

# **THE PATTERN OF DEVELOPMENT IN NEPAL: A NEW CONCEPTUAL FRAMEWORK AND A HISTORICAL ANALYSIS**

**Sudhindra Sharma**

The Pattern of development exhibited by Nepal can be explained in terms of the interactions between four variables: world system conditions, state, class and cultural values. The role of each of these variables has changed in different periods of Nepalese history. During its formative years, the expanding Gorkha state and cultural values in the form of Hindu religious ideology had been the major forces shaping Nepalese society. During subsequent periods, world system conditions in other words, global and regional capitalist conditions and the new classes they gave rise to, have played a more active role in affecting the pattern of development and social change in Nepal. With a greater integration of the Nepalese state into the world system, the role of the state and the hold of dominant cultural values on the Nepalese society have weakened.

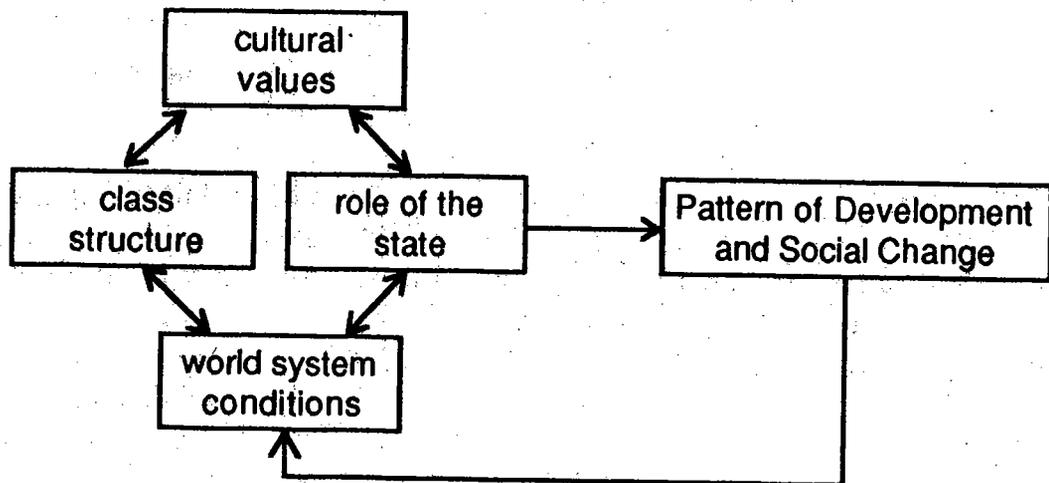
This paper first attempts to provide a conceptual framework for understanding the development process in Nepal. Second, it undertakes a historical analysis of the development process in Nepal based on this framework. It also delves on the causes and consequences of the 1990 crisis.

## **The Conceptual Framework**

The conceptual framework proposed here incorporates the major ideas of Marxist, Weberian and modernization schools. It borrows the concept of world system conditions and ideas of class conflict and alliances and their role in societal transformation from the Marxist school. From the Weberian tradition it draws ideas on the role of the state and its effect on society. The idea of cultural values and their role in societal formation is derived from the Weberian and modernization schools.

Synthesis along these lines have been undertaken before by Hagen Koo (1986) in explaining the development process in South Korea, Taiwan and other newly industrialized countries (NICs). Lacking in Koo's framework, is recognition of the role of cultural values and how these relate to the state and

class alliances. A more inclusive conceptual framework is elaborated in Figure 1.



*Fig. 1: The Interrelationship of Variables in the Political Economic Processes of Nepalese Development.*

This framework does not assume cultural values, the state, class and world system to be mutually exclusive and independent, but acknowledges their interaction and interdependence. It is furthermore grounded in historical analysis.

### **World System Conditions**

A key concept in this framework is world system conditions. The importance of this concept has been highlighted by two often complementary traditions in development studies, dependency and world system perspectives associated, respectively, with Andre Gunde Frank and Immanuel Wallerstien.

The basic tenet of dependency theory is that development or underdevelopment processes in third world countries can only be understood in the context of development processes in advanced capitalist countries. Development and underdevelopment are partial and dependant structures of one global system. The relationship between the developed first world and the underdeveloped third world is one of dependency, commonly defined as the "conditioning situation in which economies of one group of countries are conditioned by the development and expansion of others" (Dos Santos, cited in Koo 1984:35). The penetration of capital from the industrialized countries, the "core" to the less industrialized countries, the "periphery" powerfully affects the economy, class structure and ultimately the entire social structure of the peripheral society.

The world system theory is formulated at a higher Level of abstraction than dependency, its sister concept. It stresses the independent significance of the world capitalist system and its impact on socioeconomic processes in all nations: core, semi-periphery or periphery (Wallerstein cited in Koo 1986). Here the primary concern is not with the unilateral relations of a periphery nation with a core nation as in dependency, but with the multinational structures of capitalist relations, world-wide division of labour, the movement of advanced capital and the cycles of global capitalism. (Koo 1984: 36). This perspective holds that the cycle of world capitalism defines the mobility chances of a periphery nation becoming a semi-periphery or a semi-periphery ascending to core status.

The chief merit of dependency and world system theories is their stress in the role of external economic conditions in inhibiting and even retarding third world development. The meaning of this for analysis of the development process in Nepal is that understanding of the changes in the state apparatus, caste/class structure and even cultural values must take into account the penetration of capitalism in South Asia and its subsequent consolidation after the emergence of Independent India. The effect of a resilient national bourgeoisie in India, intent of expanding and strengthening its position in the peripheral areas, needs consideration. It also means looking into the balance of payments between Nepal and India as well as the revenue source of Nepal's successive five year plans and the conditions imposed by these.

### **Class Structure**

Another key element in this framework is class structure. Classic writers on this subject are Karl Marx and Max Weber. Those following Marx define an individual's class position in terms of his or her role in the production process, while those following Weber see class in terms of their market situations.

On the question what constitutes a class, Marx writes, "The owners of mere labour power, the owners of capital and the land owners whose respective sources of income are wage, profit and rent - thus wage laborers, capitalists and land owners - constitute the three great classes of modern society based on a capitalist mode of production ..... (quoted in Dahrendorf 1965:9). Thus for Marx, private ownership or non-ownership is the primary criteria for defining class.

Weber conceptualizes class primarily in terms of market situation. According to Weber, "the term class refers to any group of people that is found in the same class situation" (quoted in Giddens 1982). The class situation for Weber includes the typical chance for the supply of goods, external living conditions and personal life experiences in so far as this

chance is determined by the amount and kind of power, or lack of such, to dispose of goods or skills for the sake of income in a given economic order (Anthony Giddens, 1982).

The dependency and world system theorists conceive classes primarily in terms of relations of exchange rather than relations of production and therefore are closer to the Weberian tradition than the marxian. Following Weber, they conceive market situations to broadly include the labour market, the consumer market and the credit market (Koo 1986: 40). This approach tends to regard the internal class structure of the peripheral country as derivative of the world system. In doing so, it de-emphasizes the importance of class interests and political struggles of social classes in a peripheral society.

Within the Marxian tradition, the structural approach of Nicos Poulantzas (1973, 1982) represents an advance in the conceptualization of class. He defines class in terms of three dimensions: economic, ideological and political. Poulantzas concedes the possibility of different factions of the dominant class controlling various apparatus of the state. He acknowledges the possibility of conflict and competition among these factions but gives ultimate primacy to class struggle.

In the work of Cardoso and Falleto (1979) Poulantzas's class structural approach is integrated with the dependency and world system theory. In their classic work *Dependency and Development in Latin America*, Cardoso and Falleto show how different countries in Latin America with different types of alliances, ranging from a bourgeoisie oligarchy in Chile to a broad based democratic alliance for power in Uruguay, succeeded or failed depending upon both external economic links and internal class alliances and conflicts. (Orthodox Marxists contend that their units of analysis are not really "classes", but social groups with certain structural relationships.)

This approach to class analysis requires relating the domination of a certain class or alliance of classes over the state apparatus to both regional economic conditions and internal historical conditions. It would involve indentifying the coincidences of interest between local dominant classes and international ones and examining how this nexus is challenged by local dominated groups and classes.

### **Role of the State**

The third variable in the framework has to do with the state. Recent studies by Marxists, Neo-Marxists and Non-Marxists alike have tended to view the state as an important actor in its own right.

Marxist scholars studying states in Western Europe acknowledge the "relative autonomy" of the capitalist state. Instead of claiming that a

capitalist class directly controls the state apparatus ("state in the executive committee of the bourgeoisie"), modern Marxist scholars agree that the capitalist state is free from active control by members of the capitalist class. What it does instead is "to protect and sanction a set of rules and relationships which are presupposed by class rule of capitalist state" (Offe and Ronge in Giddens 1982).

Non-Marxist scholars assign more autonomy to the capitalist state. Skocpol, Evans and Rueschemayer, for instance, argue that "state conceived as organizations claiming control over territories and people, may formulate and pursue goals that are not simply reflections of the demands or interests of social groups, classes or society" (Skocpol 1985:25). It is not completely dominated by class interests nor is it above class interest. It is instead, as Skocpol puts it "Janus faced, with an intristically dual anchorage in class divided socioeconomic structures and an international system of states" (Skocpol cited in Held 1983:68). Skocpol's emphasis on the state, is in tune with those scholars, who in studying states in Latin America, Africa and Asia, have noted the relative autonomy of the peripheral state.

The relative autonomy of the third world state has been attributed to several structural conditions. First, the peripheral economies typically contain more than one mode of production: capitalist, pre-capitalist and transitional ones. Since the mode of production is indeterminate and no one class holds the balance of power, it becomes easier for the state to assume greater responsibility (Gold, Hamilton, Trimberger, etc. in Koo 1984). Second, third world countries with colonial histories have inherited a strong state bureaucracy which controls and regulates the indigenous social classes (Alavi 1974). Third, the state in peripheral nations, because of the insufficiently developed local capital, assumes the central role for solving bottleneck problems, developing the infrastructure and bargaining with multinational corporations (Petras in Koo 1984).

By acknowledging the relative autonomy of the state, we can understand the options available to the Nepalese state at various stages in history; options which were nevertheless constrained by regional and global economic conditions, internal class alliance and conflict, and the cultural values that the state had come to sponsor over time.

### **Cultural Values**

The school of social thought which assigns importance to cultural values in leading to social change (i.e., the modernization school) is beginning a resurgence after being eclipsed for over two decades (So 1990:60). This new modernization school, however, differs from the classical one in several important respects. It (1) treats tradition and modernity as inclusive rather

than exclusive concepts, (2) focuses on concrete cases, (3) does not assume a unidirectional path of development towards the Western model, and (4) gives more emphasis to external constraints than before. Its similarity with classical modernization schools lies in its focus on the role of internal factors - cultural values and social institutions - in societal transformation.

The term "cultural values" as used here it refers mainly to religious ideology. Since world-view, primarily derives out of the religious domain at least in traditional societies, this variable has been assigned importance here. However, this is not to imply that religious ideology has a unidirectional effect on social and economic behavior. Religious ideology is also influenced by other factors such as class conditions and the existence or absence of state sponsorship. This conceptualization of cultural values is closer to the spirit of Weber's work than the simplistic notion that it unidirectionally affect social and economic behavior.

What this variable entails for our analysis is that the policies of the Nepalese state during its formative and subsequent periods has to be understood in the light the roles of a Hindu state. To further examine how cultural values have interacted with the role of the state and class conditions in affecting the pattern of development in Nepal, issues such as the symbiotic relationship between Hindu religion and the Nepalese state, the effect of Hindu ideology on caste and class formation, the nexus between the ruling class and the variant of Hinduism that receives state patronage etc., need to be addressed.

### **Historical Analysis**

For the purpose of the present analysis, Nepal's history has been categorized into different epochs corresponding roughly to dominant types of political economy. These epochs are:

- (1) The tributary state (1700- 1884)
- (2) The semi-colony (1885- 1949)
- (3) The periphery (1950- 1989)
- (4) The present (1990 onwards)

See Table 1 for a summary and assessment of the pattern of development in different periods of Nepalese history based on the four variables discussed earlier, in other words, world system condition, state, class and cultural values.

#### **The Tributary State (1700 - 1884)**

This era corresponds to the period immediately preceding the creation of modern Nepal and the one following it. This period can also be regarded as

pre-peripheral Nepal or pre-contact period with capitalist powers (Mishra 1987).

Even before this period, from the thirteenth century onwards, the political economy of Nepal was undergoing many changes due to the migration of high caste Hindus from northern India. Specifically, it led to the gradual replacement of the communal-kin centered mode of production by the tributary mode. This was accomplished by the high caste migrant's knowledge of plough agriculture and advanced military technology (Blakie et al 1980:25).

In the cultural sphere, the migrants brought from India a nascent Saivist Hinduism, that variant of Hinduism which was prevalent in northern India before the Muslim conquest (Rose 1974:34). For these migrant Hindus, Shankaracharya was probably the last Hindu reformer. Their rituals were Saivist with a great deal of Tantric practices - their patrons being the nath yogis of the Kanphatta order.

The religious ideology of these migrants for a lack of better term, might be called "defensive Hinduism". This term is preferred over "Brahminism" (understood to mean cultural values peculiar to high caste Hinduism as Bista uses the term) because of the latter's association with the Brahmin caste. "Brahminism" is a misnomer because it was the ruling nobility as well as the brahmins who actively sought to enforce this creed.

The religious ideology of the migrants is called "defensive Hinduism" because their entry into the Nepalese hills from the Indian plains was motivated by the defence of their faith, viz. Hinduism, against the growing tide of Islam. Ironically, although these migrants had originally entered the hills with the intention of safeguarding their faith, with the consolidation of their rule, the policy of Hinduizing the local communities was aggressively pursued.

The Muslim invasion of northern India adversely affected Kshetriya kingship and secular Brahminhood (i.e., the function of Brahmins as advisers to the King and as judiciary in contrast to the purely priestly functions), representing probably, the most organized aspects of Hinduism (Weber 1958: 306-320). What the high caste migrants tried to achieve in the Nepalese hills was to forge a symbiotic relationship between monarchy as the form of government and Sanatana Hinduism as the religion - a relationship that had been severed in northern India. Over the centuries, with the dissolution of the Mahayana Buddhist Empire of the mallas in far Western Nepal and in the formation of twenty-two and twenty-four principalities, progress was achieved in this direction through the alliance of kshetriya kingship and secular brahminhood. With king Prithvi Narayan Shah's unification of the

country, the ideal Hindu Kingdom was established. Nepal was conceived by its founder to be the only pure Hindu Kingdom in all of Hindustan.

In the early phases of unification, the expanding Nepalese state came into contact with British mercantalism. However, mercantalism could not make much headway because the young state effectively protected itself by banning the import of foreign goods and encouraging local artisan and craft products.

Since the emergence of modern Nepal was primarily a result of military campaign, the state was, so to speak, dominant from its very inception. Moreover, since the early Nepalese state was a military state, the military personnel constituted the most important segment of the state apparatus. The military personnel were assigned land -grants (Jagir) by the Nepalese state. Unlike the feudals in Europe who constituted a class by themselves, the Jagir owners in Nepal could never become a class apart from the state because their entitlement to land was decided by the central authority. The control of the state apparatus, or more specifically, control over the military machinery was of crucial importance in ensuring the continuation of their privileged.

The unification campaign had been initiated under the leadership of the Shah Monarchs. Nevertheless, different military families, as commanders of the Gorkha army had been instrumental in expanding the frontiers of the Nepalese state. Towards the end of the campaign, the King's power waned and state reign went effectively into the hands of those military families. During this same period the young state's expansion was checked by the East India Company. The competition for the control of the state in Nepal led to bloody struggles between the different military families. From the middle of the nineteenth century onwards state machinery went effectively into the hands of the Rana family. The power of this family was consolidated through the institution of hereditary Prime Ministership (Stiller 1989: 101-120)

Control of the state apparatus and Hindu religious ideology influenced subsequent class formation along caste lines. The royal family by virtue of control of state apparatus constituted the nobility while "high caste" Brahmins, Thakuries and Chhettris constituted the rest of the elite. This does not mean that all Brahmins, Thakuries and Chhettris were automatically recruited into the elite due to their high caste rank. Rather, those Brahmins who by virtue of being priests to the Gorkha ruler, Chhettris serving as commanders in the expanding Gorkha army and Thakuri petty rulers who co-opted with the Gorkha regime constituted the elite. Whereas, the bulk of indigenous Tibeto-Burman ethnic communities like the Gurungs and the Magars who served as soldiers in the Gorkha army were not recruited into the elite due to their lower caste rank and remained subject classes. The majority of Newars were also treated as subject classes. The subject class also included the Indo-Aryan artisan castes such as the blacksmiths, tailors and cobblers.

During the end of this period, in 1854, a legal code was introduced which reinforced the symbiotic relationship between Hindu religion and the Nepalese state by formally institutionalizing caste into state polity. The code placed all groups existing in the country into five broad categories arranged in a vertical order. This social universe was paraphrased as *charvarna chattisjat* i.e. four varnas and thirty-six castes (Sharma 1989:163).

The category at the top consisted of *tagadharies* i.e. the sacred thread wearing castes headed by the Brahmins, and followed by the Thakuri, Chhetri, ascetics and various Newar castes. The next social category were the *matwalis* or alcohol consuming castes. They had two subcategories: one consisted of the unenslaveable group e.g. Magar, Gurung, Sunwar and other Newar castes. The other was the enslaveable group e.g. Bhote, chepang, Tharu etc. which was deemed lower than the former. Below these came the impure castes. This had also two separate categories: impure but touchable castes like butchers, Washermen, Musicians, Muslims and Europeans, and the impure and untouchable castes like blacksmiths, cobblers, tailors and sweepers. If the first three were pure castes in the sense that water could be acceptable from them, the last two were impure castes or from whom water could not be acceptable (Hoffer 1979:43-46; Sharma 1989).

The promulgation of this code legitimized the dominance of Indo-Aryan high castes over other sections of society because it was after all, "a system conceived by and for the protection of their own interests" (Andras Hoffer 1979:40). Not surprisingly, social stratification and class formation during subsequent periods in Nepalese history tended to follow caste lines. One effect of the code was that the non-Hindu groups came to deal with the state as the state defined them - in the guise of castes. Another effect was acculturation and Sanskritization (LeVine 1987:72). Ironically, the religious ideology that the ruling class in Nepal sponsored, not only insulated them from foreign Muslim and later Christian influences but also distanced them from reformist Hinduism. Not only were Christian missionaries forbidden from entering into the country, reformist Hindus were also prohibited from propagating their faith. The price had to be paid during later periods.

### **Semi Colony (1885 - 1949)**

The inception of this period marks the decline of the Chinese Empire to the north which for Nepal meant that the balance of power policy could no longer be effectively pursued. Thus this period marks Nepal's integration into the sphere of British capitalism while managing to retain the periphernalia of a sovereign state. The alliance of the ruling class in Nepal with British Imperialism in India meant that the rulers had a measure of internal autonomy while the control of trade and foreign policy rested firmly in

British hands.

From this time on, resistance offered by the state on the recruitment of the "Gurkhas" by British Imperialism was withdrawn. The British were allowed to openly recruit the "Gurkhas" who were invaluable as mercenaries for the protection and expansion of British capital interests in India. The "Gurkhas" who comprise of the indigeneous Tibeto-Burman subject class such as the Magar, Gurung, Rai, Limbu and Tamang communities were experiencing growing poverty because of the fast-paced disintegration of their communal-kin centered mode of production and enlisted in the British army in growing numbers. For providing access to the Gurkhas, the British started making an annual present of one million rupees for the Rana Prim Minister from 1919 onwards. The amount was doubled following the second world war (Mishra 1987:121).

Meanwhile changes were taking place in other areas as well. A feudal mode of production was emerging in the Terai (Blakie et al. 1980:31-40). These extensive tracts of forest and fertile agricultural land had come under the state during its expansionist phase. The state made land grants in the form of rent free tenure to members of the ruling families, military officials, priests and ex-petty rulers for the purpose of opening up virgin lands, clearing timber and from 1920 s onward, promoting irrigation.

During this period, since the railway line in northern India was expanding rapidly, it became increasingly profitable for the Nepalese state to exploit the forest and trade these and the agricultural products with British India. The trade figures during the late nineteenth century had exceeded twelve million Rupees (Mishra 1987:119). The value of exports during this period was four to five times the value of imports. The export consisted of timber, rice and cash crops. The revenue earned from exports enabled the ruling class, the small but growing feudal-dependant class and the households earning remittances from the British Indian army to import cotton cloth, yarn, metal ware, glass ware and other finished products including luxurious items from England.

To cater to the needs of these people a new group of people, that of merchants, slowly began to grow. These merchants came from two different backgrounds. The first were the indigenous Kathmandu based Newar merchants who had earlier been trading with Tibet. The other was the Marwari merchants who entered Nepal from India. These nucleus merchant families could be regarded as the precursors of the modern mercantile bourgeoisie class in Nepal.

The state under the Rana regime consisted simply of two organs: the administration and the military. The main function of the administration was the collection of revenues and the maintenance of law and order, the latter in

order to facilitate the former (Blakie et al. 1980:32).

During this period due to the specific policies followed by the Ranas, a landowning class emerged. At the apex of this class were the aristocratic Rana and Shah families. At the base of this class were high caste Brahmin, Chhettri and Newar families who were in the military and in the administration, the *bhai bhardar*. This class, however, cannot be regarded as an independent class since it arose primarily as a result of the state granting them 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, that 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.

In 1923 a treaty was signed between Nepal and British India which granted a formal independence to Nepal. It is this treaty which characterizes Nepal as a semi-colony (Blakie et al. 1980:28). The incorporation of Nepal as a semi-colonial state involved many of the disadvantages of colonialism with none of its advantages. The native household craft and artisan industries were destroyed but no new factories with modern technologies were established. At a time when the British established a transport and industrial infrastructure in India, the Nepalese ruling class did not allow railway lines inside Nepal. While in India a new bourgeoisie class could grow up, in Nepal this class was singularly lacking.

During a short time, during the mid-1930s, there appeared a possibility of inward looking indigenous national development through the institution of Industrial Development Board (Udyog Parishad). This did not materialize because of unrestricted import of British goods to Nepal and the reluctance of the ruling class of support it whole heartedly since it could ultimately undermine their own autocratic rule.

In the ideological sphere, the state continued its patronage of "defensive Hinduism". At a time when Hinduism in India was undergoing a reformation through organizations such as the Arya Samaj, Brahmo Samaj, Ramkrishna Mission, etc. These denominations were discouraged from propagating their messages in Nepal. While in India these reformist organizations reinterpreted Hindu scriptures to advance social justice and make room for modernity, the state sponsorship of obscuritan Hinduism in Nepal precluded this possibility. The result has been that Hinduism in Nepal has remained a bulwark against attempts at greater social justice and economic progress.

Towards the middle of the twentieth century, the Rana regime came to an end abruptly. The threat to the Ranas came from two sources, one external,

the other internal. Externally, it came from the withdrawal of the British from India. Internally, it came from the insurrectionary activities of the Nepali Congress who were supported by certain disaffected elements of the Rana family. The legitimacy of Rana rule in Nepal swiftly eroded when King Tribhuvan identified himself with those opposed to the Rana rule.

### **The Periphery (1950 - 1989)**

The beginning of this period marks a formal break with the Rana regime and the reinstatement of the Shah King. It marks a period of Nepal's first experiments with multiparty democracy, later to be outlawed by the King. This period also marks the introduction of Panchayat rule with the Monarch assuming absolute powers.

From 1950 onwards Nepal has seen, in economic terms at least, as a "peripheral" area with respect to the Indian "centre"; key features in this relationship being the "exchange" (it is really surplus appropriation) of labour and primary products for wages and finished manufactured goods (Seddon et al. 1979:35).

From this period onwards, although Nepal's trade with India grew rapidly, the terms of trade increasingly became unfavorable for Nepal. By 1980, the volume of interstate commodity trade had reached Rs (NC) 6429 million. Export continued to consist of primary goods and non fuel raw materials while imports consisted of manufactured goods, fuel, chemicals and food items- the value of exports being only three fourth of the total imports. The Nepalese state tried to redress the trade deficit through income from tourism, remittances from India and elsewhere and interstate grants and loan (Mishra 1987:126).

A land reform program was implemented by the regime in 1964. A survey conducted for the evaluation of the land reform program reveals that 63.1 percent of households possessing holdings of less than 1 hectare, accounted for only 10.6 percent of the total land area, whereas, 10.4 percent of households, having their holding in excess of 5 hectares, accounted for as 60.5 percent of the total area (Shrestha 1990:53). Thus inspite of the land reform, agriculture in Nepal continued to be marked by concentration of land holding, absentee landlordism, insecurity of tenure, exhorbitant rent and primitive farming practises.

In terms of government sources of revenue for development, there was a minimal taxation of land. The total revenue from the agricultural sector did not exceed one percent of GDP (Shrestha 1990:54). The fact that the landed aristocracy also controlled the state apparatus explains why no serious and adequate attempt had been made to bring about any structural change in the taxation system.

The regime sought to make up for the inadequate mobilization of internal resources through external grants and loans. The percentage of external resources for financing development grew so rapidly that it accounted for 70.6 percent of the total development expenditures in the seventh plan 1986-1990. However, in terms of economic performance, the regime could achieve only 2.7 percent growth in GDP per year during the period between 1965 and 1985 (Shrestha 1990:9)

The Panchayat decades (1960-90) also saw the intervention of the state in the industrial, commercial and agricultural sectors. But in spite of state intervention in the economy, it failed to implement policies to ameliorate the conditions of the vast majority of the population. In spite of anti-poverty state sponsored programmes such as Integrated Rural Development, Small Farmers Development programme, Minimum Basic Needs, etc. the peasantry was getting poorer. Nepal during the seventies was reported to be among the twentyfive poorest countries in the world (Seddon 1987). By the eighties, it had probably slipped to the poorest five category.

The Panchayat regime was characterized by a weak legislature and a strong bureaucracy. Remaining under the close supervision of the Palace Secretariat, the bureaucracy was the instrument for implementing the decisions of the Palace. Through rapid expansion of the bureaucracy, the regime was also able to control the level of political opposition by absorbing potentially dissident young intellectuals into the system. Between 1960 and 1980 alone, the number of civil servants rose from 3,000 to 70,000 (Gupta in Baral 1990:130).

The class structures during this period was characterized by a small hereditary aristocracy at the apex followed by a feudal-dependent class, a small but growing professional middle class, mercantile bourgeoisie, petty bourgeoisie and urban proletariat in the middle and vast peasantry at the base.

A new class to emerge during this period has been the professional middle class. This may be attributed to the rapid expansion of the bureaucracy and investment on education and infrastructure made possible through the influx of foreign aid, grants and loans from 1950s onwards. This class consists of lawyers, doctors engineers, journalists, university and college teachers and those in the bureaucracy and government owned corporations. Unlike other classes, this class is more diverse in terms of ethnicity and class. This class, however, is not entirely free from state control since members of this class have to rely on the state for their salary.

The state apparatus during this period was effectively in the hands of the hereditary aristocracy. Since it ultimately controlled both the administrative and military organs of the government, this class did not allow any other self-reliant class outside of the state, to emerge. Even the mercantile

bourgeoisie needed privileged access to this class to obtain licenses and dealership.

This class also tried to reinforce its position in society ideologically, by using religion. It invigorated the version of Hinduism historically aligned with the state (earlier labelled "defensive Hinduism") through the efforts of Sanatana Dharma Seva Samiti. Although officially, the job of the Samiti was to redefine and expand Hinduism in actual practise, it propagated a highly Sanskritized Sanatana Hinduism and limited itself to undertaking ritual sacrifices (Joshi and Sharma 1989:52). The 80s witnessed a growing coverage of the Samiti's various activities in the government sponsored national TV, radio and newspapers. Ironically, through its activities, the Sanatana Dharma Seva Samiti further alienated the less Sanskritized Tibeto-Burman communities and the unorthodox professional middle class (Joshi and sharma 1989:53).

Since the time when the King assumed absolute powers, a movement had been underway - sometimes active, at other times dormant - to restore the parliamentary form of democracy and limit the absolute powers of the monarch. During the early months of 1990, this movement snowballed into a mass popular uprising ultimately forcing the King to dissolve the panchayat system and lift the ban on political parties. The two main forces that had led the "revolution" (Whether or not it was a revolution is still subject to controversy) - the Nepali Congress and the Communist parties - then formed an interim government, which among others, drafted a new constitution delimiting the powers of the monarch and enshrining parliamentary democracy. A general election organized by this interim government led to the Nepali Congress securing majority of seats in the parliament and consequently forming a new government.

### **The 1990 Crisis and After**

In retrospect, the crisis of 1990 and the breakdown of the old order, can be explained more satisfactorily if we take into account the interactions of the four variables mentioned earlier, in other words, world system conditions, the state, class and values.

**World System Conditions:** The change in Nepal took place at a time when the world capitalist system was undergoing of fundamental change with socialist countries in Eastern Europe emerging as democracies and reintegrating with the world capitalist system. At the regional level, it marked the growing strength of capitalist India as a regional and economic and military power to impose herself on her less developed neighbors. In the case of Nepal this involved a year long trade and transit embargo which the

Nepalese state, being a land locked country, was increasingly unable to cope up with.

**The State:** The state under the influence of the hereditary aristocracy, was increasingly unable to halt the trend towards a growing immiserization of the mass of people. The trade and transit embargo by India seriously undermined its capacity to deliver the goods, which in turn, led to its breakdown. Thus the revolution in Nepal was not the result of commercialization of agriculture and the subsequent revolt of the peasantry, which many theorists assume to be the cause of revolutions in the third world. It was primarily the result in the breakdown in the state apparatus which was caused by political tensions between India and Nepal. The events in Nepal fit in well instead with the theory put forward by Skocpol which accounts for political changes in third world countries in terms of the breakdown in the state apparatus, which in turn, results from interstate rivalry in the world market economy (Skocpol 1989).

**Class:** The Panchayat System during 30 years of its rule paradoxically enough, spawned a new class that led to its own termination. The regime through foreign money and opportunities that poured in, expanded the administrative service and educational and development programs - creating in the process, an economically mobile middle class. This class, by putting its strength behind the Nepali Congress - Communist Parties united front, and aligning with petty bourgeoisie, urban proletariat and certain disaffected elements of the mercantile bourgeoisie, was ultimately successful in wresting power from the hereditary aristocracy.

**Values:** In the values sphere, it marked the growing strength of secular forces vis-a-vis religious traditionalism in Nepal. Both the Nepali Congress and Communist Parties, inspite of differences in political ideology, are secular in the sense that they do not draw inspiration from religious sources or mingle politics with religion. The victory of these ideologies and the weakened hold of the Hindu Monarch, indicate the decline in religious traditionalism in Nepal. This is in stark contrast to events overtaking India which witnessed the growing clout of Bharatiya Janata Party, a party which advocates a Hindu polity. Similarly, unlike uprisings against the Communist regimes in Eastern Europe which derived inspiration from religious sources, the domestications in Nepal had a distinctly areligious character.

From the above discussion it can be inferred that the change of 1990 was primarily a change in the form of regime instead of a change in the form of state. The state in the post 1990 era has emerged less as a result of class

confrontation and struggles than a changing realignment of classes, wherein certain classes have so to speak, walked out to support the enemy.

The post 1990 Nepal still retains Hinduism as the official religion inspite of a stiff resistance by a large segment of the population. Although the state's sponsorship to archaic variant of Hinduism i.e "defensive Hinduism" has been suspended, the present constitution still remains ambiguous about religious freedom. Since the state no longer gives patronage to "defensive Hinduism" while it retains the symbiotic relationship between Hinduism as the official religion and Kingship as the official polity, the character of this "Hindu State" reveals in part a breach with tradition and in part a continuation of it.

Since monarchy has been considerably weakened, if not transformed into a figurehead in the new constitution, so could one guess the same fate for religion : a symbol with no significant consequences for the polity. The reason it has been difficult to disentangle the relationship between Monarchy and Hinduism in Nepal is due to the fact that these two forces, in the form of kshetriya Kingship and secular Brahminhood have been closely aligned from the 13th century onwards. Given such historical precedents, it is unlikely that Monarchy will be retained and Hinduism will not, or that Hinduism will be retained and Monarchy will not. Probably both constitutional monarchy and Hinduism as the official religion will be retained during the 90s, but with reduced roles for both in the affairs of the state.

The Nepalese state during the 90s has weakend considerably. It is no longer the main employment generating agency that it was during the panchayat years. Having no longer the ability to generate its own revenue, and having to be more dependent on donor agencies, it has no recourse but to ask the private sector to undertake many of its functions. Its trade policy has also witnessed a growing liberalized labour-intensive export-oreinted industrialization specializing in carpets and textiles.

Although the hereditary aristocracy's monopoly on the state apparatus has ended, no single class dominates the state. With the weakening of the state and the growing clout of the private sector, new equations of class alliance could emerge. Traditional elites such as the Brahmins, Chhettris and Newars have been less enterprizing than the groups that have hitherto remained marginal to the mainstream Nepalese society such as Marwaris, Tibetans, Thakalis, Manangis, etc. Once privatization gains momentum, these economically powerful but socially marginalized communities could begin gaining influence in the state apparatus as well.

The liberal trade policies that the Nepalese state had adopted, in order to lead to a sustained development, depends on the global and regional capitalist conditions. Particularly, it could benefit from an upward cycle of global

capitalism i.e. a boom in the core capitalist countries and/or India.

Events during the 1990s are, however, quite different from the 60s and 70s when certain East Asian countries i.e., the NICs were able to take advantage the liberalized trade policies in United States and Europe and move up from the periphery to the semi-periphery status. The current decade, however, is marked by (1) a recession in Western Europe and the United States, (2) the existence of protective trade blocks (e.g. the European Economic Community and the North American trade block), (3) the emergence of capital hungry ex-Soviet Union republics, and (4) a more "liberal" (in an economic sense) India. Given these conditions, it is improbable that Nepal can escape from its underdevelopment in the immediate future though possibilities of "dependent development" in the long run cannot be discounted.

**Table 1**  
**World System Conditions, States, Class and Value Configurations in**  
**Different Periods of Nepalese History**

	World system Conditions	state	class	values
Tributary	- Penetration of capi-in - Indiarresistance against British mercantilism by the young Nepalese state	- expansion of the Gorkha kingdom - political balance maintained between imperial China and East India	- state machinery controlled by the shah monarch - later by different military families who became hereditary aristocracy	- "defensive Hinduism" as a religious ideology consolidated

Semi-Colony	<ul style="list-style-type: none"> <li>- consolidation of Capitalism in India</li> <li>- no more resistance against British mercantilism</li> </ul>	<ul style="list-style-type: none"> <li>- Weakening of imperial china alliance between Rana aristocracy and British imperialism</li> </ul>	<ul style="list-style-type: none"> <li>- state in the hands of hereditary aristocracy headed by the Ranas</li> <li>- emergence of a fuedal-dependent class</li> </ul>	<ul style="list-style-type: none"> <li>- ideological homogeneity among the upper caste/class</li> </ul>
Periphery	<ul style="list-style-type: none"> <li>- growth of the India national bourgeoisie</li> <li>- rivalry between the capitalist and the communist blocs</li> </ul>	<ul style="list-style-type: none"> <li>- growing role of bilateral and multilateral agencies in the state apparatus</li> <li>- hold of hereditary aristocracy on the state apparatus</li> </ul>	<ul style="list-style-type: none"> <li>- rise of the new professional middle class</li> </ul>	<ul style="list-style-type: none"> <li>- introduction of secular ideas and the declining hold of "defensive Hinduism"</li> </ul>
The present	<ul style="list-style-type: none"> <li>- end of the cold war</li> <li>- defeat of Communism in Eastern Europe</li> <li>- disintegration of the soviet Union</li> <li>- the entry of multi-nationals into India</li> </ul>	<ul style="list-style-type: none"> <li>- Weakened hold of hereditary aristocracy on the state</li> <li>- reduction in the role of the state and ascendance of the private sector</li> </ul>	<ul style="list-style-type: none"> <li>- growing clout of the middle class</li> <li>- ascendance of new entrepreneurial groups</li> </ul>	<ul style="list-style-type: none"> <li>- ideological heterogeneity</li> <li>- debate between Hinduism vs secularism</li> </ul>

### References

Alavi, H., 1964. "The State In Post Colonial Societies: Pakistan and Bangladesh" in *New left Review*, 74.

Anglade, C and Fortin, C., 1985. *The State and Capital Accumulation in Latin America*. University of Pittsburg Press.

- Bista, D.B., 1991. *Fatalism and Development: Nepal's Struggle For Modernization*. Calcutta: Orient Longman.
- Blaikie, P., 1980. et al *Nepal in Crisis - Growth and Stagnation at the Periphe*. Oxford Oxford University Press.
- Bloomstrom, M and Bjorm, H., 1979. *Dependency and Development in Latin America*. Berkeley: University of California Press.
- Cottrell, A. 1984 *Social Classes in Marxist Theor*. London: Routledge and Kegan Paul.
- Dahrendorf, R., 1965. *Class and Class Conflict in Industrial Society*. Palo Alto: Stanford University Press.
- Frank, A.G., 1972. *Development and Underdevelopment: Latin America's Political Economy*. New York: Double Day and Company.
- Gyawali, D., 1988. "Development Through Nationalism or Eccuminism" *SAMBAD*, Number, 8, IDS, Kathmandu.
- Hall, S., 1984. "The Modern State in Question" in *The Idea of the Modern State*, McLennan (ed) OUP.
- Held, D., 1984. "Central Perspectives on the Modern State" in *The Idea of the Modern State*, McLennan (ed) OUP.
- Hoffer, A., 1979. *The Caste Heirarchy and the State in Nepal: A Study of the mulki Ain of 1854*, Universitatsverlag Wagner, Insbruck.
- Joshi, A and Sharma, S. 1999. *The State of Religion in Nepal - A Study of Urban Brahmins*, Centre for Nepal and Asian Studies, Kathmandu.
- Joshi, R. and Rose, L., 1966. *Democratic Innovations in Nepal - A Case Study of Political Acculturation*. Berkeley: University of California Press.
- Koo, H., 1984. "World System, Class and State in Third World Development" in *Sociological perspectives*, Vol. 2 No. 1, January.

- \_\_\_\_\_, 1982. "The Political Economy of Development in South Korea and Taiwan: The Interplay of World Systems, Class and State", Paper presented at the annual meeting of *The American Sociological Association*, September.
- LeVine, N., 1987. "Caste, State and Ethnic Boundaries in Nepal" in *Journal of Asian Studies*, Vol 46 No 1, Berkeley: University of California Press.
- Mishra, C., 1987. "Development and Underdevelopment: A Preliminary Sociological Perspective" in *Occasional Papers in Sociology and Anthropology*, Vol 1, Kathmandu Tribhuvan University.
- Offe, C. and Ronge, V., 1982. "Thesis on the Theory of the State" in *Class, Power and Conflict - Classic and Contemporary Debates*, Giddens (ed), Berkeley: University of California Press, .
- Poulantzas, N., 1973. "Political Power and Social Classes" in *New Left Review*.
- \_\_\_\_\_, 1982. "On Social Class" in *Class, Power and Conflict - Classic and Contemporary Debates*, Giddens (ed), University of Berkeley: California Press.
- Regmi, M. C., 1971. *A Study in Nepali Economic History*, Manjushri New Delhi: Publishing House.
- Rose, L., 1974. "Secularization of a Hindu Polity" in *Religion and Political Modernization: Comparative Perspectives*, Smith, D.E. (ed), Berkeley: University of California Press.
- Seddon, D., 1979. et al *Peasants and Workers in Nepal*. Warminster: Aris and Philips.
- \_\_\_\_\_, 1987. *Nepal - A State of Poverty*, Vikash Publishing House, New Delhi.
- Shrestha, B. P., 1990. *The Nepalese Economy in Retrospect and Prospect*, Kathmandu: Himalayan Booksellers.

Skocpol, T., 1979. *The State and Social Revolutions*, Cambridge University Press, New York.

\_\_\_\_\_, 1985. *Bringing the State Back In*, Cambridge University Press, MA: Cambridge.

So, A.Y., 1990. *Social Change and Development*. New Delhi: Sage Publications Inc.

Stiller, L., 1989. "Modern Nepal" in *Nepal - Perspectives on Continuity and Change*, Malla (ed). Kathmandu: Tribhuvan University.

Wallerstein, I., 1982. "The Rise of the Modern World System" in *Introduction to the Sociology of Developing Societies*, Shanin and Alavi (ed), Macmillan.

Weber, M., 1958. *The Religion of India: Sociology of Hinduism and Buddhism*, Translated and edited by Gerth and Martindale. Illinois: The Free Press.

\_\_\_\_\_, 1948. *The Protestant Ethic and the Spirit of Capitalism*, Translated by Parsons. London: George Allen & Unwin Ltd.

Zaman, M.A., 1973. *Evaluation of land Reform in Nepal*. Kathmandu: His Majesty's Government of Nepal.