

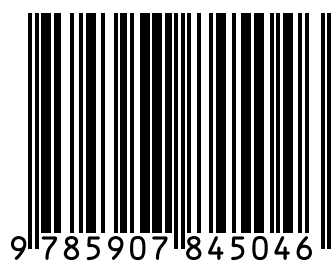


Charting the 2040: Younger Generation Insight on the World in the Making

Edited by **Andrey Sushentsov**

The views and opinions expressed in this report are those of the authors and do not represent the views of the Valdai Discussion Club, unless explicitly stated otherwise.

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PIVOTAL EVENTS THAT SHAPED CONTOURS OF THE CURRENT INTERNATIONAL SYSTEM, 1991-2023



Signing of the Belavezha Accords, dissolution of the USSR

December 8, 1991



Establishment of the European Union, Europe's claim for strategic autonomy from the USA

November 1, 1993



First aerial clash between NATO and the Air Force of the Republic of Serbia near Banja Luka, first combat use of NATO forces in the alliance's history

February 28, 1994



Establishment of the World Trade Organization (WTO), an attempt to solidify the liberal nature of international trade

January 1, 1995



Adoption of the Soviet-Russian-Chinese declaration on a multipolar world and the formation of a new international order, recording the consolidated aspiration of Russia and China to shape a multipolar global structure

April 23, 1997



Accession of Poland, Hungary, and the Czech Republic to NATO, the first expansion of NATO after the dissolution of the USSR

March 12, 1999



Commencement of NATO's Operation Allied Force against Yugoslavia, the first instance of NATO's combat use of force without the sanction of the UN Security Council

March 24, 1999



Al-Qaeda's terrorist attacks in New York and Washington, the beginning of the war on international terrorism

September 11, 2001



Commencement of the US-led coalition's military campaign against Iraq, solidifying the practice of unilateral use of force to resolve international disputes

March 20, 2003

BRICS

First ministerial meeting in the BRIC format, the beginning of the establishment of the BRICS format

September 20, 2006



North Korea's first nuclear test, a symptom of systemic crisis in the field of non-proliferation and arms control

October 9, 2006



Start of the five-day war in Georgia, affirming Russia's rejection of the unipolarity

August 7, 2008

LEHMAN BROTHERS

Bankruptcy of Lehman Brothers, the culmination of the mortgage crisis in the US and the embodiment of the global economic crisis of 2007-2009, indicative of the crisis of the Western economic model

September 15, 2008



Landing of India's first lunar spacecraft Chandrayaan-1 on the moon; India becomes the fifth nation to achieve a successful lunar landing after the USA, USSR, Japan, and the EU

November 14, 2008



Statement by Chinese Premier Wen Jiabao on China's rejection of the "G2" concept and support for multipolarity in the international relations system

May 21, 2009



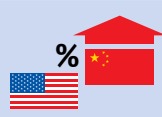
Muammar Gaddafi's death due to NATO intervention in the Libyan civil war, deepening the crisis of trust towards the West by developing countries

October 20, 2011



Xi Jinping's speech at Nazarbayev University, proclaiming the concept of the Silk Road Economic Belt, the future Belt and Road Initiative

September 7, 2013



IMF releases new statistical data on the state of the global economy, indicating that in 2014, China surpassed the USA in GDP at purchasing power parity (PPP)

October 7, 2014



Victory of the AlphaGo computer over the world Go champion Lee Sedol; a significant indication of the growing technological influence on societal relations

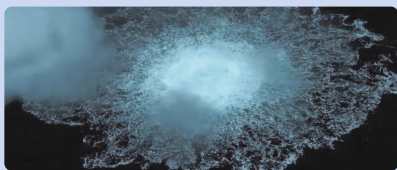
March 15, 2016



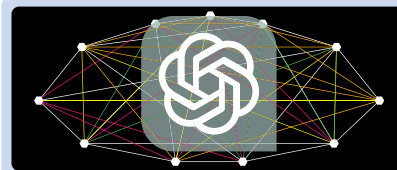
The COVID-19 Pandemic, causing excess deaths in many countries and challenging the global healthcare system, and long-term effects left, such as concerns about global supply chains and shipping security

November, 2019

Sabotage on the Nord Stream gas pipelines, rupturing the longstanding gas partnership between Russia and Europe



September 26, 2022



November 30, 2022

ChatGPT was first released, and human society's expectations and concerns about the digital world have reached unprecedented heights

PIVOTAL EVENTS THAT WILL SHAPE FUTURE CONTOURS OF THE WORLD ORDER. 2023–2040

The world will be a different place if...

- All nations maintain the authority of the United Nations and are committed to the UN.
 - Powerful nations participate in disarmament and arms controls.
- Leading nations agree on the definition of terrorism and take joint action to fight it.
 - Nations agree on international legal norms regulating conduct in cyberspace.
 - Nations commit to mitigating climate change.
 - Nations prepare for future pandemics.
 - AI technologies drive advancements in medicine and physics.
- People collectively endorse the values of embracing diversity and tolerance.
 - Nations enhance collaboration to ensure global food security.
 - Sports and culture are fully depoliticized.
- Resources and wealth are equitably distributed among nations, addressing issues of poverty and inequality.

The world order will depend on ...

Power factors:

- The balance of power among major global powers (the USA, China, and Russia).
- The ability of rising major players such as India, Turkey, and Brazil to consolidate their influence and become independent power centres (“poles”) in the new global balance of power.
 - The ability of the EU to achieve strategic autonomy from the USA.
 - The continuity of the USA as a military superpower.

Institutional factors:

- The willingness and ability of the world’s leading powers’ elites to establish new consensual institutional frameworks for the new global order.
- The ability of non-Western great powers to promote institutions like BRICS and SCO as an institutional basis for the new world order among the states of the “global majority.”
- The ability of small and medium powers to consolidate their potentials and use institutional resources to mitigate great power pressure (following the example of ASEAN).
- The extent to which developing countries and emerging economies contribute to world economic development.
- Participation and representation of developing countries in international organizations.

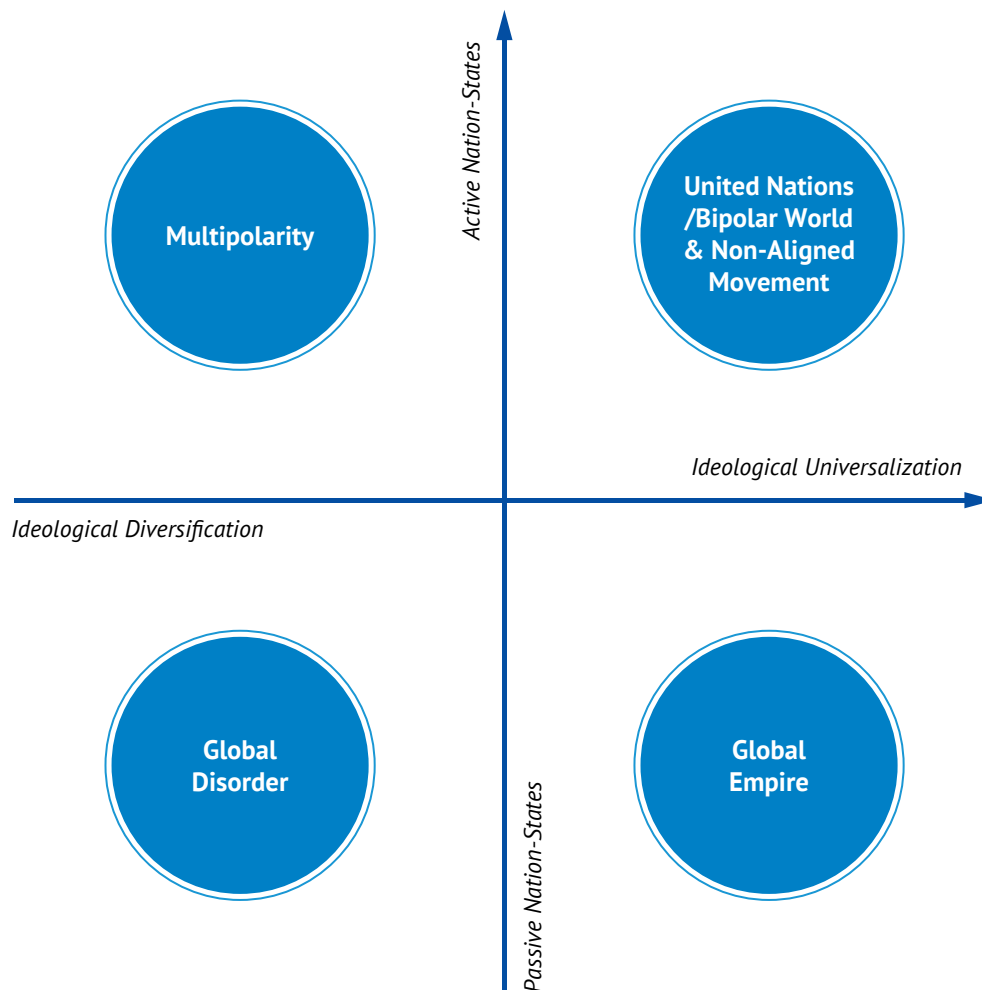
Political events:

- The outcome of the Ukrainian conflict.
 - The potential use of nuclear weapons in a military conflict.
- The resolution of the Arab-Israeli conflict through a peace treaty.
 - The continuity of Russian-Chinese strategic partnership.
 - The US-China economic divergence.
 - China reuniting with Taiwan.
 - A potential military conflict between the two Koreas.
- The establishment of diplomatic relations between Iran and the United States.

Introduction

Since the end of World War II, the evolution of the world order has largely depended on two factors: whether nation-states played an active or passive role beyond their borders and whether they sought universal or diverse ideas for global governance (2. 1).

EVOLUTION OF THE WORLD ORDER



The dynamics of the post-1945 world order resemble the motion of a clock hand. In the initial quarter of this “world order clock”, nation-states actively pursued the universal ideal of safeguarding future generations from the scourge of war and constructing a better world. States sought to achieve this aspiration by securing a stronger foothold in the international arena, often through fostering close cooperation within military blocs or establishing economic integration entities. The second half of the 20th century, particularly the 1960s, witnessed a drive for independence as nations aimed to exercise full autonomy both domestically and globally. Peace, security, and prosperity became

shared aspirations. Despite diverse origins, many leaders engaged in the competition between two prevailing ideologies – liberal capitalism and socialism – championed by the United States and Soviet Union, respectively. Even nations opposing this ideological rivalry collaborated to preserve their autonomy and formed their community through the Non-Aligned Movement. Despite the clash of universalist ideas within blocs, the only overarching concept persisting globally was embodied in the most renowned organisation, the United Nations, boasting near-universal membership. The UN Charter universally encapsulated both the states' pursuit of peace and their ambition for sovereignty.

During the second quarter of this “clock,” the US experienced its unipolar moment, assuming the role of hegemon within the established neoliberal consensus. The collapse of the socialist bloc created an ideological and power vacuum, promptly filled by the United States as the leader of the liberal capitalist world. With the perks of globalisation embraced, numerous nation-states gradually ceded sovereignty, entrusting welfare responsibilities to the powerful core of the emerging world, and overseeing the world order to the American global policeman. A succession of global crises, including the 2008 financial crisis and the COVID-19 pandemic, along with various military conflicts stemming from the Cold War era, highlighted the shortcomings of a lackadaisical approach to both national and global governance.

As an inevitable outcome of the setbacks faced by the liberal hegemonic world order, an increasing number of nations and populations grew disillusioned with both the hegemony and its universalist values and principles. It's no surprise that states found themselves in tumultuous waters, lacking the capacity to navigate independently yet driven by a desire to forge their own path concerning ideas, ideals, and identities. This turbulent period of uncertainty and hesitancy mirrors the third quarter of the clock. In response to the emergent crises, nation-states retreated to their respective ideological foundations. The resulting global disorder is characterised by escalating tensions, spikes in violence, and uncontrolled escalation worldwide. The fragmentation of the world economy, since the establishment of the WTO, is exacerbated by protectionist measures adopted by nations pivotal to its development. These challenges are magnified against the backdrop of diminished state capability to act cooperatively, as was previously evident under the auspices of the United Nations.

Despite the persistent challenges, the clock's hand continues its movement, and the world steadily evolves into a more diverse and intricate landscape. New actors emerge in global politics, accompanied by recent global issues and a changing temporality marked by a shift from post- to metamodernism, virtualization, and accelerated paces of diversification. Given these developments, it's inconceivable for the world to revert to ideological uniformity or bipolar logic. Amidst the ideological diversification shaping the trajectory of the remaining century, the logical approach to transforming global disorder into a transitional phase is by bolstering the agency of nation-states. Empowering them to solve their problems autonomously and collectively becomes pivotal. This aligns precisely with the proponents of a multipolar world, garnering increasing popular support within the international community.

Exploring Multipolarity of 2040

For years, Western politicians have argued against the likelihood of multipolarity becoming the dominant ordering principle in the global system. Rather, they asserted that reducing the power held by multiple actors diminishes opportunities for both global and regional players to engage in Hobbesian wars for dominance. This perspective suggests that an ideal world, often envisioned as a “paradise on Earth,”¹ is achievable only when a single authoritative entity maintains order, preventing the resurgence of the “jungles”². The 1993 National Security Strategy clearly stated that the US had no choice but to provide the vision of such for the whole world³.

In theory, this concept might seem plausible, but in practice, the American-led liberal world order was not an inherent development. As a result, this order often necessitated frequent military intervention either to catalyse societal changes towards resembling democracies or to maintain offshore balancing strategies⁴. Through advocating American leadership to institute a rules-based order, US policymakers, amidst conflicts in Yugoslavia (1999), Afghanistan (2001), and Iraq (2003), have inadvertently persuaded allies and peers that they are less about creating a just, orderly system and more about asserting American dominance. It soon became evident that as this dominance diminishes, it will pave the way for a resurgence of Hobbesian power struggles.

Another consequence stems from the widespread belief that Western values could form the foundation for enduring global peace, contingent upon formerly assertive global actors relinquishing their deeply ingrained identities⁵. During the 1990s and late 2000s, rising powers like Russia and China experienced the benefits of Western-influenced globalisation. However, amidst the current decline of American hegemony, there's little indication that major powers are inclined to support its continuation. Historical memory serves as a reminder to

¹ Kagan R. Of Paradise and Power. 2003. URL: https://open.lv/wp-content/uploads/2019/09/33518_121406.pdf; Bolton J. Should We Take Global Governance Seriously? // Chicago Journal of International Law. Vol 1, 2000. Pp. 205–222.

² Kagan R. The Jungle Grows Back. N.-Y.: Alfred A. Knopf, 2018.

³ The National Security Strategy (1993). National Security Strategy Archive. URL: <https://nssarchive.us/national-security-strategy-1993/>

⁴ Posen B. Restraint. Cornell Studies in Security Affairs. 2014.

⁵ Trenin D. New Balance of Power: Russia in Search of Foreign Policy Equilibrium. Moscow: Alpina Publisher. 2021.

these powers of the consequences of Pax Americana – its impact on political decision-making, economic disparities, and, most importantly, the potential for weaponizing these imbalances. As contemporary nation-states are both unable and unwilling to shoulder the responsibility for the entire global system, it is foreseeable that the world in 2040 will be based on multiple maintained orders.

Multipolarity does not signify a return to a world solely characterised by nation-states, reminiscent of the 20th century. Conversely, it also does not envision a world of multiple actors with the concept of the state fading away entirely, as was once speculated for the 21st century.

The multipolar landscape of 2040 will resemble a sandbox, offering people the state as just one among various available choices, albeit one that remains the most common. This shift explains the diminishing role of global institutions founded upon the norms of a state-centred world order, such as the UN.⁶ In a world order of 2040 the state will be entitled with a new role. Sovereignty will become an increasingly scarce commodity for states in a world characterised by heightened competition for resources and influence, as well as the absence of a single hegemonic power in the global order. This shift will render the state a privilege rather than an automatic entitlement in the gradually receding Westphalian world. While people from nations such as Russia, China, Iran, Turkey, Saudi Arabia, and India⁷ continue to prioritise government action⁸, surveys conducted in Western countries indicate that people's trust in government has recently plummeted to an all-time low⁹. This suggests that certain state-centric entities will persist as active agents in the emerging world order. Meanwhile, other entities will exist as ambiguous, with blurred borders – representing transnational societies that shape the terrain for sovereign competition.

⁶ Do People Trust the UN? A Look at the Data. URL: <https://theglobalobservatory.org/2023/02/do-people-trust-the-un-a-look-at-the-data/#:~:text=A%20global%2Dlevel%202020%20survey,27%20percent%20that%20does%20not>

⁷ Sullivan J. The Sources of American Power. The Foreign Affairs (November/December 2023). URL: <https://www.foreignaffairs.com/united-states/sources-american-power-biden-jake-sullivan>

⁸ Edelman. The 2023 Edelman Trust Barometer. P. 43. URL: <https://www.edelman.com/trust/2023/trust-barometer>

⁹ American democracy is cracking. These forces help explain why. The Washington Post. 08.18.2023. URL: <https://www.washingtonpost.com/politics/2023/08/18/american-democracy-political-system-failures/>

This indicates that the concept of the modern state, profoundly influenced by the ideas of Hobbes and Locke, will continue to be relevant in 15 years, thereby driving the resurgence of sovereigntist movements led by both global powers (such as the US, Russia, and China) and regional actors (like Turkey, Iran and Saudi Arabia)¹⁰. These nations will continue shaping the landscape of glocalization – a consolidation of strong connections within defined geographical boundaries. This trend will emerge as a robust alternative to the once-prevailing notion of a global economic and political-ideological sphere from the 1990s.

International actors, disillusioned with the Pax Americana's failure in the 2020s, will prioritise sovereignty within their domains, leading to the formation of comprehensive techno-economic blocs where they wield political power. Simultaneously, as glocalisation strengthens, regions devoid of sovereignty will become arenas of competition among these blocs. Inhabitants who have forsaken allegiance to states in favour of global civil societies will inhabit these spaces, benefiting from the political and economic prospects offered by these blocs. However, they may lack the assurance of economic, food, and physical security typically guaranteed by a state.

In the evolving landscape of international relations, states historically repurposed international organisations (IOs) for competitive ends during the period from bi- or unipolarity. Looking ahead to the multipolar world of 2040, the role of IOs is poised to undergo further diversification, transforming into multifunctional platforms resembling entities such as the BRICS and the Shanghai Cooperation Organization. These meso-level international institutions will work collaboratively to bridge differences and promote cooperation among states in a more inclusive and pluralistic manner. Despite the overlapping of international organisations, numerous untapped opportunities for global or regional collaboration among international institutions persist. Ongoing initiatives, like aligning the Belt and Road Initiative (BRI) with the Eurasian Economic Union (EAEU), exemplify the potential for meaningful cooperation.

In this context, the United Nations, as the paramount inter-governmental international organisation, confronts challenges to its effectiveness and authority in the contemporary world. The underutilization

¹⁰ Zakaria F. The Self-Doubting Superpower. The Foreign Affairs (January/February 2024). URL: <https://www.foreignaffairs.com/united-states/self-doubting-superpower-america-fareed-zakaria>

of the UN's potential role is underscored by global pandemics, regional conflicts, food security, climate change, etc. In a markedly different world from its establishment, the UN will grapple in 2040 with the imperative to address formidable challenges to maintain its universality, representation, and authority.

In 2040, the United Nations (UN) will continue to be the paramount international organisation for global governance, retaining its vital role as a central platform for coordinating diverse international entities. Recognizing the demand for a multipolar world from numerous developing nations and emerging economies, the UN will undergo further reforms. These changes will unleash the organisation's potential, empowering it to play a pivotal role in addressing complex challenges like regional conflicts, trade, finance, environmental protection, food security, and public health.

Climate change emerges as a global issue with existential implications, distinguishing itself by posing a threat to the entire world. Unlike some other international challenges, such as nuclear proliferation or the use of AI in the military, climate change uniquely affects all states negatively. While the United Nations has identified Sustainable Development Goals¹¹ addressing climate change and other global issues, the willingness of countries to participate in collaborative actions varies, often driven by self-interest.

The severity of climate change, evident in record-breaking temperatures like those recorded in 2023¹², is likely to foster cooperation between emerging blocs. Despite variations in ideology such as those explored in this text, climate change offers a shared value that could lead to global cooperation in future contexts.

The 2040 world order embodies parallel trends where increased sovereignty, referred to as multipolarity, coexists harmoniously with the maintenance of global trade, economic interdependence, division of labour, and adherence to universal principles of solidarity. This modern iteration of multipolarity differs from the historical conditions of the 1940s that prompted concerns voiced by political philosophers like Raymond Aron and Hans Morgenthau. In 2040, multipolarity will reflect

¹¹ THE 17 GOALS – Sustainable Development – the United Nations. URL: <https://sdgs.un.org/goals>

¹² WMO confirms that 2023 smashes global temperature record. World Meteorological Organization. URL: <https://wmo.int/media/news/wmo-confirms-2023-smashes-global-temperature-record#:~:text=Six%20leading%20international%20datasets%20used,December%20set%20new%20monthly%20records.>

elements from prior world orders, notably emphasising the evolving role of the state. The state will transform into a privilege for communities, no longer an absolute and inevitable entity. Many communities will lose their sovereignty, having not survived the globalisation of the 1990s – 2020s, which took place under the aegis of state abandonment in favour of global supranational solidarity. However, those entities managing to preserve sovereignty will drive globalisation by forming localised, sovereign blocs, wielding control over security, economics, and values. Further insights on this topic will be discussed in the subsequent parts of this report.

Economic and technological development as constants of the two-axis model of world order analysis

Amidst the periodic shifts in the world order, rooted in nation-state activities and the dominance of ideas (universalism or individualism), all states have consistently regarded economic and technological development as primary priorities. Sustained economic growth and technological advancements, serving as the primary drivers, ensure a decent standard of living for populations – a fundamental goal for any state. The actions undertaken by national governments, both in the economic sphere and foreign policy, are aligned with the objective of securing the country's long-term development and fostering sustained improvements in societal well-being. Concurrently, the satisfaction levels regarding living standards serve as a crucial gauge of public confidence in established institutional structures and political leadership. Thus, economic and scientific advancements stand as constants within a well-defined two-axis framework for analysing the world order.

The trajectory of world economic development has traversed multiple stages, each characterised by varying levels of state participation and dominant ideas revolving around universalism or individualism. The two-axis model serves as a framework to delineate developmental

features evident in both individual national economies (micro level) and the global economic system (macro level). For instance, the Washington Consensus epitomises a model of national economic development rooted in minimal state interventionism and underscored by universalistic values. Within the elaborated matrix of analysis at the micro level, this pattern aligns with the second sector (2. Global Empire). Correspondingly, at the macro level, the Washington Consensus aligns with the neoliberal model of globalisation, characterised by akin parameters in the second sector – predominance of universalistic ideas and a reduced role of state interventionism in the economy. Conversely, “development models with national features” embrace individualistic values and exhibit varying degrees of state interventionism across nations. For example, the Beijing and Delhi Consensus, as well as development models in Newly Industrialised Countries (NIS), manifest this approach. In the elaborated coordinate system at the micro level, these models occupy the opposite position to the Washington Consensus. At the macro level, the neoliberal model of globalisation stands in contrast to the vision of a New World Economic Order¹³ and the evolving configuration of the present world economic system, which aligns with the principle of multipolarity. These correspond to the fourth sector within the two-axis model – multipolarity.

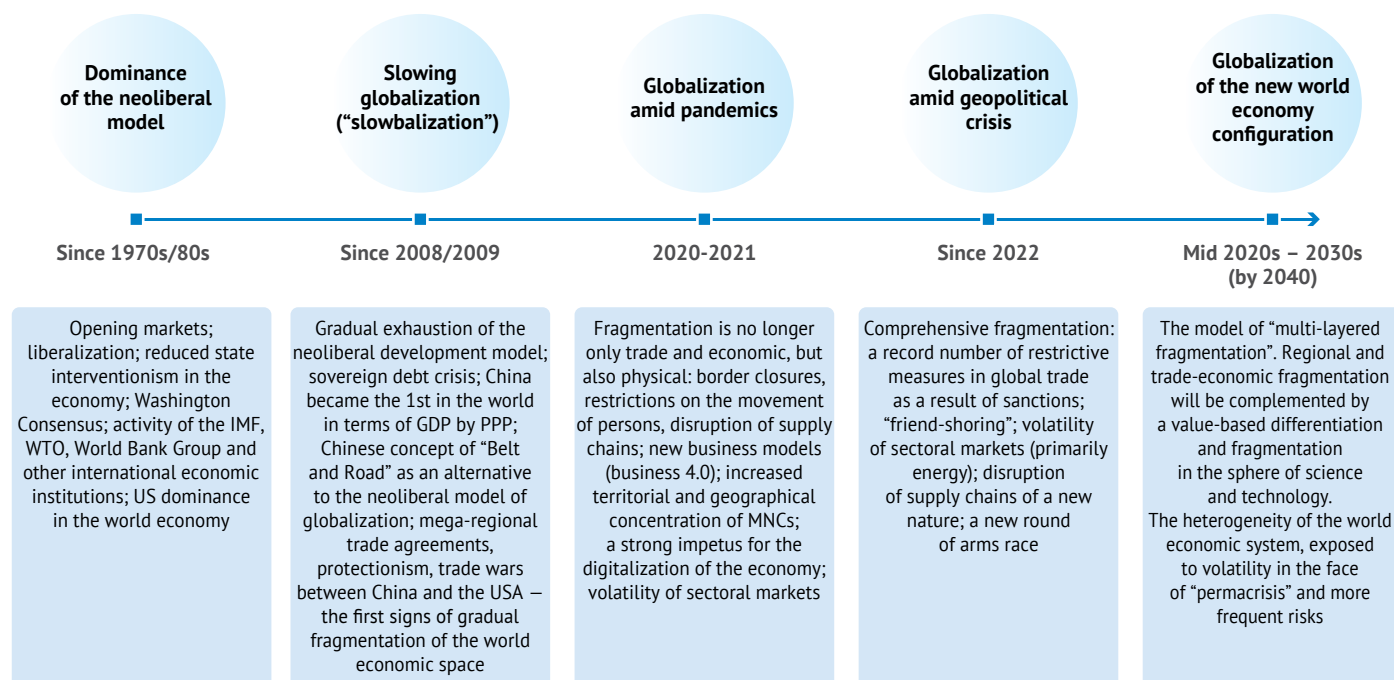
Neoliberal model of globalisation in crisis

The last few decades of world economic development have been characterised by the triumph of the neoliberal model of globalisation, based on the principles of forced integration, opening of markets, reduction of state participation in the economy, etc. However, the trends of world development observed since 2008 reflect the crisis of this model, the dynamics of which is characterised by several stages¹⁴.

¹³ The concept of a world economic system based on the principles of equality and justice, developed in the 1970s on the UN platform by the “Group of 77” (countries of Asia, Africa, Oceania, Latin America and some others).

¹⁴ Spartak A.N. Transition to the New World Economic Order: stages, key features, challenges and solutions for Russia // Russian Foreign Economic Bulletin. 2022. № 7. P. 7–29.

PHASES IN THE EVOLUTION OF THE NEOLIBERAL GLOBALIZATION MODEL



Source: authors' compilation

After 2008, the term "slowbalization" has been used to describe the new features of globalisation¹⁵, referring to the trend of increasing protectionism, reduction of world trade and expansion of restrictive measures. Meanwhile, there is an upward trend of the crisis of the neoliberal model of globalisation. Whereas after the global financial crisis of 2008-2009, protectionist measures were gradually introduced and trade and economic interaction began to fragment (starting with the emergence of mega-regional agreements such as the TPP and RCEP and accelerated with the onset of trade wars between China and the United States); then, after the COVID-19 pandemic, the physical fragmentation of the world began (borders closures, reconfiguration of global value chains, reshoring and nearshoring), and the geopolitical crisis escalation in 2022 caused "comprehensive fragmentation", characterised by: 1) the introduction of an unprecedented number of restrictive measures (primarily anti-Russian sanctions), ensuring the consolidation of extremely differentiated and

¹⁵ Titievskaia J. et al. Slowing down or Changing Track. Understanding the Dynamics of "Slowbalization". Brussels: European Parliamentary Research Service, 2020.

fragmented world economic order; 2) disruption of supply chains due to the introduction of sanctions; 3) volatility of global sectoral markets; 4) accelerated digitalization along with the growing significance of innovation and technology for economic growth; 5) a new stage of arms race. To characterise the current stage of the crisis of the neoliberal model of globalisation, the term “permacrisis” is often used¹⁶, implying a prolonged period of instability and volatility, associated with a large number of risks.

Parallel to the crisis of the neoliberal model of globalisation was the rise of regional powers and the non-Western world. Developing and transition economies have managed to increase their share of world GDP from 40% in the early 1980s to about 65% today. By 2022, the share of the “Group of 20” (G20) countries had reached about 73% of global GDP PPP¹⁷; and the share of G20 excluding G7 had reached 42,7% of global GDP PPP (China 18.5%, India 7.2%, Russia 3.2%, and Indonesia 2.5%). Moreover, developing and transition economies demonstrate much higher growth rates than developed Western countries, which reflects, firstly, the gradual exhaustion of the Western model of economic development, secondly, the rich resource and demographic potential of developing countries, and thirdly, the relevance and efficiency of non-Western models of economic development in modern conditions. The rise of developing economies, on the one hand, gives them an opportunity to extrapolate their power to the world political arena and gradually form new poles around them, on the other hand, stimulates the processes of regionalization and regional integration. Nowadays, there is an increase in the level of industrial geographical concentration due to “nearshoring” (formation of value-chains in geographically close countries), as well as active promotion of regional integration in a non-rigid form (predominance of free trade agreements without the formation of common institutions). For instance, the number of regional trade agreements had grown from about 5 in the early 1970s to 361 by January 2024¹⁸. Consequently, the trend of gradual extension of fragmentation into new areas and its deepening coincides with the trend of territorial and geographical fragmentation of the world.

¹⁶ Spricer A. If ‘permacrisis’ is the word of 2022, what does 2023 have in store for our mental health? // The Guardian. 30.12.2022. URL: <https://www.theguardian.com/commentisfree/2022/dec/30/permacrisis-word-of-2022-2023-mental-health>

¹⁷ The calculations do not include the EU as an integration association; including the EU, the G20’s share in global GDP PPP exceeds 85%. Also, the African Union, which became a G20 member in September 2023, is not included.

¹⁸ Regional Trade Agreements // World Trade Organization. URL: https://www.wto.org/english/tratop_e/region_e/region_e.htm#:~:text=As%20of%201%20January%202024%2C%20361%20RTAs%20were%20in%20force

Military-technological factor of global economic development

At the current stage of global development, the scientific and technological sector is becoming the main factor of economic growth, increasing the competitiveness of national economies and their industries, as well as stimulating labour productivity and reducing various costs. According to the UNESCO Institute for Statistics (UIS), gross domestic expenditures on research and development (R&D) (as % of GDP) in the world have increased from 1.6 in 2008 to 1.72 in 2015 and 1.93 in 2021. Technologies such as artificial intelligence, big data, Internet of things, digital finance, additive technologies, robotization, military development, “green” technologies, biotechnology, genetic engineering, etc. are taking centre stage.

Nowadays, there is a trend towards fragmentation in the scientific and technological sphere, which leads to the formation of separate scientific and technological blocs based on the similar values and ideas, as well as to coinciding priorities in the military and political areas. For instance, currently the leaders in the sphere of generating their own models of artificial intelligence are Russia, the United States and China. Each of these countries also has its own developments in the field of operating systems and digital technologies, which can ensure the formation of “technological ecosystems”. The developments of Moscow, Washington and Beijing are gaining ground in the global markets at different speeds, and their popularity is very differentiated geographically: Russian technologies are widespread in the former Soviet Union, Chinese technologies in Asian countries, and American technologies have dominated the world for many years, but now their popularity is declining. There is a constant competition for new markets, primarily in Africa and Latin America. The “digital diversity” of the global space is also manifested in the use of different Internet platforms in the regions. Moreover, there is a further fragmentation within separate technological blocs: on the basis of ideological preferences, separate Internet communities, dominated by certain information agendas, take shape. This type of multilevel fragmentation leads to the emergence

of “information bubbles”, which creates risks of limited and biased information.

Widespread digitalization poses risks to state sovereignty and agency. Innovative developments that have no nationality are spreading around the world at high speed. This trend is reflected in digital finance: analysts predict that by the end of the decade, the global cryptocurrency market will grow 2.5 times from \$4.67 billion in 2022 to \$11.7 billion in 2030. Also, according to Huobi Research, there is an extremely rapid growth in the number of cryptocurrency users in the world: 101 million in 2020, 295 million in 2021, 320 million in 2022 (40% of whom live in Asia)¹⁹. The widespread use of digital currencies, on the one hand, minimises risks at the level of national economies; on the other hand, it weakens the state monopoly in the sphere of monetary and currency policy. As a consequence, states have to develop measures to control and regulate the digital sphere, including finance. It is worth noting that in the context of widespread digitalization, the state actualizes itself within physical geographical boundaries, reminding us that we do not live in the world of social networks, but we are subject to the sovereignty of a particular state with specific regulatory features.

Another risk posed by scientific and technological progress is asynchrony, which is due to differentiated conditions of access to innovative developments and R&D generation capacity. Every country emphasises technological developments, taking into account national needs and resource capabilities. As a result, the models of innovation and technological development in the world are highly differentiated: in the USA, the “building up” strategy (independent generation of fundamental and applied developments) historically prevails; China, India and Brazil are focused on the “borrowing” strategy (reliance on foreign experience in the creation of R&D with their own modernization); the majority of developing countries favour the “transfer” strategy (orientation on foreign experience). On the one hand, modern innovative developments offer great opportunities for minimising economic and technological inequality, but on the other hand, they require efforts to integrate new technological elements into economic systems and pose a serious challenge in terms of the potential human replacement in critical

¹⁹ Huobi Research. Global Crypto Industry Overview and Trends // Huobi Research: 2022–2023 Annual Report. 8.12.2022. URL: <https://research.huobi.com/#/ArticleDetails?id=356>

industries. This factor makes the future dynamics of global development much less predictable.

The digital sphere introduces another threat, marked by the emergence of digital multipolarity – the weaponization of information. This shift in global power dynamics is driven by states engaging in fierce competition to shape narratives and norms in the digital realm. Digital multipolarity, unlike traditional power structures, showcases diverse and conflicting visions of the global order within the evolving landscape of information and communication technologies. This phenomenon transcends national borders, representing a collective effort by states to establish a consensus aligned with their distinct vision of the global digital order. It underscores the transformative impact of the digital landscape on constructing narratives that resonate globally, breaking geographical boundaries.

In the digitally asymmetrical global landscape, the concept of “cyber sovereignty” is intricate and debated. It serves as both a tool for powerful states to control the digital sphere and a means for less powerful entities to challenge existing power imbalances. Tensions surrounding cyber sovereignty extend to broader issues such as global norms, information control, and state autonomy.

The clash between cyber exceptionalism and the ascent of new geopolitical power centres, exemplified by China’s adoption of cyber sovereignty, adds complexity to the discourse²⁰. States like Russia²¹, India²², and Vietnam²³ adopt similar narratives to safeguard citizens’ rights and security. The future trajectory of cyber sovereignty indicates nations increasingly asserting their rights and responsibilities in cyberspace, evident in international documents emphasising its applicability. As technology advances, discussions regarding the scope and implementation of cyber sovereignty will endure, moulding a future terrain in which nations navigate between asserting sovereignty and engaging in collaborative global initiatives to tackle shared challenges in the digital domain.

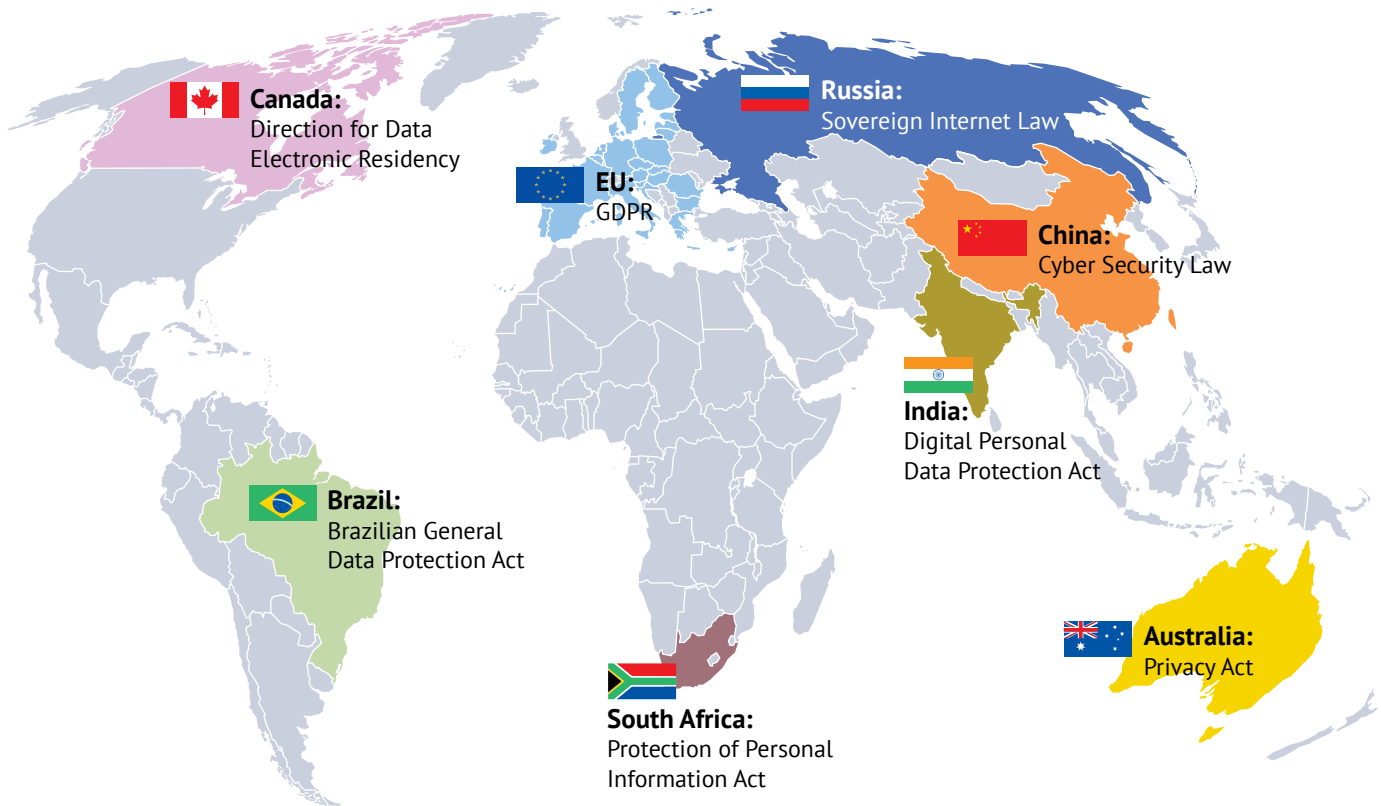
²⁰ National Cyberspace Security Strategy, 2016 stresses that “national sovereignty extends to cyberspace” and upholds sovereignty in cyberspace as an important part of national sovereignty.

²¹ Stable Runet Act in May 2019.

²² Digital Data Protection Act, 2023.

²³ The Law on Cybersecurity, 2018.

GLOBAL LANDSCAPE OF DATA PRIVACY & DATA PROTECTION LAWS



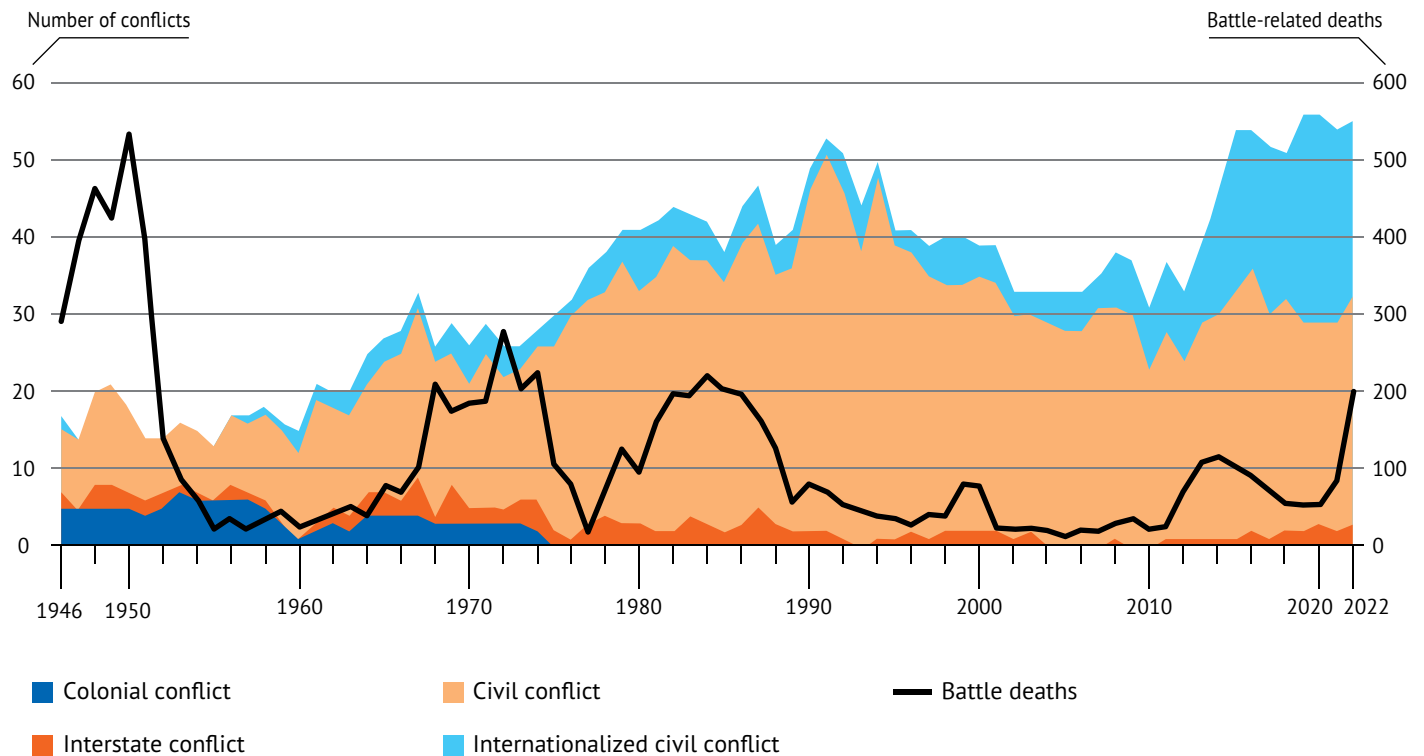
Source: compiled by the authors. The list given is not exhaustive

There is also a trend toward increasing difficulty in differentiating between civilian and military technological developments, which is a sign of a new round of the arms race. Unlike the previous confrontation, which covered mainly the nuclear missile sphere, the new stage will be much more comprehensive. The field of rivalry will cover an interconnected technological array consisting of artificial intelligence, biotechnology, autonomous and automated systems, quantum technologies, and directed energy technologies, which will develop in close conjunction and reinforce each other. However, building up only one of the technological components will not provide an advantage; in an interconnected and interdependent world, integrated development of all technological elements is necessary for leadership. However, the most advanced technological solutions that give a competitive edge will primarily have civilian applications.

The shifting landscape of global security in the post-World War II era signifies a departure from conventional military threats to the emergence of non-traditional security challenges. Technological advancements,

ARMED CONFLICTS IN THE WORLD

Number of countries with state-based armed conflicts by conflict type, 1946-2022



Source: Lacina & Gleditsch Battle Death Data sets (2005); UCDP/PRIO Armed Conflict Dataset; UCDP Battle-Related Deaths Dataset (Davies et al., forthcoming)

especially in information, cyber, and data security, now play a pivotal role in shaping external threats faced by nations. Although terrorism is not a constant global occurrence, its lasting impact on specific regions has the potential to disrupt normal diplomatic and economic activities, thereby significantly impeding regional cooperation and development. In the envisioned world of 2040, the increase in international agents underscores the importance of maintaining vigilance over non-traditional security concerns. This is prompted by the actual “weaponization” of new spheres and the diversification of military-technological potential, which intensify tensions globally. Consequently, there is a growing total number of military conflicts, accompanied by an extension in the diversity of their types and the nature of warfare (refer to the figure above).

Subsequently, the world order will be characterised by the dominance of a slightly modified version of the stability-instability paradox. On the one hand, nuclear weapons will retain their status as the “ultimate deterrent” of total war (although their role will be

reduced), while on the other hand, they will still be unable to deter limited aggression. Under these conditions, confrontation will shift to new areas. Priority will be given to sub-threshold actions that are not accompanied by open military aggression: information confrontation, sabotage, use of proxy paramilitaries. Nevertheless, in order to achieve their goals, states will be ready to combine indirect actions with direct force of a limited nature. The key trend in the dynamics of military-political confrontation will be testing the limits of non-military influence on the enemy (hybrid warfare) with a simultaneous increase in readiness to use conventional force.

The quantitative aspect of the arms race will also persist: against striving to strengthen their power on the world stage, countries are consistently building up their military capabilities and increasing military expenditures at varying speed.

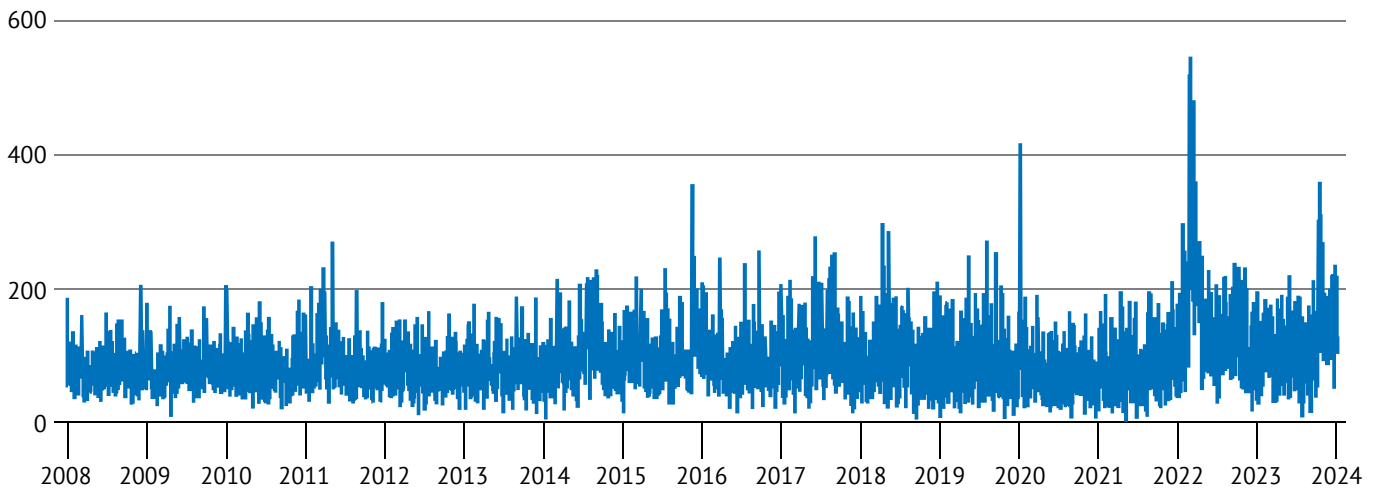
Contours of the 2040 world economic order configuration

The new world economic order that is expected to emerge by 2040 will be characterised by the following parameters:

1. *Multi-layered fragmentation.* Regional fragmentation of the world, accelerated by regional integration, will be joined by fragmentation in the sphere of economy, as well as that of science and technology, which will be based mainly on value and ideological similarity. In the last two years, in parallel with the process of “nearshoring”, there has been “friend-shoring” – the transfer of enterprises to countries that share similar principles of world politics²⁴. In the future, this process will continue to intensify, associated with the division of the world into different scientific and technological blocs. In addition, formation of new configurations of supply and trade chains will be stimulated by various restrictive measures (including sanctions).

²⁴ Lissovolik Y. The New Big Idea: Friend-Shoring // RussianCouncil.ru. 17.02.2023. URL: <https://russiancouncil.ru/en/analytics-and-comments/analytics/the-new-big-idea-friend-shoring/>

GEOPOLITICAL RISK INDEX (2008-2024)



Source: Caldara, Dario and Matteo Iacoviello (2022), "Measuring Geopolitical Risk," *American Economic Review*, April, 112(4), pp. 1194–1225.

2. National economies and international business are getting used to adapting to permanent risks of different nature. The world is becoming not only more fragmented, but also complex and interconnected, with the result that one issue gives rise to another. The frequency of new risks (often geopolitical in nature) is gradually increasing, forcing national economies and multinational companies to constantly review their strategies and development models in accordance with the emerging conditions. Thus, national economies are getting used to the permanent crisis and some of them are likely to adapt more quickly to new challenges over time. Against the background of the post-pandemic crisis in 2020 and the crisis amid geopolitical tensions in 2022, the world economy stabilised and entered the growth stage almost by the next year, and national economies as well as international business managed to successfully restructure their development models taking into account the accumulated experience. For instance, Russia demonstrates stability amid large-scale sanctions pressure as a result of relevant anti-crisis tools (legalisation of parallel imports, import substitution, retaliatory sanctions, etc.).

3. Asynchronous economic multipolarity. The nature of the world economy structure corresponds to the multipolar system within the two-axis system of world order analysis (the fourth sector). The configuration

of the new world economic order and the balance of power will be determined taking into account a comprehensive assessment of the powers' potential, which will include the following parameters:

- economic potential;
- attractive cultural and ideological project for the advanced interaction;
- demographic potential (quantitative factor and human capital development);
- natural resources (concentration of critical mineral elements and fuel resources);
- military potential (quantitative and qualitative aspects);
- scientific and technological aspect;

Given these components, we can form the following typology of key potential poles of a polycentric economic order:

The polycentricity of the new world order will be characterised by asynchrony. Despite the gradual increase in the role of non-Western powers, there is already a clear trend toward the concentration of power around certain poles, in particular China and the United States in the economic sphere, as well as Russia, China, and the United States in the military and political sphere. Currently, China and the United States combined account for 42% of the global total nominal GDP; 34% of the global GDP PPP; 55% of the global R&D expenditures; and 53% of the global defence expenditures (in current prices).

4. *Widespread digitalization.* This process will be extended and deepened, as well as accelerated (increasing the frequency of new breakthrough technologies generation). The automation of production facilities and the introduction of digital technologies will further consolidate the bloc character of technological development.

5. *Weaponization.* The steady trend towards blurring the boundary between civilian and military technologies will continue. The integrated development of technological components will be preserved, and the boundaries of non-military impact on the enemy will be extended²⁵.

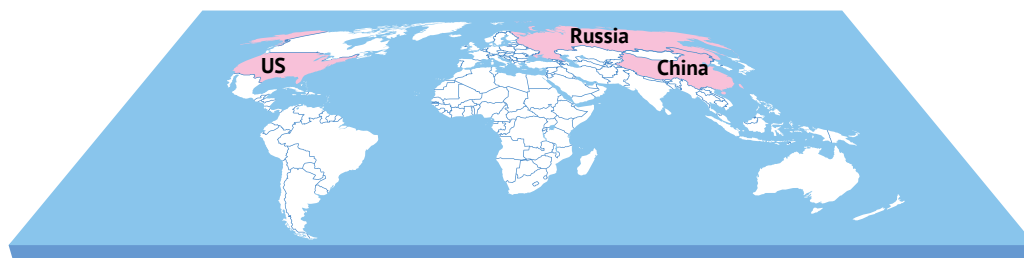
²⁵ See more: Farrel H., Newman A. *Weaponized Interdependence: How Global Economic Networks Shape State Coercion* // *International Security*. Vol 44, 2019. Pp. 41–79.

TPOLOGY OF KEY POTENTIAL POLES OF A POLYCENTRIC ORDER

Types

Military, political and economic leaders

Poles



Features

Each of the three countries has its own value-ideological project of advanced interaction: the United States – the waning neoliberal model of globalization, China – the “Belt and Road”, Russia – the locomotive of integration in the post-Soviet space (EAEU, CIS, CSTO, Union State) and a number of megaregional projects (BRICS, SCO)

Russia (as the successor of the USSR) and the USA are the two former superpowers

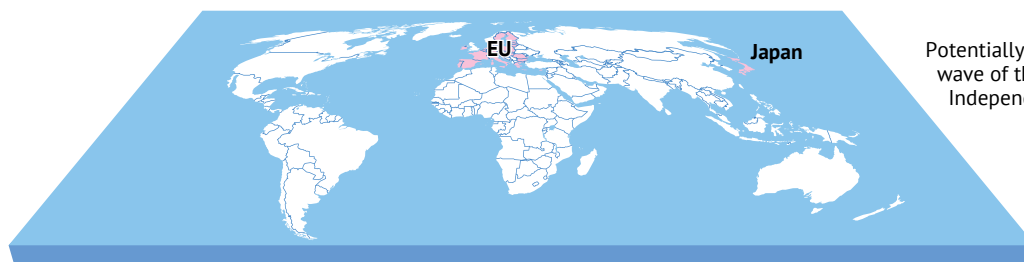
The US and China are the two leading economies in terms of GDP

Russia, China and the US are among the leaders in arms development and in terms of military expenditures

Types

Major advanced economies

Poles



Potentially also the first wave of the Newly Independent States (NIS)

Features

The EU is the most advanced and successful integration project in the world

The EU and Japan are the centers of the world economy triad, but their “weight” is gradually decreasing

European countries and Japan (+ NIS countries) are among the world leaders in terms of R&D expenditures and the level of technological development

The strategic vulnerability and dependence of the EU and Japan remain: insufficient provision with critical elements and energy resources

Types

Rising regional powers

Poles



Features

Rapid growth rates of these economies, fast development

Each of these countries claims military and political leadership at the regional level

The Non-Western World has an impressive demographic potential

Values in 2040

The shift in generations inevitably brings about a change in ideas and attitudes. While mindsets tend to be rigid structures, the values shaping the world in 2040 will be influenced by the sentiments emerging and developing in today's younger generation. Advancements in science and technology have notably improved living standards, extended life expectancy, minimised distances, and created an impression that our world is increasingly predictable and manageable. Consequently, the foremost change in the mentality of the younger generation is their perception of the future. They are moving away from fatalistic expectations of uncontrollable changes and developments towards viewing the future as a canvas of personal responsibility and creativity, free from predetermined boundaries or limitations. In such an environment, freedom emerges as the core value for the generation born between 1997 and 2012 (Generation Z).

The practical manifestation of this yearning for freedom is evident in the prevailing inclination of today's youth towards business over government. Primarily, they perceive entrepreneurship as a pathway toward achieving financial independence and greater autonomy from state structures. Moreover, young individuals hold the belief that the business realm is where some of the most intelligent, talented, and capable individuals forge their careers. Simultaneously, they perceive business, unencumbered by bureaucratic constraints, as more agile and adaptable. Consequently, they see it as better positioned to deliver efficient responses to the global problems and challenges faced by society.

As businesses grow in significance and cities emerge as the epicentre of commercial activity, today's youth undeniably epitomise a generation of urban dwellers, characterised by inherent individualism. Consequently, personal development and success take precedence as the foremost priorities for the younger generation. However, this individualism manifests as a dual phenomenon. On one hand, it serves as a catalyst for ambitious aspirations, strategic pursuits, and ground-breaking advancements. Conversely, it leads to societal polarisation and identity fragmentation. Each individual, social group, and state operates within its distinct filter bubble, a trend expected to multiply not solely based on geography or civilizations, but also within countries and social factions.

Moreover, extreme forms of individualism often breed indifference, resulting in people feeling disconnected not only from their work but also from engaging in politics. Opinion polls reflect the declining interest of today's youth in public politics, indicating a greater immersion in their own isolated world, detached from governmental affairs.

The perilous detachment from one's own life, coupled with escalating polarisation within social groups, may potentially incite an identity crisis. This crisis engenders a disorientation in ideas, ideals, and priorities, impacting relationships with others and fostering a sense of ontological insecurity. This Lacanian anxiety contributes to growing distrust not only among individuals and towards governments but also within the international community, breeding tensions and conflicts. Societal polarisation and identity fragmentation indicate a growing isolation within belief systems, preferences, and social circles, discouraging a shared identity. Despite the distinct filter bubbles, the concepts of blurred identity and hybridised identity offer nuanced perspectives on identity formation. Blurred identity suggests the boundaries between different identity categories are less distinct, allowing individuals to embody a mix of identities from various sources. This blending creates a fluid and less fixed sense of self, challenging rigid frameworks without necessarily implying isolation. Hybridized identity involves the combination of diverse influences to create a unique and integrated identity, reflecting an adaptable nature that transcends isolated worldviews.

While identity fragmentation underscores isolation and division, blurred and hybridised identities highlight the interconnected and adaptive nature of modern identity formation. Navigating diverse influences without retreating into isolated bubbles is recognized. However, this process can lead to an identity crisis, creating uncertainty and disorientation in ideas, ideals, and priorities. Distrust may emerge if individuals perceive others as not fitting established norms, fostering insecurity.

Western models of value systems, ranging from the "American Dream" to European iterations of the "social market" economy, have witnessed a decline in their erstwhile universal appeal. The decline is prominently observed in the widespread phenomenon of cancel culture in Western societies. Initially intended as a means to promote accountability and elevate the voices of marginalised communities,

some contend that it has evolved into a culture of censorship. This shift is contributing to the erosion of the adaptability of universalism. It is currently under scrutiny for suppressing diverse perspectives. Cases where individuals face cancellation for expressing opinions divergent from mainstream values underscore the difficulties Western values confront in accommodating a range of viewpoints. The essence of this model lies in its reflexivity, revolutionary character, and productivity. Throughout the era of globalisation, this value system has undergone continuous self-reflection, self-negation, and self-construction, engaging in dialectical conflicts between self and others, internal and external dynamics, and universals and particulars. The Western model, by discontinuously breaking and creatively reconstructing its cultural foundations, has extended its influence from Europe to the global stage, creating a dynamic form of universalism grounded in its particularity.

Presently, the dynamic equilibrium mechanism of universalism in the modernization process faces challenges. The current global order leader resists discourse and integration of successful experiences from various regions, perceiving them as threats. Simultaneously, the Western value system, halting its iterative development, struggles to generate new conceptual frameworks for emergent social risks, emphasising procedure over substance. A loss of fluidity in universalism leads to a detachment from reality, restricting the rich connotations of concepts like “liberty,” “democracy,” and “social justice.”

A global disenchantment campaign against the Western model unfolds, originating from diverse nations’ demands to address real-life problems. This non-politicized movement aims to supplement the missing aspect of universalism in sustainable development. The cracks in Pax Americana and the “decentralization” transformation of the world order are by-products of this process. Foreseeably, setbacks are inevitable before achieving the next dynamic equilibrium of the value system.

Fortunately, there are numerous sources of global inspiration and strength to contribute to its rebuilding.

1. *Forgiveness*: Essential for the future, forgiveness is a recurring theme found in various regions. The South Africa Truth and Reconciliation Commission’s practice of “trading truth for freedom” exemplifies an African tradition of restorative justice, emphasising healing, balance restoration, and relationship repair in the spirit of Ubuntu. Forgiveness fosters a positive interactive environment, facilitating truth-telling, overcoming biases, and reigniting cooperation.

2. *Resilience*: The birth of a new order necessitates the courage for self-negation and the ability to initiate change. This quality, inherent in enduring civilizations, historically relied on external stimuli. In contemporary times, autonomy in reflection is crucial for reclaiming resilience as we transition from old systems to new structures.

3. *Patience*: The establishment and transformation of the new order evoke questions about timing and the ultimate destination of humanity's value system. Modern society grapples with time anxiety, emphasising meaningful time consumption. However, this focus neglects sensory activities, relegating human aspects to mere means rather than ends. Counteracting this oversimplification requires patience, recognizing the value of sensory experiences beyond cognitive pursuits.

4. *Acceptance*: The establishment of a multi-model world order necessitates embracing diversity. In Indian culture, the term “Vasudhaiva Kutumbakam” upholds the worth of all life forms – human, animal, plant, and microorganisms – and their interconnectedness on Earth and in the broader universe. This concept encapsulates the belief that the world constitutes one family, fostering a sense of global unity, compassion, and mutual understanding.

Key Takeaways

By 2040, the global order will undergo significant changes, witnessing the emergence of various techno-economic blocs that prioritise sovereignty, altering traditional state-centric structures into diverse localised entities. Concurrently, regions lacking sovereignty will see the presence of communities favouring global civil societies, contributing to heightened competition among emerging blocs vying for economic and political influence.

The younger generation, particularly Gen Z, will continue emphasising personal freedom and autonomy by favouring entrepreneurship over conventional government structures by 2040. This pursuit of individualism will deepen societal polarisation, prompting a re-evaluation of failed universalist approaches. As a response, there will be an increased focus on dialogue, tolerance, and multipolarity to foster mutual respect among diverse cultural values in an increasingly fragmented global landscape.

The year 2040 will witness a fragmented scientific and technological landscape marked by the formation of distinct blocs. Nations like Russia, the United States, and China will lead in artificial intelligence and digital technologies, fostering competition primarily in emerging markets such as Africa and Latin America through the creation of unique “technological ecosystems.”

Scientific progress blurring the distinction between civilian and military technologies will spark a new era of comprehensive arms competition. This development, encompassing artificial intelligence, biotechnology, quantum technologies, among others, will intensify global tensions, leading to various conflict types and the adoption of hybrid warfare strategies, including sub-threshold actions and information warfare.

The global economic order by 2040 will adapt to persistent instability, responding swiftly to escalating risks and stabilising post-crisis situations. Multi-layered fragmentation, driven by regional integration and economic divisions based on shared values, will lead to rapid reconfigurations in supply chains amid various restrictive measures. Furthermore, the economic landscape’s asynchronous multipolarity will consolidate around pivotal powers like China, the United States, and Russia by 2040. This transformation will coincide with widespread digitalization, emphasising the bloc-like nature of technological progress. Additionally, the trend of blurring boundaries between civilian and military technologies will persist.

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