Free Economic development Model and Violation of Democratic Rights in India

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Abstract

India’s is among a few developing and poor countries, who is known for champion in practising procedural democracy in world. People choose their representative for three different political positions (i.e. MP, MLA and different members in Panchayati Raj System) in a regular interval of time i.e. 5 years. Successful participation of people in electoral process does reflect that they have huge hope from democratic process to fulfil their dream and basic rights. India’s economic strength (which stands among first 10 largest economies in the world) and its integration to world economy create huge hope that India’s masses economic needs must be getting fulfilled. But several data and economic trends suggest that India’s mass population economic requirement is not being fulfilled despite India’s economy stand in first 10 largest economies in world. In opposite, economic processes are depriving mass population from their democratic rights. This paper critically analyses such weakness of Indian political economy.

Keywords: democracy, development, entitlement, freedom of choice.

Introduction

Literally, democracy means rule by the common people J. Schumpeter (1942) defined, “Democracy as a method that institutional arrangement for arriving at political decisions which realizes the common good by making the people itself decide issues through the election of individuals who are assemble in order to carry out its will.” By means of political democracy we mean to provide for political empowerment to all citizens. But for the sake of simplicity by economic democracy we mean to provide economic empowerment and equal opportunities to all citizens. The main purpose of economic democracy is to prevent the concentration of economic power and wealth. To ensure economic democracy the following four fundamental conditions are required: (i) Basic necessities and amenities guaranteed to all people. (ii) Increasing purchasing capacities guaranteed to all people. (iii) Local control of economic decisions made on the basis of collective necessity. (iv) No outside interference in local economies or capital drainage. Among those four, first two are for individual and the rest two are for collective. An unprecedented level of democracy would be
possible in a co-operative economy where the power of capital would be broken and social capital accumulation for the larger community would maintained.

**Growth, Development and Democracy**

In economics, we simply mean the term economic growth as the sustained rise in the GDP of a country. But by means of economic development we mean growth means growth plus something else. These are several factors like political, ideological, ethical, educational, social, roads, sanitary, health etc. which influence the development of a country. But growth and development are highly correlated and they cannot be separated from each other. They are the two faces of the same coin. But it should be remembered that higher economic growth rate does not necessarily imply high development. An economic growth will not sustain if there is no political development. The freedom of choice and maintenance of human rights lead to social security at both regional and international level which finally leads to higher economic growth and prosperity. The relation between economic development and democracy are not mutually exclusive rather exhaustive. As Prof. A K Sen rightly argues, economic growth by itself is not a complete and exhaustive manner in which to measure the success or otherwise of democracy.

For human being to exist the three basic needs are food, shelter and clothing. Simply, in economics the basics questions are what to produce, How to produce, how to distribute and how to allocate the scarce economic resources. All these problems are solved through market mechanism in various ways. But in reality, these are determined through political participation rather than in the market. For example, we want to solve the question of what to produce and how it to be produced. Here the demand for various products is very important. Which finally depends on the purchasing power of the people? In this connection the rich has more purchasing power than the poor. Moreover, the lion share of the total demand in terms of money occupies the rich. But this is not true in terms of political participation. In election, the total number of voters share occupies the common people if the electoral process will be fair. Again in the case of production of commodities the uses of various technologies and capital formation will decide by the capitalist not by the common people. In the case of allocation of resources and distribution the economic procedure would be central or state planning mechanism in a socialistic framework. Thus there is a dichotomy of decision making in economics and democracy. Moreover, their relations are multidimensional and dialectical in nature. Generally there is a trade-off between development and democracy. The government has an important role to reconcile these two in such a manner that human rights persist. At the time of hunger we need not the voting procedure to decide what to eat or how is it to be produced. Freedom and economic democracy is not handed from above but it must be acquired through struggle.

According to Human Development report (2005) the richest 20% get 82.70% of the income of the globe as a whole. The poorest two thirds have access to only 6%. This simple statistics is enough to show how much the income-inequality arises and violates the economic democracy. During the last phase of 20th century and the first decades of 21st century the effect of globalization spread over the all corners of the world. This also breaks some changes of democracy. This is true for India too. The Indian economy becomes global. Finally the static democracy of the state hampers the Indian economy and also creates some political imbalances. Economic growth and development is a
multidimensional phenomenon. The political democracy is an integral part of that and these are the two faces of the same coin and they cannot be separated from each other. An economy cannot spread over the world without the political participations of the state. State has the supreme power to implement the economic activities. But the question arises whether the political participation is made on the basis of democratic framework or in a dictatorial form or any other form. In an electoral democracy every citizen has the absolute power to choose his leader through voting process. But the violation of this right is the form dictatorship.

**Construction of Sarder Sarover Project**

One of the most debatable projects taken by the government after post independence was the construction of Sarder Sarover Project. Project on the river Narmada a series of dams are made. The project undoubtedly increased food production, electricity, irrigation, industrial production as well as drinking facilities. However by the construction of this dam has displaced lakhs of people, without being adequately rehabilitated/resettled them or giving them their due. This is a classic example of violation of democracy for the displaced persons. Ironically they have to bear the cost of development and to sacrifice their resources without getting any benefits. The benefits of the entire project will be largely enjoyed by the privileged section of society. The ordinary people who have lost their land or settlements or their source of livelihood were not properly and finally lost their human rights. Resettlement lack forests, grazing lands, access to common property, employment benefits are nil. The social costs have been altogether ignored making this project world’s largest planned human tragedy. This type of governance participation may benefit in the short-run by the political leaders. But in the long-run she must adopt a sustainable growth strategy.

**Land Acquisition in Singur**

Singur is situated in the district Hooghly of the state of West Bengal in India. It is located about 24 km North-west of Kolkata. It is on the Durgapur Expressway/ NH 2. The controversial debate started in the year 2008 when the Tata Motors wanted to establish a new factory at Singur to produce Nano Motor Cars. They occupied the 1,000 Ha. plot of land (among which 600 Ha. of landowners agreed for compensation and 400 Ha. were not willing) and started their infrastructural machinery equipments to produce the Nano cars. But in the middle, due to the strong opposition Tata company was forced to stop establishment of the factory due to strong opposition from land owners backed by several political parties. Such protest forced Tata group of company to shift Nano Plant to Sanand in Gujarat. In this way, economy of West Bengal looses in many regards. First of all, the state lost creating employment opportunities, which is very essential to reduce the huge unemployed youths. Simultaneously, West Bengal too lost opportunities of seeing large number of ancillary industries, those could have come to support Nano plant and such industries would have further added more employment opportunities. Top of that the acquired land will no longer in position for proper agricultural activities. There may be some wrong process in the acquisition of land from the land holders who were basically the small or marginal farmers or be willing or not to be willing is a matter of great debate. This political issue turned to cease the industry and the West Bengal lost a great deal of opportunities in industrial production.
Third Party Meditation

The whole matter can be analysed in terms of a game. Domination was always a part of the history of mankind. May it be the Palaeolithic age of human civilization or the present day, there is always a degree of command that flows from one point to other. The points may change, names may change but one thing that never changes is the authority, it stays and acts on its own course. The word domination always comes with someone subjugated- a subaltern. Subalterns are those who are subordinate in terms of caste, sex, religion etc. There is a continuous flow of authority from the top to bottom or rather from the superior to the subordinate. If we relax the degree of authority, the other side of the story is a continuous trade-off with the top. Subordinates assume that a trade-off might bring some degree of leverage, which might help them to become a bit better-off. The trade-off is due to the fact that they want to be a part of the decision making process, i.e. they try to get at least the tool if not the chair of authority. Third Party Meditation has an important role to solve these two types of games. All of the games the complexities arise due to lack of either non-co-operation or by the ignorance about the opponent strategic behaviour. The tragedy does not arise if the third party or the middle-man co-operate themselves and familiar about the outcome of the game. But one important point is that the Third Party Meditation must be neutral in this case. If he is biased i.e. if he favours one the whole outcome may not be maximized and both parties may not gain from the game.

The role of the Third Party Mediation is a subordinate-superior kind of relation where authority is confined with the boss and the underneath had to follow it or abide it. From the very definition of Third Party Mediation becomes clear that there is a chain of command and it flows up to down. The Third Party Mediation has an important role in decision making to establish a new industry. For example the role of the Govt. should be neutral as in case of Tata Motors at Singur. If the Govt. would neutral for both the running Govt. and the opposition the outcome for the state will be reversed i.e. the industry must be established there and the economy of the state and allied sectors would be better off. Now we analyze the game as follows:

Here the two players are the State Government (A) and the Opposition (B). Here the state Governor plays the third party mediator. The social co-operation can be explained in terms of stag hunt game which describes a conflicts between safety and social co-operation. In stag hunt game if groups of hunters have tracked a large stag and have to follow a certain path. If they all work together they can kill and all eat and if they do not co-operate, the stag will flee and all will go hungry. To see a stag is not common for the hided hunter. However, it is commonly seen a hare moving along the path. If a hunter leaps out and kills the hare, only he will eat and other will in starve. Now we come to the central issue. Here if both the Ruling Party and the Opposition co-operate each other the outcome will be the largest and will be the fair stable equilibrium at (2, 2)which is also Pareto-efficient outcome. But in a democracy.
Practically it is quite impossible, otherwise the state will be a hypothetically heaven. The possible equilibrium here is (1, 1) which is a Pareto improvement. Here the role of the third party mediator i.e. governor (though he has no political power) should be neutral. In this situation if he was in neutral position and took sufficient attempts to negotiate both of them and solve the land acquisition problems the factory would be established. In case of the establishment of a new industry some problems definitely come but we have to overcome them through mutual co-operations otherwise the economy will lose due to political grounds. The state government had certainly made some mistakes in land acquisition from the rural small and marginal farmers but they may compensate either by cash or through employment or through rehabilitation. The result of the ultimate story shows the truth by the enhancement of the recent High court order in favour of the Tata Motors.

**Biased Selection**

Suppose two persons, say A is specialist in finance and another B is specialist in politics and administration. Suppose they are politically elected members and hold the portfolio like A being the prime minister and B being the finance minister. In this situation the portfolio does not maintain the specialization rule and the efficient persons are not employed in proper places. As a result the efficiency of man-power is wasted. Like this picture there are so many cases where such things happened in various governments administrative jobs. In many cases they are appointed on political basis not on efficiency and capability basis. This type of politically biased decision wastes the economic resources. First of all to educate them and to reach in that position the government spends a lot of money. Secondly to control the law and order and to protect them a huge amount of money is also wasted. Lastly, as they are not employed in proper places the total outcome as a whole must be declined and economy must be looser. Another point is that the choice of the elected candidate. It should be made on the quality basis not in the political basis. One point should be noted here that in a democratic social framework quality of the candidate is not only the main factor for winning an election. There are so many social and political factors that are responsible for winning the election. Hence we cannot judge the quality of a political person by the portfolio he/she holds.

**Corruption and Violation of Democracy**

Corruption poses fundamental challenges to both democratic governance and market economy. Corruption is negatively correlated with democracy. Suppose two brothers X and Y live in a village in West Bengal (India) and have the same achieved well-being levels. Both believe that corruption is deafening democracy, and the government should bring a strong Lokpal and curve corruption from
the society. X decided to travel to Ram Lila Maidan (New Delhi) to join Anna Hazare and demonstrate in favour of strong Lokpal, while Y chooses to stay at home. At that moment X is using his agency freedom to voice some of his political concerns. However, Delhi Police does not like the agitation of the protestors, and violate their civil and political rights by beating them up in prison. Alike other protestors X was also beaten and thrown to prison. Now X’s achieved well-being has obviously been lowered considerably. X is offered to sign a piece of paper declaring that he committed violence (which will prove a criminal record). If he does not sign, he will be put in prison for a further unspecified time. At that time X has a highly constraint option to trade off his agency freedom for higher achieved well-being. Y had the same agency freedom to voice forth his concerns and protest against either the government or the way the Delhi Police abuse their power, but chose not to do so. He is much concerned about the hollowing of democracy and Human Rights violations but doesn’t want to sacrifice his achieved well-being for these agency goals.

Market and Democracy
The relationships between market and political democracy are very close together. In a market economy, people vote with their money in the market place. The well known principle is one-rupee-one-vote. But this is not true in a political democracy where the main principle is one-person-one-vote (Bhaduri and Nayar 1996). Here the basic paradox is that in politics one-person has one vote. But this is not true in the real market. The rich has more purchasing power than the poor and the market is totally controlled by the rich. As a result the one rich has more voting capability than a poor. This simple paradox between market and politics is the crucial factor for economic development. Here the government has the vital role to stress up upon the democracy simply because of the government are formed by the common people who are generally poor not by the rich. But unfortunately in actual situation the total system is controlled by the rich.

The markets are controlled by the rich and not by the common people. In theory, democracy provides every citizen political freedom. But in reality social and economic in-equalities, exclusion of entitlement, freedom of choice are the inevitable outcome of the political participation. As a result some people enjoy more freedom and many people have less even no freedom. In economics the resources are very limited in supply and their ownerships are in the hands of the rich not in the poor. As a result rich have the strong voice in political participation in decision making and a large section of the society remain silent and simply exploited.

Asymmetric Information and Democracy
In his classic paper on adverse selection G Akerlof’s (1970) “The Market for Lemons” brought a new dimension in economic theory. In a market sellers wishes to sell their cars to some potential buyers and they differ in the quality of the cars they are going to sell. Whereas buyers differ in the values they attach to the cars of same quality. Thus sellers know the quality of the used cars and the buyers can only observe the average quality of the used cars sold at each price. In this conditions market equilibrium is at single price, but with certain signals on the quality of the cars (J. Levin 2001) there exist a distribution of price. So far as equilibrium is concerned two things are important; who is the
price taker? Either a buyer or a seller. The next is that, equilibrium does not necessarily depict a single price. Rather it is characterized by a distribution of price.

In a perfectly competitive market we simply assume that full knowledgeable sellers and buyers have full information about the market condition and the information is free and costless. The firm is a price taker and has an infinitely elastic demand curve. But this is not generally happened in information asymmetry ad adverse section may occur. Equilibrium does not necessarily depict a single price rather it is characterized by a distribution set of price. Here the potential buyers and sellers are not price takers rather price setters. Multiple price equilibria are quite similar to it but they differ only due to asymmetric information. Thus, in a buyers’ equilibrium no seller will be benefited for announcing his own price. But in a seller’s equilibrium (when all sellers have distinct price) some buyers may be benefitted by announcing their price. This is because the presence of adverse selection may induce a bias towards the market adopting a convention in which the buyers act as price setters.

The information asymmetry also occurs in the health insurance market. In this context democracy is the worst form of governance system. Informations are supplied for the expansion of the market and sometimes not in reality but controlled by the industrial class to earn more profit. This also violates the assumption of full knowledgeable buyers. Sometimes the common buyers are forced to buy the product from the market without judging anything about its quality or price. Free riding or social health insurance may be the one way solution for information asymmetry.

**Conclusion**

The economic policy aim is to integrate masses into economic activities and that ultimately provides them their livelihood and rights. Masses integration into the economy becomes more essential and expected when a country is champion in practicing procedural democracy. India’s position in electoral politics is exceeding well because of masses successful participation in choosing their representative in a very regular way. Similarly India’s performance in economic growth is equally very good. India is one of the fastest growing economies in the world and India is one among first 10 largest economies in the world. But irony of fact, India’s masses are struggling to fulfil their basic needs. India’s position in the Human Development Index (130 out of 189 countries as per 2018 UNDP Report) is equal or around sub-Saharan countries, which is considered very poor. Such pathetic condition of Indian is not automatic but systematic exclusion through the processes of economy.

But the problem is who will bell the cat? There are three corners of a triangle. These are Political Party, Government Court and the deprived common people who lie on the bottom of the pyramid. It is just like any Bollywood movie where the Villain plays active role in the first two and half hour and the rest for the hero. The ultimate solution is zero. The policy should be from the bottom of the pyramid not the reverse. More people and activists should take part in this movement through political participation. This type of governance participation may benefit in the short-run by the political leaders. But in the long-run she must adopt a sustainable growth strategy without hampering the democracy.
References