

# PS Commentators' Predictions for 2022

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Forecasting is always a hazardous business. But in a world of shifting power balances, technological change, and rising temperatures, no one can claim that the future is entirely inscrutable.

Project Syndicate commentators have again offered their suggestions for the most important political, economic, and policy developments to watch over the next 12 months. With the COVID-19 pandemic heading into its third year, last year's radically different "new normal" is no longer so new. The coronavirus continues to acquire mutations and threaten economic and social stability around the world. Global temperatures – both literal and political – continue to rise. And though a deep sense of uncertainty will remain, some outcomes are as imminent as the trends underlying them are undeniable.

DARON ACEMOGLU

It is difficult to be optimistic about 2022. Despite all the corporate pledges and media attention focused on climate change, the COP26 conference was a failure. In 2022, we will continue to realize that greenhouse-gas emissions are not declining, and that more radical responses are needed. I worry that climate politics will significantly worsen US-China relations, which are already at a breaking point. Add the intensification of repression in China and the tensions over Taiwan and you have the makings of a prolonged bout of instability.

I also worry about polarization in America. US President Joe Biden's \$1 trillion infrastructure plan and the "Build Back Better" bill are the country's best hopes of getting on a path toward more inclusive economic growth. Generally, such bold fiscal policies could unite the country and demonstrate that democratic politics still works for the people; yet in the current environment, the spending plans have become yet another partisan football. The next year will show whether US politics can become less dysfunctional. Much will depend on more Republicans mustering the courage to break with former President Donald Trump. Unfortunately, given Trump's consolidation of control over their party, that seems unlikely.

SHLOMO BEN-AMI

President Xi Jinping's re-election will reaffirm China's shift toward a more iron-fisted authoritarian system. Structural problems stemming from the transition from export-led growth to domestic consumption will hit China's Belt and Road Initiative, but they will not reverse its aggressive strategy in the South China Sea. Still, a military takeover of Taiwan in 2022 is not a realistic scenario.

The negotiations over Iran's nuclear program will determine geopolitical conditions in the Middle East for years to come. With America's "maximum pressure" strategy all but exhausted, any nuclear agreement that might be reached in 2022 will not be comprehensive enough to mitigate the showdown between Israel and Iran. US Arab allies' loss of trust in America will lend momentum to the push for a new strategic regional architecture based on rapprochement with Iran, Turkey, and Qatar.

AGNES BINAGWAHO

Global carbon dioxide emissions will continue to increase, with the largest contributions coming from high- and upper-middle-income countries (European, Chinese, and US per capita emissions are, respectively, six, seven, and 14 times higher than Africa's). Human activities will continue to fuel climate change, contributing to the fatal decline of important species such as bees, whose colonies are also being decimated by the inappropriate use of pesticides, habitat destruction, and air pollution.

Given that heatwaves, droughts, floods, and other extreme weather events prevent people from engaging in agricultural work, and that bees and other pollinators affect 35% of the world's agricultural land and support the production of 87 of the leading food crops, we will see an increase of global insecurity, even in developed economies. Unable to sustain the production of the food they need, many of the world's poor will be pushed into extreme poverty, suffer malnutrition, and migrate.

JORGE G. CASTAÑEDA

I see two trends for 2022. First, welfare-state reconstruction will speed ahead in Western Europe, the United States, and Latin America. US President Joe Biden's agenda will move forward, and the new German government will start work on its plans for constructing a more sensible but effective social safety net. New governments in Chile, Brazil, Colombia, and other countries will pursue the same general objective after right-wing populists lose elections in France (Éric Zemmour and Marine Le Pen), Chile (José Antonio Kast), and Brazil (Jair Bolsonaro).

Second, tensions between China and the US will not merely fester; they will grow.

DIANE COYLE

It will be a year full of surprises and shocks. Technology will bring the surprises. One hopes for more demonstrations of the power of recent biomedical and genetic research, amply validated by the rapid development of safe and effective COVID-19 vaccines. There also may be new leaps in additive manufacturing and machine learning. Though the shocks may also come from technology, they are more likely to be political and geopolitical: more fraying supply chains, more climate disasters, more conflicts over migrants, and more great-power tension. These are not quiet times.

JASMINE M. EL-GAMAL

The issue to watch is migration. The botched Western withdrawal from Afghanistan and the largest loss of human life in the English Channel in years have underscored the urgency of marshaling a coordinated response in Europe. Legal avenues for immigration and asylum are increasingly being closed off, and tensions between Britain and the EU over who bears responsibility for the issue are preventing any meaningful progress. Meanwhile, thousands of human beings will continue to risk their lives seeking refuge in Europe. The continued failure to identify and implement humane policy responses will result in much greater loss of life as migrant flows increase.

FAWAZ A. GERGES

This will be the year when talks to revive the 2015 Iran nuclear deal will succeed or collapse. Either outcome will have major consequences in the Middle East. A plausible scenario is that Israel will follow through on its threats to attack Iranian nuclear facilities, potentially triggering a wider conflict and dragging the US back into the region's quagmire.

For the time being, as the US retrenches from the Middle East, and as Russia looks for ways to reassert its power there, pivotal regional actors are already positioning themselves to gain a strategic advantage over their rivals. This further increases the risk that failure to revive the nuclear deal could provide the spark that ignites a devastating regional conflagration. Although the international community is weighed down by the COVID-19 pandemic, the Russia-Ukraine crisis, and the Sino-American rivalry, it cannot afford to neglect the gathering storm in the Gulf.

JAYATI GHOSH

For the developing world, the era of cheap money will end, even if central bankers in advanced economies hold back on plans to tighten their own monetary policies. Given the uncertain, uneven, and unequal recovery from the pandemic, this is bad news for most of the world. Prepare for massively increased financial instability, with more debt crises and banking crises generating economic turmoil in many parts of the world. In fact, 2022 may be the year when global “leaders” finally learn the hard way that protecting their elites’ own interests at the expense of everyone else can have damaging, even catastrophic, consequences.

BRIGITTE GRANVILLE

The eurozone faces its next big test in 2022, when the bloc’s fiscal rules will be automatically reinstated in their pre-pandemic form unless a consensus can be found to relax them. These rules provide essential political cover for the European Central Bank to continue doing “whatever it takes” to keep debt affordable. Even if some new fix is found to avert an overt crisis, the outcome will reveal much about the state of the underlying risks surrounding Europe’s “fair weather” monetary union. Keep an eye on the

political trajectories of Germany (which just got a new government) and heavily indebted France (which holds elections this spring).

RICHARD HAASS

Iran and the US will be unable to agree on terms for re-entering the Joint Comprehensive Plan of Action, and Iran will continue to enrich uranium, in the process approaching the threshold of nuclear breakout.

CONNIE HEDEGAARD

Climate-risk assessment will move from the periphery to the mainstream of the finance and corporate sectors, and the practice of greenwashing will become more difficult. Those who brand themselves by setting targets that they are not seriously pursuing will be playing a dangerous game. The patience of many dedicated observers – not least the young – is wearing thin. Policymakers should step up real action or start preparing for even deeper polarization.

A key issue to watch will be the upcoming dialogue between China and the US. Was their remarkable COP26 declaration real, or just more spin?

NINA L. KHRUSHCHEVA

Russia and the US will test the “red lines” that they have each been talking about so much in recent months. Referring to his country’s conflict with Ukraine, Russian Foreign Minister Sergei Lavrov recently complained that the US surrounded his country with military bases, reprising the same words that Nikita Khrushchev used to warn John F. Kennedy against NATO’s military expansion in Europe 60 years ago. A few months later,

the Cuban Missile Crisis ensued. Let us hope that Russia and the West can avoid a similar episode in 2022.

CARLOS LOPES

As countries struggle to deliver on recent net-zero-emissions targets, they will come to terms with the fact that such goals are unreachable without rapid development of green hydrogen and an overhaul of mobility and transportation systems. European countries will realize that their best options for scaling up green hydrogen production and expanding their use of electric vehicles are in Africa. The continent's confluence of sea and desert facilitates green hydrogen development, and EV production depends on large African reserves of cobalt, lithium, platinum, and bauxite.

JOSEPH S. NYE, JR.

The Republican Party will retake both houses of Congress in the midterm elections next November. Many will argue that this result augurs the return of Donald Trump in 2024; but that outcome is unlikely. COVID-19 will remain with us as an endemic disease like influenza, with periodic upsurges that dampen expectations and economic activity. Of course, COVID-19 is much more serious than influenza, and that means significant uncertainty will cast a pall over financial markets and the economy.

JIM O'NEILL

My forecast for financial markets in 2022 is rather dim. Although I am known as a chronic optimist, I cannot recall a time when there were so many genuine uncertainties about crucial global economic forces. So much will depend on yet-to-be-seen policy decisions, and that concerns just the issues we know about – the known unknowns. But unknown unknowns abound. Is the global

recovery already locked in, as superficially seems to be the case? Or will it prove vulnerable to some adverse shock or a tightening of fiscal or monetary policy?

The general rise in consumer prices over the course of 2021 was reasonably predictable, but I remain agnostic on the question of whether persistent inflation is in the offing. In terms of financial markets, the inflation issue obviously is essential. If central bankers have truly misread the situation, they may feel forced to slam on the brakes, causing whiplash in global financial markets. On the other hand, perhaps I'm being too pessimistic...

TOLULLAH ONI

With China holding the Winter Olympics at the start of the year, and Qatar hosting the World Cup in November-December, I anticipate that 2022 will bring a collision of sports, geopolitics, and climate issues. Unseasonal heatwaves or extreme weather events in either country will highlight the implications of climate change for competitive sports, physical activity, and public health more generally.

In parallel, sports diplomacy and activism will be on full display, with governments threatening (or having already decided) to boycott the events. There will be so much world-class hypocrisy that observers might think it were in the medal competition.

In Africa, a significant source of the raw materials that power the world's technologies, political leaders will continue to miss the opportunity to leverage this economic power to ensure global vaccine equity. As a result, the world will continue to grapple with what it means to live under protracted uncertainty.

DJOOMART OTORBAEV



In this era of digitalization, countries that allow for a sensible convergence of the basic principles of both capitalism and socialism will continue to be successful. While capitalism is needed to build national wealth, socialist principles help to ensure that it is distributed fairly and sustainably. Inequality will fall in countries that strike the right balance. In countries that still cling to neoliberalism, social tensions between rich and poor will continue to grow.

MINXIN PEI

The Chinese government will need to find an exit from its zero-COVID-19 policy, which is becoming increasingly costly and thus untenable. On the economic front, the deteriorating real-estate market will further dent the country's growth. President Xi Jinping will get his third term, but there will be a real fight among other top leaders over the premiership, and upcoming retirements of Politburo Standing Committee members who are younger than Xi will attract increasing attention to the designation of a perceived successor.

KATHARINA PISTOR

We should expect more of the same – more uncertainty, greater volatility, and more haphazard policy responses. Well-meaning politicians will do everything they can to recreate a sense of the old normal, all but ensuring that they will fail to confront the challenges of the new one: climate-related disasters, financial-market upheavals, and food, water, health, energy, and migration crises.

Would-be autocrats will join the crop of existing ones and turn the ensuing political and social conflicts to their advantage. No doubt, the financial and corporate world will side with them, lured by the promise of greater certainty than can be found in

the world's surviving democracies, which will find themselves increasingly mired in dysfunction and disarray.

NANCY QIAN

This will be a year of economic recovery and political ambivalence as the pandemic ebbs. The US-led West is looking for a new political opponent after 20 years of war in the Middle East, and China is attempting to recover its ancient role as the preeminent civilization. Large economies will need to assess and address post-pandemic challenges as stimulus spending declines. With rich countries focused on domestic issues, poor countries will continue to struggle on their own.

Democracies will begin a slow process of accepting that social media do more harm than good, while non-democratic countries will improve their use of these technologies as a surveillance tool and for propaganda. We are entering a new, exciting, and dangerous era, not unlike the end of the Great Depression in the 1930s. More than ever, we will need to keep calm and carry on.

STEPHEN S. ROACH

There will be a sharp decline in the US dollar in 2022. I was early and wrong on this call in 2021, but outside budget and current-account deficits will finally take their toll in the coming year. The US Federal Reserve's lagging normalization of monetary policy will compound pressures on the greenback.

KENNETH ROGOFF

Central banks will find exiting from stagflation challenging. China's growth will slow further. And emerging markets will struggle to avert post-pandemic financial crises.

ANYA SCHIFFRIN

There will be more global efforts to support journalism, not just through philanthropy, but also through government policies such as tax credits, advertising, and other forms of support.

#### JAVIER SOLANA

In Brussels, defense and security issues will be at the top of the agenda. Between the launch of the EU Strategic Compass, the NATO Strategic Concept, and the French presidency of the Council of the European Union, there is a major opportunity to lay the groundwork for enhancing European defense capacities. Furthermore, I believe there is political momentum for building a more capable and resilient EU on many other fronts, thereby expanding the bloc's capacity to manage crises such as pandemics, energy shortages, and supply-chain disruptions.

#### ILONA SZABÓ

First, the bad news: Interconnected and systemic risks will continue to grow and intensify, driven by rising tensions between global powers, relentless efforts to erode liberal democracies, cyber-attacks, digitally enabled state surveillance, deepening inequalities, and more frequent and intense climate shocks. On the brighter side, the COVID-19 pandemic should ease and become endemic, posing fewer risks as people become more accustomed (and resistant) to the virus. A growing share of lower- and middle-income countries will finally receive COVID-19 vaccines and antiviral drugs. Pressure will grow on governments, companies, and investors to deliver on commitments made at COP26 to decarbonize the global economy before 2050.

#### YANIS VAROUFAKIS

The coming year will prove that all the talk of renewed 1970s-style stagflation was wildly exaggerated. The Chinese central bank's experimentation with a digital renminbi will continue to

send shivers down spines at the Federal Reserve and the European Central Bank, but their leadership will prove too timid to issue their own digital dollar or euro. Why? Because Wall Street and the Frankfurt banks would scream bloody murder, fearing (correctly) the loss of their monopoly over payments once the central banks grant every citizen a digital wallet.

Meanwhile, political paralysis will continue to deepen on both sides of the Atlantic in 2022, with US President Joe Biden's administration stymied by the prospect of losing Congress in November's midterm elections, and the EU facing greater fragmentation once the new German government begins to demand new austerity in the countries that can afford it the least.

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