Editorial: What is the year 2023 bringing us?

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1 Introduction

The spring issue of 2023 is the first issue of *IJDIPE*, which was prepared under heavy influence of the war in Ukraine. It has marked the last months of the year 2022, when the majority of Europeans was somehow scared, how will they get through the winter, due to the high energy and fuel prices. We are namely seeing the highest energy prices in decades. Yet, it is not only about Russia and Ukraine. There are many more reasons and many more stakeholders in the game.

The importance of oil for the global economy's health became notable following the first oil crisis in 1973, which showed how politicised the subject had become. Nearly 50 years later, in a statement by the White House on 18 October 2022, high prices at the pump were labelled "Putin's Price Hike", even though it distorted a much more complicated reality. Energy is more than oil. Today's energy crisis has seen price increases for all major fuels for multiple reasons and starting long before the invasion of Ukraine (Nakhle, 2022).

However, not everybody shares this opinion. In a recent blog by the World Bank, the authors, all senior economists at the World Bank, claim that energy prices have risen sharply over the past year, a trend that was exacerbated by the Russian invasion of Ukraine. Though energy prices are projected to decline by 11% in 2023, if that projection materialises, energy prices would still be 75% above their average over the past five years. These high prices have had severe human costs, including making food unaffordable due to rising transport costs, causing blackouts in factories resulting in loss of essential goods, and preventing children from studying due to lack of electricity (Mahler et al., 2023).

Nevertheless, the energy prices started to increase significantly from mid-2021. As governments and central banks worldwide announced emergency packages and generous growth-stimulating policies, and as the global economy gradually recovered from the major blow of COVID-19, demand for energy – for transport and industrial use alike –

received a significant boost. Additionally, supply faced a long list of constraints across all primary fuels – from supply chain bottlenecks partly related to COVID-19 related restrictive rules to voluntary historic production cuts in oil markets courtesy of OPEC+ to investors' reluctance to finance investments in fossil fuels in the wake of the climate debate. Outages at nuclear power plants of important producers like France, drought in leading hydropower producers like Norway, and of course, the geopolitical shock of the war in Ukraine, which significantly disrupted energy trade in Europe and elsewhere, exacerbated the situation. Energy prices hit historical highs, particularly European gas prices where Dutch Title Pricing Facility (TTF) hub, the benchmark European gas price, set a record of nearly 340 euros per megawatt-hour (MWh) on 26 August 2022, nearly 11 times the price recorded one year earlier. However, the data clearly indicates that the war in Ukraine amplified an already growing mismatch between energy demand and supply: it is not the one and only factor that caused it (Nakhle, 2022).

We have already stated in the autumn 2022 editorial of *IJDIPE* that macro-economic dynamics which come to the sphere in the year 2022, turned upside down the whole European economics (Justinek, 2022, p.110). We would like to point out that already a year earlier, in the spring of 2021, we have stressed the potential problems especially in the western economies, where the governmental (fiscal) measures were extensive, "the issues of public deficit and public debt, combined with inflation tensions, might lead to new troubles in the global economy. The pandemic of COVID-19 might indeed be slowly finishing, yet the bill for the crisis was not yet issued, yet alone paid" (Justinek, 2021, p.85).

Well, this year – 2023, this bill is being issued and we will also have to pay it – soon. At his occasion we might add that we will have to pay additionally also high gratuity for all this. This will be mostly due to the high inflation.

Between the first halves of 2021 and 2022, electricity prices increased by 7%, 15%, 38% and 57% in France, the European Union, Italy and Denmark, respectively. In June 2022, gasoline prices in the USA hit an all-time national high. High energy prices cause social hardship because the expenses for fuels (used for driving or heating) as a share of incomes are much higher for low-income groups than for the relatively wealthy. They also may cause economic problems by disadvantaging energy-intensive industries and regions. However, one of their main economic consequences comes from high energy prices being a powerful driver of higher inflation. Along with elevated food prices, energy prices have fuelled inflation. The eurozone headline inflation increased from 4.4% in October 2021 to a record 10.6% in October 2022. In many EU member countries, inflation rates had already hit double digits earlier. October consumer inflation jumped to 11.1% in the UK, a 40-year high. Energy prices have been the most significant contributor (Nakhle, 2022).

We are thus seeing and experiencing economic reality, which was unprecedented in economic science for decades. High inflation, energy prices at all-time highs, low unemployment and potential recession in main economic world powers and potential war between NATO and Russia. And all this after an unprecedented COVID-19 pandemic years, when we said we have seen it all. We defined this in the spring 2021 editorial like: "The Covid pandemic has reshaped the world economy and boosted some of the processes which would have otherwise taken years to implement (digitalisation), and on the other side stopped some of the processes, probably forever (like classical door to door selling). Additionally, we have witnessed the return of Keynesianism practically everywhere around the world, even in countries where liberal economic concepts have been in place for decades" (Justinek, 2021a).

Thus we will see, what the year 2023 will bring us?

2 The papers

For the 2023 spring issue we thus prepared five very interesting papers, which deal with variety of different topics in diplomacy and economy. Additionally, the issue is composed of authors coming from all around the world. We believe that the issue will bring valuable insight on fresh topics about diplomacy and international relations to our readers.

The first paper talks about China's wolf warrior diplomacy, which has attracted worldwide attention since April 2020. There are discussions about the potential negative effects on the Chinese economy. Based on weekly Google Trends data during April 2020 to February 2022, this study creatively created a wolf warrior diplomacy index used as a proxy measuring the aggressiveness or assertiveness of Chinese foreign policy. Using an exponential generalised autoregressive conditional heteroskedastic model, this study finds that the effects of the wolf warrior diplomacy index on the Chinese stock markets, i.e., a proxy variable for the Chinese economy, are insignificant. Various robustness tests and fundamental data also support this conclusion. The implication is that, while a country's foreign policy may potentially impact its economy, its decisive force may be primarily fundamental factors.

The second paper investigates the importance of women's economic empowerment and its impact on the rise of female entrepreneurship and human capital in South Africa. The research includes a case study analysis with four in-depth expert interviews. Data triangulation ensured the study's validity, and the case was examined through pattern matching. The results demonstrate that female entrepreneurs face challenges such as access to resources and education, socio-cultural norms, a lack of social protection and a large and unprotected informal sector. The government and institutions shall promote women's enablement through a direct labour market intervention, support for the informal sector, a gender-sensitive constitutional, legal and institutional framework, the enforcement and oversight of gender-responsive laws and policies and access to resources and education. Furthermore, women require digital inclusion, entrepreneur networks, social protection and reformed sociocultural norms. If female entrepreneurs are empowered adequately, they would contribute to nations human capital, economic growth and development.

The third paper talks about China's presence in Africa. Recent research indicates that the COVID-19 pandemic has deeply affected the socioeconomic life of people in sub-Saharan Africa. Consequently, the papers purpose is to explore how the economically bottom-class citizens in Ghana small-scale vendors are navigating themselves out of their predicaments. Using a mixed method, the author combined a structured questionnaire with unstructured interviews to collect data and examined 384 small-scale vendors in four urban centres with content analysis and SPSS descriptive statistics. The author finds that Ghanaian small-scale vendors are leveraging the Chinese economic presence in the Ghanaian market space to navigate themselves from the negative impacts the pandemic brought on their socioeconomic life. The paper argues that China's international image-building effort is growing and achieving desired outcomes in Ghana as a result of pegging economic engagement as a soft power resource. The economic engagements may further Chinese public relations and diplomacy transforming Chinese cultural assets into soft power. The author based the theoretical argument on the new public diplomacy framework.

The fourth paper presents the state of economic play in the post financial and economic crisis of 2009 and the economic consequences which the pandemic will leave on largest global economies. The author presents the state of play for these key actors in regard to developments in the fields of sustainability and digitalisation, which will be the key priority points in the years to come. The paper presents the views from policy and business sector point of view. The notion of Economic Diplomacy, as a soft power, is introduced into this analysis from the point of view of the relevant strength of different economies in regard to the power of their most propulsive (digitalised) companies. Comparisons between the EU, USA and China are presented and policy proposals are suggested.

The final paper deals with the issue of Ukraine. The article examines the impact of the Russia–Ukraine war on the Indian economy. Data for 12 sectoral indices and Nifty 50 were retrieved from the official website of the National Stock Exchange of India. Using event study methodology, findings suggest that on the event day, India saw negative average abnormal returns that persisted up to the fifth-day post the event day. Second, the automobile sector witnessed a continued negative abnormal return until the tenth day of the event window. The banking sector was on second place, which was hurt the most. It observed a high negative abnormal return. As this study supports the negative impact of the war on markets, it implies that investors diversify their funds away from the warzone markets.

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