

should reinforce their commitment to fiscal balance, exchange-rate realism, and ongoing structural reforms, which have played the major role in the normalization of emerging capital markets in the 1990s. The IMF for its part should continue to improve its surveillance efforts by strengthening its dialogue with private market participants.

Sustainable and sound economic policies must be favored over populist policies.

‘Occupy Wall Street’: Call for a fairer Society

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The year 2011 was unusual in a variety of ways. From a tsunami triggering a nuclear disaster in Japan to the busting of countless scams in and out of the corporate world, the previous year was eventful to say the least. But what makes it so different from the past years were the unprecedented revolts, both peaceful and violent, across almost all continents. One uprising led to another, heralding the emergence of a new society, which prefers to uphold the ideals of democracy, to make its voice heard by those at the higher echelons of bureaucracy and corporations rather than keeping mum.

One such protest that has been gathering steam ever since it was initiated (in September, 2011) and quite fortunately refuses to die down is the OWS protest in USA. One may call it the child of the Arab Spring or the product of the

frustration of countless Americans with their economy in the doghouse, but on a different note, it has also helped the eternal debate between capitalism and communism to resurface. Economic slowdown with unemployment at a dismal 9% and the continued widening of the income gap between the rich and the poor (as can be inferred from the self explanatory slogan- WE ARE THE 99%) sponsored by the excessive corporate loot and lobbying in addition to the excessive financial bailouts by the government has led to widespread anger, dissent and despair.

Between 1979 and 2007 incomes of the top 1% of Americans grew by an average of 275% vs. just 40% for 60% of the Americans in the middle of the income scale. Over the last 30 years, the tax burden has grown more on the ‘99%’ rather than the higher income group. Yes, definitely prior to 2008, the U.S. economy grew at a decent pace but that was mostly on account of the rich getting richer. Post 2008, the condition has worsened. With the U.S. capital markets crashing to touch a record low, the U.S. government decided to bailout the big banks (while completely neglecting the smaller ones) making them ‘too big to fail’, who after leveraging up and gambling with the taxpayer- insured deposits lost big in the 2008-09 crisis. However that has only made the corporations more reckless than ever. Most of them are either sitting on \$2-\$3 trillion of bailouts or are investing them almost without thought in the market. Here is when ‘crony capitalism’ enters the story. If the investments turned out to be profitable, the winnings were privatized, while the risks, if realized, meant an overwhelming burden on tax payers, i.e., the losses were socialized. While increasing corporate influence

on the government ensured bonuses for failures, the average taxpayer buckled under the massive weight of increasing taxes, inflation and recession. The 9% rate of unemployment does not only reflect the impact of recession, it mirrors the growing disconnect between one's contribution to the society of the corresponding dividends. More and more Americans as well as other people in developing as well as developed economies getting deprived of their basic entitlement to education, health and most importantly, economic freedom points out the absence of a social democratic state and the desperate need for countervailing movements and parties of the lower income groups to counter the power of the corporate elite. The recent cut in the government expenditure (in U.S.) by \$1.2 trillion has thus proved that the bailouts exist only for meeting the insatiable greed of the corporate elite and not the worthy classes, in particular the poor and middle class, inviting the public's wrath and the protests as we see them today.

The protests have been repeatedly criticized for incoherent demands, violence and their inability to bring about the requisite changes in a short span of time. But what most people fail to notice is that the protests don't claim to be the solution of the problem. Instead, OWS is an expression of the public's anger, frustration, a channel through which the ordinary citizen has not only demanded more action to reduce corporate loot but has also called for a free market capitalism, one that is different from the monopoly capitalism which we are habituated to. It has, turned the much deserved spotlight to the fact that the unequal concentration of wealth is not, as many like to call it, the result of free market economy and capitalism, not when

it fails to provide 25 million people with employment opportunities. Instead, it precludes the development of a strong and powerful middle class, thus acting as a drag on the growth and development of both the society and economy. Higher taxes for corporates with better tax administration, anti-carbon tax, reduced material costs through free trade and merit and performance based pay are some ways that ensure that profits are redistributed in an efficient way. At the same time, governments all around the world need to understand the inefficiencies associated with the bailouts and take a cue from Argentina and Iceland's economies which channelized the revenues towards more productive expenditure instead of bailing the banks out, pulling themselves out of recessions effectively. In a paper authored by Jeffrey A. Miron, the problems accompanying bailouts have been put forth and unsurprisingly, America has been seeing them all. In Miron's opinion, "instead of bailing banks out, policy makers should have allowed the standard process of bankruptcy to operate. This approach would not have avoided all costs of the crisis but it would plausibly have moderated the effects for a longer term." It is foolish to believe that policy makers mustn't have foreseen that but the ever increasing corporate influence has led them to do otherwise. If not doing away with them completely, a cap on funds should certainly be put.

The Wall Street protestors, varying in their demands, stand alike in their call for more economic inequality. The fact that most democratic countries (including our own) are unable to provide their citizens with social and economic democracy and fail to ensure a free

market and equal rights is a cause for concern indeed. It is thus imperative to make proper amendments relating to equitable redistribution of wealth, lest the burgeoning sociopolitical movement should obstruct the growth of not merely America but other economies as well.

Guest Article

A Report on Financial Access in Nepal

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1. Introduction

Access to finance enables individuals and enterprises to do what they desire. Financial access is the availability of financial services like credit, savings, deposit, ATM services, payments, insurance and other risk management services. According to World Bank, access to financial, physical and social infrastructure are necessary to complement the efforts of the poor people for living better lives and coping with risks. It is considered as one of the means to attain Millennium Development Goals (MDGs). Well- functioning financial markets are pre-requisites for the economic development of this region.

In recent years, delivery of financial services to the poor has increased worldwide. The numbers of public and private commercial banks, state-owned rural development banks,

cooperative banks and informal institutions- such as self-help groups, and savings and credit associations that provide financial services to the poor have grown. Delivery approaches have varied based on population densities, type of clients, growth of financial institutions and in some countries, the history of community and self-help initiatives. This growth has led to introduction of innovative products that have improved the means of livelihood for the poor, by building their assets and increasing their earnings (WDR 2009).

Lessons learned from other countries have shown that formal financing system is essential for economic development process as it helps in mobilizing and allocating funds towards productive investments, reducing information costs, providing better access to markets through their intermediation process. Financial sectors are a major element of any developed economy. The opposite is the indomitable truth for all the developing nations. According to the World Savings Banks (2004), only 20%- 30% of the population in most developing economies has access to formal financial services. The adverse impact of limited access to financial markets is not only suffered by the poor but also by the non- poor. It's not only the problem of developing countries but also of the developed ones. Sometimes, it may be worse in a developed nation due to existence of a complicated financial system.

In a typical developing economy like Nepal, the formal financial system at best serves no more than three fourths of the population. It is because most of the population lives below the poverty line and they cannot afford to participate in the elegant formal financial system. Though some of these people are not able to use formal or semi formal financial services, at the same time, they may have access to finance via informal financial services. It is imperative that the development of each and every country is based on its geographical,

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