

Social Transformation in Nepal: A Personal Reflection¹

“A society whose economic activity is guided by politically self-conscious visions, and that utilizes means-ends analysis, will not exacerbate the ever-present dangers of a politicization of its life. It will only incorporate politics into the agenda of a society that wishes itself to be governed by its own choice, not by blind obedience” (Heilbroner and Milberg, 1995:127-28).

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Introduction

Never has Nepal's future been more unpredictable than now, but there are also fresh reasons for hope. The explanation of collective consciousness² of Nepalese citizens, political, economic, social and ecological trends and causes and correlation of forces provide a sound basis for the appraisal of the goal of transformation and the legitimacy of its means. The 12-point agreement between seven parliamentary parties and rebel CPN (Maoist) in 2005, mass movement against royal regime in April 2006, Comprehensive Peace Agreement (CPA) and Interim Constitution of 2006 have underscored the need to draft a new constitution by the elected Constituent Assembly (CA). These instruments define the vision for inclusive democracy for Nepal based on human rights, social justice, press freedom, multi-party competition, judicial autonomy and structural transformation to abolish historically existing class, caste, regional, gender and ethnic bias and attain democratic peace. Popular expectations attached to these values also represent the *zeitgeist*. Declaration of Nepal a federal, secular democratic republic marks a sweep of not only a system change but also a historic transformation at the super-structural level. The core challenges for Nepalese leadership are to coordinate the forces of transformation by “altering the forms of cultural, social and political life” (Shaw, 2000:7) at basic structural level which are now moving into multiple directions and sustain the coherence of state-society ties along national path. Creation of a more humanized society of equal opportunity entails confronting deep structural inequality, preventing the “subordination of societies and culture to the accumulation of capital” (Levitt, 1995:15) and providing citizens a fresh trajectory of hope for self-realization.

Four factors will transform Nepal into a social democratic state and social welfare law will serve as a medium of cooperation between the state and citizens. First, increased political awakening and participation of Nepalese citizens, even the poor and marginalized, have inflated their welfare demands from the state. Second, the country has endorsed the basic instruments of human rights such as civil, political, social, economic and cultural rights. Third, social rights of the citizens have been enlarged in the Interim Constitution espousing the rights to work, health, education, food, social security, etc, and promised to abolish feudalism to enhance citizens' wellbeing. And finally, the domination of CA by the left and social democratic forces legitimizes an increased policy focus on social justice. The claim for social justice is consistent with the needs of those at the bottom of development and the post-conflict need of the state for endurance and stability. The election of 601-member CA in April 2008 brought immense social diversity into political power and increased the representation of five groups of people-- women, Madhesis, Dalits, ethnic groups, indigenous people and citizens of remote region. These conceptual and structural adjustments have infused transformation in five domains—discourse on multi-verse of democracy, historical context, actors, issues and rules of the game. But, a lack of transformation in knowledge, attitudes, behavior, institutions and mode of production, politics continues to expose the Nepalese into a tension between those who demand more democratic equity and those who are alarmed by its effects.

The new politics has nurtured an innovative form of human solidarity that crosses party lines and the rights of citizenship to become author of law without being vulnerable to the risk of cultural assimilation. The discourse on rights alone can not become an effective means of social liberation as it empowers only the organized social groups, not the peasants, workers and dispossessed, unless the Nepali state is capacitated to improve security, public order and development outcomes for all citizens and conflict is kept within the bound of public order. The Nepali

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² The spirit of human consciousness involves “a series of stages that emerge via a method of observing first the relationship of individual subjects to themselves, then the institutional relations of subjects among themselves, and finally the reflexive relations of socialized subjects to the world as a whole” (Honneth, 1995: 33).

state as the only duty-bearing institution and active agents of citizens' emancipation—is fragile as it is incapable of implementing all their rights, promoting national recovery from the effects of decade-long Maoist insurgency and moving collective steps of society forward for civic pride. This paper narrates the complexity of social transformation, constitutional state, ideology and policy of development, leadership challenges, cultural self-confidence, ecological balance, overcoming untrammelled social ferment, new social stratification, subsidiarity, conflict transformation, international cooperation and thinking about future.

Complexity of Social Transformation

The outcome of CA election has established CPN (Maoist) a dominant party in the CA with 39.7 percent of seats. Its catchphrases of state capture through urban revolt, mass rebellion, *Jana Andolan III* and demand for leadership of government owing to change in political equation sought a transformation away from Anglo-Saxon³ model of political system. This evoked a fear in the ruling coalition led by CPN-UML for its disturbing costs to Nepali state and citizens. The partners in coalition believe that the Maoists' strategy of transforming rural youth, workers and peasants into a militant force ran counter to their early expectation that the rebel has transformed itself into "parliamentary path." Mutual distrust of each other delayed four months for the formation of Maoist-led coalition government. Maintenance of two lines of strategy—parliamentary and revolutionary and its changing alignments of "friends, enemies and enemies of the nation" could not inspire many parliamentary parties to join its nine-month old coalition government. Nepali Congress (NC)'s alienation from CPN (Maoist)-led government and the Maoists' alienation from CPN-UML government reflect the trust deficit in the parties, unaccountability to the previous accords and shift of game from consensus to competition mainly springing from a clash of interests. It also shows that leaders have deviated from the national goals and entangled into internal wrangling. The Madhesi parties formed around contesting demands of identity politics such as autonomy, self-determination and proportional representation in governance are also fragmented in terms of goals and values. Smaller parties are acting as a free-rider of Nepalese politics. Over 106 armed groups of Tarai have dragged Nepal into an uneasy geopolitics. The Maoists' espousal of revolutionary pose on many issues runs counter to the position of ruling coalition.⁴ The Maoists' rejection of political pluralism and adoption of redistributive land reform without compensation is challenged by the ruling coalition. The Madhesi parties unanimously voice for "property" tax instead of land reforms. This indicates that there is lack of political will and capacity of the ruling political classes to restructure property relationship and enlist the interest of upper-classes of society in social transformation.

In Nepal, social transformation has become a hostage of political deadlock and stasis as there is no mutual perspective taking by the ruling 22-party coalition government and opposition Maoists and limiting one's own option and action for cooperation on common goals and means they have mutually agreed. The negotiation became

³ Karl Polanyi Levitt argues that Anglo-Saxon political culture has elevated the institutions of private property, private enterprise and private profit to normative ends and "the worth, values, and social status of an individual is judged by the market price he or she is able to command" (1995:8-9).

⁴ The lawyers and party intellectuals of ruling coalition have forwarded a number of counter-arguments. First, the Maoists' stand on the subordination of judiciary to the legislature and the ultimate rights to interpret the constitution and law by it undermines the theory of separation of power and checks and balances. In socially and culturally diverse societies like Nepal absence of checks and balances undermines both individual rights of citizens and democratic principles. Second, its proposal to include all parliamentary parties into the government devoid of any legitimate space for opposition indicates that political process is about domination, not periodic change of the government or circulation of new elites. Loyal opposition makes the democratic system resilient. Third, its defense of the formation of multi-member party bloc voting system whereby citizens have to vote for political parties of their choice for parliament and the majority party sends its representatives might lead to partiocracy, not democracy. This weakens legislators' ability to foster popular participation in politics and the responsible style of government. The degree of democracy is determined not by party control of population but by allowing legislators to reflect national priority and conscience and tie the top with the bottom of society. Fourth, its provision to ban those parties with "feudal and imperialist inclination," opens democracy to only of its "choice." Fifth, the UCPN (Maoist) also talks about giving ethnic groups "prior use rights" in the federal states stipulating that whichever ethnic group is in majority can become head and deputy head of that state for two election terms undermines the human rights of other groups of citizens thereby holding the possibility for cobbling other groups against the relative majority in search for democratic equity. Similarly, restructuring the state along ethnic and cultural lines with the right to self-determination, even to secede might generate ethnic conflict due to the existence of overlapping ethnic groups. If the means of politics is defined by the use of violence, exclusion, hegemony and "domination" it kills the sovereignty of citizens and their democratic choice, inverts the political process from universal values to particular party's interest and distances itself from a "socialized humanity" which Gautam Buddha, Immanuel Kant and Karl Marx envisioned.

protracted because it is based on position and power than on democratic principles to transform the root causes of conflict into a stable peace. Use of dialectical method,⁵ division of critical masses along party lines, fragmentation of civil society, polarization of corporate climate and poor governance have eroded the political capacity of leadership to sustain non-linear transformation. The acceleration of “creative destruction” of Nepal’s public sector industries, education, health and communication by market forces for the transformation of welfare state into the financial capitalism since late 1990s clientalized Nepali citizens into consumers, workers and domestic servants (especially in the Gulf region), systemically broke the state’s linkages with society, economy and ecology and repeated the old cycles of change. The Maoist party’s unchanged aim of reversing this cycle by using the dialectical transformation seems inversely related to the leaders’ conversion into the parliamentary path defined by 12-point agreement. This situation parallels to the political condition of 1990s when incumbent leaders fearing the equalizing effects of democracy under social welfare state accelerated the process of privatization, denationalization and deregulation of economy and sought to block the social mobility of under-classes of society.

The structural problem associated with every dialectical transformation is that it instinctively negates and then victimizes one group of political class previously in power and shifts its strategy with shifting nature of contradictions. The democratic transformation in progress, however, requires the cooperation of victims with new regime or creation of more winners than losers so that transformative achievements are sustained, institutionalized and consolidated. In Nepal, the smooth transformation has now become complicated because of the absence of a shared vision, intense power struggle and absence of material and institutional incentives to enlist citizens’ broad-based trust in the new order. Political culture of institutional closure enforced by the regime has kept the “opposition” in the position of “anti-establishment” which also questioned the legitimacy of new regime. Rastriya Prajatantra Party-Nepal and forces of *ancien regime* are just banking on the failure of the establishment to execute popular mandate in time and demanding referendum on republicanism, secularism and federalism. Most of conservative forces within mainstream parties have become their natural allies while radical elements in each party have harmonized their issues and cooperated with the CPN (Maoist). This ideological and organizational complexity has constrained the needed transformation ordinary citizens are expecting for their well-being and empowerment.

The Maoists are working for the withering away of state for a more inclusive state and has generated tension between state-bearing classes and non-state ones thereby opening new fault-lines of centrifugal conflict. Because of state fragility and actual deficit of its authority and capacity Nepalese rulers of all hues have tolerated violence, subversion, rebellion and culture of impunity. The dissolution of modern law into politics marks the inability of secular law to replace religion as unifying elements of society. The secularization of Nepal’s culture in the image of social science, produced entirely in different context to resolve their particular problems, risks cutting the nation’s heritage of tolerance. Crisis in law generated by disharmonious worldviews of the nation’s futures and contesting priority of political parties on public and private autonomy do not offer a recipe for the transformation of adversarial relations into a workable peace. Amendment of Nepal’s Interim constitution 8th time indicates that political realism and doctrine of necessity will continue to strain Nepal’s move to constitutionalism, dominate the rule of law and, as a consequence, render the governance weak. As a result, post-conflict peace dividends have yet to contribute to the advancement of personal freedom and capacity of citizens to foster collective national life. According to Jurgen Habermas “legal positivism ignores social context and is insensitive to the threat of vested interests, rendering the approach unresponsive to the needs of substantive democracy” (McCormick, 2009:143). Law can become a tool of social transformation only if it does not reflect either historical or institutional biases or even undercut the possibility for discursive formation of law. The resounding endorsement to one-year extension of CA may be a low cost exercise but it has revisited the old political culture of amending people’s mandate even in democratic times.

Constitutional State

⁵ The dialectical change operates in three ways: through stages of thesis, anti-thesis and synthesis through the alteration of political institutions; the negation of the one previously in power; and play of opposing forces acting within an entity, state, type of society, etc or between that entity and others with its environment (Binder, 1972: 3).

A democratic order can exist only out of the necessity of public reason of government to be responsive and compliance of citizens to public institutions and laws. It is essentially wrong to think that the government alone can create public order without the consent of governed. It is equally wrong to presume that citizens can abolish the state of nature without legitimate government, the ultimate source of authority charged to protect life, liberty, property and identity. This is the reason state sovereignty aims to abolish violence from society through legitimate order for the protection and promotion of constitutional and human rights of citizens. Sovereignty, in this sense, is indivisible. It reflects the general and particular will of all citizens and subdues the anarchy of free wills. Rights of citizens can only be organized in a well-ordered constitutional state where parliament serves as a real platform for rational debate and the resolution of country's political problems (Reiss, 2008:260).

A constitutional state cannot be created in Nepal when power brokers and patrons arbitrate the rules and project politics in a binary code—friend and foe, rather than finding the systemic ties of all the societal actors. A political culture of this sort will likely to erode the space for democratic opposition so essential for the balance, early warning of the conflict flash point and dynamic resiliency of system maintenance. State building through constitutional process requires the transformation of subsidiary unequal identities such as class, caste, ethnicity, gender, region and religion into meta-identity of Nepali citizens. The legitimate concerns of these subsidiary identities can be addressed through public policy. Public school, media and party education have a primary duty to optimize interest, ideology and identity rather than maximize one and use it for the expansion of political constituencies. The central challenge for Nepalese leadership now is how to constitutionalize the loyalty pattern of citizens to state and enable them to exercise both constitutional and cosmological rights as well as cope with post-state challenges, such as migration, diseases, climate change, technological evolution, trade and means of globalization.

As the nature of international system is anarchic, democracy can be secured only within the shell of state. This system has entered into a structural crisis whose central factor is situated with the international division of labor: growing income and wealth inequality, unequal access to food, education, health, job and energy, stagnant economy, ecological destruction and intra-state conflicts. The structural shift in global economy has, however, also provided an opportunity to moderate the primacy of individual interest, temper the logic of free market and exalt the importance of the state and its laws in security, regulation and social development.⁶ The globalization of political economy and societal denationalization, have opened the writ of Nepali state to international norms, laws and institutions, began to erode national culture and the very concept of national self-determination. The movement of people, political ideas, goods and services across the border is broadening the horizons of citizens and bringing inputs for governance reforms. But, democracy outside the nation-state has become weak because major global policies are shaped by G-20 not by the representative of citizens in national parliament. As a result, Nepalese politics has neither been able to capture policy domain nor reduce the historical dependence on outsiders and not even kept institutions under democratic control.

Internally, too, dominant interest groups of society are more represented in the parliament and the policy think tank lacks social learning to draft contextual policies as they basically reflect institutional biases of their employer. This has made democracy fragile and weakened the ability of citizens to exercise popular sovereignty. There are, however, some positive trends to offset many of the disadvantages. Labor unions' convergence on social agenda reflects heightened expectations regarding unsatisfied needs for material justice, proliferation of social movements against the hegemony of capital and special interest groups dominating the state, popular demands for ecological ethics and new role of state in regulation, security and service delivery are generating democratic choices for citizens. But, it has also renewed the dynamic tension between the forces of transformation of public sector and the beneficiaries of status quo from the privatization of national property. "The enhanced legitimacy of the public sector that we see as central to new vision will require not only a change in the nature of economic analysis but also a transformation of the status of analysis in economic inquiry generally" (Hailbroner and Milberg, 1995:124-25). Recapturing this vision entails to create business-friendly environment so that attraction for foreign direct investment owing to comparative labor advantage, that is cheap labor, is not nullified by continuous political instability and

⁶ Stiglitz offered the international community to implement 10 policies to stem the global financial crisis: stimulus efforts from developed countries, additional funding for developing countries, more policy space for developing countries, avoiding protectionism, opening developed countries to least developed countries' exports and coordination of global economic policies (2009:13).

extortion. Likewise, labors' suffering and pain (GEFONT, 2009) should be adequately balanced through worker-friendly policies and giving them a stake in the political system.

Ideology and Policy of Development

Public policies are based on certain ideology (Schumpeter, 2004:X). The universal ideologies espoused by Nepalese leaders have served little to concrete national policy and plan formulation, increase solidarity and minimize the cost of cooperation. The uncritical adoption of various ideologies in Nepalese society, therefore, reflects that leadership behavior is incongruous to given national political order (Mannheim, 1936:193) they themselves created. Rescuing Nepalese politics from the fact-averse particular conception of ideology to a shared national ideology of democracy is essential to strengthen democracy's general outreach in entire society and enhance the capacity of leaders' social learning about "cumulative causation of development process" (Myrdal, 1971:15). Like Karl Mannheim, Clifford Geertz treats ideology as a derivative of particular cultural system and, therefore, cannot be applied universally. Since democracy is largely a state-bounded political system public policies must be organic and contextual to address Nepal's problems of insecurity, deficit of public order and service delivery to the citizens. Ideologies can be used for social mobilization, reference points for reforms and removal of the irrationality of society. Nepal's crisis of state policy is based on following assumptions: inability of leaders to execute the mandate for constitution-drafting, structural reforms and peace process; excessive dependence of the state classes on international community for policy, aid and geopolitical advice (as tax contributes only 12 percent to GDP); high level of imports (86 percent and export only 14 percent) to meet livelihood needs as well as production; declining capacity of the state to produce goods for export and beef up competitive and comparative advantage in world market shares (Nepal's share of world export trade is only 0.12 percent); decline in economic growth (3 percent) and productive assets owing to reduction in development expenditure generate rents for a small group of elite and poor integration of various sectors of political economy thus defying the economy of scale and access of citizens over public goods. As a result, over 3.5m Nepalese are food insecure and lack knowledge, ability and agency to become an engine of social transformation.

There has been virtually no significant change in established patterns of policy planning and direction except some extra policy contents--conflict reduction and peace building. But, the cost of subsidizing swelling of political classes and security elements is increasingly becoming heavy for citizens, majority of them are poor. Predation of the social surplus by 109 armed groups is divesting the needed investment for production, job-creation and social integration. This situation has unfolded three sets of contradictions: among the state institutions because each party controlling its ministry is acting like its own fiefdom; among different interest groups and social classes for power, resource and identity; and between Kathmandu and periphery to bridge the cognitive, communication and development gaps. The fragility of the state and its operation by partial imperatives of dominant parties has made its institutions less impersonal and neutral in distributing public good and services. Political transformation in Nepal did not substantially alter the mode of production, appropriation and control, existing regional differentiation of the nation's political economy in terms of articulation of goods and services market, labor market and forms of political organizations as economic rationality of basic needs is mediated by political interest of leaders in power. The workers and conflict victims are only passive recipients of relief coming from outside—the state, private sector, NGOs, community organizations and donor agencies. The information and knowledge society, however, requires innovative social sectors with committed volunteers as they can generate civic competence of citizens and make a difference in their lives.

Transformational Leadership

With the charisma of April movement fading the ability of Nepalese leadership rests on transcending the historical legacy of patrimonial authority and transforming themselves from the transactional and careerist instinct to transformational, electoral and performance-oriented one. The practical rationality of legal-rational legitimacy of leadership presupposes an ability to inspire cooperation from rival parties and followers to pursue national goals above their partisan and personal self-interest. The syndicated form of consensual leadership has shifted Nepal's politics from left and right to top versus the bottom as concentration of opportunities and subsidies in urban areas and insecurity and poverty in rural areas has caused huge rural to urban population shifts. As a result, urban areas too reflect a strong tendency towards *anomie* and the emptiness of society without civic norms and ideals (Trainor,

2002:72) as they are incubating strikes, shortage of drinking water, piling of garbage, spreading epidemics, juvenile delinquents, crime, battered women, alcoholics, etc. The leadership political culture shows no sign of any change as they continue to be habit-driven rather than context-sensitive to address the changing problems of society. All the political parties mirror a tendency of catch-all type and blurred both ideological and institutional boundaries.

The astonishing resiliency of state elites and the ideology of self-gratification have prevented their capacity for the revitalization of national vigor and vision, mobilize society to national commitments and institutionalize social transformation. The effective voices of citizens at the grassroots beyond the elections, creation of spaces for direct citizens' participation in development, re-composition of their capacity to struggle for equality, development of a culture of liberation and equal integration of women in society entail popular participation in the planning, direction, administration and budgeting of strategic decisions. Active and informed participation transforms individuals and communities from passive recipients of government projects into partners in decision making and action and makes administrative power accountable to popular will. The sensitiveness of leaders to the articulation of organized social interest from below can transform Nepal's informal nature of society, economy and politics into formal and constitutional processes and bring its citizens out of the viciousness of poverty-insecurity trap.

Notwithstanding the change in social balance and emergence of new elites from lower classes, the economic structuring through redistribution of state power to society through decentralization remained difficult as there was neither real democratization of political organizations, nor improvement of bureaucratic efficiency, not even any strategy to overcome development deficiencies. In a polity with weak political parties, individual leaders enjoy an incomparable advantage over central source of government patronage and power is utilized more to weaken the rival than the production of public goods and services. This shows that modern politics of Nepal has not outgrown the pre-modern political culture as the power is still understood in terms of structural violence and peace is one of the options in the hunt for power. In the process, the protracted politics of deadlock has paralyzed both the ruling parties and CPN (Maoist) without being able to achieve their collective objectives.

Cultural Self-Confidence

Cultural matters for development and, therefore, national cultural self-expression gives confidence to citizens and leaders. Cultural traditions are remarkably "enduring and shape the political and economic behavior of their societies today" (Inglehart, 2000:80) and stabilizes the ongoing struggle of citizens for ecological, social, gender and inter-generational transformation. The Nepali planners, intellectuals and leaders, however, increasingly feel a sort of cultural cringe, a feeling of inferiority complex of one's own culture before others and, therefore, seem being torn between Nepal and the West (also India), between passivity and passion, duty and free will and between ancient wisdom and modern desires and, in the process, tried to measure the native society solely by the Western criteria of rationality—Marxist or liberal. Opening of captive minds to critical and contextual learning about one's own national culture of syncretism shaped by Hindi-Buddhist philosophy can increase their confidence in the solution of problem and liberate them from theory-dependent perception of reality. Critical knowledge means not only comparative and historical but also reflective of one's own society's human condition and use of home-grown knowledge for policy formulation. Only critical education bridges a gap between theory and practice and overcome the Cartesian science of reducing the whole society into parts for differentiation, privileges, rationalization, discipline and rule.

Cognitive liberation of the Nepalese citizens entails encouraging them to excavate their own cultural resources for the values that foster innovative spirit, hard work and social discipline. It also requires setting them free from indoctrination, consent manufacturing by bulk of media on the dominant interest of society and motivated cover-up of facts, uncritical conformity to the political system, false consciousness about ideologies and anaesthetization through only entertainment and presentation of unrealistic picture of society. Coercion-free communication and education alone can enable them to develop capacity for serious social reflection, judgment and rational action. In this sense, civic education is a process of learning about not only labor, work and role occupation but also about the cosmology—the enlightenment—and the ways to integrate individual citizens in a shared conception of collective good.

Dialectical thinking may be useful for social change but its frame is binary—ally and enemy and conflict resolution is based on either the negation, or elimination or even weakening of opposition parties which is so essential for the functioning of democracy. Given the new stratification of society, formation of multi-classes within

labor where the white-collar workers feel comfortable with the capital and fissiparous tendencies within trade unions the problems of new society can only be addressed through a culture of participatory democracy. A radical shift is needed from revenue-based to production based development model in Nepal both to dynamize rural, agrarian economy and establish its linkages with environment, industry and trade. Dialogical method is holistic, not only because it includes all sources of knowledge but also because it opens multiple avenues, allows the perspective taking from the opposition sides and mediates them for compromise. The transformation of cultural individuals into a national identity is a prerequisite for political emancipation of Nepalese citizens through constitutional rights and ultimately for human emancipation through cosmological laws and human rights.

Ecological Balance

The continuity of social life requires sustained supply of ecological resources which is also essential for the survival of all living species. Ecological challenge is not co-extensive with the Nepali state. Decision-making about ecological management, therefore, goes beyond the state's domain. Democratic political system can foster sustainability of development as it embodies economic life into ecological and social ethics. There is a need for democratic society sufficiently vibrant to reduce eco-destruction through alternative measures, management of energy, water and land and protection of biological species. Ecological base of Nepal is deteriorating and the global warming is melting Himalayan glaciers and turning several lakes into the risk of breaking point. Expansion of community forestry, biodiversity management, disaster preparedness and monitoring and mitigation of the negative effects of climate change require rapid national, regional and international response. The old saying "Green Forest, Nepal's Wealth," has now faded into memory as deforestation has reduced forest coverage to 39.7 percent only. Relaxing security and law and order following every political change offered poor citizens, smugglers and powerful persons an opportunity to loot forest products while the need is reforestation for ecological balance. Unstable politics is both cause and consequence of the destruction of the nation's heritage and a threat to sustainable livelihoods of citizens. Environmental security and democracy are interlinked: environmental fragility reduces the prospect for democracy's material substance as an economy is created by processing nature and knowledge.

Economic efficiency of free market economy adopted by Nepal since 1989 began to conquer human security as labor, land and money have become increasingly commoditized and every change provided powerful actors free ride on natural resources and produced the tragedy of the commons (Hardin, 2000:508-513). A paradigm shift from real economy such as agricultural and industrial to symbolic economy has induced livelihood crisis. Shift of Nepalese economy to financial capitalism has reduced the contribution of agriculture to GDP 33 percent. Mitigation of the growing crisis of livelihood requires mobilization of ecological justice and non-market-based solution that can protect the most vulnerable population to the effects of climate change. Leveraging collective power of citizens demands sharing of ideas and strategies at grassroots level because it provides demand for clean, just, efficient and renewable energy and restore human community displaced by mechanistic forces (Roxas, 1994: 43).

Overcoming Social Crisis

Technological change alone cannot rectify the tradeoff between the requirement of national security and social development. The vicious cycle of over population, resource scarcity and environment destruction especially rapid deforestation can be reversed by social economy embedded in the re-generative capacity of nature. Sound social policies of poverty alleviation, productive employment and social integration can reduce the ecological stress in Nepal. The policy choice would be mutual adjustment of the capital and the labor so that the wealthy supports the poor to have adequate means of dignified life and the poor contributes the wealthy in the just wealth-creation. Lower middle classes of Nepalese society are the main senders of remittance which contributes 22 percent to GDP. Nepal's fast development requires the modernization of these classes because they are socially embedded, mobile and engine of silent social transformation of rural areas through economic and technological innovation. They merge both wage fund, all of which goes into consumption and the capital fund whose part of it is available for investment (Drucker, 1994:8) and has the potential to create job for the lower strata. In order to overcome alienation they need to own tools of production. The upper classes of urban areas are emotionally de-linked from the lower strata and are retreated into private economy, education, health, life-style and have become globally mobile elite less interested in their national duty that citizenship entails in a democracy. But, they are the ones controlling the

lever of decision-making power and producing policy distortions. The recent global economic crisis has, however, forced the leaders to reclaim the state to regulate economy and play social welfare role. It can foster social projects if the contribution of tax to GDP which is only 12 percent now is scaled up and leaders reverse the trend of allocating national budget more to build their political constituencies rather than investing in priority and productive areas. This is crucial for economic transformation. For the poor and workers, fulfillment of basic needs are precondition to freedom, equality and dignity. Others are: equal opportunity in job, secure working environment and proper wage to rise above subsistence level, rights to organize and express and adequate social security as they along with land, capital and technology are central components of economic transformation (GEFONT, 2010:11).

Nepal is deeply integrated into the global system and global capitalism generates more jobs for its citizens than its own national political economy. Over 400,000 Nepalese enter the job market every year and 300,000 of them migrate abroad due to lack of job opportunity at home. External integration is individualizing and breaking families, communities and psychologically transforming Nepal's introvert society into extrovert type. This has added the element of new culture. But, it is also weakening the social basis of popular national construction as dynamic youth are devoid of productive opportunity at home and losing their stake on citizenship. Similarly, the social cost of the migration for the family, society and agricultural economy is huge. The migration of dynamic agricultural workers has generated labor scarcity both during cropping and harvesting seasons. Embedding population uprooted from rural life to rationalized life-world of urban areas requires national consciousness and collective action in the areas of education, health, habitat, gender equality and social justice as well as overcome alienation. For this, paradigm shifts is needed from revenue-based to production based development model in Nepal both to dynamize rural, agrarian economy and establish its linkages with the environment, industry and trade.

Changing Social Stratification: Horizontal Transformation

The nature of social structures both limits and facilitates human action. The social dynamics of global modernity is not only subordinating the geopolitics of Nepal but also accelerating the functional differentiation of Nepalese society at national, regional and global scale and requiring its conceptual and structural adjustment. The inclusive policies and laws sought a new social stratification of Nepalese society from inherited, caste-based, patriarchic to self-chosen one based on equality, social contract, rational will and self-determination. The Nepalese women, third gender, Dalits, workers, Madhesis, indigenous people, etc have got group-specific rights as a result of political and legal transformation and in recognition to the plurality of Nepalese society.

In Nepal, however, pre-capitalist social structure of kinship and family still plays bigger role than political ideology and party. The transition of its political economy from feudalism to capitalism and formation of new bound of primordial solidarity have generated tensions in historically existing multiple social relations and modern aspirations. Still, the primary reference point in Nepal is the family, then relatives and then social location than citizenship. Because of low level of social trust beyond kinship, the concept of citizenship in Nepal is very weak. This has disconnected the Nepalese from their nationality. High level of trust and cooperation at cultural level reduces the amount of business and transaction cost and strengthens the concept of citizenship. Political leaders feel that in an unorganized and de-institutionalized political participation they can prosper only by rewarding state resources to relatives, clients and party workers. If politics remains disorganized then society too remains immobilized except during the election campaign, agitation and cross-bonding of social capital for collective action such as Women, Dalits, Madhesis, Indigenous and ethnic groups' caucuses.

The donors' strategy of social mobilization of segmented identities based on age, caste, class, gender, ethnicity, religion and region, etc is reinforcing this new stratification of Nepalese society. But, this strategy has also weakened genuinely broad-based group-opened social movement, fostered clientalism and caused factionalism and fragmentation of political parties and civil society. These group-enclosed social movements have three effects: they have institutionalized group differentiation, weakened the state, parties and civil society by formulating unrealistic demands and eroded national identity as citizens demand more social representation than political representation in the national sphere. At the same time they have also exerted pressure on political parties and the state for inclusive democratization to break neo-patrimonial political culture of patron-client type by increasing the performance efficiency of leaders. Now, critical masses located in each sub-stratum of society are self-reflecting as they are hovering around primordial loyalties and demanding autonomy and self-determination. Modern politics is couched in citizenship rights, not the group rights which are the characteristics of traditional society (Tuck, 1999:1). This

shows that Nepal's discourse on human rights is shifting backwards, not forwards. As a result, the struggle for human rights in Nepal—liberation, entitlements and social opportunities and good governance—remains unfinished. The reflection of Nepalese human rights bodies on theoretical knowledge must be mediated by citizens' needs who have beliefs and who exist in concrete historical situation (D' Amico, 1989:109).

Subsidiarity: Transformation From Below

Nepal's development failures and problems of self-governance have motivated its leadership to undertake inclusive policy measures from below, restructure the state to abolish discrimination of citizens on the basis of class, caste, gender, ethnicity and geographic remoteness, federalize political power and attain durable peace. All the political parties of Nepal have expressed commitments to protect the rights and sovereignty of citizens in policy making and public action. The critical challenges at the local level are: domination of capital and city-centric politics, absence of elected representatives, authority and security vacuum and absence of approximately 25 percent of the positions in sub-national offices. All-party mechanism established by the Ministry of Local Development lacks legal mandate to implement development programs, control corruption and enforce accountability. Inadequate resource allocation by Singh Durbar through line agencies to District Development Committee (DDC) and Village Development Committee (VDC) limit the implementation of broad-based development activities. Opportunity for citizens to participate in every decision rests on the principle of subsidiarity and transformation from below in favor of coordination of productive finance and social policies.

As Nepal moves to a stable peace, development at the village level requires the capacity of local governance to meet demands for the rebuilding of infrastructures and reconciliation of human relationship torn by violent conflict, meet the basic needs of family, community and society and secure their rights to govern themselves. New opportunities for constructive participation of ordinary citizens, rural *sukumbasis* (dispossessed), youths and women through wider property ownership, can increase their stake in local governance. Participation and co-determination hold them with jobs in the villages, de-bureaucratize services and build the connection between local democracy and development. As the local parties are command receiving entities from higher authorities, the democratization and decentralization of the latter can ensure autonomy of local committees of parties, community, wards and villages and increase their voice in determining public goods and services.

The formation of inclusive local party committees, deliberative mode of deciding public policy, non-intervention of higher political authorities and consensus-based development activities can directly benefit citizens, place a set of checks and balances and reduce the level of corruption, monopoly and arbitrary actions. Institutional pluralism and competitive agencies at the local level offer cost-effective service deliveries to the citizens and marginalized groups. De-partisanization of local institutions working in education, health, drinking water, irrigation, saving and credit, relief, environment and users and management of common property resources increases their coherence and efficiency in responding to community needs through the management of community-driven process. Effective implementation of local peace committees can resolve local disputes, reconcile the wounds of conflict and deliver conflict-reducing and justice delivering basic measures, repair the broken relationship and build confidence in sustainable local development. Coordination of INGOs, NGOs, civil societies and market institutions with the local government bodies in planning and implementation of development interventions strengthens the will and structure of local self-governance. Coordination mechanisms between the donors, local state institutions, political parties and NGOs also help to identify resource gap, avoid convergence of resource in better off sectors and regions, foster the efficiency, transparency and accountability of aid to improving the lot of citizens and contribute to the consolidation of social transformation at below.

Conflict Transformation into Peace

The CPA promises "positive peace" based on transformation of society and removal of structural injustice but the country still has cold peace as the ties of the signatories of CPA have drifted into a downward spiral and changing rules of the game has made the enforcement of CPA feeble. Unresolved problems- such as integration of Maoist combatants into the productive life of society, federalism, form of governance, election system, prior use rights and self-determination, judiciary, party registration, etc have become drivers of conflict. All conflicts between political parties are amenable to solution through compromise if they are framed into a rational code acceptable to all sides and actors are optimized into the system. Sustainable peace can be achieved by transforming the "root causes of

conflicts.” Integrated framework of peace building requires the ability of actors to generate social trust so that they can face the future with great confidence. The key progresses in the peace process are: identification and placement of 19, 600 combatants in UN-monitored cantonment and discharge of 4,006 disqualified combatants. The scale of violence has gone down. But, lack of accountability to the commitments made in peace accord and non-implementation of its provisions including the set up of institutional pillars of peace, management of conflict residues and post-conflict demilitarization of armed forces and groups, reconstruction, re-habilitation and peace building requires a transition to a non-militant consensus-oriented political culture. Systemic conflict transformation aims to cope with conflict beyond the suspension of the spiral of violence, seeks major changes in social, economic and political condition where conflict is embedded and opens up a new space for cooperation, reconciliation and peace at various level of society. “Transformation draws upon various sources of social power which help to create and expand political space for peace” (Vayrynen, 1999: 135) and social mobility of citizens from traditionally ascribed status to achievement-oriented choices.

International Engagement: Dilemma of Transformation

Partnership for development is not only about shared prosperity but also giving the recipients of foreign aid a human choice, a choice that grants greater confidence and security to its citizens in participatory democracy, development and peace. Foreign aid which has become a permanent part of Nepal’s development process requires the redirection towards development-oriented transformation away from the usual luxury consumption of goods by elites which Nepalese society does not produce and the masses of citizens cannot afford. Rent-seeking, project duplication, flight of scarce capital and frequent transfer of development workers with every change in government and keeping the state out of society have made public agencies including bureaucracy risk-averse. These factors have been draining the valuable resources needed for investment, production and social transformation. Donor coordination in bridging governance gap between security and development policy under Paris Declaration on Aid Effectiveness and engaging national actors in support of endogenous post-conflict state building measures are the ways to evade capricious dilemma and policy response. The contribution of foreign aid to GDP is 4.7 percent while to development it is around 60 percent. The mounting of geopolitical pressure for conformity on “controlled democracy” in Nepal has to be addressed through balanced foreign policy. Otherwise, in the absence of national consensus on foreign policy issues, the country becomes vulnerable to destabilizing transnational forces thus retarding the agenda of social transformation. The solution of Nepalese problems can be found within Nepal in a number of areas if leaders trust one another and governed by the rationality of collective public and national interests.

Thinking about Future

Politics is about sketching a trajectory of steps for improving the society’s standards and maintain legitimacy for it. The stable characteristics of Nepalese ecological, social, economic and political trends indicate that a stable, peaceful and prosperous future can be built on the achievements of past and elimination of all forms of privileges from public life and public policy. The solution of new problems requires fresh thinking rather than becoming a prisoner of “bounded rationality,”⁷ a rationality which uses the society’s cultural diversity and benefits from the society’s inequality and conflict thus making future only a projection of present interests.

First, a way forward transformation requires Nepalese leadership to break from its extra-constitutional cycles of political change in roughly every 10 years of span, broaden the binary framework of politics steered by dialectics and settle with a new social contract, a workable constitution owned by all citizens and resolve conflict within the parliament, court and local arbitration methods. The historical crisis in reformist measures is a threat to democratic means—the golden mean of politics and the capacity of mediating agencies of society to open the possibility of transformation in each generation of citizens. Inability of leadership to execute the mandate, trends of governmental instability and old patterns of patronage politics strongly portent that history might repeat in different ways with the advent of new context, actors, issues, rules and discourse. But so long as its essence remains the

⁷ “Human beings don’t see the whole world; they see the little part of it they live in, and they are capable of making up all sorts of generalizations about that part of the world, mostly in the direction of aggrandizing its importance” (Simon, 1983:96).

same, the outcome does not bring qualitative transformation in the patterns of orientation, attitudes, values and beliefs thus compromising the future for the past. Transformation requires habit-breaking, innovative and visionary policies rooted into the changing aspirations of citizens and the *zeitgeist*.

Second, national leadership at various spheres of decision-making such as political leaders, planners and policy makers, need to open their mind to social learning about the changing political dynamics and seek to institutionalize citizens' rights, civic participation, socio-economic reforms and institutional transformation. The CA election has changed the power equation, shifted state-centric Maoist conflict into society-centric and also the rules of the game from consensus to competition. The different equations governing the motive and action of political parties have generated recurrent perturbation in the social transformation. The shift of the game made the transition process complicated as every article of the new constitution requires two-third majority approval. This means the participation of Maoists and Madhesi parties for all post-conflict initiatives is necessary. The revival of old politics of self-aggrandizement has perpetually produced deadlock where politics has not become autonomous of dominant interest groups of society, public and people-oriented. The only hope is that social pressure for institutional opening in the political parties is becoming strong which is a good sign to foster inner-party democracy. Inner-party democracy can also be a response to party split, emergence of small parties, factionalism, growing extra-parliamentary social movement and resolution of their problems of collective action. Inability to foster collective action will make the boundaries of political parties, social movement groups and 109 armed non-state actors fluid and offers favorable environment to dissatisfied group to strike a new bargain and generate new source of conflict. This will continue to drain *élan vital*, the vital political energy needed for state-building, constitutional stability, national security, rule of law, production and public welfare functions. Democratic transformation of society requires de-linking violence from politics for a rational reconstruction of future order.

Third, Nepali society has marked a shift from hierarchical status to social contract, natural will to rational will, feudalism to capitalism and necessity to freedom. But, the key propellers of modernity, such as education, economy, technology, institutions and leadership to sustain the transformation process are not sufficiently rationalized. As a result, the transformation of self-interested groups and individuals into citizens oriented to the common good of the state has become hard. Structure of incentives for free collective bargaining and codetermination of public interest is needed to overcome business, bureaucratic and technocratic inertia that restricts the prospect for equal development of multi-classes of society and coherence of critical masses serving as a creative catalyst of social transformation. Democracy requires bridging the gap between knowledge class and working class citizens for a shared future.

Fourth, a lasting solution of the problems or conflicts requires that all their "systemic causes" be known in their entire context. Post-conflict measures necessitate the resolution of conflict at various layers of society through administrative justice, security sector reforms, civilian oversight on security and improved civil-security relations. But, without demilitarization of politics it is difficult to resolve internal and external security dilemma and build trust among political parties for major violence-reducing and peace building activities. Similarly, transitional justice is essential to rebuild relationship in society and enforce a culture of accountability. It is important to establish a strong public sphere through constructive intervention for opinion and will formation which is currently subverted by private reason of power, money and media. The growing gap between elites and the masses has to be bridged by altering the old causes of conflict and preventing new one by widening and deepening the possibility of a national community, a recognition of the common destiny of all Nepalese.

Fifth, social transformation driven by exogenous interest cannot foster stability as it upsets the natural balance of power within the state, plays with the game of dialectics of inclusion and exclusion and erodes the state's legitimate monopoly on power. Since Nepal is heavily penetrated state by the international system, adopting balanced foreign policy is crucial so avoid the geopolitical pressure impinging on social transformation and national freedom of action. Country's competitive position in the world economy cannot be strengthened without increasing the quality and productivity of education and technological application to address the demands arising out of new social stratification and modern needs.

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