Centre for the New Economy and Society

# Chief Economists Outlook

September 2024

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# Chief Economists Outlook
## September 2024

This quarterly briefing builds on the latest policy development research as well as consultations and surveys with leading chief economists from both the public and private sectors, organized by the World Economic Forum's Centre for the New Economy and Society.

It aims to summarize the emerging contours of the current economic environment and identify priorities for further action by policy-makers and business leaders in response to the compounding shocks to the global economy from geoeconomic and geopolitical events.

The survey featured in this briefing was conducted in August 2024.

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**Cover:** Getty images

# Executive summary

The September 2024 *Chief Economists Outlook* launches amid continuing economic uncertainty. The short-term outlook for the global economy has begun to stabilize, but many vulnerabilities remain. A majority of the chief economists surveyed (54%) expect the condition of the global economy to remain unchanged over the next year, but four times as many expect conditions to weaken (37%) rather than to strengthen (9%).

There are reasons for cautious optimism, notably including a continued gradual easing of inflation rates and a shift to looser monetary policy. However, the prolonged sluggish pace of global growth, compounded by heightened political volatility, leaves many countries vulnerable to economic shocks.

Chief among the current sources of uncertainty is the US presidential election in November. Eight out of 10 chief economists agree the US election result will have a significant impact on economic policy globally. Against a backdrop of heightened superpower tensions between the US and China, geopolitical and geoeconomic risks are also increasing.

The regional outlook remains varied. South Asia is a clear stand-out performer, with seven out of 10 chief economists expecting strong or very strong growth in 2024 and 2025. The outlook for the US economy is broadly positive, with almost nine out of 10 chief economists expecting moderate or better growth over the same period. By contrast, almost three-quarters of respondents expect only weak growth in Europe this year with a modest improvement in 2025. In China, almost four in 10 respondents expect weak or very weak growth both this year and next.

According to a majority of the chief economists surveyed, public debt burdens represent a threat to macroeconomic stability in both advanced (53%) and developing (64%) economies. Rising debt-servicing costs have led to a fiscal squeeze, and 3.3 billion people now live in countries that spend more on debt interest than on education or health.

Looking to the year ahead, a majority of respondents note that current debt dynamics are going to undermine government efforts to boost growth and leave countries poorly prepared for next economic downturn. Moreover, the difficult fiscal position that many countries are in means they are likely to struggle to prepare for numerous structural changes that are under way, including the energy transition, demographic shifts and evolving national security needs.

Policy-makers face the twin challenge of driving higher rates of economic growth while also trying to influence its structural character: making growth less damaging to the environment, for example, or less likely to lead to sections of society being “left behind”. Around two-thirds of the chief economists agree that policy-makers should prioritize economic growth, with a similar proportion agreeing that progress on other goals must be made, even if this exerts a drag on growth.

However, there is deep pessimism on the current situation, with only 12% of chief economists agreeing that policy-makers are currently doing well at delivering balanced growth.

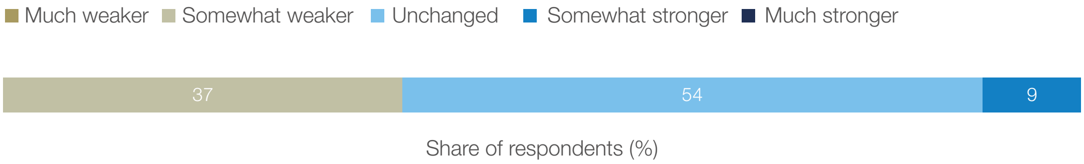
Two main obstacles to making progress on more balanced growth are highlighted by the chief economists: a lack of political consensus or will (cited by 91%) and a lack of global collaboration (67%). On the first of these, respondents' view seems to be that the problem is one of leadership rather than broad opposition. On the second, there is little prospect of a short-term turnaround, as large majorities of the chief economists expect efforts to boost global collaboration to be undermined both by domestic political trends (83%) and by geopolitical tensions (91%).

# 1. Turbulent crosswinds

## Hoping for a soft landing

The short-term outlook for the global economy is stabilizing but many vulnerabilities remain, according to the latest World Economic Forum survey of chief economists. While a majority of respondents (54%) expect the condition of the global economy to be unchanged over the next year, four times as many expect conditions to weaken (37%) rather than strengthen (9%).

**Figure 1. The global economic outlook**
Looking at the year ahead, what are your expectations for the future condition of the global economy?




**Note:** The numbers in the graphs may not add up to 100% because figures have been rounded up/down.

**Source:** Chief Economists Survey. (2024, August).

There are reasons for cautious optimism, such as an easing of inflation and evidence of the resilience of global commerce despite the dramatic shocks of recent years.[1] Yet, if the economy is stabilizing, it is doing so at the weakest level in decades, with the International Monetary Fund (IMF) projecting that global growth will ease from 3.2% in 2024[2] to 3.1% in 2029.[3] This weakness, compounded by political volatility in many countries, poses numerous threats in the years ahead. For example, it could hinder the effective development and implementation of policy on a host of issues. It will also leave economies more vulnerable to economic shocks than might otherwise be the case.

The extent of financial markets' nervousness about such shocks was dramatically highlighted in early August 2024. Stock markets tumbled in response to an interest rate rise in Japan and an uptick in US unemployment that was widely interpreted as heralding a recession. Over the course of a few days, the S&P 500 index dropped by

1 Beattie, A. (2024, August).
2 International Monetary Fund (IMF). (2024, July).
3 International Monetary Fund (IMF). (2024a, April).

more than 5%, while Japan's TOPIX slumped by more than 20%.[4] Meanwhile, the VIX – commonly regarded as a gauge of investor nervousness – hit a peak of 65.73 on 5 August, a level not seen since the outbreak of the pandemic in early 2020.[5]

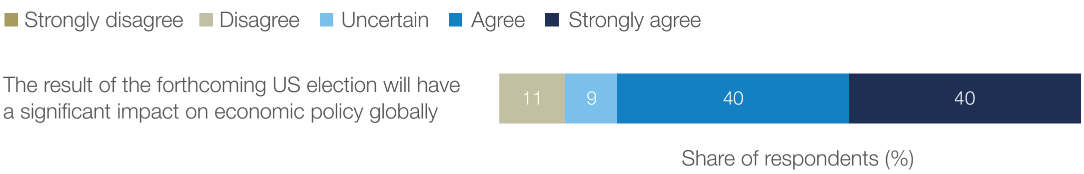
By the middle of August, these initial responses had been reversed to a significant extent.[6] With hindsight, the market response, particularly to the US labour market update, appears to have been an over-reaction.[7] Among the chief economists, expectations of labour market loosening in most advanced economies had already picked up in recent months, from 31% of respondents in the April survey to 57% in the latest survey. Nevertheless, US financial markets remained jittery, and in early September, a sell-off focused on high-tech stocks was exacerbated by another subdued set of monthly labour market data.[8]

The issue appears to be that uncertainty and complexity are both exceptionally high at present and after years of dramatic economic disruptions and policy responses, even seasoned market participants are struggling to calibrate their responses to the latest developments.

Moreover, market turmoil in August was triggered by a relatively minor change. What does that suggest about the likely response if a much more substantial disruption were to hit? There is no shortage of potential shocks. Chief among them is the US presidential election in November. Even though the two candidates' policy platforms have yet to be fully fleshed out, the election marks a political and economic inflection point for the US and the world. This is reflected in the results of the latest survey of chief economists. Eight out of 10 respondents agreed the election result will have a significant impact on economic policy globally, while risks associated with the election recurred frequently when respondents were asked about their worries for the year ahead.

**Figure 2. US elections**

Looking at the year ahead, do you agree/disagree with the following statements?




**Source:** Chief Economists Survey. (2024, August).

4 The Economist. (2024, September).
5 O'Connell, B. et al. (2024, August).
6 Aquilina, M. et al. (2024, August).
7 Edwards, W. (2024, August).
8 Stafford, P. & Neil Alim, A. (2024, September).

Geopolitical tensions are another potential source of macroeconomic shocks and were cited repeatedly as a concern by the chief economists. Against a backdrop of heightened superpower tensions between the US and China, geopolitical and geoeconomic risks are increasing, including risks of war.[9] The global economy has managed to adapt to numerous geopolitical disruptions, but this is not a cost-free process.[10] For example, the latest World Investment Report cites worsening geopolitical tensions as one of the key drivers of a 10% slump in global foreign direct investment last year.[11] More recently, shipping costs between East Asia and North Europe more than doubled between April and July 2024 following an intensification of attacks on ships in the Red Sea.[12]

The chief economists' outlook for the global economy is subject to significant regional variation (Figure 3). The strongest results in the latest survey are for parts of Asia. South Asia is a clear stand-out performer, with seven out of 10 chief economists expecting strong or very strong growth in 2024 and 2025. This reflects the current buoyant economic activity in India, where the IMF recently revised its forecast for GDP growth this year from 6.8% to 7.0%.[13]

There are also robust results for Central Asia and East Asia and Pacific. The overwhelming majority of respondents expect moderate or stronger growth, with a sizeable minority of between one-fifth and one-third expecting strong or very strong growth in the two regions both this year and next year. By contrast, the weak outlook for China continues to make it an outlier among the Asian economies. Almost four in 10 respondents expect weak or very weak growth in China in 2024 and 2025. This extends a protracted run of sluggish results, reflecting the country's continuing struggles, particularly with deflationary pressures and widespread dysfunction in the property market.[14]

The chief economists' expectations for the US economy are broadly positive, with almost nine out of 10 expecting moderate or better growth this year and next. This is consistent with the view that the US economy is experiencing a soft landing, despite its protracted period of tight monetary policy and recent string of labour market disappointments.[15] Given that there has been a marked recent pattern of weak consumer sentiment despite relatively robust hard data,[16] it is notable that there are now signs that consumer confidence is picking up.[17]

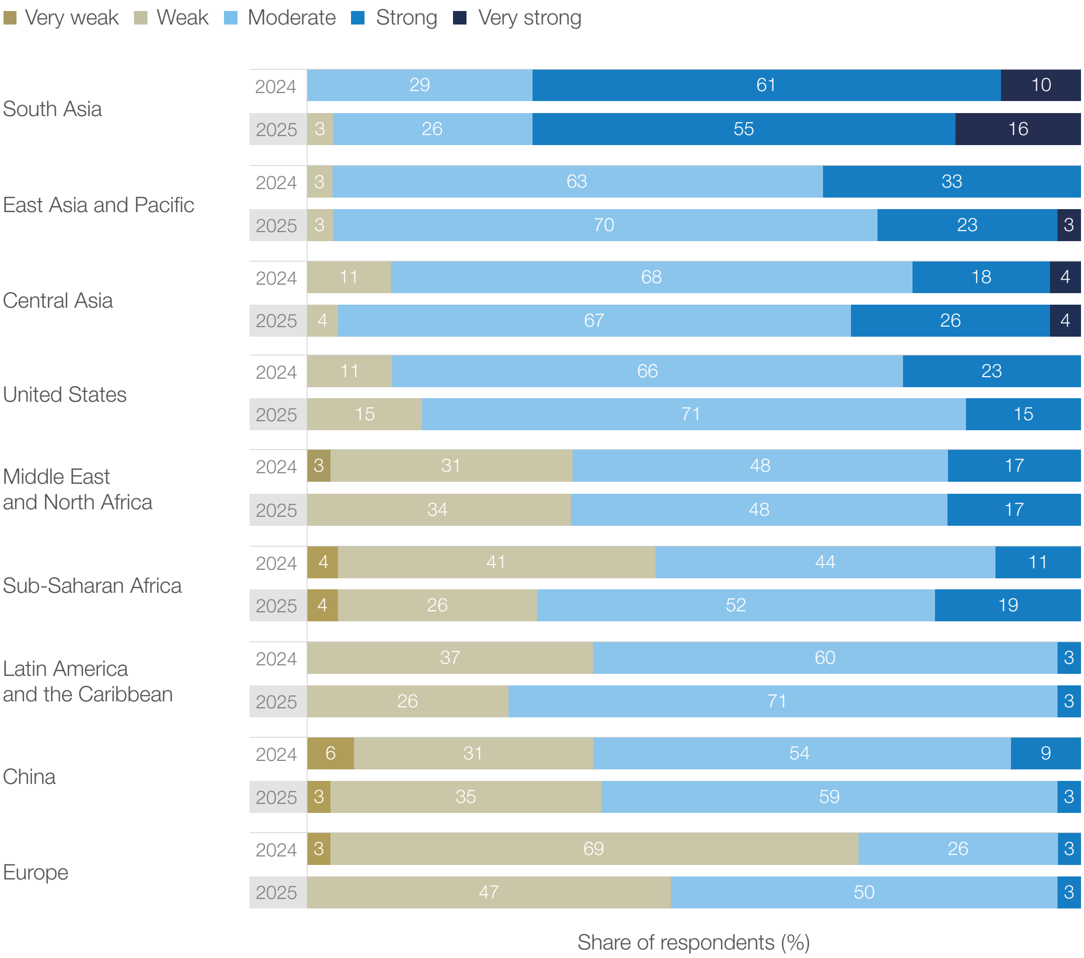
Europe is the regional laggard once again, with almost three-quarters of respondents expecting weak growth this year. Numerous factors are contributing to the region's sluggishness, and political uncertainty in numerous countries – not least in two of the region's largest countries, Germany and France – makes it a particular challenge to formulate an effective and consistent

9 Gill, I. & Kose, A. (2024, January).
10 United Nations Conference for Trade and Development (UNCTAD). (2024, July).
11 United Nations Conference for Trade and Development (UNCTAD). (2024a, June).
12 Strauss, D. (2024, July).
13 International Monetary Fund (IMF). (2024, July).
14 Leahy, J. (2024, August).
15 Financial Times. (2024, August).
16 McLeod, S. (2024, April).
17 The Conference Board. (2024, August).

response. Germany, in particular, has been a drag on recent growth across the region; in the second quarter of 2024, its economy contracted for the fourth time in the last two years by 0.1% quarter on quarter.[18] However, the chief economists are modestly optimistic that conditions in Europe are set to improve, with almost twice as many (53%) expecting moderate or better growth in 2025 as in 2024 (29%).

**Figure 3. Growth expectations**

What is your expectation for economic growth in the following geographies?




**Source:** Chief Economists Survey. (2024, August).

18 Statistisches Bundesamt. (2024, August).

In the other regions covered in the survey, the outlook is either steady or positive. Growth perspectives are positive but remain uncertain for the Middle East and North Africa. The IMF projects growth for the Middle East and North Africa to rise from 2.2% in 2024 to 4.0% in 2025.[19] Almost half of chief economists expect growth to remain moderate, but twice as many expect it to be weak rather than strong, a view echoing concerns about instability in the region. Sub-Saharan Africa looks equally poised to surpass global growth averages, with growth forecasts coming in at 4.1% (up from 3.7% in 2024).[20] The share of chief economists who expect moderate or stronger growth in this region increases from 55% in 2024 to 71% in 2025. In Latin America and the Caribbean, over two-thirds of chief economists expect moderate growth, slightly up from 2024. At 2.7% in 2025 (up from 1.9% in 2024), the IMF also projects growth in the moderate range.[21]

## Monetary policy turning a corner

Global inflation is continuing its downward trajectory. The pace of deceleration is easing and there are both countries and categories of goods and services where inflationary pressures are proving stubborn, but overall developments for the global economy are positive. When asked about the potential macroeconomic developments that made them hopeful for the year ahead chief economists frequently cited the easing of inflation.

The latest IMF projection shows full-year global inflation falling from 6.8% in 2023 to 5.9% in 2024, with a sharp divergence in expectations between advanced economies (2.7%) and developing economies (8.2%).[22] For both groups, IMF projections remain significantly above pre-pandemic levels (1.4% and 5.1%, respectively)[23] and a World Bank blog notes that inflation rates remain above target in 40% of the countries that have inflation targets.[24] It is not surprising, therefore, that while a shift to a more accommodating monetary stance has started to occur, it is somewhat patchy and varied in its timing.

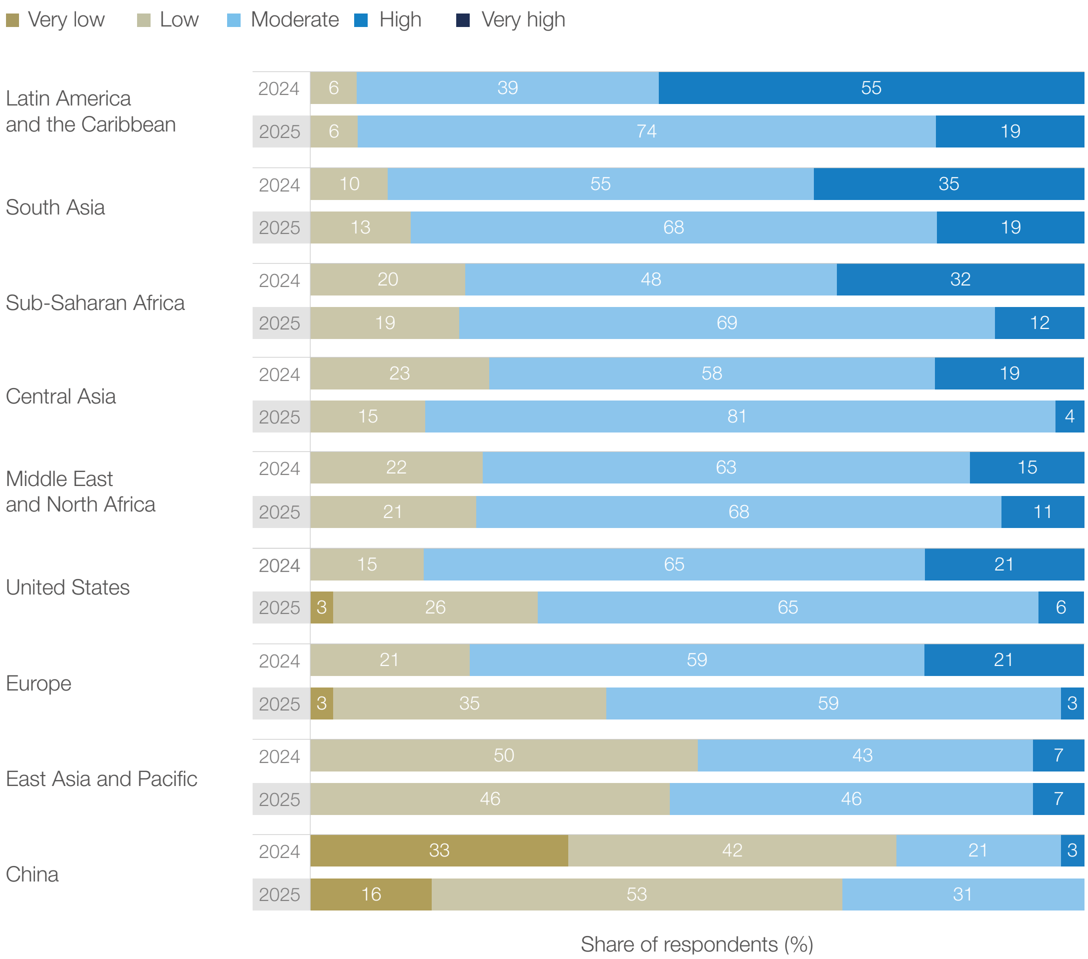
For example, the easing of interest rates in the US was delayed in the first half of the year owing to stubborn inflationary pressures, particularly for so-called "supercore services", a sub-category of services that excludes energy and housing and that includes many sectors where prices are tied closely to conditions in the labour market, such as cleaning, childcare and hairdressing.[25] In June 2024, while the overall US rate of consumer price inflation stood at 2.5%, the rate for supercore services was 3.3%.[26]

The latest survey of chief economists suggests a solid degree of confidence that the US has turned a corner on inflation, with the proportion of respondents expecting high inflation dropping from 21% in 2024 to just 6% in 2025. In both years, the large proportion expecting moderate inflation remained unchanged at 65%. In Europe, there is a very similar pattern, with expectations of high inflation dropping from 21% this year to 3% next year.

19 International Monetary Fund (IMF). (2024, July).
20 Ibid.
21 Ibid.
22 Ibid.
23 International Monetary Fund (IMF). (2024a, April).
24 Jongrim, HA. et al. (2024, August).
25 Anstey, C. (2024, June).
26 Federal Reserve Bank of St. Louis. (2024, August).

**Figure 4. Inflation expectations**

What is your expectation for inflation in the following geographies?




**Source:** Chief Economists Survey. (2024, August).

Even for South Asia, where respondents are most optimistic about growth, there is a marked improvement in inflation expectations between 2024 and 2025. Unsurprisingly, the regions where the growth outlook is weakest also have the most pronounced expectation of disinflation. In Latin America and the Caribbean, the proportion of respondents expecting high inflation dropped sharply from 2024 to 2025 from 55% to 19%, while in Sub-Saharan Africa, there was a decline from 32% to 12%.

In China, consumer price inflation has not surpassed 1% since February 2023 and has turned negative multiple times since then.[27] In July, the inflation rate picked up to 0.5%,[28] but the same month saw an annual fall of 0.8% in producer prices,[29] which can often provide an early signal of future trends for consumer prices. Nevertheless, there is some optimism from the chief economists, with a halving of the proportion expecting very low inflation in China, from 33% in 2024 to 16% in 2025.

27 National Bureau of Statistics of China. (2024a, August).

28 Ibid.

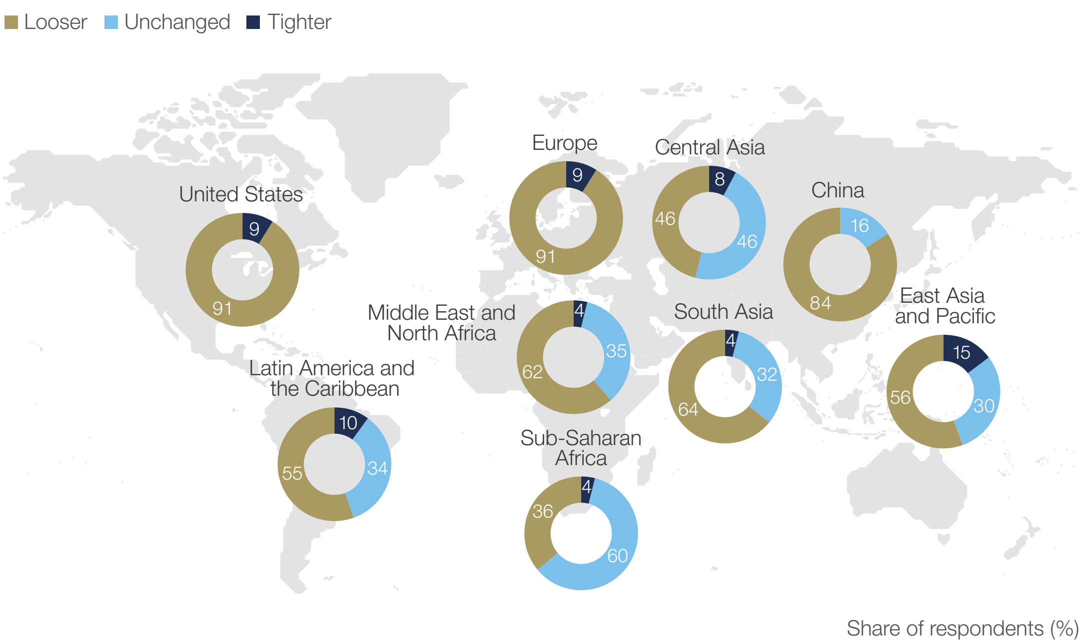
29 National Bureau of Statistics of China. (2024b, August).

Given this global backdrop, it is not surprising that the latest survey of chief economists points to a general loosening of monetary policy over the next year (Figure 5). This is particularly true for the US, Europe and China, but even in regions where only a minority expect loosening, the outlook is for rates to hold unchanged rather than increase. The highest proportion of respondents expecting tighter monetary policy in any region is for East Asia and Pacific (15%), reflecting the unique circumstances of Japan.

The timing and pace of US interest rate cuts remain the focus of great attention, but the Federal Reserve is far from the first major central bank to move. Reflecting the comparative weakness of economic activity in Europe, the European Central Bank[30] and the Bank of England[31] cut rates by 0.25 percentage points in June and August, respectively. China also announced modest cuts to a range of policy rates in July to bolster sentiment and activity.[32] However, Japan has been a monetary outlier for decades, and this pattern shows no sign of changing: while the rest of the world's major central banks have been focused on calibrating their monetary loosening, at the end of July, the Bank of Japan raised interest rates for only the second time in 17 years.[33]

**Figure 5. Monetary policy outlook**

Looking at the year ahead, what is your expectation for monetary policy in the following geographies?




**Source:** Chief Economists Survey. (2024, August).

30 European Central Bank. (2024, August).
31 Bank of England. (2024, August).
32 Leng, C. & Hale, T. (2024, July).
33 Bank of Japan. (2024, July).

# 2. A brewing storm

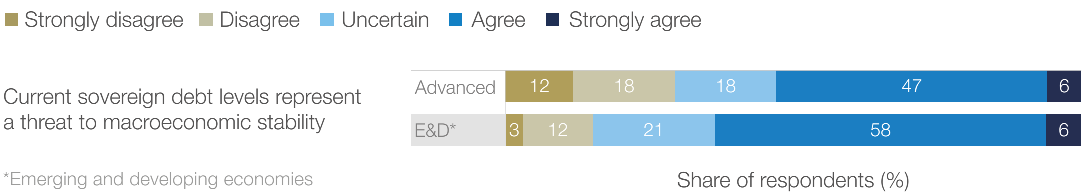
## Debt dynamics darken

Persistently weak growth exacerbates the risks posed by countries' debt levels, which have increased significantly over the last five years. In the view of a majority of the chief economists surveyed, public debt levels are a threat to macroeconomic stability, both in advanced (53%) and developing (64%) economies.

Concerns about growing public debt burdens have been elevated for some time, but they have become more prominent as debt ratios have worsened and as elections around the world have highlighted political tensions around the need for fiscal consolidation. Moreover, this year has already seen evidence of the potential for dramatic societal consequences when debt levels are economically unsustainable. Unrest in Kenya in June, in which more than 20 people died, had its roots in a debt crisis that saw interest payments swell to absorb almost 60% of total government revenues.[34]

**Figure 6. Debt risks**

Looking at the year ahead, do you agree/disagree with the following statements?




**Source:** Chief Economists Survey. (2024, August).

In 2023, global public debt as a proportion of GDP stood at 93.2%, up from 84.2% in 2019.[35] This jump is largely a reflection of the fiscal impact of the pandemic, but it is notable that debt-to-GDP ratios fell in 2021-22 before the trend reversed last year as economic rebound effects subsided and government revenues fell. The IMF expects further slippage this year, in part because it is an election year in so many countries, and elections tend to lead to a looser fiscal stance.[36]

The level and pace of change in debt levels differ significantly between advanced economies and developing ones.

34 Treasury of Kenya. (2024, January).
35 International Monetary Fund (IMF). (2024b, April).
36 Ibid.

In the former, the public debt burden increased from 103.9% to 111.0% between 2019 and 2023, although there are some notable outliers, such as the US (122.1% in 2023), Italy (137.3%) and Japan (252.4%).[37] Among emerging and developing economies (E&D), where debt is a source of much greater economic instability, debt levels are lower on average but have increased more rapidly, from 55% in 2019 to 68.0% in 2023.[38]

However, a country's level of debt is just one part of the equation. Debt sustainability is determined by the interaction of four elements: growth rates, debt levels, interest rates and the primary balance (government revenues less spending, excluding outlays on debt servicing).[39]

Each of these elements is a source of strain at present. As discussed in the previous section, the macroeconomic outlook is for persistently sluggish growth rates. Regarding the primary balance, the evidence suggests that countries are slipping. According to the IMF, the proportion of advanced economies with primary balances below debt-stabilization levels jumped from 11% in 2022 to 32% in 2023, with an equivalent increase for developing economies from 20% to 41%.[40] In 2023, there were 16 developing countries in debt distress, up from five in 2016.

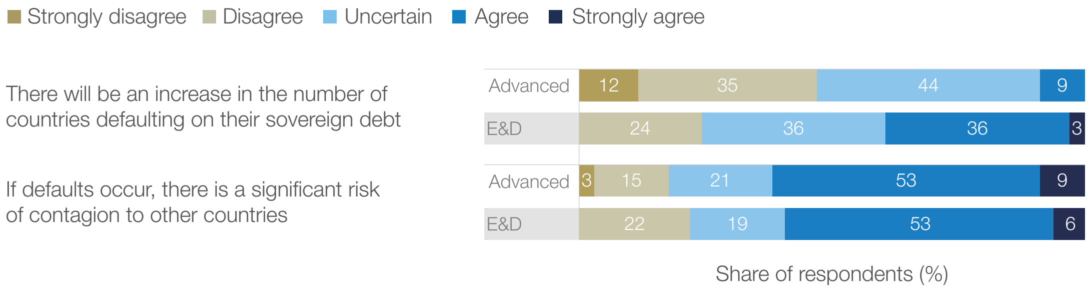
Meanwhile, the combination of elevated debt levels and high interest rates has pushed interest payments into economically damaging territory for many countries. There are 54 developing countries that spend more than 10% of total revenues on debt servicing, and 3.3 billion people live in countries that spend more on debt interest than on education or health.[41] Even advanced economies are seeing the profile of public spending being significantly affected: in the US, the cost of debt servicing ($870 billion) is projected to surpass the country's defence spending ($822 billion) this year.[42]

This process of fiscal space being squeezed as resources are redirected towards debt servicing is increasingly widespread. A more stark potential outcome of prolonged debt unsustainability is default, or a country's failure to meet at least part of its debt-servicing obligations. The survey of chief economists points to a significant difference in the likelihood of a rise in defaults over the next year between advanced and developing economies. Only 9% expect defaults to pick up in the former, but this figure jumps to 39% for the latter. If defaults do occur, the chief economists' expectation of contagion to other countries is slightly higher for advanced (62%) than for developing economies (59%). This is probably a reflection of the extent of the shock that would be required to trigger advanced-economy defaults in the first place.

37 International Monetary Fund (IMF). (2024b, April).
38 Ibid.
39 Adrian, T. et al. (2024, March).
40 International Monetary Fund (IMF). (2024b, April).
41 United Nations Conference for Trade and Development (UNCTAD). (2024b, June).
42 United States Congressional Budget Office. (2024, February).

**Figure 7. Debt defaults and contagion**

Looking at the year ahead, do you agree/disagree with the following statements?




**Source:** Chief Economists Survey. (2024, August).

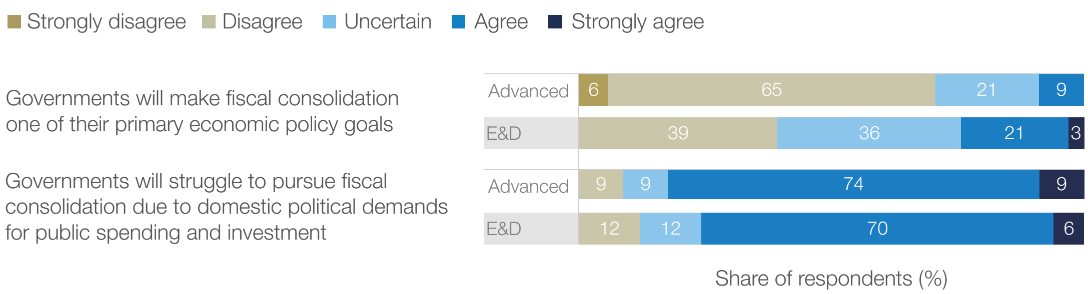
## Fiscal policy challenges

The policy implications of the worsening debt outlook are daunting. They are also getting worse. In addition to any adjustments already needed to bring the primary balance into line with debt sustainability, further fiscal consolidation measures will be needed in response to a significant intensification of spending pressures over the remainder of this decade as the fiscal impact of numerous structural economic challenges starts to hit more forcefully. The IMF estimates that by 2030 governments will be spending an additional 7-9% of GDP annually to meet the costs of climate change, ageing populations, industrial policy and economic development.[43]

However, it is difficult to envisage the political feasibility of significant fiscal tightening in many countries. This is reflected in the responses of the chief economists surveyed. Only 9% and 24% expect fiscal consolidation to be a key policy goal in advanced and developing economies, respectively. Perhaps more importantly, large majorities of chief economists (83% for advanced economies and 76% for developing) expect any efforts at fiscal consolidation to be a struggle because of domestic pressure for higher public spending.

**Figure 8. Fiscal consolidation**

Looking at the year ahead, do you agree/disagree with the following statements?



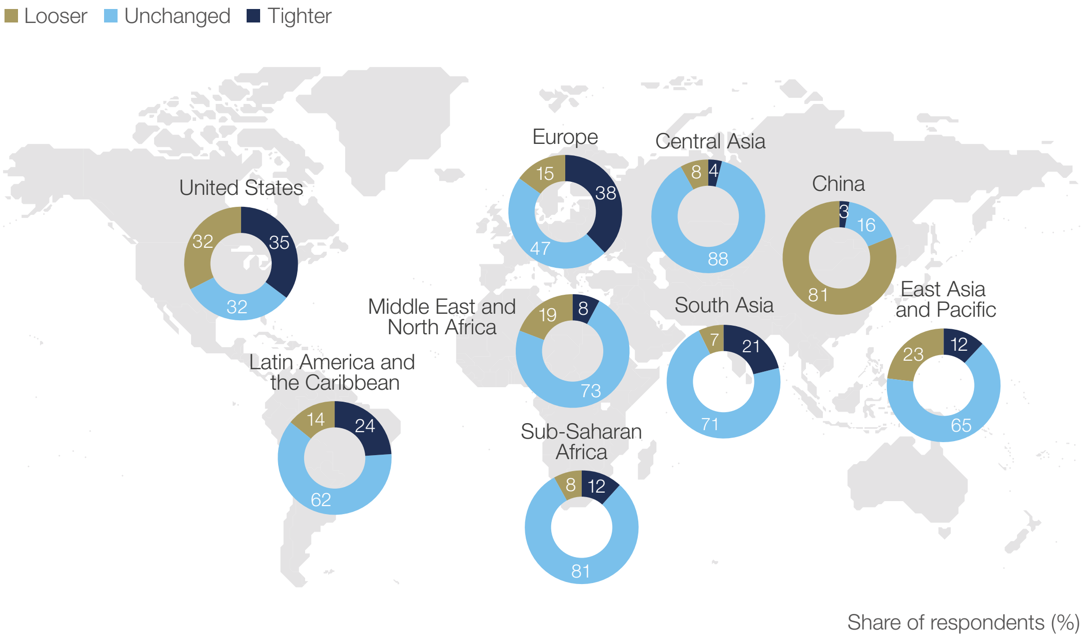

**Source:** Chief Economists Survey. (2024, August).

43 International Monetary Fund (IMF). (2024b, April).

This is also reflected in the chief economists' outlook for regional fiscal policy stances over the next year. The US and Europe are the only two parts of the world in which more than a third of respondents expect fiscal policy to tighten during that period. Solid majorities expect policy to remain unchanged in most regions, while the most prominent exception is China, where eight out of 10 chief economists expect fiscal policy to be loosened.

**Figure 9. Fiscal policy outlook**

Looking at the year ahead, what is your expectation for fiscal policy in the following geographies?

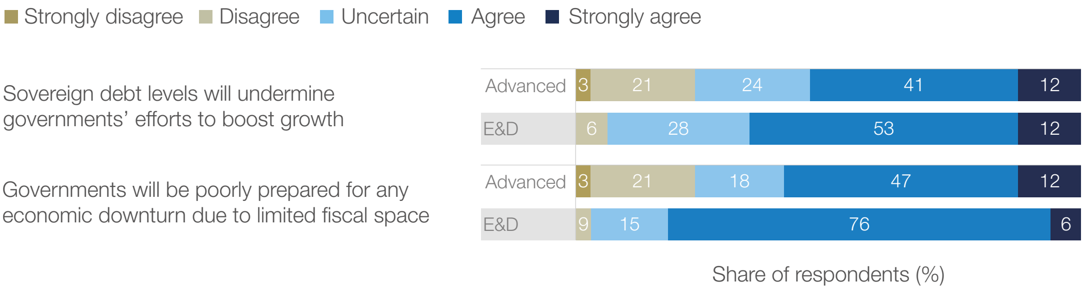



**Source:** Chief Economists Survey. (2024, August).

The dynamic of a debt-related fiscal squeeze is likely to persist for the year ahead. It risks turning into a vicious circle by cutting into government investment that might sustain or increase growth rates that contribute to debt sustainability. This is a concern raised in the Chief Economists Survey, with a majority of respondents noting that rising debt levels will undermine government efforts to boost growth, both in advanced (53%) and developing (65%) economies. A prolonged fiscal squeeze will also hinder efforts to invest in a more balanced growth agenda, as discussed in the next section.

**Figure 10. Debt implications**

Looking at the year ahead, do you agree/disagree with the following statements?




**Source:** Chief Economists Survey. (2024, August).

Related to this, one of the most unnerving implications of the rising global debt burden relates to countries' lack of preparedness for future shocks. This is an area where the frequent divergence between advanced and developing economies is particularly stark. According to 59% of chief economists, limited fiscal space now leaves advanced economies poorly prepared for shocks, but this figure jumps to 82% for developing economies.

As noted before, one of the reasons for the sharp increase in government debt over the past five years was the spending required to mitigate the impact of the pandemic. If another such global shock emerges, there will not be the same resources available to cushion its blow. It is not impossible that the next major shock to hit the global economy will also be the trigger for a debt crisis that crystallizes the fiscal risks that have been building over many years.

However, strains are likely to emerge even in the absence of a once-in-a-century crisis like the pandemic. There are numerous economic, environmental and societal transitions under way, and all have fiscal implications that policy-makers will have to take into account. If debt sustainability remains a significant constraint on countries' ability to spend, then countries may struggle to prepare for changes such as the energy transition, demographic shifts, climate-related disasters, rapid technological change and evolving national security needs.

# 3. Better balanced growth

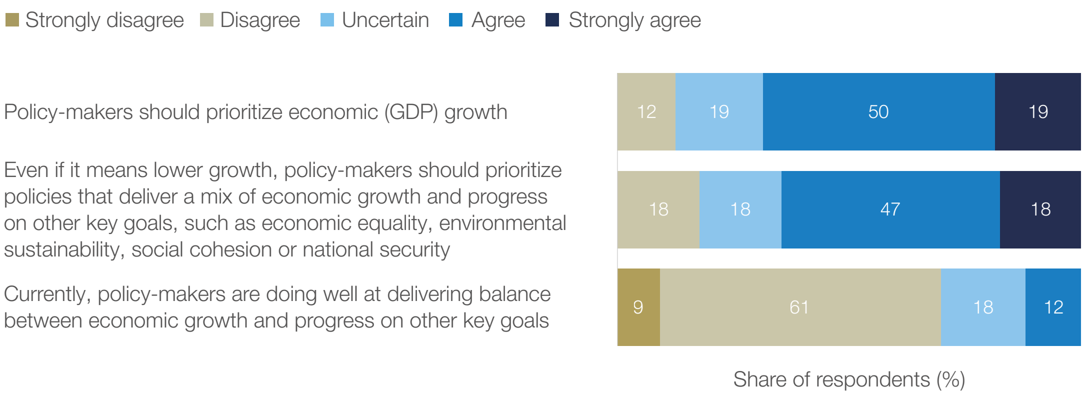
## The prospects for a new growth agenda

The developments highlighted in the preceding sections illustrate the challenges facing economic policy-makers. A slowdown in growth and a fiscal squeeze make for a difficult backdrop against which to tackle numerous national and global crises. Yet that is the task. Increasingly, economic policy must seek to boost growth while also trying to influence its structural character – making growth less damaging to the environment, for example, or less likely to lead to sections of society being "left behind".

In the previous edition of the Chief Economists Outlook, respondents were asked about the prospects for delivering higher growth rates over the long term.[44] For this edition, they have been asked about the challenge of finding a better balance between the quantity and the quality of growth.[45]

**Figure 11. Policy priorities**

In the context of discussions in many economies about the need to revive growth rates and also to make progress on various other domestic and global policy challenges, do you agree/disagree with the following statements?




**Source:** Chief Economists Survey. (2024, August).

44 World Economic Forum. (2024, May).

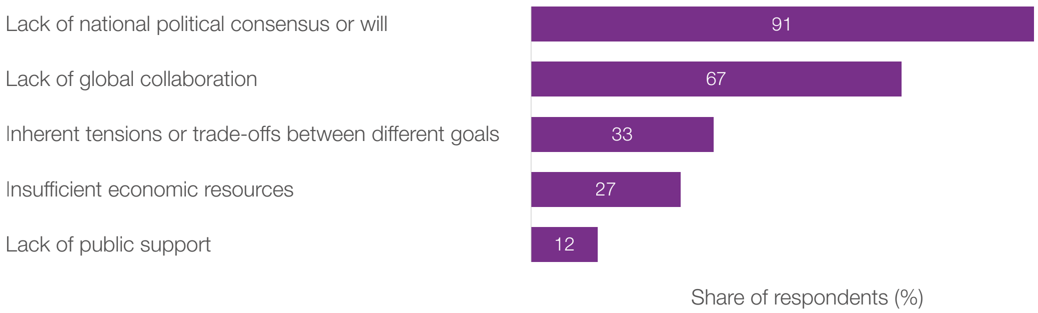
45 For one approach to this balance between quantity and quality, see World Economic Forum. (2024a, January).

The responses show a solid consensus on the importance of balancing growth with other policy priorities. Around two-thirds of respondents agree that policy-makers should prioritize economic growth, with a similar proportion agreeing that progress on other goals must be made, even if this exerts a drag on growth (Figure 11). However, there is also deep pessimism among respondents on the current situation, with only 12% of chief economists agreeing that policy-makers are currently doing well at delivering balanced growth.

This lack of balance is borne out by the evidence in many areas, from worsening environmental degradation to widening inequalities and fraying social fabric.[46] The World Economic Forum's work on the Future of Growth – which takes stock of the extent to which growth is innovative, inclusive, sustainable and resilient – suggests that the world is only halfway towards achieving high-quality, balanced growth.[47] Progress on the Sustainable Development Goals is more dispiriting still, with only 16% of the goals on track to be met by the target date of 2030.[48]

**Figure 12. Obstacles to balanced growth**

In your view, which of the following represent the biggest obstacles to delivering a balance of economic growth and progress on other key goals? Choose up to three.




**Source:** Chief Economists Survey. (2024, August).

Two main obstacles to making progress on more balanced growth are highlighted by the chief economists: a lack of domestic political consensus or will, and a lack of global collaboration. The first of these is cited by 91% of respondents, reflecting growing evidence of deepening political polarization in an increasing number of countries.[49] However, it is notable that only a small minority (12%) of respondents saw a lack of public support as an obstacle to achieving more balanced growth. This suggests that domestic political obstacles are viewed by the chief economists more as a challenge of leadership and trust than a matter of broad-based opposition. This is in line with research on polarization noting that it tends not to be driven by fundamental societal fissures, but by the political exploitation and exacerbation of divisions.[50]

46 United Nations Environment Programme (UNEP). (2023, December); World Inequality Lab. (2021, December); World Economic Forum. (2024b, January).

47 World Economic Forum. (2024a, January).

48 Sachs, J.D. et al. (2024, June).

49 Carothers, T. & O'Donohue, A. (2019, September).

50 Ibid.

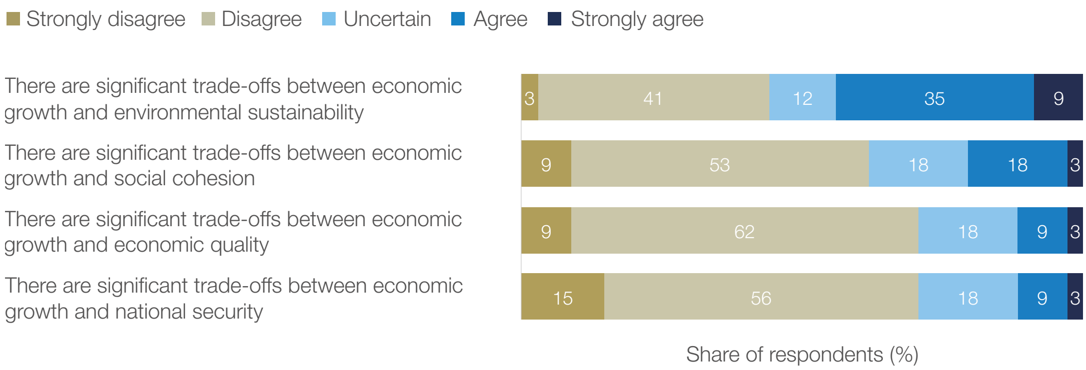
The weakness of global collaboration is cited by 67% as an obstacle to balanced growth. In different ways, global collaboration is pivotal to numerous aspects of an agenda that aims to balance the quality and quantity of growth. Collective action on shared global challenges such as climate change or pandemic preparedness are perhaps the clearest examples, but there are countless other areas where collaboration is required, including trade, investment, security, technology diffusion, financial stability and migration.[51]

The evidence has been mounting for years that various norms and institutions of global collaboration have been weakening.[52] In part, this reflects their decreasing relevance as the distribution of global economic and political power have shifted. It also reflects countries' active attempts to hobble or sidestep global institutions owing to a mix of domestic and geopolitical factors. There is little prospect of a short-term turnaround, according to the chief economists. In the year ahead, large majorities expect efforts to boost global collaboration to be undermined both by domestic political trends (83%) and by geopolitical tensions (91%).

The two obstacles highlighted by the chief economists are significant, but it is an optimistic conclusion that the factors holding back progress on balanced growth are political rather than more fundamental. Only 27% of respondents view the availability of economic resources as an obstacle to balanced growth, and only 33% cite inherent tensions or trade-offs between different policy goals.

**Figure 13. Policy trade-offs**

In the context of discussions in many economies about the need to revive growth rates and also to make progress on various other domestic and global policy challenges, do you agree/disagree with the following statements?




**Source:** Chief Economists Survey. (2024, August).

51 Aiyar, S. et al. (2023, January).

52 Dossani, R. (2022, April).

Chief economists were asked to assess whether a trade-off exists between growth and four other potential policy goals: environmental sustainability, economic equality, social cohesion and national security. On equality and security, only 12% of respondents said a significant trade-off exists. That figure rises to 21% for social cohesion. Only environmental sustainability shows a meaningful split among respondents, with equal proportions of 44% agreeing and disagreeing that a trade-off exists.

This split resonates with wider debates about the feasibility of recasting economic activity in ways that will sharply mitigate its environmental impact. Pessimists often point to the relentless rise in global greenhouse gas emissions. Optimists counter that the diffusion of green technologies will boost growth while simultaneously making it more sustainable. It is noteworthy that when the chief economists were prompted to suggest where policy-makers might find synergies between growth and other goals, the green transition was the most frequent response, followed by artificial intelligence and education.

While the trajectories of growth, interest rates and fiscal policy are likely to dominate economic headlines in the weeks and months ahead, the longer-term economic agenda is likely to be increasingly shaped by these broader questions about what kind of growth is desirable and achievable.[53]

53 World Economic Forum. (2024a, January).

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