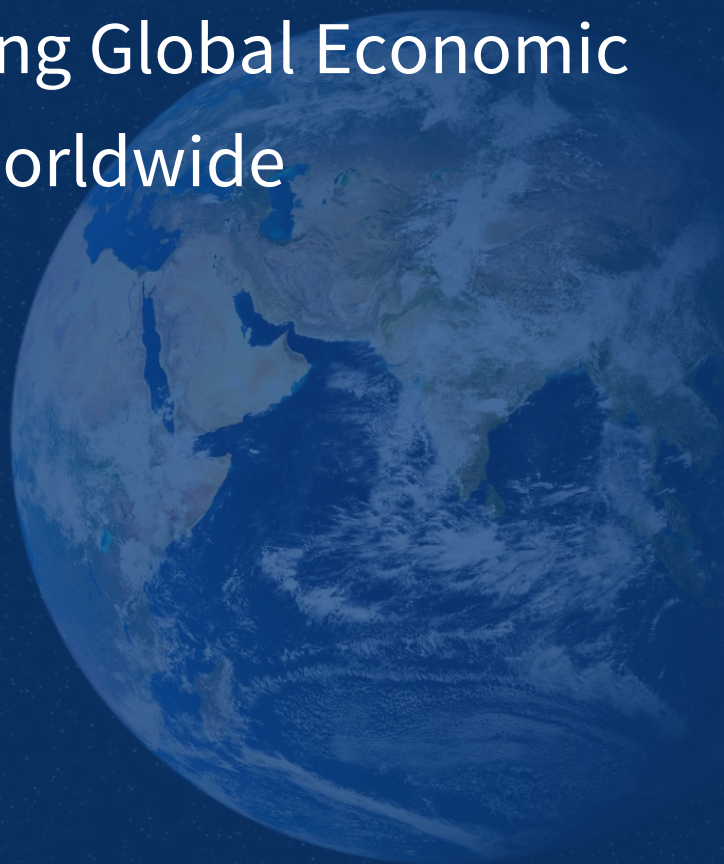


Economic Experts Survey

Q3
2023

Evaluating Global Economic
Policy Worldwide



ifo INSTITUT



Evaluating Global Economic Policy Worldwide

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Dear Reader,

it is my great pleasure to present the results of the EES Q3 wave in 2023. We have exciting results regarding the global assessments of economic policy, governments' performance and political stability and inflation expectations to be reported. The survey was conducted between 26 September and 11 October 2023. It was in the field before the 2023 Israel-Hamas war began on 7 October. The war is likely to influence experts' assessments in the Middle East in the last quarter of this year.

Experts in Europe assessed the political situation and economic policies to be worse than in the previous quarter. In Asia, Oceania and Africa, experts assessed political stability to be better than in the previous quarter. In South-Eastern Asia, experts were very positive regarding economic policies.

This report's spotlight is on the United States. Experts assessed the political stability in the United States by -26 points worse as compared to the last quarter. On 3 October 2023, Kevin McCarthy, the 55th Speaker of the United States House of Representatives, was voted out as speaker. The results show that those US experts who filled out the survey after the vote rated government performance worse than those experts who filled out the survey before the vote. Important political events continue to influence economic experts' assessments.

Inflation expectations decreased as compared to the previous quarter. Inflation expectations for 2023 were 6.2% in Q3 as compared to 7.0% in Q2. Inflation expectations are especially low in Western Europe (4.6%) and North America (4.1%) and still very high in many African regions. Long-term inflation expectations also decreased worldwide: Inflation expectations for 2026 were 4.5% in Q3 as compared to 5.0% in Q2.

We also asked experts about how attractive their countries of expertise are for companies. We discuss those results on location attractiveness and experts' views about future developments in a separate report.

I hope you will enjoy reading the report!



Niklas Potrafke
ifo Institute and LMU Munich

Executive Summary: Key Trends in Q3 2023

The Economic Experts Survey (EES) is a global survey of economic experts conducted jointly by the ifo Institute and the Institute for Swiss Economic Policy (IWP) on a quarterly basis. These are the key findings of the EES in Q3, 2023:

- **Despite numerous crises around the world, experts in many regions rate the political stability in their countries as improved.**
 - Political stability is especially rated far more optimistically in Asia, Oceania, and Africa (our survey was in the field prior to the 2023 Israel– Hamas war).
 - In Europe and Northern America we observe the continuation of a long-lasting trend towards more negative evaluations of the political situation, especially with regard to government performance.
- **The Global Assessment of Economic Policy has improved, but the judgment of how well policies tackle future challenges has remained unchanged/low.**
 - South-Eastern Asia shows the largest improvements (mirroring general patterns in Asia) in both the general policy assessment and future challenges.
 - Economic policy is repeatedly and substantially rated worse in all regions of Europe— and has declined further. Especially the assessments of how well policies tackle future challenges declined sharply.
- **Spotlight on the United States: decreasing government performance and rising political instability**
 - Even though experts are generally positive about economic policies in the United States, we observe a continuous decline in expert ratings of government performance and political stability starting in late 2022.
 - The recent blockage of the US Congress caused experts to further decrease their ratings on government performance and political stability in the United States.
- **Special module on inflation expectations: Global expectations about inflation on the decline**
 - Short-term inflation expectations decline globally by 0.8 percentage points compared to expectations in previous quarters.
 - Inflation expectations decreased significantly for the first time since Q4 2022.

1. OVERVIEW AND METHODOLOGY

1.1 The Economic Experts Survey (EES)

The Economic Experts Survey (EES) is regularly conducted by the ifo Institute in Munich and the Institute for Swiss Economic Policy (IWP) and comprises a survey of around 8,000 economic experts from more than 130 countries. The aim of the survey is to gather the opinions of economic experts on various economic policy measures and the political situation in their host countries. Expectations and assessments of current economic indicators, such as economic growth and inflation expectations, are also recorded. The survey is conducted quarterly and succeeded the World Economic Survey (WES), which focused primarily on the economic outlook and surveyed around 1,500 experts from 100 countries. The EES includes the 1,500 WES experts and a further 6,500 experts recruited through the CESifo research network, the ifo Institute's international networks, and the RePEc research network. With participants from countries covering 99% of the world's GDP, 95% of the world's population, and 92% of the global land area, the EES is significantly larger than any other comparable international expert panel (for a detailed description of the EES, see Gründler et al., 2023b).

The participants in the EES are influential experts who coin the public debate in their home countries. Most of the experts hold a Ph.D. in economics. The experts participating play an important role both in academia and in policy advisory, including also members of national expert councils and other influential committees. The influence of the experts on the scientific community, on the formation of public opinion, and on policy advice can also be measured by quantitative criteria. For example, the scientific papers of the participants from Europe were cited an average of 4,000 times (according to Google Scholar). The Twitter accounts of the experts in the European sample are followed by around 1,300 followers.¹

The primary objective of the EES is to contribute to the public debate. The results are published on the ifo Institute's website and prepared in press releases to inform the public about the results. The survey is conducted with Qualtrics, the most widely used survey experiment software (Fuster and Zafar, 2023). The survey is also designed to provide up-to-date expert opinions on current economic policy debates, such as the drastic increase in inflation in 2022.

1.2 Methodology

To monitor the global political situation, the EES asks its global experts about their assessment of the political situation in their country of expertise and their views on economic policies. Both key pillars are further divided into two elements. For the **political situation**, we ask experts to rate the performance of the government and the political stability in their host country. For **economic**

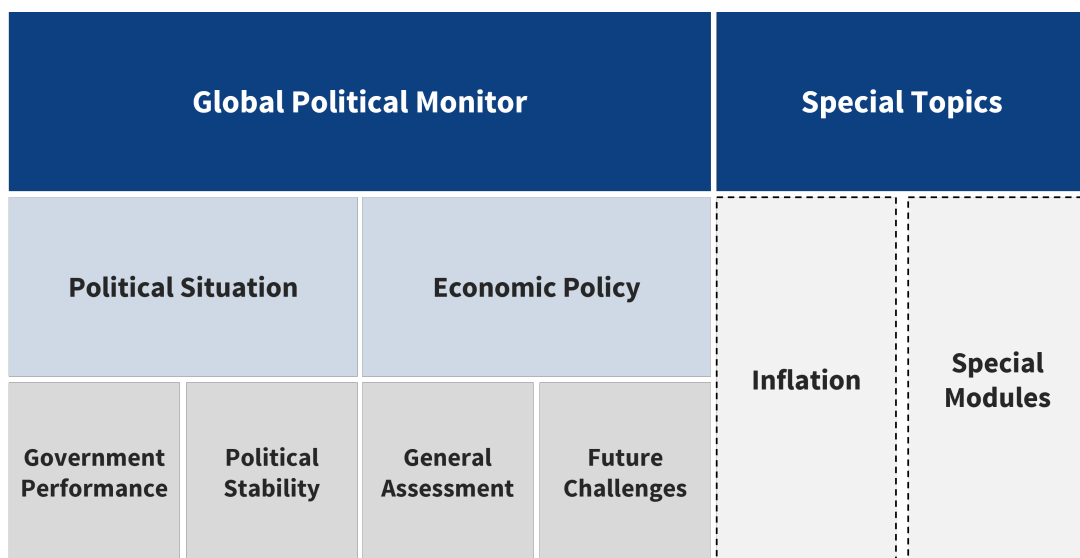
¹The figures refer to the sample of participants with Google Scholar accounts and Twitter accounts.

1. OVERVIEW AND METHODOLOGY

policies, the EES asks experts about their general assessments and their views on how they believe the government currently copes with the challenges of the future.

The global political situation is monitored regularly by the EES on a quarterly basis. The EES also regularly measures the inflation expectations of international experts. Moreover, the EES includes special ad hoc modules that address special topics and are relevant from an international perspective. Special modules included, for instance, the development of housing prices or the global economic impact of the US Inflation Reduction Act (see Gründler et al., 2023a).

Figure 1: Topics covered by the Economic Experts Survey



Notes: The figures illustrate the key topics included in the Economic Experts Survey (EES). The Global Political Monitor is measured regularly every quarter, consisting of two pillars: (1) the political situation and (2) economic policy. The EES also covers special topics, including regular monitoring of inflation expectations and special modules that are asked in individual waves.

Experts as sources of information: The strategy to elicit the assessment of experts exploits the fact that experts have profound knowledge and information about their home countries' economies, political environments, and current developments. Aggregating expert assessments provide us with access to manifold sources of information that would otherwise not be possible to acquire or process.

Evaluation of changes: We ask experts to provide their assessment of the change in our variables of interest compared to the previous quarter. This analysis shows how government performance and political stability have developed over time within countries. The rationale behind looking at changes over time is that for a rating of the level, experts would need to compare their

1. OVERVIEW AND METHODOLOGY

host country to all other countries globally, which would involve information requirements that are most likely not met.

Open-ended text questions: An important pillar of the EES is that the quantitative questions are accompanied by open-ended text questions, providing experts the opportunity to give a qualitative assessment of the situation in their country. These assessments are particularly valuable, because they illustrate the motivation of experts for providing a specific rating, and they provide information about the key developments in their country that are decisive for their evaluation.

Details on the methodology of the EES can be found in Appendix A. A detailed methodological description is provided in Gründler et al. (2022).

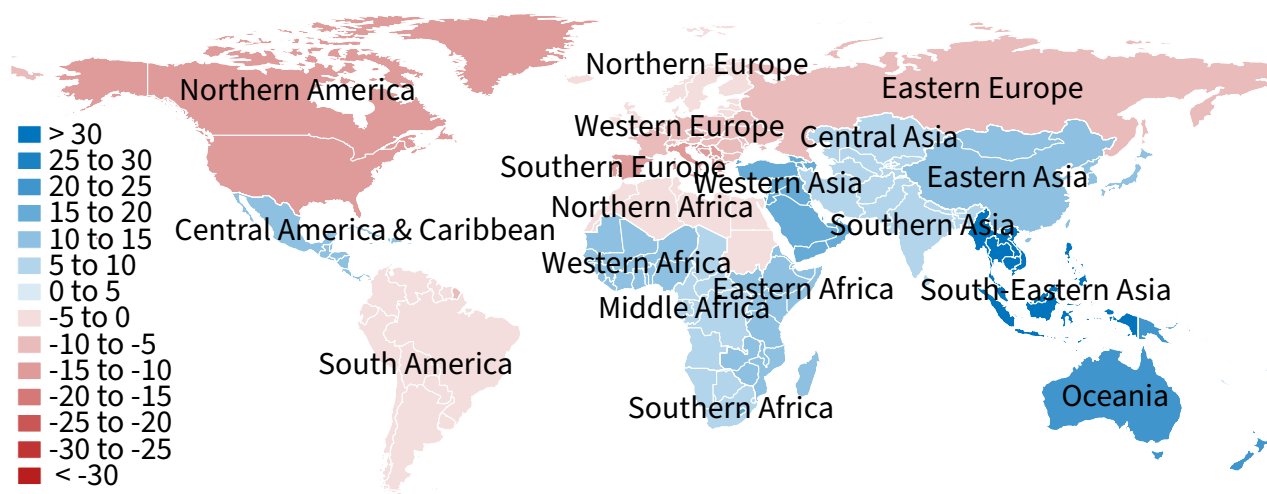
2. THE GLOBAL POLITICAL LANDSCAPE

2.1 Global Political Assessment

Figure (2) shows the global assessment of the political situation in experts' home countries, obtained by combining experts' scores on the performance of governments and political stability. Experts are asked to compare the situation in Q3 2023 with that in the previous quarter (the report for Q2 can be accessed [here](#)). More positive evaluations compared to the previous quarter (Q2 2023) are colored in blue, and more negative evaluations are highlighted in red.

On a global scale, experts are slightly more positive about the current political situation in their country of expertise compared to the previous quarter. The global average of the overall political indicator on the current political situation is 2.5 on a scale from -100 to +100 in Q3 of 2023.

Figure 2: Experts' Assessment of Changes in the Political Situation



Source: Economic Experts Survey Q3 2023.

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Notes: The figure shows the results of the EES Q3 wave in 2023, which was conducted between 26 September and 11 October 2023. In total, $N = 1541$ participants participated in the survey.

Zooming into the global regions, our data reveal a considerable degree of cross-regional heterogeneity. Experts are particularly more negative about the political situation in their country of expertise in Europe, Northern America, and South America. Especially experts in Northern America and large parts of Europe assess the current political situation to be more negative than in the second quarter of 2023. On the other end of the spectrum, we observe more positive evaluations in Oceania as well as in Central America and the Caribbean. With the exception of Northern Africa,

2. THE GLOBAL POLITICAL LANDSCAPE

experts in all regions in Asia and Africa report substantial improvements in the perceived political situation. An important note considering the numbers for Asia and Northern Africa is that the survey was conducted prior to the 2023 Israel– Hamas war. Standing out are reported improvements in South-Eastern Asia, where experts are most optimistic about developments in the political situation of their countries of expertise.

Taken together, the world map on the political situation shows a clear geographic divide: experts from regions in the northern part of the world report a deterioration in the political situation, while experts from regions in the southern part of the world (with the exception of South America) report improvements in the political situation.

2.2 Trends in Experts' Political Assessment

Figure (3) shows how the assessments of experts regarding the global political situation have developed over time. The figure visualizes the global political situation for all sub-regions included in the EES over the period Q1 2022 until Q3 2023. Given that the EES asks experts to classify their evaluation compared to the past quarter, levels below (above) zero reflect a decrease (increase), and a downwards (upwards) sloping trend suggests that the negative (positive) situation has intensified.

For some parts of the world, the evaluation of the political situation has become more favorable compared to the last quarter(s). These regions include Central America and the Caribbean, South-Eastern Asia, and Oceania. In other regions of the world, particularly in most parts of Europe and South America, we observe a long-lasting trend towards more negative evaluations of the political situation.

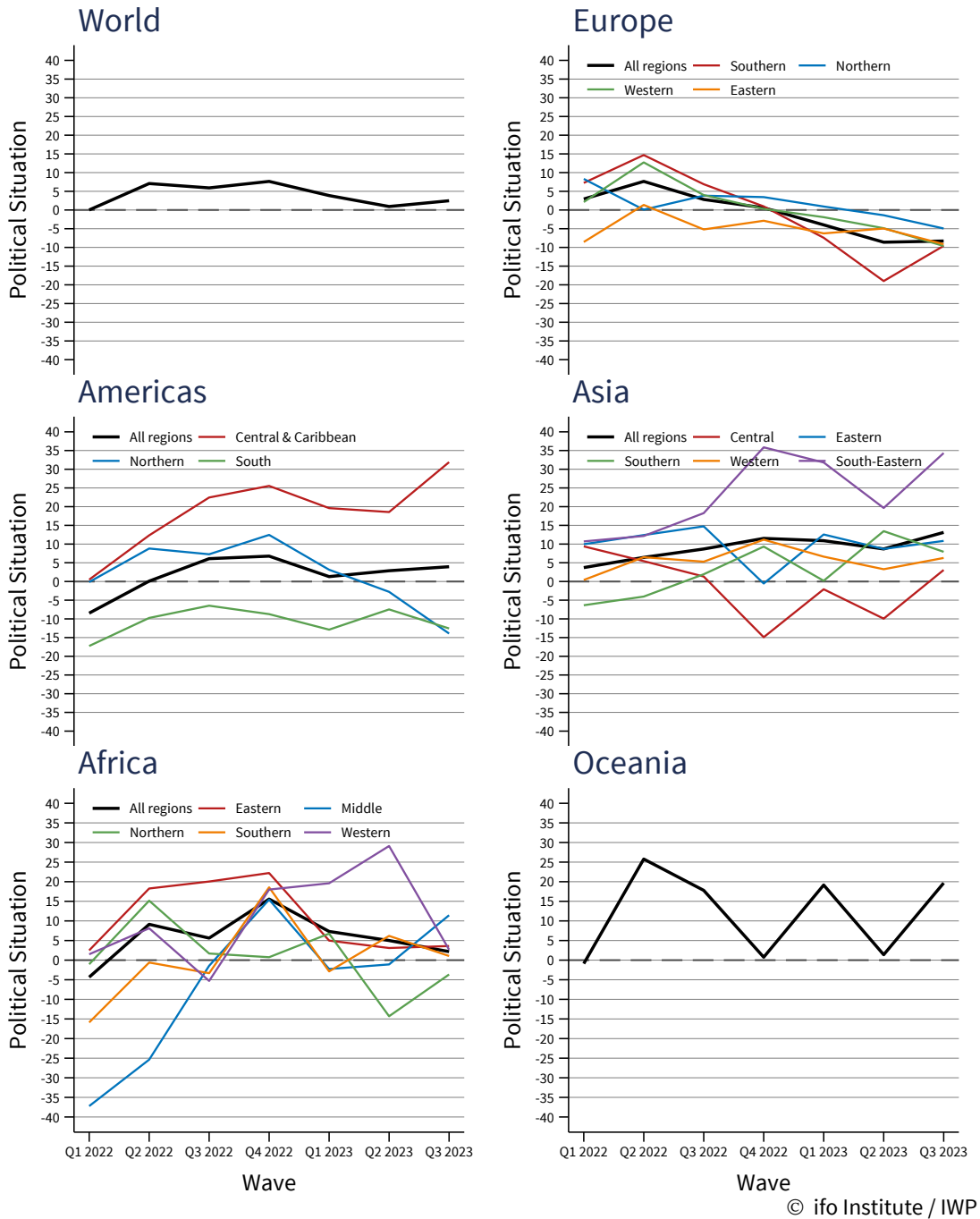
Noteworthy are developments in Western Africa, Northern America, and Southern Europe. While experts in Western Africa were more and more optimistic about the political situation over the last quarters, those improvements could not be continued. The assessment by experts in Southern Europe also shows a trend reversal: while experts in Southern Europe were the most pessimistic ones in the last quarter, the region is now nearly on par with the remaining regions in Europe (but still negative). The assessment by experts in Northern America continues to decline.

2.3 Government Performance and Political Stability

The assessment of the political situation is an aggregate that is based equally on two pillars: (i) the experts' assessments of government performance and (ii) their views on the degree of political stability in their host countries. Figure (4) shows the results separately for each of the sub-indices and differentiates expert assessments between global regions. The individual values are reported in Table (1) in Appendix C.

2. THE GLOBAL POLITICAL LANDSCAPE

Figure 3: Experts' Assessment of Changes in the Political Situation over Time

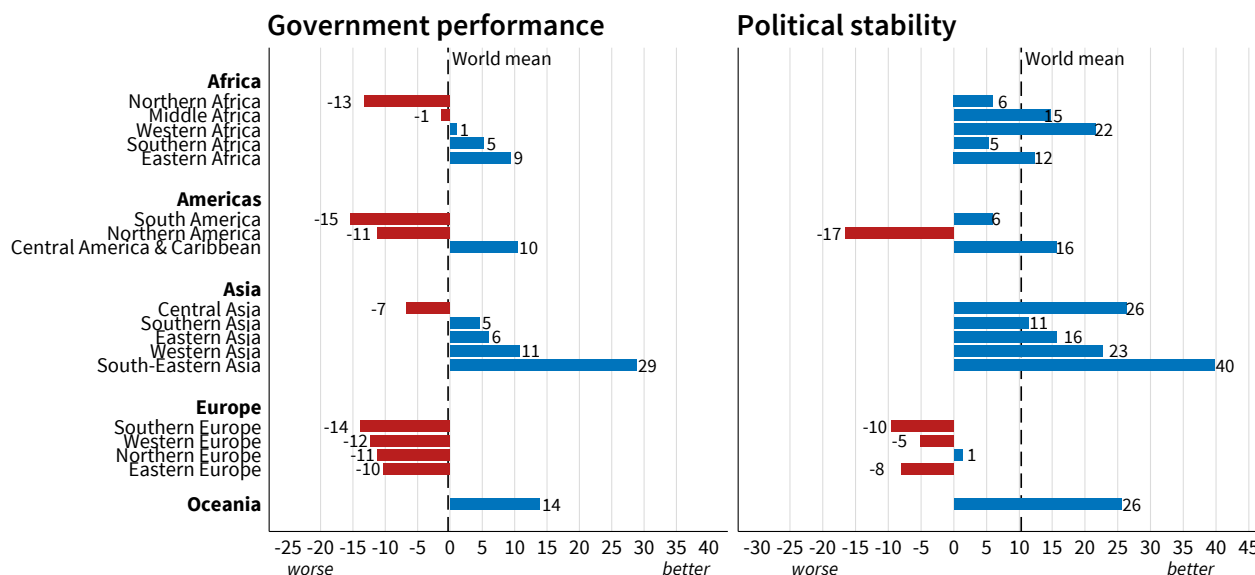


Notes: The figure shows the results of the EES waves Q1 2022 until Q3 2023. In total, N = 1541 participants participated in the most recent survey, which was conducted between 26 September and 11 October 2023.

2. THE GLOBAL POLITICAL LANDSCAPE

Figure 4: Experts’ Assessment of Changes in the Political Situation – Government Performance and Political Stability

Political Assessment



© ifo Institute / IWP

Source: Economic Experts Survey Q3 2023.

Notes: The figure shows the results of the EES Q3 wave in 2023, which was conducted between 26 September and 11 October 2023. In total, $N = 1541$ participants participated in the survey.

The evaluation of **government performance** shows distinct cross-regional trends. While experts from all parts of Europe and most parts of the Americas are increasingly concerned about the performance of governments in their countries of expertise, experts in Asia report that they perceive an improvement in government performance. The picture is more divided in Africa, where positive evaluations in Southern and Eastern Africa are in contrast to the more negative ratings of experts living in Northern Africa.

In terms of **political stability**, experts, on average, are much more optimistic compared to the previous quarter. Especially experts in Asia and Africa report improvements across all regions in the two continents. The finding towards greater political stability on the globe continues a distinct trend that was already uncovered in Q1 and Q2 2023. After the increase in perceived political stability was a bit lower in Q2 (+7.5 in Q2), the +10 scale improvement in Q3 is closer to the improvement in Q1 2023 (+12). Note, however, that the expert assessments were collected before the 2023 Israel-Hamas war. The only regions going against that trend are Northern America and large parts of Europe, where experts report lower political stability in their countries of expertise.

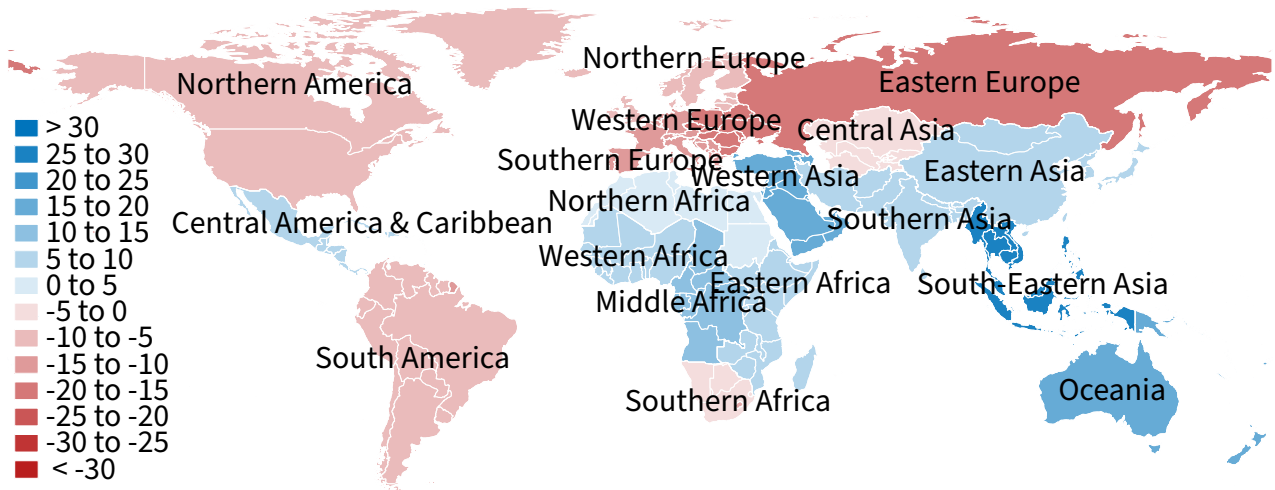
3. GLOBAL MONITOR OF ECONOMIC DEVELOPMENTS

3.1 Global Economic Policy Assessment

Figure (5) shows the global assessment of the economic policy situation, obtained by combining experts' scores on the general assessment of current economic policies of governments and how well policy addresses future challenges. More positive evaluations compared to the previous quarter (Q2 2023) are colored in blue, and more negative evaluations are highlighted in red.

Globally, experts' assessments of the economic policy in their country of expertise are marginally more positive compared to the previous quarter. The global average of the overall economic policy indicator assumes a value of +0.47 on a scale from -100 to +100 in Q3 of 2023.

Figure 5: Experts' Assessment of Changes in the Economic Policy



Source: Economic Experts Survey Q3 2023.

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Notes: The figure shows the results of the EES Q3 wave in 2023, which was conducted between 26 September and 11 October 2023. In total, $N = 1541$ participants participated in the survey.

The global average masks, however, quite some heterogeneity across world regions. Experts in large parts of Africa (with the exception of Southern Africa) view economic policies as more favorable. Noticeable improvements can also be seen in large parts of Asia with especially strong improvements in South-Eastern Asia. Significantly more pessimistic are experts in Eastern, Western, and Southern Europe. Experts in Eastern Europe globally report the largest decline in the economic policy assessment. Smaller shifts in the assessments can be seen in the Americas, where experts in Northern and South America are slightly more pessimistic, and experts in Central America are

3. GLOBAL MONITOR OF ECONOMIC DEVELOPMENTS

slightly more positive about economic policy.

3.2 Trends in Experts' Economic Policy Assessment

Figure (6) shows how the assessments of experts regarding economic policy in their countries of expertise have developed over the waves of the EES. The figure visualizes the evaluation of economic policy for all sub-regions included in the EES over the period Q1 2022 until Q3 2023. Given that the EES asks experts to classify their evaluation compared to the past quarter, levels below (above) zero reflect a decrease (increase), and a downwards (upwards) sloping trend suggests that the negative (positive) situation has intensified.

Expert assessments of economic policy are repeatedly and substantially below zero in almost all regions of Europe and have declined further. This pattern points to a strong negative evaluation of economic policies in many European countries that has steadily intensified over the waves of the EES. Especially experts in Eastern Europe continue to be even more pessimistic in their assessment of economic policy.

After a slight recovery in the last quarter, the assessment of economic policy in South America has again declined substantially compared to the last quarter. Experts in Northern America are now also more pessimistic.

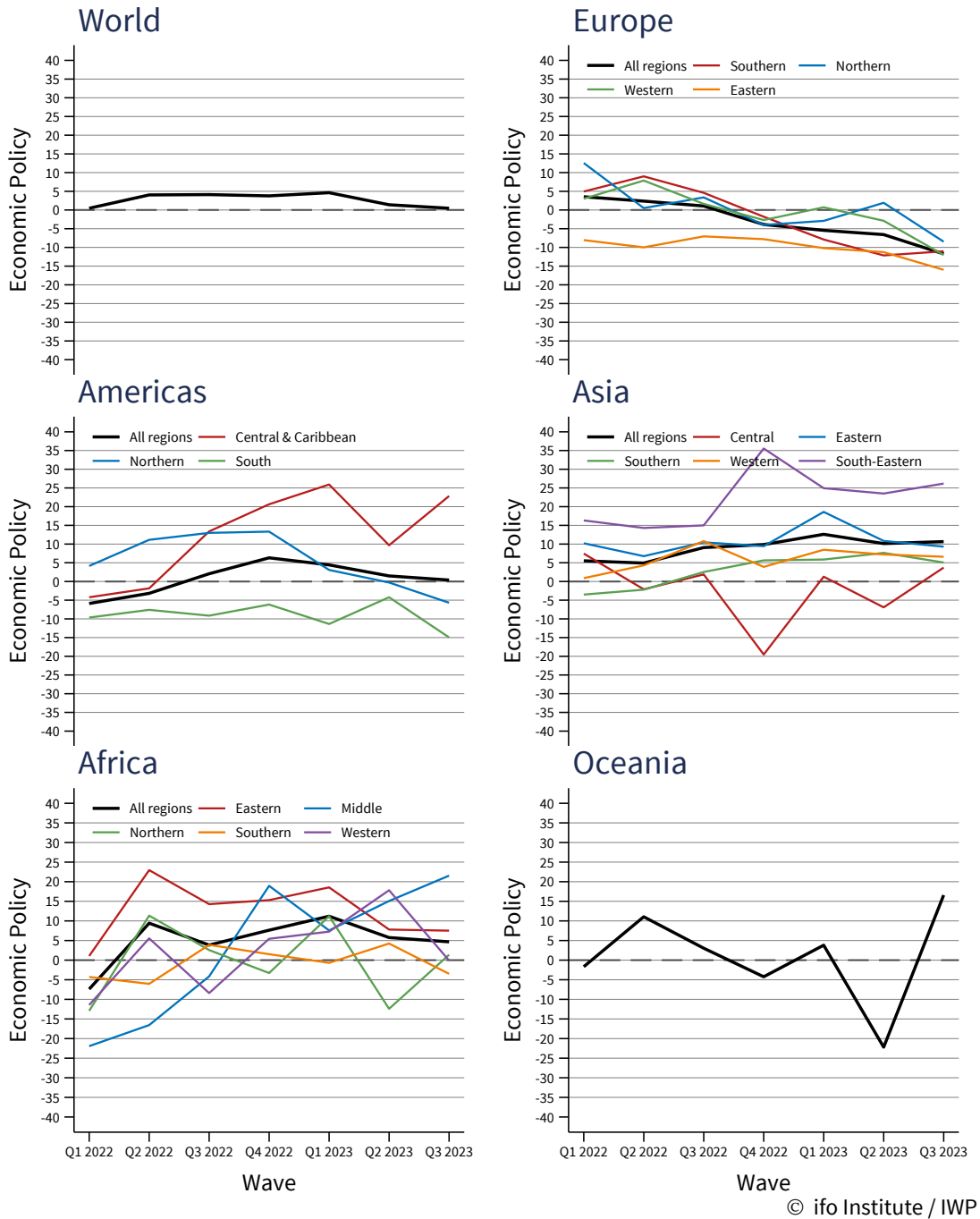
At the other end of the spectrum, experts' ratings in Oceania have become significantly more positive. We also find strong positive assessments in many parts of Africa, where especially experts in Middle and Eastern Africa continue to rate their economic policies more favorably. The same holds true for experts in South-Eastern Asia, who are an outlier in the continent, reporting strong continuing improvements. Experts in other parts of Asia also have, however, a more positive view of economic policy in their regions.

3.3 Economic Policy and Future Challenges

The assessment of economic policy is made up of equal parts of the experts' assessments of current economic policy and the assessment of economic policy with regard to future challenges. Figure (7) shows the results separately for each of the sub-indices and sub-regions. The corresponding values are reported in Table (1).

3. GLOBAL MONITOR OF ECONOMIC DEVELOPMENTS

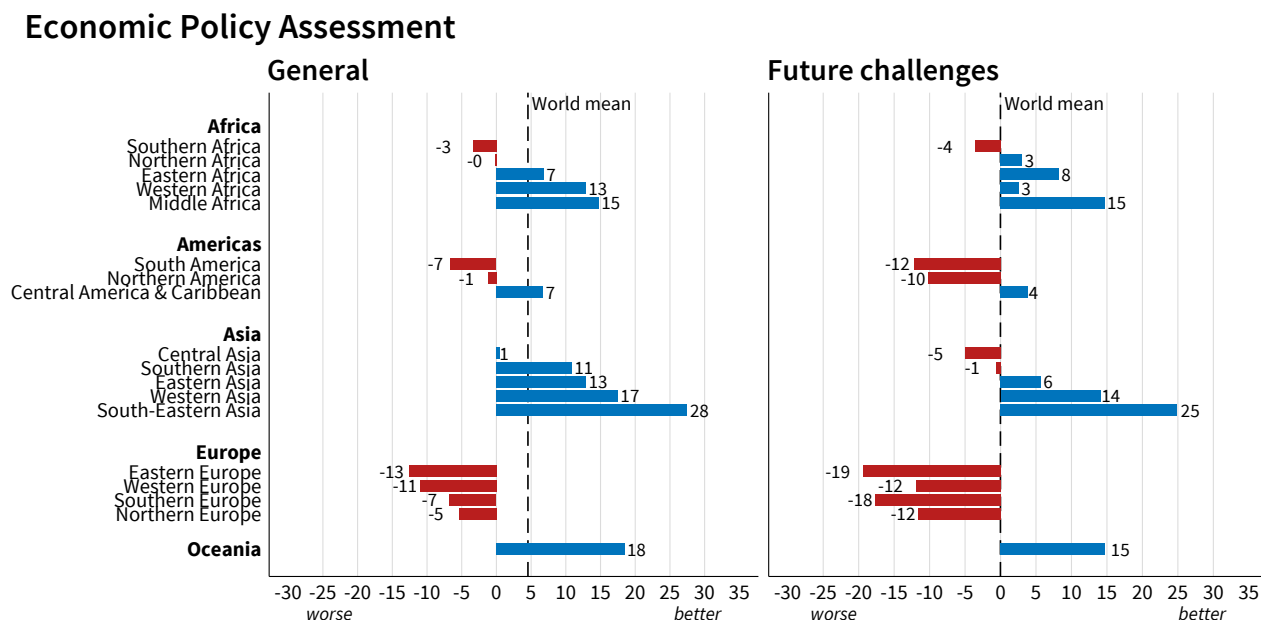
Figure 6: Experts' Assessment of Changes in the Economic Policy over Time



Notes: The figure shows the results of the EES waves Q1 2022 until Q3 2023. In total, N = 1541 participants participated in the most recent survey, which was conducted between 26 September and 11 October 2023.

3. GLOBAL MONITOR OF ECONOMIC DEVELOPMENTS

Figure 7: Experts’ Assessment of Changes in the Economic Policy – Current and Future Challenges



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Source: Economic Experts Survey Q3 2023.

Notes: The figure shows the results of the EES Q3 wave in 2023, which was conducted between 26 September and 11 October 2023. In total, $N = 1541$ participants participated in the survey.

The average global **general assessment of economic policy** has improved (+4), but the judgment of how well policies tackle **future challenges** has remained unchanged (+0).

Recorded improvements in large parts of Africa are equally driven by the two components of the overall index. Both indicators decrease for Northern Africa, while they strongly increase for Middle Africa in particular. The same pattern can be observed in Asia, where especially the general assessment of economic policy is regarded more favorably. The largest increases in both indicators can be observed in South-Eastern Asia, reporting substantial improvements. Large positive shifts in both indicators can also be observed in Oceania.

The largest declines for both indicators can be observed in Eastern Europe. Experts in Western, Southern, and Northern Europe are, however, nearly equally pessimistic in their assessments. Especially the ratings regarding how well policies tackle challenges of the future are strongly negative for all European regions. In the Americas, experts are slightly less optimistic about general economic policy and even stronger so for economic policies addressing future challenges.

4. SPOTLIGHT: POLITICAL STABILITY IN THE UNITED STATES

In this chapter, we point out the **spotlight on recent developments in the United States**. In particular, we are interested in how the recent political turmoil surrounding the speaker position of the House of Representatives in the United States shaped the perceptions of experts regarding the country's political climate. Examining free-text answers allows us to gain insights into the underlying factors that drive experts' assessments. However, the negative trend in expert ratings regarding the political stability and the performance of the government in the United States already began one year ago.

4.1 The consequences of events around the US Congress

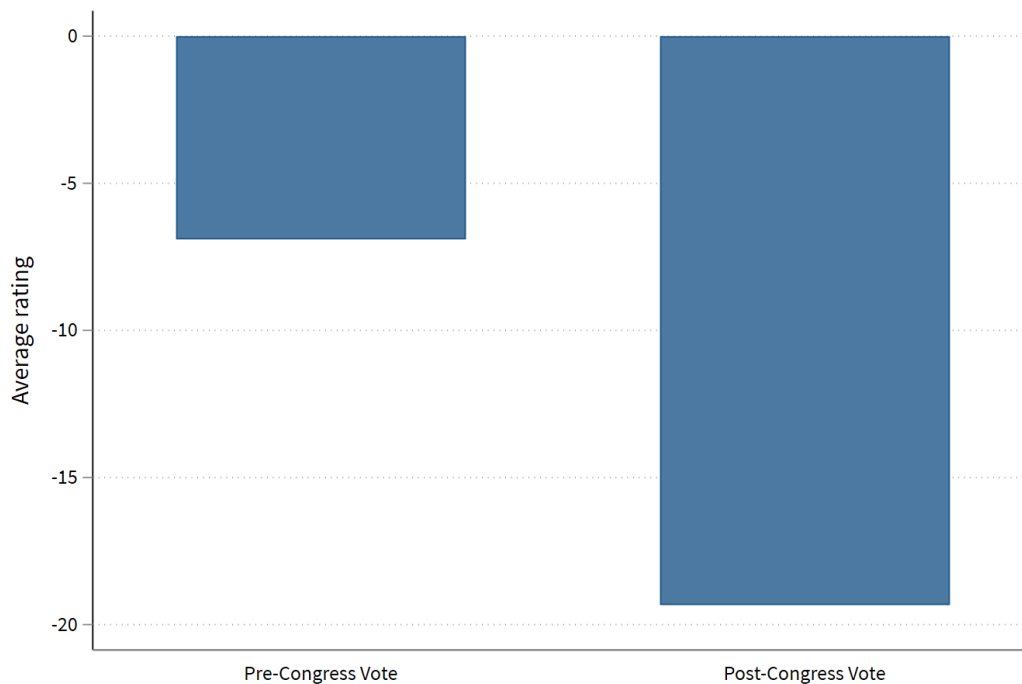
The recent removal of Kevin McCarthy from his position as speaker of the House of Representatives is unprecedented in the history of the United States. A faction of far-right members within the Republican Party perceived McCarthy to cooperate too closely with President Biden to pass a new budget and avert a government shutdown. They subsequently initiated a campaign to replace McCarthy, which ultimately culminated in a vote held in Congress on October 3, 2023. The majority of Congress members voted against Kevin McCarthy, thereby leading to his removal as speaker. The Congress was temporarily unable to act since no legislation could be passed unless a new speaker of the house was elected. This standstill had severe consequences as it led, for example, to delays in passing a new government budget including military support for Ukraine and for Israel. Since our survey took place around the ousting of McCarthy on October 3, it allows us to examine the effect of this event on experts' views about the current government performance and political stability in the United States.

Figure (8) shows the average assessments of experts in the United States on the perceived performance of government (Subfigure a), and perceived political stability (Subfigure b) separately for experts who filled out the survey before and after McCarthy got removed as speaker of the US House of Representatives. Subfigure (a) shows a strong reaction regarding experts' assessment of government performance. Experts who answered after Congress voted on McCarthy's removal rate the change in government performance way more negatively (-19) than those who responded before the vote took place (-6.5). One expert summarized the political sentiment in the United States around the McCarthy removal with the following statement: *"The US Congress is now completely dysfunctional to the point of not being able to pass a defense budget!"*. For political stability, the difference between responses before and after the ousting is slightly smaller, but experts who filled out the survey after the vote rated the change in political stability worse than those answering before the vote (Subfigure b). Experts are rather pessimistic about a quick return to normality. For instance, one expert described their expectation about future developments as follows: *"unclear that the House GOP majority is at all functional"*.

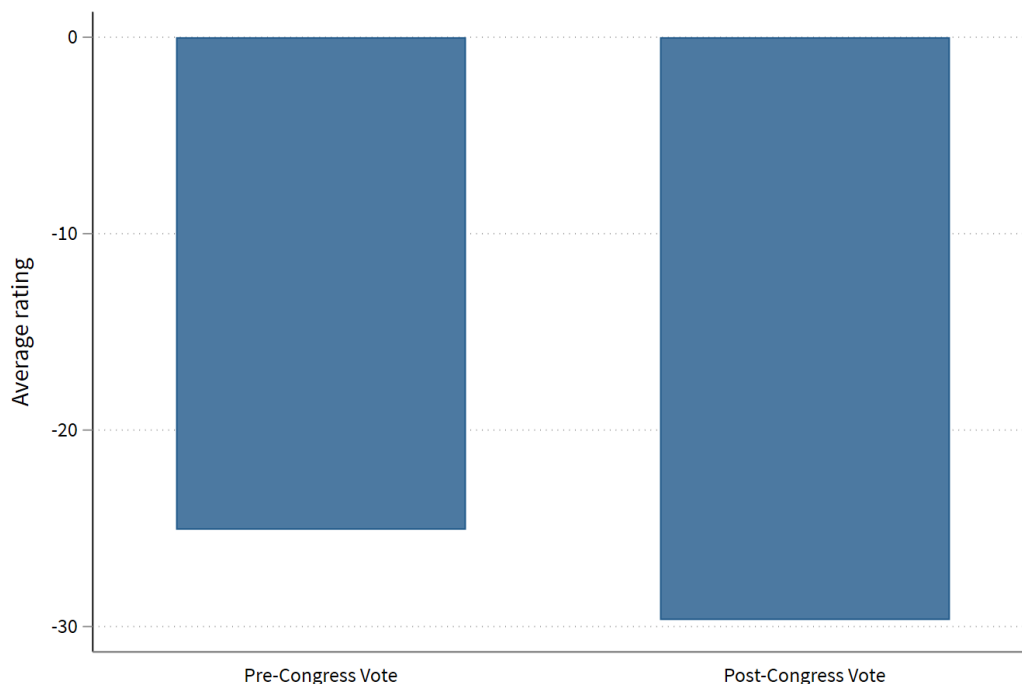
4. SPOTLIGHT: POLITICAL STABILITY IN THE UNITED STATES

Figure 8: Changes in the perceived Political Climate around the Vote in Congress

(a) Government performance.



(b) Political stability.



Notes: The figure shows mean ratings of experts in the United States on the perceived performance of government (Figure a), and perceived political stability (Figure b) separated by experts who filled out the survey before and after McCarty got removed as speaker of the US House of Representatives.

4. SPOTLIGHT: POLITICAL STABILITY IN THE UNITED STATES

4.2 Trends in the perceived political climate in the United States

Over the past 2 years, there have been several important events that had a significant impact on the economic and political climate in the United States.

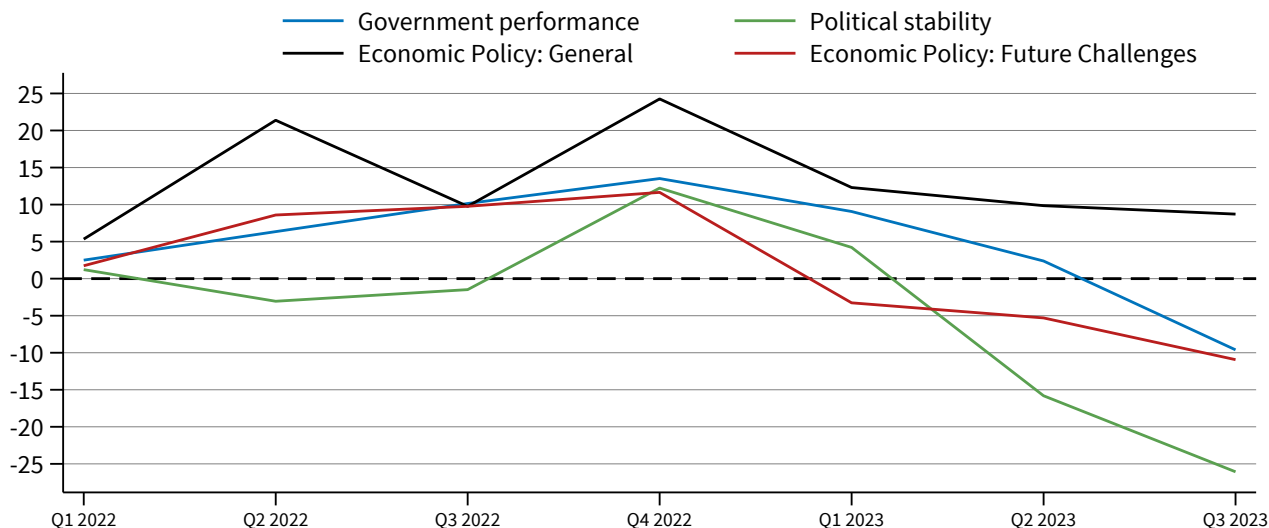
Regarding the economic climate, a major policy enacted during the current legislative period was the Inflation Reduction Act (IRA), signed into law in August 2022 by President Joe Biden. The IRA aims to boost domestic employment by attracting foreign investments from abroad in the renewable energy sector. Other governments were concerned about the effects on their national industries and many considered passing their own investment programs in reaction to the IRA. To collect and analyze experts' views on this policy, we asked experts in the United States and international experts about their opinions on the IRA in the first wave of the EES in 2023. The main result was that experts in the United States perceived the IRA to have a positive effect on the economy of the United States, while experts in other parts of the world were mostly worried about potential negative effects on their respective countries of expertise (Gründler et al., 2023a).

Regarding the political climate, the change in the political landscape of the United States after the midterm elections in 2022 when the Republican Party gained the majority in Congress stands out. With the two bodies of legislation now divided between a Democratic and Republican majority, it is more challenging for the government of President Biden to pass legislation. The change in the majority of the Congress also replaced former speaker Nancy Pelosi with a Republican candidate. It required 15 rounds of voting for Kevin McCarthy to be elected as the new speaker of Congress on January 7, 2023. The main reason for the need for repeated votes was that a group of right-wing Republican members of Congress sought more influence in future internal decisions within the Republican party. Their eventual success already foreshadowed that legislation in the House would be more difficult, with the Republican faction internally divided. With the ousting of McCarthy on October 3, 2023, this development peaked.

A reflection of the political climate in the United States can be observed in experts' responses. Figure 9 shows how experts in the United States assessed economic policy and the political climate over the last EES waves. While the experts saw an improvement in economic policy and government performance in the waves of the EES in 2022, political stability was assessed as comparatively stable over that period, with a positive evaluation in the last quarter of 2022. However, starting in the beginning of 2023, this trend changed. Experts rated the economic policy and performance worse than in the previous year. The strongest shift in experts' assessment occurred in the dimension of political stability: Following a steady decline, the current political stability of the United States is rated significantly worse compared to the quarter before. The value of -26 (on a scale from -100 to 100) is one of the lowest values globally observed in this survey wave.

4. SPOTLIGHT: POLITICAL STABILITY IN THE UNITED STATES

Figure 9: Development in the Assessment of Changes in the Economic Policy and Political Climate in the United States



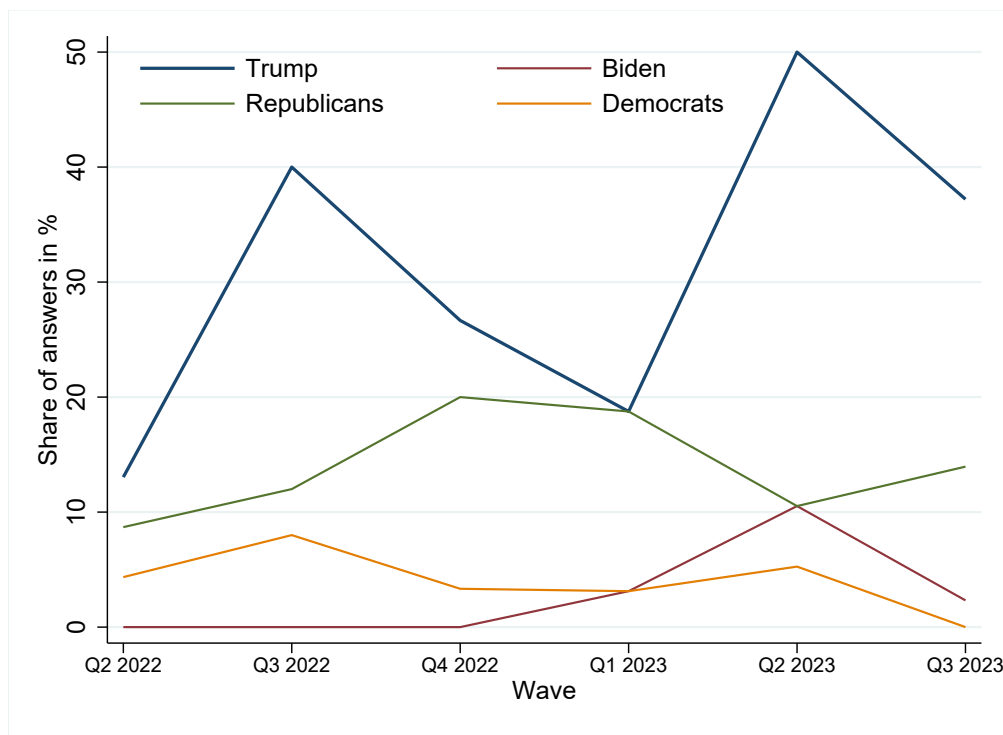
Notes: The figure shows the development of experts' assessment of indicators on economic policy and political climate in the United States using data from seven waves of the EES.

4.3 The renewed role of Donald Trump

One key figure in the political landscape in the United States is former President Donald Trump. After he lost the presidential election in 2020 to Joe Biden and in the face of several legal challenges that were brought up against him in court, it was unclear whether Trump's political career would continue. However, over the past 3 years, he managed to maintain a considerable political influence in the Republican party. In November 2022 he announced his candidacy for the Republican nomination in the 2024 presidential election. Current polls see him as the front-runner in the Republican race of candidates. Despite multiple lawsuits ongoing against him for misconduct during his presidency, his popularity among (Republican) voters in the United States is high. Many Republican politicians owe their electoral success to the support of Trump in their campaign, which allows him to levy wide influence within the Republican party. An illustration of his wide political influence is the recent election of a new speaker of Congress. While other candidates, such as Tom Emmer, did eventually not stand for election due to opposition by Trump, it was Trump supporter Mike Johnson, who got finally elected as the new speaker of Congress on October 25, 2023.

4. SPOTLIGHT: POLITICAL STABILITY IN THE UNITED STATES

Figure 10: Mention of Topics by Experts in the United States in Free-Text Answers



Notes: The figure shows the percentage of various topics covered in experts' free-text answers in six waves of the EES.

Trump's lasting impact on the political landscape is also reflected in the open-ended text answers of the US experts. Tracing how often experts refer to Trump in their free-text answers compared to other political actors uncovers a stark focus on the ex-president. Figure (10) shows the share of open-ended answers for the political stability question that contain the word *Trump*, and compares it to shares for other keywords such as President Biden, Congress, or the Republican party.² Over the waves of the EES the presence of Trump in the experts' answers steadily increased. It peaked in the second wave of 2023 with a share of 50% and lies at around 40% in the most recent wave of the EES. This share is considerable, especially with shares for the other keywords hovering around or below 10% in the third wave of the EES in 2023. Many experts perceive the chances of Donald Trump winning the 2024 US presidential election as high. As one of many examples, one expert stated that: "Donald Trump's likelihood of winning the next election keeps rising."

²To construct this measure, all answers are first converted to lowercase and then regular expressions check for the occurrence of a term or its root.

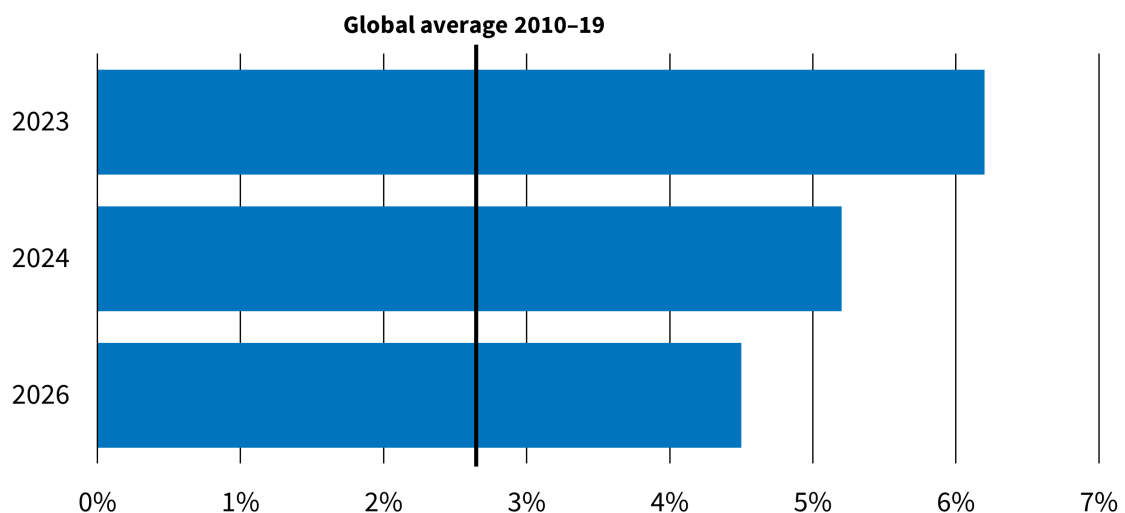
5. OUTLOOK: INFLATION

What expectations do economists worldwide have for **future price developments**? Do the central banks' major interest rate hikes have an impact and can we observe a decline in inflation expectations? In the last waves of the EES we asked for the experts' inflation expectations at the global level. The results of the wave in the third quarter of 2023 show that even though inflation rates are still expected to be well above the target rates of many central banks in the short run, the expected inflation rates worldwide are decreasing compared to the last quarters. The decrease in both short- and long-term expectations globally indicates that the interest hikes by many central banks show effects.

The global average expected inflation rate for 2023 is 6.2 % (see Figure 11).³ This represents a noticeable decline of 0.8 percentage points in short-term expectations compared to the last quarter (see Figure 12).

Figure 11: Global Inflation Expectations

Expected inflation as a global average for the year...



Source: Economic Experts Survey Q3 2023.

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Notes: The figure shows the results of the EES Q3 wave in 2023, which was conducted between 26 September and 11 October 2023. In total, $N = 1541$ participants participated in the survey.

Experts in Northern America expect the lowest inflation rates for 2023 (4.1%). Expectations in Central America and Western Europe are similar (4.6%). In contrast, experts in regions like Northern Africa (55%) or Eastern Africa (36%) expect way above-average inflation rates in the short term.

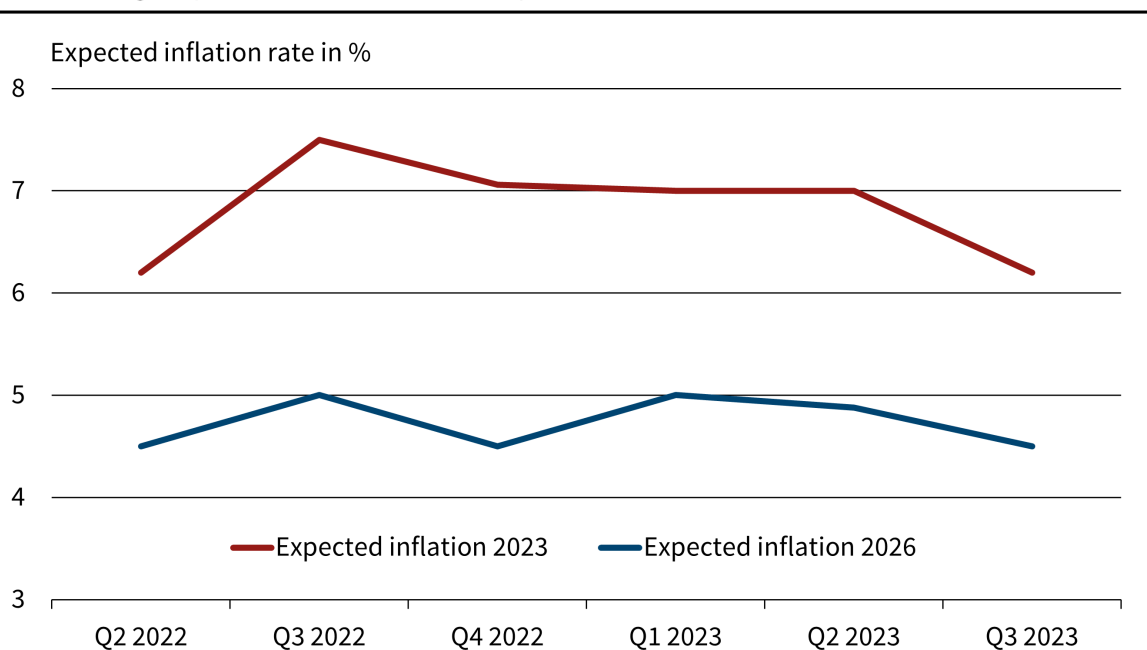
³This is the median of the average expected inflation rates at the country level. The median is used because expected inflation rates vary widely by region and are dramatically higher in individual countries and regions such as Africa than in the rest of the world.

5. OUTLOOK: INFLATION

While short-run expectations have been stable over three quarters, the expected inflation rates for most regions now represent a decrease in expectations in comparison to the last quarter.

Figure 12: Global Inflation Expectations over Time

Global average expected inflation rate for the years 2023 and 2026



Source: Economic Experts Survey Q2 2022 to Q3 2023.

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Notes: The figure shows the results of the EES Q3 wave in 2023, which was conducted between 26 September and 11 October 2023. In total, $N = 1541$ participants participated in the survey.

Global average long-term expectations for 2026 are at 4.5%, representing also a decrease compared to the last quarter. Experts in Western Europe (2.4%), Northern America (2.7%) and Northern Europe (3.1%) expect long-term inflation rates to nearly return to common inflation targets. The highest long-term inflation rates are expected in Eastern Africa (30%) and in Northern Africa (52%). Figures (B1)–(B3) show world maps displaying the inflation values for all sub-regions for the years 2023, 2024, and 2026. Table (3) includes the individual values for all sub-regions.

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Appendix A: Methodology

1. Expert Panel We recruit economic experts from two groups. The first are renowned economic experts working at universities, research institutes, central banks, multinational companies, embassies, and international organizations. Experts from this group are hand-selected and have ties to the ifo Institute or the CESifo network. The second group are leading academics and researchers in economics according to international rankings. We contact the top experts in all listed countries. Experts from both groups are influential and shape the public economic debates in their host country.

2. Implementation The EES runs quarterly and each EES wave runs over a period of two weeks. We contact the experts via email with an invitation to participate in the EES. The experts answer the questions online and can choose the country they wish to provide expertise for. In the survey, the experts are presented with the four core EES questions from two main areas, (1) economic policy and (2) political climate.

Economic Policy

1. How do you rate your country's current economic policy?
2. How well does your country's economic policy address the challenges of the future?

Political Climate

3. How do you rate the performance of your country's current government?
4. How do you rate the stability of your country's current political situation?

Each question is followed by the reference statement: "Please compare to the last quarter." In addition to the core questions, each survey wave may contain further questions.

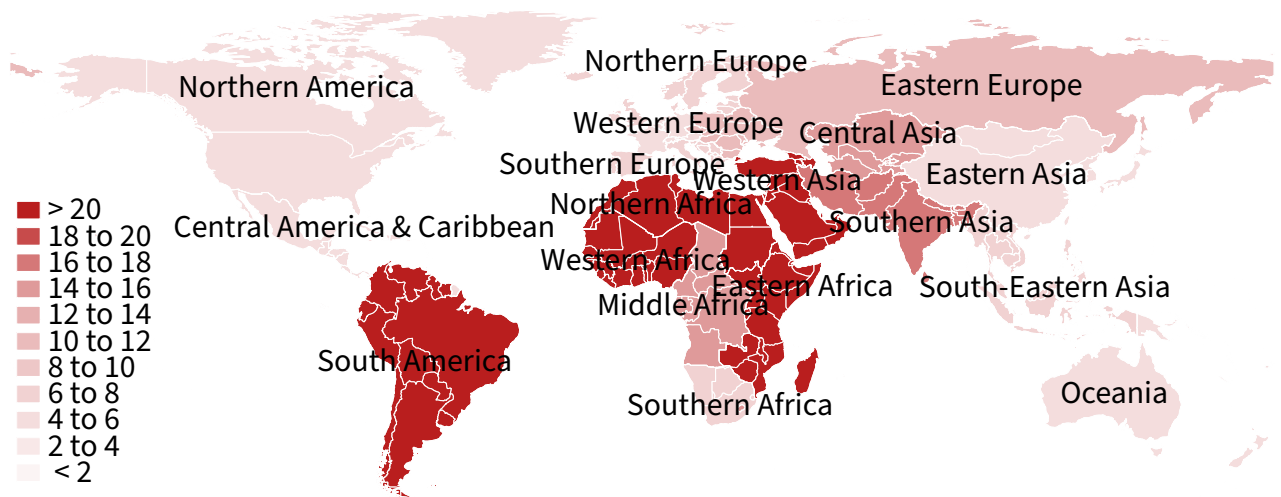
3. Aggregation From the experts' answers to each survey question, we first construct the arithmetic mean for each country and second the arithmetic mean for each world region. We use 18 world regions within five continents, building on the UN geographical region definition.⁴ We then calculate the arithmetic mean of the values from questions one and two to derive the overall economic policy assessment for each region. We proceed similarly for questions three and four to derive the political assessment.

4. Publication and Interpretation The evaluation and interpretation of each quarterly survey wave by the research team is published on the ifo webpage (www.ifo.de/en/survey/economic-experts-survey) and in this report.

⁴Due to data constraints, we define all sub-regions within Oceania to be one region and combine the regions of Central America and the Caribbean into one single region.

Appendix B: Additional Figures

Figure B1: Inflation Expectations 2023

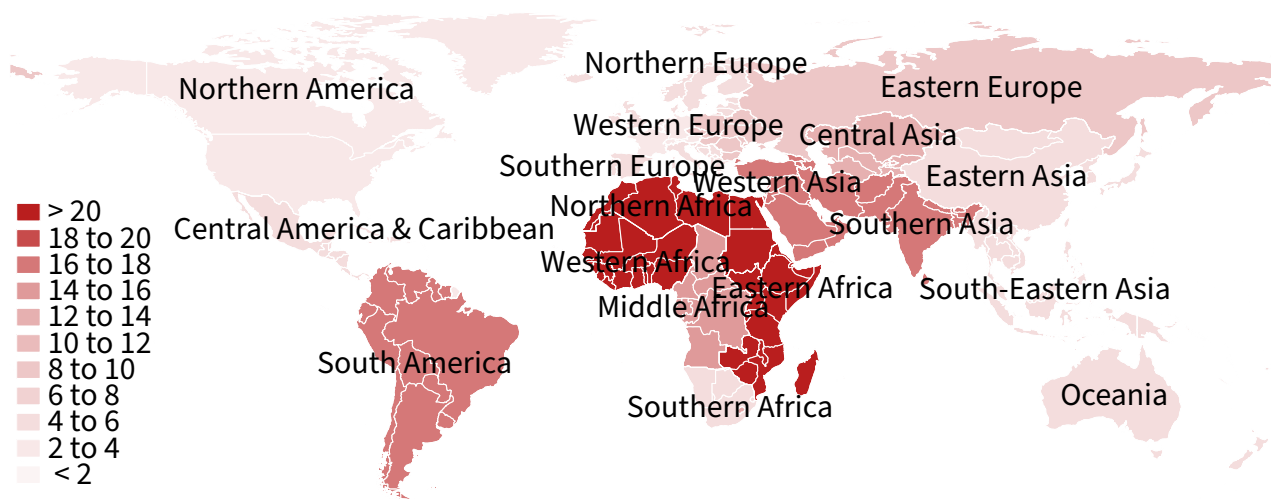


Source: Economic Experts Survey Q3 2023.

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Notes: The figure shows the results of the EES Q3 wave in 2023, which was conducted between 26 September and 11 October 2023. In total, N = 1541 participants participated in the survey.

Figure B2: Inflation Expectations 2024

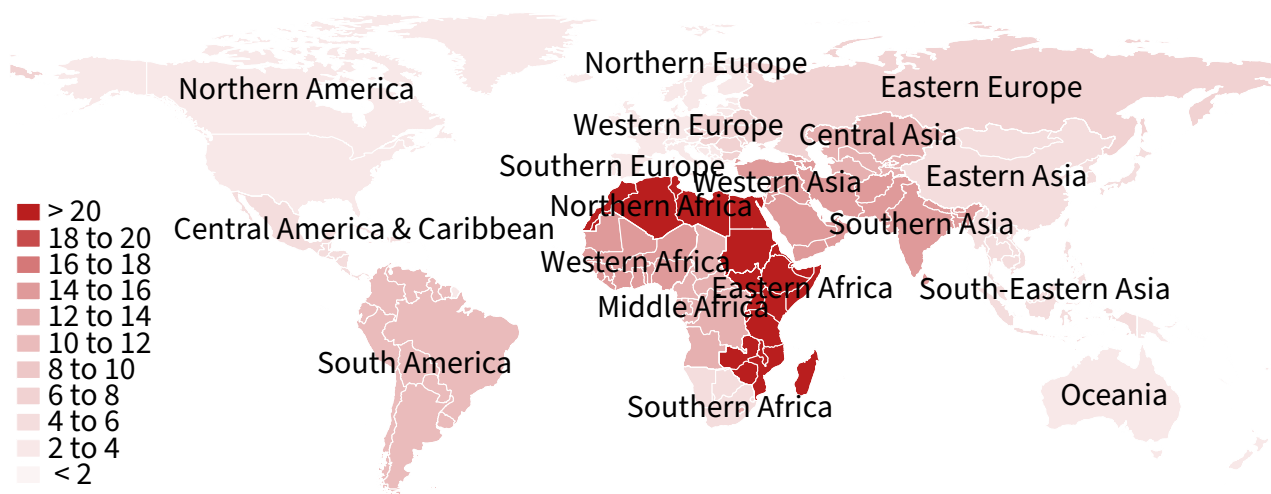


Source: Economic Experts Survey Q3 2023.

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Notes: The figure shows the results of the EES Q3 wave in 2023, which was conducted between 26 September and 11 October 2023. In total, N = 1541 participants participated in the survey.

Figure B3: Inflation Expectations 2026



Source: Economic Experts Survey Q3 2023.

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Notes: The figure shows the results of the EES Q3 wave in 2023, which was conducted between 26 September and 11 October 2023. In total, N = 1541 participants participated in the survey.

Table 1: Questions on Political Situation

	Government performance	Political stability
Worldwide	-0.3	10.3
Asia		
Central Asia	-6.7	26.4
Eastern Asia	6.0	15.7
Western Asia	10.8	22.7
South-Eastern Asia	28.9	39.8
Southern Asia	4.5	11.4
Africa		
Northern Africa	-13.3	6.0
Eastern Africa	9.4	12.4
Middle Africa	-1.3	14.8
Western Africa	1.1	21.6
Southern Africa	5.2	5.3
Americas		
Northern America	-11.3	-16.6
Central America & Caribbean	10.5	15.6
South America	-15.3	5.9
Europe		
Northern Europe	-11.2	1.3
Eastern Europe	-10.3	-7.9
Western Europe	-12.3	-5.1
Southern Europe	-13.8	-9.5
Oceania	13.8	25.6

Notes: The table shows the results of the EES Q3 wave in 2023, which was conducted between 26 September and 11 October 2023. In total, $N = 1541$ participants participated in the survey.

Appendix C: Data

Table 2: Questions on Economic Policy

	General	Future challenges
Worldwide	4.5	-0.02
Asia		
Central Asia	0.5	-4.9
Eastern Asia	12.9	5.7
Western Asia	17.5	14.1
South-Eastern Asia	27.5	24.8
Southern Asia	10.8	-0.7
Africa		
Northern Africa	-0.3	3.0
Eastern Africa	6.8	8.2
Middle Africa	14.7	14.7
Western Africa	12.9	2.6
Southern Africa	-3.4	-3.6
Americas		
Northern America	-1.2	-10.2
Central America & Caribbean	6.7	3.9
South America	-6.6	-12.1
Europe		
Northern Europe	-5.3	-11.6
Eastern Europe	-12.6	-19.4
Western Europe	-11.0	-11.9
Southern Europe	-6.8	-17.6
Oceania	18.4	14.7

Notes: The table shows the results of the EES Q3 wave in 2023, which was conducted between 26 September and 11 October 2023. In total, N = 1541 participants participated in the survey.

Table 3: Inflation Expectations in the World Regions

		Inflation Expectations for the years ...		
		2023	2024	2026
Worldwide		6.2	5.2	4.5
<hr/>				
Asia				
	Central Asia	14.2 (-0.4)	13.4 (+1.6)	12.8 (-4.7)
	Eastern Asia	4.7 (-0.3)	5.1 (-0.5)	5.2 (+0.7)
	Western Asia	21.3 (+2.0)	17.5 (+4.5)	15.4 (+3.8)
	South-Eastern Asia	6.5 (+1.7)	4.8 (+0.9)	4.1 (+0.5)
	Southern Asia	17.1 (-0.7)	16.6 (+1.0)	15.5 (+2.4)
Africa				
	Northern Africa	55.5 (-8.1)	48.8 (-1.2)	52.2 (+23.1)
	Eastern Africa	36.5 (-73.4)	33.8 (+0.9)	29.7 (+8.1)
	Middle Africa	15.2 (+1.6)	14.9 (+2.4)	12.8 (+2.7)
	Western Africa	23.3 (+6.6)	21.5 (+5.0)	15.2 (+1.9)
	Southern Africa	6.1 (-1.3)	5.0 (-1.8)	4.9 (-1.1)
Americas				
	Northern America	4.1 (-0.4)	3.3 (-0.2)	2.7 (0.0)
	Central America & Caribbean	4.6 (-5.7)	4.6 (-5.0)	4.5 (-3.9)
	South America	20.5 (-2.8)	17.3 (-1.6)	11.4 (+2.1)
Europe				
	Northern Europe	6.7 (-0.8)	4.3 (-0.5)	3.1 (-0.4)
	Eastern Europe	10.4 (-3.1)	8.2 (-1.3)	6.3 (-0.7)
	Western Europe	4.6 (-0.3)	3.3 (-0.1)	2.4 (-0.2)
	Southern Europe	7.5 (-0.4)	5.7 (-0.1)	3.5 (-0.6)
Oceania		5.7 (-0.7)	4.8 (-1.0)	3.5 (-2.0)

Notes: The table shows the results of the EES Q3 wave in 2023, which was conducted between 26 September and 11 October 2023. In total, $N = 1541$ participants participated in the survey. Changes to the previous wave are shown in brackets.