

Policy Studies 43

Looking Back,
Looking Forward:
Centralization, Multiple
Conflicts, and Democratic
State Building in Nepal

Mahendra Lawoti



East-West Center
Washington

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Contents

List of Acronyms	v
List of Tables and Figures	vii
Executive Summary	ix
Introduction	1
Centralization and Democratization	4
Overcentralized Polity	5
Centralized State Structure	6
Centralizing Political Culture	10
Ethnic and Gender Centralization	12
Overcentralization and Anomalies	15
Centralized Polity and the Governance Crisis	15
Centralization, Exclusion, and Ethnic Conflicts	23
Centralization and the Rise of Maoists	32
Successful Sectors and Power Redistribution	38
Weak Accountability Mechanisms and Limits on Success	42
Debates on Restructuring the State	44

Inclusive and Accountable Democratic State Building	47
A Framework	49
Power-Sharing in the Polity	52
Power-Sharing among National/Ethnic, Caste, and Gender Groups	54
Economic Inclusion and Economic Development	55
Political Space for Civil Society and Communities	57
Increasing the State's Capability	58
Managing Conflicts and Consolidating Democracy	59
Endnotes	63
Bibliography	65
Project Information: Internal Conflicts and State-Building Challenges in Asia	71
• Project Purpose and Outline	73
• Project Participants List	77
• Background of the Conflicts in Nepal	83
• Map of Nepal	87
Policy Studies: List of Reviewers 2006–07	89
Policy Studies: Previous Publications	91

List of Acronyms

CHHE	Caste Hill Hindu Elite
CHHEM	Caste Hill Hindu Elite Male
CIAA	Commission for Investigation of Abuse of Authority
CPN-D	Communist Party of Nepal - Democratic
CPN-ML	Communist Party of Nepal - Marxist-Leninist
CPN-UML	Communist Party of Nepal - United Marxist-Leninist
FPTP	first-past-the-post (electoral system)
GDP	gross domestic product
KNF	Khambuwan National Front
MNO	Mongol National Organization
MPRF	Madhesi People's Rights Forum
NC	Nepali Congress
NDP	National Democratic Party
NDP-C	National Democratic Party - Chand
NDP-T	National Democratic Party - Thapa
NEFIN	Nepal Federation of Indigenous Nationalities
NGP	Nepal Goodwill Party

NPF	National People's Front
NPLP	National People's Liberation Party
NWPP	Nepal Workers and Peasant Party
PLA	People's Liberation Army
PPPD	purchasing power parity dollar
PTLF	People's Tarai Liberation Front
UPF-N	United People's Front - Nepal

List of Tables and Figures

List of Tables

Table 1. Ethnic/Caste representation in governance, 1999	14
Table 2. Parliamentary seats under FPTP and proportional representation electoral systems	25
Table 3. Non-Maoist violent conflicts in Nepal since 1990	31

List of Figures

Figure 1. Post-1990 proposals for restructuring the Nepali state	45
Figure 2. Inclusive and accountable democratic state building	49

***The difference between the Vikram Sambat (v.s.) calendar and the Gregorian calendar is fifty-six years and three and one-half months.**

Executive Summary

This monograph analyzes Nepal's past to derive guidelines for the future in the context of a planned new constitution through a Constituent Assembly. It seeks answers to the questions: Why did Nepal encounter multiple conflicts and crises during the 1990–2002 democratic period? And what can be done to avoid similar conflicts and crises in the future?

From 1990 to 2002, Nepal witnessed a Maoist insurgency, exclusion of national, ethnic, and caste groups and women, and governance crises (corruption, governmental instability, etc.). The conflicts and crises contributed to the erosion of democracy, which was further undermined by King Gyanendra's intervention in 2002. Democracy was finally dismantled in 2005 under the pretext of addressing the crisis and instability that plagued Nepal.

The study argues that overcentralization of the polity was the underlying cause of the multiple violent and nonviolent conflicts and crises confronting Nepal. Governance structures (majoritarian political institutions like the first-past-the-post electoral system and the unitary structure) and the centralizing political culture concentrated power in the center. Furthermore, centralized power was mostly concentrated in the executive and accessed largely by caste hill Hindu elite males. Overcentralization contributed to abuse of power, corruption, erosion of democratic institutions, and governmental instability. These anomalies occurred partly due to nonexistent or weak horizontal accountability. Different branches of government and central agencies were not sufficiently independent and powerful to hold the executive accountable. Centralization also contributed to ethnic exclusion and conflicts. The first-past-the-post electoral system

undermined representation of marginalized groups, while the unitary state allowed the dominant group to impose public policies based on its values over all groups. The hierarchical caste system instilled values that maintained superiority of “upper caste” groups, concentrated privileges in the upper castes, and contributed to discrimination of marginalized groups. The post-1990 years also witnessed violent identity-based conflicts, although these were overshadowed by the Maoist insurgency.

Centralization contributed to the initiation and growth of the Maoist insurgency. The Maoists were excluded from governance by majoritarian institutions, and repression by the central government pushed them to insurgency. The overcentralized state had a weak presence in rural areas. Unhealthy competition for power further weakened the state and contributed to the rapid growth of the Maoist insurgency.

The years between 1990 and 2002, however, also saw some positive developments. Print and electronic media flourished. People could access information from alternate sources; debates became vigorous; social issues began to be raised; and the media held the elite accountable to a certain degree. The hills were reforested after the government returned the forests to communities and resources from the forests became available to the communities. Nepali civil society became more vibrant. Social justice movements of the Madhesi people of the southern Tarai Region, the Dalit, indigenous nationalities, and women’s groups raised their issues and sensitized society to the discrimination and inequalities confronting them. Liberalization made available cheaper and efficient goods and services. Local governments performed better with the devolution of more power and funds to them. Devolution of power to different sectors and agencies and allowing them to operate autonomously were the key factors underlying these successes.

Weak accountability mechanisms, however, limited these successes. For instance, abuse of power by the media often went unpunished. Weak or nonexistent accountability mechanisms also caused many of the crises Nepal encountered during this period. Weak social accountability also resulted in continued exclusion of marginalized groups from government and influential societal sectors, even in successful sectors. Distribution of power (concentration or devolution) and the issue of accountability were key factors influencing success and failure. Even though accountability was a major factor that contributed to Nepal’s various problems after 1990, debates on restructuring the state among political parties, activists, and

intellectuals, have not focused on this issue. Unless the issue of accountability is addressed in state building, a new Nepal, whether a republic or not, would still witness abuse of power and suffer its consequences.

This monograph articulates guidelines for state restructuring in Nepal, focusing on devolution of power and the criteria of inclusion and accountability. It proposes power redistribution along several lines. Political power must be divided vertically among the center, regions, and local governments on the one hand and horizontally among different branches of government and central agencies on the other. Likewise, political parties and civil society organizations should be democratized to empower cadres and members. Redistributed power should be shared by different national, ethnic, caste, and gender groups. Federalism is the most important structure for redistributing power and empowering different groups, but it is not sufficient to address all the different problems faced by various groups. Other institutions should be introduced to address the multilayered problems of multiple groups.

The monograph also argues that economic inclusion and development is necessary. It calls for progressive land reform, enhancement of the market, democratic corporatism, and state support for entrepreneurs in an open and competitive environment. Moreover, political space should be provided for civil society groups and communities to raise and address issues that the state and market cannot address or are disinterested in. New and different empowered agencies and actors would function as a result of such reforms, leading to a more effective and robust state. The chances for consolidation of democracy with an inclusive, accountable, and functioning state would be higher.

Looking Back, Looking Forward: Centralization, Multiple Conflicts, and Democratic State Building in Nepal

In the wake of the successful second people's movement in April 2006 and ongoing measures to draft a new constitution, it is crucial to understand what went wrong with the democratization process in Nepal during the 1990–2002 democratic period.¹ Despite success in several sectors, democracy in Nepal, restored in 1990 by the first people's movement, failed to consolidate.² After various crises and conflicts, it broke down in 2002. Why did the democratic era suffer so many problems? What were the causes of the conflicts and crises? The problems during that period made clear that basic political rights and civil liberties provided by the 1990 Constitution are not sufficient to consolidate democracy in a poor multicultural society. What else is needed? Can the past provide guidelines for the future? Can Nepal avoid previous mistakes and learn from successful sectors? An analysis of what worked and what did not work—and why—during 1990–2002 can help answer these questions.

Overcentralization, which continued even under the democratic 1990 Constitution, was the root of the multiple

***Overcentralization...was the
root of the multiple conflicts
and governance crises***

conflicts and governance crises in Nepal. The multiple problems, including governance crises, insurgency, and ethnic exclusion, that undermined the fledgling Nepali democracy were symptoms of a larger problem. Redistribution of power and resources are vital to avoid a repeat of the earlier problems. The majoritarian electoral democracy Nepal adopted in 1990

began encountering problems at an early stage. Political infighting and governmental instability plagued the country from the early 1990s. From 1990 until 2002, Nepal witnessed twelve governments. Corruption became pervasive. Abuse of administration, police, and resources during elections eroded democratic institutions. Underdevelopment, unemployment, and marginalization, especially in the rural regions, alienated a large number of people. In the

urban areas many dissatisfied groups, including opposition political parties and their sister organizations, frequently organized shut downs (*bandhs*) and general strikes, which were often implemented with coercion and violence (Dhruba Kumar 2000; Baral 2004; Hachhethu 2000).

The post-1990 years also saw the continuation of cultural discrimination and political exclusion of marginalized groups like the Dalit, indigenous nationalities, the Madhesi people of the southern Tarai Region, and women. The caste hill Hindu elite males (CHHEM) overwhelmingly dominated influential positions in the state and society. Together, the CHHE and the Newar³ ethnic group comprised 37.2 percent of the population but held more than 80 percent of the leadership positions (CHHE: 66 percent; Newar: 15 percent) in important arenas of governance like the executive, administration, the judiciary, and Parliament in 1999 (Neupane 2000). The presence of women in the Parliament and administration did not exceed ten percent, and some governments had no women at all (Acharya 2003).

Even though the 1990 Constitution recognized the multiethnic nature of Nepali society, many articles in that document discriminated against marginalized groups, who collectively make up more than two-thirds of the population. The Constitution declared Nepal a Hindu state, did not recognize native languages equally, and contained discriminatory citizenship articles. Social justice movements burst onto the scene to fight discrimination. Cultural discrimination pushed even the Newar, an ethnic group otherwise doing well economically and politically, to identity politics. The post-1990

***Nepal witnessed
twelve governments
[in thirteen years]***

era also witnessed violent ethnic and religious conflicts, even though these were largely overshadowed by the Maoist insurgency.

The Maoists undermined parliamentary democracy by launching an insurgency in early 1996. Many members of the marginalized groups actively participated in the insurgency, which grew rapidly and spread to most parts of the country. More than 13,000 people died, tens of thousands were displaced, and thousands were hurt and maimed. The economy suffered heavily due to infrastructure destruction, bank looting and extortion of businesses, and a decline in tourism.⁴ Law and order across the country deteriorated so much that governments were not able to conduct scheduled local or parliamentary elections. Using the pretext of cancelled elections and deteriorating law and order, King Gyanendra dismissed the elected government in October 2002 and brought a formal end to the parliamentary democracy in February 2005 by directly assuming power. The people's movement, led by civil society organizations and the seven-party alliance of the parliamentary political parties, and supported by the Maoists, forced the king to give up power in April 2006. The interim government and the Maoists signed a peace settlement in November 2006, and the Maoists joined the government in April 2007. The Maoists resigned from the government in mid-September 2007, putting forward twenty-two demands. The two major demands are for a declaration of a republic by the interim parliament and adoption of a proportional electoral system for the Constituent Assembly.

Violent conflicts in Nepal may not end, however, unless major social, political, cultural, and economic reforms are introduced. Some non-Maoist ultra-left communist parties have not renounced violence. They argue that the conditions are not yet ripe for violent revolutions to succeed. The threat to end the monarchy may also produce reactions from right-wing groups. Identity politics may also lead to violence. More than fifty people died in the Tarai protests led by the Madhesi People's Rights Forum (MPRF) in early 2007. The indigenous nationalities launched protests against the Interim Constitution because it ignored their demands. Even though the Nepal Federation of Indigenous Nationalities (NEFIN) and the MPRF reached settlements with the government in August and September 2007, respectively, several indigenous nationalities' organizations, an MPRF faction, and other Madhesi groups are still engaged in struggles demanding proportional electoral systems for the Constituent Assembly and autonomy for their groups. The Goit and

Jwala factions of the People's Tarai Liberation Front (PTLF), Maoist splinter groups, and several other groups are engaged in violent activities for Madhesi rights. Such activities are part of mainstream oppositional politics. These movements show that identity issues must be addressed in order for peace to endure.

The aim of this monograph is to propose ways to address the multiple problems currently confronting Nepal. Overcentralization was the root cause of the many problems in the democratic period. Nepal's own experience links problems and failure to overcentralization and concentration of power and success to devolution of power. Based on this understanding, the monograph develops a model of democratic state building for Nepal. That model is also informed by global democratization experience.

Centralization and Democratization

Scholars have pointed out that all new democracies do not take root and become established (Huntington 1991). Andreas Schedler argues that new democracies either consolidate or erode but do not remain in the same condition (Schedler 1998). If new democracies do not begin consolidating, people can become disenchanted, political institutions can erode, and politics can lose legitimacy. A large body of literature points out various problems in new democracies. For instance, in illiberal democracies, political rights may exist, but civil liberties may be absent (Zakaria 1997). New democracies with features of democracy and authoritarianism have been called "hybrid regimes" (Diamond 2002) or "competitive authoritarianism" (Levitsky and Way 2002). So many labels proliferated that David Collier and Stephen Levitsky have described the phenomenon as democracy with adjectives (Collier and Levitsky 1997). A few works have discussed the nature of the state in their analysis of new democracies. Some have argued that unless different sociocultural groups are included, the state may not be legitimate in the eyes of the excluded groups (Linz and Stepan 1996). Others have concluded that majoritarian political institutions exclude ethnic groups in multicultural societies and facilitate the breakdown of democracies (Lewis 1965; Horowitz 1994). Francis Fukuyama has argued that excessive state involvement can hinder its effectiveness, including by constraining the market and self-governing communities (Fukuyama 2004).

The literature, however, rarely discusses the role of overcentralization as a cause or facilitator of various problems or as a factor in the breakdown of new democracies. This monograph seeks to fill the gap by linking problems in democratization to a high degree of power concentration in the

center. Lack of attention to this issue may partly have resulted from the history of power centralization in many new states. Emerging states required standing armies to protect their territories, and only a bureaucracy that extended to different parts of the country could collect the large amount of resources necessary to maintain the military (Bean 1973; Cohen, Brown, and Organski 1981). Once states consolidated to some degree, the next stage in state building, however, involved power decentralization. People mobilized to demand rights and protection from the arbitrary use of state power. Rulers relented and gave up some power, and representative democracy began to take root. Nepal's experience, however, varied on both counts. First, the power of the central state in Nepal was used to maintain privileges of the ruling group rather than build a resilient state. Despite territorial consolidation for more than two centuries, Nepal remained a weak state. The Nepali state was not able to provide basic services like protection of its citizens. Second, power was concentrated in the center even after the transition to democracy. State power was not as arbitrary as in the previous regime, but as the next section shows, power was still overly centralized. Nepal did not reform the overly centralized polity during the democratic years. Scholars have pointed out that reforms are necessary to further democratize polities that resulted from pacts between previous rulers and democrats (Valenzuela 1992). Continuation of the centralized polity in Nepal resulted in crises of governance, ethnic exclusion, conflict, and the Maoist insurgency. The collective impact eventually contributed to the derailment of democracy.

Overcentralized Polity

Discussions of the failure of democratization in Nepal have highlighted the unitary state, the first-past-the-post (FPTP) electoral system, and the domination of executive, judicial, and legislative power by a small group of leaders, families, and groups (Bhattachan 2000; Whelpton 2005; Lawoti 2005).⁵ However, a comprehensive and systematic analysis of various facets of the centralized state, the centralizing political culture, and their interconnectedness has not been conducted. This section undertakes such an analysis and demonstrates that the Nepali polity during 1990–2002 was extremely centralized, and that the centralizing state structures and political

***centralizing state structures
and political culture
reinforced each other***

culture reinforced each other. The problem was further exacerbated because the power was concentrated among the males of a small ethnic/caste group.

The centralized polity of 1990–2002 was a continuation of past approaches to governance. The conquest of Nepal by the house of Gorkha in 1769 and the subsequent consolidation of the domain began the process. The process gained momentum during the 104 years of Rana rule with the elimination of competing courtiers and concentration of power within the Rana family. The formulation of the 1854 Civil Code, which codified the caste system to assimilate the diverse indigenous populations within the rulers' Hindu way of life, reinforced this concentration of power. The thirty-year Panchayat period (1960–90), which concentrated state power within the monarchy, extended the process to different corners of the country in the name of modernization and development, spreading and reinforcing monocultural nationalism (one language, one religion, and one manner of dress) through the expansion of the state-directed education system and communication networks. Decentralization policies were introduced during the Panchayat period but were mostly cosmetic in nature. The political changes heralded by the first people's movement in 1990 provided an opportunity to reverse the trend, but the new ruling elite also favored the centralizing structures that were now under their control.

Centralized State Structure

The Unitary and Centralized State

The 1990 Nepali Constitution retained the unitary state, which does not share power among different levels of governments. It was perhaps the most important factor that continued centralization. Even the minimal power enjoyed by the districts and local governments was dependent on the center. In contrast, a federal system devolves significant political, administrative, and fiscal power to regional governments. In the devolved jurisdictions, the center cannot overrule the regions' decisions. Regional and local governments have their own administration and police forces. In unitary Nepal most of the revenue-generating and taxation power, as well as the police and civil administration, were controlled by the central government.

A unitary polity can be decentralized administratively, fiscally, and politically to some degree, but not to the same extent as in a federal system. Finland, Norway, Denmark, the United Kingdom, and Japan are decentralized unitary countries. A large number of administrative services are provided by the local governments. This is made possible by fiscal

decentralization, which provides taxation and revenue-generating authority to local governments or substantial transfers of funds from the center. Through political devolution, regional and local governments are provided legislative, executive, and judiciary power in their jurisdictions. However, the center in a unitary state can take away power from local governments at any time. For instance, Margaret Thatcher abolished the Greater London Council in 1986 after being annoyed by the opposition Labor Party that controlled it (Rutland 2005: 55). Similar tendencies occurred in Nepal. The center devolved some power to local governments through the 1999 decentralization act but recentralized afterward by appointing regional administrators to control the regions.

Nepal had initiated a number of decentralization schemes since the 1960s. The Self-Governance Act of 2055 v.s. (1999) gave more power to local governments than previous acts, but devolution was not significant (Dahal 1996; Adhikari 2006). Local governments enjoyed very little fiscal, administrative, and political power and had very few responsibilities for delivering services. A comparison with thirty-six democracies studied by Arend Lijphart found that Nepal received an index of 1, the lowest decentralization rank (Lijphart 1999; Lawoti 2002). Had there been a lower index, Nepal would have probably received it, because the index 1 category contains countries with more decentralized polities, including the United Kingdom and Italy. In 1993, regional and local government spending in the United Kingdom and Italy amounted to 16 and 15.3 percent, respectively, of gross domestic product (Adhikari 2006: 59). In Nepal, only around 4 percent of the country's total public expenditure was administered by local governments (4.62, 4.24, and 3.37 percent respectively in 1998–99, 1999–2000, and 2000–01) (Shrestha 2002), in contrast to 13.78 and 26.12 percent in other developing and transitional countries respectively (Bahl 2004: 4, cited in Adhikari 2006). The total share of the local governments' revenue collection was 7.39, 6.55, and 5.66 percent, respectively, for the 1998–99, 1999–2000, and 2000–01 fiscal years. The central monopoly over revenue collection and distribution made the local governments dependent on the center. In arenas such as education and culture, Kathmandu had almost monopolistic power over policy formulation and implementation.

***Local governments
[had]...little...power
and...few responsibilities***

The Hegemonic Executive/Cabinet

Not only did the unitary structure of the state concentrate power in the center, but most of that power was centralized within one institution—the executive. The cabinet’s hegemony resulted from a monopoly on political power compared to other government branches and central institutions. It is not unusual for the executive to dominate in a parliamentary system, since powerful leaders of the majority party join the cabinet, but in Nepal the domination went to an extreme, rendering the

***power was centralized
within...the executive***

Parliament a mere rubber stamp. According to the 1990 Constitution, only the cabinet had the authority to introduce legislation with budgets (HMG Nepal 1990). Between 1990 and 2002, out of a total of 296 laws passed, only three were initiated outside of the executive branch.

The Nepali Parliament, despite the nomenclature of a parliamentary system, was, ironically, very weak. In other parliamentary democracies (Germany, Belgium, etc.) substantial legislation with budgetary provisions can be introduced by members of parliament, and they have the right to amend government proposals. In Germany, 30 percent of legislation introduced by the Parliament passed in the twelfth Bundestag (1994–98), and generally one-third of the bills are introduced by the Parliament (Almond et al. 2002).

The Nepali Parliament did not enjoy the powers accorded to strong legislatures elsewhere (Fish 2006). For instance, it had no effective oversight powers over the agencies of coercion (the military, law enforcement agencies, and intelligence services), nor did it have the right to conduct independent investigations of the chief executive and other agencies of the executive. It also did not have any role in the appointment of the members of the constitutional commissions.

The powerless parliamentary committees also rendered the Nepali Parliament weak. Except for the Public Accounts Committee, with the chairperson assigned to the opposition, other committees rarely engaged in oversight of the executive. As the committee chairpersons were elected on majoritarian basis, most chairpersons would be from the ruling party, unlike in Germany’s strong Parliament, where opposition parties also chair committees proportionate to their strength in Parliament. Further, unlike Germany, where there are an equal number of standing committees and federal ministries, the Nepali Parliament had fewer committees than federal ministries. This also reduced oversight of the executive.

In addition, the cabinet encroached upon even the judiciary's jurisdiction. The cabinet can withdraw government-lodged court cases and deny the court the right to adjudicate. In one instance in mid-1990, the government withdrew an election-related murder charge against a powerful cabinet member. Between 2048 v.s. and 2055 v.s. (1991–92 and 1998–99), the government withdrew more than 500 cases (Bhandari 2058 v.s.). The executive also influenced the performance of the judiciary through leverage over personnel assignments and budget (the latter was low to begin with). According to the World Bank, the budget for the judiciary in Nepal in 2000 was 0.12 million in PPPD (purchasing power parity dollar) per 100,000 inhabitants. It was sixth lowest among thirty-six countries, whose average was 1.8 million in PPPD (World Bank 2000). Further, as the law minister was a member of the judicial council that recommended promotion and transfer of justices, the justices may have acted so as not to antagonize the executive unnecessarily.

The 1990 Constitution did give power to the judiciary, including that of judicial review, to interpret the Constitution. The role of the judiciary in constraining the executive, however, was limited in practice because it could only assert power when the contesting parties brought constitutional matters to its attention.

The protection of cabinet decisions from scrutiny also increased the executive's power. Until 2002, not even the Commission for Investigation of Abuse of Authority (CIAA) challenged or reviewed the decisions and policies of the cabinet. For example, when the cabinet awarded excessive amounts of money to contractors for infrastructure projects, a practice that occurred repeatedly, the CIAA could not investigate them because the cabinet decisions were defined as "policy."

The cabinet also influenced the theoretically independent constitutional commissions through its role in nominating commissioners (discussed below) and budget and personnel allocations. Minimal allocation of budget to other branches of government and commissions, due to which resource-constrained branches could not perform, reduced their effectiveness and enhanced the relative position of the executive. In essence, in arenas where the executive encountered other agencies (such as local governments, government branches, and central institutions and nonstate agencies) it almost always had the upper hand legally.

The royal palace could have acted as a countervailing force in order to constrain the power of the executive. However, during the twelve years

under consideration, the palace did not intervene in the daily and policy-level activities of the government. It was basically satisfied with guarding the power that the 1990 Constitution had given to the king—controlling the army and appointing loyalists as ambassadors and ten members to the Upper House. The palace nominations did not directly favor the poor and underprivileged groups, except for the regular appointments of a few Dalit, indigenous nationalities, and women to the powerless Upper House (the palace was more inclusive than the political parties in those appointments). The king's role in matters of state needs to be reduced, but further strengthening the executive is not the way forward. When the interests of the executive and palace were in congruence, centralization became even more pronounced. The executive can play a useful role if it works with and is counterbalanced by other branches of government.

The Majoritarian Electoral System

The first-past-the-post electoral system, which generally gives more seats to the larger political parties than their vote share, also facilitated the concentration of power in Nepal by creating artificial majorities. For instance,

in 1991 and 1999 the Nepali Congress (NC) Party received 37.75 and 36.14 percent of the popular vote, respectively, but won 53.66 percent and 55.12 percent of seats (110 seats in 1991 and 113 seats in 1999). Likewise, the Communist Party of Nepal - United Marxist-Leninist (CPN-UML) won 40.42 percent (83) of seats with 30.85

percent of votes in 1994. Artificial majorities facilitated political parties without popular majority support to form governments, and allowed them to enjoy the power that was concentrated in the central executive.

Centralizing Political Culture

Nepali society, especially the governing elite both at national and local levels, has tendencies to centralize power. A major source of top political leaders' power is their actual or potential control of the powerful executive. This power does not consist of the ability of parties and their leaders to formulate effective policies or reach different parts of the country with their agendas, but rather their monopoly over governmental and formal power and their ability not to be held accountable by citizens and civil

***The first-past-the-post
electoral system...facilitated...
concentration of power***

society. For instance, the political parties continued with *bandhs*, traffic blockades, and such activities despite citizens' dislike of them.

The patronage system has helped to maintain centralization and power within the top leadership. Top leaders appoint loyalists to party positions and public offices when the party is in power. Appointees, in turn, remain personally loyal to their leaders. In the 1990s, leaders nominated at least half the central committee members, many of whom were relatives (such as in the Nepali Congress) and caste brethren (as in the CPN-UML). Central leaders also appointed or influenced the selection of party candidates for parliamentary, local, and organizational elections.

Local elites, on the other hand, develop a patronage cluster at the local level by providing socioeconomic support and political protection. They in turn seek support and protection from higher-level political leaders. Local elites who do not have links with higher ups have limited ability to deliver benefits, and their cluster at the local level could dwindle. Hence, while the central leaders seek local support bases, local elites seek central protection (Scott 1972). One consequence of this has been that local leaders often compete to please the central leadership. Their position within the party organization may be undermined if they do not. The process reinforces centralization, eviscerates local party organizations, and marginalizes competent but more independently minded cadres.

The political parties, which are the path to state power, are controlled by a few top political leaders. Most parties have been firmly under one leader for very long periods, be they rightist, centrist, parliamentary, revolutionary communist, or fringe parties that have not been able to elect members to Parliament. Major parties like the Nepali Congress, CPN-UML, and CPN-Maoists or smaller ones like the Nepal Workers and Peasant Party (NWPP) or Nepal Goodwill Party (NGP) have been governed by a dominant leader with unprecedented power for long periods. They frequently ignore party rules and procedures and often govern based on personal whim. They undermine intraparty democracy by not holding regular meetings and conventions, even when legitimately called by dissenting factions. Undemocratic political practices and culture are widespread. In parties like the Nepali Congress and the National Democratic Party (NDP) factions, major party decisions often have been made by the top leaders outside formal party forums. In the case of communist parties, dissenting factions often have been hounded out or forced to split for challenging the

establishment. The absence of internal democratic practices within the political parties is a cause as well as consequence of centralization.

Political parties and leaders are able to monopolize political power because most agencies and institutions (the media, trade unions, professional associations, human rights groups, and civic organizations), which in democracies are supposed to wield countervailing power or hold political forces accountable, are either under the influence of the political parties or are weak. For instance, many civil society organizations and nongovernmental organizations (NGOs) have close affiliations with specific political parties beyond ideological affinities. Major human rights groups, despite a façade of independence, have close ties with particular political parties. The

civil society was often “uncivil”

few civil society organizations that are independent find it challenging to be effective because political parties, through their cadres and supporters working in government agencies, in NGOs, and in donor

organizations, influence the distribution of resources and rewards (Bhattachan 1999). As political loyalty and affiliation seem to pay off more than independence, many in the media and academia nurture their relationships with political parties. This is especially problematic in a context where civil society is small and a large proportion of it has partisan affiliations. In the 1990–2002 period in Nepal, civil society was often “uncivil” and was unable to hold political parties accountable. These various processes and mechanisms have facilitated, maintained, and nurtured centralization and a centralizing political culture.

Ethnic and Gender Centralization

The power centralized in the state and political parties described above is mostly monopolized by the caste hill Hindu elite males. Govinda Neupane found that the CHHEM overwhelmingly dominated twelve influential sectors he investigated: the executive, judiciary, constitutional councils, civil administration, Parliament, political party leadership, local government heads, and the leadership of industrial, commercial, academic, professional, cultural, science and technology, and civil society associations (Neupane 2000) (see Table 1 for details).

***power...is...monopolized by
the caste hill Hindu elite***

With the exception of the Newar, only members of the Bahun (the highest caste members of the hill region) and Chhetri (the second highest caste group) have become prime ministers in the history of Nepal. The dominance is such that even ideological opponents hail from the same group. In fact, the number of indigenous nationalities in some of the institutions even decreased during the post-1990 democratic era compared to the Panchayat period and the first Parliament (1959–60) (Lawoti forthcoming; Neupane 2000; NESAC 1998). The extent of exclusion can be conveyed by the case of the Dalit. Not a single Dalit was inducted into the cabinet in the entire 1990–2002 period.

The exclusiveness in mainstream civil society sector is overwhelming as well. The CHHE and Newar held around 90 percent of top positions in prominent Nepali NGOs and human rights groups in 1999 (Neupane 2000). Onta and Parajuli (2058 v.s.) found that CHHE made up 80 percent of media elite (editors, publishers, and columnists). These data show that most power, both in the state and civil society, is effectively enjoyed by males from one ethnic/caste group.

Some of the larger ethnic groups are less marginalized or even dominant in areas of their origin, but once they come into contact with the center or its representatives at district levels, they face domination. Studies have shown that local CHHE use their caste networks at district and national levels to enhance their economic, political, and social positions (Caplan 2000). Cultural imperialism—imposition of the dominant group's language, religion, and values on the rest of society—is a consequence as well as cause of ethnic centralization. The CHHE in villages perform better in schools taught in their native language, and their social standing is enhanced because their culture and values have been projected as superior by the communal state and its agencies. Likewise, the poor CHHE have opportunity for social mobility due to central policies. For instance, a hardworking Bahun boy can get free residential education in Sanskrit up to the doctoral level fully supported by the state, while similar opportunities are not provided to women or members of other groups.

Economic inequalities, which are high as well, also reinforce concentration of power in the hands of the few. In 2001, life expectancy in Kathmandu was seventy years, but was only forty-four years in the remote mountainous Mugu District. Among South Asian countries in the 1990s, the Gini coefficient, which captures economic inequality, was the highest in Nepal (Wagle 2006). Due to the need for resources to acquire education

Table 1. Ethnic/Caste representation in governance, 1999

Institutions	CHHE		Dalit		Madhesi		Newar		Indigenous Nationalities		Other		Total number
	%	#	%	#	%	#	%	#	%	#	%	#	
Judiciary: Supreme, appellate, district	181	77	0	0	18	7.7	32	13.6	4	1.7			235
Constitutional bodies and commissions	14	56	0	0	3	12	6	24	2	8			25
Cabinet	20	62.5	0	0	5	15.6	3	9.4	4	12.5			32
Parliament: Lower & Upper Houses	159	60	4	1.5	46	17.4	20	7.6	36	13.6			265
Public administration, police, army elite	190	77.6	0	0	9	3.7	43	17.6	3	1.2			245
Central members of national political parties	97	58.4	0	0	26	15.7	18	10.9	25	15.1			166
District Development Committee	106	55.8	0	0	31	16.3	30	15.8	23	12.1			190
chair/vice chairs, mayor/deputy mayors	7	16.7	0	0	15	35.7	20	47.6	0	0			42
Industry/commerce association leaders	75	77.3	1	1	7	7.2	11	11.3	2	2.1	1	1	97
Education: administrative & academic elite, and teachers association leaders	85	69.1	0	0	0	0	22	17.9	6	4.9			113
Culture: Organization and association leaders	36	58.0	0	0	6	9.7	18	29	2	3.2			62
Science/technology: organization and association leaders	41	75.9	0	0	4	7.4	8	14.8	1	1.9			54
Civil society association leaders	1,011		5		170		231		108		1	0	1,526
Total													
Percentage (a)	66.25		0.3		11.1		15.1		7.1		0		100
Population %, 1991 (b)	31.6		8.7		30.9		5.6		22.2		0.1		100
Difference % (a-b)	+34.65		-8.4		-19.8		+9.5		-15.1		-1		
Domination ratio (a/b)	2.1		0.03		0.56		2.69		0.32				

Source: Adapted from Neupane, 2000:82.

and skills, social mobility in politics, administration, and other realms may only be accessible to individuals from middle or upper-class backgrounds. The absence of opportunities limits the reach of common people to influential positions. Thus, economic inequalities are reinforcing the concentration of power within a small group of CHHEM. The combined effect of ethnic/caste, gender, and class stratification means that influential positions are accessible mostly to this small group.

Overcentralization and Anomalies

Centralized Polity and the Governance Crisis

Overcentralization of power in the cabinet contributed to crises in Nepal. Samuel Huntington argued that when only one institution is given power, the polity could face crisis when it fails (Huntington 1968). On the other hand, if more institutions are empowered, a crisis can be averted as other institutions address some of the problems. In Nepal, the executive failed to meet the aspirations of the people and tackle problems; other institutions could not address the problems because they had no power. For example, Parliament could have formulated policies that might have addressed some of the problems had it been awarded the power to introduce budget legislation. The passage of just three laws, none of which contained budgetary provisions, that did not originate in the executive (such as the formation of the National Human Rights Commission) suggests that the Parliament could have addressed important issues that may not have been a high priority of the government.

Culture of Impunity and Pervasive Corruption

Power abuse, corruption, and politicization of the bureaucracy and the police, popularly described as Congressikaran (when the Nepali Congress was involved) or Amalekaran (when CPN-UML followed suit) became widespread after 1990. The ruling parties often appointed, transferred, and promoted bureaucrats and police officers based on partisan and personal interests. They also often appointed political cadres to public corporations and other influential public offices. These practices undermined the autonomy of the bureaucracy and the police, lowered the morale of the administration, increased nepotism, eroded meritocracy, and effectively undermined the rule of law.

Corruption—an important consequence of rampant abuse of power—occurred both at the high political level, involving millions of rupees, and in the everyday arenas that directly affected the common people. Bribes

became common for regular transactions in many public offices, including when obtaining drivers licenses and passports. Corruption often occurred in many sectors with the complicity of low and high-level government officials: for instance, goods were smuggled into Nepal without paying taxes after bribing custom officers, fraudulent medicines were openly sold in markets and distributed through public health agencies, vehicles stolen in India were sold in Nepal, a public corporation's oil tankers mixed kerosene with petrol and diesel on their way to Kathmandu, and so forth. Media reports alleged that street-level bureaucrats like the police abused their positions to collect regular and irregular funds from businesses as well as small entrepreneurs. Investigative reporters alleged that in Birgunj, the major entry point for goods, even reporters received monthly commissions from the customs office, and consumer's forums received a cut from the adulteration of petrol and diesel (Thapa and Mainali 2058 v.s. (2003)).

Corruption became pervasive as public officials began to enrich themselves. It became institutionalized as the ruling political parties began to collect huge sums for elections by awarding lucrative government contracts and taking commissions from infrastructure and service sector projects. Newspapers and opposition political leaders allege that some cabinet min-

isters even permitted gold smuggling through the airport and took a cut from it. Corruption occurred at the policy level as well. As noted, cabinet decisions were beyond the purview of any agency because they were protected

Corruption became pervasive

by the confidentiality law. A law to declassify cabinet decisions has not been made, resulting in all cabinet decisions remaining beyond public scrutiny. Some powerful ministers would have the cabinet make decisions so that they could avoid being questioned and investigated (Bhattarai, Ghimire, and Mainali 2005).

Not only did the political parties not take action against corrupt colleagues, but sometimes they defended leaders who were implicated in corruption. The China Southwest Airlines scandal investigated by the Public Accounts Committee of the Parliament is a good example. The CPN-UML reprimanded members of the Public Accounts Committee who had taken action against the party's cabinet member (Ibid.).

When it became clear that corrupt politicians would not be disciplined, others followed suit and corruption became pervasive. The inaction

against corruption and protection of colleagues by political parties fostered a culture of impunity, which further fuelled corruption. People saw many ruling political leaders change their lifestyles—from paupers to millionaires—overnight. The perception of increased corruption became widespread, perhaps much more than in practice. Many Nepalis think that most politicians are corrupt. This eroded the legitimacy of the democratic polity.

Corruption went unchecked in Nepal due to weak horizontal accountability mechanisms. These were weak in Nepal for two reasons. First, the other branches of government and central “independent” agencies did not have the power to hold the executive accountable. Second, they were not really independent because they were under the influence of the executive. Their hands were tied in making the executive accountable.

After turning power over to the people or their representatives, the challenge for democratization is to ensure that power is not abused. No one, even the most powerful person of the land, should be above the law (O’Donnell 2004). “In framing a government . . . the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself” (the Federalist Papers, cited in Schedler 1999: 13). This is a challenge in all societies, because power can be abused by anyone who has it, including elected public leaders. Established democracies have consolidated by developing sound accountability mechanisms. Once power is obtained by elected public officials in new democracies, it is necessary to develop mechanisms to hold them accountable in case they abuse it. An important accountability mechanism is periodic free and fair elections. However, power can be abused between the elections, and unless those abuses are addressed, the problems could grow. Hence, those who hold power must be held accountable between elections as well, which requires that different central government branches and agencies be powerful in their area of jurisdiction and independent from the institutions that they are supposed to supervise. Autonomy is ensured only if an agency that is supposed to hold another agency accountable is free from the latter’s influence.

The constitutional commissions like the CIAA, the Election Commission, and so forth were not empowered to question or restrain the abuses of the executive, nor were they independent from it. As noted, the imbalance of power between the executive and the constitutional commissions became a problem because the executive was usually the one to abuse

power and the commissions were unable to hold it accountable. Further, the executive directly and indirectly influenced the constitutional commissions. First, the ruling party had disproportionate influence in the Constitutional Council that recommended names of the constitutional commissioners. The five-member Constitutional Council consisted of the prime minister, the chief justice, the speaker of the Lower House, the chairperson of the Upper House, and the leader of the opposition in the Lower House. The ruling party with a majority could command a majority in the Constitutional Council because the speaker of the Lower House, the chairperson of the Upper House, and the prime minister could belong to the same party. Except during the period of the hung Parliament from 1994 to 1999, when the Upper House elected a chair from a minority party and the prime minister kept changing, the ruling party held the majority on the Constitutional Council and nominated commissioners loyal to it. Another way the executive influenced the constitutional commissions was by allocating a budget for the commissions and reducing (or increasing) or delaying the budgets. It was in the interest of the commissions to not irritate the cabinet. Moreover, the cabinet assigned personnel to the commissions.

Absence of autonomy and executive influence meant that the commissions would often not hold members of the executive accountable. For instance, in the 1990s the CIAA, which was dependent on the executive, did not act against powerful ruling political leaders whose party may have been instrumental in the appointment of the commissioners and who could become handy in extending tenure or providing other benefits.

Only with its empowerment by the 2002 Prevention of Corruption Act did the CIAA begin to investigate powerful political leaders of the dominant parties.⁶ The CIAA is still not independent, however, as nomination of its commissioners, its budget, and personnel deputation are still decided or influenced by the cabinet. The commission has been charged with being politically motivated. Its actions do not help to demonstrate its independence either. Newspapers have alleged that the CIAA dropped corruption charges against Girija Prasad Koirala after he became prime minister in 2006 following the success of the people's movement. The question is whether the charges labeled against him were politically motivated in the first place or dropped because he had become the prime minister.

Other branches of government were also not able to check the abuse of power by the executive because they were powerless or dependent on the executive. As mentioned, the Parliament and its committees were weak and

not in a position to hold the executive accountable, except perhaps through changing the government by passing a no-confidence motion or the threat of it. Similarly, even the powerful judiciary, which was less dependent, was constrained in holding the executive accountable. The Supreme Court protected the people from unlawful imprisonment and ruled in the mid-1990s that the CIAA could investigate and prosecute cabinet members, but the Supreme Court cannot intervene in the day-to-day administration, the arena of frequent power abuse and corruption. Thus, the role of the judiciary is also limited in controlling the abuse of power and corruption in the administration, except through the empowerment of nonexecutive agencies by reinterpreting constitutional articles, such as the ruling above.

The argument here is not that corruption would be eliminated through effective horizontal accountability mechanisms. Material scarcity, cultural factors, patronage, and clientelism are all sources of corruption, and as long as they exist, some level of corruption will remain. However, effective horizontal accountability mechanisms could control corruption, especially at the central level, and prevent it from flourishing.

Erosion of Democratic Values and Institutions

Centralization also undermined the electoral process in Nepal during 1990–2002. Most of the major parties attempted to influence the elections in whatever ways they could, but it was usually the ruling party that had the most leverage because it enjoyed the coercive power of the state as well as its vast resources. The degree of government influence on elections can be assessed by the election results. The two political parties that controlled the government won the two local elections. The party that controlled the government also won two of the three parliamentary elections. The 1994 election was an exception due to the high level of factional infighting in the ruling party, the Nepali Congress. The desire of major parties to conduct elections when they were in power demonstrates the implicit acknowledgement of the advantages of being in government

***Other branches of
government were...powerless***

***horizontal accountability...
could control corruption***

during elections. This tendency became especially clear during the five-year hung Parliament, when governments faced with the threats of no-confidence votes attempted to dissolve the Parliament in order to conduct fresh elections.⁷ The ability of the ruling party to influence elections is also a reason that the parties go to any length, including unethical means, to retain power, while the opposition would also go to any extent to topple the government.

The voters' tendency to vote for the ruling party in exchange for patronage is also a factor that increases the incentive to be in power in order to conduct elections. It also underlines the importance of capturing the center to distribute goods and benefits before and during elections, and being in government when promises appear more plausible.

The ruling party could influence elections partly because the horizontal accountability mechanism was weak. The Election Commission, even though termed "independent," was not independent, nor powerful enough to restrain the government from abusing power to influence elections. Like other central constitutional commissions, the cabinet influenced the appointment of commissioners to the Election Commission. No public screening of candidates was conducted. This meant that the cabinet could often appoint minions and not capable people. Appointees also understood the dynamics of their appointments.

As a result of the weak Election Commission, vertical accountability was undermined. Ruling parties abused the administration, police, state media, and other resources to influence elections. State-owned Radio Nepal was especially effective in spreading the ruling party's views, news, and propaganda because it reached even the remotest parts, unlike other media. Ruling parties also collected a disproportionate amount of funds through government contracts and licenses. They transferred and deployed civil servants and police officials to improve electoral prospects. They also distributed development projects and funds to influence elections. A weak and non-independent Election Commission was often not in a position to intervene and stop the abuses.

Weak vertical accountability meant that the political leadership could afford to become less responsive to the people. They could maintain power by cultivating political cadres and partisan civil society organizations and using them to manipulate elections. Elections that could be influenced by the ruling party meant that the alternation of power, an important element of majoritarian democracy, did not effectively operate. The Nepali

Congress was in power more than 90 percent of the time in the thirteen years. The people were denied choice among policies, which would have been possible if political parties had alternated in power. The lack of effective changes in government meant that the political parties had less incentive to adopt progressive policies to attract people's votes in their bid to form a government. Among other things, it meant that the possibility of parties formulating policies to reduce inequality became less likely.

Centralization and Instability

The extreme power centralization in the cabinet also contributed to government instability by promoting a zero-sum game. Because Parliament and local governments lacked power, opposition parties were not able to influence public policies. Furthermore, without significant restrictions from other national agencies, the ruling parties abused power to strengthen their base. In a political system imbued with a widespread patronage culture and most state power held by only one political party, the ruling party could distribute resources to expand its support base while eroding that of the opposition. In such circumstances, the aim of the opposition is either to gain power by forming a government at any cost (such as by bribing members of Parliament to vote for no-confidence motions against the government), or forcing the government to change policies through nonformal methods. The political parties went to any length (including using unethical and corrupt methods) to overthrow or hold on to their respective governments.

Nepal witnessed twelve governments between 1990 and 2002, on average one government per year. Frequent government changes occurred not only during the hung Parliament of 1994–99 but also during the other two Parliaments that contained a majority party. Rapid government changes hindered effective policy formulation, implementation, and overall administration. The political elite devoted less time and energy formulating new policies for development and betterment of the people and the country. They were busy dissolving and forming governments most of the time. Frequent government changes also promoted unethical political culture and practices. Legislators were bought and sold for parliamentary votes in support of existing governments as well as against them.

One positive aspect of the frequent government changes could have been the introduction of new faces in government and changes in policies. However, this did not occur. For instance, the position of prime minister was a game of musical chairs among half a dozen individuals. Likewise,

new governments often did not introduce new policies. Changes often occurred so rapidly that incumbent governments had no time to formulate and implement new policies. Government changes occurred not due to policy shifts but often from parliamentary vote buying.

The incongruence between the multiparty reality of the country and the design of a majoritarian parliamentary system based on the alternation of government between two parties, contributed to the instability. The majoritarian parliamentary system works better in countries without the diverse ideological and cultural cleavages that produce multiple political parties. A state structure designed to share power among various political parties would have been more compatible with the empirical political reality of multiple political parties in Nepal. For instance, in countries where major political parties participate in coalition governments and share power, the question of frequent government changes does not arise. A power-sharing structure would probably have meant less instability because not only the formal structures would have promoted stability but even the political leadership would have been imbued with a power-sharing culture.

One could also make a plausible argument that the extreme centralization of power contributed to the political instability because it helped fuel the Maoist insurgency. Had Maoists enjoyed some political space, perhaps they would not have initiated the insurgency. A state structured along federal lines could have given them political space, with control of some regions where they could have introduced policies closer to their ideological positions. If they had influenced policies significantly, it is plausible that the insurgency option would have been less appealing.

The second consequence of concentration of power in the ruling party and the lack of a formal political space for the opposition was the frequent strikes, *bandhs*, sit ins (*dharnas*), and traffic blockades (*chhaka jam*). The strikes became so frequent that they have nearly become part of regular political repertoires. Nepal witnessed thirty-nine *bandhs* in 2002 alone (Rajbhandari and Shrestha 2003). The Maoists alone called fifty-three Nepal and Kathmandu Valley *bandhs* between 1996 and 2002 (Dhruba Kumar 2003).

Protests are an inherent part of democratic practice, but in Nepal many protestors, especially the activists of political parties and their sister organizations like the student associations, employed coercion and threats to implement the calls to take part in the protests. The protesters also vandalized and

destroyed public and private property while implementing their calls. Occasionally people were murdered. These activities, in the name of expressing dissent, often undermined the individual rights of common people to go about their daily lives unobstructed (Lakier 2007). They crippled normal life and resulted in huge losses to the economy. Dhruva Kumar estimates the economic costs of Maoist *bandhs* and strikes to be 100 billion rupees (Dhruva Kumar 2003). Schools and colleges have been shut down for long periods, including during exams, wasting valuable time and resources and eroding the educational system.

One major reason for *bandhs* was the unresponsiveness of governments. The governments understood that the opposition could not formally obstruct its policies or hold it accountable. Thus, it did not respond to the demands of the opposition, dissatisfied groups, and social movements. With no other options available to them, opposition political parties and movements had to rely on public protests to force the government to change policies.

The *bandhs* were to some extent the legacy of the long oppositional obstructionist politics during the Panchayat period. However, the higher frequency of *bandhs* after 1990 suggests that powerlessness of the opposition and unresponsiveness of the governments contributed significantly. If the opposition had a role in governance, its priorities and energies would probably have been spent affecting policy changes through formal channels.

Centralization, Exclusion, and Ethnic Conflicts

First-Past-the-Post System and Exclusion

The first-past-the-post electoral system contributed to the exclusion of marginalized sociocultural groups in Nepal.⁸ Like elsewhere, compared to the proportional representation method, the FPTP in Nepal is biased toward big parties that are overwhelmingly dominated by the CHHEM.⁹ It has contributed to the under or nonrepresentation of smaller, identity-oriented parties in elected offices. The comparison of seats

based on votes for different parties under the first-past-the-post and proportional representation systems in the three elections to the House of Representatives after 1990 shows that the marginalized groups had less representation under the FPTP system than they would have if seats had been

The first-past-the-post electoral system [favors]...big parties

assigned based on proportional representation. For instance, in 1999, as Table 2 shows, the National People's Liberation Party (NPLP) of the indigenous nationalities, with 1.11 percent of the popular vote, and the Nepal Goodwill Party of Madhesi, with 3.34 percent, would have obtained three and seven seats respectively under a proportional representation method instead of zero and five seats under FPTP. In the 1994 hung Parliament, the NPLP, with 1.18 percent of the popular vote, would have elected three members and probably would have joined the coalition governments.

Medium-sized countrywide parties like the NDP, CPN-ML, and NDP-C had a higher proportion of marginalized ethnic and caste groups in their central committees in 1999 than the two largest parties. They received fewer seats than their vote share under FPTP. They would have in all likelihood sent more marginalized groups to Parliament if they had received seats based on their vote share.

Unitary Governance Structure and Exclusion

The unitary state structure not only concentrated power at the center but it contributed to the continuation of CHHE domination in Nepal (Bhattachan 2000; Lawoti 2005). The Chhetri and Bahun, which make up the CHHE, are the two largest ethnic/caste groups countrywide, facilitating their dominance of the center.¹⁰ Other national/ethnic and caste groups, many of whom are regionally concentrated, become minorities at the center. Control of the center in a unitary system allowed the CHHE to impose public policies influenced by their values over all other groups. CHHE-influenced cultural, educational, and development policies facilitated the exclusion of marginalized groups. For instance, due to the central policy of instruction in Khas-Nepali language in schools, there was a high dropout rate among nonnative Khas-Nepali¹¹ speakers (Yadav 1992). Despite the recognition of a multilingual society by the 1990 Constitution (Sonntag 1995), the drop out of marginalized groups in all likelihood continued after 1990 because the government more-or-less continued with a one language policy. The lower literacy rate among minorities disadvantaged them in every day life. It lowered their ability to articulate and demand rights, compete for administrative and political positions, and be effective supporters of ethnic movements and parties, among other things.

Under the unitary system, the presence of marginalized groups in the decision-making and administrative bodies may not increase significantly. Even if proportionally represented, many ethnic groups would always be in

Table 2. Parliamentary seats under FPTP and proportional representation electoral systems, 1991, 1994, and 1999

Political Parties	1991			1994			1999					
	Total votes	Vote %	FPTP	PR	Total votes	Vote %	FPTP	PR	Total votes	Vote %	FPTP	PR
NC	2,742,452	41.51	110	85	2,545,287	37.51	83	77	3,214,786	38.03	113	78
CPN-UML	2,040,102	30.88	69	63	2,352,601	34.67	88	71	2,734,568	32.35	68	67
CPN-ML									567,987	6.82		14
NDP-C	478,604	7.24	3	15					295,812	3.55		8
NDP-T	392,499	5.94	1	12								
NDP	-				1,367,148	20.15	20	41	902,328	10.83	12	22
NGP	298,610	4.52	6	9	265,847	3.92	3	8	278,435	3.34	5	7
NWPP	91,335	1.38	2	3	75,072	1.11	4	2	48,685	.58	1	1
UPF-N	351,904	5.33	9	11	100,285	1.48	3	74,669	.90	1	2	
CPN-D	177,323	2.68	2	6								
NPF									121,426	1.46	5	3
NPLP ^a	34,509	.52	1	1	79,996	1.18	3	3	92,567	1.11	3	
Total ^b			202	205			198	205			205	205

Source: Lawoti forthcoming

Notes: ^aThe National People's Liberation Party was called the Nepal National People's Liberation Party in 1991.

^bThree and seven independent candidates won elections in 1991 and 1994 respectively.

the permanent minority in the decision-making bodies at the center under a unitary state. Thus, they may never be able to address their groups' needs and aspirations effectively. Likewise, the unitary state controlled by the CHHE may continue to implement hiring policies that enhance the recruitment of its members in the administration. For instance, with civil service exams conducted in Khas-Nepali language, nonnative speakers cannot compete with native speakers from the CHHE. On the other hand, administrators without proficiency in local languages have not served the non-Khas-Nepali speaking people in the regions well.

The problems can be corrected by a federal system, with different groups becoming majorities regionally and formulating favorable policies.

***[exclusion of minorities]
can be corrected by a
federal system***

Bureaucracy under a federal system can reflect regional composition because regional governments would hire local people. The inclusion of more national/ethnic and caste members in regional politics and administration would ensure more public policies directed toward regional needs. Bureaucrats with proficiency in local languages and knowledge of specific local problems would

be in better positions to deliver more efficient administration and services. In this way, more groups could self-govern and more people would be included and empowered.

The 1990 Constitution favored the CHHE and discriminated against other groups in other ways as well. The state was declared Hindu. Ethnically named political parties were banned, unlike in established democracies where "Christian" and other identity-named parties operate freely. It prohibited minorities, who were excluded from the larger parties, from registering their own political parties. Millions were deprived of citizenship (see Lawoti 2005 for details). The Nepal Federation of Indigenous Nationalities claimed that more than twenty-five constitutional articles discriminated against indigenous nationalities. Women and Madhesi have also pointed out discrimination against them in the Constitution. The discrimination disempowered the marginalized groups and privileged the dominant group, disadvantaging marginalized groups during competition with CHHEM. It facilitated the concentration of power in the CHHEM.

The Caste System and Exclusion

Even though the caste system has been legally abolished, it is still prevalent in the society. By definition, caste systems privilege some groups while discriminating against others, socially as well as economically. For the Dalit, untouchability continues to hinder their social mobility, as many jobs, professions, and business opportunities (such as opening tea stalls, selling milk, etc.) available to enterprising rural people are not viable options because the rest of society does not buy edible goods from them. Even the expansion of education does not seem to overcome the differences. Stash and Hannum found that caste differences in enrollment and completion of primary school over fifteen years still remained wide (Stash and Hannum 2001).

The caste system has had severe political consequences as well. The restoration of democracy provided more political space to the “lower caste” and non-caste groups, but data show that it did not result in increased political inclusion in terms of representation in influential decision-making bodies. For instance, as pointed out above, not a single Dalit was made a minister during the 1990–2002 democratic period. Likewise, only one Dalit was elected in the three parliamentary elections (1 out of a total of 615 possible seats). Dalits were excluded to such an extreme level not because of any formal restriction but because of racist attitudes of the CHHE leadership that did not nominate and support Dalits.

In a society imbued with personalistic politics, patronage, and a clientelistic political culture, the caste system has played a significant role in maintaining inequalities. Supreme leaders often promote hangers-on who are loyal to them personally. Generally, family and caste members who share a similar world view, language, religion, and social behavior are trusted, found amicable, and promoted. Because the CHHE dominate the top leadership positions, their caste brethren, many of whom support their policies, including culturally embedded ones, have benefited more from these processes. Furthermore, marriage, family, and other kinship networks often tie the “high caste” group together. Such networks provide mobility opportunities to cadres and sociopolitical insurance to the leaders. If people whom leaders nominate betray their patrons, the rebels could face consequences from the social, family, and caste network. On the other hand, conflicts of cultural interests could harm members of the marginalized groups. For instance, some Madhesi and indigenous nationalities members of Parliament from CPN-UML were censured for raising the

rights of marginalized groups in the party forum. Such mistrust and censure within the party hierarchy dominated by the CHHE undermined careers of members of marginalized groups. Empirical analysis of behaviors even within CHHE supports the existence of political preferences based on the caste system. During the Panchayat period when the king was supreme leader, the king's caste group (Chhetris) dominated the Parliament overwhelmingly, holding 37.2 percent of the seats, while Bahuns held only 20 percent. On the other hand, during 1990–2002, when the Bahuns dominated the political party leadership, they overwhelmingly dominated the Parliament as well with 39 percent of seats, while the Chhetris' representation declined to 19.6 percent (Lawoti forthcoming).

Exclusion from Public Policies

The exclusion from important decision-making bodies meant that the perspectives, interests, and needs of marginalized groups were rarely represented, raised, and deliberated in the formulation of public policies. The 1990 constitution-making process and the resultant Constitution are prime examples—even the basic law of the country favored the caste hill Hindu elites and, as discussed above, discriminated against other groups because the CHHE dominated different stages of the constitutional-engineering process, occupying around 80 percent of the positions on the relevant constitutional committees and leadership (Lawoti 2007).¹²

Even when the interests and perspectives of marginalized groups are deliberated, they are often not adopted due to the minimal representation of these groups in the decision-making bodies. It is important to note that although the political parties and factions may have political/ideological conflicts, their values and interests often converge in promoting the “upper caste” hill Hindu interests. Thus, it is not surprising that during the process of formulating the Constitution in 1990, the Nepali Congress and CPN-UML (whose public positions were secular) eventually agreed to the Royal Palace's push to declare the state Hindu. This convergence on religious ideology was further demonstrated in the early 1990s with the reintroduction of Sanskrit in schools and radio broadcasts (Sonntag 2003) by the NC and CPN-UML governments respectively—a move the indigenous nationalities and Dalit vociferously objected to.

Even though the homogenizing policies had roots in previous periods and reached their peak during the Panchayat period, they continued during 1990–2002 in substantial forms. These policies imposed the values and norms of the dominant group on the whole society. The impacts of the

homogenizing policies on the marginalized groups have been devastating. Many languages disappeared, others face extinction, and many groups lost their land, culture, and identity.

The monopoly over electronic media and education policy by the CHHEM played a very significant role in the assimilation process. The CHHEM-controlled center used the state radio (which reaches almost all corners of the country) and education policy (which affects everyone who goes to school) to effectively disseminate and socialize the population into the CHHE language, culture, and values. Radio programs in other major languages were begun in the 1990s, but their addition to the national programming has largely been a token gesture. Kumar Yatru found that radio programs featuring fourteen major ethnic languages received only 7.84 percent of the total broadcast time, while Khas-Nepali alone accounted for nearly 90 percent in 2001 (Yatru 2058 v.s.). Similarly, some of the explicit derogatory racist content about marginalized groups in school textbooks was dropped after protests in the 1990s, but the books still overwhelmingly highlighted dominant symbols and heroes (Lawoti 2000).

The CHHE domination of governance during the 1990s also meant that they could reject demands for sociopolitical reforms. The excluded groups demanded cultural equality and political reforms (federalism, proportionality, electoral reform, citizenship, a secular state, etc.) before and after the promulgation of the 1990 Constitution, but the CHHE-dominated Parliament did not amend a single article of the Constitution, even though the Nepali Congress and CPN-UML enjoyed more than the two-thirds majority necessary to amend the Constitution.

Violent Ethnic and Religious Conflicts

As marginalized groups became more aware of inequality and discrimination against them in the post-1990 open polity, they became more mobilized. Their demands increased to reverse more forms of discrimination they were facing. Their grievances increased, but the government was not responsive. The state institutions and administration dominated by the CHHE viewed many of the demands unfavorably. Although the democratic regime met some of the demands, the reforms were few and mostly token in nature. Meanwhile, the overcentralized polity was too preoccupied with regular governance matters to give sufficient time and effort to understand and address the cul-

***marginalized people
joined the Maoists***

tural issues. As a result, the gap between the demands and the state response increased. Inadequate and slow response from the state, if not outright resistance to demands for equality and inclusion, alienated the marginalized groups. The discourse of violence began to spread, with the Maoist insurgency contributing significantly to this discourse. Even though the ethnic movements after 1990 mostly remained nonviolent, many marginalized people joined the Maoists, and sporadic violent incidents and low intensity insurgencies also occurred. Resistance through rituals and other local practices by marginalized groups has also been noted by anthropologists (Holmberg 2000). Numerous less-intense conflicts have occurred between the Dalit (who are trying to end untouchability in public places) and fundamentalist Hindus (Lawoti 2007). The Khambuwan National Front (KNF), which eventually merged with the Maoists after several mergers and splits, the two PTLF factions (splinter Madhesi Maoist groups), and other Madhesi groups launched violent insurgencies. Other groups like the Mongol National Organization (MNO) have declared their aim to launch violent rebellion if their demands for racial equality are not met (Hangen 2007).

Violent ethnic and religious conflict rarely occurred in the decades before 1990. As Table 3 shows, religious and ethnic violence often occurred after 1990. Half a dozen riots and clashes between Muslims and Hindus and between hill people and Madhesi resulted in deaths or destruction of private and public property. The Madhesi movement led by the MPRF since January 2007 resulted in more than fifty deaths, killed both by the state and by agitators. PTLF factions and other Madhesi groups have killed hill-origin residents and bureaucrats in the Tarai. Autonomy movements by indigenous nationalities (Limbu, Khambu, Tamang, and Tharu) have occasionally turned violent during their calls for *bandhs*. The Chure-Bhawar movement of the hill people residing around the northern belt of the Tarai that emerged to counter the Madhesi movement has also occasionally resulted in violence. These trends suggest that the identity movements could turn into protracted violent conflicts if the underlying causes of exclusion and discrimination are not addressed soon.

Because the indigenous nationalities, Madhesi, and Dalit insurgencies and movements were launched against the centralized state and polity and its discriminatory policies, centralization can be attributed as their cause. The role of centralization in the Hindu-Muslim riots in Nepalganj may not be directly obvious. Muslims have not launched any movement for

social justice, despite facing discrimination. The riots in Nepalganj were often instigated by hill Hindu fundamentalists whose antics were overlooked by the administration dominated by hill Hindus. Hence, indirect complicity of the centralized polity is evident even in the Hindu-Muslim conflicts of Nepalganj.¹³

Table 3. Non-Maoist violent conflict in Nepal since 1990

Year	Events/Actors	Location
October 1992	Hindu-Muslim riots during <i>Deepawali</i>	Nepalganj
November 3–4, 1994	Hindu-Muslim riots during parliamentary elections	Nepalganj
December 3–9, 1994	Hindu-Muslim riots during well renovation at a temple	Nepalganj
October 25–28, 1995	Hindu-Muslim riots during <i>Deepawali</i>	Nepalganj
May 1997	Hindu-Muslim riots during local elections	Nepalganj
December 26–27, 2000	Hritik Roshan Riots: Hill People versus Madhesi ^a	Kathmandu and Tarai
Since 1999, increased in 2001–02	Khambuwan Insurgency ^b	Khotang, Bhojpur, Solukhumbu, Okhaldhunga
September 1, 2004	Riots against Muslims (reaction against killings of Nepali laborers in Iraq)	Kathmandu
2005–07	Madhesi (PTLF) insurgency ^c	Rautahat, Saptari, Siraha, Sunsari, etc.
December 2006	Hill people versus Madhesi riots	Nepalganj
2007	MPRF movement	Middle and East Tarai
2007	Autonomy movement of Limbu, Khambu, Tamang, and Tharu	East, Middle, and Southwestern Tarai
2007	Chure-Bhawar movement	Middle and East Tarai, around and north of the highway

Source: Lawoti (2007) and *Kantipur Daily* and *Himalayan Times*

Notes: ^aMadhesi were beaten in Kathmandu and hill people were beaten in the Tarai.

^bThe KNF began violent activities in Sawan 2054 v.s. (July–August 1997) by blasting a bomb in a Sanskrit school in Bhojpur. They looted an agricultural bank, destroyed a power station, kidnapped and killed opponents, and expelled Bahun–Chettris from the area of their influence. In Asoj 2058 v.s. (September–October 2001), the KNF and the Limbuwan National Front were merged by the Maoists to form the Kirant National Front (S. Sharma 2002).

^cThe PTLF split from the Maoists. Newspapers have also reported violent activities by the Tarai Cobra, Madhesi Tigers, and half a dozen other Madhesi groups.

Centralization and the Rise of Maoists

Poverty and inequality, the governance crisis, and exclusion of ethnic groups from the political process created fertile conditions for the Maoist rebellion. Centralization caused or contributed to the problems. The initiation and growth of the insurgency in the more neglected regions supports the thesis that inequality and alienation are important factors in the Maoist expansion. The midwest, the hotbed of the insurgency, is one of the most neglected and isolated regions. The rural hill regions, where the Maoists expanded rapidly, effectively stagnated in the 1990s while the urban areas were recording economic growth (K. Sharma 2006; Deraniyagala 2005). Anthropologists have argued that many poor rural youths who could not afford to attend college, find jobs, or settle in urban areas, nor gain recognition and sociopolitical space in villages governed by elders, joined the Maoists, who awarded them with recognition and positions in addition to regular income and the dream of transforming their plights (Pettigrew 2003).

The center's dominant role in governance contributed to economic stagnation and inequality, especially in the underdevelopment of the rural areas, where nearly 90 percent of the people live. Central authorities were

***Central authorities were
unaware or ignored
needs of rural residents***

unaware or ignored needs of rural residents. The agricultural sector, which employs around 80 percent of the population, has never received more than 26 percent of economic development expenditures in any development plan since the mid-1950s. Nepal's agricultural terms of trade steadily declined between the mid-1970s and 2002. The center's industrialization policies ignored the rural

areas. As a consequence, the percentage of rural poverty (44 percent) is much higher than that of urban areas (20 percent) (K. Sharma 2006). These various urban-biased policies formulated by policymakers in the center contributed to the inequalities among regions and classes of people.

Public policies in centralized countries often maintain an elite or urban bias. The elite formulate policies based on their priorities, which address their needs first, or are not aware of needs of the rural people (Chambers 1983; Lipton 1979; Bates 1984). As Robert Bates has found in Africa and Michael Lipton in India, urban-based policymakers came up with policies that favored urban residents, often at the expense of rural

peasants. The government often provided cheaper grains to urban residents by fixing prices, which hurt the rural producers. For the rulers, it is safer to address the needs of urban residents, who can mobilize and cause trouble for the regime, than of scattered rural peasants, who are difficult to mobilize. The centralized Nepali state also failed the rural areas despite its rhetoric of rural development in policy papers. For instance, the state had a policy to provide subsidies to transport food to remote areas. Despite that, due to the negligence of the center food was scarce in remote regions when it was needed the most, as attested by reports of famine in the 1990s in the remote Karnali Region (Panday 1999).

Centralization also pushed marginalized groups into the Maoists' fold. Evenly Davidheiser argues that strong state policies have a destabilizing impact in society and may contribute to revolutions (Davidheiser 1992). This is true in Nepal as well, where the hegemonic cultural and social policies of the state destabilized the marginalized groups by uprooting them, undermining their cultures, alienating them from ancestral lands, and eroding their communal stability. It produced a large population of fluid marginalized groups seeking space and recognition. They were attracted to the Maoists, who gave them voice, recognition, and position and promised dignity in their "new regime." The Maoists raised the issues of self-determination, cultural and regional autonomy, and linguistic, religious, and gender equality more vociferously than parliamentary political parties. They formed ethnic liberation fronts, declared the establishment of autonomous ethnic regions, punished untouchability and gender discrimination, and undermined ethnic domination. These strategies attracted marginalized groups facing cultural and communal destabilization due to state policies.

Some of the conditions for violent conflict, however, existed in Nepal prior to 1990. The continued centralization in an open environment ripened the situation. Centralized governments were unable to deliver services and failed to meet the rising expectations of a large number of people, nor did they introduce social and political reforms to end inequality and discrimination. People demanded political space and recognition, but the centralized state either ignored or rejected them or did not respond. The resulting alienation eroded the legitimacy of the democratic system. When the Maoists came forward with a trenchant criticism of the parliamentary democratic system and promised radical transformation, the rural people became susceptible to their promises.

Centralization and Civil Strife

Empirical studies covering a large number of countries have demonstrated that unitary and centralized states are prone to rebellions, whereas federal countries encounter less severe conflicts (Cohen 1997; Saideman et al. 2002). Federalism provides people more access points to governments, where they can make demands, vent frustrations, and sometimes resolve grievances, thereby preventing dissatisfaction from escalating into rebellion. Unitary states, on the other hand, provide less access to government. The grievances may deepen, and some could turn into rebellions. People held many grievances in Nepal, and these were seldom addressed because, among other things, the center was not accessible to the people due to territorial, political, and ethnic distance. When the Maoists began the insurgency and promised to work for the welfare of the poor and marginalized, people with little or no positive experience with the state gravitated toward them.

Comparative studies have also found that proportional electoral systems help to manage conflicts, whereas the first-past-the-post system, which was used for the parliamentary and local elections in Nepal, is associated with violent conflicts (Powell 1981; Cohen 1997; Saideman et al. 2002). FPTP facilitates conflicts by denying seats to small parties. If small parties are unable to elect representatives to legislative bodies and raise issues that are not voiced by the major political parties, they become alienated. This can lead to violent conflicts.

In Nepal, the centralized polity worked to push the Maoists toward insurgency. Despite participating in the first parliamentary and local elections, the majoritarian and centralized polity gave no meaningful space to the Maoists. Meanwhile, the center repressed the Maoists violently in their strongholds when they engaged in political brawls with the local cadres of the ruling party. Prior to the initiation of the insurgency in 1996, the Nepali Congress-led government jailed and tortured Maoist activists and leaders (whose political front was the United People's Front - Nepal, or UPF-N), including elected representatives of the district development committees, in their strongholds of Rolpa and Rukum.¹⁴ Many UPF-N cadres went underground to avoid government-sponsored mass prosecutions and imprisonment intended to harass them. Power abuse by the central state, which controlled the police and administration, was designed to help the Nepali Congress in district politics but also had the effect of pushing the Maoists into the insurgency (INSEC 1999; Prachanda 1999). The

repression could take place due to the unitary and centralized structure of the state. If there had been regional governments or if the administration and the police force had been under the control of district governments, the extensive one-way abuse of power by the center would not have been possible. After all, the Maoists controlled the district government in Rolpa. If the repression had not occurred, the reasons to initiate the insurgency would have been less compelling.

Centralization, a Divided State, and the Growth of the Maoist Insurgency

The irony of Nepali centralization was that the state had no effective reach beyond district and subdistrict centers. This allowed the Maoists to establish themselves easily in the rural areas, where state agencies were not present to resist them. In fact, the government closed down police posts and agricultural extension service centers in rural areas when the Maoists began making inroads in the regions. When people saw the state agencies leaving rural areas due to the Maoist threat, they further lost faith in the government. Even those who opposed the Maoist ideology did not dare resist publicly, because they realized that the state could not protect them. This shows that the spread of the Maoists was not due to their strength alone but also to the absence of effective state capacity in the periphery. At the same time, the Maoists were unable to take over positions, such as district headquarters, that the government was determined to hold.

The centralized administration contributed to the weakness of the state. Local administrations not constituted and controlled by local leaders meant that administrators were not sensitive to the needs of the local people. The government therefore did not receive local support to resist the Maoist expansion.¹⁵ The local people often did not inform the administration about Maoist activities. In most attacks on district headquarters and towns, Maoists gathered in the hundreds or even thousands, which is conspicuous in the less-populated hills, yet the administration remained unaware of the mobilization in many instances (especially during the earlier attacks). In many of these raids, ordinary residents in the district headquarters were aware of the imminent attacks and fled for safety. The small number of local residents of district headquarters killed or injured in the attacks makes this clear. If local administrations had been under local leaders, major political parties' cadres and supporters would have been pitted against the Maoists, which would have hindered Maoist growth to some extent. Additionally, an administration headed by local leadership would

have avoided many unnecessarily repressive acts of the administration, which initially pushed many people into the insurgency or made them sympathetic to it.

The state's capability was also weakened by the policy of undermining traditional local institutions that were fulfilling local needs. The central state did not provide accessible and functioning alternative institutions after it stopped recognizing traditional institutions. For instance, the state stopped recognizing local conflict-resolution mechanisms, but its alternative, the district court system under the central judiciary, did not serve the rural population well. For many poor villagers, it was expensive to travel to the district headquarters in order to resolve minor conflicts. The time-consuming and often corrupt justice system also increased the costs of reaching a settlement for the rural poor. When the Maoist People's Court began dispensing justice in the villages, it attracted people who wanted to settle minor conflicts quickly at the local level. It met the needs of many people.

The polity also became weak from the power-aggrandizing tendencies that the centralizing political structures and culture facilitated. These tendencies divided the establishment and weakened the Maoists' "enemy." Opposition political parties hardly denounced the abduction, harassment, or murders of ruling party cadres and leaders by the Maoists. Failure to act collectively was, however, not limited to the political parties. Even King Birendra did not allow the government to deploy the army, which was under his influence, against the insurgency in the initial days when it could have been more effective (S. Khanal 2007). The army was finally dragged into the insurgency when the Maoists attacked an army barrack and looted weapons and ammunitions in November 2001 after the failure of the second round of peace talks.

The zero-sum politics among the large parliamentary political parties led to squandered opportunities to settle the insurgency earlier. For instance, the Nepali Congress government led by Prime Minister Sher Bahadur Deuba perceived the situation to have deteriorated enough to declare a state of emergency in 2001, but did not form an all-party national government to face the crisis. As Lijphart has shown for countries around the world, emergency coalition cabinets are often formed in times of crisis (Lijphart 1999). In Nepal, the CPN-UML leaders, as communists, could have become useful cabinet partners for tackling the Maoists because they understood better the strategies, tools, and psyche of the Maoists leaders and cadres. Likewise, lack of inclusion of other nonruling

parliamentary political parties in the dialogues with the Maoists and the lack of consultation when declaring the states of emergency also showed the government's unwillingness to share power and authority. Government negotiators were either solely from the ruling party or representatives of the king.

The lack of a coherent and collective strategy by the state and political parties toward the Maoists can be attributed to the non-power-sharing attitude. Political parties have spent most of their time, energy, and resources attempting to form governments dominated by their own party or faction rather than cooperating with others to govern the country collectively. Political forces often used the Maoist issue for partisan purposes (to form or bring down governments). The major parliamentary political parties only came together when the king seized control and took power away from all of them in 2002.

Political forces...used the Maoist issue for partisan purposes

Similar distrust and noncooperation hindered the political parties from forming all-party coalitions in the districts and villages to counter the Maoists. In fact, in some villages, local political elites often used the Maoists in power plays against other elites. Some would attempt to be in their good graces by reporting real or fabricated stories about political opponents.

If competing political parties and forces had cooperated among themselves, the Maoist would have faced more difficulty in their expansion. Furthermore, cooperative attitudes and readiness to compromise would also have sent positive signals to the Maoists of the emergence of a power-sharing culture. The Maoists could have perceived a higher probability of accessing power in a power-sharing culture in the event they joined electoral politics again.

This discussion is aimed at showing the consequences of centralization only. The Maoist strategies, agency of the marginalized groups, and other factors also contributed to the rise of the Maoists. A main argument of this monograph is that the centralized political system and culture developed a particular incentive structure that influenced different actors to behave in specific ways that contributed in the growth of the Maoist insurgency.

Centralization itself, and not just the failure of governance in general, contributed significantly to the problems Nepal faced and continues

to face. The centralizing political culture of the ruling Nepali elites preferred and adopted centralized political structures. However, power concentration did not mean effective power. Centralization simply meant

that whatever power the state possessed was concentrated at the center. As such, the state's reach and influence in the society through development, service delivery, civil administration, and security was severely limited. The state did not have an effective presence in many sectors and regions. Ironically, the state became weak because,

among other reasons, the local and district governments, nonexecutive central agencies, and other branches of governments were not able to function because they lacked power. Their inability to function and deliver weakened the overall state system.

***power concentration did
not mean effective power***

Successful Sectors and Power Redistribution

The post-1990 democratic years were not only plagued by problems; they also witnessed successes in many arenas. What lessons can be learned from the success, separately or in conjunction with the problem sectors? A common element among the success areas is the central state's withdrawal from these sectors and permission for them to operate more independently.

A boom in print, radio, and electronic media occurred after the 1990 democratic change. The government removed restrictions that the previous regime had imposed on the media and awarded licenses to FM radio and TV stations. Prior to 1990, Nepal only had government-owned English and Nepali daily newspapers. By the end of the 1990s, there were several private Nepali and English broadsheet dailies. The Press Council reported that 217 dailies, 1,132 weeklies, and 186 fortnightlies were registered during 2002–03 (all of them do not publish regularly, however). Readership and circulation also rose sharply. In 1997, Sagarmatha Radio became the first private radio station to operate in South Asia. By July 2003, twenty-six private radio stations were broadcasting from different towns and rural areas. Several private TV channels began operation after the turn of the century (Onta 2001; Koirala 2006).

Media growth empowered citizens and contributed to democratization of society in several ways. First, people began to obtain information from more sources, which allowed people to reach their own conclusions after evaluating different perspectives and opinions. Second, the media

promoted vigorous public debate of a broader range of issues. It contributed to laying the foundation of a vibrant civil society. Third, social issues also came to be aired and highlighted, although this may not have occurred as frequently as one might expect. Marginalized groups began to publish their own outlets to raise their issues, even though the publications did not have wide circulation. Fourth, the media helped to hold powerful elites accountable. This was more evident during the resistance against royal rule. As the media became more powerful, it dispersed power more in society.

Another successful sector was community forestry, due to which Nepal's hills were reforested. The process began when the government returned the management of forests to communities in 1978, but the trend gained momentum after 1990 with new legislation (the Forest Act, 1993, and Forest Regulations, 1995) that gave the community groups more rights. By 1999, community groups in Nepal were managing more than 6,200 square kilometers of forests. Nearly one million households were involved in 8,500 community forest groups. The "slow reversal of earlier deforestation" is in sharp contrast to the trend of large-scale deforestation after 1957, when the Nepal government nationalized the forests. The government had been unable to protect and manage the nationalized forests, whereas local communities no longer had the authority to do so. The Nepali experience shows that when governments transfer rights to communities, local groups can craft appropriate institutional arrangements to manage common resources in ways that reduce the threat of environmental degradation due to population boom (Agrawal and Ostrom 2001). In addition, community forestry also empowered people and provided access to resources and funds to communities in the poverty-stricken hills.

Economic liberalization, initiated in 1985 and expanded in the early 1990s, also expanded and increased the economy's efficiency. Private domestic airlines, which started operation after the promulgation of the open air policy in the early 1990s, provide reliable services to more destinations—reversing the inadequacy and unreliability of the previous system. Total passengers on domestic flights increased from 228,000 in FY1989/1990 to 1,209,000 in FY2002/2003 (Mahat 2005:

***liberalization resulted in the
availability of...consumer goods***

205). The banking sector also saw a dramatic increase in efficient provision of services. The number of commercial banks, development banks, insurance providers, finance companies, and savings and credit cooperatives increased, and the economy deepened. There were 148 financial institutions in 2004, compared to 73 in 2000 and 5 in 1990. With regard to commercial banks, 17 were operating in 2004 against 13 in 2000 and 5 in 1990 (Mahat 2005; Acharya, Khatiwada, and Aryal 2003: 39). The liberalization policy also benefited the education sector. Educational opportunities expanded at all levels. Approximately thirty engineering colleges and a dozen medical colleges, most of them established at private initiative after 1990, are now educating students (Mahat 2005: 218). In addition, liberalization resulted in the availability of many more services and consumer goods, often affordable as well. It is unimaginable that these varieties of goods would normally be available under a state-controlled economy.

People's opportunities to engage in different entrepreneurial activities expanded. A vibrant economy meant more jobs. The economic sector became more independent. Dispersion of power to economic actors, including small ones, and consumers, meant that power became more dispersed in the society. Another sector that witnessed remarkable growth after 1990 was civil society. Over 11,000 NGOs were registered by the year 2000 compared to only a few hundred in 1990 (Shah 2002). Some NGOs were engaged in service delivery, whereas others focused on protecting the rights of citizens and advocating social justice. Social justice movements of the Dalit, indigenous nationalities, Madhesi, and women also exploded. Even though they have not been able to bring an end to many types of discrimination and inequality, they have increased awareness, mobilized marginalized groups, and sensitized the society and the state to the injustice and inequality.

Local governments also performed better with some power and resources. The Local Self-Governance Act of 1999, even though weak in political and fiscal decentralization, was a step forward and provided a legal framework for administrative decentralization of services. Over the years, different governments transferred resources to the local governments and provided more space to act. The minority CPN-UML government in 1994 provided block grants to the village development committees. The funds increased the local governments' capacities, as they were able to conduct surveys of development activities, make plans, implement

projects, keep accounts, and mobilize communities to generate additional resources. Local governments have built schools, roads, and bridges, constructed drinking water projects, managed trails, and initiated many other development projects. During the second local election in 1997, the coalition government dominated by the CPN-UML reserved 20 percent of positions for women at the village level. It enabled thousands of women to be elected to the local bodies. Decentralization took power closer to the people, and to more sociocultural groups, and directly benefited more citizens.

A common factor in all the successful sectors is the withdrawal of the central state. For instance, the media grew because the government permitted the sector to operate more or less without restrictions. Community forestry grew when the nationalized forests were returned to the communities. Government gave back considerable power to the communities, including the power to access, manage, and exclude nonmembers of the user groups from accessing the common resources. With some power and resources in the 1990s, the local governments performed better. Financial sectors expanded and became more efficient after the state further liberalized. Likewise, government encouraged NGOs and tolerated social justice movements, leading to their explosive growth.

Whatever the sector—from local government to communities to the economy—the underlying factor is the same. Power distribution (concentration or diffusion) is a common element among the problem and successful sectors. When the state gave space to operate, different actors in different sectors used those opportunities to improve performance and service delivery. On the other hand, myriad problems occurred due to concentration of power in the central state. This does not mean, however, that the state should completely withdraw. As discussed below, the state can play a positive role as facilitator, regulator, and arbitrator.

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Weak Accountability Mechanisms and Limits on Success

As noted, abuse of power and corruption became pervasive because weak central institutions were not able to hold the powerful cabinet and political leaders accountable. Accountability problems at the lower level also constrained the successful sectors from further expanding and deepening their roots. Specific accountability mechanisms must be built into all sectors, even after the executive gives up domination and provides more autonomy to different realms, so that the empowered sectors are held responsible for abuse of power and develop more fully and perform better.

The Nepali media, despite its phenomenal growth, was beset with problems. It often abused its power. Some media outlets frequently published fabricated and irresponsible news and racist stories. Some journalists alleged that certain newspapers, especially weeklies, published stories with intentions to blackmail (Koirala 2006). Many journalists were closely affiliated with political leaders and parties and often published reports favorable toward certain parties and leaders or defaming others. The media obtained the power to express freely, but the next step of developing effective mechanism to hold them accountable if and when they abused that power was not established. Effective actions against abuses were seldom taken. The Press Council, the oversight body, failed to maintain ethical standards partly due to its partisan make up. The government often nominated party loyalists to the council (Adhikary 2003). The partisan council was either not interested or was not able to win moral respect for promoting ethical standards. The extensive power of the executive in nominating members of the Press Council undermined its autonomy and effectiveness.

Civil society, although successful in holding the state and security forces accountable during the nondemocratic period of 2002–06, often has not been as effective in holding political parties and leaders accountable. This was partly because many civil society leaders and NGOs are closely affiliated with major political parties, despite a façade of independence. Informed people in Kathmandu knew which “independent” human rights organizations were affiliated with which political party. The partisan affiliations often hindered civil society from functioning impartially, especially during elections and contested political issues. One scholar labeled human rights groups as *Hanuman* (a devout loyalist) of political parties and leaders (Bhattachan 1999). Beyond ideological sympathies, patronage is an important factor in the continued affiliations with the political parties. Rewarding loyal party cadres with appointments to prestigious organizations like the

National Human Rights Commission also maintained patronage. Power centralization, and the patronage culture it helped to maintain, hindered civil society from being an effective medium of accountability.

Although the above cases show accountability mechanisms were eroded because the cabinet interfered and undermined the autonomy and effectiveness of other agencies, in the realm of the economy, the absence of accountability mechanisms was due to the state's shirking its duty to regulate. The economic impact of liberalization was inhibited due to weak regulations that allowed unscrupulous entrepreneurs to take undue benefits. For instance, the commercial banks "colluded to lower the term and fixed deposit rates without changing the lending rates" (Acharya, Khatiwada, and Aryal 2003: 38). Banks pocketed hefty profits from the difference between interest rates on deposits and those on loans. Absence of regulations also allowed the private boarding schools, which served the middle and upper classes by providing quality education, to charge exorbitant fees. These criticisms, however, are not to argue the futility of liberalization but to point out that if certain weaknesses had been addressed, more benefits could have been attained. Effective regulatory laws and autonomous agencies are required to prevent unscrupulous agents from abusing economic power and making them operate competitively rather than as cartels.

The discussion of the judiciary, which was powerful, will further illustrate the importance of independence from the executive and of specific accountability mechanisms. Despite performing well in some sectors, the judiciary was accused of corruption, slow deliverance of justice, and being susceptible to political influence. The judiciary demonstrated that making an agency powerful was not enough. Because the executive allocated the judiciary's budget and personnel and had a role in the transfer and promotion of justices, the judiciary was not outside the range of political influence. Moreover, there was no effective accountability mechanism within the judiciary. Corruption and unethical practices went unchecked. It shows that if effective accountability mechanisms are not established, empowered institutions can abuse the power they have been entrusted with.

In addition to the accountability issue, exclusion was another common element in the problem arenas and in the successful sectors. For instance, mainstream media was plagued by the lack of social accountability. It was not able to provide a pluralistic platform and channel for

the marginalized national/ethnic and caste groups and women (Kraemer 2003). Likewise, many mainstream civil society groups, including human rights organizations, failed to raise the substantive issues of the marginalized groups. Most organizations were overwhelmingly dominated by CHHEM. The Supreme Court, which was dominated overwhelmingly (90 percent in 1999) by the CHHEM (Neupane 2000), delivered verdicts imbued with prejudice on issues relating to marginalized groups. For example, it ruled against adopting a native language as a second official language in local governments. Community forestry, despite the claims of being participatory, was criticized for being dominated by local elites and sometimes presenting participation as a façade (Harper and Tarnowski 2003). Likewise, local governments have been criticized for maintaining traditions that exclude and discriminate against marginalized groups like Dalit, women, and indigenous nationalities (Bienen et al. 1990). Weak social accountability itself has been one reason for the continuation of exclusion in arenas like civil society, community forestry, and local government.

Debates on Restructuring the State

Numerous academic and political proposals have been put forward for restructuring the state in Nepal. Since there are too many proposals to address specific details, this monograph will review them at the conceptual level. The review demonstrates that even though the issue of inclusion has been debated vigorously, the issue of accountability has not attained prominence.

The proposals run along two dimensions: ideological and sociocultural (see Figure 1). The ideological dimension is the debate between a democratic republic versus a democracy with a ceremonial monarchy.¹⁶ The former calls for an end to monarchy. Political leaders, parties, and commentators on the right and left are primarily engaged in this debate. A point often overlooked in the debate is that republicanism also means more roles for the elite in the polity. It is compatible with the communist ideology of vanguards leading revolutions. However, if the republican dimension becomes too prominent, it could be in tension with democracy, which is based on power to the people (and not the elite).

The class issue is often subsumed in the ideological dimension. The implicit assumption is that the elimination of monarchy would address it. However, inequalities may not automatically be addressed by a republican

system. Different structures and policies that would help the poor have to be specifically incorporated for inequalities to be addressed.

The sociocultural dimension primarily deals with the issue of accommodating various national/ethnic, caste, and gender groups. Academic proposals have discussed this dimension extensively (Neupane 2000; Bhattachan 2003; Lawoti 2005). Most political parties have adopted the rhetoric of inclusion, especially after the king's 2002 intervention. However, they differ in terms of the inclusive proposals they advance. The Maoists are the most positive toward inclusion among the mainstream political parties, but they also fall short of ethnic groups' demands.

***Most political parties
have adopted the
rhetoric of inclusion***

Incorporation or lack of ethnic federalism has been used as a major indicator below to assess the inclusive characteristics of the proposals.

Among different possibilities that emerge from the conceptualization presented in Figure 1, the communist republic and active monarchy models are not democratic options. With the decision of the Maoists to accept the multiparty parliamentary democratic system in 2005 and subsequently sign the peace agreement and join the interim government, the communist republic option has been formally dropped. The second people's movement of April 2006 also ended the active monarchy option. However, resurgence of both options cannot be completely ruled out. The CPN-M leaders still say that capitalism is a path toward socialism and communism. Likewise, the monarchy could resurge if the seven-party alliance and the Maoists fail to consolidate peace. Even if monarchy is eliminated, the extreme right with the backing of the military, or the military itself, might intervene if law and order deteriorates.

Both the communist republic and active monarchy models were epitomes of extreme centralization. The communist republic ideology favors central planning and state-led economic development. It would be a totalitarian state, where all sectors of the state and society would have to follow the dictates of the communist party. Nepali Maoist writings, influenced greatly by Marx, Engels, Lenin, Mao, and others, and the adoption of *Prachanda Path*, named after Maoist leader Prachanda, also indicate the Maoists' attempt at developing a "theory" to attain a communist republic. The active monarchy option also centralizes power in the monarchy by weakening other branches of government. It was, and would be, an authoritarian regime. If the communist republic and active monarchy were to be

compared, a totalitarian regime would deny all types of pluralism, while an authoritarian regime would tolerate some pluralism, especially in the socioeconomic sector (Linz and Stepan 1996).

The conceptualization presented in Figure 1 also describes six democratic options: (1) exclusionary multiparty democracy, (2) exclusionary multiparty democratic republic, (3) moderately inclusive multiparty democracy, (4) moderately inclusive democratic republic, (5) inclusive multiparty democracy, and (6) inclusive multiparty democratic republic.

These proposals do not directly address centralization and the weakness or absence of accountability mechanisms that this monograph has identified as the underlying causes for Nepal's multiple crises and conflicts. Both a multiparty democratic republic and a multiparty democracy with a ceremonial monarchy (options along the two middle columns of the horizontal axis) could be centralized as well as decentralized. Both could have weak accountability mechanisms. Likewise, accountability mechanisms could be weak even in an inclusive polity. Thus, the accountability dimension has to be incorporated specifically in the inclusive models to reduce exclusion, power abuse, and corruption, and reduce the potential for eroding democracy and facilitating violent conflicts.

Inclusive and Accountable Democratic State Building

The model of democracy building proposed in this monograph combines lessons from Nepal's own past with global experience. The global experience informs us of two conclusions in terms of inclusive and accountable democratic state building. First, there is general agreement that majoritarian democracy does not work in multicultural societies because it facilitates the tyranny of the majority (Horowitz 1985; Gurr 2000; Lijphart 1977). Power-sharing institutions, which can be inclusive, have deepened democracies, including in nonplural societies. Among thirty-six established democracies around the world, including developing countries, Lijphart found that consensus or power-sharing democracies were better at satisfying citizens demands, formulating policies to address concerns of women and minorities, and were more egalitarian overall (Lijphart 1999).

Second, scholars investigating developing countries found that excessive centralization led to the malfunctioning of the polity (Fukuyama 2004; Bates 1984; Wunsch and Olowu 1990). When the state involved itself in too many things (or when its scope was too broad), government became ineffective because, among other reasons, it overstretched itself, whereas states that were active in a limited number of sectors performed

well (Fukuyama 2004). Literature on the rule of law and quality of democracy also suggests that too much power at the executive undermines accountability (Schedler, Diamond, and Plattner 1999; Diamond and Morlino 2005; O'Donnell 2004). In separate studies, Robert Bates and James Wunsch and Dele Olowu found that the overcentralized state contributed to economic stagnation and poor governance (Bates 1984; Wunsch and Olowu 1990).

The call for limiting the role of the state does not, however, mean that the central state should not have any role. Critics of centralization agree that the central state should at least be responsible for defense, foreign, and monetary policy. They also recognize its role in coordinating and regulating different sectors, including the market, stepping in when markets fail, and even promoting economic development. Criticism is aimed at the excessive scope of the central state. Further, certain types of states, often called developmental states, have contributed to economic development in their countries.

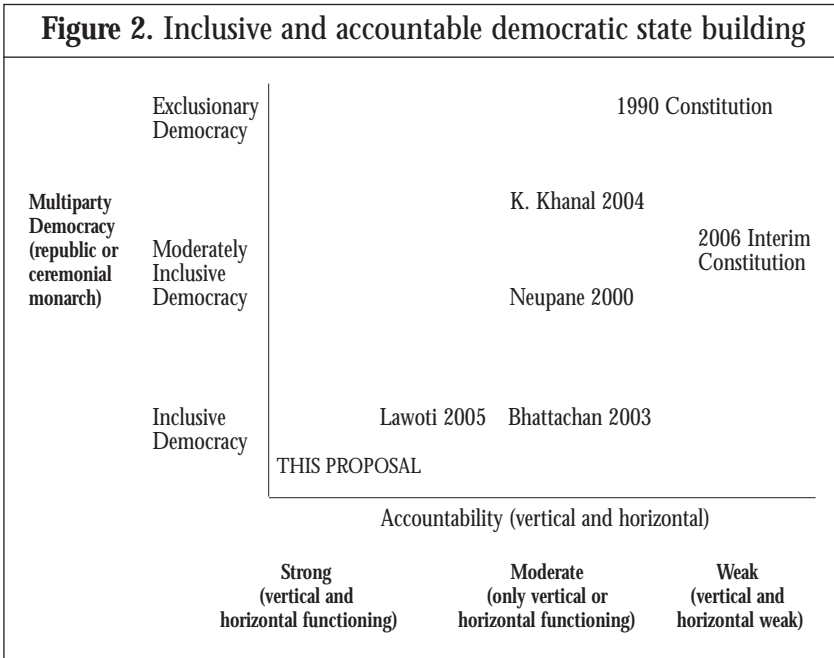
To arrest the problems Nepal witnessed due to overcentralization and to consolidate democracy, the centralized state must be restructured and power redistributed. Restructuring the state to redistribute power should occur in the following areas and accountability mechanisms installed in all sectors:

1. Power should be redistributed in the state among different levels of government and different government branches and agencies.
2. Market forces should be allowed to work in economic arenas where they are efficient; and the government should regulate them and intervene where markets do not exist or do not adequately deliver goods and services.
3. Civil society and communities should be empowered. Thus, power redistribution must occur not only vertically and horizontally within the government branches and agencies but also in and among different sectors of the state, market, and society (Martinussen 1997).
4. Power redistributed in different sectors should be shared by different national/ethnic, caste, and gender groups.
5. All sectors and institutions should have effective accountability mechanisms.

A Framework

Figure 2 presents the framework recommended by this monograph for a democratic state in Nepal. It is based on two dimensions: accountability and inclusion (identity and class). The model assumes that political rights and civil liberties exist in the polity and periodic elections are held. These fundamental democratic institutions are necessary but not sufficient for democratic state building in poor multicultural societies. Accountability and inclusion are necessary as well. Otherwise, a polity could be inclusive but weak in accountability or strong in accountability but exclusionary in nature.

Power distribution correlates to some degree with both dimensions. A centralized democracy could be more exclusionary, and power-sharing democracies could promote inclusion. Likewise, accountability would be weak in a centralized polity, and it could be more effective with power-sharing institutions. However, power-sharing may not be sufficient to ensure intra-institutional accountability.



Accountability

Accountability mechanisms must be installed and established in all sectors, levels, and branches of government, and in institutions that enjoy any

amount of power. Horizontal accountability mechanisms would hold the executive and other powerful central agencies and branches of governments accountable to each other. However, power can be abused at lower levels and in nongovernmental sectors as well. Economic entrepreneurs may distort the market to earn quick profits. Unless checked, abuses could occur in all sectors and institutions with power.

Inclusion

Equitable inclusion of different groups and classes is necessary to promote equality and justice. Rhetoric alone is not sufficient. Inclusion should aim at transformation of the society. Cooptation and marginal inclusion are not sufficient. The CHHEM political and civil society leaders rapidly adopted the rhetoric of inclusive democracy during the people's movement against the autocratic monarchy, but have not followed it up in practice. A public report found that exclusion is the norm in the post-people's movement state appointments as well—male Brahmins monopolized more than 60 percent of the appointments to influential positions (Post Report 2006). For instance, the political parties passed a resolution requiring 33 percent of public offices to be held by women in 2006, but less than 10 percent of cabinet nominations were women. This tendency, however, is not limited to political leaders. The behavior of the self-proclaimed “liberal” civil society is not much different. Residual racism and paternalistic attitudes, common even among many “liberal” CHHEM, are responsible for marginalizing the conception of inclusion. The self-declared “liberal” CHHEM newspaper editors and civil society leaders appoint one or two indigenous nationalities, Madhesi, or Dalit, preferably women, with the expectation that the appointees would follow them without seriously questioning them, boosting their image of being “inclusive” along the way. It is more a process of cooptation and legitimization than true inclusion, because the presence of marginalized group members in marginal numbers in marginal positions allows the CHHEM to sustain the status-quo. It does not transform the society.

Assessment of Proposals against the Inclusion and Accountability Criteria

Figure 2 assesses the 1990 Constitution, the 2006 Interim Constitution, and some prominent illustrative academic proposals against the inclusion and accountability criteria. The comparison is among democratizing polities and proposals only. The 1990 Constitution, in the upper right hand corner, is the most exclusionary among the models compared. Some level of accountability existed in the polity due to periodic elections.

The 2006 Interim Constitution is slightly more inclusive, but weaker in accountability than the 1990 Constitution. In terms of inclusion, it has declared the state secular, adopted a mixed electoral method for the Constitutional Assembly, and addressed the citizenship problems to a considerable degree. However, it still retains some discriminatory articles. Ethnic parties are still banned (article 19.142.4), the cow, which is sacred to Hindus, has been retained as the national animal (1.7.2), and the document does not treat all native languages equally.

The Interim Constitution further concentrated state power in the office of the prime minister and the cabinet. The principle of separation of powers among government branches has been weakened. The prime minister has been made head of both the executive and the state. The Constitutional Council—which nominates the chief justice, commissioners of constitutional commissions, and others—no longer has an opposition member. The prime minister has been given the authority to nominate three cabinet members to the Constitutional Council (article 23.149). The army has been firmly brought under the executive (article 21.144), and Parliament has no role in the control, deployment, and management of the armed forces. The National Security Council, which recommends the deployment of the army and oversees other security issues, consists of six cabinet members, three of whom are nominated by the prime minister (article 21.145).

The models proposed separately by Krishna Khanal and Govinda Neupane are moderately inclusive and accountable (K. Khanal 2004; Neupane 2000). Neupane is moderate along both dimensions because he has proposed federalism (but not other inclusive institutions), which facilitates accountability by lessening power concentration. Khanal is moderate in the accountability dimension but less inclusive than Neupane because the proposal only argues for a proportional electoral method.

In contrast, Krishna Bhattachan's proposal is inclusive (Bhattachan 2003). In addition to federalism, he argues for reservation of positions and resources for marginalized groups, the end of cultural and gender discrimination, and a proportional electoral method, etc. to include Dalit, indigenous nationalities, Madhesi, and women. The proposal can only be considered moderately accountable because it does not propose horizontal

***The 2006 Interim Constitution
[still bans] ethnic parties***

accountability mechanisms. Like Bhattachan, I put forward a proposal in 2005 that advocates for various institutions to include national/ethnic, caste, and gender groups (Lawoti 2005). My 2005 proposal would result in more accountability because it discusses horizontal accountability mechanisms (but it does not elaborate on them). Lawoti (2005) and Bhattachan (2003) were also silent on the issue of class inclusion. The model proposed here is both inclusive (in class and ethnic dimensions) and accountable.

Power-Sharing in the Polity

Dividing Power between the Center, Regions, and Localities

The Constitution should divide power vertically among the center, regions, and local bodies. The division should be based on the subsidiary principal. Those services that the local and regional governments can provide should be delegated to them: because they are closer to information

and resources, they can perform certain services more efficiently. Division of power among different levels of government would provide political space to more political actors and groups, especially to the parties and groups that are in the opposition or the minority at the national level. Empowerment of local bodies would take power closer to the people. Effective power decentralization means that even when power

abuse occurs, it would be less-intensive in nature. Further, other levels of governments and actors (NGOs, civil society, community groups) may foster accountability at different levels.

***Empowerment... would
take power closer to
the people***

Power-Sharing among Government Branches and Commissions

Power should be redistributed horizontally as well among different central government branches and constitutional commissions so that they can hold the executive and each other accountable. Central agencies like the Election Commission, Auditor General, the Central Bank, and anticorruption agencies should be empowered and made independent. Making nonexecutive institutions powerful alone may not be sufficient, however. The CIAA was empowered in 2002, but it has been accused of being influenced by political leaders. Without independence from the executive, constitutional commissions may not be able to act against the executive. It may be more appropriate for the Parliament to allocate budget and personnel for the constitutional commissions and the judiciary. Likewise, the Upper House should approve the nominations of the commissioners in public

hearings. These hearings would help instill a sense of public duty among nominees rather than loyalty to the leaders who nominated them.

The Parliament should have the right to introduce bills with budgetary provisions. Opposition political parties should be given more political space, which could be achieved by distributing chairpersonships of various committees based on proportional strength of the political parties in the Parliament, as in Germany, and empowering parliamentary committees. The Upper House should be empowered as well, and direct elections would increase that body's legitimacy. Likewise, a judiciary that is independent from the executive can protect the independence of other constitutional commissions through its interpretation of the Constitution. A separate, inclusive Constitutional Court would divide the power of the Supreme Court and lower its work load. Polycentrism, at the center and lower levels, and transparency would also foster accountability.

Intra-agency accountability mechanisms should be installed in all institutions, including in the judiciary. Second-order-accountability mechanisms need to be established as well so that even the independent institutions are held accountable if they abuse power or do not perform (Schedler, Diamond, and Plattner 1999). The Parliament, the judiciary, and other central institutions can perform those oversight functions.

Power Redistribution in Organizations

Lower-level political and civil society actors should be awarded more rights. Democratization of political and social organizations could empower ordinary members and also promote accountability. For instance, if political parties were democratized, members would have more say in the affairs of the organizations, unlike at present where the supreme political leaders often govern the parties based on personal whim. Elections of party officers and candidates for political offices by party members would also increase intra-organizational accountability.

Term limits would facilitate democratization of political parties and civil society organizations by limiting domination by single leaders. Transparency of income, expenses, and proceedings would facilitate accountability. The supreme political leaders may not carry out these reforms, nor would they follow these guidelines willingly even if they are

***Parliament should have
the right to introduce bills
with budgetary provisions***

adopted. An independent and powerful Election Commission could be authorized to supervise the political parties and adjudicate disputes among factions based on respective party rules.

Power-Sharing among National/Ethnic, Caste, and Gender Groups

Power redistribution among different levels and branches of government, among different constitutional commissions, and among different political parties is not enough in multicultural societies. All levels and branches of government could be dominated by one group. Thus, power-sharing among different national/ethnic, caste, and gender groups should be ensured in all levels and branches of government.

Nepal's multiple national/ethnic and caste groups face multilayered problems that require multiple institutions to address the various types of exclusion (Lawoti 2005; Bhattachan 2003). Ethnic federalism would empower territorially concentrated minorities and enable more citizens to govern themselves. It is the most important institution by which power could be divided and distributed among different nationalities. However, it cannot address all the marginalized groups' problems. Other institutions would be required.

Ethnic federalism would empower...minorities

Nonterritorial federalism should be adopted to empower territorially dispersed groups like Dalit. Under this type of federalism, dispersed groups that cannot form a territorial unit would elect a central council for self-governance. Smaller and migrant national/ethnic groups could be empowered through subautonomy. Historical as well as contemporary discrimination requires reservation of public positions and resources for ascriptive communities and quotas for women (Htun 2004). A proportional electoral system would enable representation of smaller ethnically oriented political parties and would foster a multiparty system. Proportional elections could necessitate coalition governments, in which small minority parties would have better chances of being included. A House of Nationalities (Upper House) would bring together different groups to the center. A Constitutional Court with proportional representation of different groups should be formed to prevent biases in the interpretation of the Constitution. Symbolic inclusion should be fostered by naming national heroes, symbols, and so forth from different groups and awarding public

holidays during marginalized groups' festivals (for additional details, see Lawoti 2005).

Economic Inclusion and Economic Development

For any developing country, economic development is a serious concern and aspiration. In Nepal, the economy should be expanded and deepened so that a larger pie becomes available to more people. However, economic growth alone is not sufficient. Economic exclusion despite growth can lead to violent conflict, which in turn undermines the economy. Thus, the goals should be to attain economic development and economic inclusion simultaneously, which can be achieved by redistribution of inefficiently held resources and fostering entrepreneurship.

When resources and capital are used unproductively, a country cannot develop. Unequal landholding in Nepal has deprived a large number of peasants from increasing the productivity of land. Studies have shown that small landholders are more productive because they invest surplus labor into their land (Binswanger and Elgin 1998). Thus, land reform can stimulate economic development. Moderate landholding size in Nepal need not pose a problem: Taiwan, Japan, and South Korea had moderate landholdings, but land reforms were successful and contributed to their economic development. Progressive market-based land reform should be implemented in Nepal so that land becomes available while property rights are respected. Higher taxes on larger landholdings and inheritance taxes would make the large landowners sell off their property. Credit should be made available to tillers and poor peasants to purchase land (Deininger 1999).

People are eager to improve their conditions, and the market provides economic space to individuals and facilitates entrepreneurship, which can foster economic growth (De Soto 2002). The Nepali experience of liberalization also has shown that reduction in red tape through liberalization facilitated entrepreneurship. The process has to be taken to small entrepreneurs, like those in the informal sector, through recognition of their work and unleash their energy and determination to improve their situation.

The market is efficient in producing and distributing many types of goods and services in a competitive environment. Markets often better serve the common person because individuals influence prices through their choices by affecting demand and supply of goods and services. Markets also allow common people to engage in economic activities.

Liberalized markets do not necessarily privilege big capitalists; if monopoly and cartelism are controlled, the common people would benefit because a market-oriented economy would provide them with opportunities, either through startup businesses or jobs, as well as cheaper and efficient goods and services. Thus, markets should be allowed to operate freely in arenas where they operate efficiently. The proposal for promoting market reforms does not go against the general principle of power distribution through institutional reforms. By providing space to large- and small-scale entrepreneurs through institutional reforms, people would become empowered economically, which would reduce the power and burden of the central state.

Moreover, federalism promotes economic development and efficient markets, including in developing countries, by fostering competition for investment among regions (Weingast 1995). An independent Central Bank could also contribute to and expand the economy by preventing the executive from influencing monetary policies and from borrowing recklessly, which could undermine the economy.

Powerful economic actors should not monopolize segments of the economy or form cartels to undermine competition. Autonomous state agencies (and not the executive) should regulate markets to ensure competition. The aim should be to punish unethical actions but not constrain the market. The state should intervene in case of market failures and in

***Autonomous state agencies
should regulate markets***

places where markets do not exist.

Liberalization of the economy, however, is not sufficient. There is a growing consensus on the combined role of the market, state, and society in successful economic development, especially for developing countries (Martinussen 1997). The state should build infrastructure, invest in quality education, and maintain law and order to promote economic development. In addition, it can initially help the capitalists and entrepreneurs who lack resources so that they can compete with the established corporations of the developed countries (Evans 1995). The state then can collect more taxes from an expanded economy to invest and redistribute.

The experience of many African and Asian countries has shown that state involvement can be detrimental to the economy. Economies have

stagnated in countries where the government became directly involved in the production and distribution of goods and services that a competitive market could have produced more efficiently and cheaply. The East Asian states, however, have played positive roles in economic development. Japan, South Korea, Taiwan, Thailand, and Malaysia, for example, have shown that if the state works with the market, accelerated economic development can be achieved. In those countries, the state identified priority sectors and induced local entrepreneurs into them. The government often provided cheaper credits, supported research, and purchased initial products, which lowered the risks of venturing into a new field. At the same time, however, the East Asian states encouraged competition, locally as well as globally. The local entrepreneurs thus became efficient and competitive in the global market. The state did not displace the market but rather worked with it to foster economic development.

If left alone, however, capitalists are not known to be sensitive to workers' needs. Democratic corporatism (like in Europe) can include the working class in the governance of the economy. In this type of economy, the representatives of labor, business, and the government negotiate economic matters like the minimum wage and pensions (Lijphart 1999). Democratic corporatism could address the bleeding of industries in Nepal that occurs due to unhealthy competition among labor unions affiliated with different political parties by channeling the unions' interests into a common platform. Similar mechanisms for representing the interests of the peasants should be developed as well. However, actual peasants should be the representatives of their own groups, not rich farmers and nonpeasant political leaders.

Political Space for Civil Society and Communities

Beyond the state and market, societal actors and communities should be provided with political space for two reasons. First, in certain sectors, neither the state nor the market work effectively. In such arenas, communities have been found to perform better. Communities have successfully managed common resources such as forests, grazing grounds, irrigation, and so forth (Ostrom 1990), and should be given the right to manage them. When common resources are transferred back to the community, the priority should be to return them to original owners like the indigenous groups. Land and land-based resources are important for the indigenous

communities not only as material resources but also culturally, since their identities are closely associated with land.

Second, the state and the market may end up only representing the interests of the people who control them. In such situations, civil society can hold the state and market accountable. This is applicable at all levels of government. However, civil society organizations should be independent—they should not be controlled or directed by political parties and business interests. After space to operate is provided, accountability mechanisms should be installed within civil society, NGOs, and community organizations. Additionally, mainstream civil society groups should be required to be inclusive in terms of ethnicity and gender.

The provision of popular initiatives for introducing or rejecting policies should be established. If the government does not legislate according to the will of the people on certain policies, the people should have the right to introduce policies through referendum. However, as in Switzerland, such proposals should be passed with a double majority—popular as well as a majority of ethnic groups and regions—to prevent the tyranny of the majority (Linder 1998).

Increasing the State's Capability

Once power is extensively redistributed, will the Nepali state become weak? Here it is necessary to emphasize that a centralized state is not necessarily a strong or an effective state. In fact, as has been shown, the extremely centralized Nepali state was weak. Atul Kohli has described similar phenomena of powerlessness accompanying centralization in India (Kohli 1994). He cites the example of the Indian National Congress during Indira Gandhi's reign. Gandhi nominated loyalists to the party organizations and she appeared as a very strong leader. However, the party had weakened due to the lack of intra-organizational competition and elections. The weakened party was unable to help push through her government's poverty alleviation policies.

The Nepali state would not become weak if power were redistributed. In fact, it would become more effective. First, various empowered local and central agencies would be able to function effectively and penetrate the society. Second, in the case of federalism, the Upper House would bring ethnic groups and regions together at the center. The powerful Upper House would act as a centripetal force to address the concerns and problems of the regions and ethnic groups. Third, the center would have sole

jurisdiction over foreign, monetary, and defense policies, in addition to some other sectors. These arenas would give significant power to the center. Further, effective decentralization and federalism do not mean that the center would no longer have any role in local affairs. The center should continue to support local governments, civil society organizations, and local citizens, but without aiming to control them.

The overall state would become more effective if its various parts were empowered. Different levels and branches of government can perform only when power and responsibilities are transferred to them. For instance, empowered local governments would deliver services more efficiently to more people. Likewise, autonomous central agencies can reduce power abuse of the executive and others. Allowing markets to perform in arenas in which they are efficient will provide cheaper goods and services. The state, in fact, becomes more effective and efficient if it operates only in arenas where its role is necessary. It will not be overburdened with unnecessary responsibilities and it can focus on priority arenas. Hence, the overall Nepali state's capabilities will increase with power redistribution.

Managing Conflicts and Consolidating Democracy

This monograph has shown that excessive centralization of the polity contributed to multiple conflicts and crises in Nepal. It does not deny the role of other factors, such as ineffective political leaders, but argues that over-centralization was the underlying cause. The Nepali experience makes it clear that protection of fundamental political rights and periodic elections are not sufficient to consolidate democracy. Political power should be redistributed to prevent governance crises, manage and prevent conflicts, and consolidate democracy. Reforms should establish inclusive institutions that generate incentives to respect the rule of law. Institutional reforms alone cannot address the problems, but they are necessary because institutions structure the behavior of political actors and other entities.

The changes proposed within this monograph will not come by themselves. The crises that resulted from the Maoist insurgency and royal interventions created conditions for change, due to which some reforms have taken place. Many other necessary reforms may still not come about. Continual pressure for reforms is required. Different societal actors should

Continual pressure for reforms is required

launch movements pushing for broader changes during the transition phase as well as in the future.

Power-sharing, inclusive, and accountable institutions recommended in this monograph will contribute toward addressing the problems confronting Nepal and also foster democratic state building. Political and economic power-sharing would foster both ethnic and class inclusion. Restructuring of the state through power-sharing would address demands of national/ethnic, caste, and gender groups, as well as those of the Maoists. Power-sharing among different sectors and groups and among different branches, agencies, and levels of government would provide space for more sociocultural, economic, and political actors. These reforms would lessen the incentives to launch and support insurgencies. Even if the Maoists do not capture the state via elections but control some regions in a federal arrangement, the incentives to restart the insurgency would be reduced. The reforms would undermine the insurgents' support base if the Maoists were also to take up arms again or new insurgencies emerge.

The reforms also would contribute to the management of governance crises. Different branches and agencies of government would perform better. Distribution of powers to independent agencies would make the polity more accountable. Effective horizontal and vertical accountability would lessen power abuse and corruption and promote the rule of law, which would strengthen the autonomy of state agencies, including the administration. Power-sharing would also help reduce government instability. If opposition groups can influence policies and the ruling party is constrained from abusing power to threaten the opposition's base, there would be less pressure to change government, or retain it, at any cost. Additionally, other institutional mechanisms such as the constructive vote of no confidence like in Germany can be introduced to restrain the opposition from proposing no-confidence motions frequently. Ability to influence policies at the center with an increased role in the Parliament, and the possibility of controlling regional and local governments that would have real power, would also reduce the need for the opposition to go to the streets frequently with *bandhs* and strikes in order to oppose the policies of the government. Empowerment of different actors through democratization of political parties and civil society would contribute to fostering accountability and consolidating democracy.

The role of the executive and the center would be confined to spheres where they are necessary, and would be strengthened in those areas. In are-

nas where markets and communities do not deliver or function, the state would be able to intervene more effectively because it would no longer be overburdened with unnecessary activities. A lean and effective state would be in a better position to contribute to economic development and meet the aspirations of the people to overcome poverty. The eventual consequence would increase the chances of consolidation of democracy in an inclusive, accountable, and functioning state.

Endnotes

I would like to thank two anonymous reviewers and Ashok Gurung for providing detailed and helpful comments. I also want to thank participants, especially Lok Raj Baral, Krishna Hacchethu, and Sudhindra Sharma, at the East-West Center Washington Nepal Study Group Meeting on *Internal Conflicts and State-Building Challenges in Asia*, held on July 17, 2006 in Kathmandu, Nepal; at the 35th Annual South Asia Conference in Madison, Wisconsin (October 2006); and at a seminar at Cornell University (November 2006).

1. The Constituent Assembly, originally scheduled for mid-June 2007, was initially postponed until November 22, 2007, and then suspended in early October 2007, probably until spring 2008.
2. The people's movement that forced King Birendra to give up power by bringing an end to the Panchayat system in spring 1990 is considered the "first people's movement," and the popular uprising in spring 2006 that forced King Gyanendra to give up power that he had taken in 2002 is considered the "second people's movement."
3. The Newar are a Tibeto-Burman group who settled in Kathmandu and established a sophisticated caste-based feudal society. The Newar kingdoms were conquered in the late eighteenth century Gorkha expansion that created modern Nepal. Some Newar elite and merchants retained power in the new dispensation.
4. Dhruva Kumar (2003: 207) estimates the direct and indirect costs of the conflict to be 219.46 billion rupees.
5. This section expands on Lawoti 2003.
6. Corruption charges against the NC ministers were finally lodged in October 2002, but corruption already had spread widely and disillusionment and public apathy due to it had grown to a substantial level.
7. The Supreme Court nullified the government decisions in controversial rulings.

8. This and the next section draw from Lawoti forthcoming.
9. In 1999, the CHHE dominated the mainstream political parties in the following proportion: CPN-UML – 87.5 percent; NC – 70.97 percent; CPN-ML – 50 percent; NDP – 44.12 percent; and NDP-C – 43.75 percent (Neupane 2000: 71). NDP-C and CPN-ML have since merged with NDP and CPN-UML respectively. NC and CPN-UML are the two largest political parties.
10. The Chhetri are an absolute majority only in seven districts, and the Bahun do not constitute a majority in any of the seventy-five districts in the country. The Chhetri dominate twenty-two districts and the Bahun dominate nine. In the rest of the districts, non-CHHE groups dominate (Gurung 1998).
11. I am using the term Khas-Nepali to denote “Nepali” language for two reasons. First, numerous other languages are also Nepali. Terming one particular language as Nepali would suggest that others are not. Second, “Nepali” previously was called “Khas-Kura” before it began to be called “Nepali” during the Rana rule.
12. The domination of the CHHE in the Constitutional Recommendation Commission, interim cabinet, and among supreme leaders who approved the Constitution was 66.67 percent, 81.82 percent, and 88.89 percent, respectively.
13. Hindu-Muslims riots did not occur in Nepalganj after the Hindu fundamentalist leader was killed by the Maoists. Interview with a human rights defender, Nepalganj, summer 2006.
14. In Rolpa, where the insurgency began, the NC and the Maoists were political competitors, leading to frequent political brawls between them (INSEC 1999).
15. Newspapers published complaints by senior security personnel on the lack of popular support toward the fight against the insurgency.
16. With the Nepali Congress, which initially favored a ceremonial monarchy, adopting a republican line in the latter half of 2007, the republican side seem to be winning the struggle. The interim parliament passed a motion by a majority to declare Nepal a republic in November 2007. However, that parliamentary motion is inadequate to declare a republic unless the Interim Constitution, which states that the Constituent Assembly would decide the fate of the monarchy, is amended. Amendment of the Interim Constitution requires more than a majority vote in the interim parliament.

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Internal Conflicts and State-Building Challenges in Asia

Project Information

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Rationale

Internal Conflicts and State-Building Challenges in Asia is part of a larger East-West Center project on state building and governance in Asia that investigates political legitimacy of governments, the relationship of the military to the state, the development of political and civil societies and their roles in democratic development, the role of military force in state formation, and the dynamics and management of internal conflicts arising from nation- and state-building processes. An earlier project investigating internal conflicts arising from nation- and state-building processes focused on conflicts arising from the political consciousness of minority communities in China (Tibet and Xinjiang), Indonesia (Aceh and Papua), and southern Philippines (the Moro Muslims). Funded by the Carnegie Corporation of New York, that highly successful project was completed in March 2005. The present project, which began in July 2005, investigates the causes and consequences of internal conflicts arising from state- and nation-building processes in Burma/Myanmar, southern Thailand, Nepal, northeast India, and Sri Lanka, and explores strategies and solutions for their peaceful management and eventual settlement.

Internal conflicts have been a prominent feature of the Asian political landscape since 1945. Asia has witnessed numerous civil wars, armed insurgencies, coups d'état, regional rebellions, and revolutions. Many have been protracted; several have far-reaching domestic and international consequences. The civil war in Pakistan led to the break up of that country in 1971; separatist struggles challenge the political and territorial integrity of China, India, Indonesia, Burma, the Philippines, Thailand, and Sri Lanka; political uprisings in Thailand (1973 and 1991), the Philippines (1986), South Korea (1986), Taiwan (1991) Bangladesh (1991), and Indonesia (1998) resulted in dramatic political change in those countries. Although the political uprisings in Burma (1988) and China (1989) were suppressed, the political systems in those countries, as well as in Vietnam, continue to confront problems of legitimacy that could become acute; and

radical Islam poses serious challenges to stability in Pakistan, Bangladesh, and Indonesia. The Thai military ousted the democratically-elected government of Thaksin Shinawatra in 2006. In all, millions of people have been killed in the internal conflicts, and tens of millions have been displaced. Moreover, the involvement of external powers in a competitive manner (especially during the Cold War) in several of these conflicts had negative consequences for domestic and regional security.

Internal conflicts in Asia can be traced to contestations over political legitimacy (the title to rule), national identity, state building, and distributive justice—that are often interconnected. With the bankruptcy of the socialist model and transitions to democracy in several countries, the number of internal conflicts over political legitimacy has declined in Asia. However, the legitimacy of certain governments continues to be contested from time to time, and the remaining communist and authoritarian systems are likely to confront challenges to their legitimacy in due course. Internal conflicts also arise from the process of constructing modern nation-states, and the unequal distribution of material and status benefits. Although many Asian states have made considerable progress in constructing national communities and viable states, several countries, including some major ones, still confront serious problems that have degenerated into violent conflict. By affecting the political and territorial integrity of the state as well as the physical, cultural, economic, and political security of individuals and groups, these conflicts have great potential to affect domestic and international stability.

Purpose

Internal Conflicts and State-Building Challenges in Asia examines internal conflicts arising from the political consciousness of minority communities in Burma/Myanmar, southern Thailand, northeast India, Nepal, and Sri Lanka. Except for Nepal, these states are not in danger of collapse. However, they do face serious challenges at the regional and local levels which, if not addressed, can negatively affect the vitality of the national state in these countries. Specifically, the project has a threefold purpose: (1) to develop an in-depth understanding of the domestic, transnational, and international dynamics of internal conflicts in these countries in the context of nation- and state-building strategies; (2) to examine how such conflicts have affected the vitality of the state; and (3) to explore strategies and solutions for the peaceful management and eventual settlement of these conflicts.

Design

A study group has been organized for each of the five conflicts investigated in the study. With a principal researcher for each, the study groups comprise practitioners and scholars from the respective Asian countries, including the region or province that is the focus of the conflict, as well as from Australia, Britain, Belgium, Sweden, and the United States. The participants list that follows shows the composition of the study groups.

All five study groups met jointly for the first time in Washington, D.C., on October 30–November 3, 2005. Over a period of five days, participants engaged in intensive discussion of a wide range of issues pertaining to the conflicts investigated in the project. In addition to identifying key issues for research and publication, the meeting facilitated the development of cross-country perspectives and interaction among scholars who had not previously worked together. Based on discussion at the meeting, twenty-five policy papers were commissioned.

The study groups met separately in the summer of 2006 for the second set of meetings, which were organized in collaboration with respected policy-oriented think tanks in each host country. The Burma and southern Thailand study group meetings were held in Bangkok, July 10–11 and July 12–13, respectively. These meetings were cosponsored by The Institute of Security and International Studies, Chulalongkorn University. The Nepal study group was held in Kathmandu, Nepal, July 17–19, and was cosponsored by the Social Science Baha. The northeast India study group met in New Delhi, India, August 9–10. This meeting was cosponsored by the Centre for Policy Research. The Sri Lanka meeting was held in Colombo, Sri Lanka, August 14–16, and cosponsored by the Centre for Policy Alternatives. In each of these meetings, scholars and practitioners reviewed and critiqued papers produced for the meetings and made suggestions for revision.

Publications

This project will result in twenty to twenty-five policy papers providing a detailed examination of particular aspects of each conflict. Subject to satisfactory peer review, these 18,000- to 24,000-word essays will be published in the East-West Center Washington *Policy Studies* series, and will be circulated widely to key personnel and institutions in the policy and intellectual communities and the media in the respective Asian countries, the United States, and other relevant countries. Some studies will be published in the East-West Center Washington *Working Papers* series.

Public Forums

To engage the informed public and to disseminate the findings of the project to a wide audience, public forums have been organized in conjunction with study group meetings.

Five public forums were organized in Washington, D.C., in conjunction with the first study group meeting. The first forum, cosponsored by The Johns Hopkins University's School of Advanced International Studies, discussed the conflict in southern Thailand. The second, cosponsored by The Sigur Center for Asian Studies of The George Washington University, discussed the conflict in Burma. The conflicts in Nepal were the focus of the third forum, which was cosponsored by the Asia Program at The Woodrow Wilson International Center for Scholars. The fourth public meeting, cosponsored by the Foreign Policy Studies program at The Brookings Institution, discussed the conflicts in northeast India. The fifth forum, cosponsored by the South Asia Program of the Center for Strategic and International Studies, focused on the conflict in Sri Lanka.

Funding Support

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Background of the Conflicts in Nepal

Founded in 1769 with the Gorkhalis' conquest of the third and final principality of Kathmandu Valley, the Nepali state is one of the oldest in the region and in the world. Prithvi Narayan Shah and his descendants subsequently won over vast tracts of land and conquered peoples from the Tista River region in the east and the Satlaj River area in the west. The 1814–16 War with the British East India Company and the subsequent Sugauli treaty in 1816 defined the borders of present-day Nepal. Jang Bahadur, who later adopted the title of Rana, killed important palace courtiers during the Kot Massacre in 1846 and established the Rana regime. Until 1951, the hereditary Rana prime ministers effectively controlled political power, even though the king remained on the throne. The Rana rulers kept Nepal isolated, discouraged development and mobilization, and brutally repressed dissent while maintaining good diplomatic ties with the British in India. In 1854, Jang Bahadur introduced a civil code (Muluki Ain) that codified and standardized the existing diverse customs, laws, and practices in the context of Hindu precepts and laws and enforced them upon all communities including non-Hindu communities. This code and its implementation reinforced the process of assimilation of diverse ethnic, religious, and linguistic groups in Nepal that had begun under King Jayasthiti Malla of Kathmandu.

After the end of the Rana regime, Nepal witnessed several different governments led by various political leaders. Nepal conducted its first parliamentary elections in 1959. The Nepali Congress obtained a majority, and its leader, B. P. Koirala, formed the government. King Mahendra, however, removed Koirala in 1960, and in 1962 he promulgated the Panchayat Constitution, which centralized political power in the royal palace and promoted monocultural nationalism: one language (Nepali), one religion (Hindu), one dress (Daura Suruwal), and one culture (Hill Hindu). The Panchayat era, however, also brought an end to untouchability in 1963, and land reform was introduced in 1964. Adult franchise was introduced after a referendum in 1980, but political parties were still banned. The Panchayat system ended in 1990 after a popular movement forced King Birendra to relinquish power.

Democracy was restored in 1990, but the country failed to achieve stability, despite three parliamentary and two local elections. Twelve governments were formed between 1990 and 2002. Corruption became

widespread and unemployment grew. A culture of impunity flourished as powerful political leaders got away with the abuse of their power. The decade saw an explosion of identity movements as marginalized groups—including various ethnic, caste, regional, and gender groups—each of which faced political, economic, cultural, and social discrimination—began to demand autonomy, reservations, and proportional representation. Despite the growth of the media, the private sector, and successful community initiatives, such as management of forests, Nepalis became increasingly disenchanted, as the poorer segments of society did not benefit from development and growth.

The Maoists, capitalizing on this growing disenchantment, launched a violent insurgency against the parliamentary democracy in 1996. Police brutality against the Maoists and those suspected of being Maoists also fuelled the insurgency. The Maoists received considerable support in rural areas, especially from women and excluded caste and ethnic groups, and expanded rapidly. The Maoists also suppressed opposition in rural areas with violent means and benefited from infighting in the formal political establishment. The army was deployed in a counterinsurgency role only after the death in 2002 of King Birendra who had refused to deploy the army against the Maoists.

The government and the Maoists engaged in peace talks but failed to reach a settlement during the first two attempts (June–November 2001 and January–August 2003). The Maoists attacked an army barracks after the first peace talk, which resulted in the army joining in the fray, and the death toll increased considerably. The deterioration of law and order was so extensive that the governments were not able to conduct the overdue local and parliamentary elections.

King Gyanendra, who became king after Birendra's entire family was killed in the palace massacre in 2001, dissolved the elected government in October 2002, charging that it had failed to hold elections. However, Gyanendra himself failed at both holding elections and establishing peace. The royal governments tried to suppress the insurgency, but despite some initial success in hampering the rebels, they could not quell the movement.

King Gyanendra took complete control of the country in February 2005, an action that brought the Seven Party Alliance, which was fighting to reinstate the parliament that was dissolved in June 2002 and take back executive power from the King, and the Maoists together. They agreed to launch a joint movement against the king and were successful in forcing

him to relinquish power in April 2006 after a 19-day popular protest that mobilized people from all over Nepal. The Maoists and the government signed a comprehensive peace treaty in 2006. Since then, an interim parliament and an interim government with the Maoists' participation have been formed. The plan of the eight ruling parties is to hold an election for the constituent assembly to draft a new constitution.

Despite the peace agreement, Nepal faces numerous challenges. The process of forming the constituent assembly has become contentious. Madhesi movements, indigenous nationalities, women, and Dalits have demanded proportional representation in the constituent assembly. The demand for a federal structure and for proportional representation by the Madhesi Janaadhikar Forum turned violent in March 2007 resulting in several dozen deaths. Although the Maoists have joined the interim government and peace is holding, the postponement of the Constituent Assembly elections scheduled for June 2007 has created an uncertain political environment. A major challenge for Nepal as it moves forward is to accommodate the various excluded groups, which collectively form two-thirds of the population. Another is to establish the rule of law. The Maoists continue to coerce the people and extort funds and have refused to return properties confiscated during the insurgency. They are also intolerant toward opposition groups, against which they have employed violence. Finally, Nepal faces the challenge of holding leaders—such as the prime minister, who has been made more powerful by the Interim Constitution—accountable. A dramatic improvement in governance, an increase in accountability of leaders, and rule of law are essential for the creation of a viable and responsive state in Nepal.

Map of Nepal



- Capital Cities
- Cities and Towns
- ▲ Mountains
- ∩ Provincial Boundaries
- ∟ Country Boundaries

Note: Map boundaries and locations are approximate. Geographic features and their names do not imply official endorsement or recognition by the UN.

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About this Issue

This study examines the causes of the multiple conflicts and crises in Nepal during the 1990–2002 democratic period and develops guidelines to avoid them in the future. In that democratic period, Nepal was extremely centralized, with power concentrated in the cabinet and accessed primarily by the caste hill Hindu elite males. Overcentralization of the polity resulted in the exclusion of national, ethnic, and caste groups, as well as women, and promoted a culture of impunity. It also contributed to the growth of the Maoist insurgency and facilitated government instability, corruption, and related crises. The democratic period, however, also witnessed successful sectors. The media flourished; communities reforested the hills; economic liberalization made available more goods and services; decentralization, though limited, took power closer to the people; and social justice movements raised issues of marginalized groups. The successful sectors could perform because the central state withdrew and allowed them space to operate. However, weak accountability limited their success. Devolution or concentration of power in the hands of the central government were the respective common factors underscoring the success or failure of programs. Based on these findings, and supplemented by global experience, the monograph argues that accountability and inclusion based on identity and class should be significant criteria in restructuring the state. The state needs to devolve power to different levels, branches, and agencies of government, to different national, ethnic, caste groups, and women, and reallocate power among the state, society, and market. Accountability mechanisms must be built into all organizations that wield power. A restructured state would become effective and have a greater chance of consolidating democracy.

About the Author

Mahendra Lawoti is assistant professor in the Department of Political Science, Western Michigan University, and president of the Association for Nepal and Himalayan Studies. He can be contacted at mahendra.lawoti@wmich.edu.

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