

BOOK REVIEW

Nepal: Missing Elements in the Development Thinking. 2000. Gunanidhi Sharma, Nav R. Kanel and Neelam Kumar Sharma, eds. Kathmandu: Nirala Publications. Pages 232. ISBN 81-85693-66-8.

An eminent economist of international repute while answering questions at a talk programme remarked that the economy of South Asian nations are fragile and have a narrow base. He added that the foundations of such economies were further compounded by the fact that the foundations also have deep, gaping unfathomable "holes" which make them all the more vulnerable.

"Economists" he said "can measure the area of these holes and come up with stop gap measures for a short period of time, which they have been doing, but unless these holes are filled and concretized, it would be improbable if not impossible for any economist worth the salt to delve deep into the fathomless void measure the volume and come up with worthwhile prescriptions needed for sustainable economic growth." The gentleman obviously was subtly referring to rampant corruption and the challenge it was posing to the already fragile economy of South Asian States.

The picture could not have been more apt especially in the Nepalese context, more so with the phenomenal rise in corruption after the restoration of the multiparty dispensation in the country. While the corruption issue has always occupied a centre stage in debates, talk programmes and seminars, corruption unchecked have all the while steadily eaten right into the very heart of the Nepalese economy.

It is probably with this reality in mind that Prof. Gunanidhi Sharma, a well known monetary economist in his own right and acclaimed to be the first to develop the monetary sector model, macro economic model (both for Nepal) and a link model Nepal vis-a-vis SAARC countries, decided to put together his experiences and observations of over a decade into book form. The present volume under review is a collection of Prof. Sharma's selected articles, some presented at seminars and some published in reputed national and international journals. The book in short is geared and written with the

view of the sorry state of the Nepalese economy and governmental efforts in trying to transform a mono-cultural economy into a diversified structure.

In the volume under discussion, Prof. Sharma goes at length in describing the Nepalese economy, points out the "gaping holes", attempts at diagnosing the sorry state of country's economic affairs and prescribes remedies to overcome traps and pitfalls. The whole idea behind the book is economic nationalism of sorts and focuses squarely on the "development thinking required for the realization of greater democracy accompanied by the sense of strong nationhood."

As the title of the book suggests, the missing elements in the development thinking, according to the author, are in matters of policy. Prof. Sharma categorically points out that in spite of the majority of the Nepali population squirming below the poverty line and living in rural areas, national policies and priorities have always bypassed them in the development planning. He vociferously points out that the biased planning and the developmental model adopted by the country today is principally because of the major say the Bretton Woods Institutions has in our policies. In order to substantiate the case in point Prof. Sharma in the second chapter of the volume entitled "Economic Development and the Question of Equality" points out that "...the subsistence rural economy of Nepal has become a breeding centre for poverty, unemployment, hunger, malnutrition, social discrimination, deprivation, environmental degradation and so on." (p.19)

In view of Nepal's landlocked position and in addition the 1950 Nepal India Treaty and the letters of exchange, the writer sees these as major impediments to Nepal's economic aspirations to stretch out beyond India to countries of the South Asian region and to the world at large. On top of that, the anti-poor policy adopted by successive government(s) of different colours and combinations have, according to him, added fuel to the proverbial fire. For example, he sees ... rebates to bigger investments, collateral based credit system and absence of protection to cottage and small industries that employ indigenous labour as urban biased policies. This, according to Prof. Sharma, has forced industries to leave rural resources either untouched, inefficiently used or non-monetized. The very same argument but on a wider scale and dimension also find place in other chapters of the volume. He forcefully brings home the point that in order to set the record straight, economic nationalism in matters of policy must prevail vis-a-vis Nepal-India economic

relations and the negligence of national priorities over the years need to be reversed at all costs.

The collection in the volume compiled as they are from different sources and written at different times cover a wide range of topics ranging from an appropriate economic model suitable for the country's needs; the link between politics and economics; foreign aid; economic aspect of Nepal's foreign policy; efforts for the satisfaction of basic needs, right down to the role of monetary policy in transforming Nepalese economy. The twenty-one chapters in the volume not only open up a host of relevant issues for discussion but also provide plenty of economic-food for thought.

But given the wide range of topics covered in the volume, they could have been neatly organized topic-wise no matter when the articles were published. For example, the chapters on monetary economics could be put together as could chapters on monetary policy under a different group. The book coming as it does from a monetary economist could have also discussed or answered questions related to current monetary issues that are today making the rounds. Maybe, as pointed out earlier, a chapter based on relevant questions explaining why the Nepali rupee has of late been continuously devalued against the American dollar or what could possibly be the consequences for Nepal should the peg with the Indian currency be removed or for that matter would Nepal be better off with alternative modalities like a free exchange rate system etc. could have added further weight to the volume.

The book as it stands is informative and should prove highly beneficial to both students of economics and also to decision and policy makers as well should they not turn the customary Nelson's eye on the volume. Or, for that matter, if it is not allowed to gather bureaucratic dust in some dingy room in the Singha Durbar. However, the impression that the book was unceremoniously hurried through the press cannot be overlooked. Though it will be a trifle unfair to judge the book entirely by its shockingly poor editing it cannot get away with it either. To put it bluntly, the errors/mistakes, grammatical or otherwise are far too numerous to enumerate and seriously mars the quality of the volume. Should the publishers think of a second edition to the volume, the point will need to be seriously mulled over. Why the names of the two editors with their respective bio-data were mentioned at all remain a mystery.

-Ananda P. Shrestha