

Political Muddle in the Middle

**Is it an income trap
or
Opportunity for political entrepreneurs?**

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On Politics

- What is your impression of politics – positive or negative?
- Would you like to be in politics for the sake of principles or personal profit?
- Do you think ordinary people can understand the ideas of economic freedom or liberalism?

Political Leadership



The trap across income levels

- Rich countries cannot grow rapidly
- Many medium income countries cannot sustain their rapid growth beyond a certain point
- Some low income countries may grow rapidly, but starting from a very low base level, and many stall.
- At every stage in history, some countries are in the middle income bracket

The BRIC wall

- Average growth in BRIC countries have been declining from 8.08% in 2010, to 6.53% in 2011, to 4.87% in 2012, and 4.75 in 2013.
- External economic challenges.
- The BRIC economies also face very distinct issues and structural problems of their own.
- These factors vary across countries.
- Constrain their abilities to offset the negative impact of slow down in rich countries

Politics of change

- Not just “Whom to change”
- But “What to change” and
- More importantly “How to change”
- ***Policies matters, but politics matters even more***
- Economic freedom is important,
- Politics that would make such policies socially viable is even more critical

Legitimacy of Politics

- Politics is the way in which people negotiate with themselves
- Politics is all encompassing - envelops families, offices, communities, countries
- Violence or war is politics by another means

Politics of the market

- Political economy to Political market
- Political competition to stimulate innovation
- Politicians as Businessmen to Politicians as entrepreneurs and innovators
- Political creativity to make policy proposals socially acceptable and viable
- **Outcomes of policies determine the political dividend at elections**

Ideological Muddle

- Major political changes in 1977, 1990s and today, yet ideological continuity in India
- People power in Philippines in the 1980s, has not opened up new ideological grounds
- Arab Spring in Egypt has not changed the nature of politics and government
- Democrats and Republicans in the US, don't really differ much from each other
- Ideological diffusion in Germany, UK, etc.

Political ideology

- Reinvigorating political ideologies, not as mere slogans and labels
- Ideologies provide an ethical basis to the people on which to assess policy proposals
- Political limits to populism
- Demagoguery is a reflection of political weakness, not strength

Breaking the Political Mould

- Democracy has come to stay
- Leadership with conviction, consistency and credibility
- Leaders not following the latest opinion poll, but shaping the public opinion
- Capacity to inspire the population
- **Belief in the people's capacity rise to the occasion**
- Ideology of freedom, Empower with choice

Political profitability

- Political context of the community
- Identify the basic aspirations of the people
- Issue that affects a largest section of people
- Marketing the issue to the people
- Political principle underlying the issue so that the people can identify with it

Politics of change

- Purpose of politics is to change the prevailing paradigm
- In a democracy, governance is from the centre
- Prevailing political consensus provides an opportunity to political entrepreneurs
- **Political entrepreneurship can shift the political centre**

Political leadership



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