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The Eurozone's economy is currently in an unstable equilibrium, which can be broken under the effect of small external or internal demand shocks. Therefore, the year 2015 for Europe is a year of bifurcation (splitting in two directions, upward or downward). Lifting of the mutual economic sanctions of the European Union and Russia could afford such a positive demand shock, because Russia is the third largest commercial and economic partner of the European Union. The global economy's main centers of growth (the United States, the European Union, China, and Japan) are considered, and the anticrisis measures taken by these countries, as well as the effectiveness of these measures, are analyzed. Prospects for the development of the above economies in the near future are outlined.

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A Year of Bifurcation in the Dynamics of the Global Economy

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The global economy slowed down in 2013–2014, decreasing its growth rates from 3.5%, reached in 2012, to 3.3%. Expert forecasts for 2015 are diametrically opposed: optimists believe that it will accelerate again, improving growth rates up to 4% and higher, while pessimists anticipate that, on the contrary, the slowdown will continue and the growth rates will drop to 3% and lower. This uncertainty about global economic development in the short term is chiefly related to the growth of geopolitical tension in the world. It is no coincidence that the World Economic Forum in Davos called the year 2015 a year of geopolitical risks. Indeed, the 2014 geopolitical conflicts began to affect most negatively the world's financial and economic systems. This effect can be amplified by another crisis wave in the global financial markets. There is also a danger that global demand will be insufficient to stimulate global production.

SOME PRELIMINARY THOUGHTS

Optimistic experts rely on the fact that the American economy, which accelerated in the past year and reached a 3% growth rate, can now play the role of the main locomotive for the global economy along with the Chinese economy and lead the European Union, Japan, and other countries that have close and voluminous trade and economic relations with the United States. As for the second locomotive, the Chinese economy, it steadily continues its sustainable growth at relatively high rates of more than 7% a year. The decrease in prices for oil and other raw materials also adds optimism and will further stimulate the global economy.

On the other hand, the export-oriented economies of developing countries generally demonstrate a downward trend in their economic growth rates. Most developed countries still have significant gaps between their potential and actual production outputs. The United States and Great Britain are the only economies among the developed countries that are growing steadily due to insignificant dependence on an increase in the exports of their goods. Their positive dynamics is ensured by demand in the domestic market, which earlier was stimulated by their central banks thanks to abundant "quantitative relaxation." The Eurozone's economy, which could play a key role in overcoming uncertainty in the global market, is still stagnating, and the Japanese economy, which was on the rise in 2012 and 2013, experienced a new recession in 2014. In addition, the Eurozone is creeping into deflation. In December 2014, the consumer price index dropped by 0.2% for the first time in the past five years, and in January 2015 deflation was already 0.6%. To top all these problems, the violent terrorist acts in Paris in early 2015 marred the general continental calm. Most experts expect that the threat of international terrorism and radical extremism will escalate in 2015. All this, no doubt, will affect negatively investment activity in the Eurozone and, consequently, the subsequent economic dynamics, because stagnation in the Eurozone, as well as growing geopolitical risks, is the main threat to the recovery of the global economy.

Indeed, the Eurozone's economy is in a very vulnerable and unstable condition. Cardinal reforms have not been conducted, and most states are burdened with excessive debts. Moreover, the nature of the European model of development remains unchanged: debts are still repaid through new loans. Unemployment remains high, its overall level in the Eurozone being 11.4% and youth unemployment is 24%. The internal demand is recovering very slowly due to the

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austerity policy conducted by the European Union. Economic growth was sluggish in 2014, reaching a mere 0.8%. At the same time, the lifting of economic sanctions against Russia could promote the recovery and sustainable growth of the region's economy.

Thus, 2015 is a year of bifurcation, in which, depending of the geopolitical choice of the European Union, the economy may take either an upward path or a downward one, toward a significant recession. As is known from the theory of nonlinear dynamics, small fluctuations in external influences increase sharply near the bifurcation point. Therefore, a small shock is enough to choose one of the two scenarios of development.

In 2015, the European Union's foreign policy and security geopolitics will depend on the situation in Ukraine and the Middle East in view of the growing threat from the Islamic State (ISIS). Obviously, the radicalization of the Middle East region is deepening. Today thousands of Islamist militants from European countries are already fighting alongside ISIS, and thousands are striving to get there, and then they will certainly return to their countries of origin, importing terrorism and feeding the radicalization of the Muslim population in Europe. The Ukrainian political crisis in 2014 led to a sharp escalation of relations between Russia and the West. The United States and the majority of EU countries have introduced large-scale financial and economic sanctions against Russia, which had to take countermeasures.

European expert circles admit that the mutual sanctions of the European Union and Russia will inflict appreciable damage both on our country's economy and on the Eurozone's economy, because Russia is the third largest trading partner for the European Union. By expert estimates, German exports to Russia in 2014 decreased by 26.1%, that is, by more than one-fourth. The prominent French economist Prof. G. Sapir cites the following estimated growth losses because of the sanctions: 0.5 percentage points (pps) of the GDP in Germany, 0.25 pps in France, 0.8 pps in Hungary, and up to 1 pp in Poland [1]. Some experts estimate the losses of Germany and France at 1 and 0.5% of the GDP, respectively. If we take into account that, according to the Organization for Economic Cooperation and Development (OECD), the forecast for economic growth rates in Germany and France in 2015 is 1.1 and 0.8%, respectively, it becomes obvious that the preservation of mutual sanctions will lead to a decrease in the economic growth rates of these countries by several tenths of a percentage point of the GDP. In this situation, capital can start fleeing from the Eurozone to the United States, where steady economic growth is already observable. As a result, the growth rates in the Eurozone's locomotive states—Germany and France—may drop practically to zero, which will inevitably lead the Eurozone's economy to a recurring recession already in 2015.

Most EU member countries consider the current confrontation between the West and Russia as nonconstructive and, moreover, as a threat to stability and security in Europe, as well as an obstacle to the mitigation of the aftereffects of the crisis in Ukraine. The United States has already utilized fully the political crisis that it created in Ukraine and has reached its key goal, having pushed the European Union and Russia into opposition and a geopolitical conflict. It appears that the United States is letting the European Union look for a way out of the Ukrainian crisis, while those in the European Union who follow the course of stabilizing relations with Russia are already gaining momentum. This made the EU political leaders—German Chancellor A. Merkel and French President F. Holland—come out with a peaceful initiative to settle the conflict in Ukraine by diplomatic means and against deliveries of US combat weapons to Ukraine.

The European Union jointly with Russia could start de-escalating the Ukrainian conflict by stopping the war and determining the status of the regions in the southeast of the country, which would revitalize regional and global security. The European Union, in turn, would find an important ally in Russia in the struggle against growing international terrorism. Russia could contribute to the active participation of Iran in resolving the conflicts in Syria and Iraq, as well as in the struggle against ISIS, and in stabilizing the situation in the Middle East. The effect of this constructive scenario could be quite significant. The lifting of the mutual sanctions of the European Union and Russia as a consequence of fruitful cooperation in the above areas would allow the Eurozone's economy to retain the upward trend and in the next few years to transfer to long-term sustainable growth, while the Russian economy could avoid a deep recession; the global economy would benefit in general. If the political leaders of principal world powers are unable to reach a compromise on the main crisis problems, the probability is great that the Eurozone's economy will not only continue to stagnate but will also tumble into a recession, which will lead to a significant global economic slowdown.

In order to come out of the current crisis, it is necessary today to adopt Keynesian recipes of improving aggregate demand [2]. A monetary and budgetary policy that does not satisfy the requirements of Keynesian theory only aggravates the crisis, protracting the already lengthy depression. A Keynesian policy, on the contrary, will help solve the problem of employment and reduce unemployment to its natural level, which will help maintain the aggregate demand and social consensus. Conditions will be created for the growth of private investments into the real economy and the reorientation of government expenditures to social programs and public investments.

However, as is known, investments are inefficient without innovations. Therefore, to come out of the lengthy depression as soon as possible, it is necessary to adopt the principle formulated by the outstanding German economist, Prof. G. Mensch: innovations overcome depression [3]. The governments of the most developed countries are called upon to implement a targeted policy of strategic innovative technological breakthrough. Efforts should be concentrated on the practical development of the nano-, bio-, info-, and cognotechnology (NBIC) cluster, which is shaping the future, sixth, technological mode and the new structure of the global economy. At the same time, advanced developing countries should start boosting industrialization by borrowing on a large scale key technologies of the fifth technological mode that have already passed into the category of general-purpose technologies (microelectronics, computer and information–communication technologies, and energy- and resource-saving technologies).

The English economist J.M. Keynes acknowledged two main drawbacks of capitalism: its inability to ensure full employment and arbitrary and uneven distribution of wealth and incomes [4]. He stated that, if these drawbacks were eliminated, capitalism could have developed stably. Today we observe that income inequality and a high unemployment rate in the majority of developed countries, accompanied by low labor compensation and the unprecedented concentration of incomes and wealth in the hands of a small number of families, have led to a sharp drop in aggregate demand; therefore, the economies of developed countries stagnate and cannot overcome the current financial–economic crisis. In order to exit the crisis, it is necessary, first of all, to ensure a just redistribution of incomes in favor of the middle class and the poor strata. This will make it possible to revive and maintain a stable increase in aggregate demand, which will become the locomotive of the new turn of the balanced growth of developed economies.

THE STATUS OF THE WORLD'S LARGEST ECONOMIES IN 2015

The US economy. In 2008–2009, the United States became simultaneously the source and epicenter of the current global financial–economic crisis. The crisis was logical, expectable, and preconditioned by the change in technological modes and long-term Kondrat'ev cycles of the economic climate [5]. It was multiply amplified by the artificial financial crisis that had led the US economy to the Great Recession. Over 18 months—from December 2007 to June 2009—the US GDP decreased by 5%.

The US government and Federal Reserve System (FRS) took unprecedentedly large-scale stimulating measures: the bank rate was reduced from 5 to 0%, the budget deficit was fixed at 11% of the GDP, and over \$3 trillion was spent to save the financial system. The great monetarist M. Friedman stated at that time that a financial crisis should be "flooded" by a mass infusion of money into the banking system. That was what the US authorities did. President B. Obama's administration developed measures to stimulate the economy and implemented them in 2009–2010. Nobel Laureate P. Krugman thinks that these measures were correct but insufficient in scale [6]. Indeed, the US Congress allocated \$800 billion, which turned out to be insufficient for lasting support; this was why they did not yield the desired results. Nevertheless, it was an impulse for reviving the economy, which was in a deep crisis.

Another outstanding American economist, Nobel Laureate J. Stiglitz, believes that the first package of measures was insufficiently efficient; therefore, Obama had to propose a second stimulation program [7]. However, after Obama's address to US Congress on September 8, 2011, concerning a new plan of reviving the economy through job creation by investing \$450 billion, the plan was rejected. The followers of the hard line toward the budget deficit blocked active actions of the US government, which, no doubt, had negative consequences.

Krugman wrote on this subject [6],

> Much of the discussion in Washington had shifted from a focus on unemployment to a focus on debt and deficits.... The strange thing is that there was and is no evidence to support the shift in focus away from jobs and toward deficits. Where the harm done by lack of jobs is real and terrible, the harm done by deficits to a nation like America in its current situation is, for the most part, hypothetical.

Krugman justly thinks that a shift from the very sharp problem of employment (unemployment) to budget deficit, which took place in the United States, as well as in the European Union, was a great mistake that exacerbated the depression [6].

It is no wonder that the process of recovery of the US economy was delayed. Experts saw the weak revival and insignificant growth observable in the first post-crisis years as regular phenomena that practically always follow a deep and prolonged recession. Most experts saw the real prospect for the US economy as a lengthy stagnation, similar to the Japanese scenario of economic development. However, thanks to the competent and effective monetary policy of B. Bernanke, FRS ex-chairman, the US economy today is in a much better condition than other avant-garde economies of the world to become a locomotive for the new, sixth, long Kondrat'ev wave of global economic development (2018–2050). Low interest rates and the availability of cheap money have finally led to a point where investors started to invest into stock markets, and this amplified consumer demand as related to capital investments. In 2013–2014, a revival began in the American economy, turning into consistent growth, the industrial sector showing the most stable trend in growth, indicating the successful process of reindustrialization and the elimination of structural disproportions in the US economy. American companies are returning their industrial units to their homeland. This process is accompanied by the introduction of basic innovative technologies of the new technological mode and the creation of new highly skilled jobs. It is reindustrialization that is contributing to the current rise in the US economy, and it could become one of the main drivers of sustainable economic growth in the forefront of the sixth long Kondrat'ev cycle (LKC).

On the basis of the Schumpeter–Kondrat'ev theory of innovative-cyclical economic growth and M. Hirooka's innovative-technological paradigm, work [8] shows that the economies of the most developed countries (United States, Great Britain, Germany, and Japan) will witness revival and rise in 2014–2015 and stable growth in the wake of the sixth LKC starting from 2017–2018. Moreover, the locomotive of this long-term dynamic growth will be a new technological mode, whose backbone will be the NBIC technologies, the convergence of which creates a powerful synergistic effect capable of giving additional acceleration to economic development. A high likelihood of leadership in shaping the new long wave of economic development belong to the United States, Germany, and Japan, which greatly contribute to the development and practical application of the NBIC technologies.

Thus, the US economy entered the year 2015 with good growth rates (2.4% against 2.2% in 2013), a low natural unemployment (5.6%), and an extremely low inflation (1.7%), while the optimal rate is 2% a year. In the third quarter of 2014, the American economy was growing at record-breaking rates, at an annualized rate of 5% (the highest index over the past 11 years), although it slowed down to 2.6% in the fourth quarter. Many analysts believe that this growth can become self-supporting, since, unlike the previous splashes, it is largely caused by increased consumer demand, which grew in the third quarter of 2014 by 3.2% at an annualized rate. The US economy today is sufficiently stable to develop further using natural growth factors—increased productivity and real capital inflow. It does not need any stimulation from FRS through low interest rates and tapering programs. The International Monetary Fund (IMF) and the World Bank (WB) predict that the growth of the US economy in 2015 can accelerate to precrisis rates, 3.6% (IMF) or 3.2% (WB).

Note that a consequence of the steady recovery of the US economy was the strengthening of the dollar against the national currencies of practically all advanced countries of the world. According to the theory of long Kondrat'ev waves of economic development, the initiated strengthening of the dollar will continue for eight to ten years all through the upward phase of the sixth LKC until 2022–2024. This can tell negatively on both developing and developed economies that have not yet stabilized or transferred to the stage of sustainable growth. The strengthening of the dollar has already caused the appreciation of long-term credits and an increase in foreign loan rates for developing countries. Of course, the dollar appreciation may bring about positive consequences to export-oriented economies, which the US trading partners can utilize.

After the crisis, the FRS has more than tripled the money base and has pumped the economy with liquidity to the extent that cash could be obtained practically for free, but the general demand still remains low. The United States found itself in a liquidity trap; the economy was shrinking specifically because of the lack of demand [6]. In this context, monetarists warned that, if the supersoft monetary policy continued, the huge increase in bank reserves would necessarily lead to high inflation. This did not happen in practice. The monetarist rule that the increased money supply inevitably leads to inflation growth applies only to full employment in the economy. Krugman stressed more than once that, as long as the economy is in crisis, especially in the liquidity trap, rapid price appreciation is impossible. To all appearances, this fact is unknown to the Russian monetary authorities, which are conducting a rigorous monetary policy in the thick of the crisis.

Thus, the FRS used the opportunities to stimulate the economy to the full and now the ball is in the court of politicians and fiscal bodies. The monetary policy has taken its toll, and now it is time for a Keynesian fiscal policy to stimulate economic growth. Krugman strongly recommended following the road of increasing government expenditures. Back in 2013, he wrote [6],

> The basic situation of the US economy remains now what it has been since 2008: the private sector is not willing to spend enough to make use of our full productive capacity and, therefore, to employ the millions of Americans who want to work but cannot find jobs. The most direct way to close that gap is for the government to spend where the private sector will not.

He thought it necessary to launch a new program of large-scale economic stimulation with the help of government expenditures [6]. Today this is topical more than ever.

The question arises how to stimulate an increase in demand on the part of households. The previous model based on demand support by consumer lending turned out to be unstable, and now it does not work efficiently any longer. The consumer-lending model's instability is explained by the fact that, as the rate of household savings falls, the economy starts to be financed through foreign borrowings, and a continuous increase in the liabilities of private individuals provokes a debt crisis. A new model is necessary, because consumer demand forms 70% of the American GDP. In order to recover consumer demand in the United States, Stiglitz recommends a large-scale redistribution of the incomes from those who are at the summit of the social pyramid and can afford savings to those who are at the bottom of this pyramid and spend each penny earned. More progressive taxation will make it possible not only to gain the desired result but also to stabilize the economy. If the government increases taxes for individuals with high incomes to finance the increase in government expenditures, especially in the sphere of innovations, the economy will expand; that is, the so-called balanced budget multiplier will come into play [7].

If the US government starts to implement a new fiscal policy, based on Krugman's and Stiglitz's proposals, in 2015, it will be able to overcome the consequences of the 2008–2009 financial–economic crisis more quickly and to launch long-term sustainable economic growth in the wake of the sixth LKC (2018–2050).

The European Union's economy. The crisis of the Eurozone's economy was primarily a debt crisis. The total government debt of the countries of the Eurozone was more than € 6.2 trillion, or 84% of the aggregate GDP. The total government debt of the five most unstable debtors (Greece, Ireland, Spain, Italy, and Portugal) was € 3.2 trillion. The amount of government debt of these countries in relation to their GDPs varies from 90 to 160%, while the Treaty of Maastricht established a limit of 60% of the GDP for the Eurozone member countries. Moreover, when creating the European Union, the member countries signed the Stability and Growth Pact, which established that the budget deficit of each member country should not exceed 3% of the GDP; the government debt, 60% of the GDP; and inflation should not exceed by more than 2% the lowest rate observed among the union's member countries. These requirements are very reasonable, and all dynamically growing developing economies meet these criteria. As for the countries of the Eurozone, only Finland met the above requirements in 2011. Most EU members violated their obligations. Individual countries of the Eurozone, including its leaders—Germany and France—often avoided the fulfilment of the Maastricht requirements concerning limitations on the government debt and budget deficit, while states like Greece, Ireland, Spain, Italy, and Portugal faced the risk of bankruptcy (they forced the entire Eurozone into a debt crisis).

The only Maastricht criterion that is fulfilled by all the member countries of Eurozone is the limitation on the inflation rate. Moreover, many experts fear that the Eurozone can fall into deflation. Indeed, inflation in the 18 countries that are the backbone of the Eurozone was a mere 0.8% in 2014, while in the periphery we can note deflationary trends, which can bring the economies of periphery countries into stagnation according to the Japanese scenario. In December 2014, the consumer price index dropped by 0.2% for the first time in five postcrisis years. In January 2015, deflation in the Eurozone was even 0.6%. In connection with this, Chairman of the European Central Bank (ECB) M. Draghi announced plans to infuse liquidity on a large scale from the beginning of 2015 by purchasing government liabilities of needy countries of the EU in order to speed up inflation. Thus, the price stability has turned into a problem for the Eurozone, since households under such conditions are not inclined to spend money and investors are not inclined to invest into the real economy.

To mitigate the negative effects of the debt crisis, the European Union created the European Financial Stability Facility (EFSF). The initial amount of the EFSF resources was € 440 billion. This facility became the vehicle to resolve the sharpest crises. In fact, it provided crisis countries, unable to cover their debts, with the opportunity to get loans at preferential interest rates. The first actions of the facility were credit guarantees issued to Ireland and Portugal in the amount of € 43.7 billion and participation in providing Greece with a loan of € 109 billion. Thanks to the creation of this facility, the European Union was able to provide real help to a number of states that were on the verge of bankruptcy.

However, it became known later that this vehicle did not solve the problem of extremely large government debts. For example, despite the rigorous saving and debt restructuring programs, Greece's government debt was 160% of its GDP in 2013, while before the crisis, in 2008, it was about 110%. The budget deficit in 2013 was 7% of the GDP. Greece received concessional loans of more than € 266 billion; in addition, private investors wrote off a € 100-billion part of the debt. Thus, a simple increase in concessional loans issued to Greece cannot solve this problem any longer. Each new concessional loan only increases the amount of debt. This means that the Greek economy will remain uncompetitive for many years.

The European Central Bank played an exceptionally positive role in saving the Eurozone's single currency, as well as the European banking system. Ex-President of the ECB J.-C. Trichet was the first to make a decision after the crisis to buy out transformed shares in exchange for a money emission in favor of

banks. The American economist Bernanke had already followed his example, thanks to which large banks preserved their financial solvency. At the very height of the crisis, the ECB bought up the debts of Greece, Portugal, and Ireland for almost € 80 billion and announced multibillion retirements on securities that nobody wanted to buy. After the second wave of the global financial crisis, which started on August 3, 2011, when the situation around the euro was becoming increasingly dramatic, the ECB began to buy en
1 masse government bonds of Italy and Spain.

To save the euro, the European Central Bank undertook functions that were not envisaged in any of its charters: it developed retrenchment programs for debtor countries, such as Greece, Ireland, or Italy; prevented the bankruptcy of large banks; and supported bond prices of a number of member states of the Eurozone. Naturally, all this caused serious criticism and discontent on the part of creditor states, which held that the European Central Bank should only ensure the stability of the common currency and the constancy of prices. On the other hand, for example, Italy at that time was third in the world by the amount of active bonds. Without the ECB's effective support, this debt market could have collapsed. If this had happened, the consequences would have been catastrophic not only for the Eurozone but also for the entire global economy. Today it is safe to say that, under the crisis conditions, Trichet acted very decisively, timely, and wisely. The comfort soft monetary policy of the European Central Bank, which filled the Eurozone with liquidity, became a decisive factor for the recovery of economic growth.

The expectations that the growth of the Eurozone's economy would be restored to the full in 2014 were incorrect. The economic growth was only 0.8%. In the opinion of IMF experts, the cause is that, despite the noticeable improvement in the state of banks' balances, the debt load of the corporate sector and households remains high, which hinders an increase in demand and the amount of investments into the real sector of the economy. One of the causes was also the decrease in the actual growth rates of the economy of Germany, the main locomotive of the Eurozone's economy, to 1.5% instead of the expected 1.9%. Note that, in the crisis years, Germany was the only country the economy of which demonstrated a relatively sustainable growth despite the recession in the Eurozone as a whole. As for the second economy of the Eurozone, the economy of France, its growth in 2014 was barely noticeable, 0.4%.

A substantial role in the slowdown of the Eurozone's economy was played by the geopolitical confrontation between the West and Russia, caused by the political crisis in Ukraine and the subsequent war of economic sanctions. The mutual sanctions of the European Union and Russia led to a sharp decrease in trade turnover. Russia for the European Union is the third largest trading partner, the trade turnover reaching € 326 billion in 2013. Many European companies had either to reorient their trade flows to Russia or to reduce them. Russia's counter ban on food imports struck a painful blow on many branches of the Eurozone's economy, especially on individual European countries that had invested significant funds in agriculture for target supplies to Russia. The recovery of the Eurozone's economy proved to be too unstable to withstand the deterioration in external economic conditions. Moreover, because of the persistent geopolitical tension, European businesspeople are undisposed 2
to make investments despite the presence of available funds.

The new head of the European Commission, J.-C. Juncker, proposed a three-year stimulating investment plan with a volume of € 315 billion, based on guarantees and a small startup capital from the funds of the European Investment Bank (EIB). The larger part of the investments to implement this plan should come from private sources. The investment fund plans to attract large banks experienced in implementing infrastructure projects. It is expected that the investments will go to projects that favor accelerated economic growth rates, primarily infrastructure related, which will undergo thorough selection. Thus, the European Commission plans to create more than 1 million jobs. Taking into account that investing possibilities of the governments of the Eurozone's countries are limited because they use the existing funds primarily to decrease their national debts and budgetary deficits, the new investment plan can help restore the economic growth of the Eurozone.

The new leaders of the European Union understand that, to recover from the crisis rapidly, they need active growth of investments rather than an austere costs-cutting regime. Above, we already mentioned the contribution of the expansionistic monetary policy of the European Central Bank to the restoration of economic growth, but it has already fulfilled its duty and exhausted its possibilities. Now the responsibility for the acceleration of economic growth falls on the governments of the EU countries and on political leaders. The European Union will need an expansionistic fiscal policy costing € 300 billion per year to ensure economic growth at a level of 1.5–2% annually. However, without the Russian market and a settled trade turnover with Russia, Juncker's investment plan will hardly yield the desired effect. Hence, the foremost objective of the EU leaders is to overcome the political tension with Russia and lift the economic sanctions as soon as possible.

The economy of Japan. The postcrisis recovery of the Japanese economy began in 2012, when the new government of Premier S. Abe began to implement the ambitious Keynesian program of reviving the economy. This program, which includes a complex of measures on budgetary and monetary stimulation, as well as structural reforms, was called "Three Arrows of Abenomics." In 2012–2013, the focus was only on monetary support of the economy. Nevertheless, the outlined measures on fiscal stimulation, as well as the planned investments into infrastructure, research, and education, immediately yielded a real increase in aggregate demand and business activity. In 2012, Japan's economy demonstrated growth of 1.8% after the decrease by 0.5% in 2011; in 2013 (for the first time after the crisis of 2008–2009), positive net investments and growth of 1.6% appeared (according to OECD data).

Abe's government began to mitigate the monetary policy quantitatively and qualitatively to drive inflation to 2%. For this, H. Kuroda, the new chair of the Bank of Japan, announced a focus on doubling the money supply and almost doubled its growth rates, bringing them to 4.3% in 2013 compared to 2.6% in 2012. Thanks to this, Japan managed to overcome chronic deflation: in 2013, inflation reached 1.5% for the first time over the previous ten years. The weakening of the yen improved the competitiveness of Japanese goods in international markets and really revived individual branches of the economy, for example, the automobile industry.

At Abe's suggestion, which was supported by numerous companies and firms, some branches increased labor compensations for their employees, which ensured wide support for the measures planned by the government. In addition, as a result of the increase in aggregate demand, the level of unemployment decreased to 4% by 2013, which is lower than the natural level. These social innovations stimulated additional support for Abe's government, owing to which he easily won the early parliamentary elections in December 2014.

Japan's economy unexpectedly decreased sharply by 7.3% on an annual basis in the second quarter of 2014 and by another 1.6% in the third quarter, which caused a recession, although forecasts had predicted a growth by 2.1%. As a result, the overall growth of Japan's economy in 2014 totaled only 0.1% instead of the planned 1.6%. The main cause of the new recession was a sharp decrease in domestic demand, related by the majority of experts to the increase in the sales tax rate in April 2014 from 5 to 8%, which was explained by the necessity to decrease the national debt (which exceeded 245% of the GDP and is the highest among the developed countries). Naturally, the tax increase weakened consumer demand.

Therefore, today Abe's government faces difficult tasks. On the one hand, after having won the early parliamentary elections, the premier received a mandate from the voters to continue the new economic policy, Abenomics; on the other hand, the issue of the second stage of increasing taxes on goods and services from 8 to 10% hangs like the sword of Damocles, although Abe has already announced that the plans to increase the sales tax in October 2015 will be postponed for 18 months. In Krugman's opinion, this decision has turned into a certain Rubicon for the economic policy of the Japanese government. The problem is that the Japanese public continues to protest against tax increases, while large corporations think otherwise, fearing that Japan's solvency can suffer from the loss of fiscal confidence. However, prominent experts do not share these fears because Japan's national debt is primarily domestic, in its own currency. For example, Krugman rightly thinks that today the risk of losing confidence in connection with the struggle against deflation appears much more serious than that of losing fiscal confidence.

There are sufficient grounds to believe that in 2015 the growth of the Japanese economy will resume and become sustainable, at least in the medium term. Undoubtedly, this will be favored by conducting Abenomics consistently and by launching the planned governmental programs on stimulating research and education and on introducing innovative technologies of the new generation; what is necessary is to postpone a further increase in the sales tax in the medium term until the economy regains sustainable growth rates. The IMF forecasts the growth rates of Japan's economy at a level of 0.6% in 2015 and 0.8% in 2016.

The economy of China. In 2014, it became the largest in the world, surpassing that of the United States; this is the official IMF assessment. China outranked the United States by GDP size converted into purchasing power parity (PPP) in US dollars. In 2014, China's GDP in PPP amounted to \$17.6 trillion, while the GDP of the United States was somewhat lower (\$17.4 trillion). China also increased its share in the world GDP up to 16.5% against 16.3% of the United States. Back in 2012, it became the world's leader in trade, having earned \$3.87 trillion in external markets, while the United States earned \$3.82 trillion. China occupies first place by the volume of exports: about 80% of the country's foreign exchange earnings falls to the exports of goods and services. China's forex reserves exceed \$3 trillion and are the largest in the world, amounting to more than one-third of the global reserves.

The IMF views the postcrisis slowdown in China's economy as a necessary correction. Nevertheless, China preserves relatively high growth rates: 7.7% in 2012–2013 and 7.4% in 2014; as is expected, they will be 7.1% in 2015 (according to OECD data). According to the medium-term forecast, the growth rates of the Chinese economy will smoothly decrease to 6.4%. China managed to put its economy on a sustainable trajectory of growth with moderate inflation owing to its effective crisis bailout program. Its package of stimulating measures became one of the largest in the world. It was rapidly adopted in November 2008 for a term of two years in the amount of \$586 billion, which was about 14% of China's GDP. The larger part of these funds was allocated to infrastructure projects and to aid the "green" economy, while the rest went to encourage domestic consumption, primarily in the agricultural sector and in the markets of goods whose sales to other countries had clearly decreased. Owing to this, China accomplished powerful postcrisis recovery.

If we compare the economies of China and the United States on the traditional GDP scale in dollars at the current rate of exchange, the picture will change cardinally. For example, according to the IMF assessment, in 2014, the GDP of China in the current prices was \$10.4 trillion, while the US GDP amounted to \$16.8 trillion. It follows that China is still far behind the world leader. According to forecasts, it will take another ten years of sustainable growth to reach it. In 2024, the nominal GDP of China will be \$28.85 trillion and will surpass the US GDP, which by that time will amount to \$27.3 trillion. In ten years, the share of the Chinese economy in the global GDP will reach 20%. However, with regard to per capita income, China is still far behind the United States and other developed countries: in 2014, its per capita income was \$7600 per year (against \$54 700 in the United States).

Along with the United States, China remains one of the locomotives of the global economy. It is the fast growth of China's economy in the postcrisis period that compensated for the deep decline in developed countries and barred the world economy as a whole and the economy of developed countries in particular from another recession and a longer depression. China's demand for raw material resources helped the economies of many African and Latin American
3 countries to develop sustainably. It was assumed previously that the growth of the Chinese economy was ensured exclusively at the expense of exports of goods and services. Indeed, its dependence on the American consumer market was significant because the population of China could not support such high growth rates by its solvent demand. However, today, even after the crash in the market outlets of developed countries, China demonstrates dynamic growth. Of course, export was the engine of the Chinese economy, which made it possible to develop the production of high-quality goods. At present, the Chinese government is taking large-scale measures to stimulate domestic demand, and the potential of the domestic market is so great that the economy can continue to grow for a very long time irrespective of the state of the economies of the United States and the European Union.

The prospects of development for the Chinese economy in the current decade may be characterized as favorable. It is not by chance that in 2014 the Chinese Central Bank began to stimulate actively the economy by decreasing annual credit rates to 5% (0.4 percentage point) and the annual deposit rates to 2.75% (by 0.25 percentage points). Efforts are being made to decrease the cost of financing for the corporate sector to maintain sustainable growth. Obviously, in 10–15 years, China will become one of the leading world superpowers. The only question is whether it will manage to catch up with the Western developed countries in the sphere of high technologies. Analysis of the modern dynamics of the scientific–technological development of the People's Republic of China shows that it can successfully "saddle" the future technological pattern based on the NBIC technologies [10, 11].

Indeed, along with the large-scale and effective borrowing of advanced technologies from developed countries, China is successfully gaining momentum in creating and widening the national R&D system to develop its own science-intensive and high technologies. The country has already occupied second place in the world after the United States by the number of scientists and engineers in the R&D field (1.2 million people) and by the amount of R&D financing [10]. Expenditures on education and overall investment in human capital are sharply increasing; the production of high-tech goods is rising to a new level; science-intensive sectors with a high value added are growing; and the sector of high-quality services is widening. One may be certain that China will begin to play the role of an economic superpower already by 2030. The successful transition to the new quality of the Chinese economy can be slowed down only if an unfavorable economic climate in the world emerges; however, we should not expect this during the future sixth LKC.

INSTEAD OF CONCLUSIONS

Above we considered the chances and risks that await the economies of developed countries in 2015 and the near future. The most important chances are the incipient sustainable growth of the US economy and the persistently high sustainable growth of the economy of China, as well as the reduction of prices for energy inputs and other raw material resources. The key role among the risks will be played by appreciation of the US dollar, the growth of geopolitical tension in the world, and the likely deficit of global demand. Since the latter two risks can in principle be removed through negotiation and compromise between the political leaders of the world's major powers, the development of the world economy in the current decade will mostly be determined by the strengthening of the US dollar.

Strange as it may seem, many large developing countries will be bound to support the process of dollar appreciation. For example, China is the United

States' hostage because it invested colossal reserves in US Treasury bonds. China is the main creditor of the United States and, hence, is interested in a strong dollar more than anyone else is. For this, it is necessary to feed it, investing increasingly more funds into US securities. It will take China eight to ten years to dig itself out of the dollar trap. The problem is that many growing economies of the developing world can turn out to be vulnerable due to their growing dependence on loans received in dollars. According to the data of the Bank for International Settlements (BIS), in 2014, the volume of dollar-denominated loans outside of the United States amounted to $9 trillion, which is two times more than in 2008, on the verge of the crisis; note that $3.1 trillion falls to developing countries. As the dollar becomes stronger relative to national currencies, loan servicing is becoming increasingly expensive, which increases the risk of economic instability and even default. Indeed, companies in developing countries will be bound to spend more funds on servicing their debts in dollars and invest less into development.

If the impact of geopolitical tension on economic development is withdrawn, the situation in the Eurozone will change cardinally. The revival of the economies of the European Union and Japan will transform into sustainable growth in the next years. European and international investors will face the future with confidence instead of today's uncertainty, and they will begin to invest actively into the real sector of the economy. The cheapening of the euro relative to the dollar makes the Eurozone exports more competitive in the world and US markets, especially in combination with the decrease in prices for energy and raw goods. A similar situation can develop in Japan if Abenomics is engaged to the full. Only growth can help both the Eurozone and Japan overcome deflation. In turn, standard inflation will prompt households to spend money, thus stimulating growth.

The optimistic scenario can be implemented if the following main conditions are fulfilled: the relaxation of geopolitical tension, the cooperative restoration of global demand, and the implementation of an active Keynesian economic policy.

The growing tension in international relations is the main cause of delay in the beginning of the recovery from the global economic crisis. In the international arena, the developed countries of the West do everything to restrict the participation of developing countries in the formation of a new, fairer, world order. This one-sided position of the West draws the knot of geopolitical tension tighter, which may result in a serious crisis. The outbreak of international terrorism on the part of radical Islamic forces, which has already told on France, requires that the world powers de-escalate geopolitical tension. The European Union is interested in this first and foremost. It could mitigate the situation that developed owing to the crisis in Ukraine, put an end to the war of economic sanctions, and join efforts with Russia in struggling against international terrorism and stabilizing the situation in the Middle East. That would provide the European Union with not only political but also economic gain.

To restore sustainable global demand, it is advisable to announce new priorities of the world economy at the future 2015 summit of the G-20, namely, a cooperative plan to stimulate world economic growth and ensure full employment. The deficit of global demand, which is approximately $1 trillion, formed exclusively owing to the increase in American consumers' savings. Since all parts of the global economy are closely interconnected, global coordination and resource management have become most important. This is why the G-20 can effectively coordinate efforts aimed at restoring and maintaining global demand and the growth of the world economy. At present, political leaders should make up their minds to undertake serious measures to stimulate growth and employment throughout the world.

The idea of active economic policy, proposed by the great Keynes, was quite simple. Monetary and budgetary policies should pursue one goal—the maintenance of aggregate demand at a level that ensures employment for the population. In this pack, monetary policy is usually the lead element because the Central Bank had to keep interest rates at a consistently low level. The leading role in maintaining demand falls to budgetary policy. Keynes was of the opinion that variations in the level of private investments should be offset by the respective amount of state expenditures. Until 1980, economic policy in developed countries was aimed at reaching full employment; compensation was regularly increased as workforce productivity grew, which ensured sustainable aggregate demand, which, in turn, favored high employment. This was how an effective growth spiral was attained.

Therefore, Keynesian policy is targeted at ensuring full employment and sustainable economic growth as far as possible. Since monetary policy is still being actively implemented, most people think that all problems can be overcome with the help of money in preference to solving them competently. However, monetary policy has its limitations. This is why it is time to transfer to expansionistic fiscal policy. Krugman's recommendation is as follows: "The essential point is that what we need to get out of this current depression is another burst of government spending" [6].

In conclusion, we would like to recall Stiglitz's considerations [7]:

> The crisis will, I hope, lead to changes in the realm of policies *and* in the realm of ideas. If we make the right decisions, not merely the politically or socially expedient ones, we will not only make another crisis

less likely, but perhaps even accelerate the kinds of real innovations that would improve the lives of people around the world. If we make the wrong decisions, we will emerge with a society more divided and an economy more vulnerable to another crisis and less well equipped to meet the challenges of the twenty-first century.

We can only hope that political leaders of the world will listen to Stiglitz's voice and make the right geopolitical and geoeconomic decisions for the benefit of the world community at this critical moment.

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Translated by B. Alekseev

SPELL: 1. masse, 2. undisposed, 3. sustainably