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ON EXCLUSION AND INCLUSION: DEMOCRACY, MARKETS AND PEOPLE

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Abstract

This paper has an unusual theme that, contrary to the ideology of our times, markets and democracy may not ensure prosperity for everyone, but may, in fact, exclude a significant proportion of people, particularly the poor, from the process of development. It explains why markets and democracy provide no magic wand. Markets are responsive to the demands of rich people and not to the needs of poor people. Democracies are more responsive to people with a voice than to people at large. There is an interaction between exclusion from markets in the economic sphere and exclusion from democracy in the political sphere. This is because economy and polity are connected and interdependent. Moreover, there is no equality among economic agents or political citizens in terms of their economic or political freedom to choose. There is, in fact, a hierarchy of freedoms, with more for some and less for others, where there is a significant overlap between the economic and political spheres. Indeed, the liberal paradox runs much deeper. Markets exclude people without entitlements, assets or capabilities. It is in the logic of markets. Yet, markets would like to include as many people as possible, to enlarge the size of the market. In contrast, democracy includes people by a constitutional right to vote. It is the foundation of democracy. Yet, political processes seek to exclude or marginalize those without a voice, for that is what the exercise of political power is about. The irony of this paradoxical situation is striking.