

## **Beware of unsustainable economic models of growth**

**By Auscar Wambiya**

At the core of Sustainable Development Goals 2030 (SDGs 2030) is the word "sustainability". Empirically, sustainability in development means development that meets the needs of the current generation but does not compromise the ability of the future generation to meet its own needs. The ongoing political debates and campaign manifestos must clearly and progressively speak to economic models that will inspire sustainability in line with SDGs 2030 and beyond. In all aspects and sectors including but not limited to education, infrastructure, health, manufacturing and foreign relations, political formations seeking power in the elections of this year ought to show that they are deliberate on sustainable development.

Beyond bottom – up and trickle down or whichever is in between, one of the key aspects of sustainable development, and which is the subject of this opinion piece, is an economic model that promotes freedom and free enterprise. Economic models that do not promote freedom will lead to superficial development that can, at the onset be seen to be removing people from poverty, but will quickly degenerate into impoverishment. Amartya Sen, winner of The Nobel Prize in Economics argues very strongly about this in his works *Development as Freedom*. Economic models that greets private entrepreneurship with suspicion and expropriate or even jail entrepreneurs will falter in the long run. This kind of economic development even if it appears to be succeeding in the short term will not be sustainable. Our economic models beyond 2022 must be seen to be liberal and promoting freedom in all its forms.

While scores of private companies are now profitably operating in China, for example, many elements of the economy are still under the Communist Party's command and protection. Journalist Richard McGregor reports that on the desk of the head of each of the biggest state companies in China stands a red phone. When it rings, it is the Communist Party calling with orders on what the company should do, where it should invest, and what its target will be. Giant companies are still under the command of the party, a fact we are reminded of when the party decides to shuffle their executives, fire them, or promote them, with little explanation. Recent stories about Jack Ma remind us about these tendencies to limit freedoms.

Even if Chinese economic institutions are incomparably more inclusive today than three decades ago, the Chinese economic model and experience is an example of growth under extractive and authoritarian political institutions, characterized by limited freedoms, which will not be sustainable in the long run. Despite the recent emphasis by China on innovation and technology, Chinese growth is based on the adoption of existing technologies and rapid investment, not creative destruction, which is growth that disrupts the traditions and creates new opportunities based on free market enterprise. An important aspect of this is that property rights are not entirely secure. Every now and then, some entrepreneurs are expropriated. Labor mobility is tightly regulated, and the most basic of property rights, the right to sell one's own labor in the way one wishes, is still highly imperfect. We must avoid this root in whatever economic models we adopt if our economic take off will lead to sustainability.

The extent to which economic institutions are still far from being truly free is illustrated by the fact that only a few businessmen and women would even venture into any activity without the support of local party cadre or even more important, of Beijing. Businesses supported by the party receive contracts on favorable terms, can evict ordinary people to expropriate their land, and violate laws and regulations with impunity. Those who stand in the path of this business plan will be trampled and can even be jailed or murdered. Our political parties or any other institutions of governance must avoid this direction or sustainable development will just be a mirage.

The type of growth that China is experiencing under the authoritarian extractive political institutions is possible and may even be the most likely scenario for many nations like Kenya, Burundi or Rwanda but it will not be sustainable like the truly inclusive economic institutions and creative destruction that is premised on freedom and free market enterprise. The authoritarian growth is neither desirable nor viable in the long run, and thus should not receive the endorsement of the international community as a template for nations in Africa even if it is a path that many nations will choose precisely because it is sometimes consistent with the interests of the economic and political elites dominating them. For sustainable development, let us vote for the political formation that promotes freedom and free market enterprise in their economic blue print in the August 2022 elections.

**The writer is a Masters Graduate in Development Studies based in Siaya County**