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Julia Chang Bloch

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Nepal: The End of Shangri-La

Julia Chang Bloch*

Democracy proponents face unpalatable choices, and there is no clear path towards resolving the conundrum. The royal coup, however, was not the best option. The Maoists have survived and strengthened because of the disarray among the democratic parties. What the King could have done was to lead the political parties into a united front to pursue peace with the Maoists. Now, he has completely sidelined the parties, going it alone, possibly allowing the Maoists to play one against the other and gain the upper hand.

Nepal is not often in the news, but when it is, the headlines cry out with a vengeance. The last time I was asked to speak about Nepal was in 2001, right after the unspeakable tragedy, when crown prince Dipendra Bir Bikram Shah Dev went on a rampage and killed practically the entire royal family of Nepal -- nine family members in all.

Nepal is headline news once again. On February 1, 2005, Nepal's King Gyanendra Bir Bikram Shah Dev abolished the country's 15 year experiment with democracy and restored absolute monarchy. For the second time in less than three years, the King dismissed the multiparty government, declared a state of emergency, suspended fundamental constitutional rights, and placed the country's political leaders and activists under house arrest or in jail.

*Ms. Julia Chang Bloch, former Ambassador to Nepal (1989-1993), is President of the US-China Education Trust. Ambassador Bloch serves on a number of corporate and non-profit boards, including: American Academy of Diplomacy, Asia Institute for Political Economy, the Atlantic Council, Council of American Ambassadors, Fund for Peace, US Asia Pacific Council, Women's Foreign Policy Group, World Affairs Council, and Penn Mutual Insurance Co. She also serves as an Honorary Member of the Board of Directors of the Friends Society of the Asian Division, Library of Congress, and as an Honorary Fellow of the Foreign Policy Association. The manuscript was presented at the Asian Forum March 25, 2005.

What has gone so desperately wrong with Nepal?

In a way the 2001 tragedy and the 2005 royal coup are connected. Gyanendra ascended the throne because he was practically the only royal left alive. Less popular than his brother, the slain king, he has been tainted by wild suspicions of conspiracy theorists who blame him for the massacre even though he was miles away at the royal retreat in Pokhara on the night it happened.

No amount of evidence, however official, can remove the doubts, speak the unspeakable, and answer the unanswerable. Why? What had triggered Crown Prince Dipendra's murderous attack? Should Nepalis honor Dipendra as the 12th king of the Shah dynasty (Dipendra, in a coma, ascended the throne when his father died and was king for less than 48 hours)? Or should they remember him as a regicide, matricide, fratricide, and suicide?

There are no answers to Dipendra's actions. But Gyanendra's seizure of power for the monarchy, while regrettable, is more understandable.

Since the restoration of democracy in 1990, there have been ten governments, not counting the three King Gyanendra appointed and dismissed. Incessant squabbling among the political parties, rampant corruption among practically all sectors of society, recurring palace intrigues, and a growing Maoist insurgency going into its ninth year have brought Nepal to the brink of becoming a failed state. The death of King Birendra, who had come to be seen as a symbol of stability, shattered the spirit and hope of his people creating a void, which his brother King Gyanendra has not been able to fill.

Until the tragedy and the recent royal coup, Nepal enjoyed a romanticized obscurity. It was best known as Shangri-la, the mythic kingdom created by James Hilton in the 1930's book of that fabled name. Some 25,000-30,000 Americans visited every year, finding Shangri-la in the country's soaring natural beauty --the indomitable Himalayan mountains-- its remote villages, gentle people, and mystical temples, all familiar through the pages of the National Geographic or a best seller like *Into Thin Air*.

Aside from a tourist destination, Nepal does not usually figure in the world's consciousness. Most Americans think too little of Asia; when they do, South Asia does not usually come to mind. When there is any thought about the subcontinent, it usually goes no further than India and

Pakistan. Nepal, one of the oldest states of South Asia, historically and politically is almost a complete blank to most Americans.

I don't want you to know Nepal only through the prism of Shangri-la or the royal massacre or this latest royal coup. Let us make something useful out of Nepal's many calamities. It will give me an opportunity to tell you what I know about this Himalayan kingdom, -- why we Americans should care what happens in this far away land and why we should help Nepal return from the abyss.

My Nepal

Nepal is a sliver of remarkable land, 120 miles wide and 700 miles long, encompassing every type of ecosystem known on earth, from steamy rain forest and fetid swamp to arid desert and the blue ice glaciers of the world's highest mountains. With approximately 27 million people crammed into borders only slightly larger than the state of Tennessee, Nepal sits at the very core of half the world's population, surrounded by the world's two most populous nations - China to its north and India to its south.

Dating to the mid-18th century, when Prithvi Narayan Shah unified the country and established the Shah dynasty, the Nepali monarchy has lasted to this day with King Gyanendra being its 13th hereditary monarch. However, for more than a century, from 1848 to 1951, power resided with the hereditary Rana prime ministers, who shut the kingdom off from the rest of the world to avoid the onslaught of colonialism. A popular revolution in 1951 overthrew the century-old rule of the Ranas, restored the power of the monarchy, which began a ten-year experiment with government of common people including a multi-party democracy that lasted until 1960, when King Mahendra, father of the current king, staged a royal coup which terminated the government headed by the Nepali Congress Party. King Gyanendra's recent actions mirrored those of his father.

King Mahendra devised the so-called partyless panchayat system, under which political parties were banned, all organizations had to be registered with the government, and the palace both ruled and reigned, a situation that lasted until April 1990.

For another three decades -- between 1960-1990 -- Nepal was again isolated from the world's political mainstream. Panchayat rule, however, did foster economic changes. Aid donors, led by the United States in the sixties, contributed much to opening roads, introducing electricity,

building a university, sending thousands of Nepalis for advanced training, modernizing the civil service, helping Nepal in countless ways to make up for its long slumber.

During the cold war Nepal, again captive of its geography became a center of intrigue -- a listening post for the great powers. Its border with Tibet also made it a base for the Khampas to mount their heroic but doomed resistance against Chinese communist rule of their homeland.

Today, one of the U.N.-designated least developed countries (#33, 2004), Nepal relies on foreign assistance for about 70 percent of its development budget, with the bulk coming from the World Bank and the Asian Development Bank, but also from a large number of bilateral donors and non-governmental organizations (NGO's).

I arrived in Kathmandu in September 1989, in retrospect no better time for an ambassador because it was such a momentous period in Nepal's history -- its transformation from absolute monarchy to multi-party democracy.

I was also immediately introduced to Nepal's vulnerabilities, particularly its considerable dependence on good relations with India. A landlocked country, its trade access depends on a 500-mile corridor through India to the port of Calcutta. At the time of my arrival, those ties were all but snapped in a dispute, and India closed all but one transit point, causing highly negative consequences for the Nepalese economy. The embassy and I also suffered, as my household effects and embassy provisions were long delayed.

So, I was often reminded of the first Shah king's advice to his heirs when in the 1780's he warned Nepal always to steer a middle path between the two giant powers to the north and to the south. King Prithvi Narayan Shah called Nepal "a yam caught between two giant stones". The king's advice has defined the parameters of Nepal's foreign policy to this day; strains with India always led to reminders of the need to keep ties with New Delhi in good order.

I was also able to witness the waning days of an absolute monarchy, as well as its panchayat controls and narrow range of permissible discourse, especially about political alternatives to a partyless system.

Revolution and Democracy

Beginning in January 1990, events began to move swiftly. Shaking off 30 years in the cold, years of imprisonment or exile for many, disunity

among themselves, opposition politicians belonging to the banned parties were greatly impressed by the profound changes in Eastern Europe - Romania in particular. Inspired by the rising international tide demanding respect for human rights around the world, they began to insist that their time had come too.

Led by Ganesh Man Singh, the then-75-year-old leader of the Nepali Congress, the underground political parties agreed to set aside historic differences in ideology and unite to launch a highly orchestrated, cooperative, multi-party movement for democracy. Seven communist parties and the larger, centrist Nepali Congress party would combine their efforts in a concerted attempt to topple the government. And they would succeed.

These leaders had no delusions about long-term unanimity. The alliance for democracy was a revolutionary marriage of convenience, a temporary liaison for the most concrete of political ends: the abolition of the panchayat system and the establishment of multi-party democracy.

Beginning on January 18, 1990, the protests began. In retrospect, it was inevitable. But when it was happening, no one, including the revolutionaries themselves, thought success would come or come so quickly. What the democracy movement wanted at first was only the right for political parties to participate in elections.

Instead, the movement caught the imagination and support of the people. The protests grew in size and intensity and increasingly focused on the one man with the power to change the government: then-King Birendra Bikram Shah, the central symbol of sovereignty and national identity for the Kingdom of Nepal. On April 6, more than 50,000 marched toward the palace. Armed police protecting the perimeter opened fire. Dozens died and the city was clamped under martial law.

Then, on April 9, 1990, with the nation seething in fury at the killings, King Birendra made the boldest decision of his reign: he abolished the partyless panchayat system, legalized political parties, appointed an interim prime minister and invited the coalition of left and center parties to form an interim cabinet.

Forever etched in my mind are pictures of the jubilation of the people. Celebrations swept the cities and towns. In the hills and villages, farmers and factory workers gathered around radios to listen again and again to the impossible news: democracy had returned to Nepal.

At first, exhilaration and fantasy overwhelmed the Nepalese people. To many, with only the haziest of notions about representative government, democracy was the right to whatever they wanted and had

always deserved, like a doubling of wages, a new boss, an end to corruption, cheaper goods and a proud place in the international arena.

With remarkable rapidity and order, the new political leaders, many of whom only recently emerged from years in prison, exile or underground, promulgated a new democratic constitution, defined a constitutional role for their monarch, and set the stage for the first national multi-party election in over 30 years.

That historic election, held in May, 1991, and judged “free and fair” by international observers, put the Congress Party in power with a comfortable majority in parliament and gave the United Marxist-Leninist Party (CPN-UML), the largest of the communist parties, sufficient seats to serve as a strong opposition.

I still remember my conversations with the US delegation of election observers, debating whether Nepal, a country with a per capita income at the time of less than \$200 a year, could sustain a democratic political system. Caught up in the euphoria at the time, we were full of hope. But we also recognized that whether democracy gains legitimacy or not in poor countries depends largely on how effectively their governments deal with the crushing poverty. Democracy, after all, is not just about constitutions and elections. It is also about a better life.

Nepal's Democratic Experience

Soon enough, the obstacles against democracy taking root in Nepal became apparent. The Nepali government faced the same challenges as the Russians, East Europeans, and Central Asians -- whether democracy could liberalize the economy, establish the rule of law, protect individual rights, and give the people a better, more secure life.

I recall one incident when the interim government reduced subsidies, increased electricity and telephone rates, moved toward full convertibility of its rupee, and committed itself to privatization and administrative reform in order to rationalize its economy in the long term. But in the short term prices went up and the cost of living for the urban middle class skyrocketed. Consequently, ignited by protest demonstrations led by the communist left, the people's long-standing economic frustrations erupted in violence, and seven people were reportedly killed with many more injured. A curfew helped to restore order, but the government had to back down on the reforms. Such incidents would recur again and again to plague Nepal's democracy.

Although the trend is clear, and economies throughout the world are liberalizing, Nepal's experience is symptomatic of the dilemma facing all democracies, particularly the poor ones. Fareed Zakaria points out in his important new book, *The Future of Freedom*, that almost every democratic success in the developing world in the past fifty years has taken place under a liberal authoritarian regime. Like in Nepal, regimes that take up democratic reforms, he notes, find themselves “stymied by the need to maintain subsidies for politically powerful groups.”

Democracy depends on the consent of the governed, and its government must reflect the will of the people. What people want, however, is not always what is good for them. And all politicians, who depend on an electorate for their positions, will be reluctant to pursue unpopular policies, no matter how wise or necessary.

As I left Nepal in May, 1993, I wondered how much time the Nepalis would give their government to deliver on the goods expected of a democracy. Nepalis had expected a better life with the advent of democracy. Instead, prices went up, the rupee was devalued, jobs were more uncertain; demonstrations and strikes disrupted the economy and everyday life; and corruption was rampant. And with each tentative step towards economic liberalization, Nepalis found their lives not better, only less predictable, and relief was nowhere in sight.

It seemed that the deck was stacked against the Nepalis. They would not be able to overcome the weight of democracy's history. As political scientists Adam Przeworski and Fernando Limongu found when they studied all countries between the years 1950 and 1990: in a democratic country that has a per capita income of under \$1,500, the regime on average had a life expectancy of just 8 years. Only when the per capita income is above \$6,000 did it become highly resilient.

Given the Przeworski and Limongu scale, Nepal actually has done well. While its per capita income is far below \$1,500, its democracy survived over 10 years (Gyanendra first dismissed a democratically elected government in 2001).

But since the triumphant days of the interim government, there has been a succession of weak governments, few lasting more than a year; constant bickering among the political parties; infighting within both the ruling and opposition parties; instability and insecurity in people's daily lives; and disruptions and ineptitude in making economic progress. The Nepali people, not surprisingly, have grown increasingly dissatisfied and cynical.

The Maoist Insurgency

Early in 1996, the legal Maoist party, the Communist Party of Nepal (CPN Maoist) abandoned parliament and declared a “People’s War” against the state. Using terror tactics, including murder, bombings, torture, intimidation, and extortion, Maoist activists launched their insurgency in five hill districts -- Rolpa, Rukum, and Jajarkot in the Mid-West, Gorkha in the West, and Sindhuli in the East.

The Maoists, of course, are strongest in the poorest areas. Their masses of supporters are illiterate men and women, in large numbers from the non-Hindu ethnic castes known as Janajatis, attracted by promises of change in the village feudal land structure. Women, often the poorest of the poor, reportedly comprise one third of those drawn to the guerrilla forces.

The insurgency feeds on poverty, discontent with repressive policies, corruption, and the loss of hope. I have walked the hills of Nepal and seen its poverty. Many villages are still living in the medieval ages, without schools, roads, electricity, or medical facilities, and ignored by the politicians in Kathmandu. There is little domestic capital to invest and even less foreign investment. Development aid often never reaches those who need it most.

While economic growth is averaging 4 percent per year for the past several years, it is insufficient to absorb the estimated 500,000 young people who join the labor force each year. When I was ambassador, I spoke to scores of rural youths, who fail high school examinations each year. They don’t have jobs or futures and are easy prey for the armed Maoist guerrilla forces.

At the start of the insurgency, the government treated the Maoist war as a law and order problem to be contained by police operations. Human rights groups, including Amnesty International, have charged that the police have killed more innocent civilians than guerrillas.

In almost all battles between the police and Maoist guerrillas, the insurgents have proved their military mettle if not superiority. As the war has progressed, it has become increasingly clear that neither side has the military muscle to win decisively. The Maoist can blockade Kathmandu, cutting off the capital for a few days, but they cannot maintain the stranglehold. But government forces cannot contain this insurgency because the Maoists have grown from a small rag tag group of guerrillas to a fighting force that is now estimated to be 15,000 strong.

The Maoists also have gained support and a social base. They have formed provisional governments in seven districts, where they are raising

taxes, dispensing guerrilla justice, maintaining security. Maoists now reportedly control 40 percent of Nepal, or 30 of the country's 75 districts.

In its nine years the insurgency has claimed 11,000 lives, 5,000 having been killed in the last two years. And the lives of roughly two-thirds of the 24 million people of Nepal are estimated to have been directly affected.

The Communist Party of Nepal (CPN Maoist) has become an undeniable political as well as military force. Military action alone will not eliminate it.

Who Are the Maoists?

The Maoist insurgency needs to be understood in light of the history of the communist movement in Nepal, which began in 1949, when Pushpa Lal Shrestha formed the Communist Party of Nepal. It emerged as an intellectual opposition to the Nepali Congress Party's policy of compromise with the monarchy and with India. Its ideology, however, was always murky even during the days of absolute monarchy. At one point, Nepal had as many as nineteen communist parties. The factions could not agree who was their main enemy --domestic feudalism led by the king, or the Nepali Congress, seen as surrogates for an allegedly expansionist India and an imperialist west.

Many of the Maoists worked alongside mainstream political parties in overthrowing Nepal's absolute monarchy in 1990. They also participated in the country's first parliamentary elections. In the 1994 elections, the United Marxist Leninist Party (UML) defeated the Nepali Congress Party, and Nepal got the first communist government in a constitutional monarchy. The UML-led government, however, excluded one communist faction from participation, which led to its withdrawal from the political process. The rest is history.

While Maoist leaders have said in interviews that they emulate the Shining Path of Peru. Donald Camp, Deputy Assistant Secretary of State for South Asia, testified before the House International Relations Committee and likened the Maoists to the Khmer Rouge of Cambodia. He told the committee that the Maoists have made clear their intention to impose a one-party "people's republic," collectivize agriculture and "reeducate" class enemies. In either case, the humanitarian nightmare of such a regime would be too horrible to contemplate.

In the final analysis, Nepal's communist movement is home grown. They have taken Mao's name, but there is no Chinese money or support.

In fact, Maoist leaders call today's Chinese leaders "counter-revolutionaries." The insurgency feeds on popular discontent in the country, and its growth can be seen as a failure of mainstream politics to meet the needs and aspirations of the country's poor. In a country where 80 percent of the people depend on subsistence agriculture; 40 percent lack access to basic healthcare and education; 44 percent are illiterate, and 42 percent earn less than \$100 per year, discontent is endemic.

Testing the theories of democracy

Nepal's democracy has not lived up to its promise. For Nepalis, particularly the poor, democracy has lost its luster and is fast losing its legitimacy. The mixed response to King Gyanendra's coup is a reflection of a frustrated Nepali populace. Letters and emails from Nepali friends indicate that many, in fact, welcomed the King's actions as the last best chance to defeat the Maoists and restore a semblance of stability to the country, while others condemn the royal power grab as a death knell to democracy, benefitting the Maoists.

While the major powers have condemned King Gyanendra's coup, they have not stopped all aid. Two days after the royal takeover, the Asian Development Bank signed a 1.8 billion rupees (\$26 million) loan agreement with the government. While Britain and India have suspended their military aid, the US has only frozen an expansion of its military aid. At the same time, Japan announced it would extend \$17 million in aid to Nepal for food and development assistance. Although some countries, notably Norway, have drastically cut their assistance, donors face a dilemma – withholding support for the King could strengthen the Maoists, but continuing support could kill efforts to restore democracy.

At a time when democracy has no rivals as a political system, when US President George W. Bush has dubbed democracy the best antidote to terrorism, Nepal seems to be out of step, moving backward into an anachronistic past.

Nepal, however, presents a lesson on the questions that political philosophers have addressed since Rousseau and de Tocqueville: what conditions make democracy possible, and what conditions make it thrive? And why do so many developing countries have so much difficulty creating stable and democratic societies.

Many theses for democratization have been suggested by the historical growth of democracy in western countries. Most of these are culture-bound, maintaining that democracy can thrive only in rich

countries or western countries. Social scientist Seymour Martin Lipset wrote as early as 1959: “The more well-to-do a nation, the greater its chances to sustain democracy.” And no less a foreign policy savant than George Kennan believed that democracy is appropriate only for northwestern and perhaps central European countries and their colonial offshoots. The skeptics of democracy's prospects are legion and come from all points of the political spectrum.

Fareed Zakaria's sobering analysis in his new book has confirmed the skepticism, challenging the conventional thinking about democracy, including the following:

- Close to half of the “democratizing” countries in the world are illiberal democracies.
- Newly democratic countries too often become sham democracies, which produces disenchantment, disarray, violence and new forms of tyranny.
- Most Pakistanis were happy to be rid of eleven years of sham democracy.
- Hong Kong was a small but revealing illustration that liberty did not depend on democracy.
- The best-consolidated democracies in Latin America and East Asia –Chile, South Korea, and Taiwan– were for a long while ruled by military juntas.
- The introduction of democracy in divided societies has actually fomented nationalism, ethnic conflict and even war.

However, Zakaria concludes, “...democracy, with all its flaws, represents the “last best hope” for people around the world.

I couldn't agree more with this point, as I am personally a beneficiary of America's democracy, having been a refugee from China as a child. I have always believed that democracy is the best guarantee of individual liberty and world peace. And I also have believed that there is no better objective of American foreign policy than the promotion of freedom, to spread the benefits of a democratic society. As America's ambassador to Nepal, I felt the power of America's democratic values in Nepal's democratization.

Twelve years later, I am holding on to the last shreds of hope that democracy in Nepal is not dead.

Conclusion

King Gyanendra took an enormous gamble when he fired the Cabinet, declared a state of emergency and assumed power. He said he wanted stability first and democracy second. But the challenge he faces is daunting: find peace with the Maoists, organise elections and reestablish democracy in three years as he has promised.

If his gamble pays off and a sustainable peace is negotiated, King Gyanendra will have done a great service to his country. His success, however, may strengthen the monarchy to the detriment of democracy, possibly returning Nepal to an absolute monarchy, as the King may not willingly give up his powers and allow a return to parliamentary democracy.

If he fails to bring an end to the insurgency, as many predict, it could mean the end of the monarchy, as he will have no one to blame but himself. Moreover, he risks turning Nepal into a failed state, possibly putting the Maoist in power and repeating the totalitarianism that once devastated Cambodia. And if Nepal becomes a failed state, it could become another Afghanistan, providing a sanctuary for terrorists.

If somehow the coup could be reversed and democracy restored, Nepal is not likely to be able to solve its problems. The parties might be willing to come together in opposition to the king's dismissal of their power, but they will undoubtedly return to squabbling once their power is restored.

Democracy proponents face unpalatable choices, and there is no clear path towards resolving the conundrum. The royal coup, however, was not the best option. The Maoists have survived and strengthened because of the disarray among the democratic parties. What the King could have done was to lead the political parties into a united front to pursue peace with the Maoists. Now, he has completely sidelined the parties, going it alone, possibly allowing the Maoists to play one against the other and gain the upper hand.

While democratic governments must maintain pressure on King Gyanendra to restore democracy to Nepal, the over-riding issue in Nepal's crisis is to bring an end to the insurgency and restore peace to the country. Democracy without security is meaningless.

There is much at stake in saving Nepal from collapse and misery. Its geography once again defines its importance geopolitically. India and, now Bangladesh, have their own Maoist rebels, who operate largely in the unstable regions bordering Nepal. Should the Maoists succeed in Nepal, it would embolden their brethren in neighboring countries. Nepal also

borders Tibet, and China worries that further instability in Nepal could spread unrest east, or even north into China's restive Xinjiang region.

The major powers cannot afford Nepal becoming a failed state. They need to push for a resolution of this crisis, including a possible UN role if all else fails.