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### Book review of 'Nepal: Development and Change in a Landlocked Himalayan Kingdom; Dor Bahadur Bista, Fatalism and Development' by P.P. Karan and Hiroshi Ishii

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### Book Reviews

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#### Development Failure: A Critical Review of Three Analyses of Development in Nepal

*Foreign Aid, Poverty, and Stagnation in Nepal.* Narayan Khadka. New Delhi: Vikas Publishing House Pvt. Ltd., 1991. Pp. viii + 447. Rs 630 NC.

*Nepal: Development and Change in a Landlocked Himalayan Kingdom.* P.P. Karan and Hiroshi Ishii. Tokyo: Institute for the Study of Languages and Cultures of Asia and Africa, Tokyo University of Foreign Studies, 1994. Pp. i + 253, 65x110 cm map.

*Fatalism and Development.* Dor Bahadur Bista. Calcutta: Orient Longman Limited, 1991. Pp. ii + 187. Rs 150 IC.

Three recent books on Nepal's development offer enlightening if varying interpretations of why poverty persists for the vast majority of Nepal's citizens after more than forty years of development efforts. Two of the books, P.P. Karan and Hiroshi Ishii's **Nepal: Development and Change in a Landlocked Himalayan Kingdom**, and Narayan Khadka's **Foreign Aid, Poverty, and Stagnation in Nepal**, are empirical studies, overflowing with statistics and full of references, while Dor Bahadur Bista's book **Fatalism and Development** is an essay which synthesizes his years as a scholar and observer of Nepal, but never cites most of its bibliographical entries. All three books agree that development efforts have failed, and all three blame that failure on a combination of Nepal's harsh geography, the legacy of pre-1950 exploitation by a small elite, and the ineffective operation of the post-1950 government.

They differ in the relative emphases they give to these interacting forces and in the explanations they provide for the poor performance of the modernizing governments that have directed Nepal since 1951.

The most comprehensive of these books is that by Karan and Ishii, **Nepal: Development and Change in a Landlocked Himalayan Kingdom**. Here we have a broad overview of Nepal's development efforts and achievements between 1950 and 1990. The book is filled with data in tabular and mapped form and has an excellent 65x110 cm pullout map of Nepal included. Paul Karan has been studying Nepal since the 1950s when he synthesized the few existing government statistics, data he personally collected, and the hand-held air photos he had taken to prepare the first overview of Nepalese resources for UNDP (Karan, 1960). The current book makes excellent use of the tremendous increase in information that scholars have gathered since

that time, though the authors feel still more data are needed. The book is a collaborative effort with contributions by Masao Kobayashi, Chakramehr Vajracharya, Mohan Shrestha and David Zurick.

The authors lament Nepal's persistent poverty, which they attribute to the country's disadvantaged geography, to the legacy of Rana exploitation, and to the institutional failings of government administration. Nepal's geography and Rana exploitation have created extremely difficult problems for His Majesty's Government (HMG) to overcome. Yet, in the years since 1951 HMG has also failed to rise to the challenges. History cannot be changed, so the Rana legacy receives the least attention. Nor, of course, can geography be changed, yet because it defines the possibilities and the limits, the book devotes most of its attention to defining Nepal's geographical resources. In contrast, since public administration can be changed, the authors include throughout the book considerable information about the planning process and the programs of the various ministries. In the introductory and, especially, in the concluding chapters they recommend what HMG must do to push Nepal forward on the path to development.

The geographical focus of the book is evident in the chapter titles and contents. The first chapter, "Introduction to a Landlocked Kingdom," gives a statistical synopsis of Nepal's current status as one of the "least developed countries," provides an overview of Nepal's political-economic history, briefly reviews the history of development policy since 1951, and explains the implications of being landlocked. Not only is most of the country so rugged that little land is cultivable and transportation extremely difficult, but the landlocked position gives India decisive control over Nepal's economy. The lack of industrial natural resources forces Nepal to import them from or through India, and this adds enough transport costs to make industrial competition with India impossible. Further, the ability of India to strangle surface imports and exports, demonstrated most recently in the 1989 border closings (the stress of which Karan and Ishii feel triggered the political reforms of 1990), means that Nepal cannot adopt any policy which India opposes.

The second chapter describes the physical environment and natural resource base by describing the geo-ecological zones, the climate patterns, the water resources, and the mineral deposits. It concludes with a discussion of natural resource management issues.

Chapter 3 reviews the information on land use, forest cover, and related environmental problems. None of the recent land use assessments has provided the level of detail needed for comprehensive planning; the existing theories of land management are designed for developed lowland countries. Existing data do show that forest area in the uplands has decreased little since 1950s, but forest density and condition have deteriorated. In contrast, Tarai forests have decreased by

25%. The chapter gives a good summary of forest management history and issues, approvingly discusses the post-1977 efforts to implement Community Forestry and identifies the local and institutional impediments to its implementation. The chapter concludes with recommendations of how HMG can improve forest management: improve general welfare and income levels; increase local control over forests so "forest users" will benefit from forest improvement; introduce rural employment programs through which forestry products are produced and marketed; reorient the forestry bureaucracy to promote community forestry and gain the trust of villagers.

Chapter 4 evaluates agricultural development. The authors first review the various measurements/estimates of cultivated land. They then discuss the major crops and cropping systems. Agriculture, while the mainstay of 80% of the population, has performed poorly, with little or no gains in productivity. National increases in production have come from converting Tarai forests to farms, and this increase has barely kept up with population growth. Land distribution statistics show that 63% of the households own less than 1 ha and these holdings sum to only 10.6% of cultivated land. Land reform has failed, with some estimates suggesting 45% of the people are functionally landless. Government programs have done little to re-distribute land or promote the investments which raise yields. Increased production in the Tarai is also more likely to go to India than to the hills.

Chapter 5, "Human Resources," discusses population growth and migration. The authors see rapid population growth as a major problem. They relate this growth to poor government health care, to inadequate extension services for birth control technologies, and to the low status of women. The book also gives an overview of migration, both temporary wage-labor seeking migration and permanent migration within Nepal and to other countries. Chapter 6 outlines cultural patterns and concludes Nepal is much more like a "salad bowl" than a melting pot.

Chapter 7 is a detailed discussion of settlement types and urbanization during the last 40 years. Chapter 8 describes Nepal's industrialization process historically and provides a wealth of information. The ninth chapter describes the transportation system and trade; again we find a rich historical overview. Chapter 10, "Tourism," provides a detailed discussion of tourism development, emphasizing the history, economic potential, the social and environmental impacts.

The final chapter, "Development Challenges," argues that Nepal must meet three major challenges. The first is to implement a development plan which improves the welfare of the majority and maintains the ecological foundations of the economy and society. Planners can accomplish this goal by reforming policies based on the following axioms: prices set by the government must reflect the real value of resources;

regulations governing bureaucrat behavior must be enforced; government workers need to be trained adequately and given incentives to follow policy decisions; local people have to be given power to participate in development planning and to manage the resources they use.

The second challenge is to integrate poverty alleviation programs with development strategies. People need jobs and the country needs greater productivity. Both of these problems can be resolved by using development funds to hire people to do projects which increase the productivity of the economy and maintain environmental integrity. Local people must participate in identifying, planning, and evaluating these projects; examples include irrigation, afforestation, soil conservation, health care. Bureaucratic ineptitude and "corruption" can be eliminated by reforms, though change will be slow. HMG planners must provide a plan which establishes Nepalese goals and coordinates the efforts of the many bilateral, multilateral and NGOs now operating.

The third challenge is to integrate population control programs into the entire development effort. The demographic transition has psychological, social, economic, technological, and institutional roots. Birth control must be easily accessible locally, and must be free; low caste groups need educational and employment opportunities; women and girls need education; health care must be available to reduce infant mortality.

In short, to explain the failure of the modernizing governments of the post-1951 years, Karan and Ishii adopt an "institutional" explanation, i.e., the institutions of HMG need reform: HMG hasn't yet got the planning process functioning properly; there are too few government workers and they are inadequately trained; bureaucratic regulations are not enforced and incentive systems do not reward professional competence and hard work; local people don't participate enough; etc. All of these observations are true and must be addressed to improve Nepal's development performance. But why these distortions occur and whether there exists an underlying explanation of them is not addressed. The approach is to *reform* the current system. Karan and Ishii hint at the profound changes which are needed, but hold back from specifying the class structure and class interests which underlie the behaviors they condemn. This choice may be strategic, i.e., they believe that the fundamental changes in power which are probably needed to implement their recommendations will come slowly through reform. The instrumental approach is also practical, since the economists of the development establishment (World Bank, USAID, Asian Development Bank, etc.) as well as the power elite of Nepal are much more likely to consider the ideas presented if they promote "reform" rather than call for the overthrow of the country's ruling class. If implemented, however, the reforms they recommend will surely alter power relations in Nepal.

The other two books more explicitly identify class interest as it developed historically to explain the failures of HMG to effect development. Dor Bahadur Bista, in **Fatalism and Development**, sees class interest as the ultimate cause of Nepal's inefficient government, but his book attacks the cultural values, instituted by the ruling class, as the immediate cause. In fact, he never examines the class base of the culture and ideology he abhors. Bista argues that a small elite has used the ideology and cultural values of caste to establish and maintain its position, and in the process this cultural system and its ideology have corrupted ordinary Nepalis, even those groups which had traditionally practiced "Hinduism without caste" and had social attributes which could be conducive to development.

Caste or "Bahunism," he argues, presents karma as an explanation of social position, thereby creating a fatalistic attitude in its adherents so they do not believe they can or should act to alter their material circumstances. Furthermore, caste divides people into hierarchically organized groups in which those on top guide the lower groups as their karmic right; one's position in society is "ascribed", not earned by one's talent and effort, and this causes power and success to become divorced from a work ethic or "achievement motivation." The division of society into exclusive groups causes people to see the world in terms of their own group, their *afno manchhe*.

The Ranas, to keep tabs on rival noble families, demanded that each family have a prominent member appear each day at court. From this practice, the institution of *chakari* developed and spread to all those seeking favors from persons in authority. *Chakari* demands that individuals who want some favor wait outside the residence or office of a decision maker for days, weeks, or months until the petitioner's behavior convinces the Big Man that the petitioner is one of his *afno manchhe*; the big man then grants the favor, with the expectation that the petitioner will now do his bidding. In the post-1951 era, the favor is often a job in HMG's bureaucracy. Opportunity for advancement, therefore, becomes tied to finding the "right" big man, attending to him until he accepts the person as one of his *afno manchhe* clients, and promoting the advancement of his patron. Because the client's success now hinges on that of his patron, he devotes himself to discovering and alerting his patron to the plots of the patron's rivals. These patron-client relations and political jockeying become the "work" which all must successfully complete, while actually doing one's job in the government bureaucracy is unimportant. Hence, Bista blames caste with its "fatalism" and *chakari* patronage system for the inefficient administration which dooms development.

In contrast to the caste culture and ideology of the ruling elite which blocks development, the "indigenous peoples" of Nepal, both the Tibeto-Burmese peoples of

central and eastern Nepal and the descendants of the Khas of the far west, have social values which can generate and sustain progress: a strong commitment to productive labor, high capacity for endurance, efficient cooperative organizational institutions, and a propensity to adapt to change. Real development in Nepal, therefore, can only come by eliminating with indigenous values the poison of caste. For Bista caste is foreign to Nepal. The Hinduism of the indigenous peoples was shamanistic Shiva worship that did not include hierarchy and divisions based on purity and pollution. He maintains that to this day caste ideology should not be identified with real castes because not all Bahuns accept it, while other non-Bahun, who have recently joined the elite, embrace and promote it. Bista writes that the poison of caste penetrated Nepal somewhat during the Malla empire of the Karnali basin and in the Lichavi and Malla periods of Kathmandu, but it was the Ranas who spread Bahunism throughout Nepal and made it the dominant ideology. In contrast, Prithvi Narayan Shah and his forebears ignored caste and promoted equality between all groups.

In the post 1951 period, foreign aid has fit into and perpetuated the system. "Fatalism is connected to dependency, robbing the people of personal control, of the sense of individual competence, and of their willingness to assume responsibility, thereby diminishing their motivation for personal achievement... It substitutes instead the perception that power and responsibility are qualities invested only in powerful others and ... those powerful others are foreign aid donors" (p.146). The dependency inherent in aid threatens to create an "ingrained social and psychological dependency" in the society, a syndrome of being a "poor nation," which is incapable of caring for itself. The aid also feeds the rampant corruption of the system - itself the legacy of *afno manchhe* and *chakari*, but because there is so much aid, the corruption has met with little opposition. So many added facilities, like schools, hospitals, roads, drinking water systems have been built that "there is little for common people to complain about (p.147)."

Bista also suggests that the predilection for religious speculation and punditry induced by Bahunism has been transformed in the development era into planning exercises, arguments over development strategies, and even radical politics. The continuity lies in the precedence that discussion and argument take over action. The seminar has become one of the most successful modern innovations. "It allows people an opportunity to demonstrate their erudition; . . . the activity is . . . essentially a manipulation and play on words; real decisions are not made and real actions not taken (p.138)." Even the radical political opposition is dominated by punditry, espousing "abstract, utopian philosophies, having little contact with the genuine needs of the people and their culture (p.155)."

The book's solution to Nepal's poverty is a development strategy which opposes fatalism and Nepal's domination by an hierarchic social order. The transition to a different ideology need not be traumatic "because the form of fatalism associated with the caste hierarchy is not Nepali." Rather Nepal can draw on the value systems of the traditional ethnic groups, both Tibeto-Burman and Khas. There is no evidence that any Rajput princes came into the Himalaya (p.37), but only Brahman priests, fleeing the bloodthirsty Muslims who were "systematically erasing all traces of Hinduism in northern India (p.21)." These indigenous, non-caste, pre-Purana, Shiva-worshipping Hindus reputedly do value hard work and have social systems in which cooperation is integral. They created the trade items that distinguished Nepal as a mercantile nation in the past. In addition, the identity of individuals in these groups is a collective identity, similar to the collective "self" of East Asian nations, which have utilized social cooperation as a basis for rapid economic growth. Although most of these people are powerless, socially oppressed, and disparaged, their values and ideals represent a great resource (p.157). Bista declares the age of "fatalistic hierarchism" over and insists that Nepal must move rapidly to a new age based on cooperation, and motivated by hard work and personal achievement.

How the Nepalese people will accomplish this new era, unfortunately, is not addressed. Bista does, however, see the continuation of the Shah dynasty as essential. The King fulfills the "tendency for paternal dependency" that all Nepalese share (p.162). The monarchy provides a "beneficent paternal figure which is reassuring to the Nepali and becomes the basis of his developing sense of national identity (p.162)." The King is father and the surrounding ethnic groups are members of the national family.

Bista describes cogently the impact of fatalism and hierarchy and the (mal)functioning of the post-1951 state apparatus, but many parts of his argument are weak or troubling. First, some of his historical interpretations seem questionable. Chief among these is the treatment of the Shah dynasty: Professor Bista goes to great lengths to separate the Shahs from the imposition of caste values and Bahunism, but common sense and recent scholarship suggest that major continuities have linked the Shahs and Ranas (Whelpon, 1992). I would like more evidence that Prithvi Narayan didn't promote caste than the observations of a foreign visitor (Bista only cites Kirkpatrick, p.46) and the king's official pronouncements. On that same page we find an obvious, but I think revealing, error: "the absence of fatalism and stratified hierarchy in the Gandaki region facilitated Gorkha's successful *reunification* of the country (emphasis added)." Bista seems to assume that "Nepal" existed before the Shah conquest, that there is some essential Nepal independent of the state created by Prithvi Narayan.

Second, the absence of any realistic suggestions about what Nepalese citizens can do to transform the malignant social system which besets them is disturbing. In some unspecified way they are supposed to replace caste values with those of the downtrodden and disparaged. I think the reason for this lack is connected to the next two: the failure to examine the class basis of Nepalese society, and the deification of the Shah dynasty.

The third, and most basic problem in my view is the major unresolved issue of the book: Bista never examines the relationship between culture/ ideology and the class-based power which he admits underlies it. My own position is that the way a society produces wealth involves a class structure and a "logic" to which culture and ideology conform, though not in a simple deterministic way. If we have a certain mode of production, we can expect a certain general social structure. That is may be a debatable assumption, and one which Bista would probably reject, though we can only guess at his reaction. Early on he complains that "a great majority of the critics like to focus on politico-economic aspects of society" and ignore the role of "socio-cultural and religious values (p.8)." His book emphasizes culture and ideology, but never returns to address its class basis. If the social structure was imposed by an elite, how can the society be altered without changing the distribution of power?

My suspicion is that he avoids class because to do so he must also examine the royal family. Throughout the book, Professor Bista seeks to divorce the Shah dynasty from the imposition of caste values, as noted above. At the book's end he defends the King as the benevolent father figure whose existence holds Nepal together. The cynic may claim the book is a chakari apology for continued royal domination, but I don't think it is so simple. The erroneous claim that Prithvi Narayan *re-united* Nepal invites speculation on Bista's motivation: he is a Nepalese nationalist, devoted to his country and its welfare. He seems to believe that a Nepal exists independent of the monarchy and perhaps by the 1990s it could; but, he also seems to believe that the presence of the King is a practical necessity for maintaining the country's integrity, and so Bista must portray the Shahs as opposed to caste hierarchy, and today's King as a beneficent father to his ethnic children. However, the Shah monarchy and its control over the Nepali state were based on expropriating the surplus production and surplus labor of peasant farmers, as Dr. Mahesh Regmi has shown so clearly (e.g. 1978a; 1978b). Prithvi Narayan's Nepal was a feudal society, an example of the tributary mode of production (Wolfe, 1983), which of its essence is hierarchical and exploitative. The caste justification of that hierarchy is derivative, although as Professor Bista so clearly shows, it acts to reproduce and intensify the hierarchy. Other "tributary" societies also had social hierarchies with similar patterns of "corruption," fictional political struggles, and patron-client relationships. In the post-

Rana period, the social structure has persisted, funded by foreign aid, as the third book under review (**Foreign Aid, Poverty, and Stagnation**) demonstrates. In fact, the success of the pre-1951 elite in adjusting to the new world of "development" and in using this new source of surplus to maintain control belies Bista's central claim that "fatalism" makes the high castes unable to act effectively on the material plane. Bista's neglect of the economic bases of Nepalese society leaves me, at least, unsatisfied and ensures that he can suggest no concrete plan to make the changes which he so clearly shows Nepal needs.

The final book, Narayan Khadka's **Foreign Aid, Poverty, and Stagnation in Nepal** more directly examines the society's power and class structure. This large book, which is theoretically sophisticated and empirically detailed, examines Nepal's economic change since 1951 but focuses on how foreign aid funded those changes. Khadka blames Nepal's dismal development effort precisely on the failure to invest adequately in the productive capacity of the country, especially in agriculture. The reason for this is that foreign aid has allowed the feudal elite to maintain control and to avoid the changes needed. Without foreign aid the lack of investment and low productivity of the tributary system would have self-destructed and forced change. With foreign aid, the "corruption," cronyism, and patronage of Shah/Rana Nepal continues, thereby postponing the needed changes.

Khadka's first chapter, the "Political Economy of Poverty," critically discusses development theory, questioning the orthodoxy that simple growth will alleviate the poverty of the poor. It then provides a statistically detailed description of Nepal's physical environment, social resources, and economic and political history. Chapter 2, "Foreign Aid and Development," considers the theoretical and practical goals of foreign aid, especially with regard to Nepal. Chapter 3 is a detailed examination of what Khadka calls the first phase of development 1951-1962. He discusses the types and amounts of aid and the political motivations of the major donors: the US, India, China, and USSR.

Chapter 4 provides detailed information on the sources and forms of foreign aid and on how they have changed through the decades. The amount of aid has increased spectacularly from Rs 53 million in 1956-57, to Rs 66m in 1961, to Rs 1156m in 1985, to Rs 5088m in 1988, to an estimated Rs 6600m in 1990. Prior to 1975, most aid came as grants and was bilateral (93% and 66% respectively in 1975-6), though almost all of it was "tied," i.e. had to be spent on products made in the donor country. After the mid 1970s, however, loans and multilateral donors (61% and 55% in 1987-8) became increasingly dominant.

Chapter 5 reviews the sectoral allocation of foreign aid. From 1951 to 1974-5, about 60% went to transport and communications investments. In general,

agriculture, the sector which engages 91% of the labor force, was neglected, but it has been a high priority since 1984. Land reform, which is needed to provide families with productive assets, has also failed to a great extent. Industrial development remains tiny, constituting only 5% of GDP by the late 1980s.

Chapter 6 reviews the burden of international debt. Accumulated debt has become increasingly important and totaled 30% of GDP by 1988, making Nepal vulnerable to the "structural adjustment" demands of the IMF. Per capita debt increased from Rs 4 in 1971 to Rs 129 in 1980 and Rs 1122 in 1988.

Chapter 7, "Foreign Aid, Poverty, and Stagnation," evaluates the impact of aid. Chapter 8, "Findings and Conclusions," summarizes the book. Overall aid has hurt Nepal by allowing the feudal elite, through "corruption," which is merely a continuation of the accepted functioning of the pre-1951 system, to divert the money into their pockets and maintain control. The continuation of this old system insures that little indigenous surplus or foreign aid is invested in ways which increase the productivity of the economy, so Nepal's economy has stagnated and its poverty intensified.

The solutions Dr. Khadka suggests will be extremely hard to implement, but complement those of Karan and Ishii. First, he argues that Nepal must re-define development to mean the reduction of inequality and the material improvement of the masses rather than simple growth. Second, HMG must realistically assess Nepal's natural, human, technological, and financial resources in order to wean itself from dependence on external resources. Third, Nepal must identify the resource gaps that can only be met through external aid. Fourth, the government must assess the socio-economic and political costs of terminating aid. Fifth, HMG must examine its operation to increase efficiency. Sixth, the country must plan for the reduction and end of foreign assistance by setting measurable performance and temporal goals. Finally, Nepal must broaden the political base of the government so that a wide range of the people engage in planning, implementing, and benefiting from development.

Hence, Khadka recommends the gradual end to foreign aid and the initiation of institutional reforms to make investments more effective. Land reform is essential but not sufficient: the government must promote programs which foster investment in the agricultural production system to increase yields. Interestingly, he does not blame foreign aid donors; instead, while he critiques the motivations of the various donor agencies, he still places the responsibility for the failures in Nepal's development squarely on the shoulders of the Nepalese elite.

Taken together, these three books offer a tremendous amount of information about Nepal and force the reader to examine seriously the historical roots, geographical impediments, and social failures which have produced the current problems. What is interesting is that none blames Nepal's condition on international forces, like colonialism, the functioning of the international economy, or the political and economic goals of the foreign aid donors. They all agree that Nepal's power structure, which controls the state apparatus and the development process, has failed to utilize effectively the resources at their disposal. They differ in their explanations of why the government has performed so poorly and in the relative importance they give to Nepal's geographical constraints. Bista calls for cultural change, but gives no concrete plan about how the culture can be changed. Karan/Ishii and Khadka call for reforms of the existing government apparatus to improve the quality and execution of development efforts. They also emphasize the need for including environmental impact and popular participation as integral to development planning. None of the books calls for the conscious alteration of Nepal's power structure, though the implementation of the recommendations of Karan and Ishii and of Khadka would inevitably produce such a change, e.g., both books call for real land reform. My belief is that each needs to examine more explicitly both the power structure within Nepal and Nepal's role in the regional and international political-economic order before they can assess realistically the problems the country faces. Without a fundamental shift in power, it seems highly unlikely Nepalese society and government will change. Without identifying the bases of that power, planning for change will be impossible. What if power does devolve to the poor majority, as both Karan and Ishii and Khadka say it must? Will the aid donors or neighboring countries tolerate the people-centered policies that such a change implies? These are difficult questions which none of these books address.

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