



MODERION ADVISORY | GLOBAL PERSPECTIVE

The New Global Economy

Debt, Power and the Allocation of Capital

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EXECUTIVE QUANTIFIED READOUT

The global problem is allocation, not an absolute shortage of money

CENTRAL FINDING

The world can finance its essential needs, but not by treating every financial asset as available capital or every debt as equivalent. The binding constraints are debt-service capacity, currency mismatch, project quality, institutional trust and the distribution of productive capacity.

EXHIBIT 1 | The ledger at a glance

MEASURE	SCALE	STATUS / INTERPRETATION
World nominal output	\$126.3tn	2026 IMF forecast
World public debt	\$120.4tn	95.3% of GDP; 2026 IMF forecast
Total nonfinancial debt	\$251.0tn	2024 reported stock; public + private
Positive current-account balances	\$2.5tn	Moderion sum of positive IMF country forecasts; not a common fund
Annual SDG financing gap	\$4.0tn	Developing economies; UN 2026
People facing hunger	645mn	2025 estimate; FAO SOFI 2026
Moderate/severe food insecurity	2.1bn	2025 estimate; FAO SOFI 2026

This study does not present 2026 macroeconomic projections as audited accounts. Sovereign debt statistics are compiled from national authorities and harmonized by institutions such as the IMF and World Bank, but 2026 values are estimates or forecasts. The latest broadly comparable observed global public-and-private debt stock is for 2024.

The policy implication is demanding but constructive. Debt cannot be financed permanently by debt rollover, asset inflation or monetary dilution. It becomes sustainable when economies generate taxable cash flow, export capacity, household income and resilient essential supply faster than the combined burden of interest, ageing, climate exposure and security expenditure.

DECISION RULE

Protect essential needs first; restructure debt that cannot be serviced from plausible cash flows; and direct scarce risk-bearing capital toward projects that expand food, energy, water, housing, logistics, health, skills and productive technology capacity.

PUBLIC THESIS

Capital is not allocated by economic return alone. It first passes through circles of monetary power, political and security alignment, legal permission, institutional access and strategic sponsorship. Commercial return matters inside that architecture; it does not independently create access to it.

CENTRAL THESIS

Capital follows the architecture of power

Conventional finance presents capital allocation as a contest among expected return, risk and liquidity. That model is necessary, but incomplete. Before a project can compete on price, it must enter an investable circle: a network of currencies, laws, institutions, security permissions, diplomatic relationships, market infrastructure, standards and trusted counterparties. Projects outside that circle can offer compelling social value and even attractive operating economics yet remain unfunded, underfunded or financed at a punitive premium.

This is not an allegation that markets are fictitious or that every investment is politically directed. It is a description of the hierarchy through which modern capital moves. The deepest currencies and capital markets define collateral and funding benchmarks. Governments determine which assets, technologies and counterparties are strategically acceptable. Regulators, rating systems, accounting standards, development institutions and procurement regimes determine which risks can be recognized, transferred or insured. Sovereign funds and national development vehicles connect financial return to state strategy. Only after these gates are crossed does conventional project competition operate fully.

EXHIBIT 2 | The capital-allocation hierarchy

GATE	WHAT DETERMINES ACCESS	EFFECT ON CAPITAL
1. Monetary power	Reserve currency, collateral, payment rails, swap access and market depth	Sets the reference price of liquidity and the ability to refinance
2. Security alignment	Sanctions, investment screening, export controls, alliances and strategic-sector rules	Determines which owners, technologies and locations are permitted
3. Institutional access	Legal enforceability, ratings, disclosure, treaties, MDB eligibility and trusted intermediaries	Makes risk legible, transferable and insurable
4. Strategic sponsorship	Public procurement, subsidies, anchor demand, guarantees and sovereign mandates	Absorbs early risk and accelerates scale in favoured sectors
5. Commercial return	Cash flow, growth, cost, competition, governance and exit	Selects among opportunities already admitted to the investable circle
6. Human need	Affordability, access, resilience and public value	Receives capital only when translated into revenue, public commitment or concessional support

THE REAL ALLOCATION RULE

Capital normally travels through circles of permission and influence before it responds to project yield. A strategically sponsored project may receive cheaper capital than a socially essential project with stronger underlying need but weaker institutional access.

The evidence is visible in the changing geography of investment

The IMF has found that foreign direct investment is increasingly concentrated among geopolitically aligned economies, with the effect more pronounced in strategic sectors [77]. The OECD reports that more than four in five OECD members now operate investment-screening mechanisms and that scrutiny has expanded from defence into critical infrastructure, technology, energy, raw materials, health and food [78]. UNCTAD similarly finds that investment is being reshaped by geopolitical considerations, industrial policy and supply-chain realignment, while development-critical projects remain weak and digital investment is highly concentrated [79].

The monetary layer reinforces the same structure. BIS analysis shows that the depth of dollar markets, the availability of safe assets and network effects attract both issuers and investors far beyond the United States' share of world output [80]. Dollar centrality therefore provides global liquidity and legal familiarity, while also transmitting US monetary conditions and policy choices through the cost and availability of capital elsewhere.

The consequence is a self-reinforcing map of influence. Capital deepens the markets, technologies, standards and institutions it already trusts; that greater depth then lowers risk and attracts more capital. New centres of power can break into the circle, but usually through sustained state capacity, domestic savings, export scale, technological control, credible institutions or alliance value—not through project-level return alone.

The objective is not to abolish influence, but to widen accountable access

There is no politically neutral global capital pool waiting to be allocated by a single formula. Every pool has owners, liabilities, laws and interests. The reform question is therefore not how to force money toward a technocratic list of 'correct' projects. It is how to allow more countries and more essential sectors to enter credible circles of investment without surrendering sovereignty, concealing subsidy or socializing private loss.

That requires stronger local-currency markets, regional liquidity and guarantee platforms, transparent sovereign co-investment, common project and disclosure standards, competitive procurement, credible dispute resolution and multilateral institutions whose representation reflects contemporary economic, demographic and vulnerability weights. The aim is a more plural architecture of power in which productive need can acquire institutional standing, not a promise that finance can ever be separated entirely from power.

MODERION PROPOSITION

The world does not merely face a shortage of bankable projects. It faces unequal access to the institutions that make projects bankable. Rebalancing the global economy therefore requires reform of power and permission as well as better project preparation.

PART I — THE SOVEREIGN BALANCE SHEET

1. Public debt is concentrated in the largest monetary systems

EXHIBIT 3 | 2026 output and public-debt map

GROUP	GDP	WORLD GDP	DEBT/GDP	PUBLIC DEBT	WORLD DEBT
G7	\$55.3tn	43.8%	123.7%	\$68.5tn	56.9%
China	\$20.9tn	16.5%	106.9%	\$22.3tn	18.5%
Russia	\$2.7tn	2.1%	19.1%	\$507bn	0.4%
India	\$4.2tn	3.3%	83.4%	\$3.5tn	2.9%
Rest of G20	\$14.5tn	11.5%	57.5%	\$8.4tn	7.0%
Rest of world	\$28.8tn	22.8%	60.1%	\$17.3tn	14.4%

The G7 produces about 43.8 percent of nominal world output but carries roughly 56.9 percent of projected public debt. China adds 16.5 percent of nominal output and 18.5 percent of public debt. Together, the G7 and China account for approximately three quarters of the projected global public-debt stock. This concentration matters because their bond markets, currencies and fiscal choices set the reference price of capital for the rest of the world.

Debt capacity is not determined by the ratio alone. Japan can sustain a much higher ratio than many lower-income borrowers because its debt is denominated in its own currency, its domestic savings base is deep and its institutions retain credibility. Russia's low measured public-debt ratio does not imply easy financing because access, sanctions, currency convertibility and investment risk matter. India's higher ratio coexists with strong real growth but also large development and employment needs.

The 2026 fiscal flow

GROUP	REAL GROWTH	FISCAL BALANCE	FISCAL BALANCE	CURRENT ACCOUNT
G7	1.7%	-5.8%	-\$3.2tn	-\$966bn
China	4.4%	-8.2%	-\$1.7tn	\$725bn
Russia	1.1%	-2.0%	-\$53bn	\$78bn
India	6.5%	-7.4%	-\$307bn	-\$84bn
Rest of G20	2.5%	-3.7%	-\$545bn	-\$115bn
Rest of world	2.5%	-2.6%	-\$726bn	\$817bn

READING THE TABLE

The fiscal deficit creates new public financing demand; the current account shows whether the economy as a whole saves more or less than it invests. They are related, but not interchangeable.

COUNTRY LEDGER

2. G20 sovereign-country detail

EXHIBIT 4 | IMF April 2026 forecast

ECONOMY	GDP	GROWTH	DEBT/GDP	DEBT	FISCAL BAL.	CURRENT ACCT.
Canada	\$2.5tn	1.5%	110.7%	\$2.8tn	-2.7%	-\$5bn
France	\$3.6tn	0.9%	118.4%	\$4.3tn	-4.9%	-\$12bn
Germany	\$5.5tn	0.8%	64.6%	\$3.5tn	-3.8%	\$212bn
Italy	\$2.7tn	0.5%	138.4%	\$3.8tn	-2.8%	\$17bn
Japan	\$4.4tn	0.7%	204.4%	\$9.0tn	-2.0%	\$166bn
United Kingdom	\$4.3tn	0.8%	103.6%	\$4.4tn	-3.9%	-\$144bn
United States	\$32.4tn	2.3%	125.8%	\$40.7tn	-7.5%	-\$1.2tn
China	\$20.9tn	4.4%	106.9%	\$22.3tn	-8.2%	\$725bn
Russian Federation	\$2.7tn	1.1%	19.1%	\$507bn	-2.0%	\$78bn
India	\$4.2tn	6.5%	83.4%	\$3.5tn	-7.4%	-\$84bn

The United States is the decisive balance-sheet node: approximately \$32.4 trillion of output, \$40.7 trillion of general-government debt and a forecast fiscal deficit near \$2.4 trillion in 2026. Its current-account deficit is funded because dollar assets remain the dominant global liquidity and collateral pool. That privilege lowers immediate financing risk while increasing the global consequences of any sustained deterioration in Treasury-market confidence.

China combines a projected public-debt ratio above 100 percent with a current-account surplus above \$700 billion. Its central challenge is not external funding scarcity but the allocation of domestic saving, local-government liabilities, property adjustment and the transition toward consumption-led growth.

COUNTRY LEDGER

2. G20 sovereign-country detail — continued

EXHIBIT 5 | IMF April 2026 forecast

ECONOMY	GDP	GROWTH	DEBT/GDP	DEBT	FISCAL BAL.	CURRENT ACCT.
Argentina	\$688bn	3.5%	70.4%	\$485bn	0.5%	-\$5bn
Australia	\$2.1tn	2.0%	50.6%	\$1.1tn	-2.4%	-\$49bn
Brazil	\$2.6tn	1.9%	96.5%	\$2.5tn	-7.7%	-\$71bn
Indonesia	\$1.5tn	5.0%	41.5%	\$639bn	-2.9%	-\$16bn
Korea	\$1.9tn	1.9%	54.4%	\$1.1tn	-1.5%	\$108bn
Mexico	\$2.1tn	1.6%	62.7%	\$1.3tn	-4.4%	-\$8bn
Saudi Arabia	\$1.4tn	3.1%	32.1%	\$446bn	-3.5%	-\$22bn
South Africa	\$480bn	1.0%	78.9%	\$379bn	-4.9%	-\$4bn
Türkiye	\$1.6tn	3.4%	25.5%	\$418bn	-3.4%	-\$47bn

The remaining G20 economies illustrate why a single debt threshold is misleading. Australia and Korea combine moderate public debt with deep institutional markets. Brazil and South Africa carry higher ratios and larger risk premia. Saudi Arabia's debt ratio is low, but its fiscal and external balances remain sensitive to energy conditions. Argentina's risk is shaped more by inflation history, market access and currency credibility than by the ratio alone.

The appropriate sovereign test is therefore multidimensional: debt stock, interest burden, maturity, currency, creditor base, primary balance, growth potential, contingent liabilities, institutional credibility and the political capacity to adjust without destroying productive investment.

OBSERVED BALANCE SHEET

3. The latest complete global debt stock is \$251 trillion

EXHIBIT 6 | 2024 public and private nonfinancial debt

GROUP	PUBLIC	PRIVATE	TOTAL	WORLD TOTAL
G7	\$61.4tn	\$75.2tn	\$136.5tn	54.4%
China	\$16.7tn	\$39.0tn	\$55.7tn	22.2%
Russia	\$444bn	\$2.2tn	\$2.6tn	1.0%
India	\$3.1tn	\$3.4tn	\$6.5tn	2.6%
Rest of G20	\$4.7tn	\$12.3tn	\$17.0tn	6.8%
Rest of world	\$12.9tn	\$19.9tn	\$32.8tn	13.1%

The 2024 IMF Global Debt Database records \$99.2 trillion of public debt and \$151.8 trillion of private debt. Private debt is economically different from sovereign debt: much of it finances housing, working capital and productive assets and is matched by private claims. Yet it can migrate to the public balance sheet during banking, property or corporate crises.

The G7 and China dominate both sides of the ledger. Their deeper markets support leverage but also make their repricing cycles global. The rest-of-world line is a calculated residual; household and corporate subcomponents are not shown because country coverage is incomplete and the residual would create false precision.

Debt-risk classification

DEBT CONDITION	ECONOMIC MEANING	POLICY RESPONSE
Liquid and productive	Cash flows exceed funding cost; assets raise capacity	Preserve market access; improve efficiency
Illiquid but solvent	Maturity or currency mismatch; viable underlying cash flow	Reprofile, hedge, guarantee or bridge
Insolvent	Plausible growth and primary balances cannot service claims	Early restructuring and burden sharing
Socially unsustainable	Debt service crowds out essential human investment	Protect minimum spending; restructure conditionality

CORE DISCIPLINE

Refinancing is not repayment. A debt strategy is credible only when it identifies the future cash flows, taxes, exports or asset proceeds that service the claim.

PART II — WHERE THE MONEY SITS

4. Global financial abundance is real—but the pools overlap

EXHIBIT 7 | Capital pools and their constraints

POOL	SCALE	STATUS	WHY IT IS NOT FREE MONEY
Positive current-account balances	\$2.5tn	2026 forecast flow	National saving exceeding domestic investment
Official FX reserves	\$13.10tn	2026 Q1 stock	Liquidity and intervention buffer
Sovereign wealth funds	>\$16tn	July 2026 stock	Stabilization, savings and strategic mandates
Asset-backed pensions	\$72.7tn	End-2024 stock	Retirement liabilities; OECD + reported non-OECD
NBFI assets	\$256.8tn	End-2024 stock	Funds, insurers, pensions and other nonbanks
Narrow NBFI credit measure	\$76.3tn	End-2024 stock	Credit intermediation with bank-like risks

NON-ADDITIVITY WARNING

These figures must not be summed. Pension and insurance assets are inside the NBFI total; sovereign funds may hold reserve-like assets; current-account flows accumulate into many of the same asset stocks.

Why capital does not reach unmet need

- Mandates: pensions must meet beneficiary liabilities; reserves must preserve liquidity; insurers must match regulated claims.
- Risk: essential infrastructure often earns local-currency revenue while institutional liabilities are priced in dollars, euros or hard-currency benchmarks.
- Scale: small projects, weak preparation and fragmented procurement do not meet institutional ticket sizes.
- Governance: uncertain regulation, weak contracts, corruption and political intervention can overwhelm expected project returns.
- Liquidity: long-lived real assets cannot always satisfy daily redemption or mark-to-market requirements.
- Information: borrowers and investors lack comparable data on pipelines, climate resilience, contingent liabilities and development outcomes.

MODERION CONCLUSION

The missing instrument is a trusted capital bridge: project preparation, standard contracts, transparent procurement, pooled vehicles, selective guarantees, local-currency finance and independent performance audit.

CAPITAL MOBILIZATION DEEP DIVE

4A. Private capital is substantial—but AUM is not deployable cash

EXHIBIT 7A | Global private-equity and venture-capital capacity

MEASURE	LATEST COMPARABLE SCALE	WHAT IT MEANS	STRUCTURAL LIMITATION
Private equity AUM	\$5.8tn	End-2023 Preqin private-equity strategy perimeter; excludes VC	Valid within the cited perimeter, not a universal private-markets total; includes invested assets and uncalled commitments
Venture capital AUM	\$3.1tn	Q1-2024 Preqin stock under its current reporting perimeter	Large unrealised component; valuations and exits remain uncertain
PE dry powder	>\$1.5tn	Mid-2024 committed but uncalled capital	Legally committed to defined mandates, periods, regions and risk limits
VC dry powder	\$600bn	Q1-2024 committed but uncalled capital	Stage, sector and fund-life restrictions; highly concentrated manager access
2025 PE fundraising	\$490.8bn	Annual new commitments	Not immediate deployment; funds call capital over several years
2025 VC fundraising	\$86.7bn	Through 30 November 2025	Weak distributions constrained new commitments

Sources: Preqin [37–41] and S&P Global Market Intelligence [42]. Figures use different strategy definitions and reporting dates. They must not be summed as a single cash balance or compared with broader private-markets estimates without a perimeter bridge.

CAPACITY VERSUS AVAILABILITY

AUM measures assets already owned plus, depending on the dataset, unrealised value and uncalled commitments. Dry powder is closer to potential deployment, but it is neither cash held by governments nor capital free of mandate, return, timing and exit constraints.

The private-capital transmission problem

- Fund capital is allocated to a legal strategy. A buyout fund cannot simply become a low-return water, food-security or public-health vehicle without investor consent.
- PE and VC require an exit or durable distributions. Essential projects that cannot charge users, sell capacity or generate contracted public payments are not naturally investable.
- Dry powder is an obligation of limited partners to fund qualifying investments when called; it is not necessarily sitting in the manager's bank account.
- The same sovereign fund, pension or insurer can appear first as an institutional asset owner and again as an LP inside PE or VC. Aggregating both overstates available capital.

THE TRUE PRICE OF PRIVATE CAPITAL

4B. Cost of capital has three layers: fund economics, company economics and social affordability

EXHIBIT 7B | Observed fees, return evidence and economic implications

CAPITAL FORM	OBSERVED ECONOMICS	RETURN EVIDENCE	IMPLICATION FOR THE FINANCED ASSET
PE buyout	Mean 2024-vintage management fee: 1.74%; carry commonly 20%, subject to the LPA	US pooled net IRR: 8.7% one-year, 14.7% ten-year to Jun-2025	Needs operating cash flow, value creation and an exit; leverage magnifies refinancing risk
PE growth	Mean 2024-vintage management fee: 1.93%; carry and hurdle negotiated	US growth equity returned 4.9% in H1-2025; long-run results are manager- and vintage-sensitive	Best fit is scalable firms with governance rights and credible liquidity pathways
Venture capital	Mean management fee 2.24%; median 2.05% in 2024; carry commonly performance-linked	US pooled net IRR: 11.4% one-year, 13.1% ten-year to Jun-2025	Power-law outcomes and long duration require a portfolio, not a single-project promise
Institutional PE assumption	Net-return expectation, not a financing quote	CalPERS survey: 8.7% five-year and 8.0% twenty-year geometric return	A project must earn more at the gross level after fees, carry, losses and currency effects
Long-horizon infrastructure	Usually lower fee/return than VC; terms vary by core, value-add and geography	CalPERS five-year expected return: 6.5%	Contracted, inflation-linked cash flows can fit long-duration investors

Sources: Preqin [43–44], ILPA [45], Cambridge Associates [46] and CalPERS [47]. Cambridge returns are US pooled net IRRs after fees, expenses and carried interest, not guaranteed forward returns.

THE COST STACK

Portfolio-company return → fund gross return → less management fees and expenses → less carried interest → LP net return. The company also bears debt interest, covenant, dilution, control, currency, country and exit risk. A headline LP return is therefore not the tariff or project IRR that citizens should be asked to pay.

A disciplined affordability test

TEST	REQUIRED QUESTION
Commercial	Can contracted revenue cover operating cost, maintenance, tax, debt and the risk-bearing equity return?
Fiscal	Are availability payments, guarantees or subsidies transparently budgeted and stress-tested?
Social	Can households and small firms afford the tariff without exclusion or regressive burden?
Additionality	Would the project happen on acceptable terms without public risk support?
Exit	Who owns and operates the asset after the private fund's investment period ends?

FIT WITH THE STRUCTURAL AGENDA

4C. PE and VC can build productive capacity—but cannot substitute for public purpose

EXHIBIT 7C | Where private capital can help

STRUCTURAL NEED	BEST-SUITED CAPITAL	INVESTABILITY MECHANISM	PRINCIPAL SAFEGUARD
Digital and AI infrastructure	Infrastructure PE, growth equity, strategic VC	Long-term capacity contracts; interoperable platforms	Competition, energy/water accounting, cyber resilience
Advanced and smart manufacturing	Growth equity, buyout, SWF co-investment	Anchor demand, export contracts, supplier-development plan	No permanent subsidy; local capability and productivity metrics
Food logistics and processing	Infrastructure funds, growth PE, private credit	Storage, cold-chain and offtake cash flows	Farmer access, affordability and anti-concentration rules
Telecom and connectivity	Infrastructure capital, strategic PE, SWFs	Wholesale access, spectrum certainty, contracted demand	Open access, coverage duties and national-security controls
Climate and energy systems	Infrastructure equity/debt, SWFs, blended finance	PPAs, regulated assets, carbon or resilience revenue	Lifecycle cost, grid integration and just-transition protection
Frontier innovation	VC, corporate venture, research grants	Portfolio approach, milestone funding and procurement pathways	Public-interest IP, safety and domestic diffusion

EXHIBIT 7D | Where commercial private capital is structurally insufficient

NEED	WHY THE MARKET ALONE FAILS	REQUIRED PUBLIC OR MUTUAL INSTRUMENT
Basic services for people unable to pay	No adequate revenue stream	Tax finance, grants, cross-subsidy and accountable universal-service obligations
Pandemic, security and systemic resilience	Benefits are diffuse; preparedness appears idle until crisis	Public budgets, pooled insurance and strategic reserves
Early project preparation	High failure probability; benefits accrue to later investors	Preparation facilities, technical assistance and reimbursable grants
Fragile-state currency and political risk	Risk premium can make essential tariffs unaffordable	MDB/DFI guarantees, political-risk cover and local-currency facilities
Insolvent sovereign balance sheets	New senior capital can worsen creditor conflict	Orderly debt restructuring before new risk capital

MODERION JUDGEMENT

Private capital should finance monetisable productivity and innovation. Public, concessional and mutual capital should pay for public goods, protect affordability and absorb only risks that the market cannot manage efficiently—not guarantee private returns against ordinary commercial failure.

SOVEREIGN WEALTH FUNDS

4D. Sovereign funds are the strongest long-duration bridge—but their mandates are not interchangeable

PERIMETER MATTERS

The IMF cites more than \$16tn under a broad 2026 definition; an IMF speech cited \$11–12tn across more than 100 funds in 2025. The difference reflects which stabilization funds, strategic holding companies, reserve-investment vehicles and public pension reserves are included. Both are estimates, not a single audited global ledger.

EXHIBIT 7E | Sovereign-fund mandate determines investable risk

MANDATE	PRIMARY OBJECTIVE	LIQUIDITY / RETURN LOGIC	STRUCTURAL CONTRIBUTION
Stabilization	Buffer commodity, fiscal or external shocks	High liquidity; capital preservation	Countercyclical support, not permanent illiquid development finance
Intergenerational savings	Convert finite wealth into diversified financial assets	Long horizon; global risk-adjusted return	Patient anchor capital where governance and risk are credible
Reserve investment	Earn above reserve assets while preserving national liquidity	Conservative risk budget and foreign-currency focus	Can finance high-quality liquid or securitised EM assets
Strategic development	Diversify the domestic economy and build national capabilities	Dual mandate: financial return plus measurable economic impact	Direct investment, co-investment and national-champion platforms
Pension reserve	Pre-fund future public liabilities	Liability-aware long-run return	Infrastructure and real assets only within funding and liquidity limits

EXHIBIT 7F | Illustrative disclosed sovereign-fund economics

FUND	SCALE / MANDATE INDICATOR	DISCLOSED LONG-RUN PERFORMANCE	STRATEGY SIGNAL
Norway GPFG	NOK21.27tn at end-2025	6.64% nominal; 4.34% net real since 1998	71.3% listed equity; only 0.4% unlisted renewable infrastructure
ADIA	AUM not publicly stated	6.3% over 20 years; 7.1% over 30 years to end-2024	Globally diversified savings investor; long-horizon benchmark discipline
Saudi PIF	>\$900bn+ in 2025	7.2% average annual portfolio return since 2017, reported for 2024	Financial return plus domestic diversification and sector creation
Mubadala	\$385bn in 2025	10.7% five-year; 10.3% ten-year IRR	High-conviction global sectors plus UAE capability building
GIC	AUM not disclosed	3.4% annualised 20-year real return to Mar-2026	Preserve and enhance international purchasing power
Australia Future Fund	A\$269.1bn at Mar-2026	8.0% since inception versus 7.0% benchmark	Liability reserve with investment mandate and national-priority guidance

Sources: IMF [9, 48], NBIM [49], ADIA [50], PIF [51], Mubadala [52], GIC [53] and Australia Department of Finance [54]. Performance measures are not directly comparable because currencies, periods, fees, inflation treatment and mandates differ.

A MOBILIZATION ARCHITECTURE

4E. Build an investable bridge, not a compulsory global pool

EXHIBIT 7G | Proposed Global Productive Capacity Co-Investment Platform

LAYER	CAPITAL PROVIDER	ROLE	GOVERNANCE CONDITION
1. Public-purpose layer	Governments, grants, climate and development funds	Project preparation, viability-gap support and genuinely non-commercial public goods	Budget disclosure; minimum concessionality; no rescue of avoidable commercial loss
2. Risk-bridge layer	MDBs, DFIs and guarantee agencies	Political, currency, construction and first-mover risk instruments	Additionality test; priced guarantees; contingent-liability ceiling
3. Anchor layer	SWFs and pension-reserve funds	Long-duration equity, senior tranches and co-investment validation	Mandate fit, independent investment committee and Santiago-aligned disclosure
4. Transformation layer	PE, growth equity and strategic investors	Operational improvement, scale, governance and supplier capability	Competitive selection, fee transparency, local-value and exit plan
5. Innovation layer	VC, corporate venture and research capital	Portfolio funding for frontier technology and new business models	Milestones, safety, IP and diffusion protections
6. Recycling layer	Banks, insurers, bond and securitisation investors	Refinance seasoned assets and release development capital	Standard data, ratings discipline and retained risk

Illustrative scale—three separate, non-additive lenses

REFERENCE POOL	2%	5%	10%	INTERPRETATION
Broad SWF assets: \$16tn	\$320bn	\$800bn	\$1.60tn	Portfolio allocation, not annual spending; 10% would be a major strategic shift
PE dry powder: \$1.5tn	\$30bn	\$75bn	\$150bn	Only projects inside fund mandates and investment periods qualify
VC dry powder: \$600bn	\$12bn	\$30bn	\$60bn	Requires diversified innovation portfolios and viable exit markets

DO NOT ADD THESE ROWS

SWFs are already LPs in private funds, while private managers may invest in the same projects. The table is a sensitivity analysis, not a financing forecast. Even a 1% allocation of the broad SWF estimate would equal about \$160bn—material, but only 4% of the cited \$4tn annual SDG financing gap.

Six rules for a credible compact

- Voluntary participation and mandate-specific sleeves; no confiscation, forced allocation or disguised reserve transfer.
- Country-owned, independently validated pipelines linked to food, energy, water, housing, logistics, health, skills and productive technology outcomes.
- Open-book fee, carry, guarantee and subsidy disclosure, including the final cost passed to citizens and taxpayers.
- Local-currency revenue matched with local-currency finance wherever possible; FX risk placed with the party best able to manage it.
- Blended finance used only to correct identifiable market failure and at the minimum concessionality necessary; IFC reports \$6bn of contributor funds supporting \$34.9bn of additional financing since 2010 [55].
- Independent outcome audit, beneficial-ownership disclosure, procurement competition, conflict controls and a predefined exit or recycling route.

PART III — THE REAL ECONOMY

5. Economic weight changes when measured by markets, purchasing power and people

EXHIBIT 8 | Three measures of global weight, 2026 IMF forecast

GROUP	NOMINAL GDP	SHARE	PPP GDP	SHARE	POPULATION*
G7	\$55.3tn	43.8%	\$62.3tn	28.0%	0.79bn
China	\$20.9tn	16.5%	\$44.3tn	19.9%	1.40bn
Russia	\$2.7tn	2.1%	\$7.5tn	3.4%	0.14bn
India	\$4.2tn	3.3%	\$18.9tn	8.5%	1.48bn
Rest of G20	\$14.5tn	11.5%	\$29.5tn	13.2%	0.95bn
Rest of world	\$28.8tn	22.8%	\$60.3tn	27.1%	3.29bn

Nominal GDP governs foreign-currency financing capacity and market weight. PPP GDP better reflects the domestic volume of goods and services. Population indicates the scale of human needs and potential labour supply. None is a sufficient measure of institutional influence on its own.

The G7 holds 43.8 percent of nominal output but 28.0 percent at PPP. China and India together account for 28.4 percent of PPP output and more than 2.8 billion people in the IMF economic dataset. A legitimate global system must recognize these shifts without reducing representation to a mechanical GDP formula that ignores vulnerability, contribution to public goods and protections for smaller states.

NEXT ANALYTICAL LENS

Geographic weight does not show what the economy produces, how income is spent or whether output converts into universal access. The following exhibits separate these three questions before assessing efficiency.

PRODUCTION-SIDE GDP

5A. Services dominate world output—but the physical economy remains indispensable

EXHIBIT 9A | Mutually exclusive distribution of world GDP by sector, 2024

PRODUCTION COMPONENT	GDP SHARE	APPROX. VALUE	ECONOMIC ROLE
Agriculture, forestry and fishing	4.1%	\$4.5tn	Food, biological resources and rural livelihoods
Manufacturing	14.9%	\$16.6tn	Tradable goods, equipment, medicines and industrial capability
Other industry + construction	10.6%	\$11.8tn	Mining, utilities, energy systems, buildings and civil works
Services	63.3%	\$70.7tn	Trade, transport, finance, property services, digital, health, education and government
Net product taxes / reconciliation	7.2%	\$8.0tn	Bridge from gross value added to GDP at market prices
Total	100.0%	\$111.7tn	World GDP at current market prices

Sources: World Bank World Development Indicators [13, 57]. Values use the latest complete common year, 2024. Manufacturing is shown separately from the wider industry aggregate; 'other industry + construction' is the residual. Dollar values are shares multiplied by reported world GDP and may not sum exactly because of rounding.

DO NOT MISREAD THE 63.3%

Services include hospitals, schools, logistics and digital infrastructure, but also finance, real-estate services and imputed rents. Their aggregate share does not reveal whether citizens can afford housing, obtain care or access essential infrastructure.

The efficiency question

- Agriculture's 4.1% share measures value added, not calories, nutrition, strategic stocks or access to food.
- Manufacturing's 14.9% share understates its enabling role in energy, health, defence, construction and technology supply chains.
- A larger service share can represent sophistication—or rising intermediation, rents and defensive spending. Composition and outcomes decide.

EXPENDITURE-SIDE GDP

5B. The world consumes almost three quarters of output and invests about one quarter

EXHIBIT 9B | How world GDP was used, 2024

USE OF OUTPUT	GDP SHARE	APPROX. VALUE	INTERPRETATION
Household final consumption	56.6%	\$63.2tn	Food, housing services, health, transport, communications and other household demand
Government final consumption	16.7%	\$18.7tn	Public services and collective consumption; excludes most capital formation and transfers
Gross capital formation	26.3%	\$29.4tn	Buildings, machinery, infrastructure, inventories and productive capacity
Net exports + statistical discrepancy	0.4%	\$0.5tn	Exports less imports plus residual reconciliation at world aggregation
Total	100.0%	\$111.7tn	World GDP at current market prices

Sources: World Bank World Development Indicators [58–60]. Shares are latest common-year reported data for 2024. The final row is derived as the residual to 100%; components can contain statistical differences.

INVESTMENT IS NECESSARY, NOT SUFFICIENT

A 26.3% investment rate can still fail human needs if capital concentrates in prestige property, duplicated infrastructure, low-productivity inventories or stranded assets. Efficiency depends on additional productive capacity, maintenance, affordability and resilience per dollar invested.

Two separate classifications

LENS	QUESTION ANSWERED	WHAT IT CANNOT ANSWER
Production	Which industries created value added?	Who received the income or whether needs were met
Expenditure	Was output consumed, invested or exported?	Which sector produced it or whether spending was efficient
Needs and outcomes	Did people obtain essential goods and services?	Cannot be summed into GDP without overlap and double counting

NEED-TO-OUTPUT CONVERSION

5C. Global output is large; conversion into universal access remains inefficient

EXHIBIT 9C | Global economy efficiency dashboard

HUMAN NEED	RESOURCE SIGNAL	LATEST UNMET NEED	EFFICIENCY DIAGNOSIS	VERDICT
Food and nutrition	Agriculture: 4.1% of GDP	645mn people faced hunger in 2025; 2.1bn moderate/severe food insecurity	Access, affordability, conflict and distribution—not aggregate cereal scarcity	Weak
Health	Current health spending: 10.1% of GDP (2023)	4.6bn lacked full essential-service coverage; 2.1bn faced financial hardship	High spending does not reliably translate into universal coverage	Weak
Education and skills	Government education spending: 3.6% of GDP (2023)	251mn children and youth were out of school; 4 in 10 countries below both finance benchmarks	Underfunding, unequal quality and weak learning-to-work transmission	Weak
Housing	Construction sits within 10.6% other industry + construction	Up to 3.4bn people lacked adequate housing in 2026	Supply, land, finance and location fail affordability despite asset creation	Critical
Water and sanitation	Infrastructure spans construction, utilities and public services	2.1bn lacked safely managed water; 3.4bn lacked safely managed sanitation in 2024	Large access gap to a foundational productivity and health asset	Critical
Energy	Utilities embedded in industry; investment embedded in capital formation	730mn lacked electricity and about 2bn clean cooking in 2025	Access progress is too slow and geographically concentrated	Weak
Digital connectivity	Digital output spans services and manufacturing	2.2bn remained offline in 2025	Coverage is broad, but affordability, quality and skills constrain use	Mixed
Innovation and resilience	R&D: 2.6% of GDP (2023); military: 2.5% (2025)	R&D capacity is concentrated while security spending reached \$2.9tn	Public purpose, diffusion and prevention need stronger allocation tests	Mixed

Sources: World Bank [61, 69], FAO [14–16], WHO–World Bank [63], UNESCO [62], UN-Habitat [67], WHO/UNICEF JMP [66], IEA [64], ITU [65] and SIPRI [68]. Spending shares are non-additive: they cut across the production and expenditure classifications and use different latest years.

MODERION JUDGEMENT

The world economy is broadly sufficient in aggregate output but inefficient in access, conversion and resilience. The reform target is not simply ‘more GDP’ or a forced return to manufacturing. It is a higher share of investment and institutional capacity that converts output into affordable essentials, productive employment, reliable infrastructure and shock resilience—measured per person and verified independently.

6. Population growth is slowing globally but concentrating geographically

UN World Population Prospects 2024 estimates 8.2 billion people in 2024 and projects the global population to peak near 10.3 billion in the mid-2080s. The addition is not evenly distributed: many advanced economies and China are ageing or shrinking while much of sub-Saharan Africa and parts of South Asia continue to expand. The financing problem is therefore not only how much output grows, but where jobs, infrastructure and fiscal capacity are created.

The World Bank estimates that roughly 1.2 billion young people in developing economies will reach working age over the decade to 2035 while projected job creation is materially lower. The exact employment gap is scenario-dependent; the robust implication is that productive job creation, not population growth alone, determines whether the demographic transition strengthens or weakens public balance sheets.

EXHIBIT 10 | Demography as a balance-sheet variable

TRANSITION	FISCAL EFFECT	REAL-ECONOMY REQUIREMENT
Ageing / population decline	Higher pensions and health spending; slower labour-force growth	Automation, participation, later working lives and funded savings
Rapid labour-force growth	Large education, housing and job-creation demand	Productive urbanization, SMEs, manufacturing and tradable services
High migration pressure	Short-run service costs; potential long-run tax gains	Legal pathways, skills matching and local integration capacity
Climate displacement	Contingent fiscal liabilities and asset loss	Adaptation, insurance, resilient settlement and regional burden sharing

GROWTH OBJECTIVE

The relevant target is not GDP alone. It is growth in productive income per person, fiscal revenue per dependent citizen and resilient access to essential services.

7. The world produces enough cereals in aggregate; access and resilience remain unequal

EXHIBIT 11 | Global food supply and access

INDICATOR	SCALE	MEANING
Cereal production	2,983mn tonnes	2026 forecast; second-highest output on record
Cereal utilization	2,961mn tonnes	2026/27 forecast
Ending stocks	957.8mn tonnes	2027 season close; 32.0% stock-to-use ratio
International cereal trade	507.6mn tonnes	2026/27 forecast; about 17% of output
People facing hunger	645mn	2025 estimate; 7.8% of population
Moderate/severe food insecurity	2.1bn	2025 estimate; 25.8% of population
Unable to afford healthy diet	About one-third	2025 estimate; affordability, not only supply
Countries needing external food aid	41	FAO assessment in 2026

The coexistence of comfortable aggregate stocks and widespread insecurity demonstrates that hunger is not reducible to total global tonnage. Conflict, income, local prices, energy and fertilizer costs, currency weakness, transport, storage, market access, nutrition quality and social protection determine whether food reaches households.

Trade remains indispensable because production and population are geographically mismatched. But concentration in exporters, ports, shipping corridors, fertilizer inputs and commodity finance creates transmission channels for war, sanctions, weather and energy shocks.

FOOD-SECURITY PRINCIPLE

Resilience is a portfolio: domestic productive capacity, emergency stocks, diversified import corridors, transparent export restrictions, storage and cold chain, cash-based social protection and open market information.

FINANCING HUMAN NEED

8. Essential investment needs are large but economically financeable

EXHIBIT 12 | Selected needs and burdens

MEASURE	SCALE	INTERPRETATION
SDG financing gap in developing economies	\$4.0tn / year	3.2% of 2026 world GDP
Agrifood climate and resilience investment	\$1.1tn / year	Model-based 1.5°C-aligned requirement through 2030; overlaps with SDG gap
Smallholder finance gap	\$170bn / year	External estimate cited by a 2026 World Bank/FAO publication; not an audited census
Agri-SME finance gap	\$106bn / year	External estimate cited by World Bank; excludes smallholders and is perimeter-sensitive
LMIC external debt service	\$1.2tn	World Bank forecast for 2025, after \$1.3tn observed in 2024
Global public interest payments	Nearly 3% of GDP	UN global estimate; dollar conversion deliberately omitted to avoid mixed-vintage precision
People lacking safe drinking water	2.1bn	Infrastructure and governance gap
People in countries where interest exceeds health + education	3.0bn	UN 2026

The \$4 trillion annual development gap is large relative to aid, but modest relative to a \$126 trillion world economy and the stock of institutional assets. The problem is that need is concentrated where borrowing costs, currency risk, project preparation and institutional confidence are weakest.

Financing must therefore be differentiated. Commercially viable projects should receive market finance. Projects with measurable externalities may need guarantees or blended capital. Universal public goods require taxation and grants. Insolvent sovereigns need debt reduction before new lending. Humanitarian needs require transfers, not debt disguised as development finance.

Five financing windows

WINDOW	APPROPRIATE INSTRUMENT	EXAMPLES
Commercial	Debt/equity at risk-reflective pricing	Power, logistics, telecom, processing
Blended	First-loss, guarantee, insurance, FX support	Climate adaptation, smallholder aggregation
Public investment	Tax revenue and long-maturity sovereign finance	Water, health, education, basic roads
Concessional / grant	MDB, climate, philanthropic and aid resources	Low-income and fragile-state public goods
Restructuring	Maturity, rate, principal and state-contingent relief	Unsustainable sovereign balance sheets

LOGICAL BRIDGE

The evidence now connects the opening diagnosis to institutional design: debt sustainability, capital mandates and human need can be reconciled only by matching each need to the correct financing window and by measuring the productive cash flow or public value created.

9. Debt sustainability requires growth in cash flow, not valuation alone

DEBT ARITHMETIC

A debt ratio stabilizes when the primary balance offsets the difference between the effective interest rate and nominal growth, adjusted for the existing debt stock. Inflation can lower a domestic-currency ratio temporarily, but it is not a durable substitute for productivity and revenue.

EXHIBIT 13 | Four global pathways

PATH	NOMINAL GROWTH VS. INTEREST	FISCAL STANCE	LIKELY RESULT
Financial repression	Interest held below inflation	Deficits persist	Debt ratio falls slowly; savers bear hidden tax
Austerity without investment	Growth weakens	Primary balance improves	Ratio may fail to fall; social legitimacy erodes
Asset-price expansion	Valuations outrun cash flow	Revenue temporarily buoyant	Fragile collateral cycle and inequality
Productive expansion	Growth rises through capacity	Primary deficit narrows with revenue	Best route to durable debt and welfare gains

What counts as real growth

- More reliable food, energy, water, housing, transport and communications per unit of capital and land.
- Higher labour productivity accompanied by employability, income and participation—not only frontier technology output.
- Tradable capacity that earns foreign exchange or replaces fragile imports without creating permanent high-cost protection.
- Taxable cash flows and formal firms that enlarge the public revenue base without punitive rates.
- Lower loss, waste, downtime, congestion and risk premiums across essential systems.
- Technology diffusion into SMEs, farms, hospitals, schools, public administration and industrial maintenance.

MODERION PROPOSITION

AI, space and digital services should be financed as enabling infrastructure only when they lower real-economy costs, broaden access, diffuse capability and generate accountable cash flows.

10. A Global Productive Capacity Compact

EXHIBIT 14 | Eight mutually reinforcing layers

LAYER	INSTITUTIONAL COMMITMENT	ECONOMIC RESULT
1. Debt truth	Unified public-balance-sheet disclosure, contingent liabilities and creditor registry	Faster restructuring; lower uncertainty premium
2. Essential floor	Protected minimum spending for food, water, health, education and maintenance	Human capability survives adjustment
3. Project factory	Standard preparation, procurement, audit and aggregation platforms	Need becomes investable pipeline
4. Currency bridge	Local-currency funds, hedging pools, guarantees and state-contingent instruments	Less hard-currency mismatch
5. Open corridors	Protected food, fertilizer, energy, data and transport routes with emergency rules	Resilience without universal autarky
6. Capital mandates	Long-horizon allocation windows with fiduciary and development tests	Pensions and SWFs can invest without mandate drift
7. Technology diffusion	Open standards, competition, skills and shared compute/research capacity	Productivity spreads beyond frontier firms
8. Weighted legitimacy	Representation reviews balancing economy, population, vulnerability and contribution	Power adjusts without institutional rupture

The compact is deliberately not a proposal for a single world treasury. Capital remains owned and governed by citizens, pension beneficiaries, sovereigns and private institutions. The objective is to create interoperable mechanisms that make productive investment comparable, transparent and scalable while preserving accountability for losses.

The monetary system should evolve through plural liquidity rather than abrupt de-dollarization: preserve deep dollar markets, expand regional settlement and swap capacity, build credible local-currency markets, use SDR and multilateral balance sheets more effectively, and require interoperability for tokenized deposits and stable-value instruments.

PROPOSED ACTION SEQUENCE

11. A proposed sequential action programme

The following programme is proposed by Ramy Moselhy and Moderion Advisory as a policy sequence arising from the analysis in this paper. It is not an official multilateral programme or negotiated commitment. Its order is based on institutional dependency: decision-makers must establish the balance-sheet truth and protect essential capacity before mobilising new capital; projects and currency risks must be prepared before large-scale allocation; and legitimacy must be strengthened as implementation expands.

The actions should overlap where institutional capacity permits. The sequence identifies what must logically enable the next decision while allowing national and international institutions to proceed at different speeds.

EXHIBIT 15 | Proposed actions, dependencies and decision basis

SEQUENCE	PROPOSED ACTION	BASIS FOR SEQUENCING
1. Establish the truth	Publish debt, asset and contingent-liability ledgers; identify cases that are illiquid, insolvent or socially unsustainable	Credible allocation begins with a complete view of obligations, owners, currencies and repayment capacity
2. Protect essential capacity	Define protected floors for food, water, health, education, maintenance and crisis corridors	Adjustment that destroys human and productive capacity weakens both legitimacy and future debt service
3. Prepare investable projects	Create national and regional project-preparation platforms with standard appraisal, procurement and outcome measures	Capital cannot price or compare need until it is converted into a credible pipeline
4. Build currency and risk bridges	Develop local-currency vehicles, hedging pools, guarantees and state-contingent instruments	Financing should address risks that projects cannot efficiently manage rather than conceal them in unaffordable tariffs
5. Mobilise aligned capital	Aggregate food, water, energy, logistics, housing and connectivity investments into mandate-compatible vehicles	Scale and standardisation allow SWFs, pensions, DFIs and private capital to participate without abandoning their duties
6. Rebalance economic flows	Support stronger domestic demand in persistent-surplus economies and productive saving and exports in persistent-deficit economies	Durable correction requires changes in production and demand, not indefinite accumulation of offsetting financial claims
7. Reform institutional influence	Review representation, voting, disclosure and dispute-resolution arrangements across regional and multilateral platforms	Capital cooperation will not remain legitimate if institutional power fails to reflect changing economic, demographic and vulnerability weights
8. Test technology by diffusion	Evaluate AI, digital and space investment through productivity, access, resilience, competition and accountable cash flow	Technology should expand real capability rather than become a valuation substitute or protected monopoly

Governance tests for every financing vehicle

- **Additionality:** does public support finance activity that would not occur on acceptable terms otherwise?
- **Productivity:** does the asset lower costs, raise output quality or reduce system losses?
- **Distribution:** who receives the benefit and who bears the currency, construction and demand risk?
- **Resilience:** does the project diversify critical dependencies without creating an uneconomic duplicate system?
- **Repayment:** what cash flow services the claim under downside scenarios?
- **Exit:** how does temporary support end without a permanent subsidy or private monopoly?

LEADERSHIP STANDARD

Finance should follow an integrated national balance sheet linking debt, assets, human capital, critical systems, foreign-exchange exposure and intergenerational obligations.

EXECUTION PRINCIPLE

Each participating institution should adapt the sequence to its mandate and capacity while disclosing who supplies the capital, which risks are transferred, which public support is provided, who receives the benefit and how influence is governed.

12. AUTHOR'S CONCLUDING OPINION

1. Finance follows power—then price

The global economy is not insolvent in aggregate. It owns enormous productive, financial, technological and human assets. Yet aggregate wealth can coexist with sovereign distress, hunger, infrastructure failure and political instability because assets, liabilities, currencies, power and need sit in different institutions and jurisdictions.

The debt problem cannot be solved by discovering a dormant pool of money. Current-account surpluses have owners; reserves protect liquidity; pensions owe benefits; sovereign funds have public mandates; and financial assets are claims on future output. Nor can the allocation problem be solved by ranking projects on financial return alone. The prevailing map of capital reflects the prevailing map of power: reserve currencies, security relationships, sanctions and permissions, legal systems, market depth, technology control, standards, institutions and strategic sponsorship.

This architecture explains why capital can be abundant and essential projects still unfunded. An opportunity located inside a trusted monetary and political network benefits from cheaper liquidity, recognised collateral, familiar law, anchor demand and credible exit markets. A comparable opportunity outside that network may bear a currency premium, political-risk premium, information premium and liquidity premium before its operating merit is considered. What appears to be a purely financial allocation is therefore often the financial expression of geopolitical and institutional influence.

The durable solution is not compulsory redistribution or a single world treasury. It is to widen the circle of credible access while making the exercise of power more transparent and accountable. Countries need institutions that convert social need into prepared projects, local revenue into financeable cash flow, national strategy into disciplined mandates and public support into explicit, limited and measurable risk sharing. Multilateral institutions must also evolve so that representation and liquidity access better reflect the distribution of economic weight, population, contribution and vulnerability.

This is also a peace architecture. If shifts in economic and demographic power are denied institutional expression, states will build rival financial, technological and security systems. Some diversification is legitimate and unavoidable; uncontrolled fragmentation would be expensive and dangerous. A plural but interoperable order—one that protects smaller states, keeps essential corridors open and allows several centres of capital to cooperate—offers a more credible path than either permanent monopoly or disorderly rupture.

FIRST CONCLUSION

Capital allocation is never only a calculation of return. It is a decision about whose currency, law, security, technology, institutions and future are trusted. The next global economic architecture must widen that trust while converting financial power into productive capacity and human security.

2. The world is not short of wealth; it is short of legitimate conversion power

My conclusion is that the present global economy has reached the limit of treating liquidity, asset valuation and debt expansion as substitutes for shared productive progress. Debt is a claim on future capacity. When claims compound faster than the ability of households, firms and states to produce, earn, export and tax, apparent wealth becomes politically and financially fragile.

The deeper issue is that the power to convert wealth into investment is unevenly distributed. The strongest capital centres do not merely own more financial assets; they define currencies, legal expectations, risk models, technology standards, security permissions and exit markets. Their strategic interests naturally shape which industries and locations receive early risk capital, state support and institutional confidence. Private wealth can reinforce these networks, but the phenomenon is broader than private ownership: it is embedded in public authority, financial infrastructure and geopolitical alignment.

The answer is not to abandon services, digital platforms, artificial intelligence or the space economy, nor to romanticise an indiscriminate return to heavy industry. These sectors can be powerful multipliers. Their economic legitimacy should be tested by whether they lower the cost and risk of food, energy, water, housing, health, education, mobility, communications and productive enterprise—and whether capability and ownership diffuse beyond narrow centres of control.

The monetary order should evolve rather than rupture. The world needs deeper local-currency markets, stronger regional liquidity, more representative multilateral institutions and interoperable settlement choices, while preserving the liquidity, legal certainty and crisis capacity that existing reserve arrangements provide. The aim should be plural monetary resilience, not a disorderly break whose heaviest costs would fall on countries and citizens with the least protection.

The decisive reform is institutional and political: build credible new circles of investment that connect productive projects to long-duration savings without disguising who holds influence or who bears loss. A global economy able to widen access to capital, represent changing power peacefully and convert financial wealth into broad productive capacity will be more solvent, more legitimate and less likely to transform economic rivalry into conflict.

SECOND CONCLUSION

The future global economy will not be shaped by capital alone, but by the institutions that grant capital permission, protection and purpose. Reform must therefore change not only where money is invested, but who can enter the circle in which investment decisions are made.

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ABOUT THIS STUDY

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Moderion Advisory is an independent advisory firm working with leaders on strategy, transformation and growth. The Moderion Library develops evidence-led perspectives for institutions navigating structural change.

Ramy Moselhy is the author of this public perspective. It is the quantitative companion to The New Global Economy: Market Shocks, Debt and the Transformation of Power, and develops Moderion Advisory's argument that the allocation of capital is inseparable from the architecture of monetary, political, security and institutional influence.

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MODERION PRINCIPLE

Research should distinguish what is known, what is estimated and what must still be built—then translate evidence into choices leaders can govern.