

# UNDP report breathes fresh air

*Emphasis laid on the 'missing middle'*

A study commissioned by the UNDP to look beyond the conventional approaches to poverty reduction in the country has yielded an extraordinary report. It is featured by a certain forward-looking pragmatism. Prepared by S R Osmany, Wahiduddin Mahmud, Binayak Sen, Hulya Dagdeviren and Anuradha Seth, it identifies a benchmark in 1990s to suggest that the success achieved over the last decade in reducing poverty needs to be carried forward. The follow-up actions are necessary if we are to reduce poverty substantially; more important, if we are not to bring the alleviation process to a halt.

The poverty reduction by an average of one percent over the decade was made possible largely because of the contribution of sectors like small industries, services and construction. The UNDP report calls for 'Bangladesh's intervention in the missing middle' so as to support small and medium enterprises (SMEs) for consolidating its recent gains in poverty reduction, or risk losing the track in development efforts.'

The key to poverty reduction in the 1990s was the demand-driven pattern of growth fostered by the success of SMEs. We agree with Prof Mahmud that rural industries can create semi-urban type of demands in addition to the purely rural demands. If we are to achieve the growth rate of Thailand we must create semi-urban demands, said he. Interestingly, the number of semi-urban centres has increased rapidly over the years but the size of market demand has not grown commensurately. It is still mostly a supply-driven rural economy.

The development of small and medium enterprises (SMEs) is hamstrung by lack of access to funds, both in the micro-credit and formal banking sector.

This touches on the wider issue of deficit management versus expansionary policy. It is not surprising that Finance and Planning Minister M Saifur Rahman and UNDP Resident Representative Jorgen Lissner have identical views on this question. Rahman calls the exhortation of the World Bank and IMF to contain the budget deficit to a 4.5 percent band 'an undesired pressure'. The UNDP Resident Representative waxed critical of the developed nations' pressure on the poorer countries to limit the budget deficit while the EU and the US had continued deficit financing for over a decade. With such a track-record, they had better not sermonised the developing countries to reduce deficits. We reckon, this is double standard on top of conditionalities.

The UNDP report rightly advises against an unduly conservative attitude to aggregate demand management. Although budget deficit and inflation must be contained within safe limits, 'occasional blips in deficits should not be allowed to be an excuse for clamping down with a contractionary policy', the report rightly suggests. Basically, we endorse the idea that macro-economic stabilisation should be maintained in a manner that does not generate extreme poverty; instead, it helps job-creation. The emphasis on reforming the financial sector should not come in the way of addressing the task of mainstreaming 'the missing poor.'

Without good governance in place, the thought of promoting small and medium enterprises should not be even entertained. Whatever credit access is available to the small entrepreneurs is tainted by corruption. Every step of the way, they have to do the palm-greasing, which in effect, raises the cost of setting up industries, let alone that of business. The premium definitely gets reflected on the prices of their products. As if all these were not enough, the incidence of illegal toll collection in the SMEs is the highest in the country.

In the ultimate analysis, it's the growth of effective local self-government institutions providing for a participatory process in terms of decision-making, credit garnering and project formulation at the grassroots that can give the desired push to the development of small and medium industries. Devolution of powers is highly imperative for setting up rural growth centres complete with road, electricity and other infrastructural networks.

The recent revelation that the micro, small and medium industries contribute 25 percent to the GDP, outstripping the contribution of public and private sector industries put together, bears ample testimony to the rich potential the SMEs have to further accelerate national development thereby significantly reducing poverty.

DR. SYED SAAD ANDALEEB

RECENTLY, I took part in an interesting small group discussion on public trust and confidence in Bangladesh. The discussion began rather innocuously as a member of the group, concerned about diabetes, expressed her lack of confidence in purchasing sugar-free jam in Bangladesh for her daily breakfast. Convinced that the local jam was not to be trusted for sugar content, whether it was certified or not by the manufacturer or the agency charged with oversight responsibility, she purchased a few jars abroad, expressing her unstinted confidence in the overseas manufacturer and the agency for oversight she could not even name (i.e., the Food and Drug Administration). She also indicated having shopped around for locks of a "heavy" variety for her luggage soon to arrive at Zia International Airport.

From sugar-free jam, the discussion moved on to other products such as cooking oil, some pharmaceutical products, auto parts, bottled water, blood for transfusion, and so on. For each category, great apprehension was expressed that the chances of being swindled or shortchanged was very high. From products, the discussion moved on to people and institutions. What followed in quick succession was how low one's confidence was in doctors, journalists, educators, engineers, businessmen, government officials (especially in the public services like taxes, customs, telephone, electric supply, etc.), consultants (both foreign and local), the police, and the politicians. Similar sentiments were expressed about educational institutions, hospitals, the justice system, the stock market, the investment banks, the news media, the international and donor agencies, visa granting authorities, and even some NGOs, sparing nearly none that had some impact on Bangladesh society. In each case, the conclusions were not flattering, to say the least, and the key question that kept reappearing was, "Whom can you trust in Bangladesh?"

Being skeptical of the opinions of a small group, I turned to some empirical data that Democracywatch in Bangladesh had graciously shared with me several

rial added, "A disapproval rating of about 40 per cent is far from flattering."

Publicly decrying one's own profession, as above, is a rare treat in Bangladesh and such actions behoove members in other professions also to engage in serious soul-searching to take responsibility for their misguided ways and strive toward improving their worthiness in the public eye. That would go one giant step toward building public trust and confidence, a matter of paramount importance today. Other giant steps are also needed via better organisation of society, accountability, transparency, and concerted action to bring about positive changes.

Lack of public confidence has significant cost implications for the nation. Regaining that confidence today is a national priority, especially in matters of physical security, healthcare, education, information, transportation, the financial arena, and related public services. It also has tremendous implications for building social organisations, facilitating social cohesion, and creating an environment where economic and social exchange can take place without fear or apprehension. The

bulk of this responsibility falls on the political leadership that is elected not to be self-serving but to serve the interests of their constituencies. However, those at other levels must also play their part, although they need assurances that when they perform in a manner that would help generate public trust, they are not to be victimised. Interestingly, whether they are victimised in reality is not the issue; what is at issue is their "perception" that they "may be" victimised. This calls for public pronouncements by the top political leaders, followed by actual demonstration, that when justified action is taken at various levels to reinforce public

public, and becomes a mouthpiece for a limited audience, it does great disservice to public trust and people will seek information elsewhere. Similarly, when the information labels on sugar-free jam cannot be trusted, people will get it elsewhere, usually abroad!

λ If people cannot trust their leaders, these leaders will be deemed useless to the nation. Bangladesh today has the indubitable reputation of being the most corrupt nation in the world or thereabouts, a reputation that works resolutely against public confidence building. To a large extent, political leaders over different regimes have to bear

**It is important to bring back an environment of trust in which the citizenry can be confident of the basic things that society is supposed to provide: They must be able to walk the streets at any hour without feeling unsafe, send their children to institutions that will truly educate them and not exploit them, go to healthcare providers who will take responsibility for their health, be informed of their rights and privileges, and engage in economic activities that provide basic guarantees from connivance and fraud.**

trust, the officials will be rewarded or, at least, provided the needed support to continue to conduct themselves without fear.

To better understand the need to rebuild public trust, it is pertinent to examine the concept and its effects on society. According to social scientists, trusting requires a situation having some personal relevance or consequence for an individual or group where trust remains a risky undertaking... "one who trusts takes cognisance of the possibility of excessive harm arising from the selectivity of others' actions." It has also been suggested that a fundamental condition of trust is that it must be possible for the "trusted" party to abuse the trust. If abuse occurs, one who trusts pays a price that (s)he may not have been willing to pay. This is why even religious texts such as from the Quran warn that "Bonds, oaths, or treaties once accepted freely must not be broken." It also commands, "Do not break your oaths after you have confirmed them. Do not take your oaths to practice deception among one another (or nations). Do not sell your covenants for a miserable price." Let us examine how the abuse of trust has major ramifications:

responsibility for this reputation. However, businessmen, government officials, and in many cases even the general public (who use bribes to obtain advantages over others) cannot be exonerated either for confidence destroying behaviour. In an environment of low public confidence, leaders who are not trusted will be unable to enthrone the people to "rise" behind their leadership, nor will they be able to ask the people to make sacrifices that may be necessary (e.g., if there is a need to install any austerity programmes).

The fundamental importance of trust and confidence for social and economic advancement has been attested by a number of social scientists from different disciplines. Economists consider trust as a public good necessary for many economic transactions (e.g., protection from fraud and faulty products -- witness the poor investment climate in the country); sociologists describe trust as essential for stable social relations (witness the relations between various political and social groups in the country); some see trust as one way in which individuals can cope with uncertainty and vulnerability in their daily lives

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# Nepal: Resumption of Govt-Maoists dialogue in the offing ?

ZAGLUL AHMED CHOWDHURY

HERE seems a silver lining in the Government-Maoists hostilities in Nepal.

While it is too early to say that the two sides are closer to resume their dialogue to settle the insurgency, there is no doubt the coming days will witness a lull in the fighting. The army security forces are engaged in a bitter hostilities with the ultra leftists after the truce collapsed several months ago but the government has welcomed a recent Maoists' offer to cease all anti-government acts for ten days from October 2. The embattled authority of prime minister Surya Bahadur Thapa has urged the Maoists to continue this truce and use the good omens for resuming the dialogue for a settlement of the vexed insurgency through talks.

Nepalese prime minister Surya Bahadur Thapa is facing twin problems in ruling the country -- an increasingly vociferous opposition demanding restoration of democracy and a determined ultra leftists' group, which is bent upon turning the nation into a Republic by dismantling the monarchy. The government is seeking to explore new avenues for rapprochement with the opposition in one hand and resumption of dialogue with the Maoists on the other while trying to maintain a brave face. The task of settling both the problems is proving Herculean for the government and on the process a spectre of political instability is stalking the Himalayan kingdom. However, the government seems keen on taking a more rationale approach in dealing the matters and has called for all-party system governance to overcome the situation which is becoming somewhat intractable.

Former Nepalese Prime Minister

# MATTERS AROUND US

**Political unrest appears on the increase in the South Asian nation which is struggling to establish a democratic edifice. True, strain on the inexperienced democracy causes occasional problems while the role of a section of power-hungry or money-hungry politicians has only helped to impede the development of the representative government in Nepal. But there is no alternative to democracy even though the system was growing slowly through experiments and trials.**

Girija Prasad Koirala was recently among nearly three thousand political activists detained by police in Kathmandu during a huge anti-government demonstration when the protestors chanted full-throated slogans demanding democracy in the picturesque country. "Gyendra quit Nepal" shouted more than nine thousand activists of five major political parties defying a ban imposed by the government on political rallies. But the activists paid scant importance to the ban and asked king Gyendra to move quickly to restore democratic government in the country, which introduced parliamentary democracy as effective government in 1990 but the present King seems seeking to scuttle the representative character of rule.

Nepal appears to be heading for political instability unless the King succeeds in reaching some kind of understanding with the major political parties on the national elections as well as other political problems that are haunting the country for some time past. The issue of radical leftists' insurgency is becoming more complex as the ultras are hardening their stance and launching daring attacks on the government side. This has rocked this

impoverished nation for last several years. The government and the Maoists initiated a dialogue earlier to find a settlement on the vexed demands of the ultras like setting up a Republic in Nepal in place of the monarchy, but new political unrest have jeopardised the process of negotiation. The Maoists have called off the seven-month long truce. Peace with the Maoists is the key to hold new elections since the ultras have gone back to the path of violence following the collapse of the truce. They have killed an adviser of the King and also burned down the house of a member of the Royal Council in stepped up attacks.

The effective monarchy took a back seat in Nepal since 1990 when democracy was introduced following a pro-democracy movement that achieved its avowed objectives. However, the functioning of the parliamentary democracy has not been smooth as politicians both from rival parties and belonging to factions of main political party Nepali Congress squabbled forcing midterm polls. Alleged corruption by those at the helm also contributed to the waning confidence of the people on the new democratic pattern even though there is no iota of doubt that

democracy is cherished by the people. Late King Birendra did not try doggedly to cling to power when mass commotion was clear for democracy but at later stage politicians failed to live up to the expectations in providing a clean and welfare-oriented administration. As such, when prime minister like Girija Prasad Koirala was forced out of office following corruption charges involving aircraft of the Royal Nepalese Airlines, few shed tears for him but biggest casualty was the credibility of the politicians.

Then again, when Koirala and Sher Bahadur Dube, both from Nepali Congress, fought over ascendancy in the party and the latter became the prime minister, the country suffered further political setbacks. But it was the royal massacre more than nearly three years ago that left that stunned and shocked most in and outside Nepal. The official account that crown prince Dipendra killed all in a fit of anger as a sequel of altercations with his parents is hardly acceptable to an ordinary Nepalese and the matter still remains shrouded in mystery. The

killings brought King's brother Gayendra to the throne as the crown prince had also reportedly

shot himself to death after killing the King and others. The new King so far proved not much acceptable to the politicians as he chose to install royalists as prime ministers disregarding the true politicians. Political parties differed among themselves but are now broadly united against the undemocratic rule.

The current time is being viewed with controversy mainly for the reason that an impression is gaining ground that the King is seeking to take back the executive powers to the monarchy. He dismissed the elected government of prime minister Sher Bahadur Dube and installed royalist Lokendra Bahadur Chand as prime minister, who, however, had to step down as political parties

continued agitation describing the developments as unconstitutional. The King then appointed Surya Bahadur Thapa, another royalist as the premier turning a blind eye to the nominees of the political parties. This has angered the political parties.

Political unrest appears on the increase in the South Asian nation which is struggling to establish a democratic edifice. True, strain on the inexperienced democracy causes occasional problems while

the role of a section of power-hungry or money-hungry politicians has only helped to impede the development of the representative government in Nepal. But there is no alternative to democracy even though the system was growing slowly through experiments and trials.

The government wants the Maoists back to negotiations and wants support and assistance from the political parties in this direction. But the political parties are lukewarm to the proposal given by ruling Rastriya Prajatantra Party (RPP) president P. S. Rana. Because political parties are certainly keen to see an end to the activities of the Maoists but not by terms of the government side. On the contrary, they are quite soft to the ultras in the sense that they have criticised the King's dealings with the problem. The Maoists called a long strike in Nepal which had virtually shut down the nation. The opposition parties did not oppose the ultras. At the same time political parties want clear steps on restoration of democracy with the King remaining only ceremonial. Any bid by the government to cling to power by ignoring the opposition parties and the Maoists may prove disastrous. A more positive and accommodative policy by the government is desirable and sooner it takes place it is better for Nepal. As regards dialogue with the Maoists, their leader Parachand has announced ten days of truce marking the post-monsoon festival. Analysts feel that this may lead to a conducive ground for resuming the dialogue if both sides demonstrate pragmatism on the insurgency issues.

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# Of mouse and man

HABIBUL HAQUE KHONDKER

IF you are already beginning to accuse me of male-chauvinism and thinking of reminding me that we have come a long way from the gender-insensitive days of John Steinbeck, the author of *Of Mice and Men*, please hold your horse. I am trying to make a simple point: men and women use computer differently -- often, for different purposes. When a man is clicking away the mouse, his attention often veers into the domains of sports and other pleasurable things -- that's what the American study of computer usage suggested. In USA, young women aged between 18-24 prefer to visit news and entertainment sites, while young men prefer search engines and sports sites. In U.K. of the net users, 80 per cent men aged 55 or over go online to search for information or to pursue their hobbies. Eight-six per cent of women use the

Net to communicate with close friends and family. In Singapore the male female difference in the use of internet stood at 56 per cent versus 34 per cent; this was shown in a recent study conducted by Eddie Kuo, a prominent sociologist, and his associates.

There is a digital divide based on gender as there is a digital divide based on generation often manifested in a single household producing bitterness and acrimony. However, the phrase digital divide seems to have been overused. According to NUA which specialises in surveying computer related matters, there are nearly 606 million internet users worldwide of which 190 million are in Europe, 187 million are in Asia/Pacific and 183 million in USA and Canada. Africa has less than seven million users. But such a gap -- given the economic inequality -- is unsurprising. I often joke that there is an automo-

Computers have defined our age, yet sometimes I ponder how better off I am with this machine. The thoughts are timely now that I have had my third hard-disk crash in slightly over two years... I am not a neo-Luddite. I like machines, when they are good, useful and strong. All I need is a crash-proof hard-disk that will last for years. I have used watches that are shock-proof. You throw them from roof-top they will survive the fall. I need a crash-proof computer. Progress should be translated not just as speed but also as robust. Progress should make life easy, not expensive.

bile divide; some people own cars others do not.

Digital divide is somewhat special though. One may be economically in a position to own computers but then there are other factors such as competence, interest and time. Younger people seem to be smarter than older when it comes to use of computers. But adults are the ones who continue to write programmes.

Although gender gap in terms of using computer is closing, men are still overrepresented in programming, designing, and fixing computers. The reason lies in uneven education in computer by gender groups. In USA only 15-20 per cent computer science majors at top computer science departments are females. At Carnegie Mellon University (CMU) at Pittsburgh, Pennsylv-

ania, USA, one of the leading schools in computer science in the world, enrollment of women in the undergraduate computer science programme has risen from 8 per cent in 1995 to 42 per cent in 2000 as reported by Allan Fisher and Jane Margolis of CMU. Computers have not created gender gap; rather it continues to reflect underlying structured inequality between men

and women, between rich and poor.

Computers have defined our age, yet sometimes I ponder how better off I am with this machine. The thoughts are timely now that I have had my third hard-disk crash in slightly over two years. I often see new advertisement promoting the capacity of the hard-disk. The capacity keeps growing and growing by leaps and bounds. However, I

have lost both less-powerful and more-powerful hard-disks to unknown ailments. No one knows for sure why hard-disks crash. But they do. I have heard different answers as to why they crash but of the non-technical theories I like the "planned obsolescence" theory better. They are made to die after a certain time. That's what capitalism is all about.

In the days of real notebooks, I did not have to worry about discovering one fine morning that all my writings and scribbled notes have disappeared as if by magic. I never had to face the nightmare of looking at a (real) notebook that went blank. Yes, I would run out of ink or ideas and sometimes a notebook would be filled and I would buy a new one from the grocer shop down the street but I would never worry about my notebook "not opening" unless someone spilled glue on it. Even the size of the notebooks rarely changed

and if they did it hardly mattered. Now in my life time, I have seen changes in the size of diskettes that make my original floppy diskettes obsolete. My students often wonder what those things are. I tell them these relics are from the days of Jurassic age or from the Neanderthal period. I am not a neo-Luddite. I like machines, when they are good, useful and strong. All I need is a crash-proof hard-disk that will last for years. I have used watches that are shock-proof. You throw them from roof-top they will survive the fall. I need a crash-proof computer. Progress should be translated not just as speed but also as robust. Progress should make life easy, not expensive.

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