances”. Thus, a “nuance” is a set of states, appointed to the role of a strike force in planned regional conflicts in Europe, in the Near, Middle and the Far East, in Africa, where there are the most acute tensions of the ongoing reconfiguration of the global order.

The total defense expenditures of the EU in 2024 amounted to €326 billion versus €214 and €147 billion in 2021 and 2013 correspondingly. By results of 2026 their aggregate expenditures will grow by at least €100 billion. This means the inflation-adjusted expenditures will double over five years. At the same time procurement of military equipment, ammunition, supplies and gear is growing at an accelerated pace: from €28 billion in 2013 up to €102 billion in 2024. Almost 90% of the military expenditure growth will be allocated to arms procurement over the next two years. Revenues of European military-industrial corporations, their exports and employment figures are noticeably growing. In 2028 the aggregate revenues of the EU’s MIC will reach up to €450 billion. Official documents of the EU and NATO summits of the latest weeks stated the key priorities of military-industrial “spurring”: air defense, missile defense, long-range precision missiles and munitions, UAVs and anti-UAV systems, critical infrastructure protection, artificial intelligence, electronic warfare etc. Military expenditures of the EU in 2028 will be 4-6 times higher than in 2021. The USA are step by step delegating to Europe the financial burden of the military-industrial support to Ukraine and reaching “peace through strength”. Since 2022 the EU has given Ukraine over €135 billion. The military budget of Ukraine had grown from less than $5 billion to $49 billion in 2024, and the total financing of the Ukrainian war effort has reached up to $100 billion (52% of GDP).

These trends are creating obvious challenges for Russia, primarily economic ones. According to the federal budget data, in 2025 the defense and national security expenditures of the RF have been going parabolic and will by 80% exceed the maximum level of 2016.

At the same time, the dependence of the Russian economy on the external economic conditions is being reduced, which makes the sanctions less and less efficient for their initiators – the USA and the EU, which, in turn, provokes imposition of more new “sanction packages”. Here it is important that the logistics of energy resource, food, critical mineral supplies are out of total control by the US and the EU, and key buyers of Russian oil and gas resources (China, India, Turkey) can afford their quite independent behavior.

The share of military expenditures in the Russian GDP does not exceed the burden of the Cold War times and is lower than that

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of the USA or Israel. This does not mean that the forced militarization challenge would be easy to parry. The deficit of budgets at all levels this year has been growing noticeably higher than the initial forecasts by the Ministry of Finance. The deficit, on the one hand, is fueled by dwindling physical export volumes due to the sanctions and lower rouble export revenues, deteriorating price conditions, and on the other hand there are growing defense expenditures, social obligations and anti-crisis measures. Nevertheless, the budget deficit has not yet reached 3%, which is considered normal globally, and the RF has one of the lowest government debt levels in the world. This provides significant financial reserves for possible growth of expenditures on priority goals, should the situation deteriorate.

But the situation could follow a drastically adverse scenario. A fork in the road would be determined by future conflict scale: it would either escalate round after round, or it would unfold rapidly, and probably, “all of a sudden” to a level of a large-scale war with NATO. Moreover, participation of the US armed forces will be relatively minimal in order to avoid use of strategic nuclear weapons by both sides. This scenario calls for unavoidable measures to withstand the burden of a medium-intensity and protracted conflict. The economic model would go through significant changes. These will involve all critical infrastructure systems, fuel and energy and food industry complexes, finance and credit system, management platforms, vectors and forms of foreign trade behavior, HR policy.

Overall, a military force method of transition to a new world order currently seems to be the main surprise, which many would like to avoid and follow habitual business success formulas. This surprise will manifest itself step by step, maintaining an illusion that things would somehow get back in order. A surprise, which currently seems not so much unlikely, as impossible, could involve joint efforts of the US, China and Russia for enforcement of peace upon all “actors” who got too carried away.

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