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The consequences of co-option: NGOs, the Left and social change in Nepal

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Thesis submitted for the degree of PhD in
Development Studies

2013

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ABBREVIATIONS

ADB—Asian Development Bank
APF—Armed Police Force
BIPPA—Bilateral Investment Promotion and Protection Agreement
BOGs—Basic Operating Guidelines
BVNC—Back to the Village National Campaign
CA—Constituent Assembly
CPA—Comprehensive Peace Accord
CPI—Communist Party of India
CPN—Communist Party of Nepal
CBO—Community-based Organisation
CMDP—Citizens’ Movement for Democracy and Peace
DFID—Department for International Development
FDI—Foreign Direct Investment
FOPHUR—Forum for the Protection of Human Rights
GDP—Gross Domestic Product
GNP—Gross National Product
HDI—Human Development Index
HURON—Human Rights Organisation of Nepal
IISDP—Integrated Internal Security and Development Programme
IFI—International Financial Institution
ILO—International Labour Organisation
IMF—International Monetary Fund
INGO—International Non-governmental Organisation
ISI—Import Substitution Industrialisation
MLM—Marxism-Leninism-Maoism
NEFIN—Nepal Federation of Indigenous Nationalities
NGO—Non-governmental Organisation
NPC—National Planning Commission
PLA—People’s Liberation Army
PRSP—Poverty Reduction Strategy Paper
RIM—Revolutionary Internationalist Movement
RNA—Royal Nepal Army
SPA—Seven Party Alliance
SSNCC—Social Service National Co-ordination Council
SWC—Social Welfare Council
TADO—Terrorist and Disruptive Activities (Control and Punishment) Ordinance
UCPN (Maoist)—Unified Communist Party of Nepal (Maoist)
UDMF—United Democratic Madhesi Front
ULF—United Left Front
UML—Unified Marxist Leninist
UNDP—United Nations Development Programme
UNMIN—United Nations Mission in Nepal
UNPM—United National People’s Movement
UPFN—United People’s Front Nepal
URPC—United Revolutionary People’s Council
USAID—United States Agency for International Development
VDC—Village Development Committee
YCL—Young Communist League

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Abstract

NGOs now have a history spanning almost three decades in Nepal, with origins that are rooted in both party politics and international pressures for liberalisation beginning in the mid-1980s. Tens of thousands of national and international NGOs work on a range of issues encompassing development, human rights, democracy and, most recently, peacebuilding, the vast majority funded and supported by Western donors. As NGOs were rising to prominence as a potential force for social change in the early 1990s, the Left was also beginning to organise, and denounced NGOs as agents of imperialism. The Maoists came to prominence by fighting a revolutionary war to improve life for the poor peasant majority, but after a decade-long People's War, the Maoists became incorporated into the parliamentary system. While the 1990 revolution met formal, popular political demands for democracy, consolidated with the overthrow of the monarchy as a result of the 2006 revolution, there has been little economic progress for the mass of the population. The Maoists' subsequent decision to join mainstream politics meant that any potential for fundamental economic redistribution was postponed, and bourgeois democracy re-stabilised. This stabilisation relied on the interplay of two phenomena: an anti-Maoist alliance consisting of the international community, business federations, the domestic ruling elite and NGOs, and a fundamental ambiguity at the heart of the Maoists' political theory. At a number of crucial moments in the struggle, the Maoists' conviction that Nepal was not economically prepared for social transformation led to moments of hesitation and confusion, which were successfully exploited by the state and its supporters. The interventions of NGOs in particular played a decisive role in resolving these moments of upheaval in ways that protected elite interests and facilitated the incorporation of the Maoists into conventional, mainstream politics. This process in turn has had a profound impact on the Maoists' politics and organisation. Key priorities and approaches adopted by NGOs have been internalised and reproduced by the Maoists, including the foregrounding of ethnic politics over class politics, which has the potential to polarise Nepali society along ethnic lines. It is argued that such approaches were latent in the Maoists' theory of revolution but were crystallised through the agency of NGOs.

Preface

The interaction between the NGO industry and the emergence and evolution of the left parties in Nepal is an understudied subject. Yet the nature of this relationship is crucial to understanding development and politics—and indeed the politics of development—in Nepal, particularly over the last two decades. My engagement with Nepal began in November 2001 when I was working for an international NGO called International Alert and visited Kathmandu for the first time. It was only months after the palace massacre in June, and coincided with the escalation of the war between the Maoists and the army. I had joined International Alert the previous year, and was developing work on the role of women in peacebuilding. Over the next several years I spent much time in Kathmandu and had the opportunity to travel throughout the country. These experiences led me to better understand the workings of the broader aid industry, and my own role as a well-paid NGO representative in this industry. And like many others before and after me, I began to ask uncomfortable questions. What did it mean to ‘build peace’ working for an international NGO funded by major Western powers? What was the wider role of ‘peacebuilding’ in the vast and influential aid industry? Like most capital cities in the developing world, such an industry thrives in Kathmandu. I realised that if I claimed to know anything about Nepal, I needed to begin to understand not only the nature of this industry, its purpose and impact, and its supporters and detractors, but also the nature of poverty and inequality, the historical roots of underdevelopment in Nepal and what institutions and initiatives were in place to address it. Analysing the role of NGOs was the obvious starting point, since I was working for one, and since NGOs are often the primary mechanisms through which aid is delivered. But when the war escalated and began to influence national politics, one also had to attempt to understand the aims of Maoist movement, claiming as it was to be addressing poverty and inequality. As I began to learn about the role of NGOs, both on a theoretical level and from my own experiences, I developed the view that there was a need to fundamentally reassess this role from the perspective of social justice. I soon discovered that I was not alone in wanting to develop a more critical and theoretical analysis of NGOs. The need for such a reassessment does not imply a blanket rejection of NGOs but a rethinking of the terms of their engagement with the aid industry and donor governments in general and with left parties in particular. But as I investigated the relationship between NGOs and the left parties in Nepal, I also began to understand what made the parties so susceptible to being influenced—and in many senses and to varying degrees ‘co-opted’—by NGOs and NGO ideology; this had to do with a combination of the theory and strategy of the Maoist parties. Witnessing the general strike of 2010 was a pivotal moment, and to my mind clearly reflected the parallel agendas—at times co-operating and at times conflicting—of NGOs and the Left. I attempt here to grasp the nature of NGOs as a *category*, in all its contradictions, begin to offer insights into the essence of NGOs, question the respective approaches of NGOs and the left parties to social change in Nepal and draw contingent conclusions.

I. NGOs and the Left in Nepal

On 1 May 2010 the Unified Communist Party of Nepal (Maoist) organised the biggest May Day rally ever seen in Kathmandu. Hundreds of thousands of people participated, with tens of thousands coming from outside the capital. Across the country, it was estimated that over a million people participated in demonstrations. The mood was jubilant, and yet defiant. The rally was followed by a general strike. For five full days, there were mass demonstrations, mass meetings in the streets, all transport was shut down and shops were closed. The level of organisation, discipline, co-operation and creativity shown by the Maoist rank and file was remarkable. The immediate demand put forward by the Maoist leadership was that Madhav Kumar Nepal, the prime minister at the time, resign in order to make way for a national unity government led by the Maoists. Those on strike also put forward several other demands: that Nepal adopt a 'people's constitution', that national sovereignty be upheld, that there be civilian supremacy over the army and that the peace process—started in November 2006 with the signing of the Comprehensive Peace Accord (CPA) between the Maoists and the government—be concluded. The Maoist leadership claimed that the strike would continue until these demands were met. But on the sixth day, NGOs, businesses, chambers of commerce, journalists, lawyers and others held a rally in the centre of Kathmandu, with several thousand people in attendance. NGOs in particular, as part of broader 'civil society', played a crucial role in organising the rally, arguing that it was a 'non-political' intervention that represented the interests of 'the people'. Their demand was that the Maoists withdraw their strike within 48 hours on the grounds that it was disrupting the peaceful functioning of the city and was detrimental to the peace process. The ultimatum they gave the Maoists was that they would come back out onto the streets in even greater numbers. They did not have to wait long. Not only did the Maoists withdraw the strike that very evening, Chairman Prachanda publicly apologised four days later, calling for national consensus. Much of the Maoist rank and file were seething.¹

There is an apparent contradiction at the heart of the global NGO phenomenon.² Despite a dramatic increase in the levels of funding to NGOs since the 1980s (Lewis and Kanji 2009: 2; Riddell 2008: 48; Salamon 1994), technological advances and

¹ For ease of reference, throughout this work the Unified Communist Party of Nepal (Maoist) or UCPN (Maoist) will generally be referred to as the Maoists. The faction that split from the party in June 2012 and formed a new party called the Communist Party of Nepal (Maoist) will be referred to as the CPN (Maoist) or the Baidya faction, named after its most prominent leader, Mohan Baidya. CPN will refer to the original Communist Party of Nepal formed in 1949, prior to any splits. A history of the communist movement in Nepal is detailed in Chapter 2.

² The term 'NGO' as used in this research refers to non-governmental organisations that operate mainly at national and international levels and that work with government donor agencies as their partners and/or funders. A more precise definition of the term—and the problems involved in defining the term—is found in the methodology section later in this chapter.

greater global awareness of uneven development, there appears to have been only limited reduction in global poverty and inequality, either within or between countries (Wagle 2010; Milanovic 2007; Kiely 2005; Wade 2004).³ While individual NGOs have made progress towards exposing injustice and delivering services, the NGO sector as a whole has been unable to address the scale and significance of uneven development at a global level. This is not to suggest that NGOs are to blame for the ills of the world, but if NGOs are a major component of the global aid industry—and have increasingly been held up as agents of social change by the World Bank and other global institutions—then this raises questions about the impact and effectiveness of NGOs and the political and economic paradigm within which they operate. The apparent contradiction, in other words, can be explained by examining the role of NGOs under neoliberalism and, in particular, their relationships to the neoliberal state. Viewed from the perspective that these relationships constrain any serious contestation of capitalism and that NGOs must function within neoliberal rationality (Fernando 2011: 238), it becomes clear that NGOs are not—nor can be under their current manifestations—the main agents in a radical social transformation that is arguably necessary to address poverty and inequality. Indeed, they may become ‘instruments of state power’ (Fernando 2011: 241) that increase rather than decrease the vulnerability of populations. Perhaps more significantly, it is arguable that NGOs wittingly or unwittingly help to maintain the status quo (Veltmeyer and Petras 2005: 121-22), not only by propagating neoliberal ideas along with states, but compete with other oppositional forces that do actually attempt to threaten or at least challenge the neoliberal order, such as those on the organised left.

1.1. Conceptualising NGOs in Nepal

Five theses constitute the focus of this research. First, while NGOs claim to challenge the neoliberal state, they do not challenge the structure of the capitalist system; as such, they are contradictory phenomena. They find themselves in contradictory positions because in attempting to challenge the very problems that neoliberalism gives rise to, NGOs contest but also collaborate with the neoliberal state. As Fernando (2011: 237) observes, ‘the political economy of NGOs is perfectly compatible with

³ The UNDP’s Human Development Report 2013 is more optimistic, and argues that as global economic power is shifting towards the Global South, where the middle classes are growing rapidly in size, income and expectations, extreme poverty has fallen from 43.1 per cent in 1990 to 22.4 per cent in 2008 (UNDP 2013).

capitalism'. The approaches that NGOs take to social change have often led to contradictory consequences in the real world (Kamat 2002). These include, for example, development NGOs implementing microcredit programmes that add another layer of uncertainty to the lives of the poorest by drawing them into the market; human rights NGOs calling for impunity abroad but ignoring human rights violations and systemic corruption at home; conflict resolution NGOs working on initiatives for peace but within socio-economic parameters that fail to challenge the causes of conflict; or democracy NGOs arguing for Western military interventions that undermine democratic processes both at home and abroad. In the case of Nepal, NGOs have positioned themselves alongside government donors and intergovernmental agencies as leaders in the fight against poverty, and channelled large amounts of funding to that end. But it is arguable that poverty alleviation efforts have largely failed (Panday 2009); Nepal continues to be one of the poorest countries in the world. At least in that sense, NGOs in Nepal are similar to most NGOs elsewhere in the world: in approaching the question of social change from the perspective of providing charity for those in need, they recognise flaws in the manner in which society is organised; at the same time, as partners and recipients of donor funding, they have become 'disciplined according to the logic of capitalist modernity' (Fernando 2011: 234). This logic has limited their ability challenge the ideas and activities of neoliberal donors and the international financial institutions (IFIs), and instead they have become both advocates and service-providers for these institutions. The role of the state and its position in the global economy—particularly when it comes to funding and promoting NGOs—features heavily in this analysis because it is a constitutive factor in the approach NGOs take to social change.

Second, NGOs cannot be understood in any meaningful sense without referring to the donors that fund them. These donors are often Western governments, or foundations, institutes and international NGOs associated with Western governments; they also often form the sole source of funding for national NGOs. This has significant consequences if one considers not only the kind of power and influence donors wield in developing country societies but their historical and contemporary imperialist role in a global context (Manji and O'Coill 2002; Petras 1999) and, by extension, the imperialist ideas they promote. If NGOs and government donors collaborate, and funding often means the very survival of NGOs, tending to dictate NGO agendas,

then NGOs can hardly be said to be non-governmental (Hallward 2007: 179). In Nepal, a number of governmental donors pre-dated the rise of NGOs, and out of the tens of thousands of NGOs that exist in Nepal today, only a handful operate without funding from donors (Dhakal 2000: 92). Dhakal (2007: 71) estimates that up to 95 per cent of Nepali NGOs are funded by donors and international NGOs (INGOs). This funding relationship, imposed on but also accepted by NGOs themselves, is problematic for reasons that have been well documented and analysed: accountability rests with donors and not with beneficiaries, since donors hold the purse strings (Hearn 2007; Kamat 2003a; Petras 1999; Hulme and Edwards 1997). The role of donor funding and hence the role of NGOs cannot be separated from wider political questions, and in particular the contradictions within neoliberalism that allow technical approaches to poverty to substitute for fundamental political change.

Third, material and ideological factors not only prevent NGOs from challenging the capitalist system, but under certain circumstances, these factors make NGO approaches *counterproductive* to fundamental change. The material and ideological roles of NGOs manifest themselves in myriad ways. NGOs exist, at least in part, as responses to the effects of neoliberalism, but are also promoted by neoliberalism and in particular the neoliberal state: states transfer both funding and ideas to NGOs (Fernando 2011; Harvey 2005; Kamat 2002). Donor funding is not merely a series of financial transactions that flow from developed to developing or from government to non-government; funding creates what Gramsci refers to as the ‘material structure of ideology’ consisting of institutions and organisations whose task it is to influence common sense (Morton 2007: 130). NGOs are part of this material structure, based on an ideological framework that vacillates between preserving the status quo and managing social change within certain limits. Gramsci (2011b: 52) emphasises the importance of analysing ‘how the ideological structure of a ruling class is actually organised: that is, the material organisation meant to preserve, defend, and develop the theoretical or ideological “front”’. In the case of Nepal, NGOs have also been major players in building an alliance of anti-Maoist forces, whose project has been to bring an end to the People’s War without providing an alternative project for social transformation. The result has been a strengthening of elite power and a weakening of the struggle for equality, human rights and social change. It is true that NGOs in Nepal have been responsible for channelling human and financial resources into the

country and drawing international attention to specific problems—whether human rights violations during the war that were committed by both the Maoists and the army, corruption amongst the political elite or the scale and depth of poverty and underdevelopment. They have also been responsible for untold numbers of development, human rights, peacebuilding and democracy projects, mainly since 1990, which have had varying degrees of impact (Tamang 2011; Heaton Shrestha and Adhikari 2011; Shah 2008a; Chand 1991). But they have not only been unable to address (even by their own standards) the problems they identify in relation to underdevelopment, human rights violations, conflict, the democratic deficit and so on, they have also been unable to provide answers to the causes of these problems. Mediated by donors, the NGO approach is not one of a total view of the world but one that is fragmented, disconnected and partial.

Fourth, NGOs have been prominent players in civil society and have come to be conceptualised as interchangeable with civil society. This is partly because NGOs have exercised a kind of hegemony in wider society, given donor support for NGOs. That civil society can be reduced to NGOs is misleading in one sense, in that civil society as a concept is clearly much more than NGOs, but is not an inaccurate description of reality: because NGOs are promoted by donors within civil society, and civil society itself is promoted as a ‘virtuous’ space that keeps checks and balances on the state, NGO ideas have come to dominate civil society. The notion of civil society as promoted by donors, however, is a sanitised version of civil society that neglects the fact that it has always been a space of conflict and contestation of ideas, and that these ideas play themselves out in social relations. As Fernando (2011: 239) observes, ‘NGOism has become an even more important tool for disciplining and managing potentially counterhegemonic modes of production’. In Nepal, NGOs have also been equated with Nepali civil society in both theory and in the popular imagination. This is primarily because of their dual role, at times defending the status quo, at other times working with sections of the Left that aim to challenge the status quo. During the Maoists’ People’s War, the NGO sector had an antagonistic relationship with the Maoists, while during the height of the democracy movement in 2006, they sided with the movement. Understanding this dual role and the ways in which it is manipulated by the state, and negotiated by NGOs themselves, is necessary for understanding NGOs in Nepal. Many of the poorest people rely on NGOs for basic services; for the

middle classes NGOs are seen as necessary (and a potential source of employment), leading either to an unquestioning approval or a reluctant acceptance of their role. There is broad acceptance of NGOs in society, despite their contradictions. Yet the Maoists were also able to emerge as a political force, one that appeared to question the NGO approach to social change, and seemed for a moment to challenge its limits.

Fifth, while NGOs have flourished under neoliberalism, paradoxically, the left parties themselves have contributed to the resurgence, maintenance and success of NGOs and NGO ideology. This is due in part to the decline of the organised left on a global scale since the 1970s, further undermined by the dissolution of the Soviet Union two decades later. In Nepal, while the Maoists managed to present a serious challenge to mainstream politics, in the contest for influence they ultimately failed to counter the gradualist approach of the NGOs. The result has been that NGOs, which now form a multi-million dollar industry—and which have become a distinct part of Nepali culture and society—have outweighed the influence of the left parties. Most recently, NGOs have helped shape not only the Maoists' strategy and tactics but also their overall political trajectory. In indirectly promoting specifically *capitalist* development, NGO approaches and ideology appear to be in direct opposition to the Left. But despite their very different origins and dynamics, over a period of time the NGO sector and the Left in Nepal have both come to work according to a gradualist framework, adopting the view that social development will be the outcome of decades or even centuries of gradual change. While the Maoists at times recognised the problems associated with the role of NGOs, and adopted an arguably uncompromising anti-NGO position for much the war, in the post-2006 context they have been unwilling and unable, in different ways, to challenge the influence of NGOs. The dynamics of this convergence are complex; on the one hand they involve an intricate mix of pragmatism and theoretical ambiguity on the part of the Maoists, and on the other, deep contradictions and an enormous strategic effort—which is at least partly conscious—on the part of NGOs and their donors. The outcome of this accommodation has been to facilitate the Maoists' drift from a revolutionary strategy to an acceptance of the official political process as the only credible and realistic path to change. The Maoists' path has not been enacted solely through an accumulation of experience with establishment institutions. It is not simply the case that the Maoists have shifted from radical idealism to political realism through a series of defeats or

through the sobering influence of moderate political forces, though the proliferation of NGOs in Nepali society has had a deep impact on the Maoists' line of development. The Maoists' theoretical framework has disarmed them, and perhaps even predisposed them, in the right circumstances, to work according to the logic of NGOs.

1.1.1. Explaining NGOs and the Left in Nepal

The description of the general strike and its aftermath at the outset of the thesis aptly illustrates the complex and contradictory relationship between the Maoists and NGOs. Using the rhetoric of 'peace', NGOs presented themselves as having an apolitical response to the war, and were promoted by the mainstream as neutral actors. In reality this position was as ideological as the Maoists' position: the Maoists' ability to mobilise large numbers in favour of the strike threatened the interests of the government and its allies—businesses, the media and NGOs—and they were compelled to organise a response. Instead of exploiting the class polarisation that the general strike had created, within a few days the Maoist leadership admitted defeat, thoroughly confusing the Maoist rank and file. On the one hand, the Maoists underestimated the role of NGOs. If NGOs are ultimately grounded in capitalist relations and the imperialist interests that currently exist in Nepal, as this work attempts to demonstrate, then NGOs have the potential to be an *essentially* counter-revolutionary force, whose significance the Maoists neglected. The pressures applied to the Maoists, particularly on entering mainstream politics, not only by bourgeois politicians and donors but also by NGOs—to be realistic about the possibilities for change, to relegate the fight for justice to abstract notions of human rights and to accept the framework of the market, amongst others—have resulted in the loss of a revolutionary perspective as the dominant perspective within the party.⁴ This is important because the Maoists had spent almost two decades stoking a revolutionary process in Nepal that had questioned obscene levels of poverty, vast inequality, and the prospects for fundamental change within the existing bourgeois democratic framework. Poverty and inequality are also of central concern to NGOs. The Maoists, however, at least initially, realised the need to go further: they raised the level of political consciousness of the population (Shneiderman 2010), and this increased

⁴ This loss of a revolutionary perspective was the basis for significant ideological differences within the leadership, and which led to the official split in the party in June 2012 and the formation of the Communist Party of Nepal (Maoist), led by Mohan Baidya.

consciousness had been a major factor in the Maoists' success in facilitating the overthrow of the monarchy and marginalising the right, whose ideas related to monarchy, class and caste have dominated Nepal for centuries (Mikesell 1999; Shaha 1990). On the other hand, the Maoists overestimated the power of NGOs. Once in government, they moved from an analysis considering both the subjective and objective conditions for revolution, to one that considered only the objective conditions: it would be impossible for the Maoists to reject the efforts of the NGO industry given the level of Nepal's development. During the early 1990s, in contrast, the Maoists had consciously planned a series of interventions based on an overall strategy to change the course of history; this included launching a war and building a movement. The objective conditions for revolution remained the same, however; it was the Maoists who had changed their strategy. The withdrawal of the general strike exemplified this capitulation towards the agendas of NGOs.

Through an examination of Nepal's contemporary political history and the role of NGOs in shaping this history, this research traces the origins of the NGO sector in the struggle for democracy by the political parties, outlines the nature of the communist movement in Nepal and describes the relationship between NGOs and the left-wing political parties, drawing conclusions that point to flaws with their respective—and unexpectedly similar—approaches to social change. In a country where the NGO sector has become a veritable industry, and yet where the revolutionary aims of the Maoists have had clear resonance amongst large sections of the population, measuring the respective approaches of NGOs and the Left, and examining the relationship between them, facilitates an understanding of which approaches have been effective and why. Of the many criticisms hailed against NGOs, they have also been accused of weakening the revolutionary left (Fernando 2011; Kamat 2002; Chintan 2000; Petras 1999) by diverting potential support for revolution towards an accommodation with the neoliberal order. It is this complicated relationship between NGOs and neoliberal states—inherently co-operative but antagonistic at times of social instability—that structures the relationship between NGOs and the Left.

1.1.2. The logic of capital

The extent to which Nepal is neoliberal—measured by the extent to which Nepal has embarked on neoliberal reforms and the modalities, degree and depth of its integration

into the global economy—is relevant for this analysis because it has an impact on the validity of the Maoists’ analysis of Nepal as semi-feudal, which in turn has implications on what kind social change is possible in Nepal. Despite their obvious differences, the Maoists and the NGOs share a theory of social change that postpones social transformation to the distant future. The Maoists’ theoretical analyses are complex and evolving, but one central theme has been that despite the problems generated by the history of capitalist evolution in developing countries, socialism is impossible in countries with a low technological and economic base, and therefore capitalist development in the short-term is not only possible, but also necessary and desirable. NGOs clearly share the assumption that there is a problem with purely free market models of development—their very existence is witness to this. Nevertheless, if at times only in a negative sense, NGOs accept the framework of the market as the only practical terrain on which to pursue development (Pearce 2000: 20). NGOs have campaigned for limited changes at the legal or constitutional level, while at other times have joined mass popular campaigns for change. In general, however, the NGO approach to social change has involved internalising market logic and operating on the basis that capitalist economic growth will, with some tweaking at the margins, eventually bring about greater equality and prosperity for the majority. The Maoists’ vacillating policy towards NGOs, and the convergence between them, is at least partly the result of a theoretical framework that also envisions equality and prosperity only at some unspecified point in the future.

A political economy analysis supports the argument that NGOs have been a key part of Nepal’s liberalisation process since the mid-1980s. Material and ideological factors have facilitated NGOs to push an anti-communist policy that can be traced back even prior to the Cold War. These policies are reflected in the work, discourse and ideology of NGOs in Nepal and their relationships to political parties. An analysis of the geopolitics of the region is also necessary because the history of NGOs in Nepal is bound up with Nepal’s geopolitical position between China to the north and India on its southern border, and geopolitical factors have influenced both the level and type of assistance Nepal has obtained. While geopolitics may seem unrelated to an analysis of NGOs and the Left, it is integral to the role and history of NGOs, and foreign assistance more generally, in the country. Cold War politics made Nepal an attractive place for global and regional powers and, since the 1950s, the US, Britain, Japan,

Russia, China and India, amongst others, have spent billions of dollars on Nepal's development efforts, while at the same time boosting trade links and ensuring that Nepal's borders, markets and macroeconomic policies are increasingly liberalised. The attention paid to Nepal by global and regional powers, however, was also due to the establishment of the Communist Party of Nepal in 1949, and the rapid growth and popularity of left-wing ideas.

Such international interest has influenced the Left in complex ways, and is not unconnected to the transformation that has been taking place on the Left in Nepal since the early 1990s, primarily the rightward shift of the Communist Party of Nepal (Unified Marxist Leninist) or UML, which has occurred alongside its efforts to strengthen its links to the NGO sector. The UML embraced NGOs as a way of bolstering its credibility as a left-wing party, building a base in the rural areas and directing money into the party. Many UML leaders believed the party would be able to withstand donor pressures, but the UML is now virtually indistinguishable from its former nemesis, the Nepali Congress.⁵ Clearly this process is not only the product of relations between the parties and the NGOs, but these links have played a crucial role in the UML's transformation. This research considers the degree to which the Maoists are undergoing this same process, a process that began towards the end of the war but accelerated following their entry into the mainstream. There is compelling evidence that the Maoists have been co-opted by NGOs, but it is also the Maoists' theoretical framework—despite ten years of armed struggle, the support of millions and a relatively firm anti-NGO policy—that has prevented them from challenging the reformism of NGOs. There are both subjective and objective factors at play here: it is both the case that the objective situation—Nepal's geopolitical position, its relationship to India and the US, its terrain and level of underdevelopment and so on—that convinces at least some Maoists that NGOs are a necessary evil; but the Maoists' analysis of the political economy of Nepal, their focus on development as a nationalist project, and their acceptance that the degree of economic development determines the level of consciousness of the Nepali working class, also makes them vulnerable to the influence and ideas of NGOs.

⁵ The UML's shift rightward, analysed in Chapter 4, created the space that allowed the Maoists to present themselves as an alternative.

1.2. Critiquing NGOs

A critique of NGOs initially emerged in the mid-1980s, falsifying the idea that NGOs had a comparative advantage over states ‘more or less at the very moment that it was first promulgated’ (Tvedt 2006: 678). But it was only in the mid-1990s that a critical literature consisting of independent academic analyses began to develop (Hearn 2007: 1096), reflecting the realisation that after decades of development, in which NGOs have played a central role, problems of poverty and inequality were persistent. Hearn (2007: 1096) distinguishes three main types of critique.⁶ The first, led by NGOs themselves, offer technical or micro solutions to the problems that NGOs encounter, mainly in implementation and the realisation of objectives as stated in project proposals to donors. The second type primarily comes from within academia, drawing on empirical evidence and going further than NGO-led critiques. Finally, the radical critiques attempt to understand NGOs in historical and political terms, seeking to problematise development failures and offer political explanations for these failures. In the process, the radical critiques adopt a more nuanced approach to the study of NGOs: on the one hand, NGOs cannot be dismissed as ‘agents of imperialism’ because recent history demonstrates that, in alliance with other social forces and under polarised political conditions, NGOs have resisted neoliberal policies and their effects; on the other hand, the ‘default position’ of NGOs is to stabilise and defend the neoliberal order. The boundaries between these different types of critiques are not fixed, as many of the academic critiques are NGO-led and many of the radical critiques are also based within academia.

1.2.1. NGO-led critiques

Critics from within the NGO sector engage in what Igoe and Kelsall (2005: 16) describe as ‘an internal critical discourse that is conducted by NGO staff themselves, aided by researchers closely linked to the NGO industry’. These critiques range from offering practical and immediate solutions to project implementation to the need to reform global institutions, pressure governments to ensure better governance and promote greater accountability amongst NGOs. They draw heavily on field experience and the publications of government and UN agencies, multilateral

⁶ These critiques are adapted from Hearn (2007), who argues that the theorisation of NGOs in the 1980s was embedded in (neo)liberal assumptions, and that it was only in the mid-1990s that the critical literature on NGOs began to be theorised outside of neoliberal thinking.

institutions and other NGOs. NGOs with more resources and a greater capacity for reflection often argue for a more serious consideration of the failures of development. An influential book by Oxfam's Duncan Green (2008: 11-29) calls for 'active citizens and effective states' to address poverty and inequality, arguing that poverty is not only about economic growth but essentially about self-confidence and political empowerment, and states upholding international obligations. The weakness of this approach, however, is the implicit premise that poverty and powerlessness are brought about at the micro-level rather than being systemic, and that what is needed is external intervention to build the capacity of the poor to 'realise their rights' (Green 2008: 28). The notion of being an active citizen potentially implies looking for individual or technical solutions to structural problems. But this analysis also avoids moving beyond a discourse of rights to confront structural and systemic issues, which are responsible for the reproduction of poverty over time (Bush 2007). Green (2008: 5) writes that 'extreme inequality provokes outrage and condemnation, because it violates the widely held notion that all people, wherever they are, enjoy certain basic rights'. This not only implies that a certain level of inequality is acceptable, but does not provide a means to realise human rights. At the same time, it appeals to the moral obligations of states to promote the *idea* of human rights and neglects the fact that state incentives for meeting international human rights obligations are often absent, but are also impossible to achieve without fundamental structural change.

Fowler (1998: 152) argues for trust-based partnerships between northern and southern NGOs that 'transcend the funding element in relationships' in the face of growing emphasis on the contract-based relationships encouraged by donors. While relationships of power between donors and NGOs are acknowledged, this analysis appears to rely on the will of NGOs to overcome structures of power and tends to ignore powerful constraints on NGO agency. Hilhorst (2003: 5) also presents an analysis of NGOs that is 'founded on an actor orientation' arguing that because NGOs have agency, they can effectively escape hegemonic development discourses. But, as Tvedt (2006: 680) argues, donors and political leaders have had an interest in promoting an independent image of NGOs because this independence 'has made them useful politically and given the system as a whole added legitimacy'. The issue of agency is vital to understanding the potential of NGOs. Wallace *et al.* (2007: 13) argue that as part of the 'international aid chain', with donors at the top and

beneficiaries at the bottom, relationships with donors are not only about compliance but also resistance. Wallace *et al.* (2007: 5) conclude that this ‘shows that NGOs are not simply clones of the aid industry and they can take independent action in opposition to the dominant development paradigms’. But while northern NGOs are able to negotiate relationships with donors, just as southern NGOs negotiate relationships, they are also constrained by donors. While NGOs both influence and are influenced by the reality of the political and economic structures in which they operate, these structures are ultimately more powerful than NGO agency.

Although many of the NGO-led critiques have produced valuable empirical data and ideas for better practice, NGO agency is problematised solely in terms of the subjective commitment and compassion of individuals and organisations rather than the objective situation in which they operate. The starting point is that while donors have compromised the independence of NGOs, they are nevertheless capable of withstanding these constraints, particularly in partnership with southern NGOs and beneficiaries. NGOs do have agency, but this overly subjective analysis fails to examine NGO agency in the context of capitalist relations: the nature of the neoliberal state, the political uses of funding and the role of partnership in integrating southern NGOs into dominant political and economic structures. More immediately, capitalist relations impose material constraints on NGOs that determine their very survival.

1.2.2. Academic critiques

A whole spectrum of academic critiques delves more deeply into the contrast between the scale of poverty and inequality and how NGOs have attempted to address these issues. While these critiques also consider technical problems associated with implementation, they situate these problems in the context of power relationships between northern and southern NGOs and the limitations that funding relationships impose on NGO agency. They comprehensively detail the pressures that donors place on NGOs, including increased competition for limited funding, expectations to ‘professionalise’ operations, the need to align strategies with official aid policies, show visible and quantifiable results, and ‘scale up’ activities. Indeed, many academic critics of NGOs have warned against this new paradigm of managerialism, and the crisis of identity and legitimacy facing NGOs (Pearce 2010: 630). While both donor pressures and the limitations of NGOs are taken seriously, many of the critics are

ultimately hopeful of the potential of NGOs. Bebbington *et al.* (2008: 5) note that, ‘one of the disappointments of NGOs has been their tendency to identify more readily with alternative forms of interventions than with more systemic changes, and that there are strong grounds for reversing this trend’. Fernando (2011: xi) argues that NGOs ‘have played, and will continue to play, a central role in producing new ideas and leadership for politically meaningful social transformation’. While this research draws on a range of academic critiques, and does not argue for the dismissal of NGOs, it does argue that the evidence for this optimism is contested.

Several authors illustrate the connections between neoliberalism and NGOs. Salamon (1994: 114) points to one of the most visible links, noting, ‘the conservative governments of Ronald Reagan and Margaret Thatcher made support for the voluntary sector a central part of their strategies to reduce government social spending’. Derksen and Verhallen (2008: 221) refer to the global aid chain as having been ‘successfully integrated into the neoliberal development paradigm’ and that aid is effectively defined by governments ‘subcontracting NGOs to perform services that the government itself is unable to undertake, and... on terms wholly defined by the state’ (2008: 231). Wallace *et al.* (2007: 26) also note that the work of NGOs is increasingly being defined in neoliberal terms. Lewis and Opoku-Mensah (2006: 665) acknowledge that ‘the particular flexibility of NGOs as an institutional form within neoliberal policy agendas has ensured that non-governmental actors have remained prominent within international development and humanitarian policy’, suggesting that NGOs are working with rather than challenging neoliberal policies. Elsewhere, Lewis (2001: 31) notes that ‘for neoliberals, NGOs are part of the private sector and provide vehicles for increasing market roles and advancing the cause of privatisation’. As neoliberalism has transformed the core concepts of alternative development into ideas that help sustain the neoliberal project, the goals of abolishing poverty and inequality have become sidelined, and NGOs have become useful for the neoliberal project.

Working with and under neoliberal governments has inevitably produced constraints on NGOs’ ostensible role in mediating between donors and beneficiaries. Cooley and Ron (2002: 6) argue that far from advancing the efficiency and effectiveness of NGOs, the ‘marketisation of aid’ has generated dysfunctional outcomes, where material incentives determine strategic choices in a highly competitive aid market.

Others suggest that the project-based work of NGOs, as dictated by donors, raises questions about NGO legitimacy and representation that NGOs are ill-equipped to answer (Lister 2003: 176; Van Rooy 2001: 38). Several authors also refer to problems with NGO bureaucratisation, accountability and co-option (Lewis and Opoku-Mensah 2006: 668; Kamat 2003a: 66; Hayden 2002: 56). Framed partly in response to inadequate results, Wallace *et al.* (2007: 25) discuss the new aid mechanisms created by the World Bank, IMF and other donors, which oblige NGOs to be watchdogs of government yet also reliant on them for funding. But in order to show results, there are pressures on NGOs to scale up activities. Edwards and Hulme (1992: 17) argue that NGOs concerned with maximising impact and influencing government policy must accept, as a starting point, the constraints and difficulties of working with government. Yet this analysis places insufficient weight on the role of the state in reproducing dominant (neoliberal) ideologies that ultimately militate against the ability of NGOs to maximise impact.

The solutions proposed by critics in academia are many and varied. For Wallace *et al.* (2007: 177-78), forging relationships between northern and southern NGOs is key to challenging the norms set out by donors. For Derksen and Verhallen (2008: 234), devolution of power to local organisations and consultations with beneficiaries are crucial to addressing donor pressures. For this they point to changing their own organisation as the most effective way of ‘reinventing the system’ of aid, placing the need for change on individual NGOs. Van Rooy (2001: 40) is more sanguine about the role of NGOs, suggesting that northern NGOs should build on their strengths by confining themselves to working on humanitarian operations and scrutinising the worst effects of capitalism. A number of these analyses suggest the need to draw on both theory and practice to overcome constraints to implementation. Lewis and Opoku-Mensah (2006: 674) conclude that the controversy surrounding NGOs is due to the ‘lack of a sound research foundation on the topic of NGOs’ and suggest that any further research should have stronger connections with social science theory and be located ‘more firmly within the structural context in which NGO activities take place’. Wallace *et al.* (2007: 3) also note that ‘research on NGOs rarely engages seriously with the relationship between theory, policy and practice’. According to Hearn (2007: 1096) the main weakness of many of the academic critiques is that they

remain under-theorised, and fail to adequately contextualise the contradictory roles of NGOs in ultimately reinforcing capitalist relations.

1.2.3. Radical critiques

Many of the radical critiques are drawn from the Marxist tradition, attempting to ask key questions about ‘who is the social change for and what are its structural impediments’ (Pearce 2010: 631), in order to move beyond technical and non-political assumptions. A number of radical critics argue that NGOs have not been able to address the effects of neoliberalism because they have both adopted and been shaped by it. For Harvey (2003: 78), NGOs have played an important role in the dissemination of neoliberal ideas. The notion of individual liberty, for example, was an important prerequisite for the resurgence of NGOs, which were in many cases established for the purpose of helping to reinforce ideas about individual rights. Harvey notes that ‘the rise of advocacy groups and NGOs has, like rights discourses more generally, accompanied the neoliberal turn and increased spectacularly since 1980 or so’ (2003: 78). In his study of politics in Haiti, Hallward (2007: 181) argues that while NGOs are apparently preoccupied with civic virtue and impartiality they now ‘provide the main institutional and ideological mechanism for the reproduction of Haiti’s ruling class’. In Thailand, where the NGOs backed a coup overthrowing the democratically elected *Thai Rak Thai* government, Ungpakorn (2009) writes that NGOs have disgraced themselves by siding with conservative royalists and ‘remaining silent in the face of the general attack on democracy’. Kamat (2004: 155) has conducted some of the most comprehensive theoretical research on NGOs. In her research on community-based organisations (CBOs) and select NGOs in India, she argues that ‘the policy debate on NGOs exemplifies the conflict between liberalism and socialism’. By focusing on a sociological framework of state versus civil society, where NGOs are equated with civil society and mediate the excesses of the state, mainstream debates conceal the ways in which NGOs are integrated into capitalist relations. Kamat concludes that the theoretical explanation for this shift by the international community, away from the state and towards civil society, is the reconstitution of the meaning of public and private in an effort to privatise the public sphere, including at local levels, according to the interests of the neoliberal state.

These critiques also suggest a neo-colonial role for at least some NGOs. Researching urbanisation and the growth of urban slums, Davis (2007: 76) describes NGOs as the true beneficiaries of development, where ‘the actual power relations in this new NGO universe resemble nothing so much as traditional clientelism’. Wallace (2004) shows how northern NGOs ultimately end up competing with southern NGOs—the very people they aim to help—for limited donor funds. But these trends are less theorised. Hearn (2007: 1101) applies comprador theory, first used to theorise the nature of imperialism in the 1920s, to understand the role of select NGOs in Ghana, Uganda and South Africa. She argues that there were several factors that contributed to the Africanisation of the NGO sector but that it was ‘both a conscious and a structural process’, including increased direct funding to southern NGOs—particularly when a heavy foreign presence became politically unsustainable—and the proliferation of indigenous NGOs, led by the African petit bourgeoisie relying on foreign funding as a safety net in the midst of deteriorating economic conditions. Manji and O’Coill (2002: 574) maintain that the work of NGOs from the 1980s was not unlike the philanthropic zeal of their missionary predecessors, only ‘this time with a vocabulary consistent with the new age of modernity’. They argue that Europeans were playing a ‘civilising’ or ‘developing’ role in Africa. These analyses focus on the financial and political dependence of NGOs and the material and ideological roles of national NGOs in perpetuating Western imperialism, as a basis for understanding the role of NGOs in global political economy terms.

The worldwide growth of mass-based resistance to neoliberal trends at the end of the 1990s presented a considerable challenge to neoliberal ideas, and radical critics have also turned their attention to the impact of NGOs on social movements. These movements had their roots neither in the NGO sector nor solely in left parties, though they were influenced and shaped by the politics of both. Roy (2004) describes the mechanism through which resistance is depoliticised: ‘The capital available to NGOs plays the same role in alternative politics as the speculative capital that flows in and out of the economies of poor countries. It begins to dictate the agenda. It turns confrontation into negotiation. It depoliticises resistance’. Harvey (2003: 189) describes how ‘a burgeoning movement of non-governmental organisations (some sponsored by governments) sought to control these social movements and orient them towards particular channels, some of which were revolutionary but others of which

were about accommodation to the neoliberal regime of power'. Davis (2007: 76) argues that 'NGOs have proven brilliant at co-opting local leadership as well as hegemonising the social space traditionally occupied by the left', while Kaldor (2003: 86-88) suggests that NGOs are the tamed transformation of the social movements of the 1970s and 1980s when they came to be seen as mechanisms for implementing the ideological formula of markets and elections in the 1990s. These radical critiques theorise NGOs in the context of historical power relations and the political and economic system in which they are embedded. They consider the structural forces that shape the class nature and role of NGOs, and they highlight the contradictions between the objectives and outcomes of NGOs by considering the material realities of intended beneficiaries together with the stated intentions of NGOs. Although relatively few of the radical critiques consider the implications of the relationship between NGOs and neoliberalism for movements and the Left, they nevertheless offer the most concrete basis for understanding the role of NGOs and answering the theoretical questions posed for the purposes of this research.

1.3. NGOs and the development illusion in Nepal

The pursuit of development in the traditional sense—large-scale infrastructure or social programmes funded by foreign donors—only began in Nepal after the fall of the Rana dictatorship in 1951.⁷ In the early 1950s, the literacy rate was 2 per cent, there were no motorable roads outside Kathmandu (Brown 1996: 63) and the vast majority of the population was engaged in subsistence farming, with few agricultural markets (Mihaly 1965: 9). Such was the context in which donors were to construct the aid industry in Nepal. The end of the Rana era and the marginal easing of political suppression created at least the potential for development, and even though the panchayat system—established with the royal coup of 1960—had preserved the stark socio-economic inequality of the Rana period, successive panchayat governments had to prove that monarchical rule was an improvement for the mass of the population.⁸ Development had to figure in government plans.

⁷ The events that led up to the 1950-51 revolution, and the establishment and workings of the panchayat system that replaced it, are described in more detail in Chapter 2.

⁸ In the foreword to Devendra Raj Panday's provocatively titled book *Nepal's Failed Development*, Harka Gurung puts it bluntly: 'That development failed during the three decades of the panchayat regime is obvious from its basic ideology of maintaining the status quo even if the country got further pauperised' (2009: vii).

1.3.1. The foreign aid landscape

King Mahendra ascended the throne after King Tribhuvan's death in 1955 and immediately began to develop and centralise state institutions. The National Planning Commission (NPC) was set up in 1955, and in 1956 Nepal negotiated an aid agreement with China for US\$126 million, much to the dismay of India (Mihaly 1965: 67). That same year, Nepal embarked on the implementation of its First Five-Year Plan, combining targets for the economy with projected expenditure on development and guidelines for the private sector's contribution to meeting these targets (Whelpton 2005: 125). Eugene Bramer Mihaly (1965: 75), an American aid advisor who wrote a key text on foreign aid to Nepal in the 1960s, observes that the spirit of the plan was difficult to challenge; it stipulated that 'development must be rooted in the real wants and aspirations of the people', that it must benefit the entire population and that it must have widespread support based on a sense of justice. On financing this development, the plan made it clear that Nepal would have to rely heavily on foreign aid, but cautioned that aid must not compromise Nepal's independence and national self-interest (1965: 76). Mihaly argues that his optimism was misplaced, since the infrastructure to raise domestic revenues—mainly through increased taxation—was lacking. Not only did Nepal have to rely heavily on foreign aid, but this aid would compromise Nepal's independence and national interests, since it was being used as a foreign policy tool.

Describing the role of foreign aid in the 1950s and 60s, Joshi and Rose (1966: 472) wrote that among Asian states there was perhaps none whose economic development programme was more dependent on foreign assistance than Nepal's. During the first two decades of assistance, foreign aid mainly took the form of grants. It was only after 1970 that the proportion of loans started to increase (Mihaly 1965: *liii-lvi*). From the late 1980s Nepal became even more reliant on external loans, leading to greater debt, which ultimately led to 'more stringent aid conditions to correct structural imbalances caused by the debt itself' (Khadka 1997: 1056). Khadka argues that this could be interpreted as direct interference in Nepal's internal affairs because the conditions attached to the aid were that recipients would have to adopt free market economic policies, correct macroeconomic imbalances, deregulate the economy and implement decentralisation policies (1997: 1059). There was also pressure to privatise state-owned industries, cut subsidies and public expenditure and increase the price of

electricity and other public services. The Nepali Congress government elected in 1959 and subsequent royalist governments during the panchayat era had acknowledged that foreign aid had complicated Nepal's efforts to produce a comprehensive economic development programme. Successive governments had assumed, correctly, that all aid programmes were driven by political considerations (Joshi and Rose 1966: 474). Yet, according to Schloss (1983: 1117), offers of assistance were accepted 'regardless of their compatibility with the development plan' because domestic resources were deemed to be lacking and basic data on the economy prevented any detailed ordering of development priorities. As planning became more sophisticated, the government concluded that it could exploit the competition between donors to its own advantage (1983: 1120). Reducing dependence on India was a key priority. As a result, Nepal was always seeking to diversify aid sources, but this required skilled political maneuvering and often made for a greater lack of co-ordination among donors, leaving Nepal with highly inconsistent aid and vulnerable to manipulation and pressures to accept aid on the terms of the donors. For example, when Nepal requested aid from India to construct the East-West Highway, Nepal suggested that the project would only have economic utility if north-south roads were constructed first. Recognising that this would enable direct contact between different regions of the country without having to cross into India—thus reducing Nepal's reliance on India—Indian officials turned down the project (1983: 1120). It was only when King Mahendra secured aid from the USSR, and then China, that India agreed to construct a portion of the road (1983: 1123). As ever, Nepal had aspirations to increase its own share of the development budget, but this was considered unlikely given the lack of substantial sources of indigenous revenue.

1.3.2. Limited development

Post-1950, important improvements were made in education, infrastructure, malaria eradication, infant mortality, communication and basic healthcare, amongst other sectors. Whelpton (2005: 137) notes that education expanded rapidly after 1971, with more than half a million students in higher secondary and tertiary education (compared to under 2,000 in 1950), and 3 million in primary school, with a literacy rate that jumped from 5 per cent in 1952 to 40 per cent in 1991. Infant mortality was halved, to 10 per cent. Whereas during the Rana period there were few cars in Nepal,

by the early 1980s road networks had expanded throughout the country.⁹ Air travel had also increased substantially, with 42 airfields across the country (2005: 138-39). Communications within Nepal were improved through an expanded postal service, and telephone lines increased from only 25 in 1951 to 63,000 by 1990. Radio coverage reached 90 per cent of the population and TV covered 25 of the urban population by the late 1980s (2005: 139). Several hydropower projects were also completed, and power generation went from 1.1 MW in 1951 to 160 MW in 1990. Panday (2009: 44) also notes improvements in industry, which contributed almost 10 per cent of GDP in 1991, and services, which contributed nearly 40 per cent of total national output. Foreign aid contributed significantly to all these advances (Gurung 1984: 65). Despite progress, however, uneven development remains a challenge. The main problem Panday sought to investigate was the source of stagnation and the reasons behind the inadequacy of development.

Several factors at least partly explain limited development in Nepal. The first is that development was used to reinforce a nationalist project that privileged the Nepali language and the culture of high-caste Bahuns above all else. Brown (1996: 63) observes that ‘poverty was not alleviated and, instead, development assistance was utilised to preserve and entrench the power of the panchayat elites’. Whelpton (2005: 180) notes that the panchayat was widely seen as a tool that was used to specifically further Bahun domination. The panchayat government’s model of state-led development was aimed at facilitating national integration along specific class and caste lines. It was the hill culture of the Bahuns in particular that the panchayat system sought to promote at the expense of the cultures of other ethnic groups. Donors were permitted to provide the necessary funds and technical assistance if they were broadly consistent with government development plans, but development was a secondary project for the panchayat. A good example of how development was used to promote hill culture was the 1964 Land Reform Act, where ethnic minorities were prohibited from clearing and cultivating tribal land under the *kipat* system, under which rights to land were based on membership of a particular ethnic group (Regmi 1972: 27). Under the new regulations, the government instituted a resettlement programme, in which

⁹ Famously, the cars that were operating in Nepal during the Rana period had to be carried over the hills from India by porters (Hoftun *et al.* 1999: 94). The road network had expanded from 276 kilometres in 1951 to 7,330 kilometres in 1990 (Whelpton 2005: 137).

hill people moved to the plains.¹⁰ The expansion of the presence of high-caste hill people—representing ‘authentic’ Nepalis—was meant to strengthen the legitimacy of the hill elite, but the subjugation of ethnic minorities ultimately strengthened opposition to panchayat rule. Besides this, only 30,000 hectares of land was collected by the government and distributed to the landless (Whelpton 2005: 142) under the reformed legislation.

A second reason was Nepal’s dependence on the Indian economy and the resulting diversion of manpower from Nepal to India. Many Nepalis, particularly from the hills, were recruited into the British Indian Army or migrate to northern India where job prospects are often considerably better. Seasonal migration is necessary for many agricultural labourers in order to survive, but it has at times weakened the hill economy of Nepal by reinforcing economic ties to India (Seddon 2002: 143). Shrestha (1990: 82) has argued that the economic contribution of Nepali emigrants to India has lost vital human resources to Nepal’s economy. On the other hand, particularly in recent years, it has been recognised as an important livelihood strategy that has expanded social networks and skills (Thieme and Wyss 2005: 85). The vastly superior infrastructure in India also means that east-west travel in the hills can be far simpler via India than through Nepal, the open border facilitating communication and easy access between the two countries. Indian aid and investment, particularly early road projects, were geared towards expanding India’s business interests and fortifying its strategic defence capabilities. All of these factors consolidated Nepal’s dependency on India. Nepal was reduced to a virtual semi-colony of India, but with none of the benefits of infrastructural development that other colonies experienced, and all the disadvantages of being subject to the demands of a sub-imperial power.¹¹ Brown (1996: 63) argues that ‘resource-poor Nepal would have struggled to develop under the very best of external conditions, but it was further handicapped because of its integration within the world economy under the most disadvantageous terms’. While Indian aid at times converged with the interests of the Nepali elite, it was not provided

¹⁰ Figures are unreliable but estimates are that the proportion of hill people in the Terai increased from 5 per cent in the early 1900s to 35-40 per cent by the end of the panchayat era (Brown 1996: 78).

¹¹ These disadvantages, amongst others, include unequal treaties such as the 1950 India-Nepal Treaty, Indian interference in Nepal’s political affairs since independence, and Indian control over the vast majority of trade and industry in Nepal.

on the basis of the interests of Nepal's population, and only served to strengthen India's hand in the Nepali economy.

Finally, for both the panchayat regime and for donors, development was instrumental; it was driven by the desire to prevent the spread of communist influence in Nepal, not necessarily to ensure human advancement. For the two largest donors at the time, the US and India, aid was determined by 'standard, Cold War thinking' (1996: 64). For India, Nepal was considered to be vulnerable to the influence of China's communist revolution, and through which communist ideas could spread to India. For the US, economic development for its own sake was not a priority. Brown (1996: 65) argues that 'economic development was seen as the key to political stability and was deemed essential to hold back the communist tide'. That US efforts failed to make substantial headway in development terms was inconsequential. Brown (1996: 63) cites a fourth reason for the lack of development: Nepal's geography and lack of natural resources. While the rugged and uncompromising mountainous terrain made communication and infrastructure development difficult, it is arguable that aid could have been directed towards overcoming the harsh geography of Nepal, instead of considering it an absolute impediment. Limited development did take place under the panchayat but the experience of development in Nepal remains uneven and incomplete.

1.3.3. NGOs as the antidote

There was recognition that the panchayat had largely failed to bring about the kind of change required to address the growing developmental crisis in rural Nepal, and the NPC recognised rural development as a top priority. The transition to democracy brought about two major administrative changes in the regulation of domestic NGOs, which had significant political consequences. First, the Social Service National Co-ordination Council (SSNCC), the original government agency responsible for the regulation and co-ordination of NGOs, became the Social Welfare Council (SWC), and began to work in a more transparent manner under the Ministry of Women, Children and Social Welfare in collaboration with representatives from other ministries and government agencies.¹² Second, funding regulations changed. Foreign funds could now flow directly to NGOs instead of being filtered through government.

¹² The establishment of the SSNCC under the panchayat is outlined in Chapter 2.

That NGOs in Nepal could now directly access funds from donors and INGOs was the single biggest factor contributing to their dramatic increase. In September 1990, the interim government created a task force to draw up guidelines for the NGO sector, encouraging international and national NGOs to focus on improving the lives of the most disadvantaged communities in rural Nepal (Seddon 1993: 145). The Eighth (1992-1997) and Ninth (1997-2002) Five-Year Plans highlighted the catalytic role of NGOs in addressing poverty in Nepal. Policies were adopted to extend the reach of NGOs in rural areas, encourage INGOs to work with and develop the capacity of national NGOs, develop a national monitoring and evaluation system of NGOs, simplify the administration of NGOs and ensure that the work of NGOs complimented local government (Dhakal 2000: 88). NGOs were promoted as essential development partners.

As with global figures, the exact number of NGOs operating in Nepal is unknown. According to statistics from the SWC, in 1989 there were 250 registered NGOs. By 1992 the figure had more than doubled, to 576; by 1997, there were 5,978 NGOs, an increase of 1,030 per cent (Dhakal 2000: 91). Shah (2002: 144) notes that over 11,000 were registered by 2000. An Asian Development Bank (ADB) report claims that by 2002 over 13,000 were registered (ADB 2005: 4), and Karki (2004: 7) notes that in 2004, 16,562 NGOs were registered. In 2006, the SWC calculated the number of national NGOs to have grown to almost 20,000. According to recent figures calculated by the SWC, the number of officially registered NGOs across the country stands at 30,284 (SWC 2011), and thousands more are unregistered. In 2005 ADB estimated a total of 60,000 registered and unregistered NGOs in Nepal (ADB 2005: 4). Some 5,370 NGOs are affiliated to the NGO Federation of Nepal, the national umbrella organisation of NGOs. There are 207 INGOs working in Nepal according to the SWC; 110 are members of the Association of International NGOs in Nepal. Karki (2004: 7) argues that given the geographical and geopolitical context of Nepal—and its population size of just over 30 million—these numbers are not insignificant.

There were three major periods in recent Nepali history in which the numbers of NGOs grew dramatically: first, following the 1990 people's movement; second, following the escalation of the conflict in 2001; and finally, following the second movement for democracy in 2006. The focus of funding in the early 1990s was

infrastructure development, and only in the mid-1990s expanded in a more strategic manner to include advocacy around human rights and social inclusion. It was also in the mid-1990s when much of the discourse around civil society began to appear, mainly coming from NGOs with international connections and funding. Funding criteria were only broadly related to official development plans drawn up by successive Nepali governments, and much of the funding from bilateral donors was and still is tied aid, usually to donor exports (Gurugharana 1994: 4). Following the escalation of the war in 2001, a number of NGOs working on peacebuilding and conflict transformation became more prominent. Although these NGOs could not work beyond district headquarters during the war, funding for peacebuilding projects was pouring into the country.¹³ Finally, following the 2006 movement, new organisations emerged that were working on constitutional issues, transitional justice and security sector reform in addition to peacebuilding, and more INGOs working on these issues were also registered. These organisations have had access to funding on an even more massive scale than previously. As Miklian *et al.* (2011: 297) argue, ‘foreign aid for peacebuilding tends to arrive in large volumes just after conflict’ and, according to the OECD, reached levels of US\$598 million in 2007 globally. In 2009 this figure was US\$855 million.¹⁴ Although direct financial support to NGOs allowed far greater room for manoeuvre amongst NGOs, it has been a constant source of tension for the government, which has to compete for funding in the post-conflict situation (2011: 295) and is often sidelined.

1.3.4. Critiquing NGOs in Nepal

In Nepal a critique of NGOs emerged in the early 1990s, both from within intellectual circles, and from within the NGO sector itself. The critiques undertaken by NGOs, however, remained at the level of project evaluations, rather than more in-depth structural analyses, and were confined mainly to NGOs that had funds and access to donors and where no existential threat was posed. Despite limited criticism from

¹³ Interviews with senior NGO workers from development and peacebuilding NGOs in Humla, Mugu and Rukum, and the NGO Federation in Rolpa between 28 February and 18 April 2010. This view is confirmed by Seddon and Hussein (2002: 33-34).

¹⁴ See <http://www.oecd.org/dac/effectiveness/Nepal%202.pdf> (last accessed on 8 September 2013). In addition, the UNDP project Support to Participatory Constitution Building in Nepal (SPCBN) donated almost US\$10 million in funding for NGOs and other partners in 2009. See <http://web.undp.org/comtoolkit/success-stories/ASIA-Nepal-crisisprev.shtml> (last accessed on 8 September 2013). Dixit (2011: 78) also references the funding that has been ‘lavished on peacebuilding, transitional justice and constitution-writing—with little result’ after 2006.

within the NGO sector itself, over the years a mainstream perception has been created, encouraged by a section of intellectuals and academics, that NGOs are mainly only involved in ‘dollar-farming’ (Phuyal 2004: 9) and fall far short of the development objectives expected of them. With respect to influencing politics, Panday (2009: 20) has argued that within civil society NGOs have ‘yet to demonstrate that they can reverse the process of deterioration and depreciation’ of Nepali politics. While there is truth in the mainstream criticism that a number of NGO leaders have acquired expensive vehicles and built themselves big houses in Kathmandu in the name of development or human rights (Chintan 2000: 139), there is less analysis and critique of the ideological role of NGOs and their donors, and whether and how this has influenced the capacity of the Left to contribute to social transformation.

The question of whether NGOs dominate civil society, leaving limited room for the Left to operate, or whether the Left has hegemonised political space in Nepal, is important. The Maoists argue that donors, in part through the NGOs they fund and the market ideology they promote, have attempted to prevent growing support for the communist movement in Nepal. This is only partly correct. In the final analysis, *both* the NGOs and the Left have limited the prospects for fundamental social change. In other words, there has been a convergence of approaches that has restricted the possibility of moving beyond technical solutions to development. From the perspective of donors and NGOs, efforts to prevent the emergence of a strong communist movement in Nepal have failed. But in another sense, they succeeded: the project of revolutionary transformation has been put on hold since the Maoists entered the mainstream. The NGO approach to social change has regained its leading edge in this contest, and the Maoists—who for many held the only hope for material change—are losing support. The real danger is complete disillusionment and, in the process, the re-stabilisation of bourgeois democracy. This contest has not taken the form of a clear and conflictual competition. The two forces have influenced each other, but NGOs have essentially prevailed. For the Nepali establishment, this has been an important moment in the process of consolidating its hegemony. As Gramsci (2011a: 137) argued, for any class to dominate—to wield control of political society and state institutions—it needs to have established a hegemonic bloc. The contention here is that the NGO sector has played an important role in enabling the construction of that bloc by helping to neutralise the Left, drawing at least sections of the Left into

its orbit. At the same time, analysing the Maoists' strategy and tactics—in particular the failure to explicitly place economic tasks as central and immediate aims of the revolution—helps explain their capitulation to NGOs.

1.4. Methodology

This section describes the relevance of Nepal for the purposes of this research, the type of data that was sourced and how data was collected, including the nature of interview questions and the context in which interviews took place. It also describes the basis for the selection of specific districts, and outlines the limitations of the research. In addition, it defines the key concepts used throughout this work, and sets the parameters of the research. The relationship between the NGO sector and the Left in Nepal is clearly conditioned by historical circumstances specific to Nepal, but observations can also be made at a more general level. Drawing on the relevant theoretical literature, the research encompasses three registers: first, it evaluates the literature on NGOs and civil society at a global level, including NGOs in Nepal; second, it considers the history, economy and contemporary politics of Nepal, including modes of production debates and the Maoists' conception of semi-feudalism; and third, it describes the history of the communist movement in Nepal, including the UML's shift to the right and the strategy and tactics of the Maoists, with a particular theoretical focus on the concept of stages and the Maoists' use of this concept as an approach to social change. Information gathered from interviews has served to nuance an understanding about the nature of the central relationship under examination—that between the NGO sector and the left parties.

1.4.1. The relevance of Nepal

Nepal is an illuminating case study for understanding the meaning and significance of NGOs and the relationship between NGOs and the Left for three main reasons: first, the sheer numbers, influx and influence of NGOs in Nepal since the 1990s; second, the massive impact of the Left on Nepali society and political culture since the 1950s, including the revolutionary process that has recently made a shift to reformist politics; and finally, the nature of the Nepali economy, which is partly determined by Nepal's history and geopolitical position, and which has profoundly influenced the left parties and the trajectory of politics in general over the last two decades. First, as has been discussed, there are tens of thousands of NGOs operating in the country, the vast

majority of which were established after the introduction of the multiparty system in 1990. Since then NGOs have played a pivotal role in Nepal's development. There are local, national and international NGOs working on a range of activities, but the vast majority are involved in the fields of development, human rights, peacebuilding and democracy, which through these specific approaches are attempting to address the overarching issues of poverty and inequality. Nepal is a particularly interesting case study in this respect because each of these frameworks—development, human rights, peacebuilding and democracy—has exceptional significance in the country. In terms of development, Nepal is an extreme case of underdevelopment, ranking 157 out of 187 countries on the Human Development Index (HDI).¹⁵ Development has been pursued by the state and international donors since the 1950s (Panday 2009: 43; Gurung 1984: 61). In terms of human rights, Nepal had one of the worst human rights records in the world for a period during the war, including the largest reported number of enforced disappearances in the world (Singh *et al.* 2005: 2). Nepal has also been through ten brutal years of civil war and arguably has one of most vibrant democracy movements in the world, dating back to the 1920s and 30s (Brown 1996: 14). Each framework has brought forth specific types of NGO projects, and using examples from these sectors in particular facilitates the research to make some generalisations about the NGO sector as a whole in Nepal and its relationship specifically to the two biggest communist parties, the UML and the Maoists.

Second, Nepal has experienced a remarkable revolutionary process led by the Maoists that abolished a 240-year-old monarchy and profoundly changed Nepali history and society. Several years after the war, Nepal is going through a process of political and social change that has affected the most remote and poorest parts of the country. Both NGOs and the Left have been major players in the current upheavals, but neither has been able to translate political instability into concrete change for the poor majority. Nepal therefore provides a context that is ripe for an examination of how NGOs and the Left are shaping the direction of that change. The conflict brought with it increased funding for national and international NGOs, but also the development of a

¹⁵ The United Nations Development Programme (UNDP) has published HDI rankings annually since 1990. The HDI was introduced as an alternative to conventional measures of national development, such as level of income and the rate of economic growth, and is a composite of three basic dimensions of human development: health, education and income. The figure for Nepal's HDI is 0.458, lower than the average for South Asia, at 0.548. See <http://hdrstats.undp.org/en/countries/profiles/NPL.html> (last accessed on 11 March 2013).

powerful mass-based movement. Nepal provides a particularly remarkable case of the ways in which these forces—the Maoist movement and the NGOs—have interacted, produced tensions and raised new ideas about the possibilities for social change.

Finally, Nepal is an important case study because although a large peasantry dominates the countryside and Nepal's financial markets are not as deeply integrated into the world system as other economies, neoliberalism has penetrated the economy through international donors, including massive economic and social policy reforms imposed by the World Bank and IMF, and through India. Since the government of Nepal began to adopt neoliberal reforms in the mid-1980s (Sharma 2006) with the assistance and encouragement of donors, relatively few concrete results have been achieved in terms of poverty alleviation (Wagle 2007). According to World Bank figures cited by Sharma (2006: 558), the percentage of the population below the poverty line rose from 33 per cent in the mid-1970s to 42 per cent in the mid-1990s, and the incidence of poverty was greater in rural areas, where the vast majority of the population lives, than urban areas. Combined with the levels of NGO funding and the numbers of NGOs, Nepal also provides for a concrete test of whether this funding has strengthened neoliberal reforms.

1.4.2. Data collection

Administratively, Nepal is divided into 75 districts, 14 zones and 5 development regions; it also constitutes three main geographical regions running east to west—the mountainous north bordering China, the hills that make up the middle of the country, and the Terai region, which are the flat plains bordering India.¹⁶ The focus of the extensive field research was geographical and interview-based; interviews were concentrated in seven main districts including Kathmandu, with another eight secondary districts, to make fifteen altogether from across the country. Districts were chosen on the basis of representation of the following criteria: geographical region, development region and level of development. Thus the selection of districts aimed to include representation from each of the mountain, hill and plains regions, each of the five development regions (eastern, central, western, mid-western and far-western), and include the poorest districts and the most developed districts, apart from

¹⁶ UNDP and other development agencies often categorise levels of development according to these geographical distinctions.

Kathmandu. The Maoists' base areas were also chosen in order to understand the contrast between areas where the intensity of the war was at its highest, and those districts outside the base areas. The final spread of districts included Mugu and Humla, which are in the mountainous far-west region and also the poorest districts in the country; Ilam and Jhapa, which are the most developed districts outside Kathmandu, are in the eastern development region and represent both the Terai plains and hills; Rolpa and Rukum, which are the Maoists' base areas in the remote mid-western hills, and which ran parallel administrations during the war; and Kathmandu, where the majority of interviews with politicians, journalists and NGOs took place. Due to logistics, the western development region was not covered, but Rolpa and Rukum bordering the western region were reasonable substitutes. Thus four out of five development regions were included in the sample of districts. Other districts that became part of the field research because they were on the way to the main districts included Sarlahi, Parsa, Bara, Morang, Kanchanpur, Kailali, Banke and Surkhet.

Interviews were conducted with NGOs related to development, human rights, peacebuilding and democracy, as well as the district branches of the NGO Federation, where possible. Interviewees also included the respective leaderships of the UCPN and the UML, as well as journalists, district representatives and others who could speak about the conduct of and relationship between NGOs and the left parties in the district. Interviews were confined to the district headquarters of each district: Ghamghadi, Mugu; Simikot, Humla; Ilam, Ilam; Chandraghadi, Jhapa; Libang, Rolpa; and Musikot, Rukum. An average of 6 days was spent in each district, excluding travel. Other than Humla and Mugu, which required flights from Nepalgunj given time constraints, buses and jeeps were used to travel to and from Kathmandu. Interviews conducted in Kathmandu were mainly with NGO and civil society leaders, senior party figures and journalists. The total number of interviews conducted was 68, out of which a selection were used for direct quotations, and several others to construct an understanding of the specific situation in different parts of the country, particularly the Maoists' base areas.¹⁷ Representation from a selection of NGOs, the Maoists and/or the UML was obtained in each district in the sample. Approximately 7 or 8 interviews were conducted in each of the main districts, apart from Kathmandu,

¹⁷ A list of interviews is found in Appendix 2.

where 25 interviews were conducted. In general, interviews were conducted with one interviewee in a relatively private space, usually in an office. A research assistant from Kathmandu helped arrange and conduct the interviews in the districts, translate the interviews where translation was necessary, and helped provide other logistical support in terms of travel and accommodation. Interviews were semi-structured and questions focused on the recent history of NGOs in Nepal, the nature of the aid industry, the perceived material and ideological roles of NGOs and donors, the relationship between the UML and NGOs, including the process of ‘NGOisation’, the specific role of NGOs in the peace process, the politics of the Maoists and the extent to which they are focused on class or ethnic politics, and the federalism debate. Additional questions were also asked, depending on the type of interviewee; for example, in the districts outside Kathmandu, interviews began with informal discussion on the general problems in the district, the specific concerns and opinions of the interviewee and the main activities of the NGO in question.



Figure 1.1: View of Simikot. *Bordering China and India, the district of Humla is one of the poorest in Nepal. 7 April 2010. Source: The author*

The purpose of focusing on geography and not specific NGOs, for example, was to understand whether the level of development of particular districts influenced the

level and intensity not only of NGO activity but the activities of the left parties. The assumption was that NGOs would be working in the poorest districts, but also that the Maoists would be relatively more popular. In the base areas, where the Maoists dominate, the contention was that there would be fewer NGOs. These contentions made for unexpected results, and exposed the complexities of the relations between NGOs and the left parties. It was found that fewer NGOs work in the poorest districts because travel to remote areas is relatively expensive, time-consuming and physically more challenging.¹⁸ Pigg (1993: 48) notes that a combination of practical and political reasons often determines where development initiatives are focused, contributing to uneven reach. Relatively greater numbers of NGOs work in the most developed districts and those that are easiest to access. Following the war, NGOs have been able to work unhindered in base areas, implementing a wide range of projects.



Figure 1.2: Airstrip in Mugu. *The poorest and most remote district in Nepal, it takes 3 hours to reach the district headquarters of Ghamghadi by foot. 20 April 2010. Source: The author*

¹⁸ The only way to travel to Mugu, for example, which is probably the most difficult district to access in the country, is either directly by flight—usually only running once a week—or by flying to Jumla and trekking for three days.

Secondary data included World Bank and UN reports on Nepal, the Living Standards Surveys of 2004 and 2011 produced by the Central Bureau of Statistics based in Kathmandu, and data from the SWC, which provides information on numbers, types and functions of NGOs, and geographical scope. Secondary data also included US policy documents from the late 1970s onwards on foreign aid strategies and assistance to NGOs and INGOs. Other desk-based research included international and Nepali journal articles published in English, Internet articles, national newspapers, NGO, movement and left publications in Nepal as well as observation of the political forces and trends to contextualise NGO interventions and responses by the left parties. The academic literature on NGOs is still consistently and rapidly expanding, with more concerted attempts to theorise the nature and role of NGOs.

1.4.3. Defining key concepts

The aims, objectives and approaches of NGOs, and the operational levels and circumstances under which they work, has led to such a diversity of NGOs that it has become a major challenge to categorise them in any meaningful way.¹⁹ The dominance of NGOs as civil society actors, particularly in the 1990s, has also led to a simplistic and problematic view that equates them with civil society, as will be discussed in Chapter 3. This research does not attempt to build on the valuable work undertaken to classify NGOs (Martens 2006; Attack 1999; Vakil 1997; Korten 1987). NGOs range from traditional development organisations that have a long history, to newer, relatively radical social action networks that are attempting to counter specific policies or practices. The UN vaguely defines NGOs as ‘any international organisation which is not created by intergovernmental agreement’ (Lindblom 2005: 38), but the term was coined by the UN with the adoption of the UN Charter in 1945.²⁰ For Vakil (1997: 2060), NGOs are ‘self-governing, private, not-for-profit organisations that are geared to improving the quality of life for disadvantaged people’. Although they originate from across the political spectrum, this definition

¹⁹ The term NGO is further complicated by the term CSO (civil society organisation), which includes movements and other organisations that do not fit neatly into national legal definitions of an NGO; but much of the literature uses these terms interchangeably. NPO (non-profit organisation) and PVO (private voluntary organisation) are used mainly in the US, and CBO (community-based organisation) is the term used for the smaller local NGOs that emerged in the South during the national liberation struggles of the 1950s and 60s. For more in-depth articles assessing the problems with NGO classification see Vakil (1997) and Martens (2002).

²⁰ Article 71 of the UN Charter governs consultative relations between the UN and NGOs (Martens 2006: 271; Alger 2002: 93).

suggests that the vast majority of NGOs place themselves on the broad left; however, by virtue of governmental funding, NGOs maintain close links to the state, and therefore to the mainstream. Kaldor (2003: 94) describes NGOs as intermediary organisations expressing ‘the blurred boundaries between state and non-state’, in contrast to definitions that view NGOs as largely independent of government. According to the NGO literature, the main types of NGO are advocacy and operational. NGOs focused solely on advocacy tend to test the limits of donor constraints and have employed methods of collective action similar to social movements, while the focus of operational or service-delivery NGOs are confined to the technical aspects of project implementation, although they often use advocacy methods to secure project access. Table 1.1 attempts a broad systematisation of NGOs, demonstrating that NGOs are not a homogenous category.

Characteristic	Diversity
Location	<ul style="list-style-type: none"> • North • North in the South • South
Level of operation	<ul style="list-style-type: none"> • International • Regional • National • Community
Approach	<ul style="list-style-type: none"> • Welfare activities • Service provision • Emergency relief • Education and training • Participation and empowerment • Self-sufficiency • Advocacy • Networking
Ownership	<ul style="list-style-type: none"> • Non-membership structure • Membership structure
Framework	<ul style="list-style-type: none"> • Development • Human rights • Peacebuilding • Democracy • Humanitarian • Environment
Orientation	<ul style="list-style-type: none"> • Works with government • Single-issue based • Mass movement-oriented
Funding	<ul style="list-style-type: none"> • Government • Foundations • Other NGOs

	<ul style="list-style-type: none"> • Corporations • Private donations • Membership
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Table 1.1: *Dimensions of NGO diversity.* Source: Adapted from Willis (2005: 98)

NGOs have different ideas, practices, strategies and motivations, and they make alliances with organisations and movements that span a range of ideologies. Certain NGOs pursue progressive change, while others work to maintain the existing system (Morris-Suzuki 2000: 68). For the purposes of this research, following Fernando (2011: 234), NGOs ‘can be analysed as a unified institutional category’ because they possess a unified character in relation to the state, and this character lacks ‘the ideological and material flexibility to manage... crises beyond the neoliberal state’ (2011: 235). If, as Fernando (2011: 233) suggests, ‘the role of NGOs in creating and sustaining social change is best understood in terms of their relationship with the state’, and in particular the neoliberal state, then the approach of NGOs is at the very least conditioned—and in some cases determined—by the neoliberal state’s material and ideological reinforcement. Both aspects of support, material and ideological, are crucial since even where NGOs refuse government funding on principle they have to operate within the legal boundaries of the state; they may also take questionable political positions, in part for this reason.²¹ Building on the premise that NGOs are *defined* by the neoliberal state, whether as oppositionists or collaborators, it is argued that NGOs adopt a particular approach to social change that is necessarily and ultimately accommodating, gradualist and reformist. This can be described as the essence of NGOs. This interpretation does not deny NGO agency, but allows for an analysis of the complex interactions between agency and structure, and how structure and power shape NGO agency (Fernando 2011: 21). These features are exacerbated in the context of a growing NGO industry, in which there is fierce competition amongst NGOs for funding and contracts (Cooley and Ron 2002: 17), and a growing proportion of NGO efforts are diverted to securing the financial means for organisational survival.

²¹ Amnesty International is a good example of an international NGO that claims to refuse donor funding but came out in support of Nato’s occupation of Afghanistan. See <http://socialistworker.org/2012/08/08/amnesty-for-occupation> (last accessed on 10 September 2012). Information about Amnesty’s funding sources is difficult to find through its website.

Following Harvey (2005: 2), the definition of neoliberalism used for this research is ‘a theory of political economic practices... within an institutional framework characterised by strong private property rights, free markets and free trade’. The turn towards neoliberalism began in the 1970s, seeking ‘to bring all human action into the domain of the market’ (2005: 3). Saad Filho and Johnston (2005: 5) further argue that ‘the most basic feature of neoliberalism is the systematic use of state power to impose (financial) market imperatives’ to counter the problems of capital accumulation. This has resulted in ‘minority power, plunder of nations and despoilment of the environment’ (2000: 5). The imperial powers’ imposition of market imperatives at home, and their mobilisation of state resources to advance national interests abroad, means that globalisation and imperialism cannot be analysed separately from neoliberalism. Far from the state being ‘rolled back’ under neoliberalism, it has been reconfigured, and the process of deregulation has in reality meant new forms of regulation (Munck 2005: 63). As welfare provision has been cut back and an array of social protection policies have been introduced to counter the effects of neoliberalism on the most vulnerable, NGOs have become increasingly relevant. Thus an analysis of NGOs must include an analysis of the neoliberal state. Moreover, the use of the term ‘mainstream’ throughout this work relates to neoliberalism in that it refers to dominant (i.e. neoliberal), conventional politics. The Maoists’ entry into the mainstream, for example, refers to their engagement with dominant politics and political parties, and neoliberal economic development.

1.5. Structure of the thesis

This research analyses the complex relationship between NGOs and the left parties in Nepal and the particular ways in which NGOs have impacted the Left. It argues that the co-option of the left parties by the NGOs is not a straightforward, unidirectional process, but that the left parties themselves have been open to being co-opted to different degrees and in various ways. The thesis concludes with an analysis of what this co-option means for the potential for fundamental social change in Nepal.

Chapter 1 has examined the concept of the NGO and has outlined the five theses of this research. Through a discussion of the range of NGO critiques, it has analysed the role of NGOs in the politics of contemporary aid at an international level and argues that while NGOs have worked with other social forces to challenge neoliberal policies under specific circumstances, in general, the global NGO industry has worked to

stabilise the neoliberal order. This chapter has also described the origins and significance of NGOs in Nepal, and explained the methodological approach to the research, including the relevance of Nepal for researching NGOs and the Left, data collection and the definition of key terms. With the exception of Chapter 1, which has provided a thematic overview of NGOs in Nepal, the remainder of the thesis follows a rough chronology that spans the formation of Nepal as a nation-state in the 18th century to present-day politics, and the role of NGOs in key events.

Chapter 2 describes the history of Nepal since its unification by Prithvi Narayan Shah, the rise to power of the Rana dynasty and its subsequent fall, arguing that the 1950-51 revolution can most accurately be described as a ‘revolution from above’ because it constituted an agreement between the old Rana regime, the monarchy and the Indian government, with limited involvement from the popular classes. While there was a brief period of democracy during the 1950s, the monarchy—again with the support of India—facilitated the establishment of the panchayat regime following a royal coup in 1960. The chapter also assesses two simultaneous projects: the establishment of the communist movement and the US’s aid operation that was meant to weaken communist influence. Finally, the chapter explores the emergence of oppositional politics in the 1980s, beginning with the student uprising in 1979, and shows how NGOs are rooted in both party politics and international pressure for liberalisation beginning in the mid-1980s. Chapter 3 describes Nepal’s adoption of neoliberal reforms in the mid-1980s, the 1990 revolution—the first mass uprising in Nepal’s history—and the establishment of NGOs, following the introduction of multiparty democracy, as part of both civil society and the state. Chapter 4 considers the UML, its origins and its ideological shift to the right in more detail. It argues that the UML’s strategy was to consolidate itself as a communist party after the end of the Cold War by forging relations with the burgeoning NGO sector, but as these links were strengthened, the UML became entrenched in promoting mainstream neoliberal development. Chapter 5 describes the origins of the UCPN, the context for the People’s War and the Maoists’ strategy and tactics. It argues that the 2006 revolution was primarily a product of the Maoists’ mobilisation, but that it was the strategic unity of the parties in building a mass movement—as opposed to solely fighting a guerrilla war—that ultimately led to the overthrow of the monarchy. Finally, it describes the Maoists’ policy towards NGOs during and after the war, arguing that the

inherent contradictions of the policy were never fully resolved. This made the Maoists vulnerable to the influence of NGOs.

Chapter 6 describes the general strike of 2010, which was the last major mass mobilisation by the Maoists, and a turning point in the development of the movement. The leadership's conduct during the strike exposed ambiguities at the heart of its theory, which at that particular moment led to hesitation and confusion. This lack of clarity disarmed the Maoists in the face of an elite counter-offensive, partly coordinated by NGOs, which were calling for a withdrawal of the strike in the interests of the peace process—but which was, in fact, a consolidation of the status quo. Sections of the middle classes who previously had allied with the Maoists were now being drawn into an anti-Maoist alliance, and NGOs played a crucial role in delegitimising the Maoists. The Maoists were successfully wrong-footed by the NGO-led mobilisation largely because they shared some of the same political assumptions and analyses about the nature of Nepali society. The Maoists have since incorporated and internalised NGO approaches regarding 'ethnic inclusion' into their political practice in ways that have facilitated a move away from class-based politics. The thesis concludes that while ethnic demands have the potential to threaten upper-caste rule, they also have the potential for dangerous consequences, where ethnic rivalries are placed at the centre of politics and the prospects for renewed class struggle and of social change in Nepal are undermined.

II. Development, communism and anti-communism

Modern Nepali history features several ideological currents. One of these currents is the monarchy, which has had political expression since the establishment of the Nepali state in 1768. It has undergone several transformations: from 1846 the Ranas took power from the Shah kings and instituted a system whereby absolute power became hereditary amongst Rana prime ministers; from 1950, a tentative democracy was introduced, only to be overturned in 1960 by King Mahendra, who established the panchayat system; and from 1990, when a people's movement turned Nepal into a constitutional monarchy, until 2008 when it was abolished altogether.²² The monarchy also espoused a nationalism that facilitated its consolidation for a time, but ultimately weakened the institution during the panchayat. Nationalism is not unique to the monarchy, however, and nationalist perspectives have been promoted from across the political spectrum. This chapter concerns two other major ideological currents: communism and the anti-communism of the US in particular. Following a brief history of Nepal from unification through to the 1950-51 revolution, this chapter describes the origins of the communist movement and the US strategy to counter communist influence through the provision of aid following the end of Rana rule. It then describes the panchayat regime that ruled Nepal for nearly three decades prior to 1990, with a focus on the nature of Nepali politics in the 1980s and the emerging relationship between NGOs and political parties under the panchayat. It argues that from the outset, NGOs were nearly always established along party political lines—beginning with the first human rights NGOs—and that it is impossible to understand the emergence of NGOs in Nepal without understanding their relationship to political parties, in particular the communist parties. These links were made at a specific political conjuncture—under the repressive panchayat system—that facilitated the convergence of interests between the parties and the NGOs. Despite very different origins, their relationship became based on shared assumptions about development priorities. These were significant questions for NGOs, but were decided by their partnership with donors. Both NGOs and the donors that supported them held three fundamental assumptions in line with neoliberal thinking: that the state is essentially incapable of addressing the needs of the poor and marginalised because it is

²² According to Whelpton (2005: 19), the monarchy was also a central institution throughout the medieval period, regarded as starting with the establishment of the Nepal Era in 879.

bureaucratic, detached and inefficient; that international assistance—and by extension NGOs—is indispensable; and that gradual reforms, mediated by the market, constitute the most effective development interventions. These were also significant questions for the Left, and in various ways, they arrived at similar conclusions.

2.1. Unification, integration and the 1950-51 revolution

The history of the Nepali nation-state begins in 1768 with the conquest of the Kathmandu Valley by Prithvi Narayan Shah, who ruled the small kingdom of Gorkha in central Nepal and eventually became Nepal's first king. Gorkha was one of many small principalities, itself dependent on borrowing sums of money from its subjects (Regmi 1999: 5) because it was unable to profit from regional trade due to its remote location. Prithvi Narayan ascended the throne in 1743 at the age of twenty and was a skillful political and military strategist (Whelpton 2005: 35), whose ambitions extended far beyond Gorkha. Prior to unification, the region was dominated by an assortment of petty kingdoms, the most significant of which were divided into two loose confederacies, the *baisi* [22] states of the Karnali region in the northwest, and the *chaubisi* [24] states of the Gandaki region, southwest of Kathmandu (2005: 23). Although the foundations for these statelets were culture and ethnicity, Joshi and Rose (1966: 4) argue that there were perhaps more rivalries within rather than between them. The formation of the two confederacies was preceded by the disintegration of the Khasa Empire in the 15th century, whose rulers adopted the title of Malla, but who were not related to the Newar Malla kings of the Kathmandu Valley, whose lineage can be traced back to Ari Malla, a new king who first used the title in the 12th century (2005: 21). The Newar Malla kings ruled the Kathmandu Valley between the 12th and 18th centuries, establishing it as an important political, cultural and economic centre. In 1482, on the death of one of the more prominent Malla kings, Yaksha Malla, the Kathmandu Valley was divided amongst his three sons, giving rise to the kingdoms of Kathmandu, Patan and Bhaktapur. According to Whelpton (2005: 35), the threat of a Gorkhali invasion was a factor in the chronic, internecine warfare between the kingdoms of the Kathmandu Valley and ultimately facilitated their conquest. After the capture of Nuwakot, a strategic town lying between Gorkha and the Kathmandu Valley, the Gorkhali asserted control over the profitable trade route between Tibet and Kathmandu; Prithvi Narayan took possession of strategic points in the area before finally declaring Kathmandu the capital of Nepal.

2.1.1. Gorkhali expansion

Mahesh Chandra Regmi (1999: 9), who wrote several seminal texts on Nepali economic history, argues that ‘it is possible to locate economic actors behind almost every step in the process of political unification’. After Prithvi Narayan imposed an economic blockade of Kathmandu Valley by obstructing trade routes, indigenous Newari merchants welcomed the Gorkhali conquest because the empire had the potential to form a centralised political administration that enabled them to diversify operations and renew trading links with Tibet. In addition to gaining control over the trade routes between India and Tibet, one of the principle objectives of Prithvi Narayan’s military campaign was to annex the Terai, the southern plains bordering India. Regmi (1999: 15) notes that the annexation of the Terai was ‘one of the most valuable among the territorial acquisitions of the Gorkhali government’ in the early 1770s. Prithvi Narayan continued to expand the Gorkhali Empire as far as Sikkim in the east and Himachal Pradesh in the west, until his death in 1775.

The Gorkhalis had also challenged Chinese suzerainty in Tibet between 1788 and 1792, without success (Joshi and Rose 1966: 3). Several years later, Bhimsen Thapa, who had come to power in 1806 and taken the title of *mukhtiyar* [guardian, prime minister], and whose father was a loyal soldier of Prithvi Narayan, provoked a border dispute with the British. This led to war between Nepal and the East India Company, beginning in 1814, and resulted in the loss of one third of Nepal’s territory (Sever 1996: 87). Whelpton (2005: 42) notes that ‘the Gorkhalis had the advantage of better knowledge of the ground and inflicted several reverses on the East India Company’s forces’. Brown (1996: 3) also observes that the British ‘found it difficult to break the experienced Gorkha army’, despite the Gorkhalis’ inferior weaponry. The situation decisively began to favour the British, however, when they captured Makwanpur, a strategic town close to Kathmandu (Sever 1996: 86). The Gorkhalis capitulated and negotiated an end to the war in 1816 with the signing of the Sugauli Treaty.

According to Sever (1996: 87), the signing of the treaty had several advantages for the British: territory along the western, southern and eastern borders of Nepal was annexed, preventing direct contact with the princely states of Lahore and Sikkim, which Nepal had ambitions to conquer; raw materials such as iron, copper and lead mines, forests and hemp; and a trade route through Tibet. Although the British later returned part of the Terai, the current boundaries of Nepal are more restricted than at

the apex of Gorkha imperial expansion (Joshi and Rose 1966: 3). The Sugauli Treaty not only put an end to Nepali territorial expansion but also to the economic development of the Terai, on which the future economic development of Nepal depended (Stiller 1976: 50). The aim of the British was not to absorb Nepal but to make it smaller and weaker, allowing it to serve as a reasonable buffer with China (Brown 1996: 3). Following the war, the British began recruiting Gorkha soldiers into the British army, so impressed were they with the prowess of the Gorkha soldiers (1996: 3).²³ The British were also granted rights to place a British resident in Kathmandu. Nepal had lost the war but retained formal independence.

The Gorkhali Empire established a political system in Nepal that was despotic and exacting on the population; the peasantry suffered enslavement, forced labour and over-taxation, amongst other burdens (Regmi 1995).²⁴ The land tenure system was such that peasants paid taxes and other gifts in kind to either the landlord or the state, which ultimately went towards the administration of the territory and military endeavours, but the ruling class did not concentrate its efforts on developing the economy. The decades following the Anglo-Nepalese war continued to be marked by rivalries amongst the various noble families that had rights to land and services conferred by the monarchy. Gupta (1964: 7) argues that ‘the prevalence of a powerful feudal nobility side by side the hereditary monarchy brought new complications and tensions in Nepalese political life’. Bhimsen Thapa emerged as ‘the strongest man of the kingdom’ (1964: 8), dominated political life until 1837 by persecuting all his opponents—particularly the rival Pande family—and established a system that reduced the monarch to a figurehead. Continued infighting, the alienation of sections of the nobility and the presence of the British resident Brian Hodgson, who ‘was as much interested in breaking Bhimsen’s monopoly over the royal palace as were the Pandes and their allies’ (1964: 10), eventually brought about Bhimsen’s downfall; he was imprisoned and committed suicide in 1839. Old political disputes immediately returned, but none of the families were powerful enough to restore stability, including

²³ The word ‘Gurkha’ came to be accepted in English, but is a corruption of Gorkha. The Gurkhas continue to serve in the British Army today.

²⁴ Stiller (1976: 289) writes that ‘the cry that went up from village Nepal was a cry of pain and a cry of protest against official indifference to the lot of village Nepal’. He argues that ‘the system itself rested on the shoulders of the farmers, who were the true producers of the wealth of the nation’ (1976: 290). Although villagers complained about rents, taxes and injustice the burden grew progressively heavier, and ‘there was little the farmer could do but endure’ (1976: 290).

Mathbar Singh Thapa, Bhimsen's nephew, who succeeded him as prime minister in 1843. Stability amongst the aristocracy remained elusive until Mathbar was treacherously murdered by his nephew two years later, likely with the help of Queen Lakshmidēvi. The murderer was Jung Bahadur Kunwar, who then proceeded to take advantage of the unrest. With the help of his brothers, he orchestrated the slaughter of all the leaders of the rival families in what became known as the infamous Kot massacre, which took place in the *kot* [armoury] of the palace in Kathmandu in 1846. According to Whelpton (2005: 46), 'the families and followers of the dead, some 6,000 in all, were expelled from the country', leading to a dictatorship that was to last more than a century.

2.1.2. The rise of the Rana regime

The rise to power of Jung Bahadur, who adopted the title of prime minister, was one of the most significant events in Nepali history. Jung Bahadur entrenched himself firmly in power by crushing all opposition, securing recognition from the British and procuring a royal order that usurped all rights of the monarchy. The royal order conceded all important state positions to Jang Bahadur and his descendants in perpetuity, gave them the power to appoint or dismiss public servants, declare war or peace with foreign powers, inflict punishment or death upon subjects and repeal, amend or frame laws (Gupta 1964: 12). Jang Bahadur also secured himself the position of Maharaja of Kaski and Lamjung in order to raise the social status of his family from the Chhetri caste to that of royalty. The family took on the name Rana and instituted a policy of intermarriage with the Shah royalty, which according to Brown (1996: 5) was crucial because it 'entwined the fates of the two families' and put them on a par with the Shahs. The custom of intermarriage is still intact today. The Ranas also neutralised the monarchy by supervising the upbringing of future monarchs and introducing them to a life of debauchery from a young age in the hope that they would become uninterested in, or incapable of, interfering in politics (1996: 5). Finally, the king was projected in the public imagination as the reincarnation of Vishnu, a Hindu god, in order to undermine any potential political role. The Rana dynasty undoubtedly brought forth a long period of stability in government, but intrigue and tension continued to dominate within, costing the political and economic development of the country. Joshi and Rose (1966: 39) argue that 'no peaceful protest or dissent was possible, and internal changes within the Rana system could take place

only through coups and conspiracies'. Given the state of uncertainty about the future, everyone from the top of the regime to petty officers set about amassing as much wealth as they could. Consequently, 'in its later stages, the Rana administration became an instrument of systematic loot and oppression' (Gupta 1964: 16), treating the state treasury as the private property of the regime.

State revenues from taxation and the sale of natural resources such as timber were spent on a combination of unproductive goods—palaces and imported luxuries—and investment in Indian industry (Blaikie *et al.* 1980: 37), which helped ensure the Ranas maintained good relations with the British. The Ranas needed the British as allies in order to prevent opposition to Rana rule from being cultivated by exiles in India; for the British, the Ranas were useful because they allowed unrestricted import of British goods into Nepal and they sided with British imperialism. During the Indian Mutiny in 1857, Jang Bahadur himself led a large force into battle to capture Lucknow from the rebels (Whelpton 2005: 46). It was during the Rana period that the Nepali economy became increasingly integrated into 'the capitalist-dominated economy of India, even if the effects of such integration were modified by the interests of a landowning class' (Blaikie *et al.* 1980: 37) that saw no advantage in capitalist development in Nepal itself. For the Ranas, the development of industry would create the conditions for the formation of organisations that could lead to increased consciousness amongst workers and demands for a redistribution of political and economic power (Lohani 1973: 205). Rather, the Ranas were interested in maintaining the system of granting land to themselves and to servants of the regime – sharply dividing the regime as a class of landowning elites (and the intermediary class below them) and the masses, which consisted mainly of the peasantry (Gupta 1964: 17). They also attempted to prevent the growth of opposition by forbidding education to the masses and punishing those who dared leave in search of education and other opportunities (1964: 18).²⁵ From the turn of the 20th century, however, ideas about social and political change—taken from the independence movement in India—began to be adopted by a tiny middle-class opposition in Kathmandu.

²⁵ Joshi and Rose (1966: 47) describe how when Deva Shamsher, a Rana prime minister with unusually liberal views, attempted to establish elementary schools and charitable organisations when he came to power in 1901, he was forced to abdicate at gun point by his younger brothers and then banished to Dhankuta district in eastern Nepal. Chandra Shamsher Rana, who led the coup, then took his place as Nepal's fifth Rana prime minister and ruled until 1929.

2.1.3. The fall of the Ranas

There are few legacies that the Ranas are remembered for other than inflicting misery on the vast majority of the population. But during their century of rule, Nepal was not completely stagnant. Limited economic modernisation took place in the form of monetisation, the establishment of official trade and the construction of several factories. Chandra Shamsheer Rana formally abolished slavery and *sati*, and systematised public administration (Whelpton 2005: 64).²⁶ But with mounting dissatisfaction with British rule in India and growing consciousness amongst Nepalis about the need for political change, the Ranas could no longer continue to rule as before. Exposure to the Indian nationalist movement led many Nepalis to believe that the fall of the Rana regime could only be accomplished with the elimination of British rule in India, since the British had become a bulwark for Rana power (Brown 1996: 15; Joshi and Rose 1966: 50). Nepalis began to participate in the *satyagraha* movements of the 1920s and 30s in India and were trained in the methods of mass movements (Joshi and Rose 1966: 50).²⁷ In 1936, activists and intellectuals formed the underground *Praja Parishad* [People's Council], attempting to assassinate top Ranas. The plot was exposed by an informer and three leading members were executed, but this only increased resentment against the regime (Whelpton 2005: 67). The eventual success of the civil disobedience movement in India instilled fear in the Ranas, and as Brown (1996: 14) notes, 'it is difficult to overestimate the impact of the movement upon Nepal's modern political life'. They initiated a series of ostensible reforms—including the establishment of a basic education system based on Gandhi's model in 1947 (Joshi and Rose 1966: 53) and the introduction of a new constitution in 1948—but could not prevent the expansion of anti-Rana political organisations (Rawal 2007: 35).²⁸ It was becomingly increasingly clear that the strength of political opposition to imperialism in India was intimately bound up with the prospects for a resistance movement in Nepal.

There were two other factors that defeated the Ranas. First, the participation of Gurkha soldiers in World Wars I and II had exposed them to the outside world, and a

²⁶ Known across the Indian subcontinent, *sati* is the practice in which a recently widowed woman immolates herself on the funeral pyre of her husband.

²⁷ Literally meaning 'insistence on truth' *satyagraha* is the Gandhian principle of non-violent resistance as a method to achieve political and social reforms, and was used to oppose British rule from 1919.

²⁸ Brown (1996: 17) notes that the 1948 constitution was 'positively revolutionary' in Nepali terms because certain rights such as freedom of speech were enshrined within it for the first time.

small but significant number of Gurkhas became fiercely anti-Rana.²⁹ Attempting to prevent veterans from spreading modern ideas in the villages, the Ranas requested the British not to promote Gurkha recruits beyond the rank of sergeant, and enforced caste purification rituals on the Gurkhas when they returned from fighting (Joshi and Rose 1966: 52). Many Gurkhas refused to be repatriated to Nepal, preferring instead to settle in India; a number of them joined the movement against both British imperialism and Rana rule. Second, divisions amongst the Ranas themselves, particularly after the death of Jang Bahadur in 1877, hastened the demise of the regime. When Chandra Shamsher imposed a categorisation amongst the Rana family, which had grown to hundreds of male members who were eligible for the post of prime minister, this excluded sections of the Rana elite and created further bitterness.³⁰ Various defectors played prominent roles in the 1950-51 revolution (Joshi and Rose 1966: 49). The decisive factor, however, was the Quit India Movement initiated in 1942 and its impact on Nepali activists and intellectuals. The participation of Nepalis in the Indian movement created an anti-Rana movement within Nepal, however limited, that could not be ignored by the Ranas. Furthermore, as Gupta (1964: 49) argues, the survival of the Ranas ‘had depended on the submission of the subjects to medieval methods of oppression. But once the idea of defiance entered the public mind, the Rana system collapsed like a house of cards’.³¹ The Ranas had not only lost the political support of an imperialist power but the domestic public was beginning to disregard their authority. The monarchy itself would suffer a similar fate some decades later.

The movement in India also facilitated the creation of the Nepali National Congress in 1947—later becoming the Nepali Congress when it merged with the Nepal

²⁹ Over a hundred thousand Nepalis fought in the First World War for the British, with at least 10,000 killed and another 14,000 wounded or missing (Whelpton 2005: 64). Hundreds of thousands also fought in the Second World War in Africa and Europe, again for the British (Joshi and Rose 1966: 57).

³⁰ In 1856 Jang Bahadur had instituted a Roll of Succession whereby the eldest male member of the family would become prime minister; names were ranked on the roll by seniority, and titles and posts in the army and administration were allocated accordingly, although there was a degree of flexibility. In 1920, Chandra Shamsher modified the roll: ‘A’ class Ranas were born to mothers of equal caste status; ‘B’ class to those of a lower caste than the Ranas and ‘C’ class Ranas were illegitimate sons. The latter two classes were eventually struck off the roll altogether (Whelpton 2005: 65). For a detailed account of the Roll of Succession see Sever (1996).

³¹ Gupta (1964: 50) notes how Mohan Shamsher Rana failed to appreciate the significance of the nationalist movements taking place elsewhere in the world, refusing ‘to believe that the newly awakened aspirations for democratic rule and national independence could also overtake his country’.

Democratic Congress in 1950—and the Communist Party of Nepal (CPN) in 1949.³² The Ranas were surrounded: the post-1947 government in India (the powerful Indian National Congress), detested the Ranas because they had supported British imperialism; the Nepali monarchy, which had been deposed by the Ranas, also wanted the dissolution of the regime; the international community was becoming impatient with Nepal's trade barriers and concerned about potential communist influence from China; and various Nepali political parties, with a growing base of support, were being founded calling for democratic reforms. Out of the Nepali Congress also came the underground *Mukti Sena* [Liberation Army], which was making preparations for abducting King Tribhuvan and instigating a revolt in the army by disaffected Ranas. Over 3,000 Indian activists had joined the *Mukti Sena* and it had 'secured control of a significant portion of Nepal' (Brown 1996: 20), but only had reluctant support from Delhi, which did not want to see a civil war on its northern border; for Delhi, the *Mukti Sena* was not to overthrow the Ranas (1996: 18).³³ Indian interests lie elsewhere: with Chinese communism so close to India's border, they realised they needed to replace Rana rule but also needed to prevent a revolution. The Nepali Congress could not be trusted since they had been willing to work with the CPN, which had growing support. Plans for the mutiny were foiled and arrests were made, but on 6 November 1950 King Tribhuvan and his entire family—with the exception of 4-year-old Gyanendra who was left behind to avoid suspicion—took refuge in the Indian Embassy before being flown to Delhi.³⁴ India's intervention in the crisis was pivotal and established a troubling precedent: Indian interests were paramount in Nepali political affairs.

What became known as the Delhi Compromise involved the Indian government, the Ranas and King Tribhuvan—the Nepali Congress was not involved in the talks until the final phase, but 'was in no position to ignore the talks or to indulge in hard-headed

³² The Nepal Democratic Congress was initiated by disaffected 'C' class Ranas who were committed to overthrowing the Rana regime dominated by 'A' class Ranas. Violence was not ruled out in achieving their aims (Joshi and Rose 1966: 68-69).

³³ Constituting an assortment of students, ex-soldiers and mercenaries, the rebellion launched by the *Mukti Sena* 'spread from village to village in the form of loot, arson and stray murder of *zamindars* [landowners] and moneylenders' (Gupta 1964: 44). The *Mukti Sena* had fought several battles with the Rana army until they were defeated by the state's superior military strength, the *Mukti Sena*'s own lack of co-ordination and its inability to procure sufficient arms and ammunition (1964: 45).

³⁴ Watched carefully by the Ranas, who were becoming increasingly suspicious of his possible links with the anti-Rana movement, King Tribhuvan was kept a virtual prisoner in his palace and feared for his safety (Gupta 1964: 43). He decided to flee.

bargaining once invited to the negotiating table' (1996: 19). A tripartite, power-sharing coalition government was formed, with the Nepali Congress providing the necessary democratic credentials and the Ranas providing a measure of stability. The Ranas had to accept the compromise, partly to protect extensive investments in India (Rose 1971: 285), and partly to avoid total humiliation. The situation suited the Indians because it meant the king was indebted to India for having restored the monarchy. The Indians could also extend support to the *Mukti Sena* in order to put pressure on the regime when Indian interests were threatened. For example, when Mohan Shamsher Rana—the last Rana prime minister in power—attempted to establish diplomatic relations with other countries, the Nehru government extended its support to the *Mukti Sena* (Gupta 1994: 3191). In the domestic context it was King Tribhuvan who came out on top, triumphantly returning to Kathmandu on 18 February. In contrast to the Ranas, who were discredited, and the Nepali Congress, which was inexperienced, the monarchy was unencumbered with past failures and could not be blamed for Nepal's chronic poverty and backwardness (Brown 1996: 21). Although it lacked a power base it had a prestige that could be developed.

The events of 1950-51 effectively brought about the end of Rana rule, but whether it constituted a revolution is a matter of debate. Brown (1996: 21) notes that 'the overthrow of the Ranas was not secured by a popular movement. It did not unite the Nepali people in the cause of democracy. It was not even a bourgeois revolution'. Mikesell (1999: 94) similarly argues that 'it was neither a revolution in the sense of a major rearrangement of the class organisation and control of the society nor the creation of democracy'. This is disputed by Gupta (1964: 45), who argues that spontaneous demonstrations broke out in Kathmandu that could not be suppressed by the Rana police. Sever (1996: 147) also refers to the events of 1950-51 as a revolution, noting the rise of popular unrest from the late 1940s. What is certain, however, is that it loosened the grip of absolute Rana rule and made the transition to a new political set-up more gradual and palatable for the former ruling elite. While it failed to mark any fundamental socio-economic change, it did replace the old ruling order and opened the space for democratic forms to emerge and consolidate; as such,

it could be described as a ‘revolution from above’.³⁵ Nepal slipped from one kind of dictatorship to another with relative ease, and India continued to play a central role in Nepali affairs, preventing Nepal from extending its relations with other countries or pursuing an independent foreign policy.³⁶ An independent Nepal—in terms of foreign policy, diplomatic relations, arms procurement, security, and business and trade links—was always a problem for Delhi because of Nepal’s strategic location as a buffer with China and because of concerns over the spread of communism southwards. India supported King Tribhuvan because it had a reliable ally (Gupta 1994: 3191). Putting in place the Nepali Congress after King Tribhuvan’s death was logical because of the Nepali Congress’ political ties with the Indian National Congress and because it could be persuaded to adopt economic policies that meant increased reliance on India.

2.2. The emergence of the communist movement in Nepal

The two most significant political events that influenced the development of communism in Nepal were the independence movement in India and the Chinese revolution of 1949 (Rawal 2007: 30; Tewari 2001: 48; Khadka 1995: 56). While the revolutionary upheaval in China was relatively far-removed from the communists in Nepal, the Indian experience had a more direct impact. With the growth of educational institutions in northern India in the early 20th century, many young Nepali students began to study in India, particularly from the 1930s. They quickly became influenced by the ideas of the Indian communists, who were operating in a relatively open political environment compared to Nepal. Based in Calcutta, Darjeeling, Varanasi and elsewhere, they began to participate in various groups and study circles that explicitly professed socialist ideas. Varanasi in particular became a focal point for Nepali intellectual activities (Tewari 2001: 8). Following the participation of Man Mohan Adhikari, Pushpa Lal Shrestha and others in the Biratnagar Jute Mill strike in 1947, they returned to Nepal as young leaders looking for an opportunity to form an organisation that could provide the basis for launching a struggle against the Rana

³⁵ Joshi and Rose (1966: vii-viii) also note the renaissance in the sphere of literature, the massive expansion of educational facilities and the impact these had on innovation and experimentation amongst the new elite following the revolution. At the same time, they do not deny the continuity between pre-1951 and post-1960 politics.

³⁶ According to Gupta (1994: 3192), ‘India had become active in fuelling the movement for the restoration of democracy for the second time in 1990’ over suspicions of Nepal developing an independent foreign policy, this time with China, as will be discussed in Chapter 3.

regime (Upreti 2009: 15).³⁷ One of the debates amongst communist intellectuals at the time was over whether to form a left group within the Nepali Congress or to establish a separate communist party. Bhim Rawal (2007: 24), a UML central committee member who has written one of the few key texts on the history of the communist movement in Nepal, notes that ‘due to prejudice against communists within [the] Nepali Congress’, Pushpa Lal and other senior figures decided that a separate party should be formed. The CPN was established on 15 September 1949 in Calcutta with the advice and financial support of the Communist Party of India (CPI).³⁸ The main objective of the party was to participate in the popular movement against the Rana dictatorship, together with the Nepali Congress.

In the early days of the anti-Rana movement, joint struggle amongst the newly formed political parties was relatively more straightforward because leftists of varying ideologies had joined both the Congress and the CPN (2007: 33) and activists across the political spectrum were increasingly aware that no democratic government could be established in Nepal without a struggle in India. Like the CPN, the origins of the Nepali Congress were anti-imperialist. In October 1946 a group of Nepali youth in Varanasi had formed the *Akhil Bharatiya Nepali Rastriya Congress* under the leadership of B.P. Koirala; its founding conference was held in January 1947, when two other organisations—the Nepali Sangh and the Gorkha Congress—joined it, forming the Nepali National Congress. The newly established organisation adopted four broad resolutions: helping India to obtain full independence from Britain; launching a *satyagraha* to end Rana rule; demanding the release of *Praja Parishad* leaders who had been in prison for several years; and finally, supporting the cause of the Vietnamese people against the French (Gupta 1964: 166). From the outset, the

³⁷ The Biratnagar Jute Mill strike was a momentous event in Nepali history because it brought both Congress and communist activists together in joint struggle; but it was also the beginning of wider resistance to Rana rule. According to Tewari (2001: 70), it began as ‘an economic struggle of the working class projected from India’, because the Indian left had helped to initiate it and most employees at the mill were Indian. When the Ranas repressed the strike with police violence and mass arrests, it had repercussions across Nepal (Chatterji 1967: 39): the strike moved beyond the confines of trade unionism and joined the mainstream of the democratic struggle. In 2012, the Maoist-led government decided to revive the loss-making Biratnagar Jute Mill and hand it over to private companies. See http://www.myrepublica.com/portal/index.php?action=news_details&news_id=34148 (last accessed on 23 April 2012).

³⁸ Pushpa Lal Shrestha, along with Niranjana Govinda Vaidya, Nara Bahadur Karmacharya, Narayan Bilash Joshi and Moti Devi, are generally considered to be the founder members of the party (Rawal 2007: 25; Upreti 2009: 15). Pushpa Lal translated into Nepali the first edition of the *Communist Manifesto* by Karl Marx and Friedrich Engels in April 1949 (Karki and Seddon 2003: 6), amidst a rapid expansion of Marxist literature in the late 1940s in Kathmandu (Rawal 2007: 34).

Nepali National Congress understood that for the anti-Rana movement to advance, it would have to form an integral part of the Indian nationalist movement against the British (1964: 166). It also sought to make links with other nationalist movements. The resolution to launch a *satyagraha* included demands for civil liberties, and reaffirmed the call for the release of all political leaders and the end of the Rana regime (Tewari 2001: 73). When it took place in April 1947, the *satyagraha* supported the striking mill workers of Biratnagar and took the form of rallies and processions, defying prohibition orders in Kathmandu. It was withdrawn in June when the Ranas declared the granting of limited civil rights (2001: 73). In practice, however, these were only superficial reforms and the repression of the Mohan Shamsheer government continued (Gupta 1964: 169). In April 1950 at a conference in Calcutta, the Nepali National Congress merged with the Nepal Democratic Congress, a party that was created in 1948 with substantial financial backing from 'C' class Ranas calling for a Constituent Assembly (CA) to be elected on the basis of universal adult franchise (1964: 168). The Nepal Democratic Congress advocated the use of force, but also realised the need for popular support to overthrow the Ranas. Together they formed the Nepali Congress, with the aim of replacing the Rana regime with a constitutional monarchy based on popular, democratic rule.

Compared to the CPN, the Nepali Congress comprised various sectors and classes of society, ranging from wealthy Ranas, landowners and small businessmen to intellectuals, students and poor peasants (1964: 185)—all those who wanted an end to the Rana system. Although the Nepali Congress was publicly committed to a non-violent movement, in September 1950 it adopted a programme of revolutionary armed struggle against the Ranas (Tewari 2001: 95) and secretly commissioned the organisation of the *Mukti Sena*. Led by K.I. Singh, it had made progress in capturing key towns in the Terai before being defeated and becoming a spent force (Gupta 1964: 44). The ultimate ascendancy of the Nepali Congress was due not to the armed struggle but primarily to the popular upsurge that followed in the wake of the insurrection (1964: 45). But the Nepali Congress also had its share of problems. First, following the revolution, it was faced with growing opposition to its association with the Ranas in government; to address this issue B.P. Koirala took the decision to reorganise the *Mukti Sena* into a people's militia, to be called the *Raksha Dal*, in order 'to counterbalance the military threat of the Ranas' (1964: 64). Second, the Congress'

pluralism meant that it was constantly fraught with personal and ideological divisions. When it began to take more polemical positions—against the monarchy and against India in particular—it began to build a national presence; several smaller organisations joined the Congress and it began to recruit (1964: 176). It claimed to be a socialist party, perhaps because its main support base was the peasantry in the eastern Terai following the revolution; nevertheless when it held its sixth congress in 1956, declaring that it had made mistakes in failing to utilise the revolutionary possibilities of the period (1964: 176), it officially adopted democratic socialism—similar to Nehruvian socialism in India (Whelpton 2005: 94).³⁹ But the Congress could not fulfil the demands of both peasants and wealthy landowners. Third, the law and order situation began to deteriorate outside the capital; in the east, there was a complete lack of authority. Meanwhile, the Congress and the CPN were becoming increasingly polarised.

2.2.1. Early years of the CPN

The CPN was active in the movement against the Rana regime since its formation. Following the tactical line of the CPI, the CPN had recognised that the national leadership in India had a ‘collaborationist character’ (Gupta 1964: 200) that was susceptible to being influenced by imperialist forces and, as such, could not be trusted; it began to organise amongst peasants and workers and held that peace in Nepal would require more than the overthrow of the Ranas (1964: 200).⁴⁰ The CPN was also conscious of the fact that the Delhi Compromise had been engineered to diffuse the anti-Rana movement and prevent the growth of the communist movement in Nepal (Rawal 2007: 39). It publicly criticised the pact and declared that the Nepali Congress had betrayed the revolution (Hachhethu 2002: 35). One of the main policy aims of the CPN was to minimise Indian influence and strengthen relations with China (Khadka 1995: 57); to that end it called for the defeat of national feudal lords,

³⁹ B.P. Koirala had been a probationary member of the CPI but according to Hoftun *et al.* (1999: 234) ‘found communism insufficiently humanist and was particularly repelled by Stalin’s treatment of Trotsky’. In the late 1950s, the Nepali Congress was known to have organised poor peasants in opposition to landlords and moneylenders (Whelpton 2005: 98). In 1989, it joined the Socialist International, an international NGO of social democratic and labour parties around the world, and in 1999 became a full member.

⁴⁰ The CPN followed the CPI despite its controversial history. Established in 1935, the CPI was banned shortly after its formation and worked within the Congress Socialist Party (CSP), a faction within the Indian National Congress that led the Quit India Movement; the CPI broke with the CSP in 1942, opposing support for Britain in the Second World War (Tewari 2001: 48). The CPI later backtracked on this position but nevertheless welcomed independence in 1947.

Indian capitalists and imperialist forces (Gupta 1964: 63). But the CPN also suffered from a lack of ideological clarity. On the one hand it wanted to establish a peace movement, and set up the All Nepal Peace Council; on the other, it was actively involved in the armed *Raksha Dal*, whose ranks were filled with growing unrest and disillusionment. In January 1952, the *Raksha Dal* stormed parliament to release K.I. Singh, who was arrested for being involved in the disturbances in the east. Singh not only managed to capture parliament, but also the treasury, the arsenal, the airport and Nepal's only broadcasting station (1964: 69). The revolt was put down after intense fighting over several days, and Singh fled to China. King Tribhuvan subsequently called a state of emergency and banned the CPN for its involvement in the revolt, forcing it to organise underground, where it continued its activities by infiltrating other organisations and intensifying its work among agricultural labourers (1964: 202). The ban was only lifted in 1956 by the Nepali Congress government headed by Prime Minister Tanka Prasad Acharya on the condition that the communists accept the principle of constitutional monarchy.

Although the CPN was the biggest communist party, from its inception the communist movement itself was divided into at least twenty factions (Khadka 1995: 58). The question of the monarchy would burden the communist parties for over half a century—until the abolition of the monarchy in 2008—and was a major source of division within the movement, between those who believed it could be abolished gradually and through democratic means, and those who were pushing for agitation to secure its immediate overthrow. There was also the question of whether and on what basis to work with the Nepali Congress. Gupta (1964: 208-209) argues that if the communists had 'extended even a limited measure of support to B.P. Koirala's policies on the basis of a broad front of democratic elements to fight autocracy, it would have been more difficult for the king to dismiss the elected government in 1960. Indeed the parties had failed to come together in the aftermath of the 1960 coup, and again before the 1980 referendum, but when they finally did join forces they created the conditions for revolution, first in 1990 and then in 2006; both were critical turning points in Nepali history.

The first congress of the CPN was held underground, in 1954. Man Mohan Adhikari was elected general secretary, and the party adopted the programme of a republican

constitution and elections to a Constituent Assembly. The CPN had taken a clear stand against the monarchy. But when the ban was lifted, ‘reformist’ and ‘revolutionary’ factions within the CPN emerged, with the former giving tacit support to Prime Minister Acharya and instructing lower level cadres to follow the programme of the Nepali Congress, and the latter maintaining the position that there could be no compromise with the monarchy (Rawal 2007: 48; Gupta 1964: 204). A second congress was held in 1957 in order to resolve these differences, and Keshar Jung Rayamajhi was elected general secretary. Rayamajhi had adopted a far more moderate approach to left politics, serving to deepen ideological divisions within the party: the earlier demand for a Constituent Assembly was rejected in favour of strengthening parliament under a constitutional monarchy. According to Rawal (2007: 52), Rayamajhi also claimed that ‘it would be unwise to talk about socialism without industrial development’. This perspective was subsequently emphasised and upheld as the dominant communist line in Nepal, even amongst the more radical parties, but it would have damaging consequences for the movement.

There were also divisions about whether to participate in the country’s first general elections scheduled for February 1959. In June 1958 the CPN took the decision to participate, but internal disagreements had already sharpened enough to prevent it from becoming a strong political force (Gupta 1964: 206); the party began to focus on electioneering rather than developing the broader struggle for communism (Rawal 2007: 55). The CPN won only 4 out of 109 parliamentary seats. Khadka (1995: 57) notes that one of the reasons for the poor results was the weak party structure in the rural areas; the party had taken a decision in the early 1950s to focus on issues that could provoke discontent in the capital—despite the fact that 97 per cent of the population was living outside Kathmandu—and membership was drawn mainly from the urban population. Gupta (1964: 207) cites three other reasons for the poor results: the CPN continued to lack ideological clarity in its programme, and therefore failed to communicate its perspectives; disagreements amongst the leadership prevented the party from organising an election campaign on a national scale; and, the party lacked the necessary finances for a convincing campaign. The oppositional politics of the CPN in parliament made negligible impact on the masses.

2.2.2. Factionalism amongst the communists

When King Mahendra took absolute power in 1960, the CPN became further divided between those who supported the takeover and those who took a stand against it, calling for a united struggle against the panchayat regime. Polarisation within the CPN was aggravated by ideological differences between the Soviet Union and China, and the Sino-Indian war of 1962, at which point the party formally split into two main camps (Khadka 1995: 58). The pro-Soviet Union group, led by Rayamajhi, recognised the USSR as the international centre of the communist movement in the belief that China had abandoned Marxism-Leninism. Rayamajhi's group eventually split four ways in 1979, rejecting Maoism but unable to emerge as an alternative to the pro-China group. The pro-China group was also divided into several factions, between the moderate majority—the first generation communists who participated in the 1959 elections and believed that armed struggle was not the only way to power—and those who advocated taking up arms. One of the factions held its third congress in 1966, and Tulsī Lal Amatya was elected general secretary. A programme of national democracy was adopted and, crucially, the concept of armed struggle was rejected as 'adventurism' (Rawal 2007: 73). The third congress marked a turning point, where political differences within the CPN went beyond reconciliation, becoming permanently divided between those supporting a parliamentary approach, and those arguing for armed struggle.

Pushpa Lal formed a separate group in 1968 in an attempt to restore the revolutionary vision of the party and forge unity amongst left forces. The aim of establishing a 'people's democratic republic' was the main goal, and to this end Pushpa Lal had consistently advocated tactical alliances with the Nepali Congress (Whelpton 2005: 106). The party expanded its presence from 10 districts to 42 districts, established several front organisations within Nepal and gained support amongst sections of the Nepali diaspora, particularly in India. Its peasants' organisation grew to a membership of over 30,000 (Rawal 2007: 79). The question of whether to engage in armed struggle remained a matter of dispute, but the uprising in the Indian town of Naxalbari in 1967 had already inspired a section of communists—against Pushpa Lal's line—across the Nepali border in Jhapa. Working under the East Koshi Provincial Committee, the Jhapa District Committee of the CPN consulted and obtained support from the Communist Party of India (Marxist-Leninist) to launch an armed struggle.

On 22 April 1971, they took up arms in order to ‘annihilate class enemies’ (Rawal 2007: 91). The Jhapa rebellion had the twofold aim of organising peasants and killing local landlords, and the first killings took place in May 1971. It was quickly and brutally suppressed by the government, hundreds were arrested, including R.K. Mainali, C.P. Mainali, K.P. Oli and several other leaders. There was still no clear party line on the question of armed struggle but it had provoked a debate across the political spectrum. Pushpa Lal claimed that the panchayat would not be abolished by targeted killings, while Man Mohan Adhikari condemned the government’s repression. B.P. Koirala of the Nepali Congress called for a political analysis of the Jhapa uprising and praised the rebels for their selflessness, self-sacrifice and devotion to the revolution (2007: 94). Predictably, King Birendra reproached the communists for the revolt, but it was the Nepali Congress—not the communists—that was regarded as the main threat to the regime during the 1960s and 70s (Whelpton 2005: 106). By 1972 Pushpa Lal’s party split three ways (Khadka 1995: 59). Pushpa Lal died in 1978 and was succeeded by his wife Sahana Pradhan.

According to Rawal (2007: 92), the rebels in Jhapa criticised all other communist leaders for being ‘revisionists’ and praised the political line Charu Majumdar, the general secretary of the Communist Party of India (Marxist-Leninist), formed in 1969. The Jhapa movement then established the All Nepal Communist Revolutionary Coordination Committee (Marxist-Leninist) in 1975, in an attempt to build a united communist party and movement in the country. It proposed a number of pre-conditions for the basis of this unity: the acceptance of Mao as the world authority on revolution; agreement that the conditions for revolution were uneven across the country; that armed struggle was necessary for capturing state power at local level, and that this struggle was to follow Charu Majumdar’s line of ‘annihilation of class enemies’ (2007: 95). The co-ordination committee, however, later became divided over the application of Mao’s strategy in Nepal, and on the question of whether to call for a Constituent Assembly. Nevertheless, it was the Jhapa rebels who would go on to form the nucleus of the Communist Party of Nepal (Marxist-Leninist). Although at least a section of the CPN (ML) was committed to guerrilla warfare, the death of Mao in 1976 led the party to abandon these tactics (Khadka 1995: 64). Mohan Bikram Singh, a prominent communist leader who had been arguing for a Constituent Assembly since 1961 (1995: 60), then broke away from the committee and formed the

Communist Party of Nepal (Masal). Masal subsequently split into five separate factions, including one called Mashal. Mashal was to form the embryo of the CPN (Maoist) that launched the People's War.⁴¹

The debate amongst the communist parties in the 1970s and 80s was over the kind of strategy that was needed for overthrowing the panchayat regime (1995: 60). According to Khadka, factionalism amongst the parties was not due to the incompatibility between communism and democracy but the lack of a strong leadership (1995: 56). While the original CPN was in disarray, different left groups were merging with CPN (ML), which was heavily involved in organising the student movements in 1972 and 1979.⁴² The party reorganised itself in 1982, and Jhala Nath Khanal was elected general secretary. Declaring itself to be the original CPN, it held its fourth congress in 1989, and Madan Bhandari was elected general secretary. Meanwhile, Sahana Pradhan held talks with Man Mohan Adhikari in 1987 and decided to form a new party called CPN (Marxist). Early in 1990, the CPN (Marxist) and the CPN (ML), together with five other communist groups and the Nepali Congress launched the Movement for the Restoration of Democracy, the mass campaign that eventually abolished the panchayat and ushered in multiparty democracy. The communist coalition operated under the banner of the United Left Front (ULF). The success of the first *jana andolan* [people's movement] facilitated the subsequent merger in 1991 of what had by then become the two main communist tendencies, the CPN (ML) and the CPN (Marxist), into what is today known as the CPN (Unified Marxist-Leninist) or UML.

2.3. Geopolitics, anti-communism and the use of NGOs

From the late 1940s the debate about foreign aid in the US was linked to the leverage that aid could have in realising strategic interests, and aid has figured heavily in US foreign policy since the Second World War. American liberalism was founded on the principle that the market is not only efficient but also fair; if a country was poor it was due to ignorance—either a lack of initiative or capacity (Augelli and Murphy 1988: 76). Consequently, addressing poverty meant finding the correct technical solutions.

⁴¹ The origins of the CPN (Maoist) are discussed in more detail in Chapter 5.

⁴² Today the student wing of UML is far ahead of its parent organisation in its involvement in campaigning, particularly in the demonstrations in the run-up to the 2006 democracy movement. This view is based on personal observation and from interviews with UML student leaders and activists.

The need to spread the scientific advances and industrial progress of the US through technical assistance was defined in the Truman Doctrine of 1949.⁴³ Economic prosperity in the US was at its height following the war, and opening the markets of developing countries could guarantee continued prosperity. But since communism was an obstacle to liberalisation, aid also had to be used to fight communism (Veltmeyer and Petras 2005: 121). In the 1960s and 70s, USAID increasingly turned to NGOs to deliver aid.

2.3.1. The US and anti-communist strategy

The effective overthrow of the Rana regime in 1950-51 combined with the perceived threat of communism following the Chinese Revolution led the US to establish a presence in Nepal, even before Russia and the regional powers India and China. Khadka (1995: 66) notes that all four countries ‘were conspicuously present through their aid programmes’ in Nepal, and this presence inevitably influenced the development of the communist movement.⁴⁴ The US was one of the first foreign donors in general to use aid in a systematic way in order to achieve its foreign policy objectives (Khadka 2000: 77), and was Nepal’s first bilateral donor (Skerry *et al.* 1992: 1). Khadka (2000: 77) argues that there were two primary reasons for the US initiating the General Agreement for Technical Co-operation with Nepal in January 1951: the growing popularity of communist parties in South Asia in general and Nepal in particular, and the grinding poverty found across Nepal. But the question of poverty, arguably stemming from a century of neglect by the Rana dictatorship and weak governance following the rise to power of the nascent political parties, was also linked to the US’s overall anti-communist offensive.⁴⁵ Creating the economic conditions that could prevent the spread of communism was a major pillar of the US aid programme ‘from the time of President Truman until the collapse of communism in 1990’ (2000: 82). That Nepalis had overthrown the Rana regime was evidence that

⁴³ In his inaugural speech in 1949, US President Harry Truman spelled out this new doctrine. He claimed that ‘for the first time in history, humanity possesses the knowledge and skill to relieve the suffering’ of the poor, and that it was the responsibility of the US to ensure greater production, through scientific and technical knowledge, as ‘the key to prosperity and peace’ for the whole world (cited in Rist 2002: 259-260).

⁴⁴ The Soviet Union ended its aid programme in Nepal in 1972 (Khadka 2000: 86), which in part led to a decline in US aid (Khadka 1997: 1053).

⁴⁵ The US government would have been aware, for example, of Indian socialist leader Jayaprakash Narayan’s letter to Jawaharlal Nehru commenting on the increased political consciousness of Nepalis, who were turning to communism and becoming increasingly anti-Indian (Tewari 2001: 104).

they wanted a change in their living conditions, reasoned US officials; but secondly, the US believed that aid could prevent people from turning to communism to address social problems, and prevent Nepal from becoming a focal point for communist activity. If aid could help Nepal experience rapid economic growth, it would be able to repel any communist influence from either China or the various communist groups in India, and even the Soviet Union.

The US did not have direct security interests in Nepal, but the country was deemed vulnerable to communism due to colossal levels of poverty and inequality, particularly outside urban areas. Mihaly considered the greatest threat to stability to be the ‘vulnerability of the peasantry’ (1965: 31) to communism. Quoting a House Committee on Foreign Affairs report from 1952, Mihaly argues that the agrarian population was ‘a major target for communist subversion’ (1965: 32). Indirectly, it was important for the US that Nepal was kept independent of its neighbours, because this would ensure security for South Asia as a whole. For the same reasons, the Ranas had been keen for US involvement in Nepal as early as the 1940s. The end of British rule in India had exposed the Rana regime and it needed the backing of a powerful ally. According to Khadka (2000: 79), there were two particular events that prompted the US to act in favour of the Rana regime: King Tribhuvan’s refuge in the Indian embassy in Kathmandu at the height of the anti-Rana movement, an act that further intensified the movement and, second, the Chinese occupation of Tibet in October 1950, which required a stable regime to continue to provide a buffer with China. Barely a month later, however, King Tribhuvan returned to Nepal, the Nepali Congress was heading government, and the Ranas—who were unable to hold out even with US support—were crumbling as a political force.

Khadka (2000: 88) argues that US aid was directed according to the development theories and paradigms of the 1960s through to the 1980s. If modernisation theory and the need for higher growth rates dominated the 1960s, then from the 1970s onwards it was about growth with equity, including poverty reduction. Within these frameworks, US aid policy considered several factors, including the external communist threat, which could affect the security of other countries in the subcontinent; the internal communist threat that could be fomented amongst the poor and disaffected; the fact that funding could not only make visible improvements in the lives of the poor but

deter people from being influenced by radical forces; and finally, that economic growth would ostensibly lead to democracy, making Nepal more favourable to Western liberal values in general (2000: 88). On a diplomatic level, having an aid programme that allowed US officials to travel throughout Nepal and assess the social and economic conditions firsthand was an important source of information for analysing the threat of external aggression and the level of ideological penetration by communist China or Russia.

The United States Operating Mission, the implementing agency for the US government in the 1950s, only began to implement a handful of aid projects in 1954; and the majority of US assistance was in the form of grants. Assistance focused on agriculture, roads, bridges, ropeways and communications.⁴⁶ The US approach to aid was that small investments would yield large returns (Mihaly 1965: 32). With an initial investment of US\$200,000, by 1961 the US had contributed a total of US\$7.4 million, and was the largest donor until 1965, when it contributed US\$11.4 million (Khadka 2000: 83). If agriculture was an important sector because farmers were susceptible to being recruited by the communist parties, then one of the main goals within the sector was to introduce technologies that could increase food production in order to be able to export a surplus. Roads were also needed to transport agricultural and other industrial goods. Building roads, however, was another complex issue. On the one hand the US believed that Nepal's security would be strengthened if it had proper transport networks; and on the other hand, it had to consider Indian interests in Nepal and the 1950 India-Nepal Treaty that had recently been signed between the two countries.⁴⁷ The US's strategic interests in general, which were to ensure the integrity of Nepal's borders, weakened as its relations with China began to normalise in the 1960s (2000: 84). Both absolute and relative funding provided by the US started to decline for roughly the next decade until the mid-1970s; aid contributions between 1983 and 1990 reached US\$19 million. This rapprochement was one of the main

⁴⁶ Ropeways were an important means of transport and communication to remote hill areas in Nepal. The ropeway built between Hetauda and Kathmandu in 1964 with US assistance replaced the original Rana ropeway built in 1925, but Whelpton (2005: 138) argues that it was not managed as effectively as it could have been because government mismanagement made it unreliable for private traders.

⁴⁷ The 1950 India-Nepal Treaty—formally known as the Treaty of Peace and Friendship—is a bilateral agreement between the two countries signed on 31 July 1950 that sanctions the free movement of people and goods over the border and details their strategic relationship on questions of defence and foreign affairs. The treaty officially acknowledges the sovereignty, territorial integrity and independence of each nation but is widely perceived to favour Indian interests.

reasons for why US assistance to Nepal declined after 1965; the US no longer considered China a threat to Nepal's security. Khadka (2000: 85-86) lists a number of other reasons, including the US invasion of and preoccupation with Vietnam, the relative decline of aid from the Soviet Union and the involvement of Western European donors, in addition to the Bretton Woods institutions, which could help counter any communist uprising.⁴⁸ Also, Britain, Germany, Japan and Switzerland, amongst others, had all increased their aid programmes by the 1970s.

Two main aspects of the communist threat were physical aggression and ideological influence (2000: 81). Militarily, Nepal was no match for China, but communist ideas coming from China had to be countered, particularly in the context of increased tensions between China and Russia by the end of the 1950s; in Nepal, the communist parties were already becoming divided along pro-Beijing and pro-Moscow factions (2000: 82). The US was correct to be fearful of Chinese influence, as Chinese propaganda in the form of pictorial magazines and newspapers were prevalent throughout the rural areas in Nepal beginning in the 1960s. The US thus supported King Mahendra's coup, believing the monarchy to be a far more stable force than the parties—one that could prevent a communist takeover and defend Nepal amidst the hostility of its giant neighbours, between whom a war had broken out in 1962, with China victorious. If the main reason was to curb the communist threat, then the secondary reason for supporting the panchayat was that the US deemed it to be an appropriate vehicle for economic development. King Mahendra's pragmatic foreign policy—neutrality between the regional powers—also coincided with US interests.

2.3.2. The impact of US aid

If US assistance to Nepal in the 1950s began with the objective of containing communism, and the strategic element of US foreign policy was de-emphasised in Nepal from about the mid-1970s (2000: 89), the question remains as to whether and to what extent the US continued to be concerned with communist activity in Nepal. Khadka remarks that 'although the US failed during the Cold War in its objective to prevent the growth of communism, this objective will continue to guide US foreign policy for some years to come' (2000: 93). That is, even without Cold War politics

⁴⁸ The US aid programme to Vietnam, mainly in the form of grants, was US\$167 million in 1960 and increased to US\$500 million in 1966.

dominating US foreign policy from the 1990s, aid continued to be used for economic and political interests. With the UML's election victory in 1994 and the launch of the Maoists' People's War two years later, the US remained concerned about communism fomenting political instability (2000: 93). During the Maoists' People's War it took strong measures to communicate its displeasure about the political situation, including putting the Maoists on the second tier of the US terrorist list on 30 April 2003, threatening to withdraw aid, and working with India—now much stronger in the region compared to the Cold War years—to bring the Maoists into the mainstream.⁴⁹ Khadka also points out that the US continues to view Nepal's neutrality between its giant neighbours as vital, and that not pursuing US interests could undermine Nepal's leverage to pursue a policy that balances the interests of both powers. China remains preoccupied with Tibet, and is permanently concerned that Nepali territory could be used to provoke unrest in Tibet; it also views Nepal's relationship with Taiwan with suspicion. Similarly, India has fears that Nepal is being used by the Pakistani intelligence agency for anti-India activities. However, India's foremost concern is engaging its business interests in Nepal, whereas China's interests are fixated on maintaining its control over Tibet and ensuring that Nepali authorities have an impartial policy towards the tens of thousands of Tibetan refugees living within its borders. For these reasons, US aid is oriented towards defending strategic interests. In practice, a balanced policy between China and India is impossible given the economic ties between Nepal and India and their geographical and cultural proximity. These factors, together with the open border between Nepal and India, allow India to have an overwhelming influence in Nepal.

In terms of its political uses, Khadka notes the 'baffling problems... when aid is offered for one thing but expected to achieve another' (2000: 89), for example, when aid is extended ostensibly for economic development but in concrete terms is deployed to attain strategic and foreign policy objectives. Direct links between strategic considerations and aid policy are difficult to prove; however, the US did play a role in neutralising Indian and Chinese influence in Nepal in the critical years of the 1950s through its presence, and development projects have had concrete

⁴⁹ The Maoists have always opposed the terrorist label, arguing that they are a serious political force, not a terrorist group. See http://news.bbc.co.uk/1/hi/world/south_asia/2995521.stm (last accessed on 5 June 2012).

consequences. Khadka (2000: 90) lists the range of projects funded by USAID between 1950 and 1990, including education, community development, agriculture, health and family planning. He argues that ‘the hidden goal of these projects was to limit the influence of communism among the rural population’ (2000: 90). But the period witnessed a growing number of communists in Nepal, including the rise of the Maoists as a radical alternative to the moderation of the UML. While the US focused on education, many teachers in primary and secondary schools were recruited to different communist parties; US-funded community development programmes clearly did not have a substantial impact on preventing much of the countryside to support or join the Maoists; and in recent years, when USAID has prioritised youth programmes across Nepal, these have not stemmed the recruitment of thousands of young people to the People’s Liberation Army (PLA) and urban-based groups like the Young Communist League (YCL). One interviewee, a senior official with ADB who was also a former advisor to USAID, noted the efforts of Mercy Corps’ Youth Initiatives for Peace and Reconciliation Programme, in which 32,622 youth were mobilised to engage in development and peacebuilding projects and other non-violent activities aimed at community reconciliation in western Nepal. The project was a way to counter Maoist influence, teach non-violence and prevent young people from joining the Maoists.⁵⁰ Khadka concludes that with regard to the aid objectives of containing communism, the US clearly failed.

It is arguable that the US failed in other objectives; for example, in its objective of fostering democracy. This is because while it had always emphasised ‘democracy, human rights and freedom whenever aid was questioned’ (2000: 91), it lent indirect support to the absolute rule of the monarchy by financing its plans and maintaining close contacts with palace officials. During the panchayat era, the US position was that the regime was a form of democracy, ‘a stepping stone to full democracy for which the Nepali people were said to be not quite ready’ (2000: 91). In 1990, the US supported the people’s movement, but advised the Nepali Congress to co-operate with the monarchy in order to counter the expansion of communism. In terms of poverty reduction, the impact of US aid on poverty reduction is once again difficult to quantify, given the existence of other donors, and micro and macroeconomic aid

⁵⁰ Interview with Sharada Jnawali, Kathmandu, 29 April 2010.

effects (2000: 91). What is true is that Nepal remains one of the poorest countries in the world, even after six decades of state-sponsored development initiatives. While this state of affairs cannot be attributed solely to the shortcomings and complexities of US assistance, the problems associated not only with delivering aid but the basis on which aid is provided, must be considered. In concrete terms, there were both technical issues and political issues that accounted for the failure of aid to make a significant impact on the level of poverty. For example, one of the first development projects the US initiated, in partnership with the government of Nepal in 1952, was a village development programme. A village development training centre focused on agricultural development was opened in Kathmandu, in which American technicians provided a 6-month training course to village development workers, who were then to open ten centres outside the capital. Funds were donated for tools, teaching aids and equipment. Although Mihaly (1965: 35) does not refer to corruption in the use of funds, he notes that 'the money was gradually turned to uses not envisaged by [US] Congress'. In the first year the project had US\$240,232 for technicians' expenses and US\$378,335 for equipment; the next year, there was US\$189,359 for technicians' expenses and US\$540,613 for equipment, which was available for personal use. He notes that 'the definition of equipment for personal use was clearly stretched' (1965: 35). But there were other problems. Trainees were selected from Kathmandu who had limited knowledge of rural life and agricultural techniques, and trainees were required to take initiative and teach others, which Mihaly argues was ultimately 'an intolerably large order' (1965: 36). Mihaly also argues that Nepali village life was conservative, and villagers had a fatalistic approach to life that resisted change, partly due to Hindu tradition and partly because powerful landlords opposed any innovation that would threaten their control over tenants.

The assumption was that technical or methodological changes to programme implementation would be sufficient to deal with these problems, and they were not. But neither was failure to do with the fact that Nepal was primitive or that Nepalis were resistant to change, as Mihaly suggests. The problem was that aid was dominated by the specific strategic and political interests of the US, not the socio-economic interests of Nepalis: the ultimate purpose of aid was to keep the communists out of power (Mihaly 1965: 81). In fact, Mihaly's direct and public advocacy of the communist principle 'land to the tiller' was an effort to deprive the

communists ‘of their main weapon in mobilising political support’ (Whelpton 2005: 141). The facts on the ground suggest that the goals of US aid have largely failed, but the situation is not unambiguous. On the one hand, the communist movement has been a growing force since the 1950s onwards, and Nepal elected its first communist government in 1994, the UML. The Maoists launched the biggest, sustained mass movement in Nepali history in 1996 and since 2008 Nepal has been governed by either the UML or the Maoists, shifting the country to the left. On the other hand, an anti-Maoist alliance managed to consolidate itself towards the end of the war and in the post-conflict context, with the assistance of the US.

2.4. Dictatorship of the panchayat

The panchayat system in Nepal was introduced by King Mahendra, when in 1960, using his emergency powers, he dissolved parliament, suspended the constitution, banned the political parties and imprisoned Nepali Congress Prime Minister B.P. Koirala, ending the 18-month stint of the country’s first popularly elected government in 1959 (Shaha 1990; Joshi and Rose 1963). The royal coup marked the effective restoration of direct rule by the king (Joshi and Rose 1963: 16), more akin to the Rana autocracy that the parties had overthrown in 1951 than the constitutional monarchy of the preceding decade. Deciding that the parliamentary system was alien to Nepali culture and society, detrimental to national unity and incompatible with Nepal’s history and objective conditions (1963: 16), Mahendra promulgated a new constitution in 1962 investing political power in the monarchy.⁵¹ Writing about the panchayat in its early days, Joshi and Rose (1966: 17) argue that King Mahendra had far more than a change of government in mind; he wanted to experiment ‘in the structure, functioning and theoretical basis of the entire political system’.⁵² The panchayat assemblies, drawing authority from the monarchy, would form the basis for the entire political superstructure, from village to national level.

⁵¹ According to Khagendra Nath Sharma (1973: 58), writing from the perspective of the panchayat, ‘when the king dissolved the parliament, disbanded all parties and suspended the constitution... there was very little resistance. The people took it calmly, as not only something legitimate, but also something inevitable’. The fact that resistance, however limited, was airbrushed out of history reveals the extent to which the panchayat was disconnected from the mass of the population.

⁵² The term panchayat refers to the village council, which in principle forms the backbone of the panchayat system. Rose (1963: 17) notes that an ad hoc committee was appointed by the king to survey the political systems of other nations, combining the ‘national guidance’ system seen in Egypt and Indonesia, the ‘class organisation’ system in Egypt and Yugoslavia, the ‘basic democracy’ system of Pakistan and the ‘panchayat’ system as practiced in several Indian states. This was the ‘rather odd but indigenous’ (1963: 17) system that ultimately ruled Nepal until 1990.

The panchayat was a tiered, partyless political regime in which a village assembly comprising the adult population of a village would elect an eleven-member village panchayat, which would then elect one representative to a district assembly. The district assembly would then elect an eleven-member district panchayat. All the district panchayats (one for each of the 75 districts) would form a zonal assembly for each of the 14 zones across the country, and the zonal assemblies together formed a kind of electoral college, whose representatives would select a majority from amongst themselves to form the 125-member national assembly or *rastriya* panchayat (Whelpton 2005: 101; Shaha 1990: 5).⁵³ Apart from the village panchayat, every level of the system was indirectly elected, ensuring the concentration of power in the hands of the monarch and an extremely narrow base of popular representation at the national level. Burghart (1993: 1) notes that the national assembly was only advisory and, in the absence of political parties, the king's 'relations with the citizenry were unmediated by rival interpretations of the popular will'. According to Rishikesh Shaha (1990: 6), a prominent Nepali Congress figure who campaigned against the panchayat, Mahendra banned the parties because he believed they were 'disruptive elements and faction-oriented by their very nature'. The panchayat was, however, portrayed as a democracy. In reality it preserved socio-economic inequality and the authority of the traditional elite. These characteristics were 'inherited, unchanged, from the Rana era' (Brown 1996: 50).

The panchayat regime needed an ideological project that could justify monarchical rule and minority privilege, particularly in a country as diverse as Nepal.⁵⁴ The key feature dividing ethnic groups in Nepal, which the law and the judicial system attempted to classify along lines of Hindu caste hierarchy, was the wearing of the sacred thread (Gellner 2007: 1823). Rooted in the 1854 *Muluki Ain*, the legal code of Nepal, the caste system places the *tagadharis* or wearers of the sacred thread—the Bahuns and Chhetris—at the top, and the *matwalis*, a derogatory term denoting the

⁵³ In 1961 King Mahendra divided the country into distinct administrative units comprising 75 districts, 5 east-to-west regions and 14 north-to-south zones. The proposed new federal structure, due to be worked out in the final constitution, will reconfigure these divisions. See map for details.

⁵⁴ Although there were few studies of ethnic composition conducted during the panchayat era, other than Bista (2000)—first published in 1967—current statistics reveal 103 caste and ethnic groups speaking some 92 languages (UNDP 2009: 18) across Nepal. These statistics, however, must be treated with caution as data has been collected through self-representations of identity and language, and during a period of heightened political tensions over ethnic claims.

so-called alcohol-consuming castes, or *janajatis*, beneath them. According to the 2001 census, the upper-caste Bahuns and Chhetris make up approximately 31 per cent of the population and the *janajatis*, a term that can be translated as indigenous tribe or nationality, 37 per cent.⁵⁵ The *janajatis* are considered above the Dalits, who constitute 9 per cent of the population.⁵⁶ Migration is a fundamental feature of Nepali life, and this has only increased in recent decades with disinvestment in agriculture, upon which a majority of Nepalis still depend, and a shortage of jobs in urban areas. Building a nation, which could provide a source of legitimacy for the state (Burghart 1993: 2), became the primary task of the panchayat regime. With the monarch as the symbol of national unity, the project of national integration drew on the twin pillars of Hinduism and the Nepali language (Whelpton 2005: 173); but national integration, in turn, needed a practical focus that could address the material conditions of the Nepali masses: providing services through *bikas* [development] became a further source of legitimacy for the state (Pandey 2006: 92). Through the official media, the message to the public was that Nepal was on the path to *bikas*. Whelpton (2005: 173) notes that, ‘*bikas*, in fact, took on something of the status of an established religion’. The specific form of Nepali nationhood thus provided the state legitimacy on a political level, whereby Nepal could continue to claim autonomy as a nation and at the same time integrate the scores of different ethnic minority communities within the country; but it could also claim a measure of legitimacy on an economic level: material advancement that millions of Nepalis could expect through state-led development.

2.4.1. Development as a nationalist project

Des Chene (1996: 263) explains how development as a phenomenon dominated the latter half of 20th century Nepal, and became an even greater event than either the initial formation of the state of Nepal in 1768 or the subsequent project of nation building. This is because development was not only a story of unification; it was ostensibly about liberation. Nepal was to be restored to its former glory not through territorial expansion but by being ‘developed’. As the *bikas* machine grew in strength, ‘the rhetoric of uniqueness, independence and the cultural specificity of Nepal’s

⁵⁵ Gilles Boquérat (2006) points out that when *janajati* is translated as nationality, it conveys a political rather than an anthropological connotation.

⁵⁶ Again, it must be noted that all figures are contested. Gellner (1997: xxiii) points out that according to Harka Gurung, renowned geographer and statistician, only 43 of the 59 officially recognised *janajati* groups in Nepal were recorded in the 2001 census; on this basis Gurung believes that the actual *janajati* population is much higher, at 42 per cent.

modern state grew in kind' (1996: 264). The panchayat, with its native brand of democracy, was central to this rhetoric. The burgeoning development industry, argues Des Chene, was also useful for panchayat ideology in other ways: it allowed a tiny educated elite to dictate the course of modernisation for Nepal and Nepalis; it provided an argument against the individualism of the West and the development of group-oriented identities within Nepal, thus ensuring a level of cultural homogenisation; and finally, it produced a target population for development, legitimising the imposition of a single national culture while at the same time paying lip service to cultural diversity (1996: 265). Although the project of *bikas* came to dominate panchayat ideology and continues to dominate post-panchayat ideology, the story of the nation always had a place in the public imagination, albeit one that is 'schizophrenic' (1996: 266). Des Chene explains that on the one hand Nepal is classified as a 'Least Developed Nation' but on the other is rich in cultural tradition; it is a country that is almost completely dependent on aid and has virtually no control over the terms of its development, imposed as it is from outside, but is also proud never to have been colonised. But if in reality the *bikas* industry, as 'a transnational capitalist enterprise' (1996: 261), works against the goals of social equality and social welfare for the majority, then the political organisation of Nepali society—enveloped in an ideology which binds Nepalis to the idea of Nepal—takes on greater importance.

Establishing Nepal as a Hindu kingdom allowed the panchayat to uphold what were seen as the Hindu mores of tolerance and unity, and define panchayat democracy as civil society (Burghart 1993: 6). Burghart explains that 'the public domain was personally represented by the sovereign, whose will was executed by his state agents for the common good of an indivisible body politic' (1993: 7). Under this ethical code, the king and his subjects were regarded as one and indivisible. According to Shaha (1990: 9), subjects of the king were compelled to 'merge their individual selves into the king and the king himself is powerless to change this value system'. This vision of civil society emphasised duties over rights, although both were guaranteed in the constitution, and viewed private interests as *swarth* [self-interest], which was antithetical to public unity. Conflict or competition, embodied by the political parties, could not be openly expressed in the public domain. Within the domain of civil society, the panchayat also constructed the concept of social classes, whose interests could be legitimately expressed in public and were guaranteed in the constitution:

peasantry, youth, women, workers and ex-servicemen.⁵⁷ Government funds were provided for local and national class organisations, and their activities were reported in the government press (Burghart 1993: 8). But, as Burghart points out, when it came to particular groups of workers, rickshaw pullers for example, or peasants of a particular persuasion, such as Maoists, these were considered private-interest groups; from the state's point of view their motivations were founded on self-interest (1993: 8). The five social classes, on the other hand, were only working for the public interest; there was never any question of workers going on strike, for example. Welfare was provided through and by these class organisations, eliminating the need, from the government's perspective, for representative political parties.

Despite the ban, however, the political parties were still operating. Although Mahendra had sought to subordinate public life under the monarchy, the 1962 Constitution did not strictly bar political parties from operating; but nor did it sanction their activities (Rose 1963: 23). The system paradoxically allowed the parties to function on a quasi-legal basis (Brown 1996: 96). 'Parties had their own offices, vehicles and stationery, and the statements of their leaders were reported at length in the press' (1996: 96). The rationale was that driving the opposition underground would increase radical elements within the parties and potentially make them even more popular. The monarchy's strategy was to relax its grip specifically on the Congress in order that it could be the vehicle for dissent, isolating the extreme left (1996: 96). They became known as the *pratibandit* [banned] political parties, and their work was an open secret (Burghart 1993: 11). In the face of consistent agitation by the parties, the panchayat was the only dependable support base for the monarchy. Although some members of the Nepali Congress had defected into panchayat institutions, the system was essentially designed to make the parties lose their influence and control. Along with the creation of class organisations, Mahendra had taken several steps towards greater national integration: all public media was under government control, emphasising the monarchy as the symbol of national unity, including for the various ethnic groups; a new legal code was established outlawing caste differences, though caste discrimination was still practiced; an attempt was

⁵⁷ Class organisations also existed before the panchayat, but were reconfigured under the panchayat because of fears they were becoming too close to the political parties and being used by them to advance party interests (Rose 1963: 23). The monarchy aimed to ensure that peasants in particular 'remain[ed] aloof from party politics' (1963: 23).

made to standardise the education system across the country; roads and communication facilities were improved; certain land reforms were introduced and currency was circulated throughout the country (Shaha 1990: 7). There were also attempts to construct a Nepali culture: the Nepali language was made a requirement for citizenship; a national flag, flower and songs were adopted, and a Nepali national dress was acquired. One infamous panchayat slogan was ‘one language, one style of dress, one country’ (Whelpton 2005: 183). These ideological innovations were symbolic rather than a reflection of a real support base, but were to become the source of major social division in the future.

In 1972, King Mahendra suddenly died of a heart attack, and was succeeded by his eldest son, Birendra. Phadnis (1981: 439) notes that Birendra had been ‘steeped in a dual socialisation process’, growing up in a milieu of palace conservatism but also exposed to a Western liberal education. He had envisaged the liberalisation of Nepal early on, ‘with economic development and political decentralisation uppermost in his mind’ (1981: 439). With the additional pressures of balancing between the conflicting interests of India and China, one of King Birendra’s first initiatives was an attempt to have Nepal recognised as a Zone of Peace. In an historic address to the nation at his coronation in 1972, he declared the following:

And if today, peace is an overriding concern with us, it is only because our people genuinely desire peace in our country, in our region and everywhere in the world. It is with this earnest desire to institutionalise peace that I stand to make this proposition—a proposition that my country, Nepal, be declared a zone of peace. (Quoted in Shaha 1990: 14)

Nepal’s foreign policy under the panchayat pursued this aim, and obtained the support of 116 countries when it became a member of the UN in 1955. Exceptions included India and Bhutan and all the permanent members of the Security Council apart from Russia. As Shaha (1990: 14) notes, ‘India continued to view Nepal’s peace zone move as a thin edge of the diplomatic wedge to upset the existing treaties and arrangements for mutual security and development’. Birendra also directed politics towards development, convinced that his efforts would produce results. He set up the National Development Council in 1972 and revitalised Mahendra’s Back to the Village National Campaign (BVNC) launched in 1967, both of which were intended to focus people’s energies on development. The BVNC had a network throughout the country,

functioning more like a political party designed to circumvent opposition and create a core of elites that could challenge the parties in the rural areas. As Shaha (1990: 17) argues, it was ‘merely another official agency designed to promote popular mobilisation and participation’ and as such, was doomed to failure because such mobilisation could not be initiated from above. Similarly, Phadnis (1981: 433) writes, ‘the BVNC was discredited as an oppressive and corrupt machine which, instead of being a channel for facilitating mass mobilisation, tended to restrict it’. After becoming part of the constitution in 1975, the BVNC folded in the wake of popular agitation only four years later.

Burghart (1993:8) observes that during the panchayat, the Nepali state, in addition to claiming a monopoly over the legitimate use of force, also claimed a monopoly over public services: ‘Hardly a day would go by without some member of the royal family or some cabinet minister being depicted in the government press opening a bridge, dam, school, hospital, seminar on national development, etc.’ Although Nepal had moved towards becoming a centralised, bureaucratic state with a focus on development during the panchayat, and there had been some progress on development indicators, this concealed an ultimately fatal weakness. The panchayat could neither solve macroeconomic problems nor address the devastating levels of poverty and inequality. In collaboration with the private press—as opposed to the official government-sanctioned media—the political parties began to expose the inner workings of the panchayat: corruption and inefficiency were rampant, and the regime was almost completely lacking legitimacy. The inevitable disjuncture between reality and panchayat rule became so pronounced, that ‘the structures of the panchayat democracy began to acquire a fictional character’ (Burghart 1993: 11). It was no better than the parliamentary system the king had abolished on the grounds that it was unsuitable to Nepal and against the wishes of its people. By the mid-1980s, prisons were overflowing with prisoners of conscience (Shaha 1992: 148) and both the political parties and the panchayat were competing for public sympathy. This competition, however, went against the public unity that the panchayat aimed to uphold: by fighting against the parties, representatives of the panchayat ‘became effectively a political party of partyless people and Nepal was transformed from a partyless democracy to a one-party state that was run by the partyless party’ (Burghart 1993: 10). Burghart termed this state of affairs the ‘counterfeit reality’ (1993: 9) of

the panchayat, which contained within it the seeds of its own destruction. The proceedings of the panchayat were irrelevant to the everyday lives of most people and, in any case, it had become clear that it was the king and not the panchayat who held real power because ‘the king could revoke everything’ (1993:13), in particular the limited rights of the 1962 Constitution. At the same time, having experienced a brief period of democratic rule during the 1950s, dissent amongst political party leaders and the educated elite began to grow.

2.4.2. Legislating for NGOs

Since the 1950s, foreign funding consistently made up more than half the government’s development budget. Diwaker Chand (1991: 25), writing one of the first relatively comprehensive, mainstream assessments of NGOs in Nepal, notes that 80 per cent of the government’s First Five-Year Plan of 1956/61 came from foreign assistance, mostly in the form of grants but also loans; this increased to 89 per cent in the Second Five-Year Plan of 1962/65.⁵⁸ High priority was placed on infrastructure development, particularly building roads and developing industry, while the social sector tended to have ‘residual priority’ (1991: 22). As early as the first plan the panchayat government realised they could not reach the rural areas to deliver even basic services; they gave these opportunities to NGOs, both national and international. The Family Planning Association of Nepal was opened in 1959, the Nepal Red Cross Society in 1963, and other NGOs established hospitals and health centres. Chand (1991: 26) estimates that during this time, 67 per cent of NGOs were indigenous, which meant that they had no direct or indirect funding from foreign donors. This began to change with the establishment of the Societies Registration Act.

The 1959 Societies Registration Act was the first attempt by the government to institutionalise NGOs, bringing them into the government fold, but no mechanisms were developed to monitor NGO activities or regulate conduct. Chand (1991: 30) notes that other than an inventory of basic information about NGOs that were receiving government funding, the government ‘remained virtually oblivious of the programmes, activities, problems and achievements being accomplished by the NGOs’. The law stipulated that NGOs were at liberty to initiate any programme of

⁵⁸ The Second Five-Year Plan could not be materialised due to the palace coup in 1960. It was only introduced in 1962 and covered only three years.

activity that was specified in the constitution, and the period witnessed the first extensive growth of the NGO sector. While NGOs were essentially treated as entities that could be called upon by the government to supplement its activities, the government had no direct intervention in the workings of NGOs, nor were there procedures in place to maintain financial accountability. Questions regarding domestic or external funding flows to the NGO sector and how productively this funding was being used were both ‘unasked and unanswered’ (1991: 31). NGOs had a great degree of control over their own conduct, but overall control remained with donors. Chand (1991: 32) argues that ‘NGOs literally impersonated the role of a subdued and silent actor, while the donors performed the role of directing the entire show, editing wherever and whenever felt necessary’. He asserts, however, that donors could not be blamed for this state of affairs; while they would have liked to see funds used productively—and were aware that efficiency and effectiveness within the sector could have been vastly improved—NGOs were keen to ensure that funding flows remained intact. In reality, both NGOs and donors were responsible for problems in the sector—the duplication of efforts, the lack of democratic practice and the restriction of activities to Kathmandu, amongst others.

In the early 1970s, as development assistance increased, the panchayat regime took further measures to institutionalise the NGO sector, beginning with a series of national meetings of social workers, but which included all those concerned with social welfare, particularly government and NGO workers. The plan was to engender the systematic development of the NGO sector, ensuring that there was a measure of integration with government plans and that it was co-ordinated as a sector. Three significant conferences were held between 1971 and 1976, where problems could be analysed and proposals for their resolution discussed. NGOs had voiced concerns that social welfare programmes should not be confined to government, and that NGOs should have discretion over their own activities. Thus a balance had to be struck between the aspirations of NGOs, maintaining a degree of co-ordination with government and the fiscal power of donors. The result was the establishment of the SSNCC in 1977, under the leadership of Queen Aishwarya. The aim of the SSNCC was to co-ordinate NGO activities within the NGO sector itself, in order to better manage national and international funding, but also to harmonise development activities with government development plans (1991: 35). The SSNCC and its various

sub-committees were given legitimacy by the promulgation of the Social Service National Co-ordination Council Act 1977. To facilitate registration, the Organisation Registration Act 1977 was created, replacing the 1959 Societies Registration Act. NGOs could register with any local administration throughout the country, while the SSNCC would provide certificates of association with the Council. Quarterly progress reports would be submitted to the SSNCC, but all funds sourced from foreign donors would be transferred into the convertible bank account of the SSNCC (1991: 43), which would then disburse the funds accordingly at the local level.

2.4.3 Corruption and the status quo

The SSNCC had the authority to purchase, sell, raise loans and accept grants and assistance (1991: 36) in its efforts maintain co-ordination amongst NGOs, determine NGO standards, provide training to NGOs and regulate agreements with donor governments. Most significantly, the SSNCC served to ensure that NGOs worked in co-operation with government; according to Chand (1991: 36), the SSNCC ‘shall in no way work in contradiction and opposition to the prevalent government rules, regulations and programmes’. Thus in reality, the SSNCC was a mechanism, firstly to control and appropriate foreign funding and, secondly, to control political activities against the regime. Brown (1996: 68) argues that the SSNCC was ‘an instrument through which the very highest levels of the elite, including the royal family, took a substantial cut from the aid purse’. Indeed, following the success of the democratic movement and the dismantling of panchayat institutions, the queen resigned from her role as chairperson of the SSNCC amidst allegations of corruption and using the Council to further her own interests. The monarchy had exercised tight political control over both national and international organisations and ‘stamped upon any hint of independent political expression’ (1996: 94). While the rhetoric of participation was utilised, there was no sense of people determining the terms of their own development. The SSNCC wanted NGOs to act as dependable, apolitical mechanisms for delivering social services limited to welfare activities. Chand (1991: 72) argues that while the SSNCC had always made it clear that political affiliation was not tolerated in the social service sector, there were no mechanisms to differentiate social workers from political workers, and one would often be ‘in the guise of the other’. Increasingly, frustration with the political system led oppositionists linked to the banned political parties to channel political activity through a variety of different

mechanisms, including NGOs. This trend became particularly prevalent in the 1980s, when political workers came under attack. To some extent, NGOs themselves promoted the implausible notion of non-political engagement in the social process. For example, in early 1990 when the political parties were preparing to launch the people's movement in Kathmandu, major NGOs were in Pokhara, organising the Regional Conference of Social Organisations, busy insisting that the government recognise the role of NGOs in national development (1991: 74). The contrast between these approaches is revealing, but the contradictions of this position were bound to unravel, and in the political upheavals of the 1980s and changed political context of the 1990s, the NGOs' claim to be apolitical became less and less convincing. In 1992, the SSNCC was dissolved and replaced by the SWC.

Despite extensive development assistance since 1950, with aid levels reaching US\$5.2 billion by the end of the 1990s from donor governments (Whelpton 2005: 128), the panchayat regime could not escape the fact that Nepal was still one of the poorest countries in the world. While national unity was constructed and enforced by the state, economic growth and development had not worked, and Nepal remained amongst the least developed nations (Burghart 1993: 12), including the poorest in South Asia. Mihaly (1965: 214) argues that the US\$90 million in foreign aid that had been extended to Nepal following the 1950 revolution could have substantially improved socio-economic conditions, but the Nepali elite was unwilling to undertake structural reforms around land ownership and taxation, which would compromise their interests. Mihaly's conclusion was that Nepal was unprepared for political and economic change: 'in a country unprepared for change, aid that attempts to advance more fundamental political objectives—such as bringing about political stability for furthering the cause of representative government—invariably faces the risk—even the probability—of defeat' (1965: 218). The point was not that Nepal as a country was unprepared for change, implying that its people were unprepared, but that the Nepali elite was unwilling to accept change. The events of the 1950s at least in part demonstrate the desire for change. In the late 1970s and 80s, faced with a deteriorating economic situation and few prospects for the growing population of educated youth, people became desperate for change. This was demonstrated by the mass protests that erupted at the end of the 1970s.

2.5. NGOs and the birth of oppositional politics

Although the political parties were banned, political dissent could be expressed through the press, class organisations or through violence (Baral 2006: 4). Hoftun *et al.* (1999: 94) suggest that the reasons for increasing support for the parties were the links made between Nepal and the wider world over the previous three decades and a population increasingly conscious about alternatives to a traditional mode of life. Until the end of the Rana regime, for example, superstitions, religious taboos and caste-restrictions were prevalent (Sharma 1973: 4). Transistor radios were also becoming more common, several towns had cinema halls and the number of people reading newspapers was expanding. Educational opportunities were becoming more widespread, and expectations for employment went far beyond what the panchayat economy and the level of industry could offer. Increased education and literacy amongst increasing sections of the population had important political implications; it was arguably the student protests of 1979 that set in motion a political process that led to the ultimate fall of the panchayat regime.

2.5.1. Competing ideologies: The 1980 referendum

The central internal contradiction of the panchayat regime—its theoretical defence of democratic structures but its refusal to integrate political opposition—was becoming increasingly untenable by the late 1970s (Baral 1980: 197). The 1980s became a decade of competing ideologies (Hoftun *et al.* 1999) between the parties and the monarchy. The regime held out for another decade, but the historical import and the charged political context in which the 1980 referendum took place cannot be underestimated. The referendum marked a critical turning point in the quest for national consensus over the nature of the political system (Phadnis 1981: 431). Amidst a crisis for the regime, growing repression and increasing support for the parties, voters were offered the choice of a reformed panchayat system or a multiparty system, and though the former won by a narrow margin—54.7 per cent on a 66.9 per cent turnout (Gurung 1982: 304)—the result severely weakened the legitimacy of monarchical rule, marking the beginning of the end of the regime.

King Birendra had been forced to call the referendum in the face of mass student protests opposing the execution of Zulfikar Ali Bhutto, the former Pakistani Prime Minister, in the spring of 1979. Lasting several weeks, the demonstrations began on 6

April and were organised by student groups from Tribhuvan University affiliated to each of the three political parties—the Nepali Congress and the pro-Beijing and pro-Moscow factions of the CPN. An estimated few hundred joined the first demonstration, clashing with the police as they marched towards the Pakistan embassy.⁵⁹ What started off as protests against Bhutto's killing, however, quickly became about much more; following clashes with the police, students drew up a list of 22 demands, including the right to organise independent student unions at campus and national levels. This was followed by a student strike and the closure of the university for one week (Phadnis 1981: 436). These actions were in direct opposition to the New Education Plan imposed by the regime in 1972, which was partially aimed at depoliticising the campuses (Baral 1980: 198), and which favoured more privileged students (Phadnis 1981: 437). Student agitation quickly spread to towns across the country, now involving secondary school students. The protests became an expression not only of general dissatisfaction with the education system but wider socio-economic policies. Students complained about fee increases, which were imposed in the midst of inflation, uncertain employment opportunities for young graduates, and the poor condition of teaching facilities.

Likewise, for much of the population, the student protests came to represent general dissatisfaction with the status quo: 'parents who felt penalised by the high-fee levy, farmers suffering from exorbitant land taxes, and rural people unhappy with the newly-imposed panchayat development taxes' (Phadnis 1981: 438). The movement escalated into a nationwide crisis in which 37 out of 75 districts participated, and there were further clashes with the police (Shaha 1992: 51). In the district of Makwanpur, not far from Kathmandu, the local population held a government minister incommunicado for ten hours. At the same time, unrest in some factories broke out in the industrial towns of Janakpur, Birgunj, Hetauda and Bharatpur (Phadnis 1981: 438). On 23 May several thousand students gathered at Amrit Science Campus in Kathmandu to publicly denounce two student leaders for siding with the panchayat. The demonstration quickly swelled to tens of thousands. But since much of the police force had already been sent out to deal with protests in the districts, the

⁵⁹ Phadnis (1981: 435) argues that initial demonstrations were actually directed against the king and the panchayat, as well as the hanging of two Nepali Congress activists in February 1979, who were found guilty of treason and attempting to assassinate King Birendra in 1974.

army was deployed in the capital; as protesters burnt government vehicles and buildings, the army fired shots into the crowds. It was at this point that the movement began to present a huge challenge to the government and the legitimacy of the monarchy.⁶⁰ The demonstrations only subsided with the announcement of the referendum. On the morning of 24 May, the king proclaimed:

Accordingly, with the objective of clearly ascertaining what type of changes our countrymen desire in the context of the situation prevailing in the country today, and taking appropriate steps thereafter, we hereby proclaim that arrangements will be made to hold a referendum by secret ballot of the entire Nepali people throughout the Kingdom of Nepal on the basis of adult franchise. Such a national referendum will be held on two basic questions: Should the existing Panchayat System be retained and gradually reformed? Or should it be replaced by a multi-party system of government? (Quoted in Baral 1980: 199)

The king also promised that supporters of either form of government could hold meetings to propagate their views and canvass voters (Phadnis 1981: 441). However, mounting pressure within the palace and a potential victory for the parties later forced him to take steps to ensure the vote would preserve the panchayat: in a declaration to the nation he spoke of national harmony and the lack of alternative systems that could secure fundamental rights, and the independence, sovereignty and territorial integrity of the country. He further made it clear that whichever form of government was adopted, politics would be reformed. The referendum was to be held a year later, on 2 May 1980. The political parties, still organising underground, debated whether to boycott the referendum on the basis that the government would use repressive measures to obtain an acceptable result. Indeed, several prominent leaders campaigning on the multiparty side were harassed or beaten by opponents (Baral 1980: 200). Irregularities were also reported, such as higher turnouts in more remote districts than the national average (Hoftun *et al.* 1999: 93). Panchayat leaders announced a series of reforms on the eve of the referendum, including universal adult franchise from village to national levels, and they were publicly criticised by opposition leaders. The king also declared an amnesty for many of the political prisoners filling the jails, a move that was seen as yet another attempt to assuage public distrust of the panchayat. But since the referendum itself was considered a

⁶⁰ Interview with Padma Ratna Tuladhar, 10 May 2010.

massive advance, almost all the parties—bar a selection of extreme left groups—decided they would respect the outcome.

Even with a narrow victory, the monarchy could claim it had the support of the population. Although the government did introduce the promised reforms, at least on paper, it was becoming increasingly intransigent.⁶¹ But it was also forced to concede the growing legitimacy of the political parties. That several panchayat committees at district levels had campaigned for the multiparty side (Hoftun *et al.* 1999: 93) meant that the parties were a force that could no longer be ignored. The acknowledgement of the existence of the parties was considered a compromise by the government. The Nepali Congress, for example, could now have an office in the capital. The parties held several public meetings after the referendum arguing against the panchayat system (Baral 1980: 200). In subsequent years they were also more confident to run in elections, and although few Congress and communist candidates stood in the 1981 elections, greater numbers stood in the 1986 elections as independents (Gurung 1982: 304).⁶² Many were successful in being elected to the panchayat, exacerbating and exposing divisions from within the ruling establishment. Those politicians who spoke in favour of multiparty democracy were becoming very popular, while those defending the panchayat held that the multiparty system would encourage national disintegration, since foreign interests were influencing the parties.

Despite increased freedom to operate, the Nepali Congress was in a quandary about where to focus its efforts. Its most prominent leader, B.P. Koirala, died in 1982 and no single leader could take his place. A collective of three leaders was given the mantle: Ganesh Man Singh, the most progressive of the three and who advocated unity with the Left to bring down the panchayat; G.P. Koirala, the half-brother of B.P. Koirala and who was relatively conservative, advocating reconciliation with the king; and

⁶¹ The Panchayat Policy and Evaluation Committee, for example, was set up to implement reforms to the system. But it was only considered to have effectively replaced the hated BVNC, independent of parliamentary oversight and more powerful than any other collective body in the country (Hoftun *et al.* 1999: 98). There was also the bizarrely named National Sports Council, which had almost nothing to do with the promotion of sports; according to Hoftun *et al.* (1999: 98), it was the body that ‘organised and trained the storm-troopers of the panchayat system’, and it was widely believed to be responsible for rigging elections and carrying out physical attacks on opposition party activists.

⁶² Padma Ratna Tuladhar, describing himself as an ‘independent left’ candidate, recounted in an interview on 10 May 2010 how he went underground during the last days of his election campaign in 1986, when he stood in the constituency of Kathmandu, because the government wanted to arrest him.

K.P. Bhattarai, who mediated between them. The defeat following the referendum had left the party shocked and disoriented, and they needed a new strategy. They decided to launch another *satyagraha*—in May 1985 against the ban on political parties. The left parties launched a similar programme several days later (Hoftun *et al.* 1999: 103). Estimates vary but activists claimed that several thousand were rounded up by the police for interrogation and detention, and several were disappeared as a result of the movement (Brown 1996: 98). The following month Birendra read out an address from the throne, declaring that it is the duty of all panchayat representatives to ‘counter those who seek to create an atmosphere of instability in the country by spreading unnecessary confusion about the system chosen by the people themselves in free exercise of their will’ (Shaha 1990: 42). Shaha notes that the speech was merely ‘a pedestrian recital of the development activities that His Majesty’s Government would be carrying out in the coming twelve months’ (1990: 41). As if to highlight the fact that order could not be imposed from above by a mere declaration, a series of bombs went off in several towns across the country over the next three days in response. Several people were killed, including an MP. The king and queen left Kathmandu after two bombs went off outside the palace gates (1990: 42). Ram Raja Prasad Singh of the *Janabadi Morcha* [People’s Front], which was operating out of India at the time, claimed responsibility. The government labelled them terrorists opposed to the monarchy, national integrity and the panchayat.⁶³ Further arrests were made in the ensuing chaos, and the Nepali Congress promptly called off the movement.

Any course of action taken by the Congress would inevitably influence the communists; but it was not the case that the Congress remained uninfluenced by the communists. In the late 1980s, a few years after it launched the second *satyagraha* for democracy, the Nepali Congress faced a dilemma: if it drew closer to the panchayat, its credibility as a party at the forefront of the struggle for democracy would suffer, and the Left would benefit; on the other hand if it continued its anti-panchayat campaign it feared the loss of more members and party workers (Khadka 1986: 449). Such was the popularity of the Left that the Nepali Congress felt it had to get back

⁶³ Rumours circulated in Kathmandu that operatives inside the palace were responsible for the bombs, with Prince Gyanendra, the king’s brother, involved. The rumour was that they had paid Ram Raja Prasad Singh, a leftist who had been elected to the panchayat, Rs. 300,000 for an admission of guilt. When Singh’s colleague, Baidyanath Gupta denounced Singh’s admission as a lie, he was mysteriously murdered two days later (Hoftun *et al.* 1999: 04). When Singh died in September 2012, he was hailed as a revolutionary leader and given state honours.

into active politics after the failure of the *satyagraha*, otherwise the communists would completely takeover local panchayat bodies and come close to gaining power in the general elections scheduled for 1991 (Brown 1996: 99). But it was the Nepali Congress itself that had called off the *satyagraha* when the bombs went off in Kathmandu in 1985, fearful of the situation escalating out of its control. Lacking a clear political focus following the abandonment of the movement, the Congress became disillusioned, and uneasy about the growing influence of the Left. This is despite the fact that sections of the Left supported the movement under the leadership of the Congress, and the movement had a high degree of popular support. Even the regime had calculated that the movement could prove to be a serious threat. This was a phenomenon that the Left was to experience during the subsequent revolutions.

Despite their growing influence, the parties were unable to win the referendum outright because of the inability to form a united front against the panchayat (Phadnis 1981: 447). They also suffered from a lack of human and financial resources, while the panchayat benefited from being identified with the king. Phadnis (1981: 448) notes that traditional village leaders took advantage of the fact that the existing system was identified with the monarchy, and ‘the presence of such leaders in fairly backward areas helped to tilt the people’s verdict in favour of the panchayat system’. Interestingly, Gurung (1982: 313) points out that it was not factors such as ethnic composition that determined which way people voted but differing levels of social and economic development. Higher literacy rates in general meant greater support for the multiparty system. But if the parties were divided, so was the panchayat, and the promise of democratic reforms would further expose these divisions. As Shaha (1990: 22) notes, despite hostile propaganda against the multiparty system over two decades, combined with constant praise of the panchayat system, 45 per cent of voters still favoured the multiparty system. The 1980 referendum thus laid the basis for the 1990 people’s movement for democracy.

2.5.2. Origins of the human rights discourse

The ban on political parties following the royal coup in 1960 provided the context for an increase in the number of political prisoners. The Jhapa uprising in 1971 followed by the repression of the 1979 student demonstrations encouraged pro-democracy activists to begin organising against government and police repression and around

human rights. But there was another major factor that facilitated the turn towards human rights: donor agencies began linking grants to the panchayat regime with progress on human rights. Most activists were associated with the Nepali Congress, but both Congress and communist activists set up groups demanding the release of political prisoners. One of the most prominent was the Committee for the Release of Political Prisoners. Following the Jhapa uprising, the number of communists in jail increased dramatically and many communist sympathisers felt an organisation aligned to Congress could not adequately campaign on behalf of the communists.⁶⁴

International organisations were also reluctant to campaign for the release of communist leaders. Activists associated with the communist parties thus began to organise separately, and an informal group called the Prisoners' Care Group was established in the early 1980s with the help of left activists such as Padma Ratna Tuladhar and Mathura Shrestha. Their activities included visiting prisons, advocating for better prison facilities, and supporting the families of political prisoners.

Not surprisingly, the panchayat regime both feared and detested any organising around human rights that was not under government control because this could expose the government's abysmal human rights record to international audiences. But the panchayat regime also needed money, and the fact that donors were linking grants to progress on human rights, meant that it also had to take up—if not in practice at least in rhetoric—the language of human rights. It was at this time that the banned political parties—both the communist parties and the Nepali Congress—turned to a focus on human rights. If the regime was taking it up, then the parties could also raise human rights issues. This worked in favour of the parties because they could use human rights to expose the panchayat regime in their struggle against it. A nascent human rights movement began to emerge in the country, but at the same time—in sharp contrast to those NGOs registered with the SSNCC—human rights groups were considered illegal and came under severe state repression. It was also well known that they were established with the implicit goal of establishing a multiparty system and worked closely with the banned political parties.

⁶⁴ Interview with Padma Ratna Tuladhar, Kathmandu, 10 May 2010.

By 1985, as a result of the failed *satyagraha* movement and general unrest, thousands of political activists were in prisons throughout the country for protesting the ban on the parties (Shaha 1990: 41). The 1980 referendum had facilitated the further polarisation of the human rights movement along party lines. Following the referendum, the king's offer of a general amnesty to political prisoners only applied to Congress activists, not the communist prisoners who were jailed for the Jhapa rebellion. Congress leaders and other intellectuals were not convinced that the communists also had to be released. Once again, communist sympathisers felt they had to form their own human rights organisation, and established the Forum for the Protection of Human Rights (FOPHUR) in 1986. A number of European expatriates working in INGOs in Kathmandu funded FOPHUR, and within a few years, FOPHUR quickly established links with several international human rights organisations in Asia and Europe, advocating for the release of the communist leaders at national and international levels. Since most FOPHUR activists came from the CPN, those not associated with the CPN felt the need for another organisation. A reflection of the distrust between the Congress and the CPN, these activists subsequently formed the Human Rights Organisation of Nepal (HURON) in 1988, led by Rishikesh Shaha, a former minister under the panchayat, and who later became a Congress activist supporting the movement for democracy. Most activists in HURON came from the Nepali Congress, but in an apparent bid to show an impartial and broader base, several left activists and liberal panchayat loyalists were included in the organisation. Baburam Bhattarai, a leading communist activist at the time and who later became the Maoists' chief ideologue and prime minister in 2011, was one of the founding members of HURON. These were the first human rights organisations in the country. They became some of the staunchest opponents of the government, and they were severely repressed by the panchayat regime.

Many of the activists involved in the first human rights organisations were also professionals—lawyers, professors, journalists and doctors—linked to the opposition parties. Most professional organisations, unlike human rights organisations at the time, were legal bodies registered with the government, specifically as 'non-political' organisations. But they also began to take up human rights issues. The Nepal Bar Association, for example, began a human rights project with Norwegian assistance in the second half of the 1980s. Several doctors, particularly those close to the

communist parties, were working with Physicians for Social Responsibility. Professional organisations were also divided into Congress and communist camps. Congress supporters referred to themselves as ‘democrats’ and the communists as ‘progressives’. Even at the height of panchayat repression, professors and lawyers fought elections to the executive bodies of the Nepal University Teachers’ Association and the Nepal Bar Association in 1989 on the basis of political ideology, with one faction accusing the other of seeking favour with pro-palace elements.

III. Neoliberal reforms, the 1990 revolution and the production of civil society

Within the span of roughly a decade, Nepal had embarked on a major programme of neoliberal economic reforms, undertaken a revolution that abolished the panchayat dictatorship and witnessed the establishment and influx of NGOs on a massive scale as part of its development efforts. This chapter describes the 1990 revolution—a mass movement led by political parties from across the political spectrum and supported by NGOs and other opposition forces—and analyses the opening up of political space post-1990. Although the 1990 movement was triggered in the immediate by an economic crisis following the closure of the border by India, the movement was also a response to the effects of neoliberal reforms that began in the mid-1980s. It is argued here that neoliberal development, largely the result of international pressure, contributed to increased poverty and inequality in Nepal, and if one response to growing social inequality was the establishment of NGOs, another was the emergence of the Maoist movement. But the influx and establishment of NGOs was not only a response to reforms—NGOs were also an integral part of the reforms. The chapter also describes the roots of Nepal’s economic dependence on India, and argues that Nepal’s integration into the world economy was the consequence of its economic ties with India. This dependence has allowed India to heavily influence the course of political change in Nepal, from facilitating the end of Rana rule in 1951 to demobilising the Maoists in 2006. These changes have not always been in the interests of democracy but coincide with the economic interests of the ruling elite in India. Finally, the chapter outlines how the construction of a discourse around civil society has been useful for strengthening the NGO industry.

3.1. Economic development in Nepal

Nepal has been a predominantly agricultural country for much of its history. At the time of unification, agricultural lands were the most important natural resource (Regmi 1999: 15). The main agricultural crops grown in the Terai plains were paddy, oilseeds, cotton, jute, tobacco and sugarcane, while at higher altitudes maize, millet and cotton were the most important cash crops (1999: 18). Land in the hill regions was also valuable for the extraction of copper, iron and lead, but the vast majority of inhabitants depended on agriculture for a livelihood (1999: 25). The peasantry cultivated land through different land tenure systems that varied in different regions

according to political, economic and historical factors; for cultivators it was of little significance whether the landlord was an individual, a religious institution or the state: 'in each case, the surplus produce of the land, that is, whatever was left after meeting the essential costs of cultivation and providing him with a minimum subsistence, was taken away from him without any consideration' (1999: 29). Mikesell (1999: 194) describes the situation of peasants at the time of Prithvi Narayan Shah's takeover, arguing that previous kinship-based forms of communal ownership were subordinated by private property-owning classes:

Village peasants were subject to heavy exploitation, abuse and slavery by a collusion of elements of a landed property class consisting of petty Rajput princes, allied families and priests, who from the twelfth century began to spread the hegemony of exploitative class relations based on private property... to the hills of Nepal.

Prospects for industrial development and technological innovation were not improved by the ascendancy of Jang Bahadur Rana. The Rana establishment deliberately isolated Nepal from the industrial revolution (Lohani 1973: 203). But when the East India Company extended its railway network to the Terai, the Ranas began to clear the heavily forested area and produce grain for export; the peasantry also took advantage from being able to sell surpluses for competitive prices in India (1973: 204). The railway—and subsequent increasing economic ties to India—had the effect of gradually monetising the economy and developing commercial and industrial enterprises, but this growth could not be maintained. Prakash Chandra Lohani (1973: 205), who initiated Nepal's first neoliberal reforms as finance minister, argues that there were three reasons for failed economic growth at the time: first, the low level of agricultural technology in Nepal could not keep up with increased production; second, the Ranas feared that innovation would lead to increased consciousness amongst the popular classes; and third, Nepal had signed a trade treaty with British India in 1923, allowing almost unrestricted imports of British goods into Nepal, which discouraged the establishment of new industries. Political and economic conditions following the outbreak of the Second World War broke this period of stagnation. Several factories were established in the Terai to relieve shortages in consumer goods and raw materials such as jute, but many of them went into liquidation at the end of the war (1973: 206). Investor confidence crumbled, producing barriers to economic progress (Mihaly 1965: 13). Industrial expansion in the 1950s was insignificant; however, the

overthrow of Rana rule allowed the establishment of physical and economic infrastructure that would facilitate further industrialisation in the future. Much of this progress was directly attributable to foreign aid and Indian investment (Joshi and Rose 1966: 471). Road links between Kathmandu and the Indian border were opened, and a USAID-funded programme to rid the Terai of malaria was established, bringing new farmland under cultivation. In 1959 the Nepal Industrial Development Corporation was established and new laws were enacted—the Industrial Factory Act and the Factory Workers Act in particular—to provide financial, technical and legal assistance to new entrepreneurs. A trade and transit treaty with India was also signed, assuring ‘virtual domination of Nepal’s economic life’ (Lohani 1973: 206); this consolidated Nepal’s integration into the Indian economy, but allowed Nepali products free and unrestricted access to Indian markets.

3.1.1. Capitalist development

The priority for Nepal’s First Five-Year Plan, introduced in 1956, was to improve living standards by creating employment opportunities and encouraging growth. The plan placed heavy emphasis on urban-based import substitution industrialisation (ISI): these industries ‘were granted heavy protection in the form of high tariffs and/or import restrictions and they had access to important inputs at lower tariffs, making the effective rate of protection excessively high; in some cases over 200 per cent’ (Sharma 2006: 556). Sharma (2006: 556) argues that this strategy contributed to deteriorating poverty and inequality because it attracted resources away from rural areas and caused agricultural productivity—upon which the vast majority of the population depended—to decline. The argument was that while the ISI policy accelerated growth, it failed to benefit 86 per cent of the population living in rural areas, and rural-urban inequality significantly increased (2006: 552). Over the next two decades, Nepal had developed a large number of ISI industries, including jute, sugar, cigarettes, matches, cement, paper, metal, crafts and textiles; factories were also developed for pharmaceuticals, shoes and leather under the Second Five-Year Plan (Pradhan 1984: 57). By the Third Five-Year Plan beginning in 1965, there were rice, flour and oil mills, brick and tile factories, saw mills, printing presses and a furniture-making industry (1984: 62). Export-oriented industries were limited to rice, jute, timber and hide. A portion of rice and jute had to be sold to the Nepal Food Corporation below international market prices, forcing commercial producers to move

towards ISI industries and away from export-oriented industries. Agricultural investment and productivity continued to fall, and by the mid-1980s, exports declined to about 5 per cent and a severe macro-economic crisis ensued (Sharma 2006: 557), prompting the government to submit to international pressure for reforms. According to Sharma these reforms created a bias against agricultural investment and, combined with cuts in development expenditure, exacerbated poverty and inequality.

3.1.2. Nepal's integration into the Indian economy

That Nepal's integration into the global economy is largely the result of its integration with and dependence on the Indian economy (Karmacharya 2001: 88), means that if India had not begun to adopt liberalisation policies from the early 1990s, 'whatever the pressure of international agencies, the Nepali government would have [had] difficulty in pursuing liberalisation and privatisation in such a radical manner' (Paudel 2009: 126). Landlocked and without easy access to ports, accessing the markets of the rest of the world other than through India is time-consuming and expensive for Nepal (Karmacharya 2001: 89). Sole reliance on India for trade and transit inhibited Nepal's ability to develop commercial relations with other countries. The long open border with India also created other problems; India's superior infrastructure, technology and skills, the unofficial and unrecorded movement of goods across the border (Karmacharya 2001: 89), and the economies of scale provided by its large domestic market, acted as disincentives to the development of industry in Nepal (Khadka 1998: 157). Following the liberalisation of trade policies, imports from India have rapidly increased, creating a trade deficit for Nepal, which Khadka (1998: 158) argues cannot compete without a measure of government protection of domestic industries. Roka (2011: 185) notes that Nepal's trade deficit with India grew from US\$267 million in 2000 to US\$1.3 billion in 2008.

The post-Rana government viewed economic development as one of its top priorities. Nepal requested aid from India, which responded with technical and economic aid in 1952 by building roads, airfields and communications networks (Khadka 1997: 1047). To dissuade Nepal from the influence of China, India became Nepal's largest donor between the mid-1960s until the 1970s, when Japan assumed the role (1997: 1048). Meanwhile, China offered aid to Nepal in the wake of King Mahendra's coup in order to reduce Nepal's economic dependence on India and, in general during the 1960s and

70s, when Indian aid increased, aid from China and the Soviet Union also increased (1997: 1053). Khadka (1997: 1049) notes that while there was a positive correlation between aid and GDP growth rates, they were not significant. He argues that ‘an increased reliance on aid did not contribute much to improve Nepal’s economy during the panchayat years (1997: 1051), failing to produce expected economic results. Instead, from 1970-1989, total external debt increase from US\$3 million to US\$1.3 billion, while the major beneficiaries of aid were ‘unquestionably the supporters of the panchayat system’ (1997: 1051), including influential businesspeople and powerful bureaucrats. This reliance on India has an important implication that Brown (1996: 81) observes: ‘Penetration of Indian capitalism into Nepal... accelerated during the post-Rana years and integrated Nepal even further into global capitalism as the periphery of a periphery’. This integration and associated dependence continues.

3.1.3. The rise of neoliberalism

The causes of political unrest and change in Nepal over the last three decades cannot be understood without examining the economic reforms that began to be implemented in the mid-1980s. The remarkable and enduring changes to Nepal’s economy—from essentially a state-led to a market-led system—were entirely based on IMF and World Bank policy prescriptions (Paudel 2009: 115), and demonstrate that Nepal was neither immune from the global trend towards liberalisation nor isolated from the global economy (Seddon 2001; Mikesell 1999). Neoliberal reforms began with the first structural adjustment loan from the World Bank in 1986, which was designed to stabilise the economy and promote economic growth. These objectives would be accomplished by encouraging private investment in agriculture, trade, forestry and industry, improving public sector efficiency, cutting subsidies, making the currency convertible, reducing the scope for state intervention, relaxing licensing requirements for the private sector and privatising state-owned enterprises (Paudel 2009: 119; Khadka 1998: 151). By World Bank measures, Nepal made progress on all these fronts, and in 1989 received another structural adjustment loan. The aim of the second loan was to reinforce liberalisation by revamping the tax system, cutting development spending, restructuring two of the largest state-owned banks and opening up the financial sector. Foreign direct investment was also encouraged by allowing 100 per cent foreign ownership in all industries except those related to defence, public health and the environment, though this achieved limited success (Karmacharya 2001: 95).

Nepal's privatisation programme accelerated during the 1990s under pressure from the World Bank, USAID and UNDP, which assisted the Ministry of Finance in formulating a strategy for privatisation (Paudel 2009: 119).⁶⁵ Regardless of the ideological tendencies of the government in power—whether the Nepali Congress or UML—each was committed to continuing and strengthening economic liberalisation measures (Khadka 1991: 151). The short-lived UML government, however, failed to actually move the privatisation agenda forward (Joshi 1996: 233), and when the Nepali Congress was back in power in a coalition with the National Democratic Party and the Sadbhawana Party, it promised to pursue a liberalisation policy that would also preserve the rights, interests and welfare of labourers (Paudel 2009: 122). Nevertheless, privatisation continued, and there is evidence to suggest that this has had disastrous consequences on the poor and the working class in Nepal.

By the early 1990s, poverty remained chronic: between 7 and 8 million out of the total population of 19 million lived in absolute poverty (Seddon 1993: 145). Devendra Raj Pandey, who became finance minister after the 1990 revolution, stressed that while structural adjustment reforms remained relevant and necessary, development assistance undertaken by donors had also to focus on raising the living standards of ordinary people (Shaha 1990: 122-3). The dearth of consistent data makes it difficult to identify the specific impacts of liberalisation on poverty and inequality, however, 'given the unprecedented progress toward the integration of poor, developing economies into the global economic system' (Wagle 2007: 1836), attempting to understand the effects of liberalisation and whether liberalisation and inequality reinforce one another, is vital (2007: 1840). Comparing indicators for liberalisation and inequality in Nepal as part of a wider study across South Asia, Wagle (2007: 1842-43) found that as liberalisation increased, there were parallel rapid increases in the Gini ratio and consumption differentials; Nepal's experience epitomised the highest degree of inequality in South Asia during the period 2000–03.⁶⁶ Table 3.1 shows that while poverty is decreasing, inequality is on the rise.

⁶⁵ By 1992, the first three public enterprises were privatised: a brick and tile factory, a pulp and paper factory and a leather and shoe factory. In the following year, 14 more public enterprises were earmarked for privatisation but only five had been privatised (Paudel 2009: 121).

⁶⁶ Indicators for liberalisation were foreign direct investment (FDI), import, export, external debt and debt service, which Wagle argues captures a more accurate degree of liberalisation. Indicators for inequality were Gini and consumption ratios and poverty incidence at one dollar a day.

	1980s	1990s	2000-03
Gini index indicating deviation from zero at perfect equality	0.305	0.426	0.472
Ratio of consumption from top to bottom quintile	4.336	7.633	9.100
Poverty incidence at US\$1 a day of income	39.72	39.13	24.10

Table 3.1: *Measures of inequality and poverty.* Source: Adapted from Wagle (2007: 1842)

Furthermore, analysing the data with variables including population growth suggests that ‘liberalisation favours cheap labour thereby inducing countries with more rapidly growing populations to liberalise faster’ (2007: 1847). Wagle concludes that not only do liberalisation and inequality have ‘simultaneous, positive, but yet nonlinear relationships’ (2007: 1849)—despite variations in country experiences—but also that countries with higher degrees of inequality are more likely to liberalise, creating a perpetuating cycle leading to greater inequality.⁶⁷ In later studies, Wagle (2010: 573) notes that ‘the share of the top quintile in the distribution of income and consumption, for example, increased from 40 per cent in 1984 to 47 per cent in 1996 and further 55 per cent in 2004’. More specifically, while the bottom 10 per cent have access to 1 per cent of resources the top 10 per cent enjoy 50 per cent of resources or more, making Nepal one of the most unequal countries in the world (2010: 577). Although liberalisation policies led to limited economic growth—in the 1960s and 70s GDP grew on average at 2.6 per cent per annum, while during the 1980s this figure was 3.4 per cent (Khadka 1998: 152-153)—evidence suggests that benefits accrued to the upper classes did not trickle down to the poor. With the removal of subsidies to electricity, water, fuel and basic consumption goods such as sugar, prices rose significantly (Sharma 2006: 558). Khadka (1998: 153) also notes that while per capita income doubled in the 1980s and 90s, prices increased by three-fold, making the living conditions of the average population worse. Fertiliser subsidies were also removed, making farmers worse off because of declining levels of productivity (Sharma 2006: 558). The failure to improve performance in the agricultural sector affected not only growth in other sectors of the economy but the socio-economic conditions of the vast majority.

⁶⁷ This is in part because elite interests at a national level that control cheap labour coincide with the interests of external economic players who need to exploit cheap labour. One of Nepal’s key exports is now cheap labour to the Middle East and the Gulf.

Privatisation and deregulation were pursued both because of pressures from the IFIs but also by the perception amongst Nepali bureaucrats that public enterprises were operating unsatisfactorily; in particular that poor management and financial losses associated with public industries were not conducive to economic growth (Sharma 1983: 906). Sharma argues that the reasons for disappointing economic achievements were that economic policies were based on 'political rather than economic considerations' (1983: 897) and a weak administrative capacity to implement reforms. A more conventional reading suggests that the government undertook structural adjustment reforms in the belief that growth would trickle down and reduce poverty (Acharya 2011: 3), address growing inequality and the bias against agriculture and make industry more efficient; that the government failed to do this was the result of half-hearted implementation and technical weaknesses, compounded by political instability and poor governance (Sharma 2006: 565). The conclusion from this analysis is that what is needed is not less but more reform, combined with targeted development assistance in terms of social services and infrastructure (Karmacharya 2001: 101; Khadka 1998: 164). Acharya (2011: 49) argues that the World Bank and IMF later *realised* that their policies were anti-poor, and in the second phase of the Structural Adjustment Programme from 1992, emphasised generating government revenue. The realisation was that the devaluation of local currencies and the withdrawal of subsidies were detrimental for the poor, and thus the Bank developed the Poverty Reduction and Growth Facility. The Bank would make poverty reduction a more explicit aim of a growth-oriented economic strategy, while at the same time continuing liberalisation. According to Roka (2011: 177), reforms created even greater inequalities. Wagle (2010: 573) also argues that reforms created an 'overall policy environment providing a powerful impetus to create and sustain inequality', ignoring evidence that reforms had led to an increase in inequality (2010: 577) and suggestions that there was a trade-off between liberalisation and poverty (Acharya, 2011: 49). Furthermore, the current wave of inequality coincided with the liberalisation policies of the 1990s, 'further intensifying integration of the national economy into the regional and global markets' (Wagle 2010: 574). Nepal's growing integration into the world economy was not only producing questionable results, but has implications for the notion that the economy remains 'semi-feudal' to this day.

3.2. The first people's movement

The immediate aim of the 1990 people's movement was to lift the ban on political parties. It was not a movement singularly directed against King Birendra but one that aimed to attack the system that institutionalised his power. According to Hoftun (1993: 15), the parties 'wanted to take away the king's political power without harming him as a symbol of national unity' in practice. Not only did the parties succeed in lifting the ban but they also brought an end to absolute rule by the monarchy. Several factors had already weakened the panchayat regime, not least of which was the 1980 referendum. While it continued to portray itself as a strong regime with mass support, according to Burghart (1993: 10), this was fiction. When the parties began to organise the movement, which would begin on Nepal's official 'Democracy Day' on 18 February, the regime responded in a show of both confidence and repression. It organised rallies and produced favourable media coverage of various government programmes, but also disconnected all the phone lines in the capital and arrested all the main party leaders. In the end it took only six weeks to remove the 28-year-old regime, but it was accomplished by a combination of internal factors—primarily an economic and political crisis that the parties could unite against—and external factors, which included the democratic revolutions sweeping Eastern Europe. The panchayat regime had always attempted to control social and political organisation outside state patronage, but it was beginning to find itself in an impossible situation, wedged between growing criticism both within and outside its ranks. Ultimately it could not contain the opposition, and the crisis culminated into a situation where things could no longer stay the same.

The political context that preceded the movement was the now infamous trade embargo imposed by India preventing fuel and kerosene from entering Nepal. The Indian embargo was the single biggest factor that further weakened the panchayat regime, but the discontent generated and the confidence gained by opposition forces towards the end of 1989 contributed to creating the conditions for the 1990 movement. Trade and transit has always been an issue for Nepal and there were frequent disputes with India over these issues (Hoftun *et al.* 1999: 265). Landlocked and sharing a 1,690 km border with India, Nepal is effectively surrounded by India on three sides, and India has used Nepal's economic vulnerability to its advantage. While the resolution of trade and transit disputes tended to favour India, Nepal has also

attempted to use relations with China to counter Indian dominance. In 1988, for example, King Birendra negotiated a special arms deal with China, and the arms were delivered directly overland from China (Mishra 2004: 633). Nepal had also eased customs duties on Chinese goods and introduced a system of work permits for Indian nationals working in Nepal (2004: 633), but it was the arms deal that led India to retaliate by using the issue of trade and transit to remind Nepal of its special relationship with India (Riaz and Basu 2007: 95). India argued that under the 1950 India-Nepal Treaty, Nepal must consult India before purchasing arms; Nepal argued that this provision was not applicable if the arms were not transiting through India (Mishra 2004: 633). India was not convinced. The embargo began on 23 March and fuel shortages were immediately felt across the country. Previous trade and transit treaties between India and Nepal had expired on 1 March 1988, but instead of renewing these treaties, India insisted on reverting to an older arrangement, whereby trade and transit were covered under a single treaty. Nepal had always argued that the two issues be dealt with separately since trade depended on mutual agreements, whereas because Nepal is landlocked, it should have transit facilities by right (Hoftun *et al.* 1999: 110). India had let things stand for over a year before suddenly closing 19 of the 21 trade routes and 13 of the 15 transit routes (Mishra 2004: 633), causing enormous damage to the Nepali economy (Riaz and Basu 2007: 95), not least because of the disruption to fuel supplies (Chaturvedy and Malone 2012: 295). According to Hoftun *et al.* (1999: 110), 'Everything in India's power was done to make the transit through India of goods for Nepal as difficult as possible'. But as the months wore on and prices continued to rise, general discontent began to grow. Instead of attempting to resolve the issue, the government of Nepal began to dig its heels in; it declared a national crisis and launched a propaganda campaign not only calling on Nepalis to unite against India, but urging the international community to recognise Nepal's precarious position. It announced strict austerity measures and a new economic policy to make Nepal less dependent on India. If the authorities in Delhi were surprised at this tenacity, the Nepali public was beginning to vent real anger, including in both urban and rural areas (1999: 110-111). For a time it made the panchayat regime appear strong, but levels of discontent went from bad to worse.

Although it is likely that India was attempting to use the weak government in Nepal to impose a more favourable trade treaty, and the opposition did not want to be seen to

be supporting India, it nevertheless heavily criticised the government for its inability to solve the problem. But seizing the opportunity to launch a movement created by these conditions also required leadership. Unwilling to come together during the 1980 referendum, this time opposition parties—the Nepali Congress and the communists—joined forces in order to participate in the official movement. On 10 January, seven moderate communist parties announced the formation of the ULF, led by Sahana Pradhan.⁶⁸ On the far left, the parties that had any significant following in 1990 were three Maoist parties: the CPN (Fourth Congress), led by Nirmal Lama, and which had previously been one of the strongest and most organised communist parties in the country (Rawal 2007: 85); the CPN (Masal), which split from the Fourth Congress in 1983 under the leadership of Mohan Bikram Singh; and the CPN (Mashal), which was one of the factions resulting from an earlier split within Masal in 1985 and was led by Prachanda, who had been newly elected as general secretary (Thapa 2003: 35).⁶⁹ As both Masal and Mashal considered co-operation either with the monarchy or with the Nepali Congress impossible, they instead came together to form the United National People's Movement (UNPM) with other radical groups to participate in the movement. Baburam Bhattarai, who was then part of Masal, led the UNPM. Their main demands were republicanism and elections to a Constituent Assembly.

The unity of the opposition parties was a decisive factor in the victory of the movement. But there was also a new group of intellectuals that had come to the political forefront in Kathmandu and other cities since 1980, and which was becoming increasingly influential. Hoftun (1993: 16) explains that 'the appearance of this new intelligentsia was most evident in the formation and rapid growth of several human rights organisations. The membership of these organisations consisted to a large degree of young professionals with no previous affiliation to the banned political parties'. Hoftun notes that Padma Ratna Tuladhar was one of the main representatives of this group of politicised intellectuals, defining himself as an 'independent leftist' (1993: 16)—part of the Left but with an appeal across the political spectrum.

⁶⁸ In addition to CPN (Fourth Congress), the United Left Front consisted of six other left groups: CPN (Marxist-Leninist), Nepal Workers and Peasants Party, CPN (Marxist), CPN (Burma), CPN (Manandhar) and CPN (Amatya). The Fourth Congress' analysis was that feudalism was the main enemy, not India, and as such could tolerate making alliances with the Nepali Congress.

⁶⁹ The Fourth Congress is also sometimes referred to as the Fourth Convention.

Professional associations such as the Nepal Bar Association, Medical Association and various teachers' associations also became involved in the movement.

3.2.1. The view from the ground

From the first day of agitation on 18 February, demonstrations and strikes grew steadily. People organised new and creative forms of protest as government repression intensified, including 'voluntary blackouts at certain times in the evenings, silent marches, and the public burning of various symbols of the regime' (1993: 17). At the outset it was unclear where the movement would lead, and as Hoftun argues, 'the general impression was that the struggle could last for a long time' (1993: 17). Then on 30 March, unrest in the district of Bhaktapur, not far from Kathmandu, spread to Patan, only a few miles from the capital.⁷⁰ While during the last years of the panchayat Nepal had experienced a growth in ethnic consciousness and the beginning of a movement for ethnic rights, the events in Bhaktapur and Patan were different; they were explicitly not of an ethnic nature. As Hoftun describes it, 'the political goals were solely of a general and national character' (1993: 24). The police opened fire, several demonstrators were killed and the situation changed dramatically.

For a start, people were outraged at the level of police brutality, and demonstrations grew in size and strength. As the government warned people not to take part in strikes and demonstrations, the police raided and looted the homes of those thought to be most active. This was met with even more anger against the police. Left parties and associated student groups began holding mass meetings all over Kathmandu proposing action against police repression. People immediately began to organise themselves, block by block, digging trenches, erecting barricades and organising blackouts (Ogura 2001: 118). Within days, people in the municipalities of Kirtipur and Patan seized control of their city centres, keeping out the police. Students, industrial workers and even housewives staged strikes across the country. Over 200 of Nepal's best writers and artists staged a sit-in demonstration outside one of the main campuses of Tribhuvan University in the centre of Kathmandu; 158 were arrested but released later that day (Hoftun *et al.* 1999: 126). The professional associations also

⁷⁰ The three districts of Kathmandu, Lalitpur (Patan) and Bhaktapur, formerly three separate kingdoms, today make up the Kathmandu Valley and cover an area of about 220 miles. Before the unification of Nepal in 1768 as outlined in Chapter 2, only the Kathmandu Valley was known as Nepal.

began to organise strikes, and employees of Royal Nepal Airlines also went on strike. A general strike was organised on 2 April. Two days later, massive crowds had gathered at the biggest temples in the Kathmandu Valley to mourn the dead. Hoftun *et al.* (1999: 129) describe the scene: ‘By now the town centres of Kathmandu, Patan and Bhaktapur resembled war zones. There were roadblocks everywhere. Debris littered the streets, fires blazed and the shells of overturned, burned-out vehicles lined the roads’. Then, the climax of the revolution arrived.

First, foreign minister Shailendra Kumar Upadhyaya resigned, protesting government repression. The cabinet was reshuffled and on the morning of 6 April the king issued a royal proclamation announcing talks with the banned parties, an investigation into the killings and the establishment of a commission to oversee constitutional amendments (1999: 130). Hundreds of thousands had gathered in Tundikhel (an open-air green space in the centre of the city) and its vicinity, to hear the proclamation. The police were instructed not to interfere, but to allow the mass gathering to take place. Later that day, the state media announced the release of all detainees, unless criminal charges could be brought before them. The mood was mixed; celebratory on the one hand because of the immediate concessions that had been granted, but also because people felt the movement had made real gains: a series of far-reaching political changes, even victory, was imminent. But on the other hand there was also dissatisfaction because many felt that the king’s concessions did not go far enough (Hutt 1993: 29). Sections of the movement were even calling for the abolition of the monarchy itself. That afternoon, the mood turned into anger, now directed not only against the government but directly at the king and queen. From Tundikhel a large crowd moved towards the palace. Once again the police opened fire, killing more people than on any other previous day during the movement (Hoftun *et al.* 1999: 18). According to Hutt (1993: 29) ‘security forces shot several dozen unarmed demonstrators’ outside the royal palace. Finally, on 8 April, the king announced that the ban on the political parties was lifted.

3.2.2. Bringing the movement to an end

The four main leaders of the movement—Krishna Prasad Bhattarai and Girija Prasad Koirala from the Nepali Congress and Sahana Pradhan and Radha Krishna Mainali from the ULF—were granted an audience with the king that very evening. In a

television interview immediately after the meeting, in response to the question about whether the movement had ended, K.P. Bhattarai gave the following answer:

Of course, I declare it, so that all the people listening can understand clearly. His Majesty has proclaimed the deletion of the word “partyless” from the constitution and lifted the ban on political parties, meaning that all political parties can now function freely. It means that multiparty democracy has been realised. Since the main objective of the movement has been achieved, I declare that the movement has ended. (Quoted in Ogura 2001: 198)

But the unrest persisted. People kept coming back out onto the streets, partly out of fear that the movement had been called off too early, and partly to pressure the king to implement the changes he had promised. In the months that followed, movement leaders were consistently criticised for compromising with the king. Activists in the ULF and others argued that demands should have included the abrogation of the 1962 Constitution. The UNPM reaffirmed its demand for CA elections and encouraged the movement to continue demonstrating (Thapa 2003: 35). Criticism was directed at the Nepali Congress in particular, but Congress leaders argued that since the demands were not made during the movement itself, it would not be credible if they were made now (Hutt 1993: 30). Ultimately, it was not the opposition leaders but the movement on the streets that forced the king to implement his promises. The crucial question remains, however, that if the leadership—or at least sections of the left leadership—had not called off the movement but instead allowed it to continue, it may have had the confidence to press for more far-reaching change. It was precisely the incompleteness of the revolution that set the Maoists on the course towards the People’s War. The violence of the regime and its suppression of the democracy movement can be seen as an expression of its weakness (Hoftun 1993: 21), which in turn gave the opposition confidence. But this confidence was fleeting, since after the lifting of the ban, the parties felt they had to assert control not by leading the movement but by suppressing it themselves.

The royal proclamation came on 16 April, dissolving the panchayat and invalidating the provisions of the 1962 Constitution inconsistent with multiparty democracy. The next day, the king named K.P. Bhattarai, a moderate who had spent 14 years as a political prisoner, as prime minister and head of the interim government. The

government also freed all political prisoners, lifted control of all domestic and foreign publications, and established a commission, known as the Malik Commission, to investigate the loss of life and property. Once the mainstream parties came to power there was almost immediately an accommodation with the mainstream approach to development: Nepal must continue the process of liberalisation to match the new democratic dispensation. There was a sense that development would work this time—unlike during the panchayat—because of the introduction of multiparty democracy following the people’s movement, and the help of NGOs, who had themselves played a role in the movement and whose international NGO partners were seen as closer to the aspirations of ordinary people than government donors. The movement was demobilised by Congress and the UML, seeking a settlement with the monarchy. That the mainstream parties, including the UML, called off the movement had not gone unnoticed by a number of smaller parties to the left of the UML.

3.3. NGOs and the production of civil society

Liberal interpretations of civil society, which have been influential in development studies and within the aid industry and promoted by the World Bank over the last two decades, tend to view civil society as distinct from both the market and the state (Edwards 2011: 4; Lewis and Kanji 2009: 121), primarily acting as a counterbalance to the power of the state. Civil society is seen as a relatively uncontested space of associations of free individuals, where civic virtues such as volunteerism and philanthropy can be practiced (De Tocqueville 1990) and where social capital can be built (Putnam, 2000). Warning against the domination of public life by the state, and where NGOs can ‘act as a bulwark against such a tendency’ (Lewis and Kanji 2009: 131), the liberal view easily accommodates the neoliberal rhetoric of a minimal state. The convergence between the liberal approach to civil society and the promotion of neoliberal values is most clearly reflected in the ‘good governance’ agenda. The good governance agenda adopted by the World Bank in the 1990s, which brought the concept of civil society into development policy and was later imposed as part of aid conditionality, assumed civil society to be one of three sets of institutions, alongside a competitive, market-based economy and an efficient government (Lewis and Kanji 2009: 128). While such a prominent role for civil society asserted a space for politics—a space where NGOs and movements and other collectives could articulate demands outside of formal structures—it also facilitated the promotion of market

values (2009: 129), whereby a dynamic civil society would contribute to market-led economic growth. According to Edwards (2011: 4), such an instrumental and reductionist conception of civil society has come under greater scrutiny and questioning from scholars and activists, while it has grown in popularity amongst politicians and policymakers. Civil society is relegated by the mainstream to the status of being residual, that which only exists to compensate for the weaknesses of other institutions (2011: 5). It is precisely because of the explosive *potential* of civil society, which is implicitly recognised by the mainstream, that civil society must be contained and, in a sense, neutralised. Appropriating the concept of civil society and popularising a liberal interpretation, in particular through the policies and practices of good governance, has at moments been relatively effective in limiting this potential.

The mainstreaming of civil society into development policy, or ‘strengthening’ civil society, has had three major and interrelated consequences. The first is that it has facilitated a more interventionist role for those promoting good governance—the World Bank and major Western donors—whereby civil society actors are expected to conform to legal, bourgeois democratic processes that impose limits on acceptable action. If the idea of civil society is deemed to constitute a free and fair media, elections, human rights and so on—elements that constitute a democracy—then strengthening civil society means greater scrutiny on these questions as part of a set of imposed reforms.⁷¹ The focus on human rights in Nepal beginning in the late 1980s, as has been shown in the previous chapter, was also part of moves towards strengthening civil society in the wake of the end of the Cold War. Second, the promotion of civil society has allowed donors to fund projects that might otherwise have the potential to threaten capitalist relations, and ‘siphon discontent’ (2011: 5) into more moderate forms of protest. Funding has become a major tool through which Western powers have been able to advance their interests. Hearn (2001: 47) demonstrates the various mechanisms through which donors have used funding to contain opposition within civil society. In Ghana, donors funded sections of civil society to create broad-based consensus for pushing through the controversial structural adjustment programme, while in South Africa donors funded only those

⁷¹ The US has justified humanitarian intervention after 9/11, for example, on the basis of human rights violations and a lack of democracy, linking explicit foreign policy goals to a strengthened civil society in Iraq, Afghanistan and elsewhere (Edwards 2011: 5).

civil society organisations that promoted procedural over substantive democracy, redefining democracy to mean elections rather than equal access to housing, jobs and other material benefits (2001: 48). In Uganda, civil society organisations and NGOs were funded to work more closely with local government in providing services, preventing NGOs from agitating on issues such as debt, land and political systems by making an artificial distinction between civil and political issues (2001: 51). This has also been the case in Nepal, where in 1999 the Nepali Congress government framed the Local Self-Governance Act, facilitating and encouraging NGOs to work in partnership with local government (Dhakal 2007: 63). Organising around political issues outside the bounds of the state—much like during the panchayat—was met with unease by government officials. Finally, NGOs in particular have been used to play a ‘bridging role’ within civil society (Lewis and Kanji 2009: 133) between the poor, middle classes and elites. By attempting to create consensus across the political spectrum, they effectively neutralise interests that cut against elite interests, denying that these interests are incompatible and in direct opposition to one another.

3.3.1. Hegemony, civil society and the state

An alternative and opposing interpretation of civil society—regarded as ‘radical’ from the standpoint of the liberal understanding—has its roots in the writings of the German philosopher G.W.F. Hegel, and was taken up by Marx and later Gramsci. In this interpretation, civil society is not only recognised as a sphere of conflict and contestation but also a site where one class dominates—under particular social, political and economic conditions—over another class. Gramsci’s often-quoted passage from the *Prison Notebooks* refers to two superstructural ‘levels’, civil society and political society:

We can now fix two major superstructures levels—one that may be called “civil society”, that is the ensemble of organisms commonly called “private”, and the other that of “political society” or the State. These two levels correspond on the one hand to the function of “hegemony” which the dominant group exercises throughout society and on the other hand to that of “direct domination” or command exercised through the State and “juridical” government. (Cited in Thomas 2009: 168)

In arguing that Gramsci was concerned with the popular classes’ attempt to assume leadership in society, Thomas (2009: 160) contests a number of received assumptions

associated with the concept of hegemony, and by extension assumptions about Gramsci's conception of civil society. At least two of these assumptions—ultimately mistaken, according to Thomas—are relevant here; first, that hegemony is a strategy that involves the production of consent, as opposed to coercion, and second, that civil society, as opposed to the state, is the terrain in which hegemony is exercised. Accordingly, hegemony is viewed as a strategy aimed at the production of consent and one that directly pertains to civil society (Anderson 1976: 21). Thomas argues against this partial conception in favour of a total, dialectical picture that spans civil society *and* political society.

Thomas argues that, for Gramsci, civil society is not an uncompromised space that is entirely distinct from the state—one that either comes before the state or lies beyond it: 'Rather, it is an ensemble of practices and relations dialectically interpellated by and integrated within the state' (2009: 180). That civil society is the dominant sphere of control in which the ruling classes maintain their hegemony via consent is quite common—but it is a distortion, or at least a simplification, of Gramsci's position. In reality, the state exercises hegemony through a *combination* of consent and coercion (Simon 1991: 22). Hegemony in the Gramscian sense means assuming the leadership of an alliance of forces *plus* the domination of opposing forces; domination and leadership are therefore two moments of the same process (Thomas 2009: 163). Political society, which Gramsci uses as a synonym for the state (2009: 190), and civil society constitute the 'integral state' such that they reinforce each other: political institutions have historical roots in and grow out of the wider fabric of civil society, constituted by the economy, the family and other associational forms. But having arisen, political society then crystallises the power relations that exist in civil society and reinforces them. Thus although civil society and political society form a dialectical unity, they are not of equal social weight; they are conceived of not in a spatial but a functional sense (2009: 194). As Thomas argues, 'their equilibrium, like that of consent and coercion, is a stable disequilibrium' (2009: 192), whereby political society *contains* civil society, surrounding it and fundamentally reshaping it (2009: 189). Social forces within civil society—those forces that are capable of effecting social change—have been transformed into particular forms of political power, but these forms are not necessarily the only 'truth' of those social forces. However, 'the

state will remain the “truth” of civil society until the latter becomes aware of its own “secret”: its capacity for self-organisation and self-regulation’ (2009: 193).

Several conclusions can be drawn from this interpretation of civil society. First, civil society is not a neutral, apolitical space of pure consensual politics, in which politics can be evaded; it is a space of conflict because it is integrated with and influenced by political society or the state, which consistently uses its coercive power in addition to its consensual power. Political society is the sphere in which hegemonic projects find their institutional and open ideological expression. Gramsci observed that in bourgeois society, the state is primary because it organises civil society, and thus it appears that civil society is subordinate to the state. Second, the appearance of civil society and political society as separate, unrelated realms is a mechanism of ruling class control; the appearance of civil society as depoliticised, for example, is part of what keeps neoliberal institutions intact. The Gramscian interpretation of civil society is necessarily political because it explains the mechanisms through which social forces are integrated into the hegemony of the state. Accepting the apparent separation between civil society and political society denies the ways in which institutions in civil society are influenced by state, on ideological and practical levels. Finally, because political society is the mechanism whereby the status quo is maintained (2009: 227), then any struggle within civil society must automatically raise questions of state power. In other words, the struggle for hegemony in civil society is necessarily a struggle for hegemony in political society, or a struggle for political power. But the attempt to forge political hegemony must be done *before* seizing state power: ‘without such an attempt to transform leadership in civil society into a political hegemony or into the nascent forms of a new political society, civil hegemony itself will be disaggregated and subordinated to... the existing political hegemony of the ruling class’ (2009: 194). This interpretation of civil society, in which social forces provide leadership and direction and have the potential to create civil hegemony—directly challenging political hegemony—allocates a role for the agency of social forces, with profound implications for social transformation.

3.3.2. The rhetoric and reality of civil society in Nepal

Contemporary notions of civil society have been influenced by liberal rather than radical interpretations (Lewis and Kanji 2009: 135; Tamang 2002: 311), and have

become associated with NGOs to the extent that policymakers and activists often refer to NGOs as constituting the entirety of civil society (Holmén and Jirström 2009: 441; Lewis and Kanji 2009: 123; Sinha 2005: 165). Donors have supported NGOs as ‘proxies for civil society’ (Lewis and Kanji 2009: 139) because NGO support is easier to operationalise, monitor and control. NGOs themselves have reinforced this notion in order to concretise their roles and identities, and this is no less true in Nepal (Bhatta 2012: 189; Heaton Shrestha and Adhikari 2010: 295; Tamang 2002: 316). The turn towards the rhetoric of civil society by neoliberal institutions has meant that the term itself has lost much of its original meaning, where civil society is a sphere of society that is part of the state but also in opposition to it. Instead, civil society has become a *technical* rather than a political concept. Having been appropriated, the definition of civil society as applied by donors in the developing world has become vague, difficult and rather illusive (Shah 2008a: 3; Tamang 2002: 314). Its reification as the site of the panacea to underdevelopment is equally problematic (Tamang 2002: 310). Writing on civil society in Nepal, the late anthropologist Saubhagya Shah (2008a: 3) notes that ‘The indeterminate conceptual and organisational formulation of civil society may even enhance its effectiveness’ for the elites because it serves to legitimate action undertaken by a range of actors with multiple projects, including democracy, development, security or foreign policy objectives. Despite the rejection of the identification of civil society with NGOs by Nepali intellectuals (Heaton Shrestha and Adhikari 2010: 295), it is almost impossible to discuss the concept of civil society in Nepal without slipping into a discussion of NGOs. Donors have been effective in ensuring that the liberal discourse of civil society has resonance in reality, first by romanticising and then by depoliticising civil society in theory and, second, by remaking it to fit neoliberal agendas, effectively substituting civil society for NGOs. Thus they disguise what is an active, economically partisan and loaded intervention as merely reinforcing the space for an apolitical ‘good’ in society.

Interpretations of *nagarik samaj* [civil society] by leading Nepal scholars have tended to view civil society as a Western concept that has been imitated in the developing world (Bhatta 2012: 185; Shah 2008a: 2; Tamang 2002: 341).⁷² Onta (2004: 142) argues that the domestication of the use of civil society has led to its overuse and to

⁷² Onta (2004: 142) points out that while *nagarik samaj* is taken as the English equivalent of civil society, its actual meaning in Nepali is ‘citizens’ society’.

ambiguity. Tamang (2002: 310) describes civil society as the bridge between the realms of society and the state, while Heaton Shrestha and Adhikari (2010: 295) assert that civil society in Nepal is autonomous from the state, largely voluntary and elitist. Bhatta (2012: 190) suggests three traditions of civil society—an activist version constituted mainly by human rights organisations that advocate on behalf of marginalised sections of the population; a neoliberal version, where other forces within civil society are needed to moderate the shocks associated with structural adjustment; and an oppositional version concerned with regime change, and which is ‘interest-bound, partisan and polarised’. Following Gramsci, Shah (2008a: 2) argues that in Nepal, ‘rather than being separate from the political society [*sic*], civil society is intrinsically linked to the political process and its contestation over power and resources’. To illustrate this point, he notes that 48 seats were allocated to civil society leaders in the 330-member interim parliament in 2007 (2008: 11). Further, he argues that civil society is the arena in which ‘oppositional and subaltern groups can potentially create their own alternative hegemonies’ (2008: 8). Yet this is a misinterpretation of Gramsci insofar as it is claimed that for Gramsci ‘the state-civil society convergence makes the total system resilient to both internal and external challenges’ (2008: 8), because this interpretation cannot explain how the system has been challenged. Shah (2008a: 12) also notes that the construction of civil society—both historical and contemporary—as a moral force, through its claim to universal knowledge and values, selflessness and impartiality, can only be realised by eliding individual, partisan interests. The messy reality of civil society as a realm of competing and conflicting class interests, integrated within the state, however, negates its interpretation as an inherently moral force.

In the practical application of the concept of civil society, Tamang (2002: 330) analyses the donor regime in its attempt to ‘civilise’ civil society in Nepal. Examining how the relationship between civil and political society plays out in Nepal, she discusses the ways in which donors are constantly seeking ‘good NGOs’ to fund because of the ‘incessant need and unyielding drive to spend funds in order to raise more funds’; how donors have actively impeded access to information by screening the reports they commission from NGOs and consultants and preventing them from appearing in the public sphere (2002: 333); and the fact that donors have tended to prioritise political interests over the interests of democracy, exemplified by their

support for the anti-democratic actions of King Gyanendra when he dismissed the prime minister and replaced him with a royal appointee, while at the same time calling for the reinforcement of the rule of law (2002: 338). In the process, and bound by ‘the profoundly anti-democratic impulses of the global neoliberal establishment’ (2002: 334) themselves, donors have prevented the emergence of democratic space. They are faced with an ostensible dilemma: on the one hand, civil society needs ‘strengthening’ and, on the other, if civil society organisations become too strong, they run the risk of creating unrealistic expectations—‘expectations that cannot be met within the limitations of neoliberal prescriptions’ (2002: 335). In other words, a politicised civil society that raises expectations and exceeds the limits of what the neoliberal order can offer is not only discouraged but will be actively suppressed. Ultimately, donors in Nepal have gravitated towards those NGOs with whom they share an ideology. According to Tamang, ‘it cannot be assumed that those parts of civil society donors choose to promote is [*sic*] based on a disinterested, apolitical and technical basis’ (2002: 339). Donors have promoted a particular interpretation of civil society, as elsewhere in the world, to legitimise the Nepali neoliberal state. But the idea that NGOs operate in an apolitical realm, where the ideals of development or democracy require mere technical inputs, is deceptive. One NGO leader described the relationship between donors and NGOs like this:

*The main objective of donors is to promote an ideology; social justice is not of concern. When it comes to NGOs, I don't think there is any kind of resistance, there is only acceptance because there is no other way; there is no other option. We know about the imposition of ideology but we have to work in this reality. For different NGOs, for me also, we face some kind of co-option. Within this co-option, civil society actors, journalists and others they try to make a small difference, which is better than making no difference. But there is increasing dependency and money isn't being properly utilised. Seminars are useless when people are dying.*⁷³

If donors have responsibility for generating and reinforcing inequalities (Tamang 2002: 326) by sanctioning the reputation of local NGOs based on their ability to conform to international standards (2002: 331), NGOs also share this responsibility. As they concede to the requirements of the global development industry—writing English-language reports that only a minority elite can read, buying into the idea that beneficiaries must moderate ‘unrealistic expectations’ (2002: 335), and refraining

⁷³ Interview with Dipendra Jha, Kathmandu, 17 February 2010.

from criticising the abuses of foreign aid—they consolidate their roles as intermediaries between donors and beneficiaries. This demonstrates their agency but it also means that they wield a degree of power over donors, who need NGOs to fund. In other cases, donors have created NGOs to implement donor agendas outright. Von Einsiedel *et al.* (2012: 374) suggest that these NGOs are unlikely to question the system. They further comment on the role of INGOs:

Civil society in Nepal comprises many organisations, some focused on self-help, local improvement, and certain forms of economic and social activity, generally of a useful sort, and others heavily politicised—with many NGOs being largely an extension of their political ‘mother parties’ or creations of foreign donors. These latter NGOs are unlikely to call into question a corrupt system they are inherently a part of, whereas the former ones will tend to stick to their local knitting. The monitoring activities of international NGOs and even the activities of the Office of the UN High Commissioner for Human Rights, although useful in exposing and documenting the worst excesses of the combatants and the body politic, have brought about little major change.

Ultimately, well-funded NGOs are ‘not more likely to develop networks of accountability to citizens’ (Tamang 2002: 320) or play a leading role in wider processes of social change; rather, their intermediary roles make them closer to donors than those they claim to represent. Despite evidence of the failures and flaws of donor funding (Bhatta 2012: 196; Tamang 2002: 329; Chintan 2000: 134), NGOs—as one of the primary actors of the contemporary idea of civil society—perpetuate current practice and the ideology of capitalist development in which it is framed. Any project that wants to challenge the status quo and the power of political society, however, has to mount a challenge that is both social and political.

3.3.3. The revolutionary left after 1990

The 1990 revolution was a turning point in Nepali political history. If the 1950–51 revolution marked the end of a feudal dictatorship, ushering in not an entirely new order, but a 40-year transition that steadily weakened the old structures of power, then the 1990 revolution, in contrast, set Nepal on a trajectory where everything could be challenged—the monarchy, upper-caste rule, ethnic disparities and the stark class divisions that had characterised Nepali society for centuries. It was the beginning of a new kind of revolutionary process: it was the birth of Nepal’s democratic revolution. The Maoists were crucial agents in this process because they pursued and advanced it

from 1990 until the abolition of the monarchy in 2008, but then held it back and ultimately contained it. It was the Maoists, however, more than any other political force, who had recognised the objective *possibility* of fundamental social change in Nepal. They seized the opportunity, understanding that expectations for change immediately following the 1990 revolution were high. With the movement having forced the king to make major political concessions, the Maoists sensed there was an urgency—amongst women, ethnic minorities, and the poor in the countryside—to take the movement further rather than demobilise the population; for this they saw no other alternative to armed struggle (Mikesell 2001: 17). Whether this would democratise the economic sphere, in addition to the political, was another question.

With the panchayat out of the way, the 1990s once again brought the battle of competing ideologies between the Left and Right to the fore. Post-revolution there was no single communist party that had a mass base; those calling for the 1990 revolution to continue were marginal and disorganised. The most militant individuals in this camp were later to form the Communist Party of Nepal (Maoist): they recognised the possibility of advancing the movement beyond the overthrow of the panchayat, and they denounced the Nepali Congress and moderate communists for calling off the movement once an agreement with the monarchy had been reached (Hoftun *et al.* 1999: 134). The political situation was in flux, and if the Left had grasped the need to capitalise on such a context, so did the right. The Nepali Congress and others, backed by the World Bank and an assortment of donors, vigorously began to pursue the path of liberalisation, modernisation and capitalist development. NGOs came in with hope and determination, and were accepted with open arms—first by the Kathmandu elite who had high hopes for development and, secondly, by ordinary people who believed that this time, unlike during the panchayat, they could also reap the benefits of development. Of course, the collapse of communist governments around the world had weakened the Left in Nepal, and there were divisions within the communist movement about the way forward. Much of the population went along with the promises of the mainstream approach to development: projects here and there, large and small, government and non-government, across a range of social sectors, would eventually lead to big changes. At least sections of the Left were sceptical of this approach, and embarked on the long process of developing the mass base necessary to challenge the existing political order.

The post-1990 context raised many questions for the Left. On what ideological premises should a mass base be developed? Should the Left concentrate forces on being an opposition to the Nepali Congress in parliament, or pursue an alternative politics that could expose the limits of bourgeois democracy? But how to criticise parliament in a context where millions of Nepalis had struggled for it, and won? The UML made its choices early on; it also gained considerable benefits from aligning itself with the growing NGO industry. But those to the left of the UML understood the limits of this approach. It was not merely a question of not trusting the palace to follow through with the concessions it had promised, but that those concessions would ultimately prove to be inadequate to address the vast array of Nepal's social problems. The far left—along with virtually the entirety of the population—had plenty to be sceptical about given the record of corruption and power struggles within the establishment. Hutt (1993: 32) notes that they made 'a hue and cry each time the king appeared to take decisions without what they considered sufficient consultation'.⁷⁴ When King Birendra attempted to present his own draft of the constitution, for example, left parties, students and others came out onto the streets, burning copies of the palace draft. But the far left, dominated by the Maoists, also had more moderate left forces to deal with, forces that were always willing to compromise with the king. Those from the ULF who were part of the newly formed Constitution Recommendations Commission, including Bharat Mohan Adhikari, Madhav Kumar Nepal and Nirmal Lama (Malagodi 2013: 112) 'virtually dismissed out of hand' (Hutt 1993: 36) concerns about language, ethnicity, religion and regional issues, which made up the vast majority of suggestions to the Commission. The Maoists would once again raise these issues, including the possibility of ethnic autonomy—a current source of debate in the restructuring process—in the 40-point document presented to the government before the start of war. The 40-point document itself reflected a realisation amongst the Maoists that the pledges made in the 1990 Constitution were a compromise. Others have argued the same. According to Hutt (1993: 42), the constitution 'generally favoured the demands of the democratic movement, but still reserved important powers and privileges for the monarchy', including emergency

⁷⁴ This included King Birendra's formation, without consulting the new interim government, of a Constitution Reforms Recommendation Commission consisting of seven people who would recommend reforms to the 1962 Constitution and submit them to the king. Parties from across the political spectrum immediately rejected it, and a Constitution Recommendations Commission was formed, its members nominated by the prime minister, to draft a new constitution (Hutt 1993: 35).

powers, which King Gyanendra was to later use with dramatic effect. In her in-depth study of the 1990 Constitution, Malagodi (2013) also argues that the constitution came to represent a compromise, one that ultimately reinforced historical patterns of social and religious exclusion.

But there was also a realisation amongst the Maoists that the party needed to organise in a new way in order for its demands to have any credibility with the wider public. The Maoists began to develop the position, based on an analysis of the material conditions and level of class struggle in Nepali society, as well as the international situation, that revolution in the form of armed struggle was the only option.⁷⁵ In the Maoists' strategy and tactics document adopted in March 1995, there were serious debates over how to transform the party from one that is used to 'reformist and parliamentary activities' (UCPN 2004: 21) into one focused on armed struggle. Various questions and concerns were raised:

Is it possible to transform gradually through study, training, reformist struggle, and small scale resistance struggle? Or for that some leap, a rupture with the past, a decisive step or any big push is necessary? [sic] Will our Party be able to enter into armed struggle smoothly, without causing any damage to the fundamental class and organizational structure? After the start of the guerrilla war what will be its consequence and the process of its development? (UCPN 2004: 21)

Later, in developing the theoretical premises for the People's War, which were adopted in September 1995, the Maoists concluded that challenging state power was the principal goal, that 'everything is an illusion except state power' and that political power had to be captured 'for the people' (UCPN 2004: 24). Armed struggle would be initiated in rural Nepal, in areas where the Left was historically strong, and by uniting workers and poor peasants under the leadership of the Maoists. Although this strategy would have contradictory consequences and was ultimately unable to deliver on the broad and challenging tasks the Maoists set themselves, it would be unduly cynical to claim that the Maoists' only intention from the beginning of the People's War—and indeed the aim of the war—was to capture power for personal gain, to 'foment chaos, destroy all institutions and due process, and be there to reap the fallout' (Dixit 2011: xiii). That the various anti-Maoist forces did reassert themselves

⁷⁵ These debates are further explained in Chapter 5.

in Nepal, managing to violently (and non-violently) counter the Maoists' own use of violence, does not hold up as evidence that the Maoists' project itself was purely self-interested or irrational. This view, however, was a relatively predominant one amongst the 'international community' of donors and other Western observers, security and diplomatic circles and the Nepali elite, all of whom were mainly based in Kathmandu and were attempting to understand the Maoist movement—particularly after its escalation in 2001—not from a historical or materialist perspective but from a partial and arguably elitist perspective. It was also the prevailing view amongst most NGOs, whether it was those that were suffering from the lack of development space, or those that were documenting human rights violations on both sides, or those that were attempting to build peace or strengthen democracy.

One of the more prominent figures in Nepal who holds a rather extreme version of this view is publisher, entrepreneur and writer Kanak Mani Dixit, who wrote that the Maoists' People's War was 'an opportunistic game by what was then one small party, to get to centre-stage, utilising violence and populist rhetoric to bring young cadres and supporters to its side' (2011: 30). While providing several useful insights, one of the many weaknesses of this particular piece of writing was, by his own admission, that it was not written based on social science scholarship (2011: xiv); this drawback, however, makes a serious response to his work all the more challenging. Dixit's main criticisms of the Maoist movement are that it was based on violence and that it was 'built on a weak or non-existent philosophical foundation' (2011: 43). The Maoists' method of struggle was to take up arms, but the PLA was always subsumed under the leadership of the party, at least in theory. The number of hardcore fighters numbered in the thousands—cautious estimates range from 5,000 to 8,000 (ICG 2005a: 8)—a fraction of the hundreds of thousands of members and supporters across the country. In addition, the existence of trade unions, student unions, cultural groups, and various other organisations affiliated to the party suggests that the ideas driving the movement were more than only violence. Perhaps more significantly, Dixit's criticisms imply a discounting of the ideas of Marxism—one of the most influential currents of modern thought over the past century—that have at least partly informed the Maoists' project, and the decades of research and writing by various Nepali intellectuals who have subscribed to Marxist ideas.

Dixit's approach is also conventional and nationalistic: any non-Nepali scholar, observer, activist or otherwise who is attempting to understand the movement and who expresses solidarity, a measure of support, the faintest agreement with the Maoists or even a plausible explanation for their actions, are branded as outsiders who do not, according to Dixit 'recognise the fundamental desire of the people' (2011: 78) for peace, democracy and social justice.⁷⁶ There are several problems with this approach. First, the ends are confused with the means: there is little disagreement with the goal of social justice from across the political spectrum; what is contentious is the means to achieve it, and the theoretical and ideological foundations on which these means are based. Second, Dixit is in danger of speaking for 'the people' in the same way that he accuses the Maoists of claiming to represent the will of the people (2011: 30). Third, criticisms launched against international observers on the basis that they are non-Nepali, and not on the content of their views, is patronising. Dixit himself concedes 'the danger of falling into the pit of xenophobia' (2011: 73), and while he does not deny the role of internationals, he asks whether 'it is not too much to ask for a sense of humility from the guest, to expect that he or she learn the reality of the host society rather than look at its players as one-dimensional caricatures' (2011: 73). But this assumes that it is impossible to understand Nepal at all, since this understanding is not merely a question of which passport one holds. Ultimately, by focusing solely on the secondary aspects of the Maoist movement and not challenging it with a rival socio-political theory, Dixit's arguments cannot explain the dynamic of the movement, nor the popular support it once enjoyed.

Leading scholars such as Shah and Onta are also sceptical of the Maoists' project. Shah (2004: 206) explains that the government was reluctant to use 'the legitimate force at its disposal' because of a lack of political will and unity within Nepal's new ruling class, and a political culture that to some extent identified with the Maoists' progressive, anti-establishment and populist approach, having spent decades in exile and opposition itself. Elsewhere Shah authoritatively documents and analyses a specific 'revolt event' (2008b: 494) where local women rose up against the Maoists' new regime in Dailekh, western Nepal. Onta argues that were it not for the duplicity of the political, commercial and civil society sectors in Nepali society, the Maoist

⁷⁶ UNMIN and the International Crisis Group are singled out for particular censure (Dixit 2011: 77).

movement would not have had fertile ground in which to flourish. The duplicity and corruption of civil society ‘has failed to provide a strong collective resistance to the Maoists, be it ideological or organisational’, and the Maoists have been able to ‘advance their political agenda with relative ease’ (Onta 2004: 144). Onta also singles out the king for ensuring that ‘the army was never a serious threat to the Maoists’ (2004: 144), at least for the first half of the People’s War; the media, for not being determined enough to expose the Maoists’ excesses (2004: 148); and left intellectuals, many of whom lack the organisational backing to effectively counter Maoist propaganda (2004: 150). Similarly, the reports and journal articles produced by various strategic, defence and diplomatic think tanks focus on an analysis in which the starting point is the Maoists’ violence and not their political positions; this kind of engagement centres mainly on military solutions, only secondarily on non-military solutions and even more rarely at a political or theoretical level.

Aside from whatever one may think of the Maoists’ ideology, they have been unable to accomplish what they set out to, even by their own standards. But these failings do not constitute a justification for the dismissal of movement’s goals. At least three factors support the view that the Maoists’ failings were not intentional or the result of inherent corruption or deceit: the self-sacrifice and commitment of the vast majority of Maoists, from the rank and file to the leadership—at least initially—up to and including death; the hundreds of documents produced, based on a theoretical and scientific analysis of the possibilities for social change; and the Maoists’ success in mobilising hundreds of thousands of people across Nepal to support the goals of the revolution. Disagreement with the Maoists’ theoretical position or the use of particular strategies or tactics is a reasonable response; but characterising the Maoists’ project as entirely self-interested is not only to misunderstand its historico-political dynamic, but suggests that the millions who supported them are victims of false consciousness or essentially lacking agency.

IV. NGOs and the de-radicalisation of the UML

The communist movement in Nepal has an admirable and animated history, rooted in the independence struggle in India, driven by a desire to end poverty and inequality in Nepal and elsewhere, characterised by moderate and militant tendencies, and not immune to the pressures of factions and splits that plague much of the Left throughout the world. If NGOs in Nepal share the same ambition as the left parties of ending poverty and inequality, then the debate between the Left and the NGO industry is essentially over one of approach. This chapter explores how sections of the Left, in particular the UML, became inseparable from the work and role of NGOs. It begins with the origins of the UML, analyses the sharpening contradictions of the UML following the introduction of multiparty democracy, and argues that not only has the NGO industry had a role in the transformation of the UML from a left-wing party into a centrist party, but that the UML itself has served to strengthen the role of NGOs in Nepal. The transformation of the UML has allowed NGOs to hegemonise civil society space in Nepal, promote a moderate and relatively ineffectual approach to social change, and discredit comparably militant approaches that at least have the potential to challenge the ruling elite. The UML's decisions following the 1990 revolution have had a number of consequences, including their failure to challenge the process of liberalisation that began in the mid-1980s and the loss of a progressive vision, which has been at least partly responsible for exacerbating the political and economic crisis in Nepal, and undermining prospects for fundamental social change.

4.1. Origins of the UML

Amidst the fragmentation of the original CPN, which began over the Sino-Soviet split of the early 1960s, there was also a series of mergers over the years, particularly with the CPN (Marxist-Leninist). As described in Chapter 2, the CPN (ML) was established in 1978 and had its roots in the 1971 Jhapa rebellion. It dominated the 1979 student movement but also began to work underground in several districts across the country in the late 1970s and 80s, setting up 'base areas' and developing a network of support (Shneiderman 2010: 50). Villages were chosen on the basis of two factors: the density of landless, agricultural labourers and poor peasants, and the remoteness of the area from urban centres (Hachhethu 2002: 59). During that time CPN (ML) cadres undertook the patient work of organising amongst villagers and,

although the party had made a decision to distance itself from its Naxalite-inspired origins shortly after its formation, and replaced the tactics of armed revolution with building front organisations following the defeat of the Jhapa rebellion (2002: 61), CPN (ML) cadres continued to be treated as terrorists by the panchayat regime (Shneiderman 2009: 295).⁷⁷ According to Hachhethu (2002: 61), the CPN (ML)'s strategy was characterised by 'organisational flexibility, penetration, non-confrontation, and maximisation of political space'. Shneiderman (2003; 2009; 2010) shows how in the village of Piskar in the eastern district of Sindhupalchok, CPN (ML) cadres were successful in using this strategy to introduce communist ideas and produce a heightened political consciousness. But like other communist parties, by the late 1980s the CPN (ML) had already accepted the idea that 'conventional multiparty democracy could be a stage on the road to achieving *naulo janabad* [new people's democracy] (Hoftun *et al.* 1999: 238) because of the 'semi-feudal, semi-colonial' nature of Nepal. It was the CPN (ML) that merged with the CPN (Marxist) after the success of the 1990 movement, to form the UML.⁷⁸ While the UML was historically one of the most popular communist parties in Nepal, its rightward shift generated disillusionment amongst its supporters, leaving them open to Maoist recruitment in the late 1990s (Shneiderman 2010: 47).

Several factors explain the widespread acceptance of communist ideas in the 1970s and 80s, despite efforts to contain them: the active intervention of communist leaders in developing the political consciousness of villagers in base areas; the response of the state to heightened political activity; and the interaction between politics and consciousness within the movement (Shneiderman 2010: 74). Shneiderman argues that the success of the Maoists in Piskar can be traced back to the history of political organising by the CPN (ML): 'There is no question that it was the CPN (ML) activists who first built a communist consciousness in the area, which the [Maoists] took advantage of later' (2010: 74). Again, the conventional view of the communist movement is that people joined out of fear and coercion; that villagers were seen as victims of a false consciousness; and that people were caught between a repressive

⁷⁷ By and large the communists were treated with particular disdain by the panchayat regime. However, at times the palace used the communists to undermine the oppositional strength of the Nepali Congress, granting limited concessions to the CPN (ML) and their underground activities. The CPN (ML) also took pains to maintain personal rapport with local panchayat administrators (Hachhethu 2002: 61).

⁷⁸ The UML split in 1998 due to personal differences amongst the leadership, but reunited again in 2002 (Shneiderman 2010: 51).

state on the one hand and the violence of the Maoists on the other—as if these forces were of equal weight and as vicious as the other. Contrary to this view, Shneiderman (2009: 292) argues that those who formed the rank and file of the movement were exercising agency when they joined the movement. Furthermore, given the experience of peasant life, supporting or actively participating in the communist movement can be understood as logical (2009: 292). While it is important to question the motivation of people who joined the movement, the conventional view denies the agency of villagers. That Piskar residents subsequently supported the Maoists was not inevitable, but neither was it incomprehensible.

As the communist parties were celebrating the end of the panchayat era in Nepal, they also had to contend with new realities following the end of the Cold War, causing intense debate within the movement. The communists themselves had recognised the need to justify their continued relevance in a context when a global consensus seemed to be emerging about the ostensible victory of capitalism over communism, when Russia and to some extent China were adopting neoliberal economic policies, and when democratic revolutions were taking place across Eastern Europe, and Tiananmen Square had erupted in protest but ended in the brutal suppression of protesters by the Chinese Communist Party. As Hoftun *et al.* (1999: 238) put it, ‘the communists desperately needed to defend an ideology which was manifestly dying elsewhere in the world and show that it was still politically viable for Nepal’. Despite factionalism and disunity within the movement, it had steadily gained support throughout the panchayat years. As described in Chapter 2, one of the main sources of disagreement following the 1990 change was over whether to participate in the parliamentary system, exposing it from within or from the outside, or reject it altogether. There were many communists—even from the early days of the panchayat—who had felt that working within the system was the best way to achieve their goals (1999: 235). The panchayat stressed class co-ordination instead of class struggle, but the interpretation of class struggle by many communists was closer to class co-ordination; several communist parties professed not a dictatorship of the proletariat but an alliance between classes—in particular the peasantry and the national capitalists, in the absence of a large industrial working class. In practice, this alliance was meant to operate under the leadership of the communists themselves (1999: 235). This interpretation would lay the foundation for unity and moderation,

based on a compromise with Marxist principles and a formal abandonment of Maoism (1999: 238); it became the strategy for large sections of the communist movement, and they would be rewarded with positions of power.

4.2. The UML and its contradictions

The product of a series of splits and mergers, with a history that could be traced back to the rebellion in Jhapa, the UML forged its strength on the basis of a compromise with the ruling elite. There were ongoing debates within the party over whether to engage in armed struggle or stand in elections, but forces within the party that favoured parliamentary politics won decisively, and the UML managed to establish itself as the communist alternative in parliament, promoting an image of moderation (Upreti 2009: 45). It was argued that given the underdeveloped nature of the urban proletariat, and the fact that the Jhapa uprising had failed to make advances, the party had to place ‘greater concentration upon proselytising amongst the middle class’ (Brown 1996: 100). When it took part in the 1991 elections, it won a respectable 69 out of 205 seats. Its election manifesto argued for the need for building infrastructure and implementing social services—much like the Congress manifesto—but with an emphasis on land reform aimed at ending feudal land ownership, which involved reducing the land ceiling, ending dual ownership of land and introducing rights to the tiller (Hachhethu 2007: 145). The UML proposed reservations for disadvantaged groups and for making the Upper House of parliament an assembly of minority ethnic groups.⁷⁹ Other social policies included the abolition of untouchability and bonded labour; free education up to secondary level and the right to primary education in any mother tongue; price controls and the distribution of ration cards; and the abrogation of the 1950 India-Nepal Treaty, as well as attempting to create a balanced foreign policy towards China and India. On questions of the economy, the UML wanted to create a ‘self-sufficient nationalist economy’ (2007: 146) but otherwise favoured selective privatisation and liberalisation and the expansion of the private sector. The UML espoused relatively progressive policies on paper, particularly in terms of social welfare, but was unable to fully implement them in practice. In part this was due to its weak position in government; if it wanted to pass any radical policies in parliament this depended on the main opposition parties abstaining. What is clear is that its

⁷⁹ Despite this relatively radical proposal, the UML was unable to implement it; as will be shown in Chapter 6, it was the Maoists who seriously attempted to address the ethnic question.

position as a communist party in Nepal from the late 1980s onwards, in the context of Congress hegemony, and a culturally strong but politically weak monarchy, put the UML in an uncomfortable place, which made for a contradictory ideology.

In the new democratic context, in which the UML emerged as the largest communist party, it held its fifth congress in 1993. This congress is considered to be one of the most significant meetings of the party, not only because it took place post-1990 and after the unification of the two main communist currents, but because it marked the UML's historic shift to the right.⁸⁰ Formally, the congress had adopted multiparty democracy, which included pluralism, the rule of law and human rights as its political programme. Madan Bhandari, who headed the more conservative group within the party, proposed this line under the banner of *bahudaliya janabad* [multiparty people's democracy]. Bhandari was ultimately credited with being the chief architect of the transformation of the UML into a moderate party (Hachhethu 2002: 177). Although it was adopted as the dominant line, the party nevertheless continued to suffer from factionalism and a polarisation between moderate forces and those that believed the party had compromised its principles. A more radical group associated with C.P. Mainali, a veteran of the Jhapa uprising and one of its key figures, continued to argue for a programme of *naulo janabad* [new people's democracy]. It was not that Bhandari believed that communism was unsuitable for Nepal, but that it could only be achieved under certain objective conditions, which were absent in the aftermath of the democracy movement, given that 'the balance of national and international forces were extremely unfavourable to the UML' (Brown 1996: 185). While working within the system entailed an acceptance of the monarchy, such ideological compromises were believed to be temporary (1996: 186). These divisions were never fully resolved. Only two months later, Bhandari was mysteriously killed in a car accident along with Jeev Raj Ashrit, a central committee member.⁸¹ Madhav Kumar Nepal was elected general secretary. The UML subsequently won the mid-term elections of 1994, securing 88 seats compared to the Congress' 83 seats out of 205. Only 15 seats short of a majority, the UML formed a minority government (1996: 195). Man Mohan

⁸⁰ Interview with Ganashyam Bhusal, Kathmandu, 25 February 2010.

⁸¹ The rumour was that the two men were poisoned before their jeep plunged into the Trisuli River; there was no evidence of this, but neither was there evidence that the deaths were accidental. According to Brown (1996: 187), the impact of Bhandari's death was immense, as he was seen to be a leader that could hold the party together amidst ideological disputes.

Adhikari became the first communist leader to become prime minister, to the surprise of the international media, though he was considered more of a social democrat than a communist (1996: 197). While the UML had broken the tradition that only the Nepali Congress had the monopoly to govern (Gupta 1994: 3191), the party served a mere nine months in office before being ousted again by the Congress.

4.2.1. UML in government

For nine months beginning in November 1994, Nepal had the distinction of being the only country in the world with a democratically elected communist government under a Hindu monarchy (Shneiderman 2010: 51). During its tenure, the UML government headed by Man Mohan Adhikari was concerned mainly with consolidating party organisations and using state machinery to build a support base. For example, it appointed UML cadre to secretarial positions in various ministries and as Chief District Officers, and replaced almost all the executive boards of public corporations with UML supporters (Poudyal 1996: 211). The UML government was constantly under attack from the Nepali Congress, but the left-wing UPF also criticised the UML for failing to challenge the liberalisation policies of the Congress and intensifying unemployment and inflation (1996: 211). The populist and controversial *Afno Gaun Afai Banau* [Build Your Village Yourself] campaign, whereby Rs. 300,000 was distributed to each of the 4,000 Village Development Committees (VDCs) across the country, was an attempt at decentralisation and making villages the focal point for development. The scheme would be administered by central government and monitored by special committees representing the political parties and the electorate (Hoftun *et al.* 1999: 208). The programme was criticised for being ‘a perfidious means of extending and consolidating the UML’s party organisation in the villages’ (Brown 1996: 201), but it was credited for creating expectations amongst the population that put pressure on subsequent governments to continue at least some of the welfare measures the UML had begun (1996: 225). The UML also instituted a Land Reform Commission to undertake a series of land reforms financed through foreign loans, and attempted to introduce more transparency in the bureaucracy, partly by replacing various government posts and Chief District Officers with communist sympathisers (1996: 198). Ultimately, however, the UML could scarcely be distinguished from the Nepali Congress. While it prevented the Congress’ privatisation plans from moving forward, it failed to propose its own alternative

development strategies (Upreti 2009: 46). From the perspective of the radical left, the UML was a ‘comprador bourgeois organisation’ incapable of radicalism because it had sanitised its politics in order to compete with the Congress on an electoral plane (Brown 1996: 187).⁸² The Maoists in particular recognised the problems with the UML as early as the mid-1990s, before taking the decision to start the People’s War. Bhattarai (*Human Rights Server* 1995) had forcefully argued: ‘The CPN-UML is an extreme right revisionist party, which has degenerated into an openly reactionary one after it vowed to serve and strengthen the existing constitutional multiparty system and formed its own government under this rotten reactionary system’.

On an international level, in order to allay potential fears donors might have had about working with a communist government, the UML had to contain any lingering or prospective radicalism, pursuing policies acceptable to Western interests. According to Padma Ratna Tuladhar:

One thing is clear, when any party decides their strategy or objectives to be based on national and international circumstances they will be compelled to have a pragmatic policy. So UML also thought that any armed revolution is not possible in Nepal, because India is there, America is there, and in those days the king backed by a strong military was there. So in the communist movement they had serious discussions amongst themselves, and they split along this line into several groups. One group said, for the emancipation of Nepali people from all kinds of exploitation, armed struggle—armed revolution—is the only option. There is no [other] option. But others said this is not the time. Because the imperialists are very strong, they could support [the establishment] with arms, even intervene. The feudals, the capitalists are very strong, and a strong military was there.⁸³

All of the UML’s relatively progressive policies in the 1991 manifesto, amongst others, were upheld in its 1994 election manifesto, but the shift away from progressive, social democratic politics became apparent in its 1999 manifesto and subsequent policies and, to some extent during its time in government. To start with, the proposal for equal property rights for women was dropped in favour of programmes to ‘uplift womenfolk’; republicanism was abandoned and constitutional

⁸² It is important to note, however, that popular support for the far left also eroded in the years following the 1991 election, in which Bhattarai’s UFPN secured nine seats; the reason for this was because, according to Brown (1996: 194), ‘the public was thoroughly weary of its repeated calls for general strikes which brought chaos without any apparent results’.

⁸³ Interview with Padma Ratna Tuladhar, Kathmandu, 10 May 2010.

monarchy became central; abrogation of the 1950 India-Nepal Treaty was amended to calling for a review of the treaty; and support for privatisation in the areas of trade, commerce, finance, industry, tourism and urban development was, according to Hachhethu (2007: 149), ‘allegedly adopted in order to satisfy Western donor countries’. But while the UML’s economic policy favoured an increased role for the private sector, including encouraging greater foreign investment, creating joint public-private partnerships and privatising public industries that were losing profits, the UML was able to stop further privatisation, which had been initiated by the Nepali Congress (2007: 149). The UML was also credited with introducing subsidies, which kept the prices of essential goods in check (Hachhethu 2002: 235). Thus although the UML’s election manifesto for the 1994 elections promised land reform, jobs and homes, and a review of the unequal treaties between Nepal and India (Brown 1996: 193), the UML’s transition into a party of the mainstream had already taken place. Khadka (1997: 1054) notes that while the UML had once been opposed to aid from imperialist countries, it immediately declared its commitment to liberal economic policies and foreign investment after coming to power; and in order to alleviate the fears of donors, the new UML government claimed that foreign policy would no longer be pegged to ideology (1997: 1055). Brown (1996: 196) cites several factors that forced Nepali Congress and the Rastriya Prajatantra Party, a right-wing pro-monarchy party that won 20 seats, to sanction the new communist government in 1994. First, the country could not afford the cost of another general election; second, no single party was in a position to mount another election campaign; third, in order to preserve the credibility of the relatively new multiparty system, the democratic process had to be seen to be working efficiently and the Nepali Congress did not want to be seen to be obstructing this process; and finally, the opposition parties were keen to see the UML fail to implement the ostensibly utopian promises it made as an opposition party before the election, thereby damaging its credibility. Predictably, the UML was unable to live up to its manifesto; however, because it was identified with equality, justice and land reform, it was genuinely popular with young people and the poor (1996: 163). When the Maoists were later to expose the limits of the UML’s moderation, the UML responded by accusing the Maoists of engaging in terrorism (Upreti 2009: 107). UML’s fear was that the hegemony it had held within the communist movement in Nepal was now being undermined.

4.2.2. Relations between the communists and the Nepali Congress

Relations between the UML and the Nepali Congress at times only served to exacerbate the UML's contradictions. Although the CPN and the Nepali Congress originated from the same anti-imperialist tradition, and both B.P. Koirala and Man Mohan Adhikari participated in the Biratnagar Jute Mill strike and the Quit India Movement (Tewari 2001: 96), they differed on several fundamental issues. First there was the question of the monarchy. The Nepali Congress had opposed the Ranas, but considered the king 'a friend of the revolution' (2001: 112), and had the backing of the Indian government in its support for the monarchy. Historically at least, the communists had rallied against the monarchy as a reactionary institution. Second, having been created in opposition to the Nepali Congress—a party with the backing of the powerful Indian National Congress—the UML also had differences over whether to take an adversarial approach to India, given its expansionist ambitions in the Nepali economy and administration, and its support for the ruling elite in Kathmandu (Khadka 1995: 63). Finally, on the question of whether to push for reforms or pursue revolution, the Congress and the communists were intense political rivals. Almost from its inception, there were disagreements within the CPN over which approach to party building could challenge the hegemony of the Nepali Congress and provide an alternative political programme capable of realising communist ideals. Dilemmas over how to take the communist movement forward under what were perceived to be unfavourable conditions—combined with the constant pull towards moderation, particularly after the Cold War—have been common features of the communist parties in Nepal.

The communists had employed a range of policies to deal with the Nepali Congress, from outright opposition and confrontation to proposing united fronts. In the 1950s, the communists launched a fierce anti-Congress campaign when the Congress attempted to exclude it from the movement to overthrow the Rana regime and then accepted the terms of the Delhi Compromise. In the 1960s, after the king's takeover of power, the moderate communist parties entered into an alliance with the Congress, but gave up the strategy when it offered unconditional support to the king in 1968 (1995: 71). As both parties were banned under the panchayat, the possibility of joint struggle existed, but it was not until April 1990 that co-operation between the parties materialised. Differences amongst the communists over how the Nepali Congress

should be dealt with became embedded within the communist tradition in Nepal; these differences sharpened during and after the People's War as moderate communist parties—in particular the UML—consolidated earlier moves to the right, vacillating between whether to view the king or the Nepali Congress as the bigger enemy. Khadka (1995) describes the factionalism within the communist movement in Nepal in some detail; but these debates were not trivial or gratuitous—they were serious theoretical and tactical debates and, for the pragmatists, the monarchy was considered to be the only force that could balance the divergent interests of India and China. On balance, however, between the competing ideologies of the Congress and the communists and their influence on the mass of the population, more has been stacked against the communists over the past several decades than that of the Congress. After all, the Congress also had the backing of the US, whose primary objective in Nepal, as described earlier, was to counter the spread of communism.

4.3. Embracing NGO ideology

There is a widespread perception in Nepal that the UML is linked to the largest and most influential NGOs in the country.⁸⁴ This perception is not unfounded, and is discussed in the mainstream media. Jha (*Republica* 2010: 6) argues that links between the UML and the NGOs have had a negative impact on the functioning of the party and on its public image, contributing to a degeneration of the party in which cadres are more concerned with NGO affiliations than the party. In December 2011 UML Chairman Jhala Nath Khanal tabled a 12-point proposal barring senior leaders from engaging in NGO work without permission from the party, with UML Secretary Yubaraj Gyawali adding that all NGOs involving senior party leaders would come under the control of the party, and that the party would take decisions on how to operate them (*Ekantipur* 2011). The ideological shift of the UML towards establishing and leading NGOs—perhaps more than any other indicator—both demonstrates and partly explains the UML's rightward trajectory. By embracing NGOs from the late 1980s and early 1990s, the UML was able to deal with some of the pressures it faced, both in government and as a communist party in opposition. Thus the establishment of NGOs was a deliberate, strategic move on the part of the UML. Senior leaders within the UML acknowledge this:

⁸⁴ The UML is commonly referred to as the 'NGO party' and the perception is that the NGOs *ate* the UML i.e. that it is dominated by foreign funding and therefore beholden to foreign donors.

In Nepal as a political party we are very near to NGOs, very near to NGOs. This is because we sent some of our good cadres to start the NGO movement. So from the first convention of the NGO Federation, we had good relations with all NGOs, all NGOs. We trust [our cadres] and we gave them responsibilities, those that we could not manage in the name of our party. The UML has strategically set up NGOs. We divided our people in different sectors. They work there according to our principles, according to our belief.⁸⁵

There were three main reasons for the development of these links, which relate to both internal and external pressures on the UML. As it consolidated its position in the Nepali political landscape, there were several pressures the UML faced. First, with the end of the Cold War and the ostensible death of communism, the UML was under considerable pressure to reinvent itself as a viable electoral alternative with a relevant ideology, particularly given the splits that had characterised the Left over the previous 40 years.⁸⁶ While the Nepali Congress came to be fully accepted by the donor community, the UML still faced the stigma of being a communist party in the new post-communist world. It responded by adopting a human rights discourse that allowed it to cultivate links with the international community and NGOs, and create a perception that it was a communist party willing to modernise itself. It also became a champion for the signing of a number of international human rights treaties. This put pressure on the Nepali Congress, because the UML could then use human rights treaties to criticise Congress policies. Members of the UML leadership were not always comfortable with this policy. Some sensed that NGOs were not neutral organisations and that behind them stood foreign donors, with their own interests that were likely to conflict with those of ordinary Nepalis. There was also a perception that NGOs were vehicles for the pursuit of more general, ideological goals:

I don't have any kind of proof but I think donors have an ideological drive. Why do they demand proposals that they like? Why can't they accept programmes made by local people in their own interests? There is a conflict between donors and local people. If I give money to someone I'm giving him my own ideology too, at the same time.⁸⁷

⁸⁵ Interview with Pradip Nepal, Kathmandu, 15 February 2010.

⁸⁶ Interview with Padma Ratna Tuladhar, Kathmandu, 10 May 2010.

⁸⁷ Interview with Pradip Nepal, Kathmandu, 15 February 2010.

Younger leading members of the party go further and argue that if the UML is to have an orientation against neoliberalism it must also fight an ideological and practical campaign against NGOs. NGOs are seen as being used deliberately by the donors to disorientate opposition movements. They are accused of organisationally defusing opposition movements, but also of disarming them theoretically by promoting a mainstream neoliberal ideology:

*We need to make young people more ideological, and the next generation will definitely be anti-NGO. The issues revolutionary communist parties raise, the NGOs are now raising. This is confusing people. To defuse the revolution, they [donors] deploy NGOs. We need to agitate, and it is the young generation we need to influence. And then the NGOs will not be able to survive. There is a lack of clarity about NGOs on a theoretical level and what they are trying to do.*⁸⁸

The fact is, however, that integral relations with NGOs have become so normalised within the UML, that while there is clearly a growing perception of antagonistic interests between the NGOs and at least the more radical sections of the party, there is also a certain sense of fatalism about the possibility of reversing the direction of the party. The result is that even the younger generation of UML cadre vacillate between talking about the need for confronting this question, and the need for maintaining political consensus within the party. One central committee member admitted to growing discomfort with the ubiquity of NGOs within the party, and a strong sense that their influence has generated deep problems. But he also suggested that the debate about NGOs has subsided within the organisation and that it will only become a live political issue some time in the future:

*Some years before, it was a matter of deliberation and debate within the UML. But not now. We have become accustomed to these NGO officials. But there is a ground to contradict with this direction [sic]. In the days to come this matter will be a matter of debate within the party.*⁸⁹

As suggested in Chapter 2, working with NGOs provided two major assets for the UML: funding, which was necessary for the fledgling party, and a liberal ideology that was backed by the international community. Since many UML members worked for the party full-time, unlike Congress members, the party needed funds to pay these

⁸⁸ Interview with Ram Kumari Jhankri, Kathmandu, 29 April 2010.

⁸⁹ Interview with Ganashyam Bhusal, Kathmandu, 25 February 2010.

workers. Developing links with international human rights organisations for projects in Nepal meant that the party could draw on these funds, and NGOs came to play useful roles in channelling money to the party.

The second major advantage of its close relations with NGOs concerned its roots in Nepali society. As it was almost always in opposition and rarely leading government, the UML also needed to develop an alternative support base at local level to rival the Nepali Congress. Following the 1990 democracy movement, the Nepali Congress took in many former panchayat politicians as members, and grew to be the biggest and most influential party in Nepali politics. The UML developed its own base of support by working through the NGOs at local levels, and finally in Kathmandu and through networks across the country.

In the beginning when the NGOs came to Nepal, they hired UML people, UML cadres. They were NGO-paid workers. Because they had the capacity to go the people, they had a base. I can share with you one thing. You know Devendra Raj Panday. He hired most of the cadres from UML. But in decision-making, [there was] no UML. Because UML [came] from the people's movement, they were in the [NGO] movement from the beginning, [and] now they are masters of NGOs.⁹⁰

Finally, there has been a factional dynamic within the party over the relationship with NGOs. Conservative forces inside the UML have long faced pressures from the more radical communists over various aspects of its political vision, in particular its support for constitutional monarchy and what this means for the transition to socialism, and whether to launch a struggle against the Nepali Congress. The resources and the ideological support provided by NGOs were invaluable to ensuring that those leaders arguing for peaceful social transformation came to the fore. Initially arguing for civilian control over the army and a secular state, the UML compromised on constitutional monarchy, whose powers were ill defined. This marked the ideological shift of the UML to the right, but many observers argue that this shift had already started by the late 1980s.⁹¹ Although the party retains some elements of former progressive policies, it has been supportive of neoliberal reforms. As the largest

⁹⁰ Interview with Ganashyam Bhusal, Kathmandu, 25 February 2010.

⁹¹ Interview with Muma Ram Khanal, Kathmandu, 27 April 2010.

communist party before the rise to prominence of the Maoists, it has been unable to withstand these very real internal and external pressures.

4.4. The transformation of the UML

Three main tactical shifts taken in the early 1990s reflect the UML's wider strategic transformation. The first was distancing itself from its radical past. Quoting a senior UML party member, Hoftun *et al.* (1999: 240) explain the UML's reorientation: 'Our extreme thinking and violent movement had to change. The situation of the country was no longer favourable to an armed revolution, so we changed ourselves and reformed our thinking'. The second shift was to adopt a commitment to pluralism. In October 1991 the party embraced support for 'multiparty people's democracy' instead of 'new people's democracy', which almost all the communist factions had agreed on at the end of the 1980s. The final tactic was an acceptance of the monarchy and an abandonment of republicanism, which Hoftun *et al.* (1999: 241) note 'showed signs of evolving into long-term accommodation'. Sahana Pradhan, who had led the ULF coalition of communist parties that initiated the 1990 people's movement for democracy together with the Nepali Congress, put it explicitly: 'The world is changing and we shouldn't be dogmatic... We decided it was better to join hands with the Congress and say we believe in constitutional monarchy and the multi-party system. For these things we believe that peaceful methods should be used. We no longer believe in violence' (1999: 242). The goal was to unite on a social democratic platform rather than a communist one; to the extent that the UML kept any communist principles, communism came to be interpreted from a national perspective, a particular Nepali form of communism that emphasised national conditions, which included consideration of Nepal's semi-feudal economy and the role of the Hindu monarch in Nepali society.

The UML has faced an ideological dilemma since its shift to the right. Although it had participated actively in the democratic movement of 1990 as a communist party, it indirectly promoted the idea that democracy and communism are incompatible: on the one hand it wanted to dissociate itself from the radical communists in order to maintain its reputation as a party with faith in the democratic parliamentary process; on the other, it wanted to maintain its association with the communist movement insofar as it represented the poor and oppressed (Upreti 2009: 46; Brown 1996: 186).

According to Brown (1996: 186), its success in elections only reinforced the dominant view within the party that political progress could be achieved more quickly through the ballot box than through a revolutionary line. The UML thus adopted a dual policy, and its distinguishing feature became its centrism, not giving ground to the relatively radical elements within the party but at the same time having to prove its communist credentials by developing and defending progressive policies. Although it has remained an opposition party for much of its existence, the real challenge to the UML came not from the Nepali Congress but from those to the left of the UML (Gupta 1993: 1916). The decline of the UML as a political alternative has been in part because of its declining base in the rural areas—this base having been captured by the Maoists—and in part because of its ideological and strategic vacillation between the Maoists and the Nepali Congress. Following the entry of the Maoists into the mainstream, the UML has been reduced to a poor third position, after the Nepali Congress. This was confirmed by the CA election results, in which the Maoists' popularity became an undisputed fact. Since then the party has neither been able to appeal to the mass of the population, many of whom were radicalised during the war, nor to liberal democrats, because of its communist tag. The evolution of communist parties into moderate, centrist parties is a common story, but in Nepal it has been a story with NGOs at its core. Through the mediation of NGOs, Nepal's perceived dependence on international aid and the apparent necessity to attract foreign investment has helped ensure that the UML gradually compromised its radicalism, and consolidated its ideological shift rightward.

V. Reluctant revolutionaries: Maoists and the NGOs

This chapter analyses the emergence of the Maoists' People's War in Nepal and describes the Maoists' analysis of, engagement with, and policy towards NGOs. Although the Maoists were conscious of the UML's transformation, and instituted a relatively determined anti-NGO policy in strategic base areas during the war in an attempt to prevent the same kind of co-option, they—like the UML—ultimately made the decision not to challenge the NGOs. This decision was made towards the end of the war and opened the way for an accommodation with NGOs at different levels, and which had profound effects. Given the identification of NGOs with the state, any convergence with NGOs in effect meant not only reinforcing NGOs as the dominant force in civil society but also adopting an approach to social change that failed to fundamentally challenge the status quo. The chapter also draws on field research conducted in the districts of Rolpa and Rukum—the most prominent Maoist base areas—and considers the history of specific donor projects in these districts that appear to have had some influence over the emergence of left-wing consciousness in the region. It argues that the Maoists' choice of developing Rolpa and Rukum as the heartland of the movement is not unconnected to the history of both left-wing activity and donor projects in the region, but that the Maoists' policy during the war and in the post-war period seems contradictory.

5.1. Origins of the Maoist movement

In November 1990, months after the people's movement had been called off, the Fourth Congress and Mashal came together to form a new, self-proclaimed revolutionary party called CPN (Unity Centre), with Pushpa Kamal Dahal (aka Prachanda) as general secretary. Leading a split away from Masal following a disagreement with Mohan Bikram Singh over whether to participate in the 1991 elections, Baburam Bhattarai joined the Unity Centre, and the new party consolidated its strength. It then created a political wing called the United People's Front Nepal (UPFN) to stand in the 1991 elections. The UPFN won nine seats. In his analysis of the 1991 elections, Whelpton (1993: 59) notes that the aim of fighting elections was not to provide credence to the constitution but to expose the limitations of parliamentary democracy and use it as a platform to reach out to people. The UPFN could use its position in parliament to attack the Nepali Congress government, while

Unity Centre activists would foment unrest in the streets. Elsewhere, Whelpton (2005: 119) observes that most voters were not aware of the specific features distinguishing all the different parties, but could tell the difference between the conservative ones and the radical ones. In an opinion poll shortly before the election, across the country there was a perception that the Congress represented the elite, and the various communist groups represented the poor. Of course there was truth in this perception, and it was also one that the left parties would exploit in subsequent elections.

One of the first agitations following the end of the movement was a civil servants' strike in July 1991, which was supported by both the Unity Centre and the UML, and which ultimately 'rekindled the traditional mutual antipathy between the Left and the Nepali Congress' (Thapa 2003: 41). In February 1992 the Unity Centre and Masal came together under the Joint People's Agitation Committee to launch a series of protests against Nepali Congress Prime Minister G.P. Koirala. In March the committee submitted a memorandum to the government consisting of 14 points demanding fixed wages, price controls, an end to discrimination against minorities and the protection of the gains of the 1990 movement, amongst others. In April the committee called a general strike, and the Congress responded with brute force, killing over a dozen people (2003: 42). The next wave of political unrest came when Madan Bhandari, general secretary of the UML, was killed in May 1993, allegedly in a car accident. The government's investigation confirmed that his death had been an accident, but the UML and the rest of the Left claimed foul play, and launched nationwide protests against the Congress government. The movement only retreated in July when a series of devastating floods hit central Nepal. The communist parties were back onto the streets in July 1994 when Prime Minister Koirala dissolved parliament and called for fresh elections.

The early 1990s were thus characterised by what Thapa (2003: 42) describes as a pattern: various sections of the Left would take to the streets in opposition to the Congress' policies of privatisation, removal of government subsidies, discrimination against ethnic minorities and passive acceptance of Indian interference, and the Congress would respond with often violent repression in order to maintain law and order. The reluctance of the moderate left parties to take the democracy movement forward, combined with severe repression meted out by the Nepali Congress, led the

Unity Centre to pass a resolution to initiate a People's War in Nepal as early as December 1991 (2003: 43). But divisions within the Unity Centre over the question of armed struggle had been brewing from the outset. Nirmal Lama was not in favour of armed revolt immediately and had been opposed to Dahal's political line of making preparations for the possibility of armed struggle. Dahal and others felt that the repression of the Nepali Congress had to be confronted directly, but also that patient organising was necessary to rebuild the Left. Differences grew and finally led to a split in May 1994, which also divided the UPFN along the same lines. Bhattarai's faction of the UPFN allied with Dahal's faction of the Unity Centre, bringing the two leaders closer together. Both factions of the UPFN, the other led by Niranjan Govinda Vaidya, one of the founders of the original CPN, sought recognition from the Election Commission. The commission recognised Vaidya's faction supported by Lama, leading Bhattarai to call for a boycott of subsequent elections.

Dahal's faction went underground following the split and began organising for its Third Plenum in March 1995. This was the historic meeting that renamed the party Communist Party of Nepal (Maoist) and decided to give up parliamentary politics altogether. It argued that the UML was revisionist and reactionary for defending the monarchy and imperialism; it berated Masal for engaging in parliamentary politics and supporting parties like the UML; and it criticised the rival Unity Centre for treating the Maoists as enemies (2003: 45). The plenum was followed by six months of hectic preparations, not only to lay the theoretical foundations for the People's War but also to turn the organisation into a fighting machine. There were seven principal premises in the plan adopted by the party's central committee in September 1995 to initiate the war: first, a commitment to the theory of People's War as developed by Mao, based on the strategy of encircling the city from the countryside; second, that the aim of armed struggle would be the capture of political power for the people and relentless struggle against deviation from this aim; third, that the first phase of the struggle would be the completion of the new democratic revolution and, after the defeat of feudalism and imperialism, the focus would be the movement towards socialism and ultimately communism through cultural revolution; fourth, that the struggle would be based on the proletarian internationalism of the Revolutionary

Internationalist Movement (RIM);⁹² fifth, that the struggle would build both a revolutionary united front and a revolutionary army under the leadership of the party; sixth, that agrarian revolution would be the axis of the struggle and would rely particularly on the poor peasants but also on the labouring classes; and finally, a recognition that the war would not develop along a linear path but would develop in a complex manner (UCPN 2004: 24-25). On the basis of this plan, the Maoists began to organise a series of public meetings all over the country under banner of the UPFN. On 7 December 1995, over 50,000 people attended a mass meeting held in Kathmandu (Dahal 2003: 202).

The Maoists also launched the infamous Sija campaign in 1995 in the districts of Rolpa and Rukum in the mid-western hills, named after two prominent mountains, Sisne in Rukum and Jaljala in Rolpa. According to Ogura (2007: 474), it was mainly a political campaign to recruit and mobilise party members to spread the ideology of Marxism-Leninism-Maoism (MLM), but it also included social work in the area. There were three main factors that led to left activism in the area. First, there was a history of left-wing activity in the region. Mohan Bikram Singh had worked tirelessly in the 1950s to build support for the CPN in his home district of Pyuthan, which neighbours Rolpa, and the surrounding region. As Thapa (2003: 65) argues, there were many communist leaders active in the region but if ‘there is any single person who can be credited with the growth of radical communism in the mid-west (and even in Nepal), it has to be Mohan Bikram Singh’. According to Whelpton (2005: 203), Singh was particularly successful in the village of Thawang, in northern Rolpa; in the 1959 general election only 3 of the 703 people on the electoral roll voted against the communists. Second, as living standards declined and local grievances increased, support for the communists grew during the panchayat years, and the Nepali Congress had virtually no support in these areas. In 1980, ‘a local with a very strong personality’ (De Sales 2007: 346) called Barman Budha, was elected mayor. He was known for having boycotted the referendum and burned portraits of the king and queen. In the 1991 elections he became an MP under the UPFN, along with Maoist leader Krishna Bahadur Mahara, both of whom were from Rolpa. Finally, the region

⁹² Founded in 1984, RIM was an international network of Maoist parties that upheld a version of the theory of Marxism-Leninism-Maoism. The organisation appears to be defunct following public disagreements between various member organisations, including criticism of the Nepali Maoists by the Revolutionary Communist Party in the US.

was inhabited mainly by Kham Magars, who had refused to use Nepali and retained their original language and religious practices; Singh had promoted minority ethnic rights as part of the Fourth Congress manifesto since its founding in 1974 (Whelpton 2005: 203), and gained much support for this. Thawang, with its history of resistance, was later declared the Maoists' capital.

The success of the Maoists' recruitment campaign in Rolpa and Rukum was threatening enough to provoke the Nepali Congress-led government to organise a major anti-Maoist operation in November 1995 called Operation Romeo. The communists had, over the years, consistently faced harassment from local Congress politicians. But since G.P. Koirala had become prime minister in 1991 and the UPFN won seats in Rolpa and Rukum, there were increased reports of clashes between the Congress and the communists in these areas. It was known that Koirala detested the communists and had begun the process of stacking the state machinery with Congress loyalists (Thapa 2003: 69). The Informal Sector Service Centre (INSEC), a well-known human rights NGO in Nepal, reported in their annual *Human Rights Yearbook 1992* the torture of teachers and party workers by the police and incidents where 'the ruling power had taken political revenge' (quoted in Thapa 2003: 69) against non-Nepali Congress supporters. The UPFN also attacked Nepali Congress activists, but the state response was 'always out of proportion' (Thapa 2003: 70) compared to the initial offensive. When he came to power in 1995, Prime Minister Deuba continued this tradition of antagonism. Under Operation Romeo, a code name for Rolpa, the Congress government dispatched the police, setting out to prove that they could control opposition in the district and surrounding region and prevent further unrest. But the ruthlessness of the operation instead became a decisive factor in the Maoists' war plans. The inability of the police to deal with the insurgency was clear from the outset. The police treated everyone as a potential Maoist, effectively assuming guilt until proven innocent; many were arrested, tortured and killed on scant evidence of involvement with the Maoists. Karki and Seddon (2003: 23) note that 'The police actions resulted in a substantial proportion of the local population making common cause with the Maoists and the mid-west was effectively confirmed as a Maoist heartland'. Sharma (2004: 50) also notes that police excesses led people to join the Maoists on grounds of obtaining revenge. Instead of being seen as independent enforcers of the law, the police began to be seen as symbols of corruption and

exploitation (Shneiderman and Turin 2004: 94), with a record of brutal killings and torture. As Mikesell (2001: 18) observes, because the police have been trained and organised on a colonial model, and have been politicised by various governments in power, they have been ‘feared and hated by the general populace’.

Operation Romeo was a vicious, indiscriminate police offensive that targeted Maoists but ultimately backfired in its attempt to quell the movement. Khum Bahadur Khadka, a ruthless politician known for election violence and who had become the new home minister, largely orchestrated Operation Romeo. He was responsible for more than a thousand arrests, sending people into police custody on fictitious charges of engaging in anti-democracy and anti-monarchy activities, which he incorrectly claimed were prohibited under the constitution (Thapa 2003: 71). Many women who were suspected of supporting the Maoists were raped and tortured by the police (Sharma and Prasain 2004: 158; Shakya 2003: 395). Unlike Deuba, who was willing to enter into negotiations with the Maoists, Khadka was in favour of comprehensively obliterating the movement. When the war started, he famously claimed that it would be brought under control within four or five days (Sharma 2004: 49). Six years later, as he was serving a second term as home minister, the Maoists could claim to control the vast majority of the countryside.

Thapa (2003: 48) argues that Operation Romeo ‘suited the Maoists very well’. On the one hand it did help the Maoists’ cause, since it exposed the weakness of the state, its defensiveness against being challenged both at an ideological level but also in terms of the lack of development, and its brutality against innocent civilians. It also gave the Maoists a direct justification for launching the People’s War. But Operation Romeo, and subsequent operations, also made the war more violent. Even though the Maoists had a policy of fighting the state with inferior weapons in order to expose the level of state oppression, increased violence was ultimately not beneficial for the movement because it encouraged the use of violence as a central part of the Maoists’ own strategy. Not only did this give credibility to claims by the Nepali ruling elite, together with NGOs and donors, that the movement was bereft of political aims—or at best allowed them to question whether the struggle for justice was worth the level of violence—but the Maoists could not have sustained a military stalemate with the army in the face of superior weaponry, intelligence and training from Western powers

and their allies for any length of time. Unless an entirely new strategy was found, the options for the Maoists were limited: either continue fighting and suffer heavy losses, which would ultimately result in limited political gains, or find a way out of the war, which would entail a level of compromise.

5.1.1. The People's War begins

On 4 February 1996, the Maoists issued a 40-point demand to Prime Minister Deuba. It contained a number of radical proposals under the labels nationalism, democracy and livelihood: the abrogation of the 1950 India-Nepal Treaty, an end to all racial and regional discrimination, and secularism, among others (Thapa 2003: 189-194). Remarkably, one of the demands under the section concerning nationality called for the cessation of the work of NGOs and INGOs: 'the invasion of colonial and imperial elements in the name of NGOs and INGOs should be stopped' (2003: 191). This may have been intended as an attack on the UML—the Maoists' main political competitor at the time—as it was becoming increasingly associated with the NGO sector in both rural and urban areas. But there was also a very real sense, from the Maoists' perspective, that NGO interests were not limited to poverty alleviation but were ultimately serving the interests of the imperialist donors. The content of the 40-point demand was more social democratic than strictly communist, but it combined democratic with socio-economic concerns, and was far more ambitious than anything the other political parties had ever put forward. In the letter accompanying the 40-point demand, the Maoists criticised the parties for blindly adopting policies of privatisation and liberalisation, serving the interests of imperialism over the interests of Nepal. They argued that unproductive capital should be invested to promote industrialisation, while the property of middlemen and 'comprador' capitalists should be confiscated and nationalised. They also warned that if these demands were not met by 17 February, they would launch an armed struggle.

Ignored by the Congress government and Prime Minister Deuba, who was in India at the time, the Maoists decided not to wait for the deadline stipulated in their letter. On 13 February they distributed a leaflet to hundreds of thousands of people in more than 60 districts across the country, in which they outlined their basic aim: to establish new democracy and make use 'of all forms of struggle in keeping with the historical stage of development of Nepal... according to the strategy of encircling the city from the

countryside, with agrarian revolution as the axis and from the midst of and in conjunction with rural class struggle' (Karki and Seddon 2003: 192). Narrating several different accounts of what happened on that day, the Maoists' magazine *The Worker* notes that young groups of men and women took possession of banks, police posts and other key targets, such as liquor and other factories owned by multinational companies, and raided the houses of notorious landlords (Thapa 2003: 49-50). Almost all these actions took place in rural areas outside Kathmandu, where young Maoists would explain to the assembled villagers the mechanisms of exploitation, while the rest of the group would seize cash, explosives and weapons, and burn loan papers worth several million rupees. When the office of the Small Farmer's Development Programme of the state-owned Agricultural Development Bank was taken over in Gorkha, 'the whole thing was over within about half an hour and the nearest police outpost about a kilometre away was caught totally unawares' (2003: 49). At this initial stage, the Maoists had a policy of not killing any policemen, and nobody was hurt in any of these incidents.

Within a month of launching the war, it is estimated that the Maoists had conducted over 6,000 'people's actions', including those classified by the Maoists as publicity, destruction of infrastructure and other activities (Karki and Seddon 2003: 23). During the first few years of the People's War the Maoists made major tactical gains outside Kathmandu. They were also successful in boycotting the 1997 local elections, and no elections were held in 83 VDCs in the districts of Rolpa, Rukum, Salyan and Jajarkot. A number of significant and widely reported attacks on the police by the Maoists eventually succeeded in ridding villages in several districts of the police and the administration, mainly in what has been described as the epicentre of the movement: the mid-western hill districts of Rolpa, Rukum, Salyan, Jajarkot, Kalikot and Pyuthan (Sharma 2004: 43). In response, the government began to amalgamate police posts; of the 39 police posts in Rolpa, only two were left operational. Rukum was also left with two police posts, down from 37 (2004: 44). On the one hand, the government was keen to reduce the insurgency to a question of law and order (Karki and Seddon 2003: 23) and, on the other, was preparing for the next major police offensive: Operation Kilo Sierra II. On the second anniversary of the People's War in February 1998, the Maoists announced the formation of a Central Military Commission headed by Pushpa Kamal Dahal. In April, G.P. Koirala was re-elected prime minister and,

visiting the areas under Maoist influence, decided that the situation was getting out of control. The disruption of local elections was a particular setback for the Nepali Congress and Congress hegemony, but Koirala was also keen to deal with the Maoists' challenge to state authority in general.

Operation Kilo Sierra II was launched in May 1998, the police having been given 'a single-point brief to crush the insurgency' (Thapa 2003: 93). There was no consideration of how to deal with the issues raised by the Maoists, who in contrast to the police were a highly motivated and organised group. But the operation backfired on the government. It served to intensify the war, strengthen opposition against the police and further expose the government's brutality. More comprehensive than Operation Romeo, approximately 500 people were killed by the police under Kilo Sierra over the period of a year, even though its existence was consistently denied by the police (2003: 92).⁹³ The police operation was also an abysmal failure in stemming the Maoists' influence; from having 8 or 10 districts under their control initially, by February 1999 the Maoists had a strong presence in some 20 or more (Karki and Seddon 2003: 26). The palpable failure of the strategy of outright repression forced the government to consider negotiations with the Maoists, and in June 1999, Deuba was appointed by the Nepali Congress to hold informal talks with two top Maoist leaders, Dev Gurung and Suresh Ale Magar. If the Maoists were accused of duplicity—engaging in peace talks on the one hand while fighting the war on the other—the government was equally guilty of this charge. Talks broke down when a Maoist politburo member, Suresh Wagle, was killed by the police in Gorkha district. The Maoists responded by launching simultaneous attacks in 25 districts in September, and enforcing a general strike in October. In February 2000, the Maoists claimed they had direct influence in all but 9 districts out of 75 (2003: 26). They clearly had growing support, but they were also able to consolidate their position in the countryside due to government instability and disorder (Upreti 2009: 106). Whatever the exact degree of the Maoists' weight in various districts, they were becoming a serious threat to the status quo in Nepali society and a serious problem for the Nepali Congress government.

⁹³ It should also be noted that the CPN (ML), which had split from CPN (UML) in 1998, supported the Nepali Congress in its efforts to launch Operation Kilo Sierra II, both when it was outside government and after it joined the government. The UML also supported the police operation whilst in opposition (Thapa 2003: 92).

5.1.2. The formation of base areas

Following Operation Kilo Sierra II, and partly in response to it, the Maoists initiated the formation of base areas in the mid-western hills. The absolute isolation of rural areas in Nepal, where government schools or health clinics had never managed to reach, understandably created a degree of animosity towards the state amongst the poor. There was a perception that the Maoists, in contrast, were attempting to address the problems of the poor in concrete terms; for the Maoists, this was the objective, and developing a presence throughout the country was central to it. The Maoists classified the areas under their influence into three types: areas in which they had complete control were base areas; areas adjoined to base areas were guerrilla areas; and cities, where the Maoists could engage in publicity, make contacts and expand networks, were designated propaganda areas (Sharma 2004: 43). Base areas would supply logistics for the war, provide training grounds for Maoist cadre and be areas in which oppressed classes and nationalities could exercise democracy: ‘the question of continuous democratisation of the state power leading to the withering away of the state’ (Yami 2006: 140) would be resolved by the reinforcement and expansion of base areas. Starting from the regions where they had the strongest presence and where the government’s presence was limited to the district headquarters—the mid-western hills—the Maoists began declaring base areas in 1999, as per their fifth plan (Karki and Seddon 2003: 25). These were areas in which the Maoists had overpowered the police and administration, creating a virtual political vacuum.

Base areas had the preliminary features of what the Maoists described as people’s power: ‘people’s co-operatives, collective labour and farming, construction of rural tracks, bridges, memorials for martyrs, registration, purchase and sale of land, people’s security, people’s culture, people’s courts and running schools and so on’ (2003: 240).⁹⁴ The base areas were run by various *jana samiti* [people’s committees] from district to ward levels, and several ward-level committees were merged to form

⁹⁴ It should be noted that these and other achievements in the base areas are cited by leading members of the Maoists, particularly Yami and Kattel, and are therefore claims that may be disputed. An International Crisis Group (ICG) report, for example, argues that ‘whether the Maoists have ever been successful in creating base areas is open to differing interpretations’ (ICG 2005a: 25). Onta (2004: 147) points out that the lack of independent reporting by journalists visiting base areas failed to challenge the Maoists’ claims to various achievements under its people’s governments. However, Onta can hardly blame the Maoists for having ‘taken good advantage of Nepal’s press freedoms to foster their own cause’ (2004: 148), as every other political and even non-political entity does the same.

model villages, whereby women and Dalits were given special representation on the committees (Yami 2006: 142). Domestic violence was reduced in base areas (Kattel 2003: 52) and the Maoists had much support for their land reform agenda from amongst the peasant population, forcing the Nepali Congress in particular to put land reform at the top of their agenda (2003: 53). The Maoists also banned the production and sale of alcohol, a campaign that was largely led by women, Maoist and non-Maoist. Schools and health clinics were operational, private schools were prevented from charging fees in guerrilla areas (fees were completely banned in base areas) and new syllabuses were introduced by the party's Education Department (Yami 2006: 142). People's courts facilitated a measure of access to justice for the poorest, and cases would be settled almost immediately (Kattel 2003: 54). A leading member of the party, Hisila Yami (2006: 143), stresses the importance of the mobile people's courts and the need to develop the work of the Maoists' judicial system in order to win the confidence of the masses. Without complete control of the base areas and the support of local people from those areas, Thapa (2003: 65) argues that the People's War would have been a non-starter; 'the Maoist mystique would perhaps not have spread so quickly'. Base areas thus served practical and ideological purposes.

From 2001, base areas were supported at the national level by the establishment of the United Revolutionary People's Council (URPC), considered to be the embryonic form of a parallel government, and which would organise national level strikes and make demands on the state. By 2003, nine autonomous regions had been declared based on nationality and region: Seti-Mahakali, Bheri-Karnali, Tharuwan, Magarat, Tamuwan, Tamang, Madhes, Newar and Kirat. Yami (2006: 144) argues that except for district headquarters and along the main highways in these areas, Nepal was under the control of the Maoists. The Maoists had begun to institutionalise power at the local level through the formation of people's committees in the main base areas—Rolpa and Rukum—and adjoining areas in the autonomous regions, but also at the national level through the URPC. This was the 'strategic view of base areas' (Onesto 2005: 221) summed up by Dahal—that the war could not be advanced without making political gains at the national level and working in urban areas. Yami admits that the people's committees had at times tended to rely 'more on force than on political conviction to yield results, especially with regard to changing old habits and enforcing new ones' (2005: 151) amongst the population. The solution was to insist that people's

committees—subject to regular elections and full powers of recall—would remain separate from party committees, to ensure greater democratic control by local people (2005: 144). The Maoists had also begun to develop a rudimentary public administration system in base areas, with a mobile postal system and the maintenance of accounts. Local militias would be trained as future PLA recruits, support the PLA in major military offensives and help defend base areas.

5.2. Militarisation and peace talks

Militarily, the turning point in the war came after the Maoists orchestrated a major attack on a police post in Dunai, the headquarters of the northern district of Dolpa along the Chinese border, in September 2000. Involving roughly 1,000 fighters, the Maoists attacked the police post, freed prisoners in the local jail and made off with Rs. 50 million in cash and jewellery (Thapa 2003: 104). The Dunai attack gave the Maoists confidence to carry out even larger and more co-ordinated attacks, and over the next few months they combined this military strategy with the setting up of people's governments in the mid-west (Karki and Seddon 2003: 35). By late 2000, the 50,000-strong police force had effectively been neutralised. The government had to search for alternative measures to quell the movement. The question of mobilising the army against the Maoists revealed the tensions between the palace and the political parties. The army was reluctant to be involved because of inadequate resources and the lack of a political mandate. The parties also had reservations. According to Hachhethu (2004: 69), army mobilisation was associated with King Mahendra's coup in 1960, which ousted the then Nepali Congress government; the army would not be under civilian control; and the king had constitutional powers to block government decisions. In January 2001, Prime Minister Koirala obtained royal assent to create a paramilitary unit—the Armed Police Force (APF)—that would be better armed than the civilian police and trained specifically to fight the Maoists.

Since 1999, the army had been allocated a special budget for road construction and health camps in districts under Maoist control (Sharma 2004: 45) under a plan called the Integrated Security Programme (Hachhethu 2004: 71). This programme was maintained when G.P. Koirala took over from K.P. Bhattarai as prime minister in March 2000, but evolved into the Integrated Development Programme, and then the Integrated Internal Security and Development Programme (IISDP), which Koirala had

discussed with King Birendra. Initially, the IISDP targeted specific districts controlled by the Maoists: Rolpa, Rukum, Salyan, Kalikot, Jajarkot, Gorkha and Pyuthan (2004: 69). Following the Dunai attack, which killed 14 policemen (2004: 71), the government decided to deploy the army under the IISDP to the headquarters of 16 districts. This would not be to engage the Maoists militarily, since there were still disagreements between the prime minister and the king over whether and how the army was to be used against the Maoists (Thapa 2003: 96), but for security duty. A top government official, explaining the IISDP, claimed that ‘the basic idea is to use the army to defend positions and create space for government, political parties and NGOs to go back and work to win back the people with serious development work’ (Bhattarai 2001). The army had always distanced itself from the incompetence and previous excesses of the police in an attempt to turn people away from the Maoists and build people’s confidence in the army and its capacity to maintain security. The high command of the Royal Nepal Army (RNA) and many of its officers, drawn from Nepal’s upper classes, was always fiercely anti-Maoist.

But several Congress leaders accused the army of failing to provide adequate support to the APF and not co-operating with the parties in counterinsurgency efforts; the army had been insisting, even after the creation of the IISDP, that an all-party consensus giving the army a mandate was necessary before it could be mobilised. Hachhethu (2004: 71) comments:

The army’s rigid disobedience of the government was in fact a manifestation of the role played by the palace. Soon after the king had given his consent to the IISDP, he also made various other suggestions, e.g. to identify the Maoist problem as terrorism or insurgency, to grant general amnesty to the Maoists, to mainstream the Maoists, and to reach an all-party consensus. These were at odds with the spirit of IISDP.

After a particularly devastating attack on a police post by the Maoists in April 2001 in Rukum and Dailekh districts, in which 70 policemen were killed, the police officially appealed for help from the government. The Maoists had on occasion attacked the army’s barracks, but there had been no direct military confrontation. In July, the Maoists attacked the army again, this time in the village of Holeri in Rolpa. The army was sent on a police rescue operation, but refused to confront the Maoists without a political mandate from the government, along with clear rules of engagement. The

Maoists were willing to negotiate, but wanted the resignation of Prime Minister Koirala first, which came that very month. Koirala's position was already undermined for several reasons: he was accused by opposition parties of not being able to deal effectively with the Maoist insurgency; his influence within the party was declining because of an internal conflict within the Congress; and there were corruption allegations against him linked to his role in leasing a commercial jet for Royal Nepal Airlines.⁹⁵ According to Hachhethu (2004: 72), 'The Koirala government was alienated from opponents within its own party, from opposition parties, from civil society, from the palace, and from the army'. Koirala was forced to resign on 18 July 2001 over the Holeri incident. The Maoists had gained the advantage. Deuba took over as prime minister for the second time and announced a ceasefire, to which Dahal responded positively. The first round of talks began in August 2001, over five years since the start of the People's War.

With a ceasefire in place, the Maoists held open rallies across the country, including in Kathmandu, in which thousands participated. They had three demands: the formation of an interim government, elections to a Constituent Assembly to draft a new constitution and a republican state. Besides these, they wanted discussions with the government over the various longstanding treaties with India, details of arrested Maoists released to the public, and the rolling back of police operations. The government made concessions by abandoning controversial security regulations and by releasing Maoist detainees; the Maoists, in turn, dropped their demand for a republic (Hutt 2004: 10).⁹⁶ But after three rounds of talks between August and November, when it became clear that the government and a consensus of political parties were not going to accept a Constituent Assembly, the Maoists called off the talks, declaring that there was 'no further justification for either dialogue or the ceasefire' (Thapa 2003: 121). On 23 November the Maoists staged a series of coordinated attacks in 30 districts, on several police posts as well as civilian targets, and made off with Rs. 225 million from rural banks (Karki and Seddon 2003: 37). If the RNA had already been undermined by previous attacks, the Maoists dealt a further

⁹⁵ See http://cjonline.com/stories/052801/new_nepal.shtml (last accessed on 22 August 2013).

⁹⁶ The Maoists' concession was clearly only a temporary move, arguably stemming from a position of relative confidence; at the time they had also suggested holding the second round of talks with the government in Libang, the district headquarters of Rolpa. This was widely seen as an invitation to the Maoists' capital, serving to boost the Maoists and undermine the government (Thapa 2003: 65).

blow to the credibility of the army; for the first time, the Maoists attacked the RNA's barracks in the district of Dang, killing 14 soldiers (2003: 37). Two days later, the Maoists attacked the army again. Estimates are that 250 people were killed in the three days between 23 and 26 November (2003: 37), when the government declared a state of emergency, only the third in Nepal's history.⁹⁷

Along with the emergency on 26 November 2001, Prime Minister Deuba instituted the Terrorist and Disruptive Activities (Control and Punishment) Ordinance (TADO) and declared the Maoists as terrorists under this law (Hutt 2004: 11).⁹⁸ By all accounts, this was the beginning of the escalation of the war. There was much speculation as to why the talks themselves had broken down, including that the government side in particular had been unprepared; but both internal and external circumstances also forced a change in the situation. The army obtained the political mandate it needed in November 2001, following 9/11. Within Nepal, the situation had also changed after 14 members of the royal family were murdered in June 2001.⁹⁹ Although the establishment could not blame the Maoists for the murders, they were put on the back foot by the instability it had created within what was supposed to be one of Nepal's most stable institutions. It was keen to resolve 'the Maoist problem' once and for all through a combination of counterattack, still using the police, but now with the addition of the APF—and, crucially, the RNA—and peace negotiations.

Like many governments around the world, the War on Terror allowed the government of Nepal to label the Maoists a terrorist group, and in so doing provided the government with the justification, weaponry and international backing to attempt quell the insurgency. It was in this context that a decision was taken to deploy the

⁹⁷ The state of emergency suspended the rights to freedom of thought and expression, assembly and movement, the right not to be held in preventive detention without sufficient grounds, and the rights to information, property, privacy and constitutional remedy (Karki and Seddon 2003: 37).

⁹⁸ Due to public outrage and street protests, the government was unable to promulgate the TADO in 1997 when it was first drawn up; its promulgation was made easier in the post-9/11 context. In April 2002 it was passed in parliament and became an Act, making terrorism a crime punishable with life imprisonment and authorising security forces to make arrests without warrants, and use force or firepower if confronted with resistance.

⁹⁹ The palace massacre, in which the crown prince killed the king, queen and several other members of the royal family, also marked another turning point in the war. King Gyanendra, the younger brother of the deceased King Birendra, had been away on the night of the killing spree and assumed the throne amidst the widely held conspiracy that he had a hand in the murders (Hutt 2005: 114). Whether or not the manner in which he came to power played a part in the way he ruled, Gyanendra was much more willing to use force against the Maoists than his brother Birendra. The post-9/11 context and the War on Terror clearly also served to justify the use of force.

RNA against the Maoists. Unable to win the war outright, the army soon became known for the worst human rights violations in the world (Singh *et al.* 2005: 2). Military personnel from the US Pacific Command spent several weeks with the RNA in order to assess how US\$20 million in military aid could be spent to fight the insurgency. In addition, the US government was doubling its development aid to US\$38 million for 2003 (Karki and Seddon 2003: 42). India also explicitly condemned the Maoists following 9/11, announcing that it would assist Nepal in its efforts to counter terrorism and would deploy troops along the border with Nepal (Hachhethu 2004: 77), while providing truckloads of military hardware, including INSAS rifles and surveillance equipment. India referred to the Nepali Maoists as terrorists even while the government of Nepal had temporarily withdrawn the label during the ceasefire (Muni 2012: 319). Britain also increased its military and development aid. The procurement of helicopter gunships from the Global Conflict Prevention Pool, a joint fund across British government departments, caused great controversy over the use of such funds that had the potential to kill innocent civilians.¹⁰⁰ The British government also organised a high-level London Meeting on its approach to the situation in Nepal in June 2002, concluding that a ‘twin-track approach’ was needed that would address both security issues and governance and development, seen to be underlying causes of the conflict. While some British government officials emphasised a military response as part of an overall developmental response, such as Minister for International Development Clare Short, others—including the Foreign Office Minister Mike O’Brien who visited Kathmandu in October 2002 as a follow-up to the London Meeting—made it clear that the Maoists were terrorists.¹⁰¹ According to this latter, more combative view, it was imperative that the British government defeat terrorism and prevent Nepal from becoming a failed state (Karki and Seddon 2003: 45). Following the London Meeting, GB£7 million was provided in military assistance, including training and hardware.

When King Gyanendra took absolute power in February 2005, as described in the next section, he cited the incompetence of the Nepali Congress government to hold

¹⁰⁰ The Global Conflict Prevention Pool includes funds from the Foreign and Commonwealth Office, the Ministry of Defence and the Department for International Development (DFID). At least one member of staff from the DFID office in Kathmandu resigned over the issue of helicopter gunships. It was reported that 50 Maoists were killed in Rolpa on 3 May 2002 using helicopter gunships.

¹⁰¹ For official dates see http://www.nepembassy.org.uk/nepal_britain_relations.php (last accessed on 14 September 2013).

elections. This ultimately united the political parties in opposition to the monarchy and began the process of ousting the king from power.¹⁰² It also gave the Maoists' anti-monarchy position considerable legitimacy, and opened up space for republicanism to become a serious prospect. Major donors such as the UK, and later the US, as well as India, decided that they could not sustain support for the king's actions. Crucially, by mid-2005, the Indian government calculated that the Maoist 'problem' could be solved if they were tamed, and that this could only be done by bringing them into the mainstream. The Indians thus brokered a Memorandum of Understanding between the Maoists and the mainstream parties in November 2005. Within six months, the 2006 people's movement began, led by an alliance between the Maoists and the political parties but where civil society leaders became prominent. After 19 days, on 24 April, the king conceded all of the main demands the alliance had put forward and reinstated parliament (Vanaik 2008: 67). But for the king it was too late. The monarchy had suffered such a severe legitimacy crisis that was to ultimately rally public opinion in favour of an end to the monarchy altogether.

5.3. The second people's movement

The impetus for the second people's movement for democracy can be traced back to the royal coup of 1 February 2005—the second in Nepal's history—staged this time by King Gyanendra, the second son of King Mahendra. Since the escalation of the war in 2001 when the army was unleashed on the Maoists, Nepal had been in a political and military stalemate. The insurgency had weakened the political parties even further, polarised debate in society and undermined the authority of the Nepali state. Three rounds of peace talks between the government and the Maoists had ended in failure. Meanwhile, the Maoists' war in the countryside was unrelenting and they had made progress in establishing networks in the capital. It was in this context that King Gyanendra took power, as dramatically as his father had done in 1960: all Internet, mobile and telephone communications were cut; a state of emergency was declared and select journalists, politicians and NGO leaders were arrested (Heaton Shrestha and Adhikari 2010: 300; Routledge 2010: 1285). The king then announced that basic freedoms would be restored within 100 days, but that he would exercise

¹⁰² King Gyanendra arguably began to concentrate power in his own hands as early as October 2002, when he suspended parliament and appointed two successive prime ministers loyal to the monarchy (Vanaik 2008: 64).

direct rule for the next three years (Hutt 2005: 112). Figures from the former panchayat regime were appointed to a 10-member royal cabinet, chaired by the king himself, and ‘music, songs and images identified with the panchayat period began to be aired on state television and radio’ (Shah 2008a: 14). The urban middle classes were split; at least one section was hoping that emergency rule would lead to decisive steps to end the insurgency, while another section was reeling from the shock of the takeover. Shortly after the coup, however, King Gyanendra exposed his lack of strategy: the security situation had failed to improve, the Maoists continued to defy the RNA, and the royal government became distracted with issues such as civil service reform and school textbook redesign (2008a: 14). At the same, it was becoming clearer that people had lost faith in the monarchy (Upreti 2009: 155). The political situation was becoming increasingly polarised, and as anti-king forces gathered strength, those in favour of the king were becoming isolated.

NGOs and donors were not immune from this deepening polarisation, and responded immediately to the takeover and the suspension of civil liberties. Nepal’s main military backers—the US, UK and India—suspended military aid, and the World Bank deferred US\$70 million in budgetary support (Routledge 2010: 1286). After an initial period of hesitation, major national and international NGOs openly began to take sides with pro-democracy forces. The royal government responded by attempting to pass an ordinance to prevent NGOs from exposing human rights violations committed by the government, which would thereby strengthen the opposition. On 10 November, without parliamentary process, the SWC issued the Code of Conduct for Social Organisations, noting that the new ordinance would increase the prestige of NGOs by making their work more systematic and transparent. The ordinance called for NGOs not to engage in partisan political activities that would endanger law and order and the sovereignty of the country, and would give the SWC authority to suspend, dissolve or cancel the registration of any NGO in breach of the Code. Significantly, the ordinance also stated that the government would have to approve foreign funding to NGOs. In a context where human rights organisations were entirely funded by foreign donors, and where human rights workers were being intimidated, arrested, and even tortured, NGOs had reason for concern.¹⁰³ Several prominent

¹⁰³ Interview with Mandira Sharma, Kathmandu, 21 March 2010.

national and international NGOs and human rights defenders issued statements condemning the move, arguing that the government was violating international norms to which it was a party, including freedom of expression and association; the ordinance would also curtail the ability for human rights workers and the media to monitor government repression. Amnesty International and the International Commission for Jurists, two leading INGOs working in Nepal, pointed out that codes of conduct are normally developed by NGOs themselves, and are entered into on a voluntary basis. They also highlighted the role of local NGOs in providing basic services in Maoist-dominated areas, which if prevented from working, would seriously impact the economic and social rights of people already suffering from the conflict.¹⁰⁴ The NGO Federation of Nepal rejected the Code of Conduct outright, launching demonstrations and burning copies of it in the streets in 35 districts.¹⁰⁵ After sustained international condemnation, the Supreme Court suspended its implementation; it was later annulled.

With the mood against the royal takeover turning increasingly bitter, the conditions were in place for the parties to form a more coherent opposition. Major parties from across the political spectrum came together to form the Seven Party Alliance (SPA), the goal of which was to reinstate parliament. Although the Maoists had certainly had their differences with the parties, they calculated that growing animosity towards the king could be exploited, turning the tripartite conflict between the king, the parties and the Maoists into a contest between two contending forces—the monarchists on one side and pro-democracy forces on the other. When the king announced that municipal elections would be held, the Maoists joined the SPA to actively oppose the elections. The opposition, now consisting of the mainstream political parties, the Maoists, NGOs, various elements of civil society, the media and diplomats, began to coalesce against the king. The balance of forces shifted decisively, however, when the Indian government intervened, facilitating a 12-point agreement between the SPA and the Maoists in November 2005 (Shah 2008a: 15), calling for an end to autocratic monarchy and a common understanding with the Maoists. Although India outwardly

¹⁰⁴ See <http://www.achrweb.org/countries/nepal/HRDS0105.pdf> (last accessed on 8 June 2010) and <http://nepallaw.blogspot.co.uk/2005/11/open-letter-on-proposed-code-of.html> (last accessed on 8 June 2010). The ordinance was annulled in May 2006 after the restoration of parliament.

¹⁰⁵ See <http://www.cablegatesearch.net/cable.php?id=05KATHMANDU2488> (last accessed on 9 June 2010).

insisted that it did not want to interfere in the internal affairs of Nepal (Upreti 2009: 156), the arbitration by the Indians was arguably part of a broader strategy to bring the Maoists into the mainstream and secure stable conditions for economic development. The Indian government not only sent Karan Singh, a member of the Indian parliament with connections to the Nepali royal family, but Sita Ram Yechury, a politburo member of the CPI (Marxist) with credibility amongst the left parties in Nepal, to mediate between the SPA and the king, and persuade the Maoists to accept multiparty democracy (2009: 156).¹⁰⁶ The calculation was that if the Maoists could be persuaded to end the war, this would be favourable to Indian interests on at least three counts: first, sufficiently neutralised, the Nepali Maoists could be used as an example to be emulated by the Indian Maoists (Muni 2012: 327; Nayak 2007: 935; Thapliyal 2006: 69); second, the collusion of Maoists across the border between India and Nepal would be greatly diminished if not cut off completely (Upreti 2009: 157), including the potential spillover of the conflict (Muni 2012: 325); and finally, India could do business with the Maoists at least as profitably as they could with the king—and possibly even more profitably if the Maoists were serious about strengthening capitalism—while at the same time being seen to back the forces of democracy.

On the domestic front, the parties began to create movement committees in preparation for the second people's movement, in collaboration with local communities and NGOs. Together with the Maoists, the parties then scheduled a joint 4-day general strike beginning on 6 April 2006. As foreign pressure combined with mounting domestic pressure against the increasingly vulnerable monarch, demonstrators began to defy curfews and the general strike turned indefinite. On 21 April, hundreds of thousands marched into Kathmandu chanting slogans against the king and the monarchy, including slogans in favour of a republic. Remarkably, army columns stationed along the ring road, which were meant to enforce the curfews, withdrew into the city as demonstrators approached (Shah 2008a: 16). The conduct of the army during the 2006 movement was in stark contrast with its role during the royal coup a year earlier, when it began to withdraw from the rural areas to the cities in order to arrest and intimidate leaders associated with the opposition (Hutt 2005: 119). That evening the king announced that he would relinquish executive powers; the SPA,

¹⁰⁶ See also <http://www.indianexpress.com/news/yechury-could-be-headed-for-nepal-too/2805/> (last accessed on 20 July 2012).

emboldened by the demonstrations, rebuffed the offer and instead threatened to bring two million people onto the streets on 25 April. Roka (2011: 178) claims that during the 19 days of the second people's movement, over 10 million people across the country came to the streets, joining the struggle 'not only for a change of government' but to protest against neoliberal policies, the unequal distribution of wealth, and cultural, linguistic and regional discrimination.

Routledge (2010: 1286) argues that through the democracy movement, the poor were able to make claims on the state, but in collaboration with elitist NGOs. The 2006 revolution was an example of a context in which NGOs resisted establishment politics. But while they played an important role, it was a secondary role: NGOs only came on board with the movement once there was a clear possibility of success and once it became unpopular to side with the monarchy. If there was one civil society group that could be said to have led the 2006 people's movement it was undoubtedly the Citizens' Movement for Democracy and Peace (CMDP). The CMDP was launched in July 2005 following the royal coup on the basis that the political parties were not adequately responding to the attack on democracy and civil liberties. The CMDP was a relatively broad-based campaign that organised mainly in Kathmandu and was dominated by high-caste and middle class professionals and intellectuals, but unlike other groups managed to gain the visibility and reputation needed to attract and mobilise large numbers, including outside the capital. One reason for this is because of the moral authority of its leaders—Devendra Raj Panday, Shyam Shrestha, Mahesh Maskey, Krishna Pahadi and others, who were seen as incorruptible and not seeking political power—but more importantly because of its relatively radical agenda. The elite character of the CMDP does not appear to have been an issue until the period following the people's movement, when other activists accused it of being exclusive (Heaton Shrestha and Adhikari 2010: 301). It called for an overhaul of the constitution, republicanism and full proportional representation in the CA, amongst other demands. The CMDP was a political movement but publicly distanced itself from the politics of the political parties, claiming that it was not representing anyone but wanting the political parties to be more representative. Significantly, when donors attempted to fund the group, they were rejected outright.¹⁰⁷ Indeed, the CMDP had

¹⁰⁷ Interview with Devendra Raj Panday, Kathmandu, 15 January 2010.

captured the moral highground by refusing donor funding for the movement but also distancing itself from NGOs (Heaton Shrestha 2008: 9).

Many of the well-funded, Kathmandu-based, established NGOs initially took positions that showed they were resistant to change, but were later pressured to take more progressive positions. In the early days of the movement, for example, when the CMDP organised a street protest shortly after its formation, established NGO leaders organised another protest on the same day nearby, unwilling to take the lead from the CMDP. The relationship between the CMDP and many of the larger mainstream NGOs, at least initially, was marked by tensions. Heaton Shrestha and Adhikari (2011: 46) note that during the repression following 1 February, NGOs' response was 'fairly muted'. On the other hand, the newer, more activist-oriented NGOs—mainly staffed with young people and operating more as campaigns and networks—were involved in CMDP activities and the intensification of protests. The tensions between the more prominent NGOs and the CMDP were ultimately put aside when the vast majority of NGOs were pressured into participating in the movement. There were three main reasons compelling the NGOs to participate in the movement. First, there were practical constraints to working during the state of emergency, while at the same time the SWC—threatening to adhere to more stringent monitoring and financial accountability—was making it more and more difficult for NGOs and INGOs to carry out their activities. Second, NGOs were influenced by donor dissatisfaction with the king's move, and this no doubt allowed them to take more overtly political positions against the king. Under normal circumstances the vast majority of NGOs would have remained neutral or at least refrained from advocating particular political positions, especially those associated with the far left.¹⁰⁸ Finally, there was political and moral pressure, mainly from the Maoists and the CMDP but also from the wider public. In the context of the new royal dictatorship, other than a few royalists, virtually all forces in society were now agitating for the abolition of the monarchy.

5.4. Maoist strategy and tactics

The official political line of the Nepali Maoists was to establish New Democracy following Mao's concept of developing the three instruments of revolution: the

¹⁰⁸ Interview with David Wood, Kathmandu, 2 May 2010.

revolutionary party, the people's army and the united front. All must be developed in order for the revolution to succeed, but the party was considered primary because it would build on and facilitate the development of the other two instruments. Mass organisations and the 'people's movement' were considered secondary (UCPN 2004: 3). However, commitment to a national capitalist project, as opposed to an international, firmly anti-capitalist one, made for a broad range of rhetoric and activity, spanning violent insurrection to peace negotiations. A concrete political line from the ideological perspective of MLM, with the aim of carrying out a People's War, was developed as far back as 1991, but it took several years of debate within the party before a coherent set of strategies and tactics could be made, and preparations begun to implement this line.

The Maoists' assessment was that the first five years of the People's War was considered successful from a military and strategic perspective. But conditions in both rural and urban Nepal were beginning to change. Outside Kathmandu, the now well-equipped RNA—unsympathetic to the Maoists' cause despite the rank and file being drawn from some of the same ethnic groups as the rank and file of the Maoists—was a new and daunting challenge. Within Kathmandu, security had been massively strengthened, with curfews often in place and additional police patrols. The Maoists recognised that there had to be a greater focus on the capital in order to build a network that could then begin to assemble a popular base where state power is located. It was at this point, at the Maoists' second national conference in February 2001, that the Maoists adopted Prachanda Path—described as a new strategy to take the revolution forward that involved fusing the Maoist model of protracted People's War with the Leninist model of general insurrection in the capital as a basis for overthrowing the government (Karki and Seddon 2003: 30). Prachanda Path was considered a development of MLM based on the specific conditions of Nepal.

The strategy marked a decisive shift. First, it was acknowledged that the project of protracted war according to the Maoist doctrine of encircling the cities was likely to be defeated given the superior military capabilities of the RNA, backed by the US, UK and other imperialist powers. The previous position, that mass movements were secondary to the People's War, was renounced and urban-based insurrection was upheld as a central objective, in addition to the war. Fraternal organisations were

created in the cities to co-ordinate strikes and demonstrations, with a view to organising a mass movement similar to the 1990 people's movement (Adhikari 2010: 232). The move towards the cities also included a public relations campaign, to communicate clear and reasonable demands to Kathmanduites, and use these demands as a basis for peace talks with the government. Second, and perhaps somewhat paradoxically, the Maoists decided that seeking this negotiated settlement to the war would allow them to realise the demands they had been making since the early 1990s: elections to a Constituent Assembly that would form an interim government that would then draw up a people's constitution. Calling on 'all political parties and people's organisations of the country' (UCPN 2004: 118) to participate in a national conference, the Maoists were now pursuing a strategy of People's War and urban insurrection on the one hand, combined with peace talks on the other. That the Maoist leadership was not only willing to engage in a potential compromise with the government but to hold talks with *all* parties—presumably including those defending the monarchy—indicated the beginning of their drift rightwards.

From the Maoists' perspective engaging in peace talks was also double-edged. The ceasefire allowed them to regroup and strengthen their base, and they did this by surfacing and organising open rallies across the country, including in Kathmandu. When the Maoists broke off the talks and a state of emergency was imposed in November 2001, the government introduced a 'surrender scheme' to persuade individual Maoists to leave the movement. By the end of the year there were reports that 1,689 Maoists had surrendered, including 364 involved in people's governments (Karki and Seddon 2003: 38). In February 2002 the Maoists launched a major attack on the army barracks in Mangalsen, the district capital of Accham in the west, killing 107 security personnel (Thapa 2003: 134). One analyst had observed, 'the heavy death toll of soldiers in Mangalsen has little meaning unless [the Maoists] are able to show their presence on the streets of Kathmandu' (Karki and Seddon 2003: 40). Following the Mangalsen attack, the Maoists claimed to have reached the stage of strategic equilibrium or strategic stalemate, where 'the other side is reduced to protecting areas that remain under its control and concentrates on protecting the urban

centres' (Thapa 2003: 99).¹⁰⁹ The talks were important not necessarily for reaching a settlement (although it is arguable that the Maoist leadership was already seeking an exit out of the war) but to begin a campaign of political mobilisation in the centre.¹¹⁰ Adhikari (2010: 232) notes that the Maoists, far from looking for a 'safe landing' as some had suggested, had greater ambitions: negotiations were an instrument to create divisions amongst the elite and to penetrate Kathmandu by openly organising political events. At the same, this engagement would allow the Maoists to gauge the government's relative political strength and support, and assess the response of the population—from workers to the middle classes—to Maoist demands.

Placing equal emphasis on urban work meant that the Maoists needed reliable urban intellectuals and activists who could communicate their concerns to the public, help release jailed cadres, undertake party work and organise in the unions. The Maoists worked to cultivate links with urban intellectuals and created several united fronts sympathetic to the party. But while the strategic shift was recognition of the importance of mass movements—and this was its inherent strength—openness to negotiations, even as a tactic, shifted at least some attention away from the broader struggle and onto questions related to the parameters of peace talks. Instead of creating divisions within the establishment as envisioned, this created the conditions for divisions amongst the Maoist leadership over how to take the revolution forward. Working in urban areas, particularly around peace talks, meant that the Maoists were also more exposed to the work and influence of NGOs.

5.4.1. Entering the mainstream

During the April 2006 movement it seemed as if almost anything was possible: the Maoists had the support of the masses, the monarchy lacked authority and the army ultimately refused to fight. The military stalemate between the army and the Maoists

¹⁰⁹ Strategic stalemate followed the initial stage of strategic defence, involving mobile warfare and the creation of united fronts. Strategic stalemate is followed by the final stage of strategic offensive, where 'guerrilla tactics assume a supplementary role to the main thrust of mobile and positional warfare' (Thapa 2003: 99).

¹¹⁰ The talks themselves created debate and divisions within the party (Pattanaik 2002: 119), mainly over fears at cadre level that the party would compromise (ICG 2003: 1). Possibly to assuage fears, Ram Bahadur Thapa (aka Badal), head of military operations and a member of the Maoists' negotiating team, told thousands of supporters that the Maoists would return to the jungle if the peace talks—and by implication the Maoists' demands—were not taken seriously by the government. See <http://www.cablegatesearch.net/cable.php?id=03KATHMANDU624> (last accessed on 4 April 2013).

forced the army to calculate that a political solution was unavoidable. But without a plan for seizing power and going beyond the parliamentary road, the Maoists' alliance with the mainstream parties became a way for the ruling elite to demobilise the revolution. The consolidation of the alliance took the form of the CPA, signed in November 2006 between the Maoists and the SPA.¹¹¹ The CPA, like the 12-point agreement before it, was prepared in Delhi and facilitated by the Indian government. Although it spelled the end of the monarchy, it also marked the official end of the People's War. The most devastating aspect of this process was the Maoists' agreement to dismantle their parallel infrastructure outside Kathmandu: as part of the conditions for entering government the Maoists began to return property to landlords confiscated during the war and dismantle people's courts and people's committees; they also agreed for PLA fighters to be confined to cantonments under UN supervision. These were a few amongst the many 'temporary' compromises on the road to a new democratic republic, arguably a reversal of the gains made over the past ten years, but of which the Maoists seriously underestimated the consequences.

There was fierce debate within the party as to whether the Maoists should exchange participation in a Constituent Assembly for an end to the war, and it was at the time of the CPA that divisions amongst the leadership intensified. Dahal and Bhattarai argued that the entry into peaceful, competitive politics was justified as a 'sub-stage' towards the Maoists' goal of establishing a new democratic republic (Bhattarai 2005: 1513). But leading members of the party, calling themselves the revolutionary faction, under the leadership of Mohan Baidya (aka Kiran), claimed that the peace process was becoming a strategy rather than a tactic.¹¹² Baidya argued that the entire peace process had to be viewed as a tactic, and the more the Maoists became embedded in the peace process over time, the more they would 'become corrupted by the privileges of power and lose their revolutionary edge' (Adhikari 2010: 238). The Baidya faction within the party also contended that it was impossible to maintain the old alliance with the parliamentary parties, not least because these parties would never accept the promulgation of a constitution that would work in the interests of the majority. The idea of a 'consensus-based constitution' the Maoists were arguing for would only reflect an elite compromise. In the post-monarchy political landscape in Nepal,

¹¹¹ The Comprehensive Peace Accord is also variously called the Comprehensive Peace Agreement.

¹¹² Interview with Indra Mohan Sigdel, London, 5 December 2011.

Baidya proposed that the Maoists focus their struggles against the reformist parliamentary parties; this meant strengthening urban organisation with a view to capturing state power (2010: 238). This view acquired substantial support within the party, and since 2008 in particular, the Baidya faction had been organising in direct opposition to Dahal and Bhattarai. Taking a considerable number of cadres and central committee members with them, they formally split with the UCPN in June 2012, forming the Communist Party of Nepal (Maoist).¹¹³ The CPN's first congress was held in January 2013 and revealed the lack of a distinct political line. But the new leadership has few choices; neither going back to waging a People's War, which would be unpopular, nor working within the existing system, are options. Pursuing the strategy of urban insurrection would also require fighting the security forces; without first developing a mass base and lacking financial resources to develop a military wing, there is every prospect of defeat. Adhikari (2013: 29) notes that in such a context, the CPN may be persuaded to merge with the UCPN in the future. While tactics are crucial, a radical strategic breakthrough would have required a reconsideration of the Maoists' fundamental theory.

5.4.2. The Maoists' conception of semi-feudalism

One of the central objective constraints the Maoists refer to in their analysis of the political economy of Nepal is its semi-feudal nature. For the Maoists, this is the principal factor that has given rise to poverty and inequality. The argument is that as long as feudal elements remain, Nepal is not ready for a transition to socialism, nor able to move beyond bourgeois democratic demands. This in turn has direct implications for how political and social change is sought. Bhattarai (2003a: 137) cites three main reasons supporting the Maoists' analysis of Nepal as semi-feudal. The first is the existence of semi-feudal relations in the agricultural sector, which forms the base of the Nepali economy, and which therefore determines the nature of the class structure. Bhattarai argues that because 'tenants are forced to till the landlord's land under arrangements that provide for bare subsistence needs rather than securing capitalistic profit' (2003a: 137), the principal mode of surplus extraction is semi-feudal. Second, wage labour in agriculture is limited, and has not expanded the reproduction of capital in the agricultural sector. The decline in traditional industry is

¹¹³ Estimates are that the new party took approximately 30 per cent of the central committee and a third of the Maoists' CA members, including a large number of cadres (Adhikari 2013: 27).

partly a reflection of the underdevelopment of the forces of production, particularly in the last 50 years, and a low level of industrialisation in general, which has stunted the development of a working class in Nepal. The proportion of the total labour force engaged in industry is low, as is the share of industry as a proportion of GNP (2003a: 142). Industries established in the 1960s have either been closed down because they cannot compete with foreign imports, or sold off at knockdown prices. This has also led to the lack of an internal market. Third, although owner/cultivators are numerically in the majority, they are tied to local landlords, usurers and feudal landowners and are therefore not independent (2003a: 137). Private usury reinforces semi-feudal exploitation through interest payments and other labour-service payments, which is still how the vast majority of Nepalis obtain credit in rural areas.

The level of Nepal's industrial development, and the resulting debate over identifying the dominant mode of production in Nepal, has been obscured in two ways. First, because Nepal is a predominantly an agricultural country—76 per cent of households earn a living from farming (Nepal. Central Bureau of Statistics 2011: 9)—there is a tendency to characterise it as a form of feudalism. To equate the dominant *category* of production with the dominant *mode* of production, however, leads to the reductionist analysis that a large peasantry—that is of course at least partly shaped by vestiges of feudal relations—must equal a feudal economy. Second, there is a tendency to capture the economic structure of the country in an isolated and static picture. Economic development is a process, not a particular moment, and it is a process, particularly in the last few decades, that has been played out in an international dimension. Nor can the question of the dominant economic relations solely be understood through economic analysis. To understand a country's economic dynamic it is important to grasp the economic role being played by the elites, and to determine which sectors of the economy they are linked to. In addition to identifying petty commodity production and semi-feudal forms of production, Seddon (2001: 50-55) notes that as early as the 1970s there was the development of a widespread agricultural processing industry, particularly of rice and oil in the Terai. While identifying the tendency of Nepali capital to concentrate in the hotel, construction, motor transport and commerce sectors, Seddon notes that the development of heavy industry was the direct result of foreign aid or Indian capital (2001: 55). Industrial production accounted for 10 per

cent of GDP at this time. Mikesell (1999: 186) also points to the early development of capitalist production in Nepal, as early as the 1950s:

Key elements of the dominance of landed property were eclipsed. The combination of agriculture and industry was broken as factory-produced cloths, shoes, cigarettes, etc., displaced village-produced ones. Consumption and production in the village became another step in the circulation of industrial commodities.

The Maoists' analysis also neglects the characteristic *combined* nature of development in poor countries. Across the developing world, the most primitive economic forms are combined with the most modern. Understanding Nepal's economic development in regional and international terms is crucial. Mikesell (1999: 186) stresses the importance of foreign intervention in the development of Nepali capitalism, which has taken the form of 'assertion of monopoly control by ruling families in alliance with transnational interests—a position analogous to that of the Birlas, Tatas, and other large houses of post-Independence India'. He concludes that 'development' in Nepal has meant the increasing assertion of transnational corporate control over society and the state (1999: 186). Another reason why Nepal's economy can only be understood in regional and international terms is the role of remittances: 56 per cent of households receive remittances, up from 23 per cent in 1995/96 (Nepal. Central Bureau of Statistics 2011: 9). The Maoists would not disagree with the fact that the ruling elite in Kathmandu share the same class interests as those of the elite in imperialist countries, not with those of the poorest Nepalis. While it is true that Nepal is predominantly an agricultural country, and possesses low levels of agricultural technology in many areas, there are large and growing sections of the economy which are driven by capital accumulation, and capitalists have control of labour, production, trade and finances in the most dynamic and fastest growing sectors of the economy. The key figures in this process tend to have links with the wider regional economy.¹¹⁴

The government pursues neoliberal development models in line with World Bank and IMF prescriptions, and has done since 1986, backed up by national laws. FDI has

¹¹⁴ Binod Chaudhary, who in 2013 became Nepal's first billionaire, perfectly illustrates the nature of the dominant section of Nepal's contemporary elite. He has business interests in banking, food, cement, real estate, hotels, power and electronics. Chaudhary also owns Nabil Bank, one of Nepal's largest banks, but has made most of his wealth abroad. See http://articles.timesofindia.indiatimes.com/2013-03-16/south-asia/37766800_1_noodle-kathmandu-indian-economy (last accessed on 16 March 2013).

been encouraged in Nepal since at least the 1950s, and the Maoists themselves have continued this process whilst in government. At the same time, both the industrial sector in Nepal and wage labour in agriculture are growing.¹¹⁵ To underestimate the significance of capitalist relations in Nepal has potentially damaging consequences for those who seek social change. Mikesell (1999: 187) writes:

If the present problems of Nepal are interpreted in terms of a persistence of feudalism, the problem of change is merely one of disposal of the feudal classes and the capture of state power by a more progressive emerging national bourgeoisie. But when the problem becomes understood in terms of the transnational class relations which have subordinated Nepalese society and interests to their own, then the solution becomes of another order entirely.

Semi-feudal elements within the Nepali economy remain, but the overall dynamic is one in which an alliance between foreign capital and sections of the elite dominates the direction of development, determining Nepal's social, political and economic trajectory and its dominant social relations.

5.4.3. Fallacies of semi-feudalism in Nepal

There are three further problems with the Maoists' analysis of Nepal as semi-feudal. The first is the theoretical distinction made between national capitalism and bureaucratic capitalism. According to the Maoists, bureaucratic or *comprador* capitalism is founded on the interests of imperialism and, in alliance with feudalism, prevents the development of national capitalism. The latter, which is understood as necessary for the development of Nepal along a path towards socialism, is prevented from flourishing, first because of the threat of US imperialism in general (and Indian expansionism in particular) and, second, because feudal relations dominate capitalist relations. Yet the Maoists never make clear what distinguishes one set of capitalists from another in *concrete* terms. In reality, capitalist development in Nepal is taking place through a powerful alliance between international capital and the dominant sections of the Nepali ruling class, and this nexus tends to draw all capitalist enterprise into its orbit. The Maoists sustain this essentially fictitious distinction between national and bureaucratic capitalism in order to justify the view that there is a

¹¹⁵ At a national level, 37 per cent of household income is non-agricultural; this figure is 47 per cent in urban areas (Nepal. Central Bureau of Statistics 2011: 42).

capitalist path to development in Nepal that can be made to work for the poor if the Maoists are in control. The Maoists' abandonment of revolutionary struggle—and their conduct in government since—exposes the contradictions in their theoretical system. If the end of the monarchy was not the end of feudalism, as they claim, then it is unclear why they have chosen to side with a peace process that has brokered the end of a revolutionary process.¹¹⁶ Once again, the Maoists' answer is that only national capitalism can break the alliance between imperialism and feudal remnants, and that a Maoist government would encourage this process. But the Maoists cannot in practice untangle the tight relations between Nepali and foreign capital. Nor can they avoid the harsh reality that in a global system, foreign investment is a prerequisite for capitalist development. For all the talk about the dangers of imperialism, and particularly Indian imperialism, whilst the Maoists have been in government they have made close links with Indian capitalists through numerous trade deals and an active policy of encouraging FDI from India and beyond.¹¹⁷

The second problem is a consequence of the first: the strategy of forming alliances with the national bourgeoisie. Because the main threat is posed as external, the main axis of social conflict is between reactionary forces on the one hand—those that serve the interests of imperialism—and ostensibly progressive forces i.e. those that are patriotic and nationalist. This makes for a contradictory position towards the bourgeoisie. This is at least partially recognised on a theoretical level: the character of the national bourgeoisie is described in the Maoists' theoretical documents as 'at one

¹¹⁶ According to Prachanda Path, feudalism in Nepal was reinforced by a Hindu monarchy that sanctioned inequality under the caste system practiced across Nepal. But once again the justification for sustaining the analysis of Nepal as semi-feudal seems less to do with objective factors than subjective ones. The Maoists themselves have been instrumental in the process of abolishing the monarchy, which will have at least undermined the caste system as it is practiced in Nepal. The growing unpopularity of the monarchy that began with the royal massacre in 2001, also gave substance to the increasingly widespread belief that the monarchy had never brought tangible benefits to the vast majority. In that sense, it is also hard to see how successive kings in Nepal suppressed the development of capitalist relations of production, being some of the most powerful businessmen in the country.

¹¹⁷ When Baburam Bhattarai visited Delhi shortly after he became prime minister in August 2011, he requested a US\$1bn long-term loan. See <http://www.thehindu.com/news/international/nepal-to-seek-1-billion-soft-loan-from-india-baburam-bhattarai/article2551799.ece> (last accessed on 7 February 2013). He also signed the Bilateral Investment Promotion and Protection Agreement (BIPPA) with India in October 2011. The objective was to increase foreign investment by guaranteeing the right of foreign investors to be compensated in case profits are lost due to war, emergencies, insurrection or riots, which may be interpreted to include labour strikes. The BIPPA has drawn criticism from a range of political leaders, including from within the UCPN. See http://www.myrepublica.com/portal/index.php?action=news_details&news_id=49485 (last accessed on 6 February 2013).

end dreaming of amassing the wealth by exploiting the workers' but is at the same time a victim 'run over by the monopolist comprador and bureaucratic capitalists' (UCPN 2004: 17). The Maoists conclude that the national bourgeoisie is a 'vacillating ally of the revolution' (2004: 17). But it is an ally nonetheless. Similarly, the notion of class collaboration is warned against: 'real defence, application and development of MLM is not possible without undergoing strong ideological struggle against right revisionism that backs class collaboration, reformism and national capitulation' (UCPN 2010: 3). Yet the Maoists' record since the CPA has been precisely one of such cross-class alliances and collaboration with national capitalists.

A third problem with the Maoists' strategy is the question of leadership. On the one hand, the Maoists assert that 'MLM has taught us and we have clearly understood that it is not possible to lead revolution [*sic*] to a decisive victory without the leadership of a militant and disciplined communist party, vanguard of the proletariat, based on the unity of ideology and resolve' (UCPN 2010: 7). The Maoists undeniably recognise the proletariat as 'the most revolutionary class of the society' [*sic*] (UCPN 2004: 16). Further, they argue that 'this class has the historical responsibility of identifying and giving leadership to other allied classes' (2004: 16). But at the same time, they claim that the revolution is essentially a peasant revolution: 'it is absolutely necessary for the success of the revolution to concentrate force in rural areas... to develop class consciousness among the peasants and to train them in the field of class struggle against the feudal land ownership and comprador and bureaucratic capitalism' (UCPN 2004: 1). Elsewhere the Maoists claim that the People's War 'can be developed only by relying on the masses and principally on the peasants' (2004: 20). This contradiction stems from an analysis that sees the working class in Nepal as underdeveloped and not conscious enough to lead a socialist revolution.

Following the royal coup, Bhattarai (2005: 1511) argued that 'the principal struggle is among the feudal, the bourgeois and the proletarian classes', calling it a triangular class contention in which a traditional, dominant feudal class is allied with the comprador and bureaucratic bourgeoisie. But there is no evidence of an *independent* class of landlords, who, owning nothing but land and taking a share of the harvest, would rise up independently of the capitalist class if feudal relations were threatened. Once again, this is not to suggest that feudal relations are absent in Nepal, but it is

capitalist accumulation that preoccupies the elite. Sharma (1992: 271) writes that the specific policies of the Ranas led to the emergence of a landowning class, the top of which was dominated by the Rana and Shah aristocracies, and at its base the high-caste Bahun, Chhetri and Newar families, who occupied positions in the military. But this class was not an independent landowning class. Sharma highlights the point:

This class, however, cannot be regarded as an independent class since it arose primarily as a result of the state granting it the right to own certain land. It was not by virtue of being a landowning class that they controlled the state apparatus, but because they controlled the state apparatus, they continued their existence as a landowning class. In fact, there had been plenty of instances when due to political reasons, these lands were confiscated by the state. Thus, in order to retain the land they had to continually support the central authority. (Sharma 1992: 271)

The consolidation of neoliberalism in Nepal was determined in part by liberalisation processes in India beginning in 1990, in addition to pressures from the World Bank and IMF. As discussed in Chapter 3, the Nepali economy is highly dependent on India, and no analysis of Nepal is complete without considering the role and influence of India. On a political level, India has been a regional imperialist power since independence, and has attempted to prevent the ascendance of the Nepali Maoists because this has lent legitimacy to the Indian Maoists. Failing to prevent the Maoists' influence, they chose to pacify them, and succeeded in facilitating their entry into the mainstream. As indicated earlier, this has had two major benefits for India: the Nepali Maoists have served as an example to the Indian Maoists and extremist groups the world over, that is, that the building of a socialist society is utopian; and, secondly, India has been able to increase investment in Nepal, further reinforcing Nepal's economic dependence.

5.5. The ideological offensive against the Maoists

Since the early 1990s, when the Maoists had begun to garner support amongst increasingly wider sections of the population, they began to pose a threat to the stability of the state, and in particular the Nepali Congress government. The purpose of Operations Romeo and Kilo Sierra II, in which Nepali Congress cadre 'played the role of local guides to help police hunt for their prey' (Kattel 2003: 58), was to crush the movement by sheer physical force. Not being able to distinguish between Maoists and ordinary villagers, this included the killing of those who did not consider

themselves Maoists, but who were nevertheless sympathetic to the aims of the movement. Predictably, this had the effect of strengthening the Maoists' cause, as family members and others sought revenge against the brutality of the police (Karki and Seddon 2003: 23; Pettigrew and Shneiderman 2003). But even for those whose family members were not targeted, presented with the choice of siding with the government, which was defined in terms of its absence in the rural areas, and the Maoists, with whom local people were at least familiar, most people sided with the Maoists. Upreti (2009: 108) notes that 'The way Maoists were receiving support from the rural youth and women was alarming'. The project of containing the Maoists, therefore, could not be confined to physical force, but needed to be extended to countering the Maoists' ideology. In part this was the thinking behind the army's 'hearts and minds' campaign, instigated by the Nepali Congress, alongside military force. The first major intervention by the army to counter the Maoists' influence focused on development under the IISDP. On a practical level the government was always competing with the Maoists' attempts at constructing a parallel administration, including in terms of delivering development. For much of the international community, particularly the US and UK, strengthening the role of NGOs in mediation and conflict resolution was important, though Muni (2012: 325) notes that India was not comfortable with this because it undermined Indian hegemony in the region.

Although the establishment parties initially took the position that crushing the insurgency militarily was the most effective way of defending the state, they ultimately vacillated between a military solution on the one hand and negotiating with the Maoists on the other, given the Maoists' considerable influence. But at least one factor that led to the Maoists' ultimate capitulation to the mainstream was precisely the fact that they misunderstood the potential of the genuine mass support they possessed. It is worth noting that the Maoists won double the number of seats in the 2008 CA elections as the Nepali Congress, which had enjoyed hegemony in the Nepali political landscape for more than 50 years. The Maoists had also managed to overturn the traditional support the UML enjoyed in much of the countryside, and which they had cultivated for years. The Maoists proved the existence of this support through bourgeois elections no less, and all the key political players in Nepal were astonished by the Maoists' widespread following, including Indian intelligence, which had concluded that the Maoists had little popular support (Muni 2012: 328). The

Nepali Congress was not the only force to lead the ideological attack against the Maoists. Kattel (2003: 67) notes that as early as September 2001, political resistance to the Maoists began to develop at the grassroots, and several Maoist Resistance Committees were set up, though it was unclear how popular they were and to what extent they were established by political forces external to the area. In October 2001 the UML had announced it was launching a nationwide ‘ideological campaign’ against the ultra-leftist tendencies of the Maoists, in order to prevent them from undermining the communist movement in general (2003: 68). This was at a time when the Maoists were pressuring elected representatives, many of whom were UML supporters, to resign from their posts and support the people’s governments. Successive governments had attempted to use all the forces and institutions at their disposal to contain the Maoists, and NGOs also became firmly embedded in the ideological offensive against the Maoists. As will be discussed in Chapter 6, this offensive found concrete expression in an anti-Maoist alliance that came together at a particularly crucial moment: the 2010 general strike.

5.6. Maoist policy towards NGOs

The Maoists’ policy towards NGOs, adopted as part of the Common Minimum Policy and Programme of the URPC at its first national convention in 2001, was that ‘imperialist financial penetration and internal sabotage on the pretext of NGOs / INGOs shall be ended’.¹¹⁸ This policy clearly reflects the demand in the 40-point document issued in 1996 stating that the work of NGOs and INGOs, equivalent to ‘bribing by imperialists and expansionists’ (Karki and Seddon 2003: 184), should be stopped. In addition, various party documents refer to the role of NGOs:

Under the strategy of preventing revolution in a country like ours the networks of NGOs and INGOs have been spread in order to engage some educated middle class people, to prevent them from falling below the middle class and to entrap the people in the petty reformist mirage [sic].
(UCPN 2004: 17)

The practice during the war was thus to ban or at least oversee NGO activity in areas under their control. This applied particularly to the Maoists’ base areas but theoretically to the country as a whole. However, the policy was only ever enforced in

¹¹⁸ See <http://www.bannedthought.net/Nepal/UCPNM-Docs/2001/CommonMinimumPolicy-0109.pdf> (last accessed on 30 March 2013).

a partial and unsystematic manner. Shneiderman and Turin (2004: 101) note that some organisations were forced to leave based on the Maoists' perception of corruption amongst NGOs, but others were allowed to remain; the merits of particular NGOs were evaluated on a case-by-case basis. According to Frieden (2012: 103), aid agencies that engaged in activities that took place outside district headquarters had to accept or at least tolerate the Maoists by ceding part of their salaries to the frequent requests for donations, but they were able to operate and move freely during all phases of the conflict. Frieden reasons that this was because firstly, the Maoists' use of violence was predictable and targeted; secondly, that the Maoists wanted international recognition; and thirdly, that the government wanted development agencies to work in areas under Maoist control because it provided the appearance of state presence (2012: 103). On the other hand, the security forces suspected development agencies of providing resources and prestige to the Maoists through the execution of development projects, with the police force often demanding bribes to allow agencies to continue working. Responding to these pressures from both the Maoists and the security forces, the major donor agencies developed the Basic Operating Guidelines (BOGs), a set of internationally recognised principles for development work and humanitarian assistance. The BOGs encompassed 14 principles clarifying the position of donors and their partners with respect to the war, including that violence or threats to development workers would not be tolerated; that aid could not be used for military or political purposes; and that unhindered access was essential, amongst other principles.¹¹⁹ From the perspective of donors, the BOGs were a strategy to keep operational space open and ensure the security of staff, and based on accepted international norms of best practice in development. The BOGs were signed in October 2003 by all Western bilateral aid agencies, including the UN and INGOs. USAID declined to be part of the BOGs because of legal provisions forbidding US citizens from engaging in relations with the Maoists, given that in April 2003 they had been placed on the US terrorist list. The BOGs remain in place today and, according to donors, remain highly relevant as an 'expression of impartial commitment to poverty alleviation and to transparency' (2012: 112), as well as the security and independence of aid workers.

¹¹⁹ The BOGs can be found on the UN's Nepal Information Platform. See <http://un.org.np/thematicareas/bogs> (last accessed on 2 August 2013).

The Maoists' hostility towards NGOs, not only as 'foreign imperialistic spy agencies' but merely providing jobs 'to the relatives of Nepali Congress, the UML and other influential people' (Kattel 2003: 66), has been a defining characteristic of Maoist policy since the beginning of the war. But since much of the population relies so heavily on NGO projects, it was always extremely important for both the Maoist leadership and cadre to analyse the role of NGOs and at the same time present a coherent alternative to what were widely perceived as the failures of NGOs. However, the pressure of the international support for the BOGs, and for NGOs in general, would have influenced the trajectory of the Maoists' position towards NGOs. This position shifted from a relatively hard, ultra-left position during the war—that NGOs are essentially agents of imperialism and, as such, need to be abolished—to a position scarcely distinguishable from the other parties in the post-conflict context. Towards the end of the war, in 2005 according to one source, the Maoists began to make the distinction between 'hardware' and 'software' programmes, mimicking a similar distinction made by NGOs themselves.¹²⁰ Hardware programmes included building roads, infrastructure and other tangible projects that had the potential to directly benefit people, whereas software programmes could include work around social exclusion, youth projects and even human rights work. Members of the people's government told one interviewee, who has conducted extensive research in the base areas, that they could accept hardware projects for Rapti Zone but had to refuse human rights NGOs, missionaries or any other 'ideological' projects.¹²¹ Shneiderman and Turin (2004: 100-01) also observe that the Maoists were averse to 'forms of social action, which they feared might interfere with their plan for social revolution'. In 2005, the Maoists called a meeting of NGO activists in Dang district with the aim of getting them involved in the Maoists' own projects, in order to focus resources on a particular district capital in the Rapti Zone that the Maoists wanted to develop. The meeting was called to explain the Maoists' own plans, and only NGO activists were invited. This was perhaps the beginning of the Maoists' systematic engagement with NGOs, but the process of rapprochement had already begun several years earlier.¹²² According to an NGO worker in Rukum:

¹²⁰ Interview with Kiyoko Ogura, Kathmandu, 25 March 2010.

¹²¹ Interview with Kiyoko Ogura, Kathmandu, 25 March 2010.

¹²² According to the interviewee, the meeting was not public and took place discreetly; as such, the details of the meeting were ambiguous.

*The Maoists have a negative view of NGOs in general. But for a time they were favouring human rights NGOs over development NGOs, even towards the end of the war; they felt that human rights NGOs had the potential to expose the human rights violations of the army, whereas development NGOs needed to be monitored. This was during the war. Now they allow all kinds of NGOs because they have to be positive with NGOs, they are doing good work, they can't deny them. The difference between peace and war is what accounts for the Maoists' policy shift.*¹²³

There are two main reasons why the Maoists accelerated their engagement with NGOs at that point in the war. The first was essentially pragmatic. If money and resources continued to pour into Nepal during the war, at least some of which was targeted at base areas in the Rapti Zone, the Maoists wanted access to these resources. In Rolpa district alone, according to NGO Federation records, there were 167 NGOs registered, approximately one NGO for every 1,200 people.¹²⁴ This was not coincidental. The simple fact that a large amount of aid was targeted in the base areas made maintaining a hard line on NGOs difficult. The temptation was to engage with NGOs to try and control their activities. This reflected an acceptance of the need to deal with NGOs as part of the political and economic landscape, but also the beginnings of a longer term approach, similar to the one adopted by the UML in the early 1990s, based on the notion that NGOs could be used to divert funding and support in order to further the aims of the party. Second, there was a more general softening of the Maoists' position towards NGOs during the peace talks, which was part of an emerging tendency to try and draw NGOs into the struggle for democratic change. For example, the Maoists began to make public statements in the media calling on NGOs to press the government for dialogue and to investigate human rights abuse cases. The Maoist leadership had begun to see NGOs as potential allies in exposing the human rights abuses of the army. This helped increase the legitimacy of NGOs in the peace process. It also enabled a number of civil society intellectuals to become mediators between the king, the Maoists, and the political parties.¹²⁵ All of a sudden NGOs began to play a peace-brokering role, and donors began to promote the role of NGOs and civil society in the peace process.

¹²³ Interview with Jeevan Khadka, Rukum, 17 March 2010.

¹²⁴ Interview with Shobha Ram Dangi, Rolpa, 1 March 2010.

¹²⁵ Again, although the CMDP distanced itself from NGOs, as a civil society group it arguably played the most prominent role in unofficial negotiations between the king, the Maoists and the parties. Padma Ratna Tuladhar and Daman Nath Dhungana, who were the official mediators to formal peace talks between the government and the Maoists, were also in close contact with the CMDP.

Ultimately, in the post-conflict context, these factors combined to facilitate a wider acceptance amongst the Maoists of the role of NGOs not just in securing human rights and brokering an acceptable peace agreement, but also that they had a potentially useful role in development and democracy. For example, in Rolpa and Rukum during the war, NGOs had to seek permission from the Maoists in order to work in their base areas, whereas post-2006 NGOs could work with absolute freedom.¹²⁶ This is not to suggest that NGOs have no role in these fields, but that the Maoists' embrace of these roles reflected a deeper ideological shift. Another political factor served to ease the rapprochement between the Maoists and the NGOs. Indeed, one of the reasons for distrust of certain NGOs during the war was not related to the principle of anti-imperialism. Some human rights NGOs in areas under Maoist control were dominated by UML activists, and operated at least partially with the aim of extending UML politics into base areas.¹²⁷ One interviewee explained:

*They [Maoists] know that through NGOs, the UML is doing politics—that is why they don't want to allow them. I don't think this is related to ideology. They don't want competition against their organisation. They are very much afraid if they permit NGO activity freely, then INSEC, CWIN etc.—these UML NGOs—if they are allowed in their areas, they will work as party workers. This is the main reason. There isn't a deeper ideological reason.*¹²⁸

This question became less and less important as the war developed and as the UML's influence was dramatically eroded during the People's War. Fear of the UML's influence became less of a factor in shaping Maoist strategy. Increased engagement with NGOs was also strongly reinforced by the experience of the last months of the People's War, particularly during the period of the victory over the king in 2006. During these months, NGOs began to side openly with the pro-democracy movement under the leadership of the broad-based CMDP, confirming in the minds of at least

¹²⁶ Interview with Kiyoko Ogura, Kathmandu, 25 March 2010. According to Ogura, the Maoists were freely inviting NGOs to Rolpa in the post-conflict context. She commented, 'When I went to Rolpa last year I met Merlin [a US-based INGO]; the Maoists have already opened branches of Merlin in many VDCs. I think one of the main branches is in Thawang. [In previous years] the Maoists stopped Merlin to enter in Rolpa' [*sic*]. She believed that the party leadership may not have known the details of the negotiations between the local commanders and Merlin, but that negotiations had taken place for them to be able to work so extensively in the area.

¹²⁷ Rural Reconstruction Nepal was one of the few national NGOs allowed to work in Rolpa, in order to build a small hydropower plant facilitating 24-hour electricity. But this access, according to Ogura, must have been the result of negotiations between the head of RRN and top Maoist leaders.

¹²⁸ Interview with Kiyoko Ogura, Kathmandu, 25 March 2010. It is arguable that the Maoists' refusal to allow the UML into base areas at certain points is, however, precisely on ideological grounds.

sections of the Maoist leadership that in the right circumstances NGOs could be leveraged to play a vital, progressive role.

The Maoists' position on NGOs therefore shifted from one that viewed all NGOs as detrimental to the interests of Nepal's poor, to a pragmatic one that not only accepted but also facilitated the work of NGOs. While this position confounded the Maoists, it was one that allowed NGOs a great deal of freedom and the basis on which to establish their models of development as the common sense of progressive politics. Most obviously, the growing acceptance of, and convergence with the NGOs, influenced the way the Maoist leadership approached and conducted themselves during the negotiations in 2003. The discourses of 'peace', 'conflict resolution' and 'development' dominated the negotiations, displacing earlier Maoist notions of economic demands, restructuring and social justice. Maoist leaders often asked civil society leaders for their advice on the way forward for the party, including leaders of the CMDP.¹²⁹ The slogans adopted by NGOs, donors and the mainstream parties around the 'politics of consensus' entered the vocabulary of the Maoists and heavily influenced their thinking.

Having accepted a key role for NGOs in the social and economic spheres—and subsequently in the political sphere whilst in opposition—once in government the Maoists were unlikely to revert to an anti-NGO position. Again, the Maoists' position on NGOs whilst in government became scarcely distinguishable from the other mainstream parties. The exact mechanisms through which this policy transformation took place were complex. The process was unquestionably underway as early as 2003 when Maoist leaders—still officially underground—publicly and privately met heads of national and international NGOs in Kathmandu, where they had gathered for talks with the government.¹³⁰ They also held press conferences and mass meetings, and established a liaison office in Kathmandu (Hutt 2004: 15) to facilitate the publicity

¹²⁹ This is evidenced by the fact that following the general strike of 2010, Prachanda apologised to the people of Kathmandu for the inconvenience they had been caused. See also <http://www.nepalnews.com/main/index.php/news-archive/2-political/6003-intellectuals-advise-maoists-to-work-for-consensus.html> (last accessed on 20 May 2012). The general strike is discussed in detail in Chapter 6.

¹³⁰ As the representative of an international NGO in Nepal, this author also met Baburam Bhattarai during the 2003 peace talks.

drive.¹³¹ The absence of a record of open debate within the party over the question of NGOs, however, confirms the impression that there was not a considered reorientation of the Maoists' approach to NGOs, but rather a fragmented evolution. The same interviewee commented that the Maoist leadership was not thinking about NGOs, and had not even worked out a concrete line on NGOs in the post-conflict context. She further noted that ultimately, whether or not an NGO was allowed to work in an area controlled by the Maoists depended on the personality of the NGO worker, the specific activities of the NGO, and the local context, for example, whether the local population perceived project activities as useful. In that sense, the Maoists' approach was very much pragmatic: if they believed that they would benefit from the presence of a particular NGO, they would accept it. In the post-conflict context they were no longer even making the distinction between 'hardware' and 'software'.¹³²

The evidence suggests that the Maoists *drifted* into an engagement with NGOs rather than making a concerted policy turn. Although the conscious attitude of the Maoists towards NGOs evolved over time, this was seemingly a post-festum response to changing practice and circumstances rather than a carefully developed and implemented reorientation. There were strong pressures on the Maoists, ranging from economic to practical and strategic, and the consequences of this increased engagement were serious, leading as they did to the adoption and internalisation of NGO discourse, and arguably certain theoretical concepts of the NGOs. But the very fact that such a policy transformation on a question as central as the attitude to NGOs *was* largely driven by circumstance and pragmatic considerations raises questions about the coherence of the Maoists' theory in the first place. It suggests that early hostility towards NGOs had been based on a largely rhetorical and underdeveloped argument: NGOs were agents of imperialism with no redeeming features, only crude vessels for propagating the interests of foreign donors.¹³³ In reality, the role of NGOs has been much more contradictory, and the Maoists' one-sided argument was never going to provide an adequate guide for what would necessarily involve a complex

¹³¹ It was at this time that the government had agreed—temporarily as it turned out—to remove the terrorist tag from the Maoists, except for Prachanda (Hutt 2004: 15).

¹³² Interview with Kiyoko Ogura, Kathmandu, 25 March 2010.

¹³³ One publication handed to this author during fieldwork was of a translated copy of an article on NGOs by Petras (1999). Although this was an important article, the Maoists' publication lacked any additional theoretical insights or practical application of the ideas in the context of Nepal.

strategy. This had a particular effect on the Maoist rank and file and their ability to deal with the proliferating presence of NGOs in base areas:

I'm sure the donors are funding the Maoists. I don't know how they [the Maoists] will compromise. NGOs don't have much room for negotiation; it's mainly a donor agenda. If the Maoists really do have a long-term strategy on the issue of NGOs, it seems a risky game. To get your cadre into the NGOs has a depoliticising effect. But what's the strategy if they have to compromise and, in addition, they lose the party?¹³⁴

This was a reflection of a wider issue, namely, a broader series of theoretical convergences between the Maoists and the NGOs, which disarmed the Maoists at all levels when dealing with the question of how to approach the NGOs. These issues came to a head during the 2010 general strike, and they explain the perplexity and periodic despair expressed by many Maoist activists when they considered the relationship between the party and NGOs.

¹³⁴ Interview with Kiyoko Ogura, Kathmandu, 25 March 2010.

VI. Of revolutionaries and reformists

The mass general strike of 2010 illustrates the complex relationship between NGOs and the Left and their respective approaches to social change. When it appeared as if the Maoists were reasserting and reconsolidating their support on the streets, the NGOs and their associated allies mobilised to challenge this effort with their own project, which effectively re-established elite hegemony. This chapter describes the background to the general strike and, based on personal participation and observation of the strike, mainstream media reports and interviews, describes the withdrawal and demobilisation of the strike and its significance. It then outlines a theoretical framework for understanding the parallel approaches of the left parties and the NGOs through an analysis of the theory of stages. It shows how the Maoists' view of social change—that of a revolution in stages over an indefinite period of time—correlates with the NGOs' vision of social change as a gradual, evolutionary process unfolding over decades or even centuries. Through this convergence, the NGOs were able to tame the Maoists' militancy and ultimately incorporate them into a form of politics that was manageable for the establishment. The limitations of this evolutionist approach of the Maoists, which the UML also shares, have made themselves felt clearly in Nepal at the current political conjuncture, where polarisation is no longer based on class but on ethnicity, posing grave threats to the gains made through the mass struggles over the past two decades.

6.1. The general strike and the politics of consensus

The 2010 general strike called by the Maoists was perhaps the greatest political crisis for the ruling elite since the people's movement of 2006. The Maoists had declared that the general strike would begin after a mass rally planned for May Day. They had been preparing for the general strike for several months, providing basic military and political training for tens of thousands of young cadres in several districts. These cadres would then be sent to the capital for the rally on 1 May, and would enforce the strike that would begin on 2 May. The Maoist leadership claimed that the strike would be indefinite, and would be part of a 'decisive war' (Dahal 2010) against the government over the looming constitutional crisis. The immediate demand was that Prime Minister Madhav Kumar Nepal resign in order to let the Maoists—the most popular party in the country coming out of the CA elections—lead government,

thereby allowing the constitution-making process to move forward. Following the elections, the CA had set itself the task of writing the constitution within two years, with a deadline of 28 May 2010. As the months rolled on, it was becoming clearer that the CA was never going to meet its deadline, and that different parties were delaying the drafting for different reasons: the Nepali Congress and the UML refused to agree to the Maoists' demand of integrating the bulk of the PLA into the Nepal Army; the Maoists were accused of delaying the constitution-drafting process to ensure their CA members continued to have access to the relatively generous stipends.¹³⁵ The mainstream media reported the Maoists' preparations with a mixture of fear and uncertainty, and donor agencies issued press statements expressing concern over the effects the strike would have on the economy and on tourism. They urged the Maoists to avoid confrontation, show flexibility and ensure the protests would be peaceful; they also suggested that the Maoists try to resolve matters at the negotiating table instead of on the streets (*The Kathmandu Post* 2010: 3). In the days running up to the strike, 10 political parties from across the political spectrum met to make it clear they would be open to discussing the inclusion of the Maoists in a consensus government if the Maoists were to compromise on the issue of army integration, renounce violence and disband the military structure of the YCL (*Republica* 2010b: 7). The parties also accused the Maoists of violating the principles of the CPA by conducting military training for their cadres.¹³⁶

While it was clear from the CA elections in 2008 that the Maoists had a base of support unlike any other party, the Maoists also faced a dilemma. Proving the strength of their support to the other parties was important, but they also had to prove themselves to the millions that constituted their base. For this, they not only had to distinguish themselves from the other parties, but make progress on promises. These promises included ensuring the constitution was drafted on time, but also that it could be used to effect material changes for the vast majority. The dilemma was thus twofold. First, entering the mainstream had meant that those who voted for them were not only from poor and working-class backgrounds but also included sections of the

¹³⁵ Many of the Maoist CA members came from poorer backgrounds than their counterparts, and have benefited from receiving the stipends. In general, donors have funded these stipends.

¹³⁶ Dahal denied that Maoist cadres had received military training, dismissing allegations as propaganda and clarifying that the cadres were trained in how to manage the massive demonstrations. He claimed that there was no intention to pursue violent methods but that if the government resorted to violent tactics first, the Maoists would retaliate (*Republica* 2010a).

middle classes and business people; promises spanning such a range of interests were always going to be difficult to uphold, and the Maoists constantly had to balance these different—and in many cases opposing—interests.¹³⁷ Second, there was an increasingly vast gulf between the promises made by the Maoists to the rank and file of the party and the poorest supporters, and what they were prepared to deliver. In the context of a potential constitutional crisis and growing impatience amongst the Maoists' mass of supporters, who were watching their leaders become enmeshed in the fold of mainstream party politics, the Maoists planned the strike. What they were aiming to achieve was not altogether clear: they had told hundreds of thousands of cadres and supporters that the indefinite strike in Kathmandu would be the final battle to 'capture state power' (*Republica* 2010a) and that it would be an historic *third* people's movement—after 1990 and 2006; but what they wanted was to lead a coalition government. They had told supporters that they wanted a 'people's constitution', but they themselves had doubts about whether a coalition government would be able to produce one. Moreover, there were differences of opinion within the leadership over whether to go ahead with the strike. Bhattarai had argued from the outset that the strike would 'lead the party nowhere' (Basnet 2010) and was pushing for the withdrawal of the strike, while Dahal had sided with the so-called hardline factions within the party, mainly Baidya and his supporters, to go through with it in order to keep up the pressure on Madhav Kumar Nepal to resign. What the Maoists would do if the prime minister refused to resign remained a mystery.

6.1.1. The May Day rally and beyond

The rally on 1 May was a massive show of strength for the Maoists, and would have clearly undermined the morale of the other mainstream parties. Even though the general strike was scheduled for the following day, an atmosphere pervaded the city that was similar to that of a strike day—most shops were closed and traffic was minimal due to the sheer numbers of people in the centre of the city, the majority of whom appeared to be participating in the rally. Many were bystanders, while others

¹³⁷ Analysing the reasons for the Maoists' widespread support, ICG (2008: 14) notes that voters had developed a strong distaste for the mainstream parties. If the UML was 'wiped out' in its stronghold of Kathmandu and the Nepali Congress suffered a 'humiliating defeat' then it can be assumed that erstwhile UML and Congress supporters were now voting for the Maoists. This new section of Maoist voters would have undoubtedly encompassed a range of political opinions but, according to the ICG, were willing to recognise the Maoists' long years of struggle and sacrifice for political change.

steered clear of the rally altogether. The rally itself was peaceful, festive and expectant. Estimates vary, but most sources concur that several hundred thousand cadres and supporters participated in the rally in Kathmandu.¹³⁸ It had been well planned and executed almost flawlessly. In an interview in the streets the following day, a central committee member of the UCPN had the following assessment:

*May Day was a beautiful day in Nepali politics. It was a huge demonstration, maybe more than 300,000 people on the streets in Kathmandu. There were over a million on the streets across the country. Although it wasn't as big as we had wanted and there were some shortcomings on our side, it was peaceful and disciplined. And those cadre and sympathisers who have come to Kathmandu are committed to staying until we get a people's constitution.*¹³⁹



Figure 6.1: Mass rally in Kathmandu. Hundreds of thousands of supporters attend the Maoists' mass rally in Tundikhel, central Kathmandu, 1 May 2010. Source: The author

The Maoist leader also claimed that he saw no contradiction between fighting in the streets and fighting in parliament, and that the general strike would continue until the

¹³⁸ From this author's own observations and attendance at the rally, the figure of 300,000 in Kathmandu seems plausible. Mainstream media reported another 100,000 in different parts of the country. See also <http://mrzine.monthlyreview.org/2010/raju120510.html> (last accessed on 10 May 2010) for another eyewitness report.

¹³⁹ Interview with Swanaam Saathi, Kathmandu, 2 May 2010.

prime minister resigned. The strike the next day began on an equally strong footing, and demonstrated the strength, discipline and determination of the Maoist movement. Raju (2010), an observer throughout the strike, noted two distinct features of the strike: first, that the Maoists were superbly organised with clear chains of command and impressive discipline and, second, that they were also bound together by a unity of purpose driven by high levels of political awareness. There were demonstrations throughout the day, including torch rallies, political meetings at major crossroads, cultural programmes involving singing and dancing in the streets, and human chains formed around the ring road. The YCL was heavily involved in logistics and organised a series of rallies and demonstrations.



Figure 6.2: Peaceful and expectant demonstrators. *The Maoists' Young Communist League and supporters join the rally and demonstrations, 1 May 2010. Source: The author*

For the UML government, which did nothing for the duration of the strike, the Maoist mobilisation was a serious loss of legitimacy. The government was unable to mobilise either the police or the APF because the rallies, meetings and demonstrations were largely peaceful, and the Maoists made much effort to ensure they stayed this way. Instead the security forces became reduced to being passive bystanders, and the

government mobilised the business federations, popular, liberal anti-Maoist figures, and NGOs. They organised a concerted campaign to oppose the strike. On the sixth day, the Maoists succumbed to this pressure.

6.1.2. NGOs and “people power”

NGOs were generally unsupportive of the Maoists’ mobilisation. They considered it a threat to the peace process because it had the potential to create a confrontation that could once again deepen the polarisation in Nepali society. Their public position emphasised their fear that the rally would lead to violence. This was not only a misreading of the Maoists’ intentions but was effectively a nod to the government that they were prepared to play a monitoring role akin to the police, without arms. Human rights and legal observers were conducting street patrols, with the aim of bearing witness to violence caused by the Maoists’ rally and strike. It is not inconceivable that violence could have broken out, but it was only when NGOs began to mobilise, supported by the parties and their youth wings, some of whom were armed, that the possibility of clashes became real.



Figure 6.3: Observing on the fringes. Human rights observers in their distinctive blue vests, along with the APF, gather at the fringes of a mass street meeting, 5 May 2010. Source: The author

A coalition of anti-Maoist groups—consisting of NGOs, chambers of commerce, entrepreneurs, intellectuals, professionals, popular national figures such as comedians and others described as ‘civil society activists’—organised a peace rally in Kathmandu Durbar Square, the site of the former royal palace in the old part of town. The number of participants exceeded expectations; several media accounts held that the rally was 25,000-strong. The rally then ended with a spontaneous demonstration down major streets of the city, disorienting the Maoist mobilisation and ultimately bringing the strike to an end. Faced with a serious social crisis, the NGOs decidedly became part of the ruling alliance. While the ruling elite managed to reconsolidate its hegemony, the Maoist leadership was finding ways to pacify its cadres. If during the war the aims of this anti-Maoist alliance were for stopping the war and ending the violence, during the general strike they aimed to suppress the Maoists’ level of support by replacing any potential for emancipatory politics with a vacuous politics of ‘peace and conflict resolution’, which was presented as non-political but was effectively supporting the status quo. Through a combination of NGO mobilisation and the limitations of the Maoists’ politics, the state was able to re-establish control.



Figure 6.4: Not quite confronting power. *Days following the withdrawal of the strike, Maoists and supporters confront security forces on the road to parliament, 22 May 2010. Source: The author*

6.1.3. Withdrawing the strike

The general strike is an example of how NGOs played a conservative role in preventing the movement from developing. At least two related factors ensured the success of the NGOs' mobilisation. The first was an ambiguity in the Maoists' theoretical framework, and the second was the fact that the Maoists had no riposte to the demands of the NGOs, who were calling for peace and conflict resolution through further negotiations. This is because the Maoists shared many of the NGOs' assumptions about the crisis. There was also a difference between 2006 and 2010: in 2006 the Maoists were able to mobilise a vastly broader movement. Although the Maoists managed to attract huge numbers, the strike was called, built and enforced by the Maoists themselves—there was less of a concerted attempt to appeal to the masses and to work with a wider movement of support. There were two reasons for this: first, there was widespread scepticism from the general public about the Maoists' motives and, secondly, from the perspective of Maoist cadre, when the leadership was not willing to take the movement as far as possible i.e. some form of 'taking power', the whole movement was lost. Indeed it is arguable that because the Maoists had no plan to take the movement beyond the general strike, the end of the strike was inevitable. Ultimately, instead of using the constitution as an instrument with which to address social and economic discrimination, and recognising also that a bourgeois constitution would be a blunt instrument to realise these objectives, the constitution became an end in itself for the Maoists. Like the Nepali Congress and the UML, the Maoists propagated a myth that once the constitution was written, the masses would be assured change. It was following the withdrawal of the strike that the Maoists were becoming increasingly difficult to distinguish from the other parties, and they could firmly be said to be part of the mainstream, whereby the mainstream was a reflection of the ideas of the dominant ruling order.

6.2. Social change in stages

If one of the central and explicit aims of donor governments that began working in Nepal in the 1950s was to stem the growing tide of communism, the development of the NGO industry from the late 1980s can be seen as a continuation of that aim, but in a more subtle manner. Despite this, the popular appeal of communist ideas has been growing since the 1950s, and far from waning during the panchayat and in the post-1990 context, the communist parties continued to organise and recruit. This fact has

led the Maoists to insist that donors and NGOs had failed in their attempts to prevent the communist movement from growing in Nepal. While this claim is demonstrably true, it arguably overlooks a central dynamic of the situation: NGOs failed to limit the growth of the radical left but they have played an important part in a process which has seen the Maoists move from an openly revolutionary strategy with broad social and economic aims, to one in which this strategy has been limited to constitutional change, and its methods re-routed into purely political and conventional parliamentary channels. This constitutes an important achievement for those with an interest in the maintenance of basic power structures in Nepal. It was a process replete with contradictions. At the height of mass popular mobilisation in 2006, the Maoists made their biggest steps towards integration into the mainstream political and legal framework. As described in Chapter 5, the Maoists were involved in lengthy and serious negotiations with the Nepali Congress government and other parties in 2001 and 2003. These negotiations came to nothing because not enough was on offer for the Maoists. But the ruling class was also split by the failure of these negotiations. Those sympathetic to the king wanted to continue the war and pursue a policy of open repression; this culminated in the period of autocratic rule on 1 February 2005 in which all parties were banned. Other sections of the establishment were looking for a way to demobilise the Maoists through concessions and incorporation. The king's coup was a provocation to the liberal wing of the establishment, but it also provided them with an opportunity to work with the Maoists in a common struggle. In the process of this struggle, the king was forced to abdicate, but at the same time, the Maoists' ambitions were successfully tempered.

6.2.1. Deconstructing the peace process

The concrete outcome of the war was not only the end of the monarchy but the establishment of the CPA, which committed the Maoists to a peace process, facilitated by India on the political front, and organised by the UN in practical terms. NGOs played a central role in this process. Monitoring, normalisation and reconciliation duties for NGOs were written into the CPA. Perhaps equally importantly, the CPA itself was constructed in the language and according to the values and worldview of NGOs, and decidedly not in terms of the original aims and ambitions of the Maoists' revolutionary ideals. The inner logic of this outcome was the prospect for important

and necessary constitutional changes, but which nevertheless preserved the status quo (Giri 2008: 295). The CPA states that:

Both sides agree to solve problems created in the above context on the basis of mutual agreement and to take responsibility at the individual and collective manner in the task of creating appropriate [sic] environment for normalising relations and reconciliation and ensure implementation with the help of all political parties, civil society and local organisations.

The limited discussion of economic or social questions in the CPA is vague, aspirational and, with the exception of measures to redistribute the wealth of the royal family, never strays from the discourse of market-based approaches. Point 3.12 suggests, for example, forming ‘a common development concept for economic and social transformation and justice as well as to quickly make the country developed and economically prosperous’ (UN 2006). Point 3.13 suggests following ‘a policy of massive increase in employment and income generation opportunities by increasing investment in industries, trade and export promotion etc. while ensuring the professional rights of the labourers’ [sic] (UN 2006). The CPA also affirms the right to private property and the importance of ‘giving continuity to production by not disturbing the industrial climate in the country’ (UN 2006). Interestingly, the most forthright economic and social measures of the CPA are those that address elements of feudalism within the country. Point 3.6 commits ‘to gradually implement by deciding through mutual agreement a minimum common programme for the economic and social transformation to end all forms of feudalism’ (UN 2006). The gradualist approach and the need for consensus are noteworthy. But as argued in Chapter 3, widespread feudal arrangements are marginal in the Nepali economic landscape. In this sense even the letter of the CPA tends to intensify dominant economic forms. The cursory and general nature of the economic measures outlined in the CPA points to the fact that economic questions are not the most pressing. The bulk of the document is concerned with the technicalities of the peace process and, by implication, the integration of a revolutionary organisation into a political process that allows the central economic and social features of Nepali society to remain intact. The long road travelled from the People’s War to parliamentary legitimacy finds clear expression in the Maoists’ own rhetoric when they claim that ‘the main form of struggle will be from within the government, to make the new constitution’ (Mikesell and Des Chene 2008: 12).

At key moments NGOs played an important role in this process. During the People's War, the spread of NGOs in the base areas generated levels of popular reliance on NGO-provided services, which influenced the attitudes of the Maoist rank and file. This began the erosion of the relatively hardline policy towards NGOs that had dominated the Maoists' thinking until then. NGOs also played a key role during early attempts to find a basis for ending the People's War, and NGO approaches began to frame the war in terms of 'conflict resolution'. In 2006 the NGOs joined the pro-democracy movement, although they maintained a distance from the CMDP because of its stance against donors (Heaton Shrestha 2009: 9). The involvement of NGOs reflected the fact that the overwhelming majority of the establishment and international community of donors had turned against the king. Initially, NGOs tended to organise independently of the CMDP, but as the year wore on, they became more integrated into the wider movement. The Maoists and the NGOs thus found themselves struggling alongside each other in the campaign for democracy. At the same time, however, in both conscious and unconscious ways, NGOs were attempting to limit the struggle: they framed it as a campaign to return to the political framework before the royal takeover of February 2005, and they saw this as the means to end the war. Ending the war was one of the NGOs' key priorities throughout, and despite somewhat tentative involvement in the struggle for democracy, at least initially, conflict resolution and the legal aspects of the process remained central concerns.

At least some of these outcomes were not accidental results of NGO policy, but were structured into NGO theory and practice. The propagation of the idea that the conflict in Nepal was the essential obstacle to development—as opposed to the product of and attempt to redress inequality—is central to NGO ideology. Neutrality and disengagement from the struggle thus became important 'developmental' virtues. One lengthy report submitted to USAID by Save the Children entitled *Strengthening the NGO Sector in Nepal to Mitigate the Impact of the Maoist Conflict* praises a Save the Children US training programme claiming, amongst other things, that it 'educated [local organisations] on how to deal with the conflict situation in Nepal, which has specifically curtailed the mobilisation of communities for most development programmes (except to fulfil the Maoist's own agenda)' (Save the Children 2008: 18). It goes on to describe how 'participants found that the training taught them to be transparent and remain neutral during the period of conflict' (2008: 18). Similarly, in

a report outlining Care Nepal's response to the conflict, Care has attempted to ensure that staff and partners 'observe humanitarian principles in its project interventions' (Seddon and Hussein 2002: 38) by not supporting one party to the conflict at the cost of the other. The BOGs, adopted by donors, had analogous aims.

In 2010 the relationship changed once more when, under myriad pressures, the Maoists called the general strike, which at least at times appeared to have relatively far-reaching aims, threatening to go far beyond the terms that had been set by the CPA and raise fundamental social and economic questions. Faced with this situation, NGOs became central to an alliance in opposition to the Maoists, and which mobilised to contain the movement. Their success was partly a product of the fact that the Maoists had failed to build a broad movement for social and economic change after the ceasefire. This in turn was a product of the fact that the Maoists had already accepted a political framework that foregrounded the democratic question and uncritically incorporated much NGO-inspired discourse. In the absence of a revolutionary project, NGOs were able to hegemonise layers of the middle class, and even sections of the urban poor, in a movement that successfully presented the crisis as one of conflict avoidance and social peace. Faced with a counter movement on the streets involving many of its erstwhile voters claiming the high ground of democratic process and social responsibility—values that the Maoists had recently signed up to—the Maoists' initiative crumbled. The 2010 general strike was the last time the Maoists raised economic and social questions in a concerted and class-based way. Since then, they have been involved in a complex constitutional struggle that has been primarily focused on political questions. Despite the Maoists' original hostility to NGOs, the latter have continued to play a central role in Nepali society at all levels, and they have continued to have a profound influence on the Maoists' political project. Having begun from a revolutionary perspective, one in which popular agency was central, the Maoists have moved closer to the NGO approach to social change on entering parliamentary politics. This has involved conceptualising the potential for major social change through direct human agency as limited to the political field, and conceiving economic policy as essentially a collection of technical measures whose main aim is the nurturing of free enterprise.

The left parties in Nepal have traditionally argued that socialism is only possible in the distant future, a position based on the theory of stages, which has long been dominant on the Left in the developing world. An analysis of the stagist theory and its consequences is crucial for understanding the character and potential for socialist revolution in the context of developing economies with large peasantries. That the Maoists explicitly adopted the theory warrants its analysis with particular reference to Nepal. Indeed the Maoists' use of the theory as the basis for the People's War has been explicit, and they have repeatedly argued that Nepal cannot move forward without the development of productive forces under capitalism. This theoretical approach has, however, opened itself up the possibility of a conceptual convergence with NGOs. While references to the level of productive forces are not common in the NGO literature, in practice NGOs do not challenge the neoliberal doctrine that development essentially equals economic growth. Many NGOs of course have a welfarist role, distributing basic necessities to particularly vulnerable populations. Even this 'non-state' welfare function assumes a non-political approach to the solution of economic problems. The majority of NGOs, however, are engaged in attempts to encourage the production of community self-sufficiency, local development and so forth, all approaches that effectively take for granted the primacy of the free market. While NGOs are driven by the lack of economic development under neoliberalism, they have ultimately attempted to make the market work. Without questioning the basis of the global economy at a more fundamental level, NGOs adopt a similar evolutionist, gradualist method: the rejection of fundamental transformation in favour of an increasingly professionalised and essentially technical approach to the problems of poverty, inequality and underdevelopment (Kamat 2003b: 90; Lister 2003: 178). This, in the final analysis, is the essence of NGOs.

6.2.2. The theory of stages

The stagist approach to history and social change originated in the evolutionist approach of the Second International, an organisation of socialist and labour parties formed in 1889 following the dissolution of the First International, in which Karl Marx participated. Löwy (1980: 3) has described the stagist perspective as 'the supposition of an unvarying succession of historical (economic and/or socio-political) stages', whereby proletarian revolution—the aim of which is socialism as opposed to bourgeois democracy—could only be the final outcome of a process of

industrialisation. The concept of stages, first developed in a systematic way in the writings of Georgi Plekhanov, presupposes that a socialist revolution in a given country is determined mainly by its economic potential. But, Löwy asks, ‘if the exhaustion of potential for economic development in some abstract sense is the overarching structural precondition of socialism, what country could meet this criterion even today?’ (1980: 6). In other words, the limits of a particular country’s ability to develop are impossible to predict in advance, and can only be judged in retrospect. The growth of productive forces, according to the stagist perspective, becomes the defining criterion for the potential for social and political development.¹⁴⁰ Drawing on Löwy (1980: 49), three related features constitute the essence of the stagist theory. The first is economism, which Löwy describes as ‘the tendency to reduce, in a non-mediated and one-sided fashion, all social, political and ideological contradictions to the “economic infrastructure”’. In the preface to Marx’s *A Contribution to the Critique of Political Economy*, the economic infrastructure of society is described as constituting the *totality* of the relations of production, which are themselves based on the level of productive forces. The economic infrastructure is ‘the real foundation, on which arises a legal and political superstructure, and to which correspond definite forms of consciousness’ (1970: ii). This position, which was no more than an analytical starting point, has repeatedly been interpreted as a complete theory. In fact, both Marx and Engels insisted that the economic infrastructure—what was also referred to as the ‘base’ of society—interacts with the superstructure in a dialectical manner, such that each sphere influences the other.

The prevailing economism of the Second International and later the rigid ‘dialectical materialism’ developed in Russia under Stalin had raised important questions about the role of economic and technological development in Marx’s theory of history as compared to human agency, including the role of ideology, class consciousness and political action. Over-privileging the economic structure of society as determining social life in a mechanical way not only separates economic from political struggles

¹⁴⁰ The concept of productive forces refers to the combination of the means of production (tools, machinery and factories, in addition to land and raw materials etc.) and human labour power (Bottomore *et al.* 1983: 178). Marx writes that ‘at a certain stage of development, the material productive forces come into conflict with the existing relations of production...’ (1970: 21), describing the essential conflict between capital and labour under the capitalist system, how the capitalist class becomes a block to the further development of productive forces, but also how the conflict between capital and labour points to the objective possibility for social revolution.

but leads to ‘economism’. Rudas (quoted in Lukács 1996: 66-7), one of the pioneers of dialectical materialism, is typical in ascribing immutable, natural powers to economic forces: ‘[T]oday’s society is subjected to certain laws, which prescribe the future direction of society just as necessarily as the direction of the stone that has been thrown is prescribed by the laws of gravity’. Critiquing the concept of economism and its practical application, Gramsci (1957: 160) writes of ‘the iron conviction that there exist objective laws for historical development of the same character as natural laws, with, in addition, the belief in a fatalistic finalism of a similar character to religious belief’. The conscious, subjective element of social life and the role of political struggle are effectively denied. In a polemic against economism, Gramsci argues that ‘An appropriate political initiative is always necessary to free the economic drive from the tethers of traditional policies, to change, that is, the political direction of certain forces which must be absorbed in order to realise a new, homogenous, economico-political historical *bloc*, without internal contradictions...’ (1957: 160-1). Accounting for this political initiative is crucial, since it overcomes the constant separation of economics and politics under capitalism (Wood 1981). In a world of uneven development, in which some regions have advanced capitalist economies, and others lag behind, such an approach tends to lead to a stage-bound theory of social change in underdeveloped regions. If the economy—the level of industrialisation, the numerical weight of the working class, its capacity for production and so on—is the sole factor determining the potential for socialist revolution, then in some parts of the world the next step is unavoidably seen as the development of productive forces under a capitalist framework.

The second key feature informing the stages theory is a narrow nationalism, and the corresponding tendency to underemphasise an internationalist perspective. Once an economistic approach to social change has been accepted, the adoption of a nationalist framework in an underdeveloped country almost inevitably leads to the conclusion that the key task is the development of national economic capacity. This in turn tends to lead to the privileging of national co-operation between classes and at best the postponement of the demands of subaltern classes, particularly those of the working class. As a consequence, socialist measures are unavoidably held off until the future. A critical approach argues that the central problem of a nationalist framework is that it fails to judge economic development in the context of the totality of the capitalist

system. In fact, the development of modes of production and the corresponding social forms on an international level have an impact on every part of the world (Lukács 1977: 45). If an economy is judged in its regional or international context as opposed to in isolation, a very different picture can emerge. First, whereas some underdeveloped countries can plausibly be described as 'pre-capitalist' if viewed separately, in reality the accelerating integration of the world economy means that enclaves of capitalist industry within underdeveloped areas have a disproportionate economic importance. Second, the balance of class forces takes on a different aspect if judged regionally. As indicated in Chapter 3, Nepal's economy should be seen as part of a complex of economic relations that extend across the subcontinent and its working class and peasantry can be seen as part of regional networks that include the massive urban centres of India.

A consequence of the first two features is the third feature of stagism, what is described as a 'pre-dialectical' (Löwy 1980: 31) or undialectical approach and its overemphasis on objective conditions, 'leaving no room for the revolutionary practice of the proletariat and its creative intervention in the political process' (1980: 33). The prevailing argument on the Russian left after the revolution in 1905 was that the objective conditions of Russia's economic development would determine the level of class consciousness amongst the proletariat i.e. the subjective conditions. In other words, the objective would determine the subjective, and the economy would be the condition of consciousness; 'here, in two phrases, is the quintessence of the materialist gospel of the Second International' (1980: 35). This undialectical approach precluded the immediate and complete emancipation of the working class in many underdeveloped countries by assigning a specific weight to each class within the nation in a mechanical, *a priori* manner without reference to wider economic links (1980: 35). This approach also tends to underplay the importance of wider historical developments. If a mechanical and nationally focused theory of economic stages downplays the possibility and potential of workers leading struggle at a regional level, it also often leads to the romanticisation of the role of at least sections of the domestic capitalist classes. As argued in Chapter 5, the Maoists in Nepal make a distinction between 'comprador' and 'national' capitalists, assigning a progressive role to the latter. For many Marxists, strong limits emerged as early as the mid-19th century to the ability or willingness of national bourgeoisies to carry through democratic change.

The argument runs that the emergence of mass popular challenges to bourgeois rule effectively ruled out radical action on the part of the bourgeoisie as they became concerned about unleashing uncontrollable revolutionary processes.

The stagist approach also distinguishes between the tasks of the democratic revolution and those of the socialist revolution as if these were completely disconnected projects, militating against applying the category of the *totality* towards understanding the capitalist system.¹⁴¹ Rather, as Selwyn (2011: 425) argues, a dialectical approach, which is explicit in Trotsky's theory of permanent revolution, strives to account for '(1) the evolving world system, (2) the timing of backward economies' catch-up attempts and (3) how domestic social structures interact with international forces to influence a country's development trajectory'. According to Löwy (1980: 12), Marx had intuited this approach in the *Communist Manifesto*: 'rather than *two distinct historical stages*, the bourgeois and proletarian revolutions might in fact constitute only *two moments* of the same *uninterrupted* revolutionary process'.¹⁴² Rejection of the stages theory, however, is not to deny the notion of revolution as a process—with different stages—but rather, specifically the stagism as conceived during the Second International. In fact 'history moves dialectically—not unilinearly—through innumerable combinations, fusions, discontinuities, ruptures and sudden, qualitative leaps' (1980: 27). As Davidson (2012: 227) argues, such a dialectical theory of permanent revolution became the dominant position of the Bolshevik party and the Communist International from early 1917. This internationalist and dialectal analysis of revolution and development was largely abandoned by the communist movement after the emergence of Stalinism in the 1920s. For a series of complex and interrelated reasons, Stalin led an ideological campaign to separate contemporary revolution into a series of stages: 'the first stage is the revolution of an all-national united front... the second stage is the bourgeois democratic revolution... the third stage is the socialist revolution' (quoted in Davidson 2012: 256). As a result of his immense authority in

¹⁴¹ The philosophical disciple of Plekhanov, Lenin initially defended this approach without fully recognising its limitations. Although he had asserted the need for an 'uninterrupted revolution' (Löwy 2010: 36) with reference to the democratic and socialist revolutions, it was not until April 1917 when Lenin wrote his famous *April Theses* that he argued that political demands had to be combined with economic demands.

¹⁴² Although Marx and Engels had never developed a comprehensive theory of revolution in underdeveloped countries, they 'had admitted the *objective possibility* of a rupture in the succession of historical tasks' (Löwy 2010: 8) with a dialectical articulation.

the international communist movement, he had exercised an enormous influence over the interpretation of revolutionary theory—an influence that lingers today.

6.2.3. The Maoists and stagism

The Nepali Maoists exhibited a version all of these approaches—economism, nationalism and the lack of a view of the totality. They used the question of the level of productive forces to argue that Nepal is neither ready for socialism, nor to carry out a socialist revolution. Instead, productive forces must be expanded through capitalist development. In an interview with the *Financial Times*, shortly before the CA elections, chief theoretician of the party, Baburam Bhattarai, argued:

*Our immediate agenda is not to build socialism but to build a strong economic foundation, which will pave the way towards transition to socialism in the future... Our main intention right now is to abolish all remnants of feudalism and build the way for having a developed, industrial, capitalistic economy in the country. That means there will be full scope for the private sector and nothing will be nationalised or socialised.*¹⁴³

At its most extreme, this led the Maoists to conclusions they once argued against, including encouraging World Bank and IMF reforms and the work of NGOs in Nepal. The ultimate logic of this played itself out in the most dramatic way, forcing the Maoists to take positions in complete opposition to their rhetoric. Bhattarai stressed that the private sector would play a very important role in Nepal's development and that the Maoist government would facilitate this role by creating a conducive environment for investment; all national and international investors interested in Nepal's economic development were welcome. The ultimate consequence was that revolutionary potential was reduced to economic potential, and economic development was separated from political demands and social realities, constantly leading away from confrontation and towards accommodation.

The Maoists' conception of the national bourgeoisie is of a class that has the potential to fight progressive battles against the international or comprador bourgeoisie. As such it is a potential ally to confront international capital. As indicated, a distinction is

¹⁴³ See <http://www.ft.com/cms/s/0/2df5a098-0b96-11dd-9840-0000779fd2ac.html#axzz2FOtSGWOa> (last accessed on 15 August 2012).

made between national capital, which is productive, increases national investment and utilises national labour and resources, and comprador or bureaucratic capital, which is parasitic and wasteful. While the Maoists recognise that national industrialists may also make profits on the international market, they argue that this ‘dual character’ can be transformed. What they neglected to account for is that both serve to strengthen the capitalist system. The Maoists argue that when Nepal became economically dependent on Britain in the early 19th century and later India, the consequence was that it obstructed the development of national capital. For national capital to be developed, workers must work with the national capitalist class in the interests of capitalism. This led Bhattarai to argue:

*Both the management and workers have a common interest now, for the development of the economy. They both fought against feudalism, autocracy and monarchy. To create a vibrant industrial economy is now in the interest of both the management and the workers... There were some disputes, especially regarding the minimum wage issue... So what I appeal to the management is that they should provide the minimum wage. The workers shouldn't resort to... strikes.*¹⁴⁴

At one level, the Maoists appeared to be bringing the subjective and the objective together. For the Maoists, the objective conditions for revolution in Nepal already existed: the desperate socio-economic conditions of the vast majority, worsened by ‘burgeoning bureaucratic capitalism’ (Dahal 2003: 200), and a deeply reactionary ruling elite at the top of a caste system, in which the subjugation and exploitation of the vast majority is enshrined. The mountainous and inaccessible terrain in Nepal, with thick forests and few roads, also made it particularly suitable to armed struggle, and these conditions determined at least to some extent the kind of revolution the Maoists thought was possible. It was the physical terrain combined with overwhelming poverty and underdevelopment that encouraged revolutionaries in Nepal to look to the conditions and experiences of their northern neighbours for inspiration. Much of China was rural, with a mass impoverished peasantry, concentrated land ownership, a relatively small working class and a semi-colonial existence. Maoist leaders had been brought up with pictorial magazines of the Cultural Revolution disseminated across Nepal by the Chinese government, and these

¹⁴⁴ See <http://www.ekantipur.com/the-kathmandu-post/2009/01/12/interview/other-parties-fear-if-the-budget-is-implemented-the-maoists-will-benefit/174930.html> (last accessed on 4 May 2012).

images were of a progressive, egalitarian society.¹⁴⁵ What was lacking in Nepal, according to the Nepali Maoists, was leadership; in other words, ‘the conscious subjective efforts of a vanguard party of the proletariat’ (2003: 201). It was on this basis that the Maoists formed a new party and launched the People’s War.

In a sense, the Maoists’ politics were marked by a strong subjectivism and the sheer anger that had developed in society that led them repeatedly to denounce capitalism. All the same, their formal theoretical positions, while often contradictory, tended to be shaped by the stagism that dominated the Left internationally in general and Maoist movements in particular. The theory won out over more radical impulses. The Maoist leadership repeatedly claimed ‘the historical necessity of passing through the sub-stage of democratic republic in the specificities of Nepal’ (Bhattarai 2005: 1513). Emphasis on the level of productive forces, putting the aspirations of the nation—in terms of economic development, independence from India and so on—before the fight against the capitalist system, the Maoists’ insisted on the need for a series of stages before the development of socialism, citing the ostensibly unique conditions of Nepal:

Since we belong to a communist party, our maximum goals are socialism and communism. Those are the maximum goals of all those accepting Marxism, Leninism and Maoism as philosophical and ideological assumptions. Given the international power balance and the overall economic, political and social realities of the country, we can’t attain those goals at the moment. We must accept this ground reality. We have mentioned democratic republic and Constituent Assembly, with the understanding that we should be flexible given the balance in the class struggle and international situation.¹⁴⁶

6.2.4. NGOs and stagist assumptions

The underlying assumptions about development held by NGOs dovetail in many respects with the conclusions that the Maoists draw from the theory of stages. The Maoists’ emphasis on capitalist economic development as a pre-requisite for social emancipation leads them to a separation of the economic and the political. This separation is mirrored in the NGO approach. One of the clearest examples of this separation is the distinction made between generations of rights—the first generation being civil and political rights and the second generation economic and social rights,

¹⁴⁵ Interview with Indra Mohan Sigdel, London, 5 December 2011.

¹⁴⁶ See <http://www.ekantipur.com/the-kathmandu-post/2006/02/07/editorial/we-want-to-stop-bloodshed-prachanda/64859.html> (last accessed on 5 May 2012).

embodied in distinct UN conventions. This separation is a product of the understanding that support for economic and social rights is more difficult for states than civil and political rights because economic rights have the potential to contradict neoliberal reforms that challenge the provision of goods by the market (Nelson and Dorsey 2003: 2022). This partly reflects the fragmented approach to development that NGOs have taken as they have become more professionalised. The separation of the political and the economic, and the fragmented approach to development that NGOs have taken in Nepal particularly, is also partly a consequence of the professionalisation of the NGO sector since the 1990s. Heaton Shrestha (2006b: 195) argues that there were several reasons for needing to professionalise. NGOs felt they had to distance themselves from the corruption and largely self-serving interests of the government, in which promotions and access to services were based on nepotism and the notion of *aphno manchhe* [one's own people].¹⁴⁷ This was particularly important given that the SSNCC had developed a reputation for corruption. At the same time, it was important to establish a measure of credibility with the public, in order that the past failures of development could be addressed by NGOs in the new context of neoliberal development. It also reflected the pressure from donors who were, from the 1990s, channelling much of their aid through NGOs. Donor governments wanted to be sure that the organisations they were dealing with reflected their own emphasis on the 'depoliticisation' of development while upholding notions of 'human rights'.

Human rights and development work have been traditionally seen as separate domains, and although rights-based approaches, which emerged in the mid-1990s, appeared to challenge this separation, in fact they did so only at the level of rhetoric (Uvin 2002: 6). There remains a strong division of labour within the NGO sector.

¹⁴⁷ This term was popularised in the 1990s in development circles in Nepal following a controversial publication by Bista (1991), which argued that the characteristics that defined modern Nepali culture—high-caste, Hindu culture in particular—were fatalism, hierarchy, dependency and a lack of agency—and that this culture was becoming more pervasive throughout Nepal. *Aphno manchhe* was described as 'a critical Nepali institution' (1991: 98) privileging those in one's inner circle, regardless of merit or capacity, for the sake of belonging and security. This was clearly a problematic thesis, for it failed to account for the dynamic social and political changes brought about by the 1990 movement for democracy, and could not have explained the subsequent emergence of the Maoists. These movements acutely demonstrated the existence of agency amongst the population, and cut against the notion that fatalism defines Nepali society. While it is true that multiparty democracy resulted in greater levels of corruption, and the People's War ultimately ended in a Bahun-led compromise, it is arguable that these were the consequences of an elite drive towards liberalisation and the increasing inequality that this generated (see Chapter 3), and internal and external pressures on the Maoists to end the war (see Chapter 5), in order for liberalisation to continue.

Most human rights organisations continue to focus on civil and political rights, and most development organisations continue to work on health, education and so forth. More significantly, the use of the language of human rights, focusing on the status of the individual, can lead development organisations even further away than they already were from any interrogation of economic structures. According to Uvin (2002: 10) the consequence has been ‘draping oneself in the mantle of human rights to cover the fat belly of the development community while avoiding challenging the status quo too much, cross-examining oneself, or questioning the international system’. Thus while the shift from needs-based approaches to rights-based approaches was an attempt by NGOs to strengthen the commitment of states to human rights (Nelson and Dorsey 2003: 2013), including economic and social rights, economic liberalisation as the basis for development was in practice not questioned (Tsikata 2004: 131). The World Bank’s Poverty Reduction Strategy Papers (PRSPs), for example, which continue to promote the paradigm that neoliberal growth policies are synonymous with development, are universally accepted by NGOs, and NGOs often agree to participate in consultations of the PRSPs on behalf of the poor. The neoliberal economic paradigm is accepted as an objective framework that does not require more than technical improvements. The project of development under existing conditions, however flawed, is regarded as better than no development at all. The role of NGOs is not to question it, but to make it work as best they can.

A national framework also tends to be taken for granted in the work of NGOs. While the Maoists assume that national capitalists will bring economic growth, there is an assumption amongst NGOs that the international community has Nepal’s best interests at heart. Despite the rhetoric of internationalism and international advocacy, the concrete work of NGOs takes place at the national level, and even much of the advocacy at international level is for specific countries, as if the development of each nation was not bound up with every other nation. Finally, the emphasis on human rights, and the downplaying of the political aspects of economic development, has advanced the notion that NGOs have to remain neutral over political issues. In Nepal, the question of civil war was avoided by NGOs for the first several years; later, NGOs were actively engaged in trying to end it. Following the war, NGOs have encouraged the prioritisation of ethnic over class questions.

6.3. From armed struggle to ethnic politics

For a time, the Nepali Maoists represented hope in the face of bleak social prospects. Ultimately, however, adherence to the theoretical tenets of Maoism—combined with a number of pressures, including from NGOs—helped facilitate the shift away from revolutionary politics to cultural politics, and weakened the Left. The Maoists’ evolution was characterised by the transition from armed struggle to ethnic politics, while UML cadres went from being revolutionaries to ardent human rights activists. These transformations involved the rejection of violence, but also an analysis of society that is not sufficiently industrialist; under current conditions, the working class cannot be the agent of history. In both cases, Maoism could not provide a coherent alternative with which to challenge liberal humanitarianism. But NGOs and donors also had a role in shaping these transformations at key moments. Throughout the panchayat, NGOs and donors were deterred from funding disadvantaged nationalities (Bhattachan 2000: 77), but they also considered funding ethnic organisations to be encouraging subversion; in order to avoid such prospects they argued that a development strategy centred on indigenous nationalities would violate ‘the internal political affairs of the country’ (2000: 78). However, beginning in the late 1990s and as a result of the launch of the People’s War, they have funded ethnic organisations in order to create an alternative to class struggle. The focus on identity-based federalism as a basis for restructuring the state—effectively replacing class demands—is currently the Maoists’ main political project, but which itself has been undermined because of the mainstream parties’ inability to agree the constitution. All parties, including the Maoists, have been calling for national consensus around major constitutional issues. Without agreement over the question of federalism, the constitutional process has been unable to move forward. Federalism now represents one of the main ideological divisions in Nepali society, and various *janajati* [indigenous] leaders view the constitutional process as an opportunity to enshrine the rights they have historically been denied. Indeed, the *janajati* movement could work to challenge existing social relations; that the Bahun-Chhetri-dominated political parties—mainly the Nepali Congress and the UML—refused to accept identity-based federalism is evidence of the threat that increased power for ethnic minorities poses to this elite. However, an ethnic movement that is detached from a wider class project also has the potential to fragment along ethnic lines, consolidating a *janajati* elite amongst individual ethnic groups and escalating into ethnic tensions. While the

Maoists' foregrounding of ethnicity was important, they failed to distinguish a hierarchy between class demands and more specific demands around self-determination, which has stoked ethnic differences instead of defusing them.

6.3.1. Federalism and the ethnic agenda

Since their triumph in the CA elections in 2008, the Maoists' trajectory has essentially been one of accommodation. Whereas once the Maoists' agenda was pulling mainstream politics to the left, and divisions in society cut along class lines, today the central divisions are along ethnic lines. The Maoists were not, of course, the first to challenge inequalities between ethnic groups, which have been entrenched in Nepali society since its unification. Various nationalities governed themselves before Prithvi Narayan Shah, with his imperialist ambitions, sought to unify them (2000: 75). Ethnic discrimination was consolidated under the *Muluki Ain* of 1854—Nepal's first attempt to codify social conditions—mainly by referring to Hindu legal texts and Mughal legislation. While the *Muluki Ain* integrated different social groups within Hindu caste hierarchy, it subsumed ethnic groups in a subordinate position within this hierarchy (Malagodi 2013: 79). Only from the 1950s did this discrimination give rise to the formation of ethnic organisations, whose focus was nevertheless limited to cultural and linguistic rights (Bhattachan 2000: 76). In the late 1970s, when the first signs of opposition to the system were being felt, democracy activists began to question ethnic exclusion from a political perspective. Following the 1980 referendum there was increased space for ethnic mobilisation, in part because of fewer restrictions on political activity, but also because the government wanted to enlist ethnic minorities in support of the regime (Whelpton 2005: 183), increasingly weakened by democracy activists. As differences between rhetoric and reality grew sharper under the panchayat regime, ethnicity began to acquire a political dimension (Gellner 2007: 1825). New ethnic associations were formed pressing for language rights and promoting awareness about ethnic discrimination and historic injustices.

When the issue of political representation was brought to the fore during the 1990 people's movement, the struggle for ethnic rights expanded significantly. Major political parties began to raise the issue of the historic discrimination of indigenous nationalities. National and international NGOs began to recognise ethnic rights as central to development efforts. Ethnic leaders—as heads of NGOs and parties but also

as academics and intellectuals—have also attempted to reflect grievances among ethnic groups, both in terms of discrimination on the basis of culture and language but also jobs and access to goods and services. As Gellner (2007: 1823) observes, ‘if the panchayat era was one of nation-building, the post-1990 democratic change marked the beginning of ethnicity-building’. The new constitution provided the legal framework through which different ethnic groups could claim existence, defining the nation as multiethnic, multilingual and democratic (Pfaff-Czarnecka 1999: 41). At the same time, however, the 1990 Constitution upheld Nepal as a Hindu kingdom and Nepali as the main language, making it impossible for the aspiration of a multiethnic, multilingual Nepal to be realised. Ethnic federalism became an issue because of the failures to implement the 1990 Constitution; decentralisation in particular, enshrined in the Local Self-Governance Act 1999, which would provide Nepal’s ethnic minorities with greater access to resources at local level, was never implemented in practice.¹⁴⁸ The following statistics are taken from the Central Bureau of Statistics and although trends should be treated with prudence, they demonstrate levels of exclusion and inequality amongst ethnic groups and by caste. Table 6.1 shows the incidence of poverty by caste and ethnic group between 1995-96 and 2003-04, while Table 6.2 shows per capita income in rural and urban areas. Table 6.3 shows the representation of different caste and ethnic groups in parliament between 1959 and 1999.

Caste and Ethnic Group	Poverty Headcount Rate		
	1995-96	2003-04	Change
Bahun/Chhetri	34.1	18.4	-46
Tarai Middle Caste	28.7	21.3	-26
Dalit	57.8	45.5	-21
Newar	19.3	14.0	-28
Hill Janajati	48.7	44.0	-10
Tarai Janajati	53.4	35.4	-34
Muslim	43.7	41.3	-6

Table 6.1: Poverty amongst caste and ethnic groups. Source: Adapted from Lawoti (2010: 74)

Caste and Ethnic Group	Average Per Capita Income (Rs.) for 2003-04		
	Income	Urban	Rural
Bahun/Chhetri	18,400	33,731	15,674
Tarai Middle Caste	11,300	12,736	11,212
Dalit	10,000	19,381	9,026
Newar	26,100	36,600	14,660

¹⁴⁸ Interview with Seira Tamang, Kathmandu, 24 March 2010.

Hill Janajati	13,500	26,448	11,987
Tarai Janajati	12,700	14,106	12,719
Muslim	10,200	11,563	10,126
Nepal	15,000	28,957	12,534

Table 6.2: Average per capita income. Source: Adapted from Lawoti (2010: 89)

Caste and Ethnic Group	1959		1967		1978		1986		1991		1999	
	No.	%										
Bahun	30	28	30	24	27	21	23	21	77	38	77	38
Chhetri	34	31	47	38	46	36	43	38	39	19	44	22
Newar	4	3.7	15	12	10	7.9	7	6.3	14	6.8	14	6.8
Janajati (except Newar)	21	19	21	17	28	22	29	26	48	23	35	17
Tarai High and Middle Caste	18	17	11	8.8	11	11	10	8.9	21	10	27	13
Muslim	2	1.8	0	0	1	0.8	0	0	5	2.8	2	0.9
Dalit	0	0	0	0	0	0	0	0	0	0	0	0
Total	109	100	125	100	127	100	112	100	205	100	205	100

Table 6.3: Representation in parliament. Source: Adapted from Lawoti (2010: 91)

A number of ethnic organisations were established with the explicit purpose of implementing those rights as defined in the constitution. The Nepal Federation of Indigenous Nationalities (NEFIN) was formed in 1991 as a national pressure group, and currently comprises 48 indigenous organisations across the country advocating rights to self-determination and autonomy. These organisations, together with NEFIN, were provided further legitimacy when the government endorsed the UN's International Year of the World's Indigenous People in 1993 and the subsequent International Decade of the World's Indigenous People in 1995; in 2007 Nepal signed up to International Labour Organisation (ILO) Convention 169, which aims to guarantee equal treatment for indigenous people, and in some cases preferential rights. The second people's movement for democracy in 2006 reinforced the *janajati* movement, not only because of the massive participation of ethnic groups but also because it laid the foundation for the Constituent Assembly, which declared Nepal a secular republic. Removing the Hindu monarch as a symbol of national unity was a momentous step forward in weakening centuries of cultural and linguistic domination. But following the 2006 movement and the entry of the Maoists into the mainstream, Nepal has witnessed a 'surge of ethnic conflict' (Hangen 2007: vii). The mass protests in the Terai organised by Madhesi parties in early 2007, although they quickly turned violent and raised tensions between Madhesis and hill migrants, were successful in

pushing for guarantees for federalism—guarantees that neither the Maoists nor other political parties can backtrack on. To what extent autonomous provinces will take on an ethnic character has yet to be worked out.

The ostensible fear amongst Bahun-Chhetri groups was that they would be unable to find a place to live within ethnic-based provinces. According to one interviewee, it was never the intention of the ethnic groups to create fear, but nor have they ever made efforts to clearly dispel this fear.¹⁴⁹ Ethnic leaders have not considered the details of current proposals put forward by the constitutional drafting committee and have failed to come up with viable alternative solutions to the problems and fears raised by Bahun-Chhetri groups. The choices being presented are either a so-called romantic ethnic federalism, whereby ethnic federalism is seen as the panacea for the historic discrimination of ethnic groups, or no federalism at all, which is what Bahun-Chhetri groups would like to see.¹⁵⁰ One proposal put forward by the constitutional drafting committee was that the dominant ethnic group from a particular region would be recognised as such by the name of the province; another proposal stipulated that the head of the province would be reserved for the dominant ethnic minority for the first two years. But even these privileges, proposed in the initial stages of drafting, are slowly being eliminated or qualified. For example, ethnic names are to be combined with names based on geography, such as rivers or mountains. The current draft of the constitution, however, does include important provisions for decentralisation and increased power for ethnic minorities. The reality is that Nepal is a nation of minorities, and no ethnic group within any given province would form a majority. However, the extent to which ethnic leaders represent the interests and desires of ethnic groups, and in particular the poor within these groups, is debatable. Leaders have been emotive in their defence of ethnic interests, and this highly emotional environment combined with a lack of clarity about the details of how federalism would work, could fuel ethnic tensions in the future. Understandably, because ethnic federalism has been linked to the possibility of concrete provisions for decentralisation and the prospects for increased access to goods and services, in addition to political and cultural rights, ethnic groups support it.

¹⁴⁹ Interview with Seira Tamang, Kathmandu, 24 March 2010.

¹⁵⁰ Interview with Seira Tamang, Kathmandu, 24 March 2010.

6.3.2. The Maoists' historic compromise

The Maoists' basic theoretical position on the national question was outlined in the mid-1990s, although Baburam Bhattarai had written about the national question as far back as the early 1980s (Bhattarai 1990: 33). The Maoists' defence of ethnic interests in particular, along with questions of class, were recognised as 'inevitable components of the democratic revolution' (Yami 2006: 128). Given Nepal's ethnic diversity, addressing the national question was crucial, and the Maoists attempted to address the historical exclusion of ethnic groups more concretely than any other party (Tamang 2006: 272). That ethnic groups were forming associations and raising demands for inclusion before the Maoists also indicates that the Maoists were responding to the felt concerns of ethnic minorities. The Maoists argued that Nepal suffers from essentially two forms of national oppression: the first is the semi-colonial domination of Nepal by India, manifested in unequal treaties such as the 1950 India-Nepal Treaty; Indian interference in Nepal's political affairs; Indian control of the vast majority of trade and industry in Nepal, including the exploitation of its water and other resources; and the promotion of Hindu nationalism in Nepal (Yami 2006: 132-33). Other imperialist powers such as Britain, through the recruitment of Gurkhas, and the US, through its domination of the World Bank and IMF, exert 'neocolonial' domination over Nepal. The second form of oppression, they argued, is internal; that is, the subjection of weaker nationalities by the dominant nationality. In the case of the Nepal, the *janajatis* or those who speak Tibeto-Burman languages, are oppressed by the ruling Khas nationality, whose language, dress and religion, until recently enjoyed state patronage. The Maoists' attempted to briefly classify the relative disadvantage of different indigenous groups, from advanced group to endangered group, but maintained that 'the question of Indian expansionism is practically the most important aspect' (2006: 135) of the national question in Nepal. They also warned that imperialist countries have sought to divide the nationalities movement and portray it as communal and sectarian.

Revolutionaries, the Maoists argued, must take up the national question seriously while at the same time avoiding the two extreme positions, one of assigning absolute primacy to the national question without a class perspective, and its opposite, which is dismissing the national question as a 'bourgeois obsession' (2006: 128). Although the basis of the People's War was ostensibly class struggle, it was deepening poverty,

rising unemployment and the growing gap between rich and poor that were cited as reasons for taking up arms in the immediate. In practice, however, the Maoists put class struggle and the national question on the same level; when the People's War was brought to an end, they were relegated to taking the former 'extreme' position: foregrounding questions of ethnicity while abandoning a class perspective. The Maoists continue to claim they have not abandoned class demands, but even a cursory look at Nepali politics reveals that the Maoists are mired in the 'bourgeois' tasks of constitution-making and peacebuilding, while the socio-economic conditions of the vast majority remain the same.¹⁵¹

This is not to argue that raising the ethnic question was irrelevant, or that incorporating historically oppressed indigenous peoples and Dalits as collaborators in the revolutionary struggle was not a momentous step forward. Early in the People's War the Maoists formed an ethnic wing, the All Nepal Nationalities Organisation, led by Suresh Ale Magar, a leading activist who was also the founding general secretary of NEFIN. They also established separate national liberation front organisations—all affiliated to the party—including fronts for Magars, Gurungs, Tharus, Tamangs and other ethnic groups, as well as Dalit and Madhesi organisations. Then in 2003 they declared nine autonomous regions across the country based on nationality, and promoted ethnic leaders in areas under Maoist control. The Maoists also campaigned for ethnicity-based federalism during the 2008 elections. The argument was that since there would be no single ethnic majority in any given autonomous state, all ethnic minorities within each of these states would be guaranteed their rights.

Unquestionably, the defence of ethnic minorities and the establishment of various liberation fronts brought the Maoists some important political benefits: increased support from excluded groups and more votes. But playing 'the ethnic card' (Gellner 2007: 1827) was neither entirely accurate nor entirely opportunistic, as has been suggested (Lawoti 2003), because this implies that ethnic activists joined the Maoists independently of ideological conviction—that they could not possibly develop a revolutionary consciousness that is broader than identity politics by virtue of their ethnic background. In fact, the creation of ethnic fronts was useful for furthering the

¹⁵¹ See news.oneindia.in/2011/01/15/maoistsnot-abandoning-path-of-revolutionbhattarai-aid0126.html (last accessed on 21 January 2013).

revolution and creating a new consciousness among oppressed groups. The problem is what they have become: ethnic fronts without a revolutionary project.

To what extent have the Maoists facilitated a shift from class struggle to identity politics, what specific structural constraints have they faced and what are the consequences of this shift? Whether such a shift has taken place can be judged by assessing the Maoists' political trajectory in practice: they suspended the People's War through a negotiated settlement facilitated by India in 2006, and were until recently at the helm of a coalition government with mainstream parties who have a considerable record of neglecting the aspirations of the majority. After signing the CPA, which officially ended the war, Dahal declared that 'ethnic issues are the real issues to be addressed at the moment' (cited in Hangen 2007: 47). If, according to the Maoists' analysis, the socialist project is impossible in the present, then the only alternative is the postponement of class demands to an unknown point in the future, and the replacement of those demands with an alternative politics around which the Maoists can rally support. What the Maoists currently preside over is a firmly capitalist project, with identity-based federalism as the starting point for restructuring the state.¹⁵² Yet the details of how competing ethnic demands will be accommodated—and the potential for ethnic conflict averted as tensions rise—appear to be lacking. For this the Maoists have been criticised from both the Left and the Right. Broadly speaking, the Maoists, various ethnic and indigenous peoples' organisations, including NEFIN and its member organisations, and the Madhesis, all favour some form of identity-based federalism. There are also more marginal Bahun and Chhetri groups that have mobilised on the basis of ethnicity and culture, wanting to secure a place for themselves in the new federal structure. Those against ethnic federalism include the Nepali Congress and the UML, and various smaller communist parties. Each side of the ethnic federalism divide also has various intellectuals, academics, journalists and other prominent spokespeople in support. Upper-caste Bahuns and Chhetris in general blame the Maoists for encouraging the potential for state fragmentation and undermining national unity; one view is that ethnic rights

¹⁵² At times the Maoists stress that nationality rather than ethnicity would determine state restructuring, but these concepts are often used interchangeably and are both closely related to indigeneity. In deciding whether to apply preferential rights for indigenous groups as stipulated in ILO Convention 169, for example, the use of the term nationality will not appease those who stand to lose out.

threaten upper-caste cultural domination.¹⁵³ Others point to the very real possibility that ethnic mobilisation—without a mechanism for how ethnic rights are to be implemented in practice for all, including the poorest—has the potential to lead to a *reinforcement* of the power of traditional elites, but now with a dangerous ethnic dimension (Sharma 2012: 48; Gellner 2011; Ghai 2011: 326).¹⁵⁴ Unless concrete economic benefits can be secured for all Nepalis regardless of ethnic background, then raised expectations for ethnic rights will only promote ethnic division. Addressing economic exclusion—and in particular access to resources, jobs and services—is difficult in the context of deprivation, but requires challenging elite authority across all ethnic backgrounds, not creating the conditions for competition for resources on an ethnic basis.

The shift from class struggle to identity politics can also be assessed through a consideration of the Maoists’ theoretical premises regarding the national question. In an influential 1996 document entitled ‘Nationality Question in Nepal’, which was reprinted in 2006, they noted the following:

In the present era of imperialism as the weak national bourgeoisie of the oppressed countries cannot bring about democratic revolutions or lead national liberation movements on their own, the proletariat should lead both the democratic revolution and the national liberation movement in the oppressed countries. It is thus obvious that the national question is inseparably interlinked with the class question and would be simultaneously solved only through the New Democratic Revolution. This theoretical clarity is essential before we delve into the national question in Nepal or elsewhere. (Yami 2006: 130)

In beginning to analyse the complex relations between class and ethnicity, the Maoists made an important distinction between questions of class and questions of national liberation. Quoting Lenin, Bhattarai later reiterated the Maoists’ position: ‘In the same way as mankind can arrive at the abolition of classes only through a transition period of the dictatorship of the oppressed class, it can arrive at the inevitable integration of nations only through a transition period of the complete emancipation of all oppressed

¹⁵³ For example, Chhetri Samaj Nepal, an organisation set up in 1997 to advance the identity and interests of Chhetris, has grown significantly since 2009 and has recently organised street protests demanding that Chhetris be declared an indigenous group.

¹⁵⁴ See also an interview with David Seddon at <http://nepalitimes.com/news.php?id=19569#.UjdHtNLN18E> (last accessed on 3 February 2013).

nations, i.e. their freedom to secede' (cited in Bhattarai 2004). Lenin (1914) also wrote that the self-determination of nations could not mean anything other than *political* self-determination, that is, the right to secede and form a separate state. He argued that the right to secede is the most democratic approach to the national question because it recognised the need for nationalities oppressed by the tsarist monarchy to break from this oppression. Based on this understanding, Bhattarai (2004) further argued, 'we should firmly grasp that the best way to solve the national question is to implement the right to self-determination of oppressed nationalities under the leadership of the proletariat according to the concrete time, place and conditions'. The Maoists had made significant advances not only by defending the struggle for self-determination amongst ethnic groups, but recognising that these struggles could destabilise prevailing social relations. Indeed, ethnic groups who have faced discrimination in Nepal for centuries have recently been making powerful demands on Nepal's constitution-writing process. Under the banner of the Indigenous Nationalities Joint Struggle Committee, they also mobilised a 3-day nationwide general strike in May 2012, demanding identity-based federalism as the basis for the new constitution. In November, former UML vice-chairman Ashok Rai announced the formation of the Federal Socialist Party, which recognises identity-based federalism as a legitimate aim but is not solely an ethnic party. The following month, *janajati* leaders mainly associated with the Nepali Congress formed the Social Democratic Pluri-National Party, aimed at uniting indigenous peoples, Dalits, Muslims, Madhesis and other oppressed groups under a social democratic agenda. As Tamang (2006: 271) has argued, the role of the Maoists in the emergence and maintenance of this movement cannot be underestimated.

What the Maoists had not appreciated was that the national question needed to be raised precisely in order to defuse it: as Lenin saw it, the struggle for socialism had to be pursued in unity with workers and the oppressed of *all* nations. The Maoists interpreted the national question in Leninist terms to mean the formation of separate organisational forms along ethnic lines, rather than ensuring that ethnic demands are articulated through a wider class project. Without the *primacy* of a class perspective, national liberation taken to its logical conclusion means nothing other than secession, which ultimately loses the focus on class unity across nationalities. Moreover, the Maoists had not elucidated how the New Democratic Revolution, being a sub-stage

towards socialism, would succeed in simultaneously solving both class and national questions. The ethnic movement—aided by NGOs and donor funding in an international context where indigenous rights have been valorised by the neoliberal state—now has a political trajectory that is largely independent, and perhaps even contrary to, class struggle. The Maoists were left open to this subversion because they put the ethnic struggle on the same level as the class struggle. As Lenin (1913) argued, the focus on autonomy distracts attention away from the task of democratising the state, which itself alone can ensure peace between nationalities. He concluded that, ‘workers who place political unity with “their own” bourgeoisie above complete unity with the proletariat of all nations, are acting against their own interests, against the interests of socialism and against the interests of democracy’. In addition to supporting the right to self-determination in principle then, it was necessary to conduct an implacable struggle against the bourgeoisie when it sanctioned or defended national oppression. This precludes making alliances with the national bourgeoisie in order to fight against an external oppressor, since there would always be a tendency on the part of the bourgeoisie to turn against the workers, including those of the oppressed nationalities. But this is precisely what has happened in Nepal: the Maoists entered into a coalition government with the national capitalists, which also happen to be dominated by Bahun-Chhetri groups, and have since been unable to address either questions of class or ethnicity. Thus the Maoists, having embraced the neoliberal line in the hope of growing Nepal’s working class, have played into the hands of donors, because of their own abandonment of a wider class project. Having facilitated the emergence of an ethnic movement that places ethnic demands at the same level as class demands, they may have also unleashed ethnic tensions that have the potential to escalate in the future.

6.3.3. Replacing class demands

It has been argued that one outcome of the end of the People’s War has been the Maoists’ replacement of what was essentially a class struggle—at least initially—with an emphasis at national level on identity. There are three related problems with replacing class demands with ethnic politics. First, it discounts economic differentiation within ethnic communities and facilitates the continued domination of ethnic elites within a particular group, who have markedly different levels of cultural and intellectual development and whose ambitions and demands are therefore in

potential contradiction to those of the poorest. Second, it risks inflating ethnic divisions instead of defusing them. Identity-based federal restructuring in particular has the potential to become an explosive issue and diverts attention away from the inability of a consensus-based constitution to deal adequately with the ethnic question. Finally, it strengthens the capacity for NGOs and powerful Western donors, who already exercise extraordinary influence in Nepal, to dictate the terms of the peace process and the trajectory of development for Nepal. How ethnic rights are realised in practice—whether through autonomous governments under a new constitution or through an entirely new political framework that accentuates economic inclusion in addition to ethnic inclusion—is the key question.

As outlined in Chapter 5, from the beginning of the People's War, those in favour of the status quo attempted to demobilise the movement. The mainstream political parties, ethnic and religious elites, and foreign powers, including India and major donors, have all in different ways opposed the Maoists. But it is not because they feared the inclusion or exclusion of ethnic minorities; the real concern was the threat that the poor would pose to the economic and political dominance of the ruling order itself. Ironically, this threat was ultimately a problem for the Maoists themselves. This is why they preferred to suspend the People's War and thereby postpone class demands: Nepal is not ready for fundamental economic transformation because it has yet to reach the capitalist stage of development. To pursue the path of capitalist development, the Maoists agitated to lead government. In August 2011, Baburam Bhattarai became prime minister with the help of the United Democratic Madhesi Front (UDMF). Although the Madhesis broke with the Maoists and created the UDMF after the signing of the CPA in 2006, they formed a coalition government with the Maoists in 2011. This was not on the basis of the Maoists' class demands or revolutionary credentials but on their agreement over redefining the Terai as a single autonomous unit called Madhes, and securing positions for Madhesi leaders in government.¹⁵⁵ The historic marginalisation of the Madhesis, as with all other ethnic groups, needs to be addressed. But in the absence of a wider project of transformation along class lines, the prioritising of ethnic policies can lead to social fragmentation through the diversion of discontent into ethnic channels. Even if fragmentation is

¹⁵⁵ The formation of a single Madhes state is opposed by the Tharus who inhabit the western Terai, and who have warned of reprisals if the land they inhabit is not declared autonomous.

avoided, there is no guarantee in these circumstances that the most oppressed will benefit. But if ethnic groups are differentiated by class, and ethnic autonomy enables upward mobility for a section of the group, then the economic minority within the ethnic minority risks further exclusion and discrimination. The elites within a particular ethnic group, whose interests vacillate between those of the ruling elite and those of their ethnic community, risk being strengthened if class demands are abandoned. For those ethnic groups in which there is relatively less economic differentiation, the demand for ethnic rights has the potential to challenge the class structure of Nepali society, and as such is likely to be sidelined by a government that is committed to maintaining that structure in the pursuit of capitalist development.

The Maoists also want to avoid increased violence between ethnic groups. But their foregrounding of federalism on the basis of identity, or even nationality, ignores the fact that a constitution drawn up in collaboration with the mainstream parties will not be a ‘people’s constitution’, as the Maoists were hoping, but a compromise between opposing social forces. Such a constitution would be unable to realise ethnic rights because these rights ultimately involve economic questions. It is widely accepted that *janajati* votes have always gone to those representatives who are in the best position to fulfil basic economic demands: access to jobs and better health, education and other services (Housden 2010; Boquérat 2006). Ethnic minorities have undoubtedly been on the sharp end of the liberalisation policies of the 1980s and 90s, and which have resulted in rising income inequality (Wagle 2010: 573). Thus while the focus on ethnic inclusion gained the Maoists initial popular support during the war, those in favour of ethnic federalism constitute a minority; this is because of its association with the potential for ethnic violence, particularly after clashes between Madhesis and hill migrants surfaced in the Terai following the end of the war.¹⁵⁶ The Maoists’ inability to defuse the ethnic question is partly to do with the fact that they are not leading a revolutionary government, with democratic institutions at the local level that could make decisions on the redistribution of resources. But the Maoists’ illusion that the ethnic question can be addressed by making a series of constitutional

¹⁵⁶ A poll conducted of over 4,000 respondents by Himalmedia in May 2011 showed that 76 per cent of the population opposes ethnic federalism. See <http://www.nepalitimes.com/issue/2012/04/4/Nation/18228> (last accessed on 23 February 2013).

amendments—or other technical interventions through the state—under what is effectively an unchanged political framework, may also be their undoing.

This is not dissimilar to the approach that NGOs have taken to addressing ethnic inclusion, and this is the final problem for the Maoists: the influence of external powers, against which the Maoists fought since the beginning of the war. NGOs and donors in Nepal began to express an interest in funding ethnic inclusion projects because of the new development paradigm around social inclusion in the late 1990s (Hangen 2007: 42). They argued that inclusion would promote political stability. But as Hangen suggests, this also promoted the idea that social problems can be resolved by technical solutions rather than politics (2007: 42). For donors—and by extension NGOs—political stability meant avoiding the question of class and the economic system that produces it, and facilitating an engagement with ethnic organisations that allowed protest, but not an outright challenge to the state. Hangen identifies the problem from a donor perspective: if ethnic organisations ‘cannot be responsive to ethnic political demands, indigenous nationalities may seek to challenge the state in more revolutionary ways, creating further conflicts’ (2007: 42). Thus the funding of ethnic organisations was crucial, and donors have been funding a range of different ethnic organisations and initiatives as part of their investment in the peace process. NEFIN in particular has been one of the main recipients of this funding.

Over the past decade NEFIN has become a key player in Nepali politics and, together with the Maoists, has managed to put indigenous rights issues high on the national political agenda. Although NEFIN refers to itself as independent and non-partisan, it has effectively adopted the Maoists’ position on state restructuring based on nationality, language and cultural identity, and has argued for autonomous provinces and rights to self-determination. It supports secularism and the creation of ethnic-based fronts and organisations. However, it also seeks to work with a range of NGOs and donors to obtain funding and international support for its activities. NEFIN has co-operated on several projects with donors, including with the European Commission, the ILO, DFID and the World Bank, and has partnered with several NGOs, including Care, ActionAid and others. Its ability to partner with international organisations gives it a legitimacy that has been useful in raising its profile. But as NEFIN increases its political engagement, its obligations to donors—specifically to

be non-political—are compromised. In 2004 NEFIN acquired a multi-year multi-million pound grant from DFID. There had been debates within the *janajati* movement as to whether the involvement of donors would risk diluting demands, but when economic resources are at stake, ethnic elites in particular have responded to donor projects. As Bhattachan (2000: 79) has suggested, nationalities would work with NGOs if they supported them in realising demands for ethnic autonomy and literacy programmes in mother tongues. Financial resources are essential for ethnic groups to realise their aspirations, but organisations like NEFIN face dilemmas over the extent to which donors use ethnic marginalisation to suppress further politicisation, particularly over economic inclusion.¹⁵⁷ This is not simply a question of ‘strengthening livelihoods’ or implementing a series of microcredit programmes through NGOs; economic inclusion taken to its logical end poses a fundamental challenge to donor interests and agendas. It is clear that DFID’s notion of *janajati* empowerment does not involve allowing NEFIN or any other partner to make demands in which political confrontation is the outcome, and yet this is the only logical outcome of *janajati* empowerment.

It was the Maoists who had proved that challenging the state is precisely what has the potential to bring about fundamental social change. The Maoists also exposed the attempt by NGOs and donors to pacify those in opposition, using funding as the principal mechanism. The Maoists rightly raised ethnic demands as part of the People’s War, and aspects of the proposed federal structure undeniably offer opportunities to address entrenched patterns of ethnic discrimination. But by abandoning class demands without providing an alternative pole around which to organise political consciousness and collective resistance, the Maoists only risk encouraging ethnic divisions. Moreover, by appealing to the state for ethnic rights through constitutional means, this strengthens the neoliberal state and the NGOs that work alongside it, instead of popularising a critique of the state and its role in perpetuating socio-economic inequality.

¹⁵⁷ In May 2011, DFID discontinued funding to NEFIN for its Janajati Empowerment Project, citing its involvement in organising *bandhs* [strikes]. NEFIN organised two *bandhs* in 2011 demanding inclusion in and promulgation of the constitution within the deadline. See <http://www.ekantipur.com/the-kathmandu-post/2011/05/11/top-story/supporting-bandas-costs-nefin-dear/221581.html> (last accessed on 25 February 2013). However, a brief look at the Enabling State Programme website, which manages the project, shows that funding is set to continue until the end of 2013.

VII. Conclusion

The Maoists' transition from fighting a People's War to engaging in a peace process has been one of the most momentous events in Nepali history. It also has been described as one of 'the most remarkable developments in the history of efforts to resolve communist rebellions' (Muni 2012: 313). The move from armed struggle to mainstream party is not unique to Nepal, but the question remains as to whether this phenomenon—the evolution from revolutionary politics to NGO politics—was inevitable. The preceding chapters have attempted to show how this shift took place, the limited but nevertheless important role of NGOs in that process and what its consequences were in the context of Nepal. One of the main contentions has been that NGOs played an important—and at least partly conscious—role at a number of different levels in ensuring that the Maoists opted for a peace process backed by regional and global imperialist powers, against whom they had fought throughout the previous decade. The other central claim concerns the theoretical positions of Maoism itself. Although the Maoists managed to reorient the country towards a radical departure from the status quo—a secular, federal republic that replaced a conservative Hindu monarchy—and gain immense popularity as communists, they were predisposed towards a partially NGO-brokered 'peace process' that would leave much of the Nepali elite in place because of their conviction that a new, more equitable society was impossible at the present stage of historical development.¹⁵⁸ Participation in the peace process has had profound consequences: the Maoists have accepted the main tenets of capitalist development, entrenched themselves into the mainstream of politics in Nepal, and distanced themselves from strategies involving popular struggle. Moreover, the adoption of a parliamentary perspective alone has meant the abandonment of the struggle to transform wider structures in Nepali society and with it, the acceptance of a framework of consensual, neoliberal policies. In the process, it has meant accepting—and even embracing—the involvement of the US and India in Nepal's internal political affairs. NGOs facilitated the Maoists' transition at crucial moments. The impact of the revolutionary upheavals of 2006 in Nepal, and to some

¹⁵⁸ One *Economic Times* article put it bluntly, quoting Narayan Kaji Shrestha, vice chairman of the UCPN and deputy prime minister, as saying that the Maoists had 'come to the conclusion that it was not possible to achieve socialism via the model of new democracy in the current global political context' and that since 'the society has preferred capitalism the party has decided to change its ideological course'. See http://articles.economictimes.indiatimes.com/2013-02-01/news/36684621_1_socialism-nepal-maoists-ucpn-maoist (last accessed on 30 August 2013).

extent the general strike of 2010—the possibilities that were opened up, including the hopes and expectations that were dashed—will be felt for many decades to come.

7.1. The promise of democracy

In her critical analysis of democratic Nepal, Brown concludes that the 1990 movement was an uneasy compromise, without a ‘clear break from the past’ (1996: 211) of the panchayat era. Instead, the power and authority of Nepal’s traditional elites had been reinforced, because inequality was now sanctioned through the ballot box. Brown argues, however, that unlike the panchayat regime, it is the ‘government elected by the people that must bear responsibility for economic stagnation, poverty and inequality’ (1996: 211). Her conclusion is pessimistic: that democratic Nepal differs only superficially from the panchayat era. Of course there is truth in this, but it is also true that the post-1990 democratic political order had brought forth the *possibility* of fundamental change unlike under the panchayat system. Even if the middle classes in the urban centres led the democracy movement, as Brown points out, this does not diminish its significance and its impact on the formation of political consciousness across Nepal. Although Brown was writing a decade before the second people’s movement, clearly the first people’s movement in 1990 was in the minds of those who came out onto the streets in 2006. The second democracy movement was also much broader than the urban middle classes. The fact that much has been said about ‘raised expectations’ amongst the vast majority was an important step forward in the process of social change in Nepal. The situation contained so much potential, and yet at the height of the second peoples’ movement, when the Maoists had cultivated a great deal of support, they took the decision to abandon the People’s War and engage in a peace process facilitated by India, backed by the imperialist powers. Since then, the Maoists have been drawn into consensus-based politics wholesale. They have debated the finer points of what will be a bourgeois constitution; they have signed massive trade deals with India that are at best controversial and at worst deepen Nepal’s economic dependence and exploitation; they have given up the PLA and their urban-based fighting force the YCL, and in the process created a great degree of disillusionment amongst thousands of young cadre; they have continued plans to privatise industry that previous governments had prepared; and, crucially, they have co-resided over a state restructuring process that puts ethnic claims above all else. Whereas once divisions in Nepali society cut across class lines, today the

main debate is about identity and access to resources for specific ethnic groups. Whatever potential the Maoists' project once held, it is impossible to claim now, as they still do, that the Maoists are still on the road to revolution.¹⁵⁹

But the question is how had Nepal ended up moving from what was essentially a class project, where the Maoists' aim was to transform relations of production and bring an end to exploitation—albeit with a focus on ethnic discrimination, which was necessary given Nepal's ethnic diversity and inequality—to a situation where ethnic identity has become the defining feature of Nepali politics? Any process of social change brings forth a battle between opposing social forces. What has remained constant throughout Nepal's political history before and after 1990 was the combination of ideological and physical force exerted by the establishment to suppress change. In his review of Brown's study, Muni (1996) argues that the most critical question was the 'truncated and incomplete nature of democratic revolutions' and continuity with the past, despite having achieved formal democracy.

7.2. NGOs and the Left in Nepal

Despite the growth and influence of the Left in Nepal over the past several decades, NGOs—with a much shorter history—were able to flourish. Imperialism as a force is ever-present in developing countries, either in subtle forms—where NGOs have arguably become the public relations face of imperialism (Davis 2007: 76; Hearn 2007: 1098)—or in overt forms, such as military bases. In the case of Nepal, it was Indian intervention that brokered the peace deal that facilitated the entry of the Maoists into the mainstream. But as described throughout this work, NGOs were key players in the anti-Maoist alliance that was mobilising for peace and reconciliation and for an end to mass-based resistance. The NGOs' presence on the ground, particularly in Maoist base areas, meant that they had a certain legitimacy amongst the Maoist rank and file, whatever the formal positions of the UCPN, and this undermined alternative notions of collective organisation. At a national level, NGOs were also central to framing the peace process in such a way as to have the best chance of drawing the Maoists in, both through raising the issues of the eradication of feudal relations and related inequality, and eliding the concepts of democracy and

¹⁵⁹ See <http://news.oneindia.in/2011/01/15/maoistsnot-abandoning-path-of-revolutionbhattacharya-aid0126.html> (last accessed on 30 August 2013).

peacebuilding. This role shows that in practice, when NGOs take funding from imperialist powers they also tend to pursue the agendas of the imperialist powers, and these often coincide with domestic ruling elites. In this sense, the role of NGOs during this period of social and political conflict bears out the reading of Gramsci that reveals the interrelatedness of civil and political society (Thomas 2009: 182). Civil society appears to be apolitical, but the structures of civil society, precisely by giving the impression of being ‘inevitable’ or ‘organic’ and by draining politics out of everyday life, are inclined to reinforce the dominance of those forces that control, or exercise hegemony over, political society and the state.

Although the purpose of this research has not been to focus on the specific contributions of NGOs, the intention is not to deny or dismiss these contributions at various levels. Rather, it is to highlight the complexity, tensions and contradictions within the NGO sector in Nepal, and to point to the problem of the ideological influences on NGOs, despite, or in addition to, the material nature of donor funding. Heaton Shrestha and Adhikari (2011: 48) point to one particular example of an NGO that they argue defied the norm: in the post-2006 period, this anonymous NGO began hosting discussions around secularism and CA elections, which questioned the political proposals of both the king and the mainstream parties, and suggested that the Maoists’ agenda might be viable for Nepal—‘an unexpectedly bold act for an NGO’. This NGO also refused donor funding for human rights monitoring and operated more like a movement-oriented organisation than a ‘typical NGO’: there were no fixed office hours or programmes, there were a plethora of volunteers who felt they were working for ‘the movement’ and there was only a loose management structure. In what they describe as a process of ‘de-NGOisation’, Heaton Shrestha and Adhikari document the ways in which this particular NGO negotiated its agency, building credibility with the public and volunteers, first by being conscious of the reputation of many Kathmandu-based NGOs and, second, by eschewing donor funding.¹⁶⁰ There are other examples that are less well documented, in which certain aspects of the work of NGOs have had positive impacts: human rights monitoring and documentation during and after the war have been essential in developing a measure of government

¹⁶⁰ It should be noted that this was not a blanket rejection of funding. For some projects, donor funding was accepted, but with the insistence on non-interference in programmes and campaigns (Heaton Shrestha and Adhikari 2011: 51).

accountability; infrastructure projects such as roads and communications have been immensely beneficial for communities in remote rural areas; and select reports of NGOs investigating and analysing material conditions in Nepal have been crucial in developing a greater understanding about how to address particular problems.

Such examples do exist, and from this it is clear that NGOs can and often do play a supporting role—though not a leading role—in wider processes of social change under certain conditions. In an online interview, Arjun Karki, former president of the NGO Federation of Nepal and leading advocate of NGOs, highlights this potential supporting role. The purpose of the NGO Federation—bringing together over 4,500 NGOs in the country—is to act as both partner to government and pressure group against government, when ‘it comes up with anti-poor and anti-people’ programmes.¹⁶¹ Karki acknowledges the tarnished image of Kathmandu-based NGOs but focuses instead on the problem of reconciliation and peacebuilding at the local level, and the general lack of the rule of law that has flourished since the beginning of the People’s War. These are concerns shared by the many donors funding NGO projects. However, given the vastly more constrained facilities and connections to funding in the districts and, crucially, the class background of the NGO workers themselves, the work of NGOs at the local level is often of a different order. One NGO worker in Rukum commented:

*We have heard criticisms about NGOs in Kathmandu. One thing you can see is that NGOs in rural areas are not the same as the ones in Kathmandu. ... We do a lot of volunteer work for the NGO movement here. There is some criticism at the local level too, but there is a huge difference between district level salaries and Kathmandu salaries. ... We need to improve NGOs in terms of transparency but we need NGOs, they are a vital part of society.*¹⁶²

In Humla, there are 111 registered NGOs but only a handful of them are active, according to a representative of the NGO Federation in Humla. This interviewee takes a slightly more critical and more nuanced view of NGOs, recognising their role and

¹⁶¹ See http://www.arjunkarki.org/index.php?option=com_content&view=article&id=84:the-credibility-and-management-of-ngos-in-nepal-dunhams-interview-with-dr-arjun-kumar-karki&catid=3:interviews&Itemid=5 (last accessed on 19 September 2013).

¹⁶² Interview with Jeevan Khadka, Rukum, 17 March 2010.

limitations, but also confirming the role of NGOs in the transition from armed struggle to peace process:

*NGOs have played a big role in Nepal's transition but political parties play the decisive role. NGOs can raise social awareness, and they have been doing this. ... NGOs are teaching about rights and people are conscious about rights. The problem is they haven't been able to provide [adequate material goods]. ... Human rights are fine and good but at the end of the day people need rice. On the other hand there is no dynamism in politics and people have no trust in any of the politicians. ... These are some of the problems we face.*¹⁶³

Another NGO worker in Humla similarly identifies the problem of the lack of accountability but focuses criticism on power politics at national and international levels, drawing a distinction between NGOs and donor agencies and refraining from criticising NGOs directly:

*It's politics that is the problem. For example, there is no analysis about where the local budget is going. There is no needs-based analysis by Kathmandu-based donors. They have no idea, and yet they make the decisions. Since 10-15 years there have been numerous public reports about the Hilsa-Simikot road but the road is still unfinished. ... It is true that there have been important changes. In education, many people have now passed SLC and even a degree. Communications have also improved; you have telephones now and mobile phones, and the road has almost reached. NGOs are working for all these issues. The main problem is political. The Nepal government's policy is to work according to the policy of the donors, not its own.*¹⁶⁴

There is a role for NGOs, both in Nepal and at a global level. But NGOs have been and continue to be influenced by the conservatism of the state. This co-option has involved a complex interplay of material and ideological interventions at various levels and in myriad forms. In Nepal, there was an additional co-option—that of the Left—and it was similarly enabled by the related weaknesses of the theory and practice of the left parties themselves, and in particular the Maoists. NGO engagement at local levels was facilitated by the Maoists' abandonment of local political institutions that could take the gains of the revolution forward: the Maoists had dismantled the people's governments and the people's courts in the rural areas and

¹⁶³ Interview with Kamal Bohara, Humla, 7 April 2010.

¹⁶⁴ Interview with Nanda Bahadur Rokaya, Humla, 5 April 2010.

effectively allowed NGOs, as seen in the base areas of Rolpa and Rukum, to take their place. Once they allowed this to happen, NGOs set about the task of constructing a return to market-based institutions. Even the Nepali Congress and the UML have been surprised at the pace with which the Maoists have embraced not only the moral and financial corruption that has entailed being in government, but neoliberal reforms.¹⁶⁵ Ultimately, it ceased to be the Maoists who were shaping the movement and the method of resistance, but the imperialist powers and the middle classes. The popular aspiration the Maoists expressed for a more humane, democratic, equitable and just society have been contained for the time being by a successful counter-hegemonic struggle and the contradictions in the Maoists' own theory. But the successful struggles they led for political change continue to raise questions about social justice in the present. The challenge of producing a theory and practice of development that genuinely benefits the masses of Nepal remains present at every turn.

¹⁶⁵ Interview with Shyam Shrestha, Kathmandu, 17 January 2010.

Appendix 2: List of interviewees

Kathmandu

1. Aditya Adhikari, journalist
2. Bishnu Pukar Shrestha, Chairperson, Campaign for Human Rights and Social Transformation (CAHURAST)
3. Chaitanya Mishra, Professor, Tribhuvan University
4. Chaitanya Subba, former advisor to NEFIN
5. Chij Kumar Shrestha, Chairperson, Association of International NGOs in Nepal (AIN)
6. David Wood, Consultant, UNDP and former Head of Office, DFID Nepal
7. Deepak Bhattarai, Chairperson, Collective Campaign for Peace (COCAP)
8. Devendra Raj Panday, civil society activist and former minister
9. Dipendra Jha, Chairperson, Democratic Freedom and Human Rights Institute (DFHRI)
10. Ganashyam Bhusal, Central Committee Member, UML
11. Kiyoko Ogura, writer and journalist
12. Krishna Bahadur Mahara, CA member, UCPN (M)
13. Mandira Sharma, Executive Director, Advocacy Forum
14. Netra Timisina, Chairperson, NGO Federation
15. Padma Ratna Tuladhar, former minister and mediator
16. Pampha Bhusal, CA member, UCPN (M)
17. Pradip Nepal, Central Committee Member, UML
18. Ram Kumari Jhankri, student leader, UML
19. Renu Rajbhandari, Chairperson, Women's Rehabilitation Centre (WOREC)
20. Santosh Budda Magar, CA member, UCPN (M)
21. Seira Tamang, Chairperson, Martin Chautari
22. Sharada Jnawali, Conflict Advisor, Asian Development Bank
23. Shyam Shrestha, civil society activist
24. Subodh Pyakurel, Chairperson, Informal Sector Service Centre (INSEC)
25. Swanaam Saathi, Politburo Member, UCPN (M)

Humla

1. Divas Devkota, Project Co-ordinator, Development Project Service Centre (DEPROSC)
2. Kamal Bohara, District Representative, NGO Federation
3. Karna Bahadur Rokaya, Project Co-ordinator, Nepal Institute of Development Studies (NIDS)
4. Karnajit Bhudathoki "Sushil", CA member, UCPN (M)
5. Nanda Bahadur Rokaya, District Co-ordinator, Karnali Integrated and Rural Development Research Centre (KIRDARC)
6. Ramesh Aidi, District Representative, Informal Sector Service Centre (INSEC)
7. Sher Bahadur Magar, Project Co-ordinator, Rural Integrated Development Service (RIDS)

Ilam

1. Bhesh Raj Acharya, civil society activist and Nepali Congress member
2. Jasa Bahadur Lungeli, Campus Chief, Mahendra Ratna Multiple Campus
3. Kiran Sunwar, District Chairperson, NEFIN

4. Mohan Lal Balmiki, Dalit rights activist
5. Mohan Singh Thebe, Chairperson, Human Rights Forum
6. Rudra Baral, Programme Co-ordinator, Sahara Nepal
7. “Raman”, Eastern Region In-charge, UCPN (M)

Jhapa

1. Dharma Gautam, journalist
2. Keshab Bhattarai, journalist
3. Mahendra Giri, Programme Co-ordinator, Sahara Nepal
4. Pankaj Bhurtel, Project Co-ordinator, Development Project Service Centre (DEPROSC)
5. Prakash Pariyar, District Representative, Collective Campaign for Peace (COCAP)
6. Ram Prasad Dhungana, Chairperson, Nepal Community Development Centre (NCDC)
7. Rudra Sitaula, President, NGO Federation

Mugu

1. Amit Baral, District Co-ordinator, Rural Community Development Centre (RCDC)
2. Deepak Raut, Project Co-ordinator, Human Rights and Environmental Development Centre (HRENDIC)
3. Gagan Bahadur Shahi, District Representative, NGO Federation
4. Lagna Singh Sejuwal, Project Co-ordinator, Chhaya Chetra Community Development Centre (CCDC)
5. Mangal Shahi “Pratik”, District In-charge, UCPN (M)
6. Prakash Bahadur Thapa, District Co-ordinator, Karnali Integrated and Rural Development Research Centre (KIRDARC)
7. Santosh Kumar Malla, District Chairperson, Campaign for Human Rights and Social Transformation (CAHURAST)

Rolpa

1. Ganashyam Acharya, Chairperson, Human Rights Awareness Centre (HURAC)
2. Jit Bikram Malla, civil society activist and Nepali Congress member
3. Juna Buddha, General Secretary, Rural Development and Social Awareness Society (RUDAS)
4. Maitrai Sharma, Project Officer, Development Project Service Centre (DEPROSC)
5. Man Bahadur Budha Magar “Bikalpa”, District In-charge, UCPN (M)
6. Prakash Kumar Giri, District Co-ordinator, Community Development and Research Centre (CDRC)
7. Saraswati Acharya, President and Meena Gharti, Secretary, Himalayan Grassroots Women’s Natural Resource Management Association, Nepal (HIMAWANTI)
8. Shobha Ram Dangi, District Representative, NGO Federation

Rukum

1. Jeevan Khadka, District Representative, Informal Sector Service Centre (INSEC)

2. Krishna Gautam, journalist
3. “Mahesh”, Sub In-Charge, UCPN (M)
4. Nara Bahadur Nepali, Chairperson, Rukumeli Bikas Samaj Kendra
5. Pramesh Shrestha, District Co-ordinator, Child Workers in Nepal (CWIN)
6. Prem Oli, Training Officer, Human Rights Protection Legal Service Centre (HRPLSC)
7. Purna Bishwakarma, Chairperson, Oppressed Community Development Centre (OCDC)

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