

Forecasting Time

by George Friedman - October 25, 2021

Around November each year, we at GPF begin our forecasting process for the coming year. In a real sense, we are always forecasting, as our analysis may be about current realities but always with an eye on what these events portend for the future. However, on Nov. 1, each analyst is required to state in a few lines what they believe will happen in the next year.

The brevity is what differentiates our method from others. Most geopolitical forecasts include so many caveats that success is guaranteed. Given that we have already analyzed virtually every notable event this year, on Nov. 1, we move to using declarative sentences and taking risks.

There is always the danger of the banal. History is a continuum, and in many cases the only thing we can say is that next year will be pretty much like last year and the year before. That's also worth discussing. Sometimes we have to speak to ongoing and well-established crises, and see what turn they will take. Other times we must identify a major event in a place that had been stable. That's what we love to do, but believing we see something that really isn't there is the bane of our profession, as is the desire to crouch in safety by saying nothing. It's our profession, and it beats working the loading docks.

You can find our 2021 forecast [here](#). This is where we begin our work; arguing over whether we were correct in 2021 is the necessary preface to developing a forecast for 2022. We are reasonably satisfied with our work for this year, and with some adjustments, we have the foundation with which to build a forecast. The first step was to consider the important questions, in terms of both place and significance to the world, coming out of 2021. These were analyzed last week, and the next step is to consider the questions that need to be answered for 2022. Obviously, our list of questions indicates what we think is important and, by exclusion of certain topics, what is less important.

COVID-19

This is the biggest global topic for 2022 affecting all nations in different ways. The first major socio-economic impact of the pandemic was the effect of the cure on society and business. That has graduated now to major economic dysfunction, including an array of shortages ranging from labor to coal. The origin of each of these shortages is fairly clear. The reason for the confluence of shortages is less clear. Three questions arise: Will the medical constraints imposed in 2020 be suspended in

2022? How long will it take to deal with the shortages? What will be the global and national effects of these questions?

China

China is undergoing a major economic crisis. Solving a crisis such as this has a price, and we have to figure out not so much what the costs will be but what the social and political consequences will be. Other nations at this phase of aggressive development based on exports have had to deal with major, unexpected shifts in how they work. Is China at this stage, and can it absorb economic dysfunction without destabilizing? Our forecast was that China would not launch a war this year. With economic dysfunction, doing so could become either less likely (because the cost of defeat goes up) or more likely (because victory would make up for the economic and social stress). Obviously, China is claiming to have great confidence in everything, but what does it really think, and is it in touch with reality?

Russia

Russia in 2021 continued using soft power (economic, political and covert) rather than military power to regain strategic depth. We saw this in Belarus, the Caucasus and Central Asia. The key for Russia, however, is Ukraine. Given energy shortages, rising energy prices and European disinclination to get involved in this conflict, will Moscow see 2022 as the year when the advantages for it accumulate and it must attack before they dissipate? If not, why not? If so, what methods and countries will it use? Is this the year of Ukraine for Russia?

Europe

The Europeans appear simultaneously committed to the European Union's current structure and unable to deal with fundamental problems. Northern Europe is trying to stabilize its economy by attempting to limit inflation, while Italy is trying to deal with inflation through a loose money strategy. European institutions cannot handle dual strategies with the euro. The EU manages its system by providing economic incentives to poorer member countries. Will the economics shift on this policy for both grantors and recipients? Is this the year when the EU will emerge from the crisis as a very different place? Will its handling of the economic fallout of COVID-19 be a breaking point?

Middle East

The Middle East seems to be a secondary region at the moment. The main question here is: What

will the Abraham Accords mean for the region? The amazement over their signing is over, and we need to figure out what the substance is. More important is what Turkey, a major regional power, will do to improve its economy and build regional power. There is an assumption that nothing will happen until President Recep Tayyip Erdogan retires. Assuming that the fate of one man determines the fate of a nation runs counter to geopolitics. Ignoring the personnel issue, what might Turkey do in 2022 to reverse its fortunes?

United States

As with other countries in the world, the United States' primary geopolitical issue is whether and when the range of shortages can be resolved, and how much damage they will do to the American economy and social stability. The U.S. is in a cyclical period of social instability and economic fragility, and the effect of these shortages could generate a major failure in 2022, depending on the damage done and when they can be resolved. Intensified unrest might change or speed up China's or Russia's military activities. Easing shortages of all sorts and doing so as early as possible, therefore, can affect the global balance.

Caribbean

The Caribbean is destabilizing from the northern edge of South America through the islands. The region is normally a secondary issue, but it has the possibility of becoming a primary issue if an outside power decided to challenge U.S. security by creating a foothold there. We have speculated on whether China or Russia would play that role. What is the possibility that one or both of these countries might be turned into an asset for a hostile or less-than-friendly country?

There are other secondary and tertiary issues we will not deal with. And some of the questions asked here will turn out to be the wrong ones. But this is where we begin our process for the 2022 forecast.

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