



# 2024, the year of elections

By Sam Wilkin, Director of Political Risk Analytics, WTW

The numbers are striking: according to [current estimates](#), in 2024 there will be 83 national elections in 78 countries. As the [U.K. newspaper The Guardian](#) put it: 2024 will be “democracy’s Super Bowl.” There will not be an equivalent number of elections held worldwide in any single year until 2048.

Of course, such projections should be taken with a grain of salt. It is surprisingly difficult to make an internationally-consistent count of elections (if elections for the legislative and executive branches are held on the same day, does that count as one election or two? If elections for the European Parliament are held, count that as a single election or one poll for every EU member state?).

Moreover, writing in early 2024, we cannot be certain how many of the elections scheduled for this year will in fact be held. Some of 2024’s contests will surely be postponed by budding autocrats. Other polling dates will be unexpectedly added to the annual calendar as parliamentary governments lose no-confidence votes and snap elections are called.

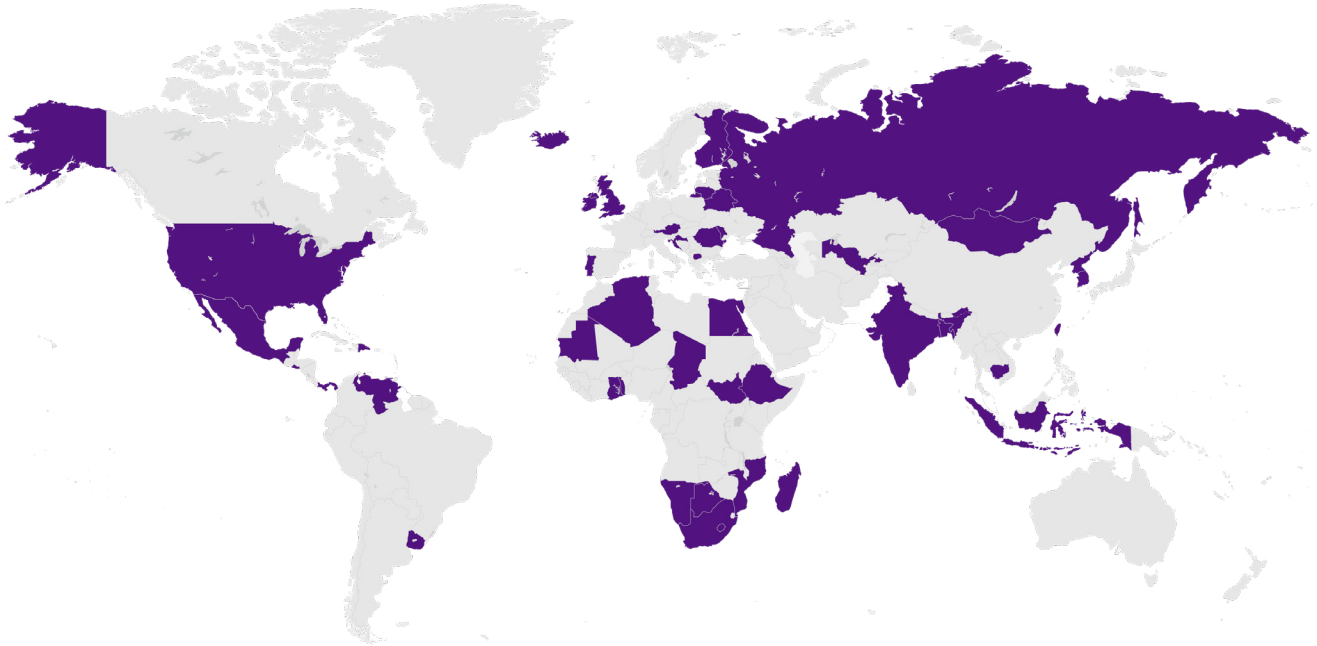
What is clearer is that 2024 is very likely to play host to consequential elections. By some estimates, more than [4 billion votes will be cast in national polls in 2024](#) (owing in significant part to elections in India and the multinational elections for the European Parliament). That figure may not be reached again until after 2070.

Adding to the drama, it is not likely to be a good year for incumbents. During 2023, inflation rates soared globally and voters frequently punished their leaders at the ballot box. “Economic voting,” the tendency of electorates to vote out incumbents who preside over poor economic performance, seemed very much in evidence.

Unlike the Super Bowl, elections are not merely – or even primarily – entertainment. So, what consequences might the 2024 “year of elections” bring? While political events are always unpredictable, there are a few risks to watch as the year unfolds.



## Countries scheduled to hold elections in 2024



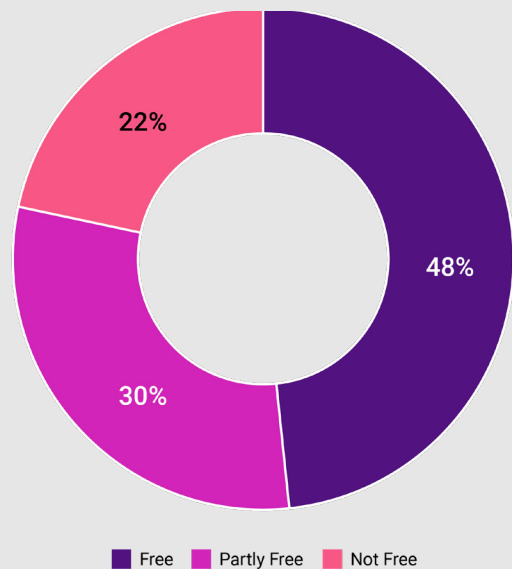
Source: Australian Bureau of Statistics

## Elections that could bring turmoil

The U.S. Central Intelligence Agency’s “state failure project,” which ran for more than a decade, was an open-source effort to build predictive models of political instability. [One of the project’s conclusions](#) was that “anocracies” – countries where political power is contested, but not through free and fair elections, are more likely to suffer turmoil than either democracies or dictatorships.

There are quite a few polls coming in 2024 that may fall into that category. These “anocracies” are indeed holding elections – but the votes are unlikely to be free or fair, leaders may have almost unlimited power, and the outcome may well be pre-determined. Opposition candidates may be banned, media reporting may be controlled, or voters may face intimidation. Some of the 26 countries in this category are Belarus, Chad, the DRC, Iran, Russia, Rwanda, Uzbekistan, and Venezuela, which are holding elections but which [Freedom House rates as “not free.”](#)

## Freedom rating of countries holding elections in 2024



Source: Freedom House



Freedom House also has a “partly free” category, which the think tank applies to countries that may have some deficiencies in protection of the rule of law or civil liberties. The vote count may be genuine in these countries, but limits on freedom of assembly, for instance, may hinder opposition campaigns. The 36 countries in this category holding polls in 2024 include Bangladesh, Bhutan, the Dominican Republic, El Salvador, India, Indonesia, Mexico, Pakistan, Sri Lanka, and Tunisia.

While perhaps less likely to descend into outright civil conflict, these “partly free” elections could bring people onto the streets, as governments that are unpopular win re-election through dubious means. Countries currently in the midst of economic crisis, including Pakistan, Sri Lanka, and Tunisia, may be particularly vulnerable to such unrest.

Of course, claims that ballots are “rigged” seem alarmingly common these days, even in countries rated as entirely “free” by Freedom House. In Western democracies, populism was a well-established political form in the first half of the 20th century, only to all but vanish after World War II (with a few exceptions, such as Italy’s Silvio Berlusconi). In 2016, populism returned to Europe and North America with a vengeance, following the U.K.’s Brexit vote and the U.S. election of Donald Trump.

“Populists” are so called because they claim to represent the people against a corrupt elite. One might expect that such claims would have little value in democracies, where the popular vote inherently determines political outcomes. However, all Western democracies are representative democracies in which there are constraints on what voters can achieve.

These constraints are generally designed to protect the rights of minorities against the potential “tyranny of the majority,” to use the common phrase – i.e., Western democracies are liberal, representative democracies. But the existence of constraints on voters’ powers does enable populist candidates to claim the system is rigged.

And such claims are widespread – in the years since 2016, populism has become a part of the Western political landscape. At any given moment, populist governments are losing power somewhere, and gaining power somewhere else. In October 2023 Polish elections, a controversial right-populist government lost support; in Dutch elections a month later, a controversial right-populist party made stunning gains.

Will populist claims that polls are rigged cause people to take to the streets? Although free and fair polls have traditionally been seen as low-risk, the U.S. had a taste of the potential hazards in January 2021. U.S. elections in 2024 will therefore be closely watched.



## Elections with geopolitical impacts

Of course, destabilisation of domestic politics is not the only potential impact of elections. Some elections – like the polls just held in Taiwan – are seen to have possible geopolitical consequences, shaping relations between nations.

From a geopolitical perspective, elections of particular importance will take place in the U.S., Europe (for the European Parliament), the U.K., Mexico, India, South Africa, and Indonesia.

Recent research by WTW and Oxford Analytica, published in the WTW Political Risk Index, suggests that geopolitical alignments are shifting rapidly. During the “unipolar moment” that followed the end of the Cold War, during which the U.S. was the world’s sole superpower, many countries in the emerging world chose to align with the West on national security matters. Over the past five years particularly, these alignments have begun to shift.

Oxford Analytica’s experts rated the geopolitical alignment of emerging market countries, both today and five years ago, on a simple one to five scale. Of the 61 countries and territories analysed, 10 shifted East, geopolitically speaking, becoming more closely aligned with Russia or China; four became more closely aligned with the U.S. or Europe; and the largest number – 15 – dealigned, often in an apparent effort to play the great powers of today’s “multipolar” world off against each other.

Inevitably, changes of government are an opportunity for dramatic geopolitical realignments. That was the case in the Philippines, where the 2022 election of Ferdinand Marcos Jr. led the country to shift firmly towards the West and reopen U.S. military bases.

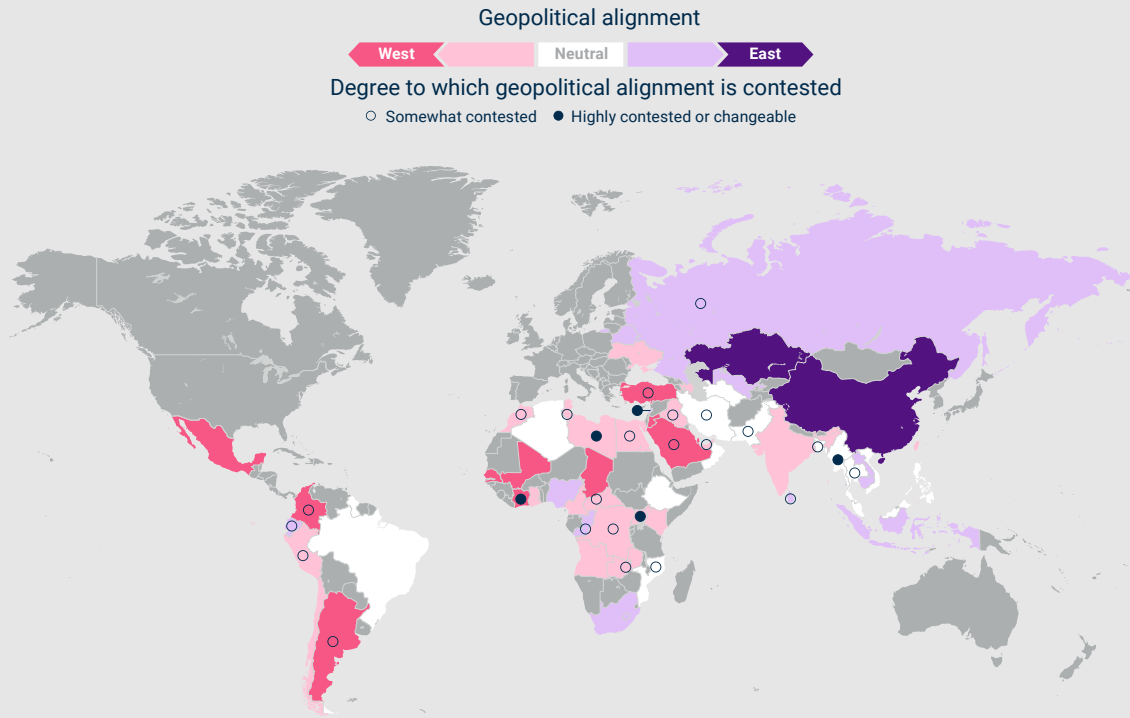
In recent years, Mexico has been in the process of dealigning from the U.S. and increasingly orienting its foreign policy towards Latin America. 2024 polls will influence whether or not that process continues. India’s current leader, Narendra Modi, coined the term “multi-alignment” to describe his country’s approach, courting the West while continuing to depend on Russian military equipment. But perhaps the most closely watched 2024 election in alignment terms is Indonesia’s, given the frontrunner’s contentious relationship with the U.S., and the country’s growing ties with China.

The administration of U.S. President Donald Trump was often criticised for reckless action on the foreign policy front, for instance in its criticism of NATO, perceived coddling of Russia, and efforts to ratchet up sanctions on Iran. At the same time, the Trump administration orchestrated a major shift in U.S. policy towards China that its successor has chosen to follow.

Perhaps more than any other foreign policy shift in recent memory, this change in the U.S. relationship with China has prompted companies to rethink their globalisation strategies. The policies of the Trump and Biden administration towards China have also imposed direct losses on businesses, largely via export controls that prevent U.S. and (via similar policies in the U.K. and Europe) other Western companies from selling a growing range of products in one of the world’s largest markets. Partly for that reason, the geopolitical consequences of the 2024 U.S. elections will be closely considered as well.

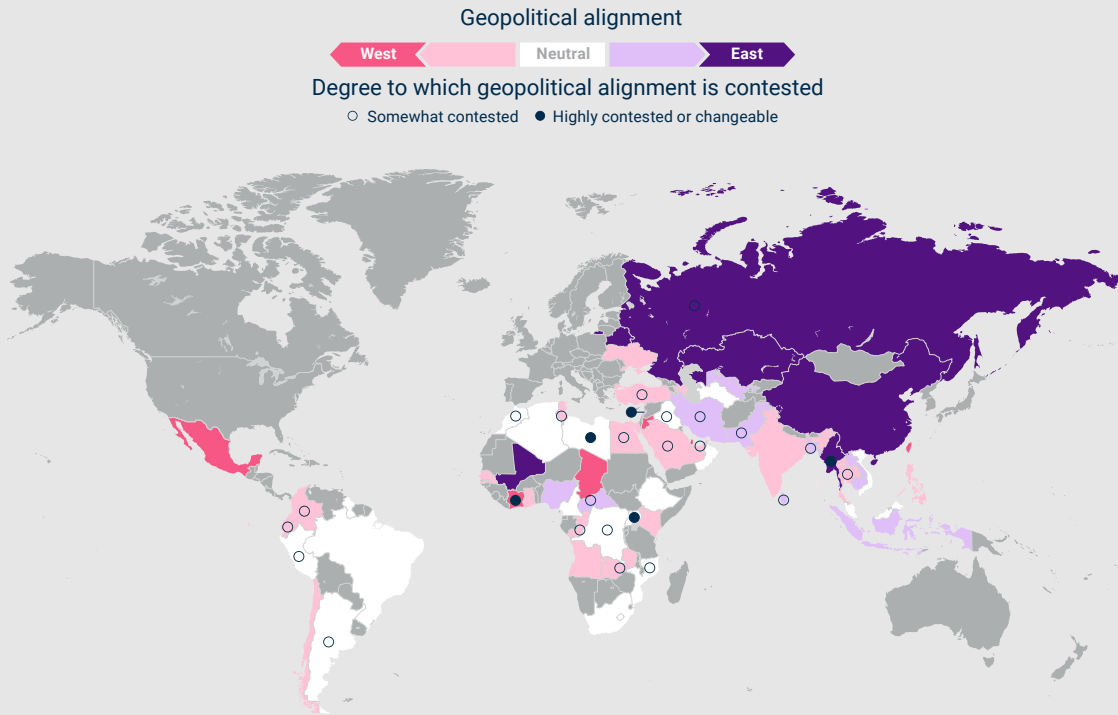


### Dealigning: national security alignment of emerging markets countries in 2018



Source: [WTW; Oxford Analytica](#)

### Dealigning: national security alignment of emerging markets countries in 2023



Source: [WTW; Oxford Analytica](#)

## Spare a thought for those without

Investors tend to abhor uncertainty – in some ways, predictable adverse developments are preferable to not knowing the future, which makes it hard to calculate future returns. And 2024’s elections will bring their fair share of uncertainties.

Nonetheless, [research by the IMF reminds us of democracy’s dividends](#). In countries that are open democracies, large-scale incidents of social unrest have,

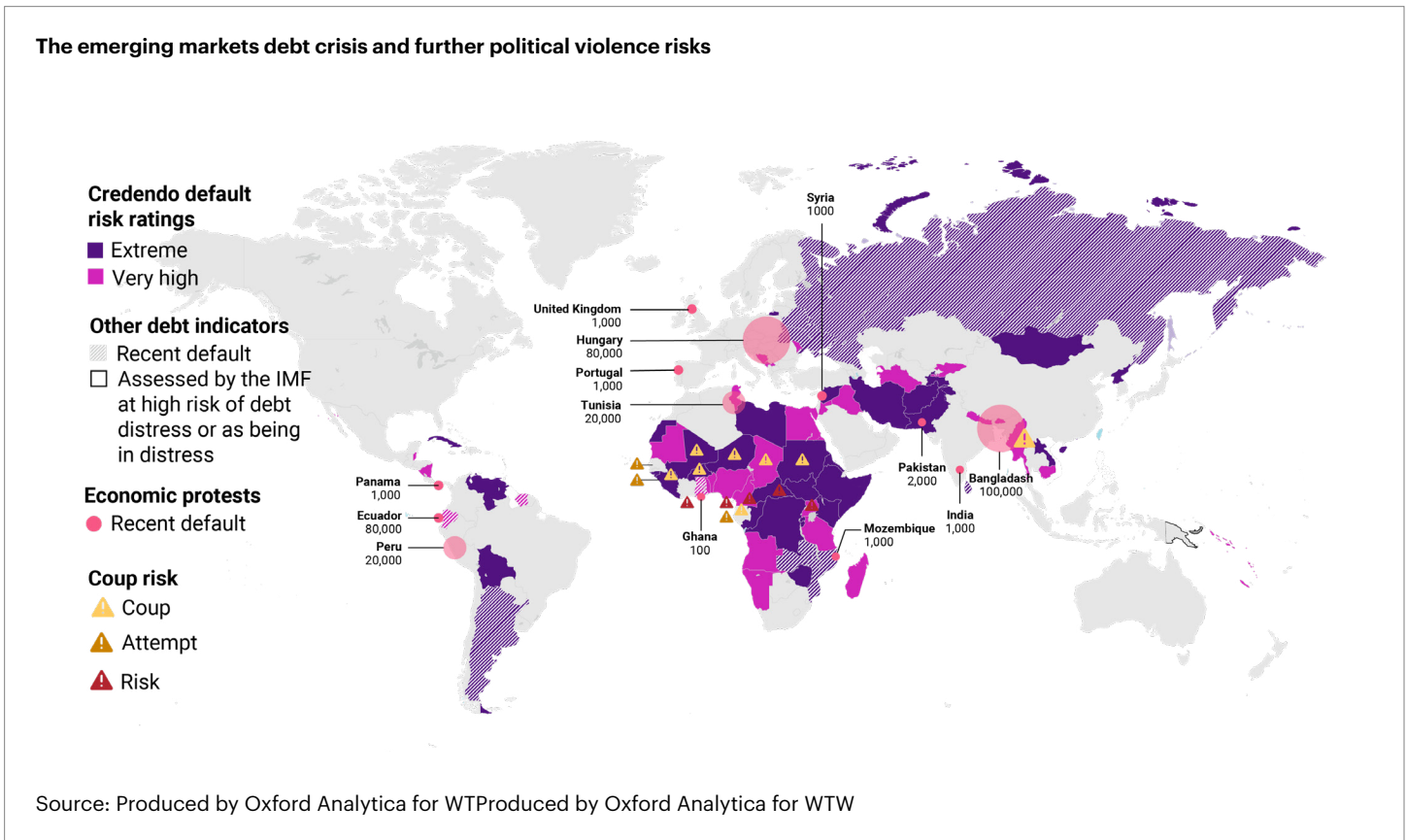
on average, a negligible impact on equity market returns. In dictatorships, by contrast, news of large-scale unrest brings financial markets down by an average of 2% within a matter of days, and 4% within a month.

The record number of elections in 2024 will bring many uncertainties. And yet, for investors, the biggest risks may well be when the unfree countries hold their polls – where the outcome is in many cases a foregone conclusion, but fragile political systems have the potential to collapse under pressure.

## The emerging markets debt crisis and further political violence risks

The graphic on the right, developed by the geopolitical consultancy Oxford Analytica, illustrates the perhaps unexpected links between today’s economic risks in emerging markets and the risks of political violence.

The purples and greens on the map indicate sovereign default risks, as assessed by [Credendo](#). The Belarus and Russian defaults were caused by Western sanctions, but most default risks shown in the map stem from economic causes. These causes include excessive foreign debts taken on before and during the pandemic, overvalued exchange rates (in many cases a result of efforts to manage inflation), and high global interest rates. [The World Bank](#) notes that partly as a result of high global interest rates, “developing countries spent a record \$443.5 billion to service their external public and publicly guaranteed debt in 2022.”





These high sovereign default risks can create economic risks for global business, including currency devaluation, non-payment by sovereign entities and outright currency crises leading to exchange non-transfer and private sector defaults.

Perhaps more surprisingly, these sovereign default risks can also create political violence risks – and are likely to do so in 2024. [Oxfam](#) notes that “more than half (57%) of the world’s poorest countries, home to 2.4 billion people, are having to cut public spending by a combined \$229 billion over the next five years.” While Oxfam’s figures are based on relatively loose IMF projections, countries on the brink of default may well be forced to cut spending. These cuts in spending may in some cases drive anti-austerity protests. Moreover, some countries in IMF adjustment programs are likely to be required to devalue their currencies, which could lead to rapid inflation in, for instance, prices of imported foods. The blue circles represent the size of economic protests currently ongoing (in early 2024) in countries worldwide. Some of these protests are in countries at high default risk, including Ghana, Pakistan and Tunisia.

Perhaps even more unexpectedly, in the past, austerity measures (i.e., cuts in government budgets) have been shown to link to [the frequency of military coups](#). Perhaps soldiers react negatively to cuts in military funding; perhaps governments that become the target of public anger are more easily deposed without triggering a reaction from the street. Whatever the link, the correlation between sovereign default risk and the “coup belt” that has emerged in Africa since 2020 is striking. The countries indicated via a triangle “caution” indicator have either experienced a coup or coup attempt since 2020, or were assessed by Oxford Analytica in a recent client briefing as being at risk of a coup in 2024. As the map makes clear, many of these countries are at very high risk of sovereign default.



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