

IMF chief says AI holds risks, 'tremendous opportunity' for global economy

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International Monetary Fund chief Kristalina Georgieva tells AFP in an interview that artificial intelligence poses job security risks but potentially major opportunities to boost productivity around the world.

Artificial intelligence poses risks to job security around the world but also offers a "tremendous opportunity" to boost flagging productivity levels and fuel global growth, the IMF chief told AFP.

AI will affect 60 percent of jobs in [advanced economies](#), the International Monetary Fund's managing director, Kristalina Georgieva, said in an interview in Washington, shortly before departing for the annual World Economic Forum in Davos, Switzerland.

With AI expected to have less effect in developing countries, around "40 percent of jobs globally are likely to be impacted," she said, citing a new IMF report.

"And the more you have higher skilled jobs, the higher the impact," she added.

However, the IMF report published Sunday evening notes that only half of the jobs impacted by AI will be negatively affected; the rest may actually benefit from enhanced [productivity](#) gains due to AI.

"Your job may disappear altogether -- not good -- or artificial intelligence may enhance your job, so you actually will be more productive and your [income level](#) may go up," Georgieva said.

Uneven effects

The IMF report predicted that, while [labor markets](#) in emerging markets and developing economies will see a smaller initial impact from AI, they are also less likely to benefit from the enhanced productivity that will arise through its integration in the workplace.

"We must focus on helping [low income countries](#) in particular to move faster to be able to catch the opportunities that artificial intelligence will present," Georgieva told AFP.

"So [artificial intelligence](#), yes, a little scary. But it is also a tremendous opportunity for everyone," she said.

The IMF is due to publish updated economic forecasts later this month which will show the global economy is broadly on track to meet its previous forecasts, she said.

It is "poised for a [soft landing](#)," she said, adding that "monetary policy is doing a good job, inflation is going down, but the job is not quite done."

"So we are in this trickiest place of not easing too fast or too slow," she said.

The [global economy](#) could use an AI-related productivity boost, as the IMF predicts it will continue growing at historically muted levels over the medium term.

"God, how much we need it," Georgieva said. "Unless we figure out a way to unlock productivity, we as the world are not for a great story."

'Tough' year ahead

Georgieva said 2024 is likely to be "a very tough year" for fiscal policy worldwide, as countries look to tackle debt burdens accumulated during the COVID-19 pandemic, and rebuild depleted buffers.

Billions of people are also due to go to the polls this year, putting additional pressure on governments to either raise spending or cut taxes to win popular support.

"About 80 countries are going to have elections, and we know what happens with pressure on spending during election cycles," she added.

The concern at the IMF, Georgieva said, is that governments around the world spend big this year and undermine the hard-won progress they have made in the fight against high inflation.

"If [monetary policy](#) tightens and fiscal policy expands, going against the objective of bringing inflation down, we might be for a longer ride," she added.

Concentrating on the job

Georgieva, whose five-year term at the IMF's helm is set to end this year, refused to be drawn on whether she intends to run for a second stint leading the international financial institution.

"I have a job to do right now and my concentration is on doing that job," she said.

"It has been a tremendous privilege to be the head of the IMF during a very turbulent time, and I can tell you I'm quite proud of how the institution coped," she continued.

"But let me do what is in front of me right now."

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