

SUBSCRIBER-ONLY NEWSLETTER

Peter Coy

A Chorus of Hopes for 2023

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By Peter Coy
Opinion Writer

I outsourced my first newsletter of 2023. I asked a variety of people, from many walks of life, both from the United States and abroad, to share their hopes for the new year. The results were so fascinating that I'm thinking of making this into an annual feature. Here's what people wrote (or, in one case, said).

Jon Gray, the president and chief operating officer of Blackstone, an investment firm with about \$950 billion in assets under management:

This should be a transition year, as inflation wanes and the Fed stops raising rates, but the impact of tight monetary policy weighs on both employment and growth. Fortunately, we don't have the kind of financial excesses we did back in 2008, so the economic slowdown should not be as painful.

Michael Doyle, a retired Army reservist who served in Operation Desert Storm and the Gulf War:

As a veteran living in Hawaii and dedicated to serving our wounded vets (Wounded Warrior Project) and first responders (Sheep Dog Impact Assistance), my hope for 2023 is that after 19 years of war and years of attacks against our first responders, our society has compassion and doesn't forget our heroes. Continue to support our heroes financially and emotionally to heal their wounds.

Claudia Sahm, an independent economic consultant who was previously a section chief at the Federal Reserve and a senior economist at the Council of Economic Advisers:

All year people from Larry Summers, a former Treasury secretary, to Cardi B., a rap icon, told us we are either in a recession or headed toward one. I disagree; jobs are plentiful, and the unemployment rate is near its 50-year low. The reason we fear recessions is because millions of workers lose their jobs. In fact, historically, even a relatively small rise in unemployment tells us we are already in a recession and substantially more unemployment is on the way.

My widely followed Sahm rule formalizes that dynamic. It says that if the unemployment rate rises by 0.5 percentage points or more we are in the early months of a recession. My hope for 2023 is that the Sahm rule "breaks" for the first time. What would that mean? Unemployment increases by 0.5 percentage points or more from its 2022 low — which is near certain, given the Fed's aggressive interest rate hikes — but doesn't go much higher than that. Unlike in the past, inflation could come down without high unemployment and a recession.

Lawrence Udell, an inventor and entrepreneur who founded or co-founded more than 20 companies since the 1960s:

I'm impressed by Kathi Vidal, the recently appointed director of the U.S. Patent and Trademark Office. She has taken a serious look at the negative effects of the Patent Trial and Appeal Board, which is rejecting patents issued by trained and educated patent examiners but challenged by large corporations. Based on her early actions and the mounting influence of American inventors with Congress, I foresee positive changes in the laws that affect creative people who will be contributing to the future economic prosperity of the United States.

Craig and Karen Russon, a couple in Clare, Mich., who plan to retire in 2023:

This year, we will be free to pursue our own interests. In our view, government and philanthropy, funded by the ultrawealthy, have not properly prioritized the climate crisis. Therefore, we started a foundation called the Climate Change Permaculture Project. (Permaculture is a system of ecological design for sustainable living and land use.) In 2023, we will launch our Permaculture Incubator Program — like a small business incubator, but for gardening. We hope to inspire other citizen-based initiatives to address climate change.

Hans Olsen, the chief investment officer of Fiduciary Trust Company, a 137-year-old independent wealth management firm in Boston (by phone):

Money's going to be harder to come by because the central bank is draining money out of the system. We're coming back to a natural state where money has a price, and skepticism rises. The meme stocks, crypto, SPAC stocks, the new economy darlings are going to feel the weight of gravity, and gravity in this case is an interest rate.

Tesla had a market cap multiples greater than all other big car companies. A skeptic would say that's probably not a sustainable state of affairs. Well, yep, the skeptics were right. As the price of money goes up, the quality of investment is going to get a lot better. Failure is more meaningful when money has a real price. It's elegant, and it's the way things should be.

Rep. Marcy Kaptur, Democrat of Ohio:

As we approach the new year with hope and optimism in our hearts, let's heed the timeless words of Daniel Webster etched in the U.S. House of Representatives: "Let us develop the resources of our land, call forth its powers, build up its institutions, promote all its great interests and see whether we also in our day and generation may not perform something to be remembered."

Kaushik Basu, a professor at Cornell University, the former chief economist of the World Bank and a former chief economic adviser to the government of India:

Sitting in my dive in Kolkata, having just arrived from New York in the last days of 2022, I feel as W.H. Auden felt, sitting in his dive on 52nd Street in 1939 — a sense of foreboding. A global recession now looks likely, fueled by the discovery that disrupting supply chains can be an instrument of warfare more destructive than many bombs and jets. I expect the storm will begin in the advanced nations and cascade down.

The near-certain turbulence of 2023 will, I hope, be a prelude to a major revival in the long run. My expectation is that there will be dramatic new winners and losers among nations, as happened after the Industrial Revolution. But to get to the long run we have to cross the short. So it is time to fasten the seatbelt.

Sarah Miller, executive director of the American Economic Liberties Project:

I hope 2023 is the year in which our movement can build enough momentum to jack up the political price public officials pay if they permit powerful corporations to behave as though our nation's laws are suggestions.

Dr. Sandra Demaries, a psychiatrist in Ontario who specializes in geriatric patients:

In my work, I get told by colleagues and friends: "I don't know how you do it." But I know how I do it — I hold out my hand and help one person at a time. And then I do it again. This is my wish for 2023: that we all hold out our hands, thinking globally but acting locally. That is the view from one corner of Canada.

Bob Jacobsen, a professional engineer who works as a hydrologist in Louisiana:

For a big step forward in facing accelerating climate threats, I'm hoping for a big reset in government and media characterizations of flood hazards. Characterizing a flood as having only a 1 percent annual chance makes it sound rare. Using the inverse to describe flood odds — "a 100-year flood" — sounds cyclical, which is confusing.

Instead, let's communicate seriously about cumulative probabilities, which are more appropriate to our long-term stake in property. Over a 30-year mortgage term, a flood level with a 1 percent annual probability has a greater than 1-in-4 chance of occurring. In some cases, the odds exceed 1 in 3 when factoring in local climate change! Amazingly, lenders do not require properties with such flood odds to carry flood insurance, and buyers are often unaware of this substantial risk and its effect on the property's value.

Daniil and David Liberman, brothers and Los Angeles-based entrepreneurs and investors:

One of our greatest hopes is that Ukraine will achieve a final victory in the war with Russia. The triumph of a democratic country like Ukraine over a larger, authoritarian one would serve as a powerful example of the strength of democracy and the failure of dictatorship. We also hope that the women of Iran will secure equal rights and freedoms, that older generations will take a hard look at their role in the financial struggles of younger people and that artificial intelligence will drive an increase in labor productivity in 2023.

Srijana Karki, the Kathmandu-based regional director for South Asia for the charity World Neighbors:

With each passing year we witness the intensifying impact of climate change. It is especially harmful to small farmers who grow the majority of food that sustains human life. In 2023, I hope global leadership acts with common purpose and with consciousness to nurture Mother Earth, which sustains our needs but not greed.

Jacob Frey, mayor of Minneapolis:

It has taken sacrifice, masks and regulations to help us get through a global pandemic, but it takes just a few kind words and a warm smile to connect us all together again. I hope and believe that 2023 will bring a renewed recognition of our shared humanity — a year when we take the time to talk to strangers at the bus stop or thank the person at the cash register.

Mohammed N. AlQuraishi, an assistant professor in Columbia's Department of Systems Biology and a member of the university's Program for Mathematical Genomics, where he works at the intersection of machine learning, biophysics and systems biology:

I have two major hopes for 2023. The first is to see artificial intelligence more deeply used in our command of proteins. I would like to write a few sentences in English describing how a protein should behave and get back an amino acid sequence coding for that protein. Conversely, I would like to give my computer a protein sequence and get back a detailed description of what the protein does. Simple analogues exist today, but 2023 may finally be the year that we get a true ChatGPT for proteins.

The second is to see major leaps in our ability to model how proteins move and react in response to the presence of other molecules. AlphaFold transformed our ability to predict the static structure of proteins, but much of what proteins do and how they do it relies on their motion. I am hopeful we will see substantial progress on this front in 2023, allowing us to translate advances in protein modeling to new biological discoveries and, one day, better therapies.

Juan Vicente Sola, a professor of constitutional law and director of the Center on Law and Economics at the University of Buenos Aires:

The aftermath of the pandemic has been a rise of an authoritarian political culture in Asia, Latin America and Europe. Corporatism, as it's known, prevents political and economic competition with the ambiguous and misleading aims of social harmony and national unity.

The consequences are vast bureaucracies, trade unions centralized by activity and a business class protected by the government against foreign competition. My hope for 2023 is a new period of pluralism and economic globalism and the abandonment of nationalism and autarky.

Vladimir Masch, a former high-level mathematical economist in the Soviet Union who emigrated in 1973 and worked for Bell Laboratories:

I wish for avoidance of armed confrontation between the United States and China. Following the sage philosophers of ancient China, its present government should stop the threatening expansion of its armed forces and pay a fair fee for access to permissible parts of the enormous American market. In return, the United States would help China to maintain its desired level of employment.

Jessie Singer, the author of “There Are No Accidents: The Deadly Rise of Injury and Disaster — Who Profits and Who Pays the Price”:

Let's start with the bad news: I am not hopeful that 2023 will end the three-decade rise in the rate of “accidental” death in the United States. It is all but guaranteed not to.

But I am hopeful to see policymakers finally acknowledging that people die injury-related deaths not because they're badly behaved or made a mistake but because they're exposed to dangerous conditions. From new automobile standards and testing that addresses “accidental” pedestrian deaths to the proliferation of safe injection sites that prevent unintentional overdose deaths, we are seeing the first signs of recognition that the problem is not one of bad people but bad policy.

Timur Kuran, a professor of economics, political science and Islamic studies at Duke University:

Restrictions on speech threaten our capacity to solve problems. I hope that 2023 will bring more respect for diversity of thought and greater readiness to listen to opposing viewpoints.

Shauna Barry, program director of BronxWorks Park Haven Supportive Housing:

My hope for 2023 is for the most vulnerable members of our communities to feel heard and valued, for them to find stable housing, constant meals, open doors, steady friendships and recurring kindness in others.

That seems like a good note to end on. Happy New Year, everybody!

Outlook: Marc Chandler

A lot of investors and economists are warning of the possibility of stagflation — simultaneous stagnation and inflation — in the year ahead. Marc Chandler, the chief market strategist at Bannockburn Global Forex, isn't so sure. “Although it may not be popular to say, the more likely medium-term outlook is a return to the Great Moderation of slow growth and low-price pressures that characterized the G10 economies before the various systemic shocks,” he wrote in a note to clients on Dec. 29. “If we are right, inflation will trend lower in the coming quarters, barring a new shock.” He added that the pace of decline in the inflation rate “may even accelerate” in the second half of 2023.

Quote of the Day

“The scientists from Franklin to Morse were clear thinkers and did not produce erroneous theories. The scientists of today think deeply instead of clearly. One must be sane to think clearly, but one can think deeply and be quite insane.

“Today's scientists have substituted mathematics for experiments and they wander off through equation after equation and eventually build a structure which has no relation to reality.”

— Nikola Tesla, “Radio Power Will Revolutionize the World,” in *Modern Mechanix and Inventions* (July 1934)

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