There is no new normal in 2023

Expect more unpredictability, from geopolitics to virtual worldbuilding.

February 17, 2023

- What are the trends for 2024?

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In retrospect, the pandemic marked the end of a period of relative stability: We had low interest rates, low inflation and relatively little conflict between great powers. Today, all of that is over. Proxy wars, globalization backlash and stagflation are complicated by rapid technological advances and extreme weather.

Tom Standage, deputy editor of *The Economist*, sat down with Professor Juan Jose Toribio on IESE's Madrid Campus to discuss the year to come. Drawing from journalists; The Economist Intelligence Unit; editors in politics, business, science and the arts; and the "superforecasting" team at the Good Judgment Project, he identified 10 key trends to watch.

1. Ukraine

The conflict in Ukraine is now the main driver of global events, with no sign of slowing down while both sides still believe they can win: Ukraine, so long as they continue to receive support from the West, and Russia, so long as they believe they can exhaust said support. With recession looming in many parts of the world and the prospect of a U.S. Republican presidency in 2024, Putin's stalling tactic may yet prove prescient. In the meantime, the impacts of the war have spread far beyond the region to affect food and energy prices worldwide, driving up inflation and disrupting global trade alliances with no end in sight.

2. Recession looming

The IMF is predicting recessions in a third of the world this year, although recent prognostics have proved slightly more optimistic, with the U.S. now expected to narrowly avoid recession or experience a brief, mild one. The EU probably won't be so lucky, and the U.K. is certainly headed for recession, and may already be in one. Even the countries with no recession will feel some pain, as higher interest rates in the U.S. have led to a very strong dollar and raised the cost of servicing debt.

3. Clean energy

If there is a silver lining to the conflict in Ukraine, it is that it has accelerated the switch to renewables. With energy now becoming a security concern, European nations never again want to be dependent on Russian gas. This means a turn towards solar and wind, but also nuclear, which has seen an improved reputation among nations keen to avoid a return to coal as anything more than a temporary measure. One energy to watch is hydrogen, which has a

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bright future in industrial clusters emerging in Europe, India and the U.S., and is benefiting from a record increase in energy investment in 2022, of which clean energy accounted for 60% of total spending of $2.4 trillion. In fact, the subsidies now being given to clean energy are so generous that there is some tension between Europe and the U.S. over competition and protectionism in green industries.

4. China peaking

As China's population peaks and the property sector crashes, the inevitability of China ever overtaking the U.S. economy is in doubt. The concern is that a weaker China may be a dangerous one, potentially choosing to make a move on Taiwan while it still can. Internally, it may cause political problems as people may reject authoritarian leadership in the absence of strong growth.

Leader Xi Jinping has already had to dial back his draconian COVID-19 lockdowns, causing a strong rebound in the economy short-term. Unfortunately for the rest of the world, China's renewed demand for commodities like iron ore and liquified natural gas will push up those prices even further on the global markets and increase the inflationary pressure elsewhere.

5. Divided States of America

Within the Republican party, Donald Trump's announcement of a 2024 presidential run is setting the scene for a bruising primary contest. Equally, Joe Biden's desire to run again is problematic for any Democratic challenger who will be aware that a leadership contest will damage the Democrats' chances of winning overall, as has historically been the case.

A divided Congress spells trouble both between and within the parties, while a small minority can stall legislation and gridlock progress. Expect to see a continuation of the culture wars. Common ground between the parties may, however, be found in the targeting of big technology companies and China, so TikTok looks to be in for a rough ride in 2023.

6. Flashpoints

Having failed to predict the invasion of Ukraine, forecasters are keen to catch potential new flashpoints. Taiwan is the obvious one, since China might want to capitalize on the distraction of Ukraine. But this year will likely see increasing provocations from China, rather than a full-scale invasion. Ukraine has proved a cautionary tale for any country wanting to invade its smaller neighbor. Also in China, the disputed border between India and China continues to

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cause skirmishes in the Himalayas, where 24 people died in a fight between the two sides in 2020. Equally, conflict is heating up on the borders between Armenia and Azerbaijan.

Possibly the greatest risk of conflict, however, is between Greece and Turkey. President Erdogan has made several threats to the Greek islands, causing nationalists in both countries to flex their muscles. The recent earthquake in Turkey may further complicate matters, pushing Erdogan to make brasher moves in the hopes of reelection.

7. Shifting alliances

Despite potential problems within NATO, including a confrontation between member states Turkey and Greece, the past year has seen the alliance revitalized, and even expanded, with Finland and Sweden now keen to join. Indeed, the war in Ukraine, and the difficulties the U.K. has been experiencing since Brexit, have been a timely reminder of the benefits of supranational organizations such as NATO and the EU.

Other alliances are also becoming more popular: The Quadrilateral Security Dialogue, commonly known as the Quad, for example, is a strategic security dialogue between Australia, India, Japan and the United States. The I2U2 Group is the unusual grouping of India, Israel, the United Arab Emirates and the United States working together on issues like energy and food security, which transcend political differences.

8. Revenge tourism

Travel enthusiasts are set to get their revenge on COVID-19 this year by taking the vacations that were denied them in 2020 and 2021. Business travel is still weak, since it is difficult to justify in a post-pandemic world of videoconferencing, but overall spending on tourism is going to rebound to its pre-pandemic level of around $1.3 trillion.

9. Metaverse reality check

This year, the big news will be Apple’s first headset. As we’ve seen in the past with products like smartphones, tablet computers and smart watches, when Apple enters the market, it changes the game. Speculation abounds as to whether Apple’s first virtual-reality headset will be able draw the business community into the virtual world. Meanwhile, will Apple use the term “metaverse,” a word that has been around for 30 years? Or will a brand-new moniker come to define our reality going forward?

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10. New jargon

Speaking of new words, each new year brings new vocabulary. In 2020, we all learned new words to do with vaccines and immunology. This year, we'll be hearing more military terms like "frozen conflict" and "horizontal escalation." Extreme weather events are also likely to be a source of inspiration, as are new technologies, with words such as "passkey" and "quantum" likely to enter common parlance. And let's see what the new workplace jargon will be. "Productivity paranoia" — where hybrid workers are being productive on their own, but managers don't trust them — is a candidate.

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