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## Reasons to be optimistic in 2024 — despite everything

Gillian Tett JANUARY 11 2024

Are you optimistic about 2024? The answer from the World Economic Forum would seem to be “heck, no”.

Each year, the WEF asks 1,500 of its “community” — elite business leaders, academics, politicians and so on — to cite key risks, and then crunches that with Marsh McLennan and Zurich Insurance Group. The latest reading, released before the WEF’s annual meeting in Davos this month, might make even Pollyanna weep.

Apparently Davos groupies have “a predominantly negative outlook for the world over the next two years that is expected to worsen over the next decade”, with 54 per cent braced for “some instability and a moderate risk of global catastrophes” in the short term — and 30 per cent predicting severe upheaval.

In the longer term, 91 per cent see “elevated risks of global catastrophes”, or worse, with environmental issues dominating the worry list, along with social conflict, war, cyber threats and “misinformation”. And even this reading might be too upbeat since the survey was done in September — ie before the latest Middle East strife.

So far, so depressing. But here is something odd: this gloom, which seems even worse than during the financial crisis of 2008, has emerged amid a global economy that is not so disastrous. On the contrary, the last forecast from the IMF projects 2024 growth of 2.9 per cent — lower than previous years, but not a depression.

It appears, then, that the WEF elite — like American consumers — currently has a profound psychological bias towards pessimism.

Why? One possible explanation is that business leaders are ill-equipped to handle current risks: their MBAs trained them to model economic issues, not analyse problems such as war, and the former feature relatively low on the worry list.

Another related factor is that while Davos attendees used to assume that history was going in a straight line towards more globalisation, free-market capitalism, innovation and democracy, all those things are now under attack. The world feels uncannily similar to that described by John Maynard Keynes a century ago, in *The Economic Consequences of the Peace* — it seems that “progress” and history are going into reverse.

Finally, there is an attention bias: bad news sells better than good news and surveys like this WEF poll typically ask about negative, not positive, risks. Online initiatives have emerged in recent years to counter this, but they have made little impact in an era when bad news can go viral faster and spread further than ever before.

So I think it behoves us all sometimes to flip that WEF question and to ask what are the top 10 positive possibilities of the moment, the things that might actually go right rather than wrong? Here's my answer to that intellectual exercise.

First, science is delivering breakthroughs in renewable energy that might yet deliver a game-changing leap in green tech, particularly since almost \$1.8tn was invested in green energy in 2023 alone.

Second, research is accelerating in life sciences, boosted as artificial intelligence tools are deployed. This may produce more medical breakthroughs soon, helped by the experience of Covid-19, which taught scientists to collaborate across borders and institutions on a scale never seen before.

Third, with the world projected to have 18bn cell phones in 2025, millions of people now have access to information for the first time. India's "tech stack" shows the upside of this for financial inclusion and education.

Fourth, the (justifiable) hand-wringing about AI risks is belatedly inciting discussion about regulatory frameworks. One recent development that did not receive as much attention as it should is that both the US and China have backed a joint UN initiative on this.

Fifth, central banks may yet implement quantitative tightening without sparking a full-blown financial crisis this year. The impact of quantitative easing has been better than many people (including myself) expected and shocks such as the Silicon Valley Bank collapse have been shortlived.

Sixth, while debt levels are alarming, this has not sparked a developed world sovereign debt crisis (yet), and might not do so in the short to medium term.

Seventh, inflation might continue to fall as supply chain shocks ease (or, more accurately, companies adjust to a world where they need to manage them better).

Eighth, anxieties about democracy might actually prompt previously complacent voters finally to fight to preserve liberal values. Poland shows that the slide to autocracy is not inevitable.

Ninth, worries about the economic risks of protectionism might prod Beijing and Washington to bolster commercial ties. Yes, global trade levels slipped last year. But they remain near record highs, even between the US and China.

Tenth, and finally, the tyrants sowing havoc today will not last forever. Not even Vladimir Putin, Russia's president, is immortal.

Is this list unrealistic? I'm a journalist and am trained to be cynical, and the dangers identified by the WEF are real. But Pollyanna-ish or not, I would urge it to add a "positive risks" section to its survey next year. It might not grab headlines, but investors could find it even more interesting.

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