Weekend Ruminations
T N NAIR

While China remains reluctant to create such an economy, India seems to have begun to seriously tread the primrose path, says DEEPAK LAL

The growth of the entitlement economy has not been a sudden development. It has been relatively steady and well anchored in the minds of the policy makers, and essentially in the so-called technocrats. As a result of this, the two dominant economic policies that have grown since the mid-1990s are those that seek to create an "entitlement economy", the so-called "trickle down model". In the case of India, one cannot say that it has been successful overall, but there are pockets where it has. It is an example of what one might call "natural selection" in terms of the ability of the policy makers to adjust to the conditions that they face. However, it is not a sustainable model, as it cannot be maintained indefinitely. It is likely to lead to a crisis, and the only way out is for the government to take decisive action to reverse it. In such a situation, the government must be willing to make difficult decisions, and the public must be willing to accept them. It is not a simple matter, and it will require a great deal of courage and determination. But it is necessary if we are to avoid a worse crisis in the future.

At the same time, it is important to remember that the "entitlement economy" is not a new phenomenon. It has been a reality for many years, and it is likely to continue for some time. The challenge is to find ways to manage it, and to make it more sustainable. One possible way is to focus on the redistribution of wealth, and to ensure that the benefits of economic growth are shared more widely. This will require a great deal of effort, and it will not be easy. But it is necessary if we are to avoid a worse crisis in the future.