

## Proceedings Report

### Lost in Transition: Socio Economic Perspectives

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#### **Speakers:**

Dr. Kul Chandra Gautam, Advisor, Nepal Economic Forum

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Ms. Sumana Shrestha, Founder, Carpool Kathmandu

#### **Moderator:**

Sujeev Shakya, Chairperson, Nepal Economic Forum

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Dr. Kul Chandra Gautam's book 'Lost in Transition' released in December 2015 explores Nepal's current economic quagmire despite the country having abundant resources, aesthetic qualities, and being in an ideal strategic location between two growing economic giants. The book dwells on the implications of certain political and socio-economic events that Nepal has undergone in the past few decades, whilst also pondering over the country's future development with a mixture of great hope and deep anxiety. This event discussing the socio economic perspectives of the book was organized by Nepal Economic Forum, bringing together local entrepreneurs, international development partners as well as the author of the book, to assess the economic and political trajectory and some of the current challenges faced by Nepal.

The panel discussions primarily centered on reasons behind the sluggish development despite six decades of planning; with attempts to deconstruct the challenges faced. The future course for development was viewed through an optimistic lens, taking note of certain encouraging signs that have been emerging. Key points raised during the panel discussion have been presented below.

### Challenges to Development

A peek into Nepal's modern history shows a pattern of stuttered development. The period is rife with political turmoil and marked by a struggle for power among parties, which have altogether overshadowed economic development. The book itself highlights the very issues that have led to development failure in Nepal, and is a like a crash course on the events of contemporary Nepal. As an individual with vast experience in the field of human development, the author observed certain traits of the Nepali political and economic domain which, he believed, brought about resistance to development. These include:

- Politics gaining primacy over economics wherein economic goals have always been overshadowed by political experiments.

- The tendency to exaggerate what divides the nation (the differences) rather than focusing on what unites it (the similarities).
- Perception of corruption and nepotism as an inherent part of the system such that not being corrupt is viewed as abnormal. Corruption has gained general acceptance.
- The prevalence of anti-development activists manifested in the form of cartels, syndicates and trade unions.
- Glorification of violence where reconstruction is emphasized through violent deconstructive methods.

**(Un)Questionable governance:** The mentioned occurrences is characteristic of a nation where, though law exists, in actuality is devoid of rule of law. The prevalence of such a situation has ideally accommodated for, and spread, porous governance; where institutions of governance i.e. the individuals behind the seat, themselves are perpetrators of misconduct. As a result, instances of misconduct perceivably being a given, questions of doubt have been raised regarding the very existence of actual governance. It can also be noted here that, despite officially being a social democratic nation with systems of capitalism as well as welfare, Nepal actually has the worst fusion of the two systems i.e. chronic capitalism, which blatantly supports the private sectors' politically motivated cartels and syndicates, thus impeding initiative and innovation. In this regard, one of the panelists put forth the view that providing support to the local initiatives rather than the largely import-oriented cartels and syndicates would lead to organic progress with emphasis on the need for the institutions and individuals within institutions to be more accountable.

**Reconstructive measures:** On the issue of reconstruction, concerns were raised about earthquake reconstruction efforts with emphasis on the need for strong governance mechanisms. With huge amounts of aid inflow towards rebuilding, the reconstruction process provides a great opportunity to boost the economy; though, one has to be mindful that the unaffected sections of the nation, especially the far west, does not get abandoned or neglected in the name of reconstruction. Similarly, the notion of 'Build Back Better', although applauded, seems insufficient as the question of "Why rebuild in the same locations?" emerges which sheds light upon the need to factor in new contexts, such as urbanization, as well as to map the needs from a social end. Nonetheless, resilience is noted to be a strong psychological factor among the individuals, which hopefully will resonate at an institutional level as well.

**Reliance on aid and the need to develop entrepreneurship:** Developmental aid inflow has grown significantly in the past two decades creating a comfort zone which Nepal has gotten largely accustomed to. Here, a critical issue rises regarding the organic progress; wherein, the level development progress itself becomes questionable if development aid were to be taken out of the equation. Therefore, there is a need to replace aid with entrepreneurship, as continual dependence on aid raises alarming concerns on sustainability of development and poor self-reliance. To achieve this, it becomes necessary to create a suitable environment for the promotion of private investments and local ventures, as well as foster the view that, along with INGOs and NGOs, entrepreneurs are also development partners. However, the prevalence of various cartels does pose as one of the prime factors in dampening the culture of entrepreneurship and innovation. Moreover, lack of access to finance is also a limiting factor for private entrepreneurs along with ambiguous developments in women empowerment; where, although women at a professional level are beginning to break barriers, at the social level they are often obligated to settle within their roles.

## Hope for the Future

Despite the elongated list of challenges, the discussion ended with an optimistic view on the future of development in Nepal. The author noted several signs among the young generation which heightened the hope for achieving true progress towards development. Among these signs, the most promising includes the gradual shift in emphasis to actions rather than false promises among the younger generation. In this regard, the author advised the younger generation that while choosing leaders, track records reveal more about a person than their words.

## Outlook

On an ending note, the discussion highlighted that the development of Nepal was entirely possible if the current pre-occupation with politics is replaced with an economy centric model with the development process ideally depoliticized. Nepal needs to develop the culture of entrepreneurship and innovation through support to local suppliers and initiatives in order to break the monopoly of cartels and syndicates, as well as reduce reliance on foreign aid. At the crux, the discussion urged the individuals to be the agents of change rather than waiting for the system to change or someone else to bring the change.

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