

Media Release: Little fires everywhere: How polarization is shaping the economy

- **Social Resilience Index 2024 shows more signs of stability and social resilience, but the frequency and severity of civil unrest is increasing**
- **In 2025, resilience may not be enough to protect from social instability**
- **Polarization has increased in many countries and comes with a sizable economic cost but it can be reversed**

Munich, November 18th, 2024

Today, Allianz unveiled the 4th edition of its “Social Resilience Index”, which identifies underlying strengths, weaknesses and perceptions of a country’s political, institutional and social frameworks.

In 2024, the Social Resilience Index (SRI) shows that an improving economic outlook, the absence of systemically disruptive events and lower inflation are contributing to a more resilient social backdrop globally. Yet, the increased frequency of protests and riots in 2024 shows how civil societies are reacting to distinct pressures, and how governments are able to cope with economic trends which erode the social contract. The Middle East saw the most substantial increase (+40.3%), followed by Africa (+19%), where it could still be attributed to the cost of living challenges in several countries, such as Kenya, South Africa and Ethiopia. Asia saw a modest rise of +4.1%, reflecting persistent social and economic issues in countries like India and Indonesia. The US, Canada and Europe experienced a slight increase of +3-4% reflecting ongoing social and political divisions, migration issues and economic uncertainties. In contrast, Latin America witnessed a decrease of -25.7%, due to the relative slowdown in inflation, improved political consensus and increased security efforts.

In 2025, resilience may not be enough to protect from social instability, particularly in countries where political events are more frequent. Based on the frequency of protests and riots, as well as key social risk indicators, we identified four clusters of countries: those that are showing signs of normalization (Argentina, Bolivia, Brazil, Chile and Peru); high-income nations with underlying social issues (e.g. France, Germany, Italy, Spain and the US); emerging economies with fragmented societies (e.g. India, Türkiye, Mexico) and severely strained nations (Nigeria, Syria, Venezuela).

The 2024 super electoral year has revealed fragilities in many countries: all incumbent parties in developed countries lost vote share (a first since WWII), and the ideological center of gravity has shifted to the right in 16 European countries and the United States. “By the end of 2024, elections will have taken place in more than 70 countries - where almost half of the world's population lives - making the rising trend of polarization a cause for concern. The strength of democratic institutions, social cohesion and trust in functioning markets and economies are being affected by increased partisanship” said Ludovic Subran, Chief Economist at Allianz. The largest shifts towards the ideological right were observed in the last two EU elections in 16 EU countries, including Portugal, Italy, Romania, Bulgaria, Czechia and Spain.

Polarization has increased in many countries and comes with a sizable economic cost. Political affiliation plays an important role in consumer behavior as observed in past events of heightened political uncertainty across democracies. A -10% and -20% one-period consumer confidence shock would decrease consumption in the US by USD105bn (USD304 per capita) and USD215bn (USD622 per capita) over the next four years. In Europe, the same shocks would decrease consumption by USD52bn (USD147 per capita) and USD103bn (USD296 per capita), the effect being more subdued as consumer confidence in the EU still has not fully bounced back from the effects of the pandemic and geopolitical tensions.

The long shadow of inflation, highly debated fiscal adjustment measures, and lingering productivity growth require policy makers to bridge further the widening trust deficit, actively reduce polarization risks, and tap into the power of unity. Research has found that between 1900 and 2020 there were 105 episodes in which countries were able to reduce polarization from pernicious levels for at least five years. “Public resistance to reforms often stems more from concerns about fairness, trust and misperceptions. To gain support, policymakers should improve communication, engage the public in shaping reforms, and address potential harms with tailored support to build trust through transparent, participatory processes”, says Subran.

Social Resilience Index 2024

Country	SRI 2024	Rank	Rank change from 2023	Country	SRI 2024	Rank	Rank change from 2023
Iceland	83.4	1	3	Russia	46.8	93	-16
United Arab Emirates	82.5	2	9	Moldova	46.5	94	-5
Denmark	81.8	3	-2	North Macedonia	46.4	95	-7
Switzerland	80.0	4	-1	Colombia	46.4	96	-7
Finland	79.9	5	-3	Brazil	46.1	97	-15
Sweden	79.9	6	9	Mexico	45.9	98	6
Luxembourg	78.5	7	0	Grenada	45.7	99	-29
Canada	77.9	8	4	Thailand	45.4	100	27
Austria	77.7	9	-1	Namibia	45.4	101	22
Norway	77.5	10	-4	Philippines	45.2	102	32
Germany	77.0	11	-2	Bolivia	44.4	103	3
Australia	76.7	12	11	Suriname	44.4	104	48
New Zealand	76.4	13	1	Ecuador	44.3	105	6
Netherlands	75.4	14	-4	Ukraine	44.2	106	-11
Slovenia	74.4	15	1	Chile	44.2	107	-38
Ireland	73.8	16	-11	Belarus	44.1	108	-56
United Kingdom	73.4	17	12	Argentina	44.0	109	-17
France	72.8	18	-5	Niger	43.8	110	6
Kuwait	72.6	19	7	Lesotho	43.6	111	22
Qatar	71.6	20	-3	South Africa	43.4	112	-1
Spain	71.2	21	6	Uzbekistan	43.3	113	-24
Malta	71.0	22	-4	Cambodia	43.0	114	-12
Portugal	70.3	23	-2	India	42.4	115	34
Belgium	69.9	24	-5	Benin	42.2	116	3
Slovakia	69.1	25	7	Peru	42.1	117	-21
Cyprus	67.9	26	-1	Panama	42.1	118	-1
Bahamas	67.2	27	13	Dominican Republic	42.0	119	-39
Japan	66.7	28	2	Vietnam	41.8	120	-17
Italy	66.7	29	1	Senegal	41.7	121	2
Estonia	66.7	30	-8	Gabon	41.4	122	8
St Vincent & the Grenadines	66.1	31	19	Cote d'Ivoire	41.0	123	-2

ALLIANZ SE GROUP COMMUNICATIONS

Czechia	65.5	32	-12	Libya	40.2	124	45
Poland	64.7	33	-5	Bosnia & Herzegovina	40.0	125	-25
Singapore	64.2	34	3	Kenya	40.0	126	9
Barbados	63.6	35	7	Rwanda	39.4	127	-4
Hungary	63.5	36	-2	Egypt	39.2	128	-18
United States	63.0	37	-13	Iran	39.0	129	26
Saudi Arabia	62.6	38	8	Sao Tome & Principe	39.0	130	9
Serbia	60.9	39	10	Iraq	39.0	131	-17
Brunei	60.7	40	6	Burkina Faso	38.5	132	18
Croatia	60.6	41	2	Morocco	38.1	133	24
Greece	60.1	42	3	Congo, Republic	37.3	134	19
St Lucia	60.1	43	32	Sri Lanka	37.0	135	13
Micronesia	59.9	44	0	Mozambique	36.8	136	1
Latvia	59.8	45	-6	Nicaragua	36.5	137	-11
Oman	59.7	46	-8	Paraguay	36.3	138	-16
Uruguay	59.4	47	-13	Tanzania	36.2	139	-31
Tonga	59.2	48	37	Turkey	36.0	140	-43
Lithuania	59.1	49	-16	Liberia	35.7	141	-10
Maldives	59.1	50	5	Ghana	35.4	142	-15
Kiribati	59.1	51	-15	Mali	35.3	143	2
Bahrain	58.9	52	0	Cameroon	34.2	144	15
Israel	58.8	53	-5	Madagascar	34.1	145	20
Fiji	57.4	54	44	Ethiopia	34.0	146	-17
South Korea	56.3	55	2	Eswatini	34.0	147	9
Tuvalu	56.3	56	8	Tajikistan	34.0	148	-28
Cape Verde	55.7	57	36	Honduras	33.9	149	-7
Hong Kong	54.9	58	3	Nepal	33.8	150	23
Bhutan	54.4	59	48	Guatemala	33.4	151	-11
Kazakhstan	54.3	60	-2	Uganda	33.3	152	-8
Bulgaria	53.9	61	-2	Togo	33.2	153	-2
Romania	53.6	62	-7	Myanmar (Burma)	32.3	154	13
Botswana	53.5	63	17	Gambia, The	32.1	155	-8
Albania	53.4	64	-1	Central African Republic	32.1	156	14
Solomon Islands	53.4	65	34	Guinea	32.1	157	-14
Vanuatu	53.3	66	35	Malawi	31.7	158	-26
Malaysia	52.8	67	37	Burundi	31.4	159	-13

ALLIANZ SE GROUP COMMUNICATIONS

Timor	52.6	68	-14	Yemen	31.3	160	11
Antigua & Barbuda	52.4	69	8	Guinea-Bissau	29.8	161	0
Mauritius	52.4	70	3	Equatorial Guinea	29.7	162	20
Palau	52.2	71	-6	Chad	29.4	163	13
Azerbaijan	52.1	72	-10	Bangladesh	29.3	164	-23
Mongolia	52.0	73	36	Sierra Leone	29.1	165	-2
Costa Rica	51.9	74	-9	Turkmenistan	27.8	166	-28
Taiwan	51.8	75	-4	Djibouti	27.5	167	-7
Montenegro	51.4	76	-9	Pakistan	27.5	168	-14
Georgia	51.2	77	-17	Eritrea	26.9	169	-34
Samoa	51.0	78	16	Congo, DR	26.7	170	-12
Dominica	50.9	79	-28	Laos	26.7	171	-4
Jamaica	50.6	80	-8	Angola	26.1	172	3
Jordan	50.0	81	2	Haiti	25.9	173	11
Algeria	49.7	82	-6	Zambia	25.9	174	-9
Seychelles	49.3	83	-42	Zimbabwe	25.8	175	-1
Guyana	48.8	84	-11	Mauritania	25.4	176	-4
Tunisia	48.5	85	33	Comoros	24.9	177	4
Trinidad & Tobago	48.5	86	-7	Papua New Guinea	21.9	178	-15
El Salvador	48.1	87	-3	Nigeria	21.0	179	-1
Armenia	48.1	88	-20	Lebanon	18.4	180	3
Kyrgyzstan	47.7	89	24	Syria	18.3	181	4
Indonesia	47.4	90	25	Afghanistan	18.0	182	-5
Belize	47.4	91	-6	South Sudan	16.5	183	-21
China	47.3	92	-5	Sudan	13.8	184	-5

You can find the study here on our homepage:
https://www.allianz.com/en/economic_research.html

For further information please contact:

Lorenz Weimann

Tel. +49 89 3800 16891

e-mail: lorenz.weimann@allianz.com



ALLIANZ SE GROUP COMMUNICATIONS

About Allianz

The Allianz Group is one of the world's leading insurers and asset managers with around 125 million* private and corporate customers in nearly 70 countries. Allianz customers benefit from a broad range of personal and corporate insurance services, ranging from property, life and health insurance to assistance services to credit insurance and global business insurance. Allianz is one of the world's largest investors, managing around 746 billion euros** on behalf of its insurance customers. Furthermore, our asset managers PIMCO and Allianz Global Investors manage about 1.8 trillion euros** of third-party assets. Thanks to our systematic integration of ecological and social criteria in our business processes and investment decisions, we are among the leaders in the insurance industry in the Dow Jones Sustainability Index. In 2023, over 157,000 employees achieved total business volume of 161.7 billion euros and an operating profit of 14.7 billion euros for the group.

* Including non-consolidated entities with Allianz customers.

**As of March 31, 2024

These assessments are, as always, subject to the disclaimer provided below.

Cautionary note regarding forward-looking statements

This document includes forward-looking statements, such as prospects or expectations, that are based on management's current views and assumptions and subject to known and unknown risks and uncertainties. Actual results, performance figures, or events may differ significantly from those expressed or implied in such forward-looking statements.

Deviations may arise due to changes in factors including, but not limited to, the following: (i) the general economic and competitive situation in the Allianz's core business and core markets, (ii) the performance of financial markets (in particular market volatility, liquidity, and credit events), (iii) adverse publicity, regulatory actions or litigation with respect to the Allianz Group, other well-known companies and the financial services industry generally, (iv) the frequency and severity of insured loss events, including those resulting from natural catastrophes, and the development of loss expenses, (v) mortality and morbidity levels and trends, (vi) persistency levels, (vii) the extent of credit defaults, (viii) interest rate levels, (ix) currency exchange rates, most notably the EUR/USD exchange rate, (x) changes in laws and regulations, including tax regulations, (xi) the impact of acquisitions including and related integration issues and reorganization measures, and (xii) the general competitive conditions that, in each individual case, apply at a local, regional, national, and/or global level. Many of these changes can be exacerbated by terrorist activities.

No duty to update

Allianz assumes no obligation to update any information or forward-looking statement contained herein, save for any information we are required to disclose by law.

Privacy Note

Allianz SE is committed to protecting your personal data. Find out more in our [privacy statement](#)