

Basic Problems of Economic Development in Nepal*

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In this circle of knowledgeable and learned colleagues I see my task in laying a foundation on which you, the specialists, can construct your intellectual edifices. If the foundation is weak, the upper stories can easily collapse even if they are beautifully conceived or - intellectually speaking - are conclusive in themselves.

The promotion of the economic development of tropical and subtropical countries during the last forty years did, right from the beginning, aim at integrating these countries into our economic world system. This model, generally known as the market economy, unmasked itself quite early with the slogan "Developing countries - markets of tomorrow". For instance, very often young technicians were invited for training with the ulterior motive that later on, when they were in a good position in their home countries, they may remember German machines and German working methods and prefer German products. Thus, closely examined, so-called development "aid" turned out to a large extent to be export promotion.

Now, of course, export promotion is nothing less than defamatory. But for the sake of honesty we should avoid decorating it with a gloriole of "help", pretending that we think primarily of public welfare in those countries. Nowadays, this discrepancy becomes clearly visible when we even vociferously proclaim our principle that countries asking for our aid have to declare themselves to be for the market economy, to introduce multiparty-democracy and to respect (our!) human rights. All this becomes void as soon as it refers to a potential market like China. "Business as usual", I think, is one of the hard-hearted slogans in our economic system.

Self-development, the very fate of these peoples and countries, has often gone out of sight. And, thinking in an Euro-centric way we did not ask whether these people whom we wanted to "develop" wished to do so and if so, whether they wanted to be developed according to our example. And I am talking about the human masses of these countries, the farmers, the fishermen, the craftsmen, the porters and small shopkeepers. I am not talking about the élites who already studied in our countries and who send their sons to Harvard, those who are ashamed of the "poor cousins" whom they often scorn as "savages" and about whom they do not like to talk at all.

Right from the beginning there was the false reasoning that we had to develop these people and not that they had to develop themselves - in case they want to. We often explain this with the statement that we have - or ought to have - a responsibility towards them.

With this, we furthered in these countries a fatalist attitude, namely that development will come from above or outside and will cost them nothing.

Speaking of the wish to "develop", I do in no way close my eyes to the fact that the attractive power of the American way of life - advertised by

worldwide propaganda and demonstrated by the behaviour of foreign visitors, by foreign television programmes, illustrated papers and so forth - is enormous. But does the availability of Coca-Cola, MacDonald's and jeans already mean "development"? Certainly not; they are, in fact, symbols of export promotion.

The greed for our goods - the "want-to-have" - is, however, by no means always accompanied by the corresponding attitude - the "want-to-be" or the "want-to-do". In other words: during the last 40 years we have shown these people what we have and thus roused their greed. But we have failed to show them the price for all this which we are paying day by day: learning, disciplined working, risking our health and environment.

The power of the American way of life has also found its way to Nepal, and the result is not only the pagoda plastered with cement, an environment spoiled with plastic bags and a city clogged with motor vehicles - the decay of the religious monuments also belongs to that, and the theft of and trade with sacral images. Money, formerly of little importance, dictates the behaviour of people. Apart from a few committed groups in Nepal it is we who deplore the cultural decay, who repair the roofs of the temples and who intensely demand the preservation of autochthonous values. In fact, we were those who rattled the Nepalis with our aggressive style of living and made them doubt their own values. Our lamentations are in vain, it is useless to try to check this development, especially not with the tools of democracy and market economy.

Let us become concrete. The economic development of a country is based on a natural and social component, the potential of the natural space and the potential of the society.

All of you who know Nepal from your own experience may know the natural component. Nepal is a particularly difficult and multifarious living space. To a large extent it is covered by young instable mountains, situated on the trans-Asian earthquake belt. The relief reaches from 60 to more than 8.000 m a.m.s.l.; 64 % of the country lies higher than 1.000 m, more than a quarter higher than 3.000 m. Only 13 % of the surface can be regarded as lowland or flat land which can easily be cultivated and used. With this diversity of geographical structures, soils, climatic zones etc., Nepal offers itself for the production of nearly all cultures, apart from those requiring tropical rainforest.

Due to the prevailing mountainous structure, the cultivated soil is highly prone to erosion, a complex which deserves special observation. The utilization of the forests - partly we may speak of destruction - has caused the area under wood to shrink to a mere 23 %. The expansion of the area under cultivation, nowadays given as 2.6 million hectares, was possible only by using unsuitable areas, disregarding soil quality, slope, soil stability and so forth. The reasons are obvious: in an agrarian society a growing population produces a growing demand for cultivable soil.

The natural resources of Nepal may be summarized as follows:

- an enormous natural hydropower potential estimated to amount to 80,000 MW, only 0.3 % of which however has been used, contributing only 0.7 % to

the national energy consumption; a potential, however, which requires enormous investment for its mobilization;

- known mineral deposits of which about a dozen are exploited at present in a rather moderate way; the future outlook is bleak;
- a limited potential of cultivable soils; Nepal, 20 years ago a rice-exporting country, depends more and more on food imports;
- the potential of forestry is highly degraded, it could, however, be re-established in the long run;
- an enormous touristic potential which reached its climax in 1992 with 335,000 visitors; there are, however, many reasons to doubt its general blessing for the country.

A country can also have a "negative potential" - a deficit. Nepal, regarded from the viewpoint of "western style" development, has quite a lot of such deficits:

- the relief is hostile to (modern) transport;
- it is easier to reach the hills and mountains from the south, i.e. from India, than from Kathmandu; that means that East-West connections are difficult and, therefore, lacking;
- the southern border of Nepal is "open" - also geographically as part of the Gangetic plain - and can hardly be controlled so that a proper economic policy is nearly impossible; in addition, Nepal is a landlocked country;
- the climatic factors are those of a monsoon country and this means that Nepal depends highly on the whims of nature; countermeasures, such as irrigation, require technical, financial and organizational investments.

Regarding social or socio-economic aspects - the socio-potential - we see that the population grows annually by more than 2 %, probably 2,5 % and has reached nearly 20 million. This happened despite a high infant and mother mortality rate compared with the rest of the region, scarce access to clean water and sanitation, as well as a moderate daily calorie supply. Thus an increasing number of people need to be fed, clothed, housed and productively employed.

And this is, if I may say so, the proper task of development aid, namely to help such countries to satisfy their basic needs out of their own potentials and to step forward from misery to poverty in human dignity.

What socio-potential do we find in Nepal?

- quantitatively, as mentioned earlier, it has a population growing by 400,000 per year;
- a population whose life expectation at birth, it is true, has meanwhile grown to 52 years, but those below 15 years amount to 42 % (Germany 16 %), whereas only 55 % (Germany 69 %) belong to the economically active age-range between 15 and 64 years;
- a population, finally, that shows a strong tendency to urbanization. Whereas in 1965 only 4 % were town-dwellers, they now amount to 10 %, and of these 20 % live in Kathmandu.

The socio-potential further comprises public education. Despite all campaigns, the literacy rate is still low in Nepal. In 1990, 86 % of boys and 57 % of girls of the appropriate age attended primary schools, but only 26 %

of Nepalis of 15 and over were considered literate, that is 38 % of men and 13 % of women.

If we bear in mind that - apart from the old Tri-Chandra College and the Tribhuvan University - there are today some 130 colleges, we ask automatically what the favourite studies of young Nepalis and their professional chances are. Actually, no subjects that are needed to reach the planning targets, namely engineering, agriculture, forestry and sciences are preferred; on the contrary: nearly three quarters of the students are interested in commerce and law, languages, literature and social sciences. In former times graduation with a "multipurpose diploma" mainly served to find a job free of manual work, possibly as a government employee, which to a certain extent is still the case, but in addition the modern graduate who is now fascinated by his profession has but a small chance to find an appropriate occupation, because there is no money in the budget and no vacancies either. Thus, university graduates can nowadays be found e.g. as trekking agents in Nepal. Foreign and Nepalese NGOs and other organizations may offer jobs for them, so that these professionals, whose training we often have furthered, can take over responsibility.

The question of public health was already touched upon briefly. Today, there is one physician per 30,000 inhabitants, but this average figure is misleading since most work in towns, whereas they are often missing in the rural health posts: either there is no budget for them or they prefer to practise elsewhere. 37 % of the people have access to clean drinking water, 6 % to sanitation, i.e. toilets, but though the daily caloric intake meets the UNO-norms, the figure is again misleading since, in 1991, there were some 12.2 million Nepalis officially regarded as "living in absolute poverty".

The socio-potential also embraces the legal and constitutional situation of the country in which trade and commerce and of course development takes place. Most of us have had the experience that we cannot introduce innovations unless the autochthonous population is ready to accept and to develop them. Again and again we have to accept the fact that the people do not develop relationships to mere gifts, and that projects, once the foreign advisors and paymasters withdraw, collapse quickly and everything becomes as it was before their arrival. Here you may quote Dr. Faust: "what you inherited from your forefathers: earn it to possess it", and change it into: "what the foreign advisors put into your village, accept it to possess it".

Experience has shown that projects launched from outside are very often not regarded by the local people as something of their own. This led to the strategy of participation, i.e. the collaboration of the persons concerned right from the beginning. For instance: if a group of farmers wants to change its living conditions, wants to develop its technology, the foreign adviser can counsel them from his own experience. However: to fix ways and ends and, to a large extent, also to mobilize the financial means is a matter for the people concerned. Their project, their contribution to the work and their money will probably make them stick to it even after the foreign adviser departed.

A last word on the political constitution. It is a general habit to lay the blame of all present problems on the politics of the past. This can be seen in

our country, where the term "Erblast" (inherited burden) was introduced into the political vocabulary, just as well as in Nepal. For everything that does not function properly in Nepal, for all shortcomings and hindrances in development, the Panchayat System is blamed. But in fact, problems have remained the same and people as well - apart from the politicians who are now in power or are still fighting for power. Likewise, the vested interests - first of all land property - are vehemently defended today no less than before by those who enjoy them. When I worked in Nepal during the Panchayat era, I happened to see during the village elections how poor, small farmers elected the big landowner or the moneylender, not only because he was the only one who knew reading and writing and was at home on the political scene, but also because as a tenant or debtor they were dependent on him. This may not have changed very much and often project proposals fail to consider land tenure as an important datum.

We shall see whether the multiparty-democracy can handle the basic problems of economic development in Nepal, with the same people, the same civil servants and the same advisers, better than its predecessors: population increase, devastation of resources, the open border to India, transport problems and - as a consequence - the generally spread misery of a substantial part of the population.

*This article is based on a lecture given on the 4th Heidelberg Symposium on South Asia "Nepal and the countries of the Himalaya region", 1993.

INTERVIEWS

Kathmandu - Present and Future: An Interview with Mr. P.L. Singh, Mayor of Kathmandu

Susanne von der Heide

The interview was taken by Susanne von der Heide on the 25th of April 1993 in Chettrapati, Kathmandu. Mr. Singh has now been Mayor of Kathmandu for nearly one year. He is a leading member of the ruling Nepali Congress Party.

Excerpts from the interview:

Q: People have long since expressed concern for the future of Kathmandu City. What are your immediate plans and what are your experiences so far?

A: Well, the experience for Kathmandu is primarily that prior to the election, I thought that Kathmandu City was suffering from 'cancer' - but, what I found out, is that the city is suffering from an 'overflow of Aid'.