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Why Political Popularity is Less Elusive in EM

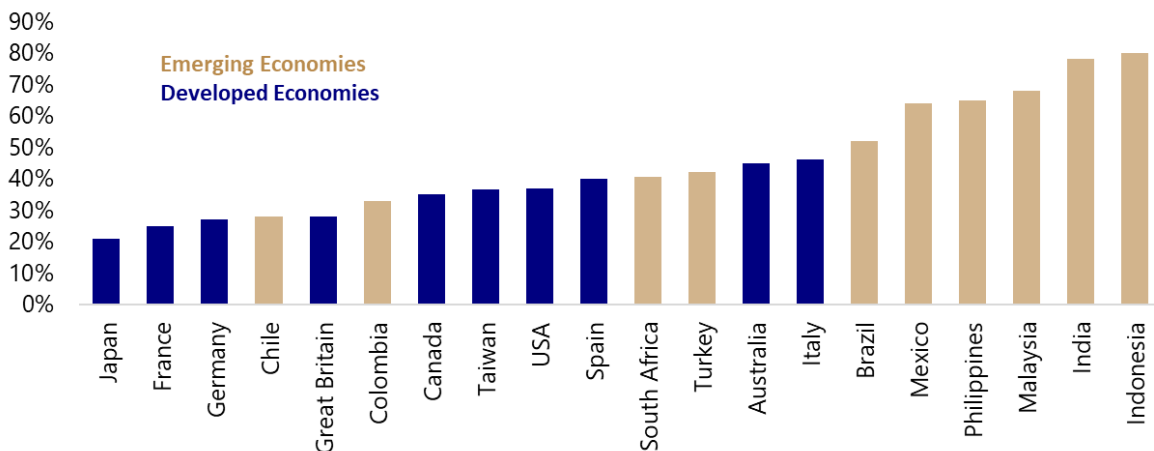
While Joe Biden’s record low approval ratings get a lot of attention, most leaders in the developed world are in similar straits. And most leaders in the developing world are not. This popularity gap is wide and growing and may reflect the sense of emerging world voters that their economic prospects are relatively bright.

Approval Ratings are Higher in EM

We track leaders’ approval ratings in 20 major democracies using leading pollsters such as Morning Consult, Gallup and Compolítica. In the developed world, no leader has a rating above 50 per cent, while only one country (Italy) has seen its leader gain approval in the 2020s. At 37 per cent, Biden’s rating is at a record low for a US president late in his first term — but above average for his developed-world peers.

This is in sharp contrast to emerging markets, where the typical leader has an approval rating of more than 50 percent, in some cases much more.

Chart 1. Approval rating for the current leader (Percent)



Source: Morning Consult, Gallup, Compolitica, National polls, Breakout Capital Calculations

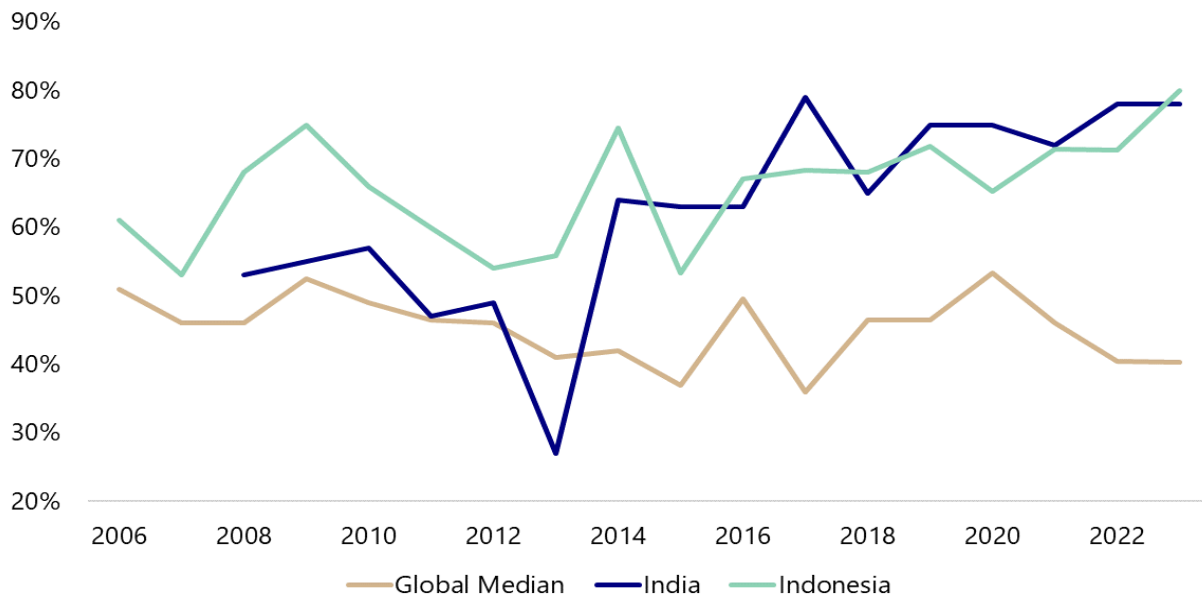
Top of the Charts: Indonesia and India

The most striking cases are Indonesia and India, where Joko Widodo and Narendra Modi, respectively, have approval ratings well above 70 percent. This has added significance now, because 2024 is a busy year for elections worldwide, and the two most important in the emerging world are scheduled for Indonesia and India.

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Chart 2: Approval ratings in Indonesia and India

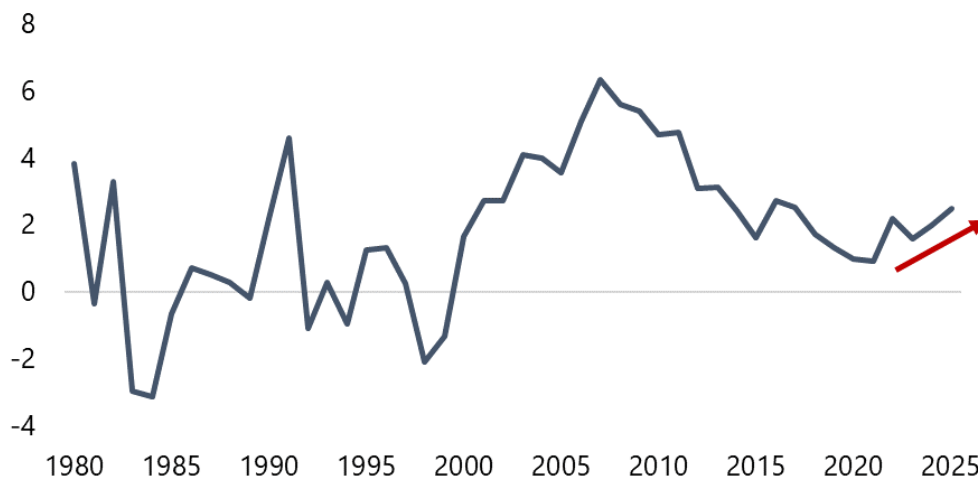


Source: Morning Consult, Gallup, Compolitica, National polls, Breakout Capital Calculations

The Growth Gap

One reason leaders may enjoy higher popularity in emerging nations is that growth is stronger. Since the 2000s, the emerging world has outgrown the developed world, and this gap has accelerated again in the last few years. The growth gap may help explain the relative popularity of emerging world leaders, and it also tends to attract investment flows.

Chart 3. Growth differential between emerging and developed economies (Percent)



Source: IMF, Bloomberg, Breakout Capital Calculations

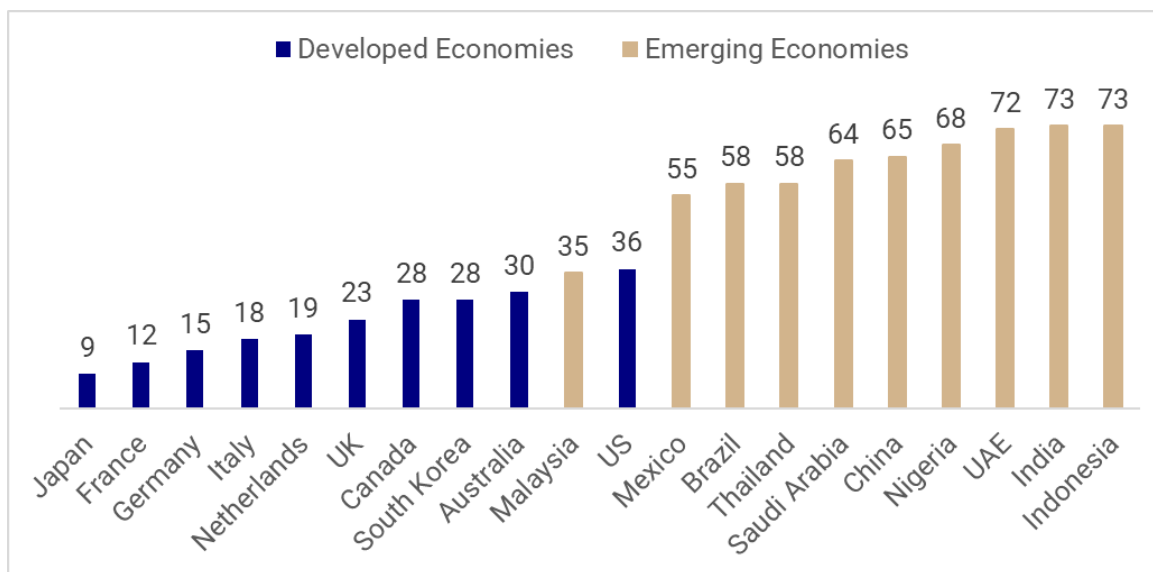
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The Optimism Gap

Though the Edelman Trust Barometer finds that, in most of the countries it surveys, people are increasingly less optimistic about their own futures, that fall is much less pronounced in emerging countries. The chart below shows the striking contrast: in every developed country, less than half the respondents expect to be “better off in five years”; in all but one emerging country, more than half the respondents do expect to be better off. And the two countries where optimism is highest—Indonesia and India—are the same ones that look most favorably on their leader.

Chart 4: Percent of respondents who think they will be ‘better off in five years’



Source: Edelman Trust Barometer, Breakout Capital Calculations

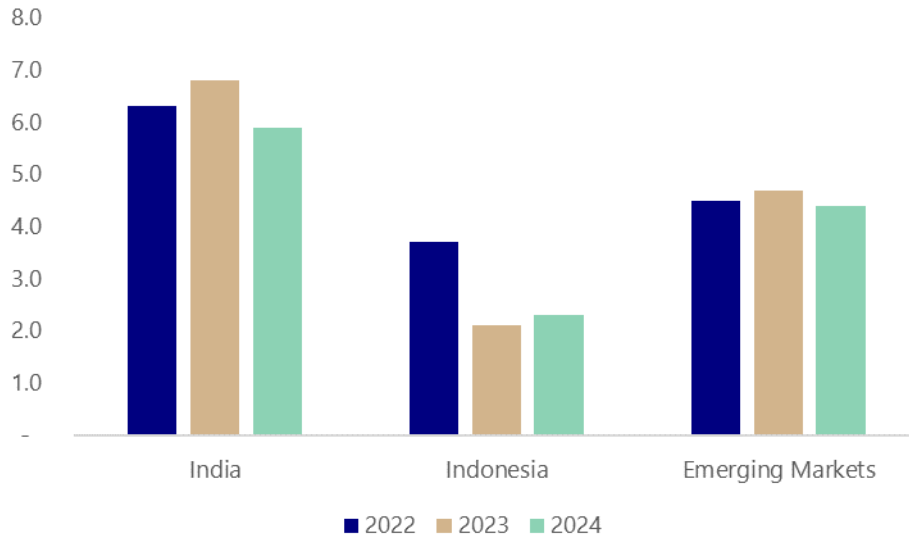
The Twist

The twist is that high popularity is not necessarily good news. It can encourage complacency, which is the enemy of economic reform. For now, neither Modi nor Jokowi are backtracking, neither has unleashed pre-election spending to ensure victory for himself or his successor. (Jokowi is stepping down after two terms.) They are running manageable deficits, suggesting no political reason to question their economic momentum.

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Chart 5. Fiscal deficit as percent share of GDP



Source: Breakout Capital Calculations, Bloomberg Estimates

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