International Journal of Academic Research and Development
ISSN: 2455-4197; Impact Factor: RJIF 5.22
www.academicsjournal.com
Volume 2; Issue 4; July 2017; Page No. 853-855

Role of democracy in development

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Abstract
Democracy is a good thing, both intrinsically and instrumentally. Intrinsically, it is a necessary component of the ability of individuals to live freely and autonomously. Instrumentally, it is an institutional guarantee that the policies and laws created by a government will have a reasonable fit with the fundamental interests of the people. Thus democracy is a central determinant of the quality of life, and a central element in the ability of men and women to live freely and autonomously as human beings. This is no less so in poor and developing countries than it is in the North and the West.

Keywords: democracy, development

Introduction

We can represent the central characteristics of a democracy from two points of view: from that of the individual citizen, and from that of the political institutions through which the values of democracy are realized in a particular social context. Let us begin, then, at the level of the citizen. There are several central and defining normative commitments that jointly define the political theory of a democracy. In the briefest possible way, we can offer a preliminary definition of democracy in these terms: A democracy is a polity in which collective decisions (laws, policies, procedures) are the expression, direct or indirect, of the preferences and choices of the collection of equal citizens of the polity.

Democracy thus pertains to the self-rule of a politically constituted social group—a state or provincial authority, or a city or town. Several elements distinguish a political group from other forms of association: the fact that the political unit is empowered to coerce its members through the collection of taxes, restrictions on the use of property, and the imposition of regulations and laws; and second, that the authority of the unit does not depend upon the continuing voluntary consent of the individual for the exercise of its authority.

It is sometimes debated whether there is ever a moral justification for coercive legislation by the state, but I will not enter into this debate here.1 Rather, I will take it, with Hobbes, Rousseau, Mill, and Rawls, that the individuals within a society require some central authority in order to establish a system of law, to prevent violence, and to enact policies in the common good. Society requires a state. And democratic theory attempts to provide the most general blueprint possible for the legitimate state.

Transition to democracy

It is common in recent history to find developing societies in a state of transition from authoritarian regimes to democratic regimes. Military dictatorships, bureaucratic oligarchies, and other authoritarian regimes have found themselves subject to irresistible forces which compel them in the direction of a degree of progressive democratic reform: extension of political rights to citizens, establishment of limited electoral processes, extension of the ability of independent parties to organize themselves, extension of some degree of freedom of press, and so forth. Here a series of questions demand answer. First, to what extent is it possible for skillful elites and rulers to orchestrate the process of democratic liberalization in such a way as to preserve their power and privilege within the resulting regime? Second, what are the features of institutions which best serve to bring about effective democratization? Third, is there a relatively clear distinction between effective democracies and sham democracies? Finally, what if anything can we say about the progressive features of hybrid political systems—polities that are intermediate between authoritarianism and democracy? Are the steps along the road to democracy unambiguously positive with regard to individual freedom and other democratic virtues?

Philosophical issues concerning democracy

It is worth noting that there are well-known paradoxes underlying the theory of democracy. The Arrow paradox establishes that there is no logically consistent and fully general voting system that maps individual preference orderings onto a single consistent social preference ordering.

There are also difficult philosophical issues that arise in the endeavor of explicating the concept of preference. Are preferences entirely arbitrary and subjective? Or is there a principled relationship between one's fundamental values, plan of life, conception of the good, and one's preferences.

Is there a principled basis on which others may criticize one's scheme of preferences? And, finally, is there an objective basis for saying that some of a person's preferences are more important than others—or that one person's preferences are more important than another's? These problems are critical for democratic theory, because collections of individual preferences underlie the principle of popular sovereignty. If I prefer one zoning code over another because I prefer to have silence in the neighborhood while doing my early morning exercises, whereas you prefer the second option to the first because it alone will allow you to earn your living—should your preferences be given more weight than mine?

Empirical issues

To this point we have focused largely on the normative theory of democracy. However, it is crucial to recognize that democratic institutions are institutions—they have real empirical and causal properties, and function according within the context of forces that give them a real empirical

trajectory that may be at odds with the ideal theory. So at this point in the story it is appropriate to turn to a realist theory of democratic institutions, and to ask sharp empirical questions about the actual characteristics and tendencies of democratic political institutions.

Let us turn now to some of the empirical questions that surround the issue of democracy within the context of developing societies. How do the typical institutions of electoral democracy affect the process, character, and rate of economic development? Do the institutions of electoral democracy have the effect of inducing more egalitarian economic development? Do such institutions serve to emphasize the interests of the poor? Can broader political participation improve the situation of the poor?

Multi-case studies of democracy and development

There has been an extended debate about democracy and development, and the relations between democratization and economic growth. Do the institutions of electoral democracy facilitate or impede development? Samuel Huntington characterizes the debate in terms of "conflict" and "compatibility" theorists. Some have maintained that democratic regimes are in general less capable of managing effecting economic development than authoritarian regimes. The central premise of this reasoning stems from the observation that development requires change, and that change affects some voters adversely. So governments dependent on electoral support in the next election will typically tend to avoid choices that impose hardship on significant numbers of voters.

The issue of the dynamic causal relations between democratic political institutions and the pace and character of economic development can be probed in several different ways. First, we can approach the problem theoretically or deductively: given what we know about the character and institutional dynamics of democratic institutions, and given what we know about the character and needs of economic development, what causal connections does underlying theory lead us to expect? Second, we can approach the problem through multi-case studies in which we operationalize the concepts of democracy and rate and character of development, and then examine to see whether there are meaningful statistical associations among the resulting variables. Both approaches have been pursued in the literature of the political economy of development, with deeply mixed results.

Assessment: democracy and development

Issues of democracy and development have an empirical manifestation; since World War II over 100 nations have undergone a variety of processes of political and economic development, so it should be possible to examine this 50-year and 100-nation experience for statistical and causal associations among the variables of interest. Is there a demonstrable correlation between the attributes of democracy and the attributes of effective economic development? A large number of empirical studies have been undertaken in the past 30 years to investigate this question.3 However, the empirical case is suggestive but inconclusive. The data support some optimism in support of the "compatibility" theory: that democratic institutions have a net positive effect on economic development. However, the association is empirically weak, and there are a number of counter-examples in both directions: authoritarian regimes that have a good development record, and democratic regimes that have weak development records. In their major review of available cross-country studies of democracy and development, Sirowy and Inkeles conclude that (1) there is little support for a strong positive causal relation between democracy and development, and (2) there is little empirical basis for choosing between the "conflict" hypothesis and the null hypothesis (Sirowy and Inkeles 1990) [6]. Overall these authors conclude that there are few robust conclusions that can be supported on the basis of existing empirical multi-case studies of these factors. Sirowy and Inkeles believe that methodological flaws in the studies are an important part of the problem—leading to the possibility that more refined studies may shed greater light.

This suggests, however, that it is reasonable to work on the assumption that democratic institutions are compatible with effective economic development.

Democracy and the poor

How does the presence of democratic institutions affect the viability of progressive economic development strategies? Recall that "progressive" economic development is defined as development that is designed to result in wide distribution of the benefits of growth, significant and sustained improvement in the quality of life of the population, and significant and sustained improvement in the incomes and assets of the poor and near-poor.

The promise of democracy from the point of view of progressive economic development follows from a very simple argument. The poor are numerous. As parties compete for electoral support they have an interest in adopting policies that favor the interests of the poor. It is in principle possible for a political party representing the interests of the disadvantaged to acquire substantial political influence in a third-world democracy, through its electoral significance. And in countries in which there is such a political party, we should expect that government policy will be accordingly tilted back in the direction of the poor. Therefore we should expect a tendency for state policies to accommodate the economic interests of the poor, and to begin to redress the anti-poor tilt that is characteristic of authoritarian politics.

These considerations suggest that progressive development strategies and third-world democratization movements need to flow hand in hand: regimes whose political base depends on support from the poor and the near-poor will be the most motivated to pursue a poverty-first program, and the most capable of implementing such a program; whereas the existence of such a program within a developing democracy provides a plausible basis for mobilizing further mass support for the progressive development party.

There is a realistic core to this optimistic argument, but it is over-simple in this formulation. More extensive democracy can be a central means of furthering poverty-first economic development. But it is also clear, both empirically and theoretically, that broad-based electoral democracy does not unavoidably result in conferring political influence on the poor. There are constraints on the political capacity of such a party.

Can democracies take hard measures?

Consider one final question-mark on the role of democracy within development. Electoral democracies are reasonably effective in mobilizing groups in defense of their economic interests, and the results bear the mark of this process. It is difficult to implement policies within an electoral democracy that impose economic hardship on politically effective groups. But development (and economic reform

more generally) unavoidably involves hardship for various social groups. So the question arises: Do effective political demands within the context of an electoral democracy paralyze development? The answer to this question depends a great deal on institutional variables below the current level of discussion: the political competence of existing parties, the ideology and commitments of the governing party, the quality and effectiveness of leadership, the level of confidence the electorate has in a regime's intentions and competence, the character and goals of existing sub-party organizations, and the details of parliamentary institutions. The strongest conclusion that can be drawn on the basis of the recent experience of Poland, for example, is that it is possible to implement an aggressive program of reform through democratic means, but that the political pressures build substantially as the reform program begins to impose hardships on the populace. Moreover, there are instances elsewhere in Eastern Europe (Hungary, for example), in which governing parties have not succeeded in putting together strong electoral support for a unified program of reform; in these cases, gridlock appears to be a very possible outcome.

Co-optation of democratic institutions by elites

It is a familiar fact in the democracies of the developing world that economic elites often manage to retain disproportionate influence within a democratic electoral system. The reasons for this privileging of elite interests are not hard to find. Elites have privileged access to the instruments of political influence—education, literacy, campaign finance. Elites are able to oppose political strategies through the threat of capital strike.

These considerations suggest that elites are well-positioned to defend their economic interests within an electoral competition—with the result that they will be able to preserve the benefits of pre-existing anti-poor biases in economic policies.

Second, to the extent that non-elite groups emerge as politically significant it is possible, perhaps likely, that the groups that stand to gain the most political influence through democratization are not the poor, but the near-poor: urban workers and consumers, better-off farmers, and the like. And the interests of these groups are not identical with those of the poor. Consider one example of a process that is almost ubiquitous in the developing world: the political influence of civil servants, urban workers, and urban consumers. These groups have an interest in securing food price policies that guarantee lower food costs; they have an interest in development strategies that enhance urban amenities (transportation, sanitation); and they have an interest in wage policies that favor them. Further, these groups are well-positioned to back up their demands with effective political action: mobilization around political parties, personal and political relationships with government officials, and the threat of urban unrest. So it is common to find that LDC policies reflect an urban bias: food price policies, provision of infrastructure, and wage policies that favor urban workers and civil servants. These politically-created benefits have the effect of improving the material welfare of these groups—but at the expense of the rural poor. The result of these policies is to depress the market-determined incomes of farmers, to reduce the level and quality of amenities flowing to the rural sector, and to further exacerbate the wage differentials between rural and urban sectors. A consequence of this line of analysis, then, is to raise the possibility that more democracy may in fact reduce the amount of attention the poor (and particularly the rural poor) receive within the politics of development policy.8

These arguments are not intended to discredit the significance of democratic institutions in furthering a poverty-first economic strategy. Indeed, it is unlikely that such a strategy will emerge except through an effective, politically competent demand for such a strategy by the rural poor, supported by an effective and administratively competent party strongly committed to its interests. But democratization is not the only ingredient of a successful poverty-first policy, and arguments in preceding paragraphs are designed merely to show that it is quite possible for democratic electoral mechanisms to lead to outcomes that neglect the poor or are positively biased against them.

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