

Inclusive political institutions as engines for economic prosperity

By Ausrar Wambiya

It will be remembered that Kenya aspires to be a middle income economy by 2030. The next mid-term period in the Vision 2030 implementation frame work between 1st July 2022 and 30th June 2027 is therefore of significance. The August 2022 elections must be seen in this context. Can we move closer to the economy we want as a result of the choices we make in August 2022? Daron Acemoglu and James Robinson in their book *Why Nations Fail* (2013) succinctly argue that poor countries are poor not because of their geographies or cultures, or because their leaders do not know which policies will enrich citizens. The prosperity and poverty of nations are determined by the political and economic institutions created by a nation and how politics determines what economic institutions a nation has. Poor countries are poor because those who have political power make choices that create poverty. The opposite is true.

While countries that end up being rich are built on the foundation of inclusive political and economic institutions, poor countries are impoverished due to their extractive political institutions. Inclusive institutions are those that allow and encourage participation by the great mass of people in economic activities that make best use of their talents and skills and that enable individuals to make the best use of their talents and skills and that enable individuals to make the choices they wish. In this context, therefore, the political formation that ends up in power after the August 2022 elections must be inclusive in order to guarantee inclusive economic institutions that will move Kenya closer to Vision 2030.

To be inclusive, economic and political institutions must feature secure private property, an unbiased system of law and a provision of public services that provides a level playing field in which people can exchange and contract; it also must permit the entry of new businesses and allow people to choose their careers. Empirically, inclusive institutions foster political and economic activity, productivity and prosperity. They are pluralistic. Extractive economic and political institutions are the opposite and largely absolutist. Kenyan's must look out for these features in the campaign manifestos of the emerging formations and make decisions that will move as closer to a middle income economy. Campaign messaging must move beyond sloganeering to these specifics.

Inclusive economic political and economic institutions create inclusive markets, which not only give people freedom to pursue the vocations in life that best suit their talents but also provide a level playing field that gives them opportunity to do so. Those who have good ideas will be able to start businesses, workers will tend to go to activities where their productivity is greater and less efficient firms can be replaced by more efficient ones. The policy actions that support this thinking must be long term and not knee jack in scope and breadth.

Inclusive economic and political institutions also pave the way for two other engines of prosperity; technology and education. Sustained economic growth is almost always accompanied by technological improvements that enable people, land and existing capital to become more productive. What does your candidate say about technology and education? Do they support the practical Competency Based Curriculum? Think of innovators like Thomas Edison who applied

science to create profitable business and you see how innovation can be made possible by institutions that encourage private property, uphold contracts and encourage and allow the entry of new businesses that can bring new technologies to life. It is therefore not a surprise that it was the politically and economically inclusive United States of America that produced Thomas Edison and not Peru where institutions are yet to be inclusive to date. What does your candidate say about freedom of thought and the free market economy?

The most common reason why nations fail today is because they have extractive economic and political institutions. These institutions keep poor countries poor and prevent them from embarking on a path to economic growth. Nations fail today because their extractive economic institutions do not create the incentives needed for people to save, invest and innovate. Extractive political institutions support these economic institutions by cementing the powers of those who benefit from the extraction. In all these countries that fail to take off, the basis of their institutions is an elite who design economic institutions in order to enrich themselves and perpetuate their power at the expense of the vast majority of people in society. Can you say this about your candidate?

Botswana broke the poverty mold because it was able to seize a critical juncture, postcolonial independence, and set up inclusive political and economic institutions. The Botswana Democratic Party brought together all political formations in the postcolonial Botswana through the traditional elites and did not try to form a dictatorial regime or set up extractive institutions that might have enriched the elite at the expense of the society.

A confluence of factors, in particular a critical juncture like wars, epidemics like COVID-19, colonization or electoral cycles like the August 2022 elections in Kenya, coupled with a broad coalition of those pushing for reform like the two major political formations playing out currently or other propitious existing institutions, are often necessary for a nation to make strides toward more economic prosperity. Whether we prosper or remain in poverty as a nation will be determined by our political choices which will influence our economics post-August 2022 to a large extent. Go vote.

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