

Political Instability in Nepal: Examining the Roles of the Parties and Monarchy in the Second Democratic Period (1990-2002)

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Introduction

“Nepal is in transition from conflict to peace and from authoritarian rule to democracy, and has the chance to redefine both the nation and the State” (Nepal Human Development Report, 2009).

The transition to peace and democracy in Nepal has brought new political development and new hope for democracy. It was the success of a historic mass movement in April 2006 that enabled this new transition. This mass movement is a landmark in Nepali political history. During the movement, people expressed three major aims:

(i) abolishing the monarchy and establishing a democratic republic, (ii) ending the Maoists’ “people’s war” and returning to peace and (iii) redefining the people-state relationship through a restructuring of the state.

In April 2008, elections for the Constituent Assembly (hereafter, CA) were held and the Communist Party of Nepal (Maoist) (hereafter, Maoists) emerged as the largest party in the CA. The election’s verdict was in favor of the republic and a restructuring of the state, as it was the Maoists that raised these issues and succeeded in getting the people’s approval.

Since April 2006, the nation has witnessed major changes in various sectors of life, including the political, socio-cultural and economic. The issues involved in restructuring the Nepali state, federalization, inclusive democracy, proper participation and the representation of the powerless, voiceless, marginalized

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and vulnerable groups have since become some of the most vital and hotly debated issues in Nepali politics. The central problem of Nepali politics has thus become how to institutionalize the newly achieved republican democracy. Before we can explore the future prospects of democracy in Nepal, it is important to seek answers to why democracy has repeatedly broken down in Nepal? This paper has related two goals. First, it will examine the root causes of the breakdown of democracy in Nepal, and second, it will explore the future prospects of democracy in Nepal.

Democracy was established in 1951 for the first time in Nepal's history; however, it collapsed in 1960, was restored in 1990, and then collapsed again in 2002. This research focuses on the second democratic period (1990–2002) and posits several indicators of the factors responsible for the breakdown of democracy.

This research treats the factionalization of the party system and the monarchy as considerable factors in the breakdown of democracy in Nepal. The main reason for the selection of these two factors is that after 1990, the parties—the backbone of modern democracy—failed to govern the country in accordance with democratic norms and values. On the other side is the monarch, who officially accepted the 1990 constitution, while in practice always tried to restore the active monarchy.

This is the third time democracy has been restored in Nepal and consolidating it is now the prime task of Nepali politics. The future of democracy depends on both economic developments and power-sharing institutions.

Nepal remains among the poorest nations in Asia, with the highest level of poverty in South Asia. Agriculture remains the most significant source of employment and income-generating productive activities in Nepal (Raiz & Basu, 2007, p. 91). The main reason behind this poverty is the traditional agricultural policy and the feudalistic land distribution policy. After the restoration of democracy in 1990, the parties failed to implement a land reforms program. As Joshi and Mason (2010) have observed, the structures of clientelist politics that

traditionally governed the rural political economy remained intact. With the advent of electoral democracy, political parties' nominated landed elites for seats in the parliament because those elites could be counted on to deliver the votes of those peasant households that were dependent upon them for land, credit, employment, and other services. The democratic transition did not produce significant economic reform because the parliamentary regime lacked autonomy from the dominant economic class, the landed gentry.

Despite the great debate among scholars about the relationship between economic development and democracy, this research considers that the following classic argument of Lipset as relevant in the context of contemporary Nepal. Lipset (1960) has argued that socioeconomic development can also strengthen a country's middle class, and a large middle class is good for democracy because it "tempers conflict by rewarding moderate and democratic parties and penalizing extremist groups" (p. 51).

Nepal is a multicultural society; despite this, the nature of state remains discriminatory. A single group, the high Hill Hindu elite, has monopolized power for the last two hundred forty years. Therefore, exclusion is the central problem of Nepali politics, and the clearest remedy of this problem is to design inclusive institutions. Scholars such as Lijphart (1999) and Norris (2008) have argued that power-sharing institutions are important for democracy in divided societies. Power-sharing institutions help to secure the inclusion of all groups in the state. Thus, this paper concludes that the future prospects of democracy in Nepal are contingent upon economic development and the establishment of power-sharing institutions.

I. Background

Nepal is a small country situated between two giant neighbors: China and India. Modern Nepal came into existence with the unification of the nation by King Prithivi Naryan Shah in 1768. The most ambitious military leader of the time, Janag Bahadur Rana, came to the power through a bloody massacre and established the Rana regime in 1846. From 1846 to 1950, Nepal was thus

autocratically ruled not by the king but by a Rana prime minister (Shah, 1978, p. 1). Modern democratic politics had begun in 1951, as described below in Section II.

Nepal's cultural diversity emanates from its various races, several religions, numerous ethnic and caste groups, and the approximately 100 languages and diverse regional cultures. Despite the multicultural country, a single group The Caste of High Hindu Elite (CHHE), consisting of the *Bhaun*, *Chettri*, *Thakuri*, and *Sanyasi*, has dominated Nepal since its conquests. In the economic realm, Nepal remains one of the poorest countries in the World, with a per capita income of only 447 US dollars. Nepal stands at 138 on a list of the 169 countries in the UN human development index (UNDP, 2010).

II. Nepal's Political Development From 1951

The Rana regime collapsed in 1951, and Nepal established a democracy for the first time in its history. The interim constitution was promulgated by the king with the purpose of managing the transitional politics. The king announced that the permanent constitution would be drafted by the CA. He never fulfilled this promise. In contrast, the king amended the constitution repeatedly to consolidate his power.

In 1955, King Tribhuvan died and Mahendra became the king of Nepal. The king promulgated the constitution in 1959. This constitution envisaged the constitutional monarchy with a parliamentary democracy based on the Westminster model. A parliamentary election was held in 1959, and the Nepali Congress (hereafter, NC) succeeded in securing a two-thirds majority (74 seats out of 109) in the parliament. It formed a government under the premiership of B.P. Koirala, the president of the NC. The newly elected government adopted a plan for the democratization of the polity and egalitarian reforms of the economy (Riaz & Basu, 2007). However, this government could no longer than 18 months. The king took the power and announced that the parliamentary system was unsuitable to the traditions of Nepal in 1960.

After the breakdown of democracy, the king formed a council of ministers

under his chairmanship, and he formed a constitution drafting committee. When this committee finished its work, the king promulgated the constitution in 1962. All legislative, executive, and judiciary powers were vested in the king. The main characteristic of this constitution was that it established the *Panchayat* (“partyless”) system.

In December 1972 King Mahendra’s son, Birendra, ascended to the throne and continued the absolute monarchical rule (Thapa & Sharma, 2009, p. 207). On the other side, the political parties, particularly the NC and the Communist Party, expanded their political influence among students through the formation sister organizations. The student agitation of 1979 is noteworthy in the political history of Nepal. Following the controversial execution of former Pakistani President Zulfikar Ali Bhutto by President Zia-ul-Haq in Pakistan, some university students in Kathmandu organized a rally in order to protest the execution (Parajulee, 2000, p. 58). This student movement forced the king to announce a referendum in May 1979 offering two choices to the Nepali people: retain the prevailing *Panchayat* system with reforms or introduce a multi-party system. The king allowed the underground parties to campaign in preparation for the referendum. The referendum was held in May 1980, and the result upheld the *Panchayat* system. It secured 54 percent of the votes, whereas the democratic option secured 46 percent (Riaz & Basu, 2007, p. 49).

The king introduced some degree of political reform in 1980, after the referendum. The electoral mechanism of the national legislature was changed such that the legislature would be directly elected on the basis of full adult franchise. But ban on political parties continued. Elections were held in 1981 and 1986; however, they were superficial political games more than genuine institutions reflecting pluralism, democracy or electoral competition (Thapa, 2011).

Democracy was restored in 1990 following a popular mass movement. The constitution promulgated in 1990 provided for a parliamentary democracy based on the Westminster system. Three successive parliamentary elections were held in 1991, 1994 and 1999, along with two nationwide elections for local government institutions in 1992 and 1997. The first general election of

parliament after the restoration of democracy was held in 1991. The NC secured a comfortable majority and the Communist Party of Nepal (Unified Marxist-Leninist) (hereafter, UML) emerged as the main opposition.

The second general election of parliament was held in 1994. This election produced a hung parliament, as no single party could secure a majority. The UML became a largest party in the parliament by securing 88 seats out of 205. The NC became a second largest party with 82 seats. The UML formed a minority government under the premiership of Man Mohan Adhikari; however, it could hold no longer than nine months. After the fall of Adhikari's government, Nepali politics became engaged in cycles of making and breaking coalitions. In the era of the second parliament (November 1994–May 1999), Nepal experienced eight different governments. The frequent changes of government led people to believe that Nepali politics had degenerated into a naked struggle for power (Hachhethu, 2007, p. 135).

The third election of parliament was held in 1999. This time, the NC secured a comfortable majority and formed a government under the premiership of Krishna Prasad Bhattarai; however, Bhattarai was compelled to resign after only ten months. In fact, three governments were formed from 1999 to 2002 under three different leaders of the NC. Yet all three governments collapsed due, again, to intra-party conflict. The PM Sher Bahadur Deuba, who replaced G.P. Koirala in 2001, even recommended dissolving the parliament to the king without consultation with the party. After this political development, Nepal entered another political crisis, called the regression period.

King Gyanendra dismissed the Deuba government in 2002, accusing Deuba of being an incompetent prime minister. After 2002, the bipolar political conflict between the constitutional forces and Maoists turned into a tri-polar conflict among the king, parliamentary parties and Maoists.

On 1 February 2005, King Gyanendra imposed a state of emergency and directly took over the administration for three years. The king suspended several provisions of the Constitution, including the freedoms of press, speech, expression and peaceful assembly, the right to privacy and the right against

preventive detention. Due to King Gyanendra's October 2002 intervention and the putsch of February 2005, the country's transition to democracy and a functioning market economy reverted to a neo-authoritarian system and the course of democratization was blocked (Thapa, 2011) .

The political parties, however, immediately condemned the king's unconstitutional behavior. The mainstream parties then united under the banner of the Seven Party Alliance (SPA).⁽¹⁾ After several negotiations between the SPA and the Maoists, a 12-point agreement was achieved in November 2005. It contained three key commitments: first, the SPA endorsed the Maoist's fundamental demand for elections to the CA; second, the Maoists reciprocated with an assurance that they accepted a multiparty, competitive political system, the prime concern of the SPA; third, both the SPA and the Maoists agreed to launch a peaceful mass movement against the monarchy. When the SPA launched this demonstration against the king, the Maoists strongly supported it from behind.

The April 2006 popular uprising proved to be a watershed, resulting in the monarch being stripped of official powers and special privileges. This was followed by the historical entry into the government of the Maoists, the signing of the Comprehensive Peace Accord (CPA) in November 2006, the promulgation of the interim constitution in January 2007, and the formation of the interim legislature and interim government.

On 10 April 2008, Nepal held a wholly unprecedented and epochal nationwide election for the 601 members of the CA. The significant feature of this election was that it led to a more inclusive composition of the CA. Thanks to a mixed electoral system that provided opportunity for indigenous groups, women and *Dalits*, these groups gained a significant political presence in the CA

(1) The Seven Party Alliance was a coalition of seven Nepali political parties, seeking to end autocratic rule in the countries. They spearhead the *Loktantra Andolan*. This alliance was made of the following parties: The Nepali Congress (NC), Communist Party of Nepal Unified Marxist-Leninist (CPN-UML), Nepali Congress (Democratic), Nepal Sadbhavana Party (Anandi Devi), Nepal Workers and Peasants Party, United Left Front, Jana Morcha Nepal (People's Front Nepal).

(Appendix-A: Features of Ethnicity / Caste Representation during Elections). The formula of the mixed electoral system has helped avoid the perils of a culturally and ethnically divided Nepali society (Kumar, 2011, p. 52). The monarchy was officially abolished in 2008 at the first meeting of the CA. The CA is engaged in drafting a new constitution for Nepal.

The previous 60 years of Nepal's political history, starting with the overthrow of the Rana regime in 1951, have seen many political upheavals. Why has democracy broken down in Nepal? The next section addresses this important question.

III. Breakdown of Democracy:

The Role of the Parties and the Monarchy

By definition, once the first popularly elected government has formed, the “transition to democracy” phase is understood to have ended (Bunce, 2003, p. 179). The country then enters into the phases of the consolidation and sustaining of democracy. The consolidation of democracy refers to the degree to which the key elements of a democratic order are in place, and whether those elements function to promote effective, inclusive, and accountable governance. Sustaining refers simply to the continuation of democratic rule.

In the context of Nepal, the initial transition phase was backed by the spirit of the popular movement and comprised the restoration of the multi-party system in April 1990, the promulgation of a new constitution in November 1990, and the general elections 1991 and local elections 1992; it was smooth in demolishing *Panchayat* structures and setting up democratic institutions in their stead. Despite this successful transition to democracy, Nepal failed to consolidate it. The following section examined the two institutional factors and their roles on the breakdown of democracy in Nepal; factionalization of the party system, and the monarchy.

1. Factionalization of the Party System

The party system of Nepal became highly polarized, and highly

factionalized. This factionalized party system contributed to create political instability in Nepal. Political parties in Nepal have a history of more than seven decades. In Nepal, political parties originated in the 1930 and 1940s in opposition to the Rana oligarchies of Rana regime (1846 – 1951).⁽²⁾ The NC and Communist Party of Nepal were formed in 1947 and 1949, respectively, in exile in India (Hachhethu, 2007, p. 158). With the overthrow of the century-old Rana regime, Nepal entered a multi-party phase for the first time in the history of the country (ibid). Political parties later mushroomed with the restoration of democracy in 1990. Forty-four parties were registered in the election commission and twenty parties contested the election, although only nine parties succeeded in gaining representation in the parliament in 1991. In 1994, sixty-five parties were registered and twenty-four parties contested the election, but only seven parties succeeded parliamentary representation. In 1999, the numbers were up to one hundred parties registered with thirty-nine contesting the election, though again only seven parties secured seats in the parliament.

All the political parties represented in parliament split during this second democratic period. Indeed, the party system in the post-1990 period has been dominated by intra-party conflicts over access to power and unhealthy inter-party competition, which have together created a political crisis and impeded the consolidation of the newly achieved democracy (Hachhethu, 2007, p. 135). During the democratic period, political party factionalization not only created political instability but also provided fertile ground for anti-democratic forces such as the palace. As many observers and the politicians themselves have noted, the main reasons for the party splits were personal clashes and self-interested behavior rather than ideology.

Pradeep Gyawali has said, “There are two causes behind the parties’ splits: ideology and personal ego. In the case of the UML, this party split due to

(2) The first Nepali political party was formed in 1931 in Kathmandu as an underground party called *Perchand Gorkh*. A second party, *Parja Parishad* (People’s Council), was formed in 1935. Both were formed especially to overthrow the Rana regime and to introduce some form of representative government.

personal egos.”⁽³⁾ Bhimarjun Acharya stressed only the latter for all the parties, not just the UML: “There were no ideology-based party splits in Nepal. They all split due to personal clashes and egoism.”⁽⁴⁾

As the journalist Dhurba Hari Adhikari puts it, “There are two reasons for splits in parties in Nepal. First, there is the self-interest of leaders and second there are the external factors. The external factors are apparently India. He stated that the “Indian Embassy calls the leader and provides a dinner and gives the instruction to them to split the party; behind almost all parties’ splits there is the hand of India. The leaders just implement the Indian instructions; therefore, Indian factors are responsible for the party splits in Nepal.” He added even now the regional parties are splitting in the CA because of India and its interests. Therefore, the party splits in Nepal are not ideology-based.”⁽⁵⁾

Bimalendra Nidhi also blamed egoism: “The political parties split after the restoration of democracy, due to personal clashes and ego rather than ideology.” He mentioned that the opportunities for posts in politics are limited but that every member tries to take a post, which creates conflicts among the members and leaders and weakens party cohesion. As a result, parties split. “In the case of the NC split, the NC split was due to personal ego rather than ideology.”⁽⁶⁾ The NC politician Narahari Acharya acknowledges the same problem but places the blame on the incompetence of the leadership as the main cause of the party splits. He stated: “The parties’ leaders failed to manage the internal disputes, which ultimately led to a split in the parties. Incompetence of the leaders to

(3) Pradeep Gyawali is a member of the CA and a Politburo member of CPN UML. The interview was taken by the author at his residence at New Baneshower, Kathmandu, on 18 March 2011.

(4) Bhimarjun Acharya is an academician and the lawyer. The interview was taken by the author at his residence in Babarmahal, Kathmandu, on 22 March 2011.

(5) Dhurba Hari Adhikari is a senior journalist. The interview was taken by the author at a hotel in Sanepa Laltipur on 21 March 2011.

(6) Bimalendra Nidhi is a member of the CA and the NC central committee; he was the general secretary of NC (Democratic) Party, which split from NC in 2002 and again merged into the NC in 2007. The interview was taken by the author at his residence in Baneshower, Kathmandu, on 26 March 2011.

manage the intra-party conflict was the prime responsible factor for the split.”⁽⁷⁾

The above interviews and literature indicate that Nepali political parties have been suffering from intra-party problems, which are often based on personal clashes and egoism. Moreover, the leadership could not settle the intra-party problems due to their lack of competency. Hence, we can consider factionalism in the parties and intra-party conflict as one of the most responsible factors behind failure of the parties and leaders to institutionalize democracy in Nepal.

2. The Fallacy of Monarchy

The monarchy is considered by many to be, by nature, an anti-democratic institution; in this view, the monarch will always try to consolidate his power in an authoritarian manner. This is more complicated in the context of Nepal, since the monarch committed to the 1990 constitution, which explicitly mentioned parliamentary democracy, freedom of speech, right to organization and constitutional monarchy. Many other countries have monarchies that are compatible with parliamentary democracy, and many have good democratic performance. In Nepal, however, despite the monarch's ostensible commitment to multiparty democracy, the monarchy emerged as the biggest obstacle to democracy. The following sections illustrate how the monarch violated the constitution and finally captured the democracy.

Even after the acceptance of multiparty democracy by the king in 1990, the legacy of the active monarch continued to influence the politics of Nepal. Against the norms and spirit of the constitution, the monarchy frequently asserted that it was independent.

The democratic political leadership in Nepal, whether belonging to the NC, UML or other small parties, has always looked toward the monarchy with a conciliatory attitude. The king is seen as the ultimate protector of the political interests of individual leaders, parties, groups and so on. As a result, the

(7) Narahari Acharya is a member of the CA and a central committee member of NC. The interview was taken by the author at his residence at Chundevi, Kathmandu, on 2 April 2011.

monarchy has remained a powerful institution within the democratic system as well. Consequently, the democratic institutions and leadership remain weak and fragile.

It is true that King Birendra “demonstrated at least some sympathy for political liberalism” and by and large respected constitutional rules (Adhikari, 2008). However, the king rejected the prime minister’s proposal to mobilize the army against the Maoist insurgency, and this rejection was criticized by the party as unconstitutional behavior.

By declining Prime Minister Koirala’s request to use the army, the palace was acting beyond the constitutional role assigned to the monarchy. The palace establishment was calculating its time to make a return to the center stage of the Nepali polity (Raiz & Basu 2007, p. 149).

Things took a dramatic turn with the alarming royal massacre in 2001 inside the palace.⁽⁸⁾ After this incident, Gyanendra became the new king of Nepal. The violent death of King Birendra, however, further contributed to the public distrust of the monarchy.

Meanwhile, however, the king took an increasingly proactive role in politics. On 1 February 2005, King Gyanendra usurped all the executive powers of the state through a proclamation of emergency in the country. He formulated a cabinet under his chairmanship. As these actions show, the Nepali monarchy went against the democracy despite its proclaimed commitment to the constitutional monarchy. The Nepali monarchy was indeed partly responsible for the breakdown of parliamentary democracy in Nepal.⁽⁹⁾ As Acharya has mentioned, there was a certain weakness inside the parties; however, they were trying to reform: a legislative agenda regarding reform of the party system was

(8) The customary monthly ceremony took place at Narayanhithi Palace in Kathmandu on 1 June 2001. The entire family of the king and other relatives were present. It has been alleged that Crown Prince Dipendra, infuriated by his mother’s refusal to allow him to marry the girl loved, killed his entire family and a few other relatives with a machine gun and then attempted suicide.

(9) Gyawali, Nidhi and Acharya mentioned that Nepali democracy has always faced a threat from the royal palace. For further details, see footnotes 3, 6, 7, respectively.

tabled in parliament. Also, there was a debate about reforming the electoral system. The problem of democratic institutions and the behavior of actors can improve gradually based on democratic norms and values. In the context of Nepal, the monarch has often appeared as the biggest challenge for democracy by halting this gradual improvement.

We examined the two responsible factors on the democratic breakdown in Nepal: the factionalized party system and the role of monarchy. First, the party factionalization problem can be addressed through the list proportional representation (PR) electoral system.

Lijphart (2004) explains that with list PR, parties present lists of candidates to the voters, unlike with the rarely used single transferable vote, in which voters have to rank order individual candidates. In closed or almost closed list systems, voters mainly choose parties instead of individual candidates within the list. List PR with closed lists can encourage the formation and maintenance of strong and cohesive political parties (p. 101). The second factor responsible for the breakdown of democracy was the monarchy, which is now gone; however, there have been no significant changes in the state apparatuses such as the military, judiciary, and bureaucracy. Indeed, these institutions, particularly the military, remain highly influenced by the monarch. These institutions are still exclusive. Hence two related changes are needed at the same time: greater civilian control of the military and reform of the judiciary, police, and bureaucracy in order to make them more inclusive. Otherwise, these institutions may threaten the new republican democracy.

IV. Prospects of Democracy

This is an important transitional phase in Nepali history: a transition from authoritarian monarchy to democratic republic. The literature suggests that the breakdown of authoritarian regime may be overthrown by force or by mass mobilization, but according to transition theorists, neither is likely to result in their replacement by stable liberal democratic regimes; rather, the new government is likely to regress into or be replaced by new forms of

authoritarianism (Huntington, 1991; Schmitter & Karl, 1991).

A successful transition to democracy is more likely to occur, it is argued, through a process of negotiations and pacts between the incumbent elite and new elites, in particularly between “soft-liner” reformers in the ruling party and moderate opposition leaders (O’ Donnell, Schmitter, & Whitehead, 1998). By its nature this kind of transition process emphasizes the role of leadership and excludes mass participation. Outcomes are not dependent on structural factors, it is further claimed, because there is an element of choice in terms of constitutional settlements or the electoral system. At the same time, however, choice is constrained by the need to make trade-offs, to compromise, and in particular to protect the property rights of the bourgeoisie and the interests of the armed forces without whose agreement the transition cannot take place (Potter, Goldblati, Kiohl, & Lewis, 1997) . The result is likely to be a minimalist democracy, which is essentially procedural and conservative rather than one that undertakes a fundamental transformation of society (ibid).

The chief demand of the “Mass Movement II” (*JanaAnndolan II*) of 2006 was the fundamental transformation of society in Nepal. However, the outcome seems to be merely procedural democracy rather than social transformation. Even the Maoists, who raised issues concerning the fundamental transformation of society, seem to have come to agreement on minimalist democracy. This is the third time democracy has been restored in Nepal and consolidating it is now the prime task of Nepali politics. In the context of Nepal, democracy can survive if the state succeeds in ending the disproportional distribution of resources and implementing a land reforms program effectively, which could lead to economic development. As stated earlier, exclusion is among the most serious problems of Nepali politics, but it can be addressed through the power-sharing institutional arrangements.

Economic Development

In the 1950s and 1960s, researchers such as Dainel Lerner, Seymour Lipset and Philips Cutright presented evidence pointing to a strong statistical

relationship between the level of economic growth and various measures of democracy (Hadenius, 2002, p. 65). These data furnished powerful support for the theory of modernization. According to this theory, changes in economic life provide the basis for democratic government. Through the concomitant processes of industrialization and urbanization together with improvements in the areas of communications and education, a social transformation in society takes place (Hadenius, 2002, p. 65). In effect, ordinary citizens—who had been easily excluded before—acquire political resources and develop democratic attitudes, and so become able to take an active part in the political process (*ibid*).

Democratic potential can accordingly be measured in per capita GNP and related indicators. In poor and underdeveloped countries, therefore, the prospects of democracy are bleak (*ibid*). Nepal is among the poorest and least developed countries in the world, with almost one quarter of its population living below the poverty line. Agriculture is the mainstay of the economy, providing a livelihood for three-fourths of the population and accounting for about one-third of the GDP. Its small industrial sectors, landlocked location, proclivity to natural disasters, disadvantageous trade treaties, and lack of technology have all hindered economic progress (Eck, 2010, p. 36). But more important in this context is not the absolute level of poverty, but how economic resources are distributed. With the vast majority of the labor force engaged in agriculture, access to land is a key economic issue.

According to United Nations Development Program (UNDP, 2004), there is unequal distribution of land, so much so that in many areas it has resulted in the majority of the population being landless or semi-landless; over 37 percent of the land is in the hands of five percent. Equitable redistribution of resources such as land is likely to facilitate democratic transition because it would provide people with the resources to press the state for the expansion of political rights, and the state would have less reason to resist this pressure. Where land is not equitably redistributed and land ownership is concentrated among few landed elites, consolidating a democracy is very difficult (Midlarsky & Midlarsky, 1997). As stated earlier almost all land is occupied by few landlords in Nepal.

Thus, land reforms are an urgent task in Nepal.

Theorists (e.g., Lipset, 1960; Huntington, 1991) have argued that when the people of a state have more economic development, they are more inclined to believe in democratic values and will support a democratic system. Based on this, the future prospects of democracy depend how will the political elite works for economic development and how successfully they manage the land reform programs.

Power-Sharing

It is the institutional arrangements which are most relevant for multiethnic societies, where each ethnic, linguistic, religious, or national community acquires a stake in the political process. According to Lijphart (2004), most experts on divided societies and constitutional engineering broadly agree that deep societal divisions pose a grave problem for democracy, and that it is therefore generally more difficult to establish and maintain democratic government in divided than in homogeneous (p. 96). According to Lijphart (2004), the establishment of democratic government in divided societies requires two key elements: power-sharing and group autonomy. Power-sharing denotes the participation or representation of all significant communal groups in political decision making, especially at the executive level. Group autonomy means that these groups have the authority to run their own internal affairs, especially in the areas of education and culture. These two characteristics are the primary attributes of the kind of democratic system that is often referred to as power-sharing democracy or, to use a technical political science term, “consociational” democracy (p. 97).

Nepal is characterized by its population’s multiple overlapping identities based on ethnicity, caste, class and geography. Many groups are characterized by relative inequality and are effectively excluded from political power. For example, indigenous nationalities, which constitute around 35 percent of the population, have long-standing grievances based on their historical exclusion from power (Thapa, 2001). Exclusion is a major problem in Nepal. The clearest remedy for this exclusion is to craft power-sharing institutions. According

to Norris (2008) examples of power-sharing institutions are a proportional representation system, a parliamentary system of government, decentralized power structures, and an independent and pluralistic media (p. 214). The goal of inclusion in the form of power -sharing is to provide guarantees and reassurances to weaker groups that they will not be exploited or marginalized in the existing or new political order. Power -sharing provides such groups with an incentive to work within the system rather than following an anti-system or a violent path (Reynolds, 2010, p. 140). Power-sharing promotes broad-based government and inclusive coalitions that guarantee influence to a legitimate representative of minority groups and ensure that minority interests are protected (ibid).

The power-sharing model is necessary in Nepal to end the monopolization of power by the high Hill Hindu elite and bring about the inclusion the minorities, ethnic groups and other excluded groups.

Conclusion

This research paper has investigated the roles of the parties and monarchy on the democratic breakdown in Nepal and identified party factionalization, personal egoistic politics, and unaccountable leaders as having prime responsibility for political instability in Nepal and creating fertile ground for the monarchy to take over. On the other side, the monarchy, despite the acceptance of the constitutional monarch's role always tried to seek total power and wanted to establish direct rule. Other intervening variables to consider in Nepal's democratic trajectory, such as the Maoist insurgency and other non-institutional variables such as the economic conditions, culture, and illiteracy, require further research.

Second this paper has explored the prospects of democracy in Nepal and come to the conclusion that economic development will contribute to the empowerment of the people, expand communications and increase popular literacy, which will ultimately help in the survival of democracy.

Nepal is a multicultural country, and historically many people have been excluded and deprived of opportunity, thus the exclusion is the main problem

of Nepali politics. This research found that theoretically the clearest remedy of this exclusion is to design inclusive institutions. Thus, the future prospects of democracy in Nepal are contingent upon economic development and the establishment of power-sharing institutions.

Appendix-A: Features of Ethnic / Caste Representation during Elections
(All in percentage)

Ethnicity	Total Population	General Elections 1991	General Elections 1994	General Elections 1999	CA Elections 2008
Hill High Caste	30.8	56	63	60	33.3
Hill Ethnic	28.5	24	18	20	26.5
Madeshi Caste	14.8	09	11	14	20.4
Madeshi Ethnic	08.7	09	07	05	08.8
Muslim	04.3	02	01	01	03.0
Dalits	12.9	0.5	00	00	07.9
Total					99.9
Women	51.0	0.3	0.3	0.6	33.7

Source : Kumar, D. 2011, p.52

Appendix- B List of Interviews.

S.No	Name	Title	Affiliation	Date of Interview
1	Pradeep Gyawali	MCAPolitburo Member	CPN (UML)	18March, 2011
2	Dhruba Hari Adhikari	Senior Journalist	Independent	21 March, 2011
3	Bimarjun Acharya	Lawyer	Independent	20 March, 2011
4	Bimalendra Nidhi	MCA, Central Committee Member	NC	26 March, 2011
5	Narahari Acharya	MCA, Central Committee Member	NC	2 April, 2011

MCA: Member of Constituent Assembly

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**Political Instability in Nepal:
Examining the Roles of the Parties and Monarchy
in the Second Democratic Period (1990-2002)**

<Summary>

Pathak Surya Prasad

This paper has related two goals. First, it examines the root causes of the breakdown of democracy in Nepal, focuses on second democratic period (1990-2002), and second, it explores the future prospects of democracy in Nepal. In order to identify the problems of the breakdown of democracy in Nepal, this research draws upon interviews conducted in Nepal with politicians of the two largest parties in the second democratic period (1990-2002), the Nepali Congress and the Communist Party of Nepal (Unified Marxist-Leninist), an independent lawyer and a journalist in March 2011.

This research paper investigates the roles of the parties and monarchy on the democratic breakdown in Nepal and identified party factionalization, personal egoistic politics, and unaccountable leaders as having prime responsibility for political instability in Nepal and creating fertile ground for the monarchy to take over. On the other side, the monarchy, despite the acceptance of the constitutional monarch's role always tried to gain total power and establish direct rule. Other intervening variables to consider in Nepal's democratic trajectory, such as the Maoist insurgency and other non-institutional variables such as economic conditions, culture, and illiteracy, require further research.

The monarchy was replaced by a republic in 2008. However, state apparatuses such as the military, judiciary, police and bureaucracy still run in the traditional manner. These institutions were highly influenced by the monarch,

particularly the military. Therefore, civilian control of the military and reform of the other institutions are needed to forestall threats to democracy.

The other problem, party factionalization, can be addressed by designing and implementing a list proportional representation electoral system (PR) system. According to Lijphart (2004) the PR closed lists can encourage the formation and maintenance of strong and cohesive political parties (p. 101).

This research argues that the stability of democracy in Nepal depends on both economic developments and political institutions. Socioeconomic development can strengthen the country's middle class, and a large middle class is good for democracy because it "tempers conflict by rewarding moderate and democratic parties and penalizing extremist groups" (Lipset, 1960, p. 51). While there is a great deal of debate among scholars about the relationship between economic development and democracy, this research considers this classic argument of Lipset and others as relevant in the context of contemporary Nepal.

Nepal is among the poorest countries in the world, with almost one quarter of its population living below the poverty line. Agriculture is the mainstay of the economy, providing a livelihood for three-fourths of the population and accounting for about one-third of the GDP. According to the United Nations Development Program (2004), there is an unequal distribution of land, so much so that in many areas it has resulted in the majority of the population being landless or semi-landless; over 37 percent of the land is in the hands of five percent. Equitable redistribution of resources such as land is likely to facilitate democratic transition because it would provide people with the resources to press the state for the expansion of political rights, and the state would have less reason to resist this pressure.

On the other side, power-sharing political institutions are important for Nepal. Lijphart (1999) and Norris (2008) have argued that power-sharing institutions are important for democracy in divided societies. Power-sharing institutions help to secure the inclusion of all groups in the state. Nepal is a multicultural country, and historically many people have been excluded and deprived of opportunity. Therefore to design the power sharing institutions is another task of Nepali politics.