

Development and Democracy: Society, State, and Market in the Development Process

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Abstract

This article tries to analyze the relationship between development and democracy from the vantage point of prior well-informed and substantive participation of stakeholders in development processes. It focuses on the processes of prior well-informed and substantive participation of stakeholders that are followed (or not followed) in the land development projects. Land development projects focus on accumulating stakeholders' odd- or irregular-sized non-serviced parcels of land, and re-arrange them in smaller plots with road, drainage, open space, and other necessary infrastructure facilities. The issue of 'development and democracy' has been assessed from the dimensions of society, state, and market relations. Moreover, how the market is capitalizing on the situation created by the inadequate national policy as well as the ineffective roles of development agents have also been assessed.

Key Words: Democracy, Development, Market, Society, State.

Introduction

Development is the societal dimension of addressing the citizens' aspirations. All societies are diverse, and the issues of mitigating involuntary differences are the pivotal concern of all societies. This issue is not only prevalent in the Global South, but also in the Global North. The Global South has tried to mitigate such involuntary differences with the planned development policies for the last sixty-five years. Nepal also started planned development after the discourse on the development of least developed societies began in the West.

If the goal of development is for making life easier and dignified, then the marginalized section of society becomes focal point of discourse of development as their lives are in hardship. They have the right to make decisions related to their own life. The democratic development process provides calls for the inclusion of all stakeholders, and it also reduces the chances of further marginalization of poorer citizens in the development process. The relative strength of one agent, the state, and its supporting casts, over other stakeholders spoils the harmonized relationship among the stakeholders and undermines the democratic process.

Society has a goal of making its members happy. Being happy means having some positive changes in life, a life with less hardship and dignity than before. Happiness, is not considered in the spiritual sense, but in materialistic concept. The material aspect of

development is mostly focused on making life easy by employing various means. If the means are simplified, the material aspect of life becomes easy, and an easy life may foster the ground of happiness. Though talking about an easy life raises several questions such as for whom ? How ? And what sort? Put simply, we can assume that development makes life easier, but does it exactly help the poor and marginalized section of society? Do poor and marginalized citizens have effective participation in the process of development? Or, development is just driven for the benefit of the rich? We can argue that development should be based on democracy, and democracy should be for equity-based development.

In the development rhetoric, we hear calls for equal participation of citizens in the decision-making processes, and addressing of their concerns. The development program of any area is supposed to bring some sort of changes in the lives of local residents. Citizens' participation is logically mandatory in such a process, but the issue is whether or not there exists any ground for meaningful participation. People in less developed areas are generally busy in their daily life chores, and they also lack adequate information about the happenings in their surroundings. The rhetoric of citizens' participation in the development process seems less meaningful since the stakeholders are not well informed about the development programs in their areas of concern. The Constitution of Nepal 2015 enlists the right to information as the fundamental right of the citizens, stating that every citizen shall have the right to seek information on any matters of concern to her/him or the public.

This article focuses on the relationship between development and democracy, particularly the relationship between the local-level development process and the right to information. The discourse of the relationship between democracy and development can be probed in different ways. In analyzing this relationship, many questions can be raised, e.g., does democracy enhance development or does an authoritarian regime betters democracy when it comes to the issue of development? Does development mean just growth, or does it mean both growth and (re)distribution? This article is divided into three sections. The first section discusses the theoretical approach used in this study. The second section includes the method used in the study. The third section analyzes the findings from the field. At the end is brief conclusion section.

Theoretical Approach

The last seventy years can be called the age of development. The notion of development stood as the idea that oriented once territorially decolonized Global South countries in their journey after the Second World War. The countries of the Global South claimed development as their prime aspiration despite democratic or authoritarian political systems. The age of development has a historical period that in a sense began on 20 January 1949, when Harry S. Truman, the President of the United States, for the first time declared the Global South as underdeveloped areas. This labeling subsequently provided the cognitive base for intervention from the North and self-pity in the South (Sachs, 2002). The notion of modernization put forward by the North in the name of development with the argument that economic wealth is "an initial condition for democracy" implying that development is a precondition for democracy (Menocal & Rogerson, 2007). This development logic of

modernization consequently directed the South to the path of dependency. The world order programmed for homogeneity in the name of the path for development, with the Western imagery, consequently widened the gap between Northern and Southern countries. The necessary and inevitable destiny of the Global South based on the North imaginary manifests the unilinear way of social evolution as well as a plan for making the world a single village envisaged by the North.

On the simplest level, development can be conceived as the objective of moving towards a state relatively better than what previously existed. In this way, development could mean any positive change in life. Based on this conception, the term “development” can also be regarded as relative, since its meaning differs from one person to another (Sikuka, 2017), as elites and poor may have different conceptions of development. Democracy involves the equal participation of citizens in decision-making processes. Democracy is an essential condition to enhance the ability of individuals to live freely and autonomously as democracy provides the institutional guarantee that the policies and laws created by a state will have a reasonable fit with the fundamental interests of the people. Thus, democracy is a determinant of the quality of life, as well as a central element in the ability of men and women to live freely and autonomously as human beings (Devi, 2017) with dignity of life. But Sen’s (1999) conception of development as freedom enmeshes that development and democracy are embedded.

Development and democracy are considered to be the two sides of the same coin (Sikuka 2017). The two are intertwined and depend on or lead to the other as these terms are inextricable in the context of leading to a just society as well as in the rights-based approach. Development without democracy creates the ground for injustice as it widens the gap between rich and poor sections of society. Democracy without development ultimately creates favorable ground for elites, and in the long run, democratic system will not be institutionalized in the given society. Democracy without a fair development process cannot practically be considered the real sense of democracy as left-out sections of the society could not have the opportunity to effectively participate in the process of living a quality life.

If one adopts Amartya Sen’s (1999) definition of development as freedom, which incorporates both economic indicators and human and political rights, then by definition, one can view democracy as leading to development. In addition, the discourse of right rights-based approach to development also emphasizes participation and accountability in the development process. Stiglitz (2003) provides a narrower definition of development than Sen, and it conceives development as a “transformation of society” that incorporates not only economic growth but also social dimensions which is close to the United Nations human development index.

Some argue that democracy fosters development, economic equality, and social justice e.g., Rocha Menocal (2007) whereas others Schmitter and Karl (1996) state that there is nothing inherent in a democratic system that automatically leads to these outcomes. But Sen (1999) argues that the democratic process does have intrinsic value in its own right. Similarly,

Halperin *et al.* (2005) state that democracy enhances the ground for establishing institutions of shared power, information openness, and adaptability. Moreover, low-income democracy outperforms autocracies across a wide range of development indicators.

The East Asian developmental model is another discourse of the relationship between development and democracy—that authoritarian regimes are in general more effective than democratic ones in promoting rapid development, where the state in each case oversaw and led a process of rapid economic growth and radical socio-economic transformation (Rocha Menocal 2007). In a similar vein, Halperin *et al.* (2005) argue that the appeal of the authoritarian-led approach is about its expediency, in comparison to the messy and time-consuming procedures typical of democracy. Moreover, they also argue that state actors enjoy longer time horizons as they seem less worried about the short-term politicking that arises from electoral cycles. Peter Evans (2005) stated that the “embedded autonomy” of these countries enhances the developmental goals where the state is embedded in society and provides institutionalized channels for the negotiated exchange.

Democracy may seem just a process rather than an outcome similarly development as outcomes rather than embedded in (the democratic) process. Sen (1999) argued that the democratic process does have intrinsic value in its own right and it is reflected in policy decisions through inclusive, participatory, broadly representative of different societal interests, transparent, and accountable process. In line with Sen, the importance of participation in one’s concerns through open and non-discriminatory democratic processes is fundamental (Rocha Menocal, 2007) process to explain the relationship between democracy and development.

The initial assumption of developmental discourse was found to be more focused on growth (outcomes) rather than the democratic process embedded in it. As Lipset (1959) stressed that economic wealth is “an initial condition for democracy” and democracy is more likely to emerge in countries with higher levels of socio-economic development. Redistribution of wealth has become the universal discourse across time and space. The issues of “we are the 99%” of the North and the mass population under the poverty level of the South are close to the issue of redistribution of wealth. Development focused more on growth and wealth rather than the democratic process creates the gap between rich and poor. The development process embedded in the democratic process enhances the ground for sharing outcomes of the development as well as provides the ground for the negotiated exchange of redistribution of wealth to the state and market.

Whether development means growth or growth and (re) distribution will of course depend on how one defines development. Participation promoting pro forma rather than substantive citizen/social participation (Menocal & Rogerson, 2006) and lacking accountability are the issues of the universal discourse of inequality and re-distribution of wealth. Thus, development is supposed to have some dimension of re-distribution of wealth (Leftwich, 2005) through the substantive citizens’ participation and the accountability of the agents of development.

Substantive citizens' participation is the constitutional right guaranteed by the constitution of Nepal 2015. The constitution, in article 51(f)(3) regarding state development policy, has provisioned that the state shall pursue increasing the participation of local people in the development process. Envisioning substantive citizens' participation, and right to development information is the utmost. Access to information is not an end in itself, but a driver of the progress of the development process, as it will improve decision-making on development as well as benefit sharing. Maria Garrido and Stephen Wyber (2017) argue that access to information empowers people and communities, laying the foundations for equality, sustainability, and prosperity.

Method

This study was conducted in the Khurkot new town, Sindhuli District, along with the Mid-Hill Highway corridor. The Nepal government has started to develop 10 new towns in this corridor since 2068 V.S. This new town is located at the intersection of three highways, Khurkot-Ramechhap Highway, Mid-Hill Highway, and BP Highway. Nepal government wants to check the migration from the hill and mountain region to the Tarai region. It also wants to provide basic facilities to citizens in those areas for which it launched the program to develop planned towns and areas along the Mid-Hill Highway. For the past few years, both private and government projects of land development have been implemented in the city areas to meet the land and housing demands. But these efforts are inadequate and insufficient to provide a basic and improved level of services such as housing, roads, water supply, sanitation, electricity, health, and social services, etc.

Keeping the above in context, the Government of Nepal has already enacted and implemented the National Urban Policy in the year 2007. The government's prioritization of the development of the Mid-Hill Highway and the recent policy intention through its budget speech for the development of new towns along the Mid-Hill Highway shows its priority. The Ministry of Urban Development is implementing the urban development projects by establishing the New Town Project Coordination Office under the Department of Urban Development and Building Construction.

The concept of land development scheme lies in accumulating several odd- or irregular-sized non-serviced parcels of land, and developing the pooled land in several plots with the provision of roads, drainage, open space, and other necessary infrastructure facilities. The cost for development is converted into the equivalent area of developed land and deducted equivalently from each parcel of land. The ratio of land to be contributed to the project cost is decided by the landowners and people's representatives depending upon the quality of infrastructure facilities provided and land use change (road, open space, etc.) after the implementation of the project.

Generally, in land development schemes, the cost of the project is contributed by landowners without any external subsidy. Thus, the land development scheme is an example of a government-private-community partnership in urban development. The real stakeholders of the project are the landowners, as they must contribute or bear the total

expenses of the project by giving some portion of their land to the project implementing body. So, they are supposed to be well informed about the project as well as its process and impacts. It is a project initiated by the government managed by the private sector and the incurred cost is shared by the community themselves. All the costs of the project are managed by selling the plots developed and separated from the contribution done by the stakeholders. Thus, getting approval from the stakeholders for the land pooling, the initial stage of the land development project, is considered to be essential. The Town Development Act 2045 (1998) in number 12.1.2 has provisioned the consent of at least 51 percent of land owners or tenants of the area for the approval of land pooling during the preparation of detailed planning report as well as feasibility report. The major question, here, is whether the responsible body is properly informing stakeholders of the area of the project regarding its nature and process, and expected impact of it. By the nature of the project, the consent of entire stakeholders may not be required as the project does not normally degrade their assets. But if the information provided is inadequate, then the local residents will be in dark regarding the future prospect of their area. And when local residents do not know about the project, they will sell their land-assets to buyers (private sector) at a very low price.

The study is largely based on qualitative data generated through the focus group discussions and interviews with stakeholders at the individual level. Various data of the Department of Urban Development and Building Construction have also been used as secondary data. The narrative of citizen's participation in the development process cannot be limited to just physical aspects of presence. Here, the right to information particularly development information has taken as a yardstick to assess the issue of the relationship between development and democracy. All the stakeholders have the right to information on development activities going to be implemented in their area. Thus to assess the level of information at individual stakeholder, interviews were mainly focused on their knowledge about land development, land development project, the impact of land development project, and perception of the work of the town development committee, users' committee, and project office at the project site. The focus group discussion with the town development committee, users' committee, and personnel of the project office was focused on the process of information dissemination and making stakeholders aware of the project.

Citizens' Knowledge about the Land Development Project

Prior well informed and knowledge about the project are the basic of substantive participation. Information channels which have both formal and informal dynamics that affect social activities. As Ozge Demiral (2016) argues, informal structure and culture influence the development and success of smaller firms' entrepreneurship. Similarly, Naing ZawHtun *et al.* (2012) argue that perceptions of benefits and positive attitudes toward protected area management correlate with both socio-demographic characteristics and knowledge, while perceptions of losses and negative attitudes toward management were influenced by economic concerns.

Prior information about the proposed project is the basic aspect of developing a positive attitude toward the project. Participation in the project strengthens the bottom-up

mechanism for development that is fundamentally community-centered, customized, and localized. Access to information encompasses a variety of channels and outlets, both formal and informal (Garrido *et al.* 2017). Office at the project site is a formal channel, whereas the town development committee and users' committee of the land pooling project both comprise the local citizens are both formal and informal channels. Consulting organization is considered to be one of the informal channel as it can disseminate information while preparing detail planning report and partial implementation of land pooling project in this context.

Land development is a technical aspect as it carries out the unified design, servicing, and subdivision of a group of separate land parcels for their planned urban development. The concept of land development can be crystallized in two words: unification and partnership. Unification signifies the consolidation of separate land parcels, the unified design, infrastructure provision, and sub-division of these parcels. Partnership on the other hand, signifies the partnership amongst the government, private sector, and the community for urban land development. All the landowners or stakeholders are supposed to know to some extent about the land development project via formal and informal channels. Higher level of knowledge of a project is the first determining factor for significant participation of stakeholders in the context of a public-private-community partnership approach.

The project, on its side, has claimed of meeting the provision of the consent of 51% percent land owners or tenants of the area. But the report submitted by the consulting firm showed that more than one-fifth of the stakeholders were not informed about the project. Moreover, even those informed stakeholders had no clear ideas about the advantage and disadvantage of the project. As the citizens were not adequately informed about the project, the market forces (private developers) capitalized on it.

Anxious Citizens

As the residents of the area were not adequately informed about the project, they became anxious about the future prospect of their land. When almost all stakeholders (particularly the landowners) were unaware about the project and its process, the project cannot be considered to have proper participation of the local people. However, in this context, the project has successfully met its requirement regarding collecting consent from land owners or tenants, which is minimum 51 percent. In principle, prior well informed and knowledge of almost all stakeholders sounds good for accountability and participation in the project process. The nature of land pooling project does not affect itself negatively to the less informed and less knowledgeable stakeholders, i.e., the absentee land owners. As it just carries out the unified design, servicing, and subdivision of a group of separate land parcels for their planned development and does not degrade and size of the land of stakeholders. If stakeholders have limited knowledge about the project they become anxious. And in such cases market forces are able to rip large benefits by purchasing land of the project area at a low price.

The misinformation about land pooling project is that it reduces the current size of the land. It is a fact that the cost of the project is recovered by selling sales plots, but the value of each piece of land will subsequently be increased. For sales plots, roads, and open space stakeholders have to contribute some amount of land. However, the ratio of contribution may not be equal and varies with the nature of the land that a resident possess. The piece of land that initially did not have road access will have to contribute more than the piece already having road-access. This contribution also varies with the width of the existing road to the piece of land. The piece of land having access to a road with a 3-meter width will contribute less than the piece having access to a 1-meter width road. Thus, the fact is that after land pooling, stakeholders would not get the same size of land and in some cases at the same place as before. The less informed and less knowledgeable locals become anxious from the misinformation about reducing land size as well as changing of the location. This situation creates a favorable ground for the market to buy land from locals at a lower price, which is going to rise soon.

Here, the issue is not that the market is exploiting locals and the project is not efficient in its process. It has though met the governmental criteria, but it lacks of right to information. All the agents of development—state-site office, market-consulting agency, society-town development committee (it represents both state and society), and users' committee—are supposed to inform all the land owners or tenants adequately, as they have their rights to know about their concerns. In some cases, it is not easy to inform all the absentee landowners, but the locals, who do not have access such as tea shops and other places of public gathering are also in disadvantageous position. Such gatherings are organized by consulting agencies and town development committees. Being informed of their concerns is their constitutional right, and, moreover, information is a resource, and its value increases with its consumption widely and extensively (Shearer, 2017). Since some locals were not properly informed of the project, they sold their land at an average rate of Rs. 125,000.00 per Anna of land.

Gaining on Others' Fears and Anxiety

The private sector, the brokers, and the others who had the advance knowledge (be they from within the locality or outsiders) about the project were massively involved in buying land in the project command area. Misinformation as well as lack of adequate information, in the case of absentees as well as other local residents, sold their land at Rs. 125,000.00 per Anna. After the development of infrastructures and other facilities, the consulting agency estimated that the value of the land per Anna would be minimum Rs. 800,000.00. The project also estimated that the average land contribution for the development of infrastructures and other facilities, e.g., open spaces, will be around 32.5 percent (or 30–35%). And for the selling of plots a resident will have to contribute additional 6 percent land. That means a landowner will have around 40 percent less land area than s/he initially had. However, since the price of the land is expected to rise at least 6 times the pre-project price, the landowners will be in a better position value-wise. For example, the person who sold 6 Annas of his/her land at pre-project price, i.e. Rs. 125,000.00 per Anna, earned Rs.

750,000.00. Post-project development, s/he would have only 60 percent of land, i.e., around 3.6 Annas. If s/he were to sell the remaining plot of land (i.e. 3.6 Anna) at the minimum price (8 lakhs/Anna) then s/he will earn 28.8 lakhs, which is 3.8 times more than what s/he got by selling the land pre-project period.

Since not all people were properly informed about the implications of the project, it provided the brokers or the market a favorable ground to capitalize on the fears of landowners—that their land area will significantly depleted once the project kicked-in. Those land owners who feared that their land area will decrease, sold their land comparatively in a lower price. It is not that they were coerced to sell, but they were kept in dark—they did not have all the information related to the project. Information, as Kathleen Shearer (2017) argues, is a resource. Since some residents lacked information about the post-project benefits, and they were anxious that their land area will decrease, they fell prey to the brokers, people with money and information. It is hard to claim that all land-transactions in project area during pre-project development stage are due to market forces alone. Some might have needed the money for various personal reasons—they might not have alternative resources to meet the financial requirements, and thus could not wait for the project to complete.

There are numerous cases of land transactions during the pre-project period. Local residents got slightly more amount than before, but at a significantly less rate than they would have got post project development. Particularly, stakeholders who had land that was not flat were made to believe that they were getting good value of their land and thus lured to sell their land easily. Here, the issue is not whether the market forces, conspired and cheated on the residents. But, the issue is about whether or not they were adequately informed about the state policy, project modality and post project benefits. Any development process has to be embedded in the democratic principle, and the local stakeholders have to be prior and well informed. Since the state policy allowed the project to go ahead if it got approval/consent from more than half of the participants of the project area, not all the stakeholders were informed well prior to the project implementation, let alone acquiring their consent. In the name of expediting the project, the national policy of land development had the provision of consent requirement only of the majority, development agents focused on pro forma rather than substantive participation (Menocal & Rogerson, 2006) of stakeholders, which then provided favorable ground for the market forces to play.

Most of the land sellers were local residents who after the completion of the project, will also benefit directly and indirectly. Those who sold their few or more lands and living in the project command will benefit from the growth similarly incurred by the project but the issue is that locals have been lured due to insufficient prior information about the possible upcoming situation of their assets is affecting the distribution of growth incurred by the project in equity.

Conclusion

Development activities with less embedded in democratic process particularly prior information are found to be less effective in benefiting all the stakeholders. The triad of development seems to be the star and its supporting cast. The state policy of requiring the consent of only majority stakeholders aimed at expediting the project smoothly is affecting the substantive participation of the stakeholders. Pro forma participation provides a favorable ground for the market as well as it keeps impact in equal distribution of benefits. The prior and adequate information is the basis of substantive participation as well as embedding development activity with the democratic process. As information is also a resource, the local stakeholders who lack this basic resource (i.e., adequate information) are at a great loss, whereas market forces, e.g. brokers, are ripping the benefits off the ill-informed and anxious stakeholders.

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