



How will 2022 shape 2023?

## Description

### Theme:

- The year 2022 was a year of significant events that will have a profound impact on the year 2023. From a year-long ongoing conflict between Russia and Ukraine to the passing of Queen Elizabeth II, record inflation, and the Federal Reserve's rapid rate hikes, these events will have both direct and indirect effects on the global economy and society. Let us explore the major events of 2022 and what effects they will have on 2023, as well as what can be done to address these challenges.

### Economic impact:

- Due to disrupted supply chains and higher production costs, caused by conflicts, sanctions, and border closures, the world may experience further increases in prices for goods and services.
- Decreased consumer spending as people prioritise necessities over discretionary spending. Reduced consumer spending is a typical reaction during times of economic instability, as people prioritise essentials over non-essentials. This will slow the economic growth of the countries.
- Rapid rate hikes by central banks are implemented to control inflation, but they can also lead to higher borrowing costs for businesses, which reduces their ability to invest and expand, potentially causing a slowdown in economic growth.
- The conflict between Russia and Ukraine has reduced economic activity and growth in surrounding regions, leading to decreased growth, investment, and consumer spending.

### Social impact:

- Due to war, political instability, and social unrest in many countries, large-scale human rights violations have occurred, causing the displacement of many people and leading to refugee crises.

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- Impacted mental health for those directly or indirectly affected by the events, including refugees, people living in conflict zones, and those impacted by economic instability.
  - The influx of refugees in many countries has increased pressure on their already limited resources.
  - The conflict between Russia and Ukraine, the refugee crisis, and government human rights violations are issues on which people are becoming increasingly divided, exacerbating political polarization.

### Political impact:

- Politics in the United States and around the world has undergone a conservative shift in recent years, driven in part by strained diplomatic relations between countries. This shift has led to a rise in authoritarianism, as citizens adopt a more conservative stance on foreign policy and international relations. Nationalist and isolationist policies have also become more widespread, reflecting a trend towards more inward-looking political perspectives.
- Political tensions between countries have increased the chances of a large-scale war.
- The weaponization of the dollar by the USA against Russia has made many countries around the world concerned about the potential for the dollar to be used against them in the future, potentially leading to economic destruction. This concern has been amplified by rapid rate hikes by the Federal Reserve, prompting many countries to push towards de-dollarization.
- The use of economic sanctions as a tool of foreign policy by the United States has caused significant harm to the economies of many nations. Sanctions in countries like Russia, Iran, and Venezuela have caused shortages in the oil market, leading to high oil prices that have unintended impacts on ordinary citizens. This has created dissatisfaction among the people and political tensions, highlighting the negative effects that economic sanctions can have on global affairs.

### Conclusion:

The world is facing several significant challenges; however, there are potential solutions to these issues. It is crucial for the international community to work together to find a peaceful resolution to the conflict between Russia and Ukraine. This can be achieved through diplomatic efforts, economic sanctions, and other measures that aim to de-escalate tensions in the region. At the same time, policymakers and central banks must also take steps to mitigate the economic impact of the conflict and the Federal Reserve's rapid rate hikes by implementing measures to stabilise inflation.

Promoting de-dollarization will be beneficial for India and many other countries in the long run. Regarding the collapse of Sri Lanka, it is important for the international community to provide humanitarian aid to those affected and support efforts aimed at rebuilding the country's infrastructure and economy. In regards to China's debt trap strategy, countries should be cautious and ensure that they are not taking on excessive debt. Furthermore, countries must work to diversify their trade relationships to avoid becoming overly reliant on China. As we move forward, it is crucial that leaders and citizens work together to address these challenges and

create a more stable, secure, and sustainable world.

### **Your Turn?**

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