

Introduction

As we approach the 10th anniversary of the global financial crisis, the world economy is showing encouraging signs of recovery, with GDP growth accelerating to 3.5 percent in 2017. Despite this positive development, leaders are facing major predicaments when it comes to economic policy. Uneven distribution of the benefits of economic progress, generational divides, rising income inequality in advanced economies, and increasing environmental degradation have heightened the sense that the economic policies of past years have not served citizens or society well. Coupled with growth rates that remain below historical levels, these quandaries put many prevalent models of economic growth and related policies into question. Major technological disruption and the new fault lines emerging in the global economic and political order add further uncertainty about the types of policies that will make economies future-proof. Taken together, all of these factors are challenging decision makers to find new approaches and policies to advance economic progress.

The emerging consensus is that economic growth once again needs to focus more on human well-being. Such human-centric economic progress is multidimensional by nature—it is broad based by benefitting the vast majority of people, environmentally sustainable, and equitable in terms of creating opportunities for all and not disadvantaging future generations. In this new context, competitiveness remains an important contribution to the broader goal of human-centric economic progress by creating the resources needed for increased well-being, including better education, health, and security, and higher per capita income.

The Global Competitiveness Index (GCI) tracks the performance of close to 140 countries on 12 pillars of competitiveness. It assesses the factors and institutions identified by empirical and theoretical research as determining improvements in productivity, which in turn is the main determinant of long-term growth and an essential factor in economic growth and prosperity. *The Global Competitiveness Report* hence seeks to help decision makers understand the complex and multifaceted nature of the development challenge;

to design better policies, based on public-private collaboration; and to take action to restore confidence in the possibilities of continued economic progress.

Improving the determinants of competitiveness, as identified in the 12 pillars of the GCI, requires the coordinated action of the state, the business community, and civil society. All societal actors need to be engaged to make progress on all factors of competitiveness in parallel, which is necessary to achieve long-lasting results. This year the GCI points to three main challenges and lessons that are relevant for economic progress, public-private collaboration, and policy action: first, financial vulnerabilities pose a threat to competitiveness and to economies' ability to finance innovation and technological adoption; second, emerging economies are becoming better at innovation but more can be done to spread the benefits; third, labor market flexibility and worker protection are needed for competitiveness and shared prosperity in the Fourth Industrial Revolution.

The *Report* starts by laying out the current landscape on economic progress and key future challenges in Chapter 1, followed by deep dives into selected topics based on the results of the GCI in Chapter 2. The *Report* then analyses the results of the GCI for the world's geographic regions and selected countries in Chapter 3. Finally, the *Report* presents the Economy Profiles with detailed scores and rankings for all economies covered in all indicators, subpillars, pillars, and the overall GCI; it also provides comparisons between relevant reference groups. The appendices present detailed methodological notes and the World Economic Forum's latest thinking on new concepts and measurements of competitiveness.