

Muhammad Ruhul Amin

A WORLD BEYOND CLASH?

Abstract

One of the much talked about issues in International Relations today is the clash of civilizations and the most challenging task ahead is to construct a world beyond clash. Two prominent theses – ‘the clash of civilizations’ and ‘the end of history’- have been popular to understand the issue. This paper holds a counter approach of these arguments. It studies future world from a different dimension and attempts to have a second look to above views. Huntington views that the post Cold War world is likely to clash on cultural and religious fault lines. Fukuyama, on the other hand, argues that History is over with the demise of communism and the preeminence of liberalism has been established with the triumphant victory of capitalism in its war with communism. This write-up does not agree with ‘the end of history’ thesis nor does it believe in the inevitability of ‘the clash of civilizations’. The author concludes that the likelihood of conflicts between different civilizations should not be blown out and the avoidance of such clash largely depends on understanding each other in this era of globalization. If the world leaders continue their efforts with sincerity in vision and integrity in mission, it is not impossible to construct a world without clash.

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1. Introduction and Hypothesis

One of the much talked about issues in International Relations today is the clash of civilizations and the most challenging task ahead is to construct a world beyond clash. A threadbare debate has been going on in the dictionary of international politics with regard to the issue. At least four analyses may be found in order to understand people, cultures, civilizations and their mutual relationships, to comprehend the inner dynamics of intercivilizational issues, to examine the correlations between clash and civilization, and to explain the pattern of the world conflicts.

One important view is that the end of the Cold War put an end to the world conflicts and the entire humankind was likely to embrace the ideals of liberal democracy as the ultimate solution of their socio-economic and politico-security issues.¹ A quite reverse position maintained by the second group holds the most debatable standpoint among these views is that the clash between competing civilizations is a must and the present century is the flashpoint of the drastic clash between and among different civilizations on the cultural and religious fault lines². The third argument is related to the conventional wisdom that raised the issues of the fall of the United States and lamented an America in decline³ and thereby the debacle of liberal ideals. The fourth one is the ‘rebirth of history’ thesis.

There may be some truth in these claims. However, this author challenges all these views and raises the fifth argument which constitutes the basis of the hypothesis of the present work. Despite massive moral degeneration, the US scaled the heights of unprecedented political and economic strengths, which refuse the argument of American decline. Again the preeminence of politico - security perspective of US does not indicate the triumph of liberal ideals that has put a permanent end to history. This author assumes that clash between competing ideologies and civilizations is a very

1 Francis Fukuyama, “The End of History?” *The National Interest*, 1989.

2 Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order*, New York: Simon & Schuster, 1996.

3 Joseph S. Nye Jr., *The Paradox of American Power: Why the World's Only Superpower Can't Go It Alone*, Oxford University Press, 2002.

usual process of history, which can be avoided by the farsightedness of world leaders. Thus this write-up does not agree on 'the end of history' thesis nor does it believe in the inevitability of the civilizational clash. It attempts to answer two principal questions that are central to the debate: is clash of civilizations inevitable? Can we avoid such clash? This author concludes that the mansion of human civilization is built on the bricks of beauties extracted from different cultures and civilizations and that the war, conflicts and rivalries are the handmaiden of the political leaders and need to be understood from the broader leadership perspective. Thus the bearers of a certain culture tend to clash, not the culture itself.

1.1. Scope and Organization of the Study

After the collapse of Communism and disintegration of the USSR, scholars have been talking about the features, patterns and characteristics of the emerging world. Two prominent views-'the end of history' and 'the clash of civilizations' stirred up debate among the academics, policy makers as well as laymen. Against this background, certain issues seem to remain unresolved. Are we moving to a more dreadful world than during the Cold War or any other time in human history? Why nations clash? Is it civilizational difference or what else that leads to world clash? What are the root causes of misunderstanding that instigates the clash of the world? What are the determinants of the clash between different civilizations? Will the future conflicts be based on the differences among the cultures, religions and civilizations? Is clash inevitable and if so how to avoid it? Can we imagine a world without clashes? The present discussion aims to respond to these questions.

The paper comprises of five sections. The first section introduces the views regarding the world clash and the researcher's hypothesis, research questions and analytical road map. The second section highlights the contrasting views of the scholars and their arguments. Section three describes briefly the 'clash of civilizations' thesis propounded by Huntington. The fourth section is the core of this paper in which an attempt is made to examine whether a 'World Beyond Clash' can be created. Finally, the article closes with some recommendations necessary for remarking of a world beyond clash.

2. The Contrasting Views

The argument that has stimulated the strategic and security analysts as well as policy makers in particular and other people in general is related to the belief that the post Cold War world is likely to clash on cultural and religious fault lines and that the most drastic civilizational conflicts and fault line wars will occur between the Islamic and non-Islamic Western countries and their people.⁴ Samuel P. Huntington is the main protagonist of this argument, which will be dealt with in detail in the following section. However, Huntington's work is opposed to Fukuyama's intellectual position of post history concept.

Francis Fukuyama is the pioneer of the 'end of history' thesis. His well-known article entitled "The End of History?" published in 1989 in the journal *The National Interest*, and his famous book entitled "*The End of History and the Last Man*" which is an expansion on his original themes, had sparked off an explosive debate about the future of the world in the post-Cold War era. He views that History, with its capital letter, is over with the demise of communism and disintegration of the USSR. He contends that the supremacy and preeminence of liberalism and markets has been established with the triumphant victory of capitalism in its war with communism and thus the present world seems to be dominated by the only omnipotent superpower- the United States.⁵ Two metaphorical terms -"the first man" and "the last man" used by Fukuyama, symbolize the inauguration of the universality of liberalism, hence the first man, and the salvation of mankind in the universal acceptance of liberal doctrines, hence the last man.

Fukuyama's thesis has been debated worldwide. No doubt, his book, "in the mastery and scope of its case, may be seen as the first contribution in the post-Marxist millennium-the first work fully to fathom the depth and range of the changes now sweeping through the world".⁶ Some viewed that "with clarity and an astonishing sweep of

⁴ Samuel P. Huntington, "The Clash of Civilizations?" *Foreign Affairs*, Summer, 1993.

⁵ Francis Fukuyama, *The End of History and the Last Man*, London: Penguin Books, 1992.

⁶ George Gilder, "The Washington Post", quoted in Samuel P. Huntington,

reflection and imagination...he tells us where we were, where we are, and most important, speculates about where we likely be".⁷

Despite these appreciations, Fukuyama's critics came up with lots of counterpoints. First, some of them hold the opinion that although on the surface, his argument may seem to be true in view of America's seemingly 'unsurpassed global military, economic, and cultural power';⁸ however, in reality, the insurmountability of the American power is not without question. Second, the rising tendency of a multipolar world comprising a number of power centers, ethno-nationalist forces, countervailing political ideologies and competing socio-economic principles are sure to pose serious challenge to the unilateral US domination. Third, the idea of the universality of western civilization, which predicts that the non-western world would grasp the universal liberal values, is neither profound nor relevant, because, the critics in this line argue, the triumph of 'civilization in the singular' would lead to the end of 'the plurality of historic cultures' embodied for centuries in the world's great civilizations.⁹ Moreover, the tendency to reject the western ideals in different regions of the world is increasing day by day, which proves the myth of the universality of Westernization. Fourth, some critics state that like an updated de Tocqueville, Fukuyama is both fascinated and appalled by the extension of democratic egalitarianism...his writing is an expression of the sentiment of a great liberal cause...he has tried to rescue optimism by linking it with an elegiac nostalgia for aristocratic society...but there are also less narcissistic ways of expressing optimism, and they include being just relatively proud of where History has got Americans, rather than completely convinced that they are right.¹⁰

Finally, Fukuyama tried to trace the origin of liberalism and said: "Contemporary liberal democracies did not emerge out of the shadowy

The Clash of Civilizations and the Remaking of World Order, op.cit. , backflap.

⁷ Allan Bloom, quoted in Samuel P. Huntington, *ibid.*

⁸ Joseph S. Nye Jr., *op.cit.* p.ix.

⁹ Samuel P. Huntington, *op.cit.*

¹⁰ Harold James, "The Times", in Francis Fukuyama, *The End of History and the Last Man, op.cit.* p. Front flap.

mists of tradition. Like communist societies, they were deliberately created by human beings at a definite point in time, on the basis of a certain theoretical understanding of man and of the appropriate political institutions...the principles underlying American democracy, codified in the Declaration of Independence and the Constitution, were based on the writings of Jefferson, Madison, Hamilton, and the other American Founding fathers, who in turn derived many of their ideas from the English liberal tradition of Thomas Hobbes and John Locke".¹¹ However, a bunch of the literature on Political Science suggests that there is no founding father of liberalism.¹² They argue that the virtues, and the moral and ethical values flourished at all times in history cemented the concept of liberalism and liberal political thinking. They further their argument that although the germination of liberal ideals owes much to the contribution of Hobbes and Locke, the actual flowering of the concept is beyond that, and the scriptures and treatises of the earlier philosophers graced the contribution to the growth and development of this particular theory. Liberalism is thus of no particular community or society, nor is it West's as it is claimed. Liberalism provides a set of shared values and theories that is commonly possessed by the international community including all regions, all groups and all religions.

Fukuyama's argument is also challenged by the third extreme- the conventional wisdom, which raises the issue of declining American power. A number of boldly provocative and straight-talking analyses have been made on the topic. In his *Blowback*, Chalmers Johnson made a wake-up call for America. He argues that the halcyon days of American ascendancy cannot last long and that America's militarism, imperial pretensions, and the only super power complex are likely to bring her an inevitable crisis.¹³ Best-seller lists during the late 1980s featured books that described the fall of America. The cover of a popular magazine depicted the Statue of Liberty with tear running down her cheek. Japan was eating Americans' lunch and would soon replace them as number one.¹⁴ In his straightforward analysis in *The*

¹¹ Francis Fukuyama, *The End of History and the Last Man, ibid.* p. 153.

¹² John Leiber, *Liberalism*, Oxford, 1985.

¹³ Chalmers Johnson, *Blowback: The Costs and Consequences of American Empire*, New York: Henry Holt and Company, 2000.

¹⁴ Joseph S. Nye Jr., *op.cit.* p.xi.

End of the American Era, Kupchan explained the decline and downfall of America. He maintains that in the era of sophisticated and digital technologies, the false promises of democracy and globalization will serve as major backlash for America. Strongly refuting Fukuyama's proposition, he coined the term-"the rebirth of history" and marked that Fukuyama mistakes the end of history itself for what is only the end of a particular cycle of history...he therefore sees the onset of liberal democracy as marking a stable and peaceful end point rather than a historical phase...¹⁵

3. The 'Clash of Civilizations' Thesis

It is well known that Samuel P. Huntington expounded 'the clash of civilizations' thesis, but some scholars consider it as a contemporary elaboration of the American naval strategist Alfred Thayer Mahan's work in 1897. However, Huntington's initial idea was exposed in his famous article entitled "The Clash of Civilizations?" that was published in the journal *Foreign Affairs* in its summer 1993 issue. He argued, "the central and most dangerous dimension of the emerging global politics would be conflict between groups from different civilizations".¹⁶ The article was, according to the journal's editor, debated much more than any other article published in *Foreign Affairs* since the 1940s. As the response to the readers' queries and answer to the question mark in the article title, his book "The Clash of Civilizations and the Remaking of World Order" was written which is considered as a great contribution to understand the dynamics of civilizations and their implications for the study of intra and international conflicts, world politics and global security in the realm of international relations.

3.1. Tour of the Book

Huntington raised a wide range of issues with regard to civilizational clash. He discussed the origin, growth and history of

¹⁵ Charles A. Kupchan, *The End of the American Era*, New York: Alfred A. Knopf, 2003.

¹⁶ Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order*, *op.cit.*, p. 13.

civilizations, and explained the inner reason of conflicts among people of different civilizations. According to him, the most powerful determinant of civilization is religion and despite shared ethnicity or language, the difference of religion involves people in conflicts. Thus the source of clash, as he envisaged, emanates from religion.

After the end of the Cold War, the world hurtles into a new era of flags and cultural identity when religious symbols like cross, crescent, hizab occupy predominant position in world politics in the changed dimension. He tells us about *la revanche de Dieu*- the resurgence of non-western cultures in the context of the shifting balance of civilizations and the decline of the West. Today's 'second generation indigenization' phenomenon, which has been followed by the 'first generation indigenization' process initiated by people like Mohammad Ali Jinnah, Harry Lee, Solomon Bandaranaike etc. gives birth to cultural and religious resurgence creating challenger civilizations. This revival along with East Asia's economic growth and Muslim world's population rise poses threats to the universalization efforts of westernization. The continuous rejectionist attitudes in the non-West prove the myth of the universality of westernization.

Huntington maintains that any effort towards shift of identity must succumb to failure unless it fulfills three requirements- cultural commonalities, general acquiescence and the favour of political, economic and intellectual elites. Owing to the partial or full unavailability of these elements, the target countries instead of being westernized remained devastated and torn. The reawakening of identity in these torn countries provides the cultural reconfiguration of global politics. He foresees an emerging order of civilizations comprising eight major religions that revolve around core states and concentric circles. Major religions include Western Christianity, Orthodoxy, Hinduism, Buddhism, Islam, Confucianism, Taoism and Judaism. China is a core state in East Asia, France and Germany are the European core while United States is the core of the Euro-American states. According to him, Islam attracted overwhelming consciousness but lacks cohesion and core state.

The clash of civilizations thesis suggests that intercivilizational issues originating from religious values will construct the base of fault line wars. Fault line conflicts at the micro-level will occur involving

core states and concentric circles. The picture of fault line wars at macro level that has been drawn by Huntington is more dangerous. He considers Islam-Confucian connection as a formidable challenge to the West and regards Islam as the fiercest enemy of the West. He introduces Islam's bloody borders and predicts that the most dangerous fault line wars will occur between Islam and the West. He identified war, violence, terrorism, militarism, indigestibility and extremism as the paramount features of Islam. To quote him: "...Islam has from the start been a religion of the sword ...it glorifies military virtues. Islam originated among warring Bedouin nomadic tribes and this violent origin is stamped in the foundation of Islam. Muhammad himself is remembered as a hard fighter and a skillful military commander...no one would say this about Christ or Buddha...The doctrines of Islam dictate war against unbelievers, ...The Koran and other statements of muslim beliefs contain few prohibitions on violence, and a concept of non-violence is absent from muslim doctrine and practice...muslim countries have problems with non-muslim minorities comparable to those which non-muslim countries have with muslim minorities...Confucians, Buddhists, Hindus, Western Christians, and Orthodox Christians have less difficulty adapting to and living with each other than any of them has in adapting to and living with muslims..."¹⁷

The rise of East Asia fueled by phenomenal economic growth and the resurgence of Islam fueled by spectacular population growth along with Asian values stemming from the shared commonalities of Asian religions contributed to Asian assertiveness and Asian awakening. Some powerful Asian countries are promoting the Asianization of Asia or re-Asianization. Huntington found the Asian challenge manifested in all Asian civilizations- Sinic, Japanese, Buddhist and Muslim and the sustained antagonistic relations between the Asian and Western civilizations are responsible for any fault line wars in the future world.

In the concluding chapter, he focused on the future of civilizations and suggested various things to avoid future clash. He pointed out that the West entered a 'golden age' of prosperity, industrialization, modernization, arts, science and unhindered leadership through its

¹⁷ *Ibid*, P. 263-264

three phases: first, European phase; second, American phase; and third, Euroamerican phase. But political disunity, cultural suicide and moral degeneration including family decay, increased divorce, teenage pregnancy, single parent families also lead to its decline. Moreover, the multiculturalists' denial of a common American culture, American identity and central element of American creed produces a serious blow to the West. In order for survival of the western superiority, he recommends that the West strengthen NATO and EU, form alignment with Latin America, minimize gap with Japan, try accommodation with China, maintain western technological and military preeminence, and finally prevent the military power of Islamic and Sinic countries.

Although he did not claim inevitability of a civilizational war, he emphasized the likelihood of the occurrence of such wars.¹⁸ In order to prevent the global conflicts, he emphasized the leadership role of core states. To quote the author: "Halting fault line wars and preventing their escalation into global wars depend primarily on the interests and actions of the core states of the world's major civilizations. Fault line wars bubble up from the below, fault line peaces trickle down from the above."¹⁹ To that end, he put forward some important rules: (1) abstention rule that core states refrain from involving in civilizational conflicts; (2) joint mediation rule that core states negotiate with each other to prevent fault line wars; (3) commonalities rule that people of all civilizations share their common values and interests.

One important idea is related to the reorganizing the UN system, especially restructuring its Security Council. All major civilizations need to possess the Council membership with consolidating the British and French seats into a single EU seat. He recognizes the vacuousness of western universalism and the reality of global cultural diversity, and sets the importance of a new international system to be built on understanding and cooperation as the sustained strategy for conflict management. He writes: "In the emerging era, clashes of civilizations are the greatest threat to world peace, and an international order based on civilizations is the surest safeguard against world war."²⁰

¹⁸ *Ibid*, P.302

¹⁹ *Ibid*, p. 298

²⁰ *Ibid*, p. 321

4. Clash of Civilizations or Clash of Interests?

Clearly Huntington's analysis is an antithesis of the view that the end of Communism and Fascism is the end of history. Liberalism did not triumph, nor did it retain universal application despite its appeal among people of many parts of today's world. Both his book and journal article are well structured, cogently argued; amazing are their exquisite literary beauty and lucid language. The articulate description, logical sequence, coherent ideas and above all the persuasive approach helped him make such a splendid contribution. His writings are milestone in understanding the impact and implications of culture and civilizations for political discourse. By incorporating the elements of civilizations into the vocabulary of international relations, he filled in the vacuum. His recommendations with regard to the revised United Nations, a new global order, three rules for managing the multicultural and multicivilizational world are relevant for this day's international system.

Despite many strong points that constitute Huntington's hypothesis, some major missing links might be found in his argument. The following section attempts to highlight on that.

4.1. Asian Rise: Boon or Bane?

Huntington's proposition regarding the declining West and rising Asia is understandable, but his consideration of East Asia's economic growth and Islamic resurgence as the challenger civilizations causing threat to world peace does not seem to be valid. The economic efficiency of Asia as well as Muslim awakening are likely to provide more efficient, potential and resourceful actors in international relations. The newly emerged Asia with economic solvency and the rising Muslims with the distinct awareness of self-help, self-reliance and identity may bring stability that will better participate in world life. A poor Asia along with rudderless Muslims may be engulfed in frustration contributing to instability, chaos and conflicts.

4.2. Islam-Confucian Connection and Japan-China Alliance: Imaginary Threat?

If the clash of civilizations thesis is true, clash between Islam and Confucianism is a must and thus the Islam-Confucian connection is a

distant dream or remote possibility. Predicting such togetherness and considering it as the threat to world peace seems to be self-contradictory or at best a homemade cake made by the stepmother. Moreover, the discourse of Japan-China relations does not indicate any bright prospects for a Japan-China alliance. For example, Japan sent troops to join the combined force in Iraq to comply with the US foreign policy goals quite in opposition to China's role.

The pattern of bilateral relations between China and Japan needs to be considered to have a better understanding of any possibility of China-Japan alliance. The region's peace and security largely depends on how these two regional great powers interact with each other and how they maintain relations with outside powers especially with the US.

Some scholars compared the importance of Sino-Japanese relations in guiding Asian affairs to that of Franco-German relations in determining European relations.²¹ The historical and cultural rivalry and mutual distrust that have for long dominated Sino-Japanese relations added an 'emotionalism' in forming bilateral relationship between Japan and China. The emotionalism very often refrains them from rational calculation of economic and political interests in their foreign policy contributing to political tensions and strained relationship. Thus their extensive economic cooperation that began in the 1980s was further complicated in the 1990s with China's resumption of a slight trade surplus.²² However the future of Sino-Japanese relationship is likely to be governed by multifaceted politico-security and strategic tensions, their regional ambitions, revised Japan-US security guidelines, Japan's emerging "reAsianization" and Japan's relations with Taiwan. The emerging Japan-Taiwan relations that seem to move from economic focus to extended politico-security dimensions is very important to understand the regional security. Their previous relationship, which used to be characterized by the covert low-level contacts has turned to the overt higher-level engagement,

²¹ Deng, Yong, "Chinese Relations with Japan: Implications for Asia Pacific Regionalism", *Pacific Affairs*, Fall 1997.

²² Takagi, Seiichiro, "In Search of a Sustainable Equal Relationship: Japan-China relations in the Post-Cold War Era", *Japan Review of International Affairs*, Spring 1999, 17-37.

and created a source of heightened tension between China and Japan. Such developments in Japan-Taiwan relations may lead both China and Japan to engage in disputes.

4.3. Cry Dooms Day: Tickling Sleeping Tiger?

Huntington identified civilizational clash as a historical reality, but he totally ignored the brilliant contribution of civilizations. The theme of almost all religions- the basis of civilizations nurtures values that are universal. Justice, freedom, human rights are the core of all cultures that constitute world civilizations. In chapter two of his "Islam and the West: Conflict or Cooperation?", Saikel tells us about the shared values of civilizations with particular reference to Islam-Christian relationship. He mentions that the history of Islam-Christianity has been peaceful until the inauguration of Crusade and imperialism.²³ Since crusade, the misunderstanding started to grow between them and the wrong handling of the situation by the world leaders further intensified their tense relations. Once efforts are made to minimize the gap between them by adopting possible measures and universally acceptable world order as Huntington suggests too, the prospect for adjustment is not bleak. Huntington's- cry 'dooms day' 'dooms day'- by overestimating religious conflicts and fault line wars, will likely to stimulate the sleeping tigers to wake up and eat out the opponents.

4.4. Islam: The Clashing Sword?

Huntington's judgment about Islam and muslims is highly misleading. The scholars might feel uncomfortable with his misperception and misrepresentation of basic principles of Islam regarding war, violence and peace. His long reference list does not indicate that he had the access to the authentic sources and literatures on the topic of Islam including the holy Quran, holy Hadith or other authentic books on Islam. His knowledge about Islam is distorted and contrary to what Islam holds.

²³ Amin Saikal, *Islam and the West: Conflict or Cooperation?*, Palgrave, Macmillan, 2003

Islam flourished by virtue of its beauties and glories, not with sword as Huntington claimed. It is a complete code of life, a guideline, a set of rules and laws directing all aspects of worldly life and hereafter. The term 'Islam' is derived from the word 'Silm' which implies peace, non-violence and security. Islam transformed a poor Bedouin war loving community into a prosperous and peace-loving nation and established a very strong state. The state of Medinah established by Muhammad (peace be upon him), the prophet of Islam, possessed all central principles of a modern, ideal and welfare state as framed by liberal democracy. The Medinah Charter- the agreement of peaceful coexistence signed between the muslims and non-muslims in the state of Medinah bears a glaring example of peace and non-violence.

Al-Quran-the religious scripture of Islam is opposed to violence and war unless and until a state's security and integrity is threatened. Al-Quran did not allow unjust wars though it encouraged just wars like war for defense, security, independence and integrity.²⁴ Islam holds pragmatist laws with regard to war, POWs, peace treaty, negotiation, diplomacy and international relations. All wars occurred during the lifetime of the holy Prophet (PBUH) were defensive in nature. Huntington's observation of muslims' indigestibility and problems of muslims with non-muslims is oversimplification and also contrary to the theoretical foundation of Islam, and perhaps empirical evidences too.

4.5. Clash of Civilizations or Clash of Interests?

Although on the surface, it seems that competing civilizations clash on their religio- cultural differences, in reality conflicts are germinated in more complex issues that are beyond civilizational in nature. A close look at the pattern of world clashes at all times indicates that the clash in history, has always been caused by the human struggle for pursuits of individual, group, community or national interests. All major wars of global or quasi-global scale originated in Europe. For example, Thirty Years' War before the Treaty of Westphalia, Napoleonic wars before the Concert of Europe, World War I before the League of Nations, World War II before the

²⁴ Al-Quran, *Sura Al- Tawbah, Sura Al-Anfal, Sura Al-Araf, Sura Al Baqarah.*

United Nations – all these Euro-centric wars were germinated in the West, planted and nurtured there and finally spread beyond Europe.

Conflicts at micro level started in Europe on individual or group interests of political and economic nature and these micro-level conflicts were escalated and transformed into macro-level wars only to survive the micro level interests in which the conflicts at micro-level first started. Two Great Wars are the handmaidens of the West; they were initiated at the micro-level to maintain the interests of the parties in conflicts and later times, this micro level conflicts were escalated into macro-level World War involving different actors in international arena in order to serve the same interest on which the micro-level conflicts first originated.

There is no denying the fact that the conflicts in our planet called world, from the time immemorial, has been deeply rooted in their untiring efforts for achieving political, territorial and economic goals and the clash of the future world is no exception. While explaining the root causes of world conflicts, Professor Sugita remarked that the recent world conflicts are centered on territorial, economic and racial issues. He picked the example of the greatest War in human history- World War II as the evidence in support of his argument and stated that Hitler's role and incessant attacks that started the great War were not civilizational, nor religious or cultural, rather economic and racial.²⁵

Thus Huntington mistakes the clash thesis by oversimplifying and overestimating civilizational clash. The clash of interest, not clash of civilizations, is in the core of all major world conflicts. The Palestine-Israel conflict is not because the Palestine people are muslims and the opposition are Jews, but because both want to uphold their own politico- security interests. The struggle of people in Chittagong Hill Tracts, Chechnya, Kashmir, Caucasus, Mindanao and many parts of the world are aimed at preserving their 'right of self determination'. Even the recent Iraqi war, as Welfield notes, has not been "about terrorism and weapons of mass destruction, or about democracy and human rights, or about cultural misunderstandings between the

²⁵ Hiroya Sugita, *Lecture Series on "The Clash of Civilizations and Future World"*, International University of Japan, Spring 2003.

Christian and Islamic worlds...the conflict has had its origins in the evolution of the US global grand strategy...The events of September 11 acted as a catalyst, they were not a cause."²⁶

Many scholars are of the opinion that the events of September 11 are not the result of cultural clash as it is widely circulated in CNN, BBC and other western media. They argue first, that the actual reason and real actors are yet to be known and second, even if it is assumed that the incident was the baby of religious discord, the plot was made as the reaction against injustice, and economic exploitation imposed on the attackers' community, group or countries by the dominant imperial and industrial powers.

4.6. Clash or Competition?

The struggle of two brilliant students in a graduate school to vie each other in order to achieve better grade should be assumed as their competition other than clash. The rising civilizations and the West are striving hard for achieving preeminence and this competition instead of putting them at loggerheads, may provide them the opportunity to contribute to future world. World leaders need to guide them to that direction. Although clash comes from competition on many occasions, any such clash is not unavoidable.

4.7. Current International System: Reservoir of Clash?

In order to recommend for molding up a world without clash, we need to understand the pattern of interaction among actors in current international system. The horrible bipolar system that existed in the post World War II world has been replaced by significant transformation with drastic complexities and uncertainties. Some people view that the world is now moving to a very dangerous future, and some other scholars see the whole world as a global village and some others even dream of a heaven. Despite their differences in approach, the central focus of the scholars has remained almost similar- the rise of a multipolar world.

²⁶ John Welfield, "A Symphony of Hypocrisy: Some Thoughts on the American Invasion of Iraq and its Long Term Consequences", *New Sabah Times*, September 22, 2003

Both ‘the end of history’ and ‘the clash of civilizations’ theses identified the elements of multipolarism, multiculturalism and multilateralism with great emphasis on the interaction between two competing poles. Long before Fukuyama and Huntington, Alfred Thayer Mahan’s 1897 essay *A Twentieth Century Outlook* predicted the future emergence of the US as the leader of the West and the beginning of an apocalyptic struggle whose outcome would determine whether Eastern or Western civilization is to dominate throughout the earth and to control its future.²⁷ Fukuyama found the division of the post Cold War world between the liberal democracy and non-liberal democracy blocs with the predicted victory of former over the latter. Huntington talks about the clash between the West and non-West particularly Islamic non-West. While Fukuyama emphasized the ‘post-history age’ with no possible future clash between the ideologies of world affairs, Huntington depicted a multipolar world characterized by dangerous intercivilizational conflicts. While Fukuyama undermined and disregarded the power of Islam and other elements as the challenge to the West, Huntington overestimated the challenger civilizations as the threat to the West. Huntington found a world characterized by the clash of civilizations, where as Nye identified a world of multidimensional powers including US, Europe, Japan, China, Russia, and India and so on. As opposed to these writers, Welfield observes that the Cold War bipolar system is replaced by the post Cold War global equilibrium of two great constellations of states, centering on the United States, Great Britain, Australia and Japan on the one hand, and on France, Germany, Russia and China on the other.²⁸

5. Conclusion: A World Beyond Clash?

At the very outset, this write-up holds a counter approach of ‘the end of history’, ‘the clash of civilizations’, ‘the decline of America’ and ‘the rebirth of history’ theses. It studies future world from a different dimension and attempts to have a second look to above views

²⁷ John Welfield, *Ibid.*

²⁸ John Welfield, *Ibid.*

regarding the emerging global order, patterns of world conflicts centering on civilizations and religious-cultural fault line wars.

A close look at the history of the world civilizations, their roots, growth and evolutions might illustrate the fact that the scattered heterogeneous cultural extremes at the micro- regions construct the foundation of the macro-paradigm of the world civilization that has, over centuries, produced great contributions to the betterment of humankind. The maintenance of homogeneity via heterogeneity among the world cultures created a wonderful beauty in the coexistence of human race unless it has been damaged by human injustice. The clash of our world, as always, will be based on the pursuits of individual, group or national interests.

As already mentioned that Huntington, despite his sharp intellectual arguments, fails massively to address the significant source of world conflicts, lacks substantially to present both empirical and historical evidences and suffers woefully to offer adequate academic analysis by misrepresenting and misinterpreting some of the basic concepts and principles of Islam. Moreover he ignores the perennial beauties of major cultures and religions by severely undermining their contribution to the founding of the enshrined world civilizations and thereby seemingly stimulating communal abhorrence through an overestimation of intercivilizational clashes.

However, the likelihood of conflicts between multilateral elements should not be blown out and the avoidance of such clash largely depends on understanding each other in this era of globalization. If the world leaders continue their efforts with sincerity in vision and honesty in mission, it is not impossible to construct a world without clash. To that end, Huntington’s conclusion is great, recommendations are timely, and three rules are sure to meet the demand of the twenty first century. The UN system needs to be more strengthened by a massive overhaul and particularly the Security Council be restructured with incorporating the newly emerged and emerging powers or power blocs of the world. The Council needs to be restructured as an equal global representative body by offering membership to geographical distribution. One easy way of such distribution can possibly be done on the basis of regional organizational set up as follows: US-1, EU

(UK, France, Germany) – 1, Japan- 1, OIC –1, SAARC-1, ASEAN-1, OAU-1. Since understanding and cooperation is the key to success of a new peaceful world order, the leadership role of the United States is most important. The lack of the US interests and honest intention might spoil all initiatives to construct a new order and her strategic avoidance or isolation might endanger future world. Given the military and economic supremacy, worldwide political influence, accelerated technological power, history has bestowed on the United States the compulsions to shoulder the responsibility of future world. If she fails in tackling her leadership role, she might falter in her mission and endanger the world.

Huntington's observation of potential clash between Islam and the West may be the result of misunderstanding between the two. Western imperialism, colonialism and long domination of the muslim world by the West have created the lack of credibility and understanding between them. However, the reconciliation between them is not impossible, though difficult.

Unlike the West's relationship and interaction with Communist, Fascist and Nazi ideologies, there is a greater degree of compatibility between Islam and the West, which can directly contribute to curb their antagonistic attitudes. Politically, both believe in maintaining good governance through popular participatory government, people's mandate, freedom, human rights, consultation in parliament, consensus rule for decision-making, independence of the judiciary, freedom of expression, and administrative accountability. The first state of Islam that was inaugurated immediately after Muhammad's (PBUH) *hizrah* (arrival) from Mecca to Medinah possessed all four components of a modern state designed by Capitalism.²⁹ On economic front, both propagate almost the similar principles of individual ownership, rights to income and business, freedom of trade, significance of international trade, development cooperation and development assistance, equitable distribution of wealth, significance of market and so on. On political front, the fundamental difference is that although Capitalism advocates the separation between state and

²⁹ Lukman Thaib, *Political System of Islam*, Kualalumpur: Penerbit Amal, 1994

church, it accords splendid respect to Christianity in state affairs. Max Weber explained how Christian religious ideals contributed to the founding of capitalism. Islam, on the other hand, integrates state and religion and encompasses under a divine guideline, all aspects of worldly life and the life hereafter. Economically, major distinction is related to the concept of the fixed interest. Capitalist economy moves around a fixed interest rate whereas Islamic system is centered on participatory economics based on sharing of profits or loss by both banks and customers.

The lack of knowledge about Islam contributes to the lack of understanding. In order to avoid clash, it is worthwhile to find ways and means to overcome this shortcoming. Difference of opinions in different systems instead of difficulty creates flexibility and broadness of thinking. In order to minimize this knowledge-gap, significance of in-depth study as well as greater interaction between both systems cannot be ignored and for that, specific courses need to be included in the syllabi and curricula of graduate schools everywhere in the world. Recognition of values, desires and freedom of different civilizations rather than refusal and restraint is of utmost importance in modern day free world. The road towards peaceful coexistence and cooperation between different ideologies, systems or civilizations is tortuous, but the prospect is bright, no doubt.

Segufta Hossain

MAOIST PEOPLE'S WAR IN NEPAL: ISSUES AND CONCERNS

Abstract

The present article tries to give an overview of the Maoist People's War in Nepal. After 10 years of Maoist People's War and three and a half years of royal supremacy, the condition of Nepal is terrible. The insurgency and counter-insurgency operations by the state have led to the destruction of properties and lives of many Nepalese people. The Maoist people's war in Nepal has seriously affected the socio-economic condition, human rights and politics of the country. The Maoists have formed an alliance with the mainstream political parties which indicates that the Maoists are willing to take the path of democracy. The paper tries to identify the causes that triggered the people's war, the gradual development of the war, the support structure and strength, the neighbouring countries' perspectives and conflict management efforts taken from different levels to solve the problem.

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1. Introduction

The development of Communist uprising and terrorism in a number of countries in Asia, Western Europe and South America are seen in the Post-World War period. In Asia the affected countries are the Philippines, Malaysia, Thailand, Myanmar, India, Nepal and Sri Lanka.¹ The aggressive Communist movement still flourishes in South America and in some Asian countries like the Philippines, India and Nepal.

Nepal, a country situated between two Asian giants - India and China, is in political turmoil. Nepal's Maoist insurgency marked its 10th anniversary on 13th February, 2006, with a threat to force the country's King Gyanendra into exile or put him on trial. This month also marks one year since the February 1, 2005 royal coup in Nepal. Virtually the insurgency has gripped all of Nepal's 75 districts³¹ and over 13000 Nepalese have lost their lives in the conflict since 1996.³² The situation became critical on February 1, 2005 when King Gyanendra seized power in a royal coup and dismissed the democratic government, declaring that democracy had failed to solve the problems of the country.

After 10 years of Maoist insurgency and about three and a half years of royal supremacy, Nepal is in shambles. The democratization of 1990 is history. The past 16 years have proved that compromises between democratic and traditional forces still have deadly effects in Nepal. The Maoists recently formed an alliance with Nepal's mainstream political parties, complicating the challenges facing the king.

³⁰ B. Raman, Maoists Gain Momentum in India, Paper No.1251, *South Asian Analysis Group (SAAG)*, available at:

<http://www.saag.org/papers13/paper1251.html>, accessed on: 29.06.2005.

³¹ Nepal: displacement crisis worsens in wake of royal coup, available at: [www.internal-displacement.org/.../AD019B05FBA740ECC12570CA003AE42D/\\$file/Nepal_overview_jul05.pdf](http://www.internal-displacement.org/.../AD019B05FBA740ECC12570CA003AE42D/$file/Nepal_overview_jul05.pdf), accessed on: 14.09.2005.

³² 10 years of Maoist insurgency costs over 13000 lives, available at: <http://www.nepalnews.com/archive/2006/feb/feb14/news01.php>, accessed on: 28.02.2006.

Nepal is a country which is facing many problems at present. The country is now suffering from the serious political and human rights crisis in its history. The ten-year old Maoist insurgency and counter insurgency operations by the state have led to the destruction of property worth billions of rupees and claimed the lives of thousands of innocent Nepalese. According to the National Human Rights Commission (NHRC), on an average 23 persons were killed each week.³³ The Maoist insurgency of Nepal is one of the highest intensity internal conflicts in recent times. The country is traditionally a monarchical state and caste is the socially dominant factor. In 1996 only six years after the restoration of democracy by the People's Movement, a group of the present Communist Party of Nepal-Maoist (CPN-M) declared armed insurgency (the People's War) against the present socio-economic structure and the Government with the aim of establishing Nepal as a Communist republic. It has now become a threat to the internal security and political stability of the State.

The Maoists announced the 'People's War' on February 13, 1996 with the slogan "let us march ahead on the path of struggle towards establishing the people's rule by wrecking the reactionary ruling system of state".³⁴ The People's War was launched as a small armed movement in four remote districts (Rolpa, Rukum, Gorkha and Sindhuli).³⁵ The Maoists believe in the philosophy of Mao Tsetung and receive inspiration from the 'Revolutionary International Movement' and the Sendero Luminoso (Shining Path), Peru's left wing extremist guerrilla movement. The Nepali Maoists have been provided with ideological sustenance by the radical communist parties from different parts of the world. In Nepal, the Maoist's motivation and determination to achieve their objectives demonstrate that despite

³³ Dev Raj Dahal, *Nepal: Conflict Dynamics and Choices for Peace*, FES Kathmandu, available at : <http://fesportal.fes.de/pls/portal30/docs/FOLDER/WORLDWIDE/ASIEN/KURZBERICHTE/KBNEPAL1004.PDF>, accessed on: 06.09.2005.

³⁴ Nepal Terrorist Groups- Communist Party of Nepal- Maoist, available at: <http://www.satp.org/satporgtp/countries/nepal/terroristoutfits/index.html>, accessed on: 25/08/2005.

³⁵ Rabindra Mishra, "India's Role in Nepal's Maoist Insurgency", *Asian Survey*, Vol. XLIV, No. 5, September/October 2004, pp. 627.

vindictive counter-insurgency measures taken by the Government, there is no sign of declining the Maoist activities. Maoist insurgency does not appear to be dying. The insurgency has appeared in the districts which had been considered as areas influenced by the constitutional ruling parties. The successive failures of government's police operations in Maoist insurgency clearly shows that the insurgency is taking force with extensive popular support.

There are some similarities in Maoist conduct of the kinds of actions taken by the Khmer Rouge of Cambodia, the only Maoist movement to have exercised governmental power outside the People's Republic of China, before it attained power.³⁶ The Maoists have used intimidation and violence to influence civilian behaviour and have targeted 'feudals,' as the Khmer Rouge did during its earlier period, but in a fractional proportion. The Maoists have adopted the policies and outlook of the Maoist Cultural Revolution, which also guided and supported the Khmer Rouge. But a fundamental difference is that the Maoists have not yet found a compelling issue with which to mobilize a mass national movement.

The CPN is profoundly modelled on Peru's 'Sendero Luminoso', better known as the Shining Path. There are some similar characteristics between these two insurgencies. The 'Sendero Luminoso' revolt originated in the isolated mountain regions of southern Peru, which has a largely Quechua-speaking ethnic population having resided in the area for thousands of years.³⁷ This area had a history of neglect, broken promises, failed projects and other grievances which helped to create an environment favourable for the insurgency. Like this, the Maoist insurgency of Nepal also began from remote mid-western mountainous, western and eastern districts.

The Maoist insurgency in Nepal has shattered the socio-economic condition, human rights and politics of Nepal. The mental trauma and sufferings of the people is incalculable. The insurgency and counter-insurgency measures adopted by the Government to fight against the

³⁶ Robert Gersony, *Western Nepal Conflict Assessment*, available at: <http://www.mercycorps.org/files/file1137793491.pdf>, accessed on: 02.03.2006.

³⁷ *Ibid.*

Maoists have resulted in an extensive threat to human security. The ten year old Maoist insurgency and counter-insurgency operations by the Government in Nepal have weakened the authority of the state and eroded the space for democratic politics. In spite of continuous efforts, the problem has not yet been resolved. Nepal's continuing socio-economic problems like poverty, rampant unemployment, feudalism, low levels of education, caste discrimination, poorly maintained infrastructure, etc. mainly attract thousands of Nepalese to join the Maoist rebellion. Corruption and irregularities are widespread at all levels of Government. Society in Nepal is structured on the basis of a hierarchical caste system whose characteristic feature was exclusiveness based on ritual position. The Maoists have a vested interest in mobilising the socially excluded in their class war as there are many areas of convergence between the Maoist agenda and that of indigenous people.³⁸ The administrative system and civil service are very weak to deal with the insurgency. Corruption is rampant and funds allocated for the development of remote areas may never reach their destination. Many villages are totally ignored by economic planners and policy makers. Unemployment is increasing rapidly. Maoists are receiving extensive support from these people frustrated with poverty and corruption and from social grievances.

The situation of Nepal is very complex and critical. Four internal actors- the King, political parties, the Maoists, the common people- and the international community are involved in this crisis. At present the king stands against two opponents- the mainstream political parties and the Maoists. The King has given the assurance that he would establish democracy i.e. monarchical democracy. But, the Maoists and the other political parties want to go back to the parliamentary system. The international communities are in dilemma whom to support.

In this context, the present paper is aimed to assess the issues and concerns related with the Maoist uprising in Nepal. Against what background the Maoist uprising was launched in Nepal? What are the

³⁸ Dr. Harka Gurung, *Social Exclusion and Maoist Insurgency*, Paper presented at National Dialogue Conference on ILO Convention 169 on Indigenous and Tribal Peoples, Kathmandu, 19-20 January, 2005.

support structures and strength of the Maoist insurgents? What is the policy of the government of Nepal against the Maoist uprising? What are the implications of the Maoist uprising in Nepal for the neighbouring countries? These are some of the pertinent questions attempted to be answered in the present paper. The Maoist uprising of Nepal is very important issue of present time. The present paper tries to give an overview of the Maoist problem of Nepal.

The paper is divided into five sections. The first section of the paper deals with the background of the Maoist uprising. The gradual development of the Maoist uprising is examined in the second section. Issues like the support structure, strength etc. are discussed in the third section. Section four of the paper deals with the perspectives of the neighbouring countries about the Maoist uprising in Nepal. The final section of the paper discusses the conflict management efforts made at different levels to solve the problem.

2. Background of the Maoist Insurgency

Nepal is one of the poorest countries in the world both in economic terms as well as social consideration. The Maoists established themselves in the isolated countryside where the landscape is very complex and the country's unpopular administration is very weak. The influence of the Maoists is the

strongest in the economically and socially deprived Northern and Western parts of the country. They formed their guerrilla bases, operated parallel administration and set up security and training camps in these isolated areas.

2.1. Political Factors

The political reasons have given impetus to the Maoists to start insurgency. The political factors behind the Maoist insurgency are:

2.1.1. Political instability

Political instability has an adverse impact on the economic development prospects of the country and its citizens whose economic policy making and planning are central government based. Centralized policy making and planning, frequent changes in governments and leaders at the central government has created non-continuity in development programmes and policies with adverse effects on poverty and inequality, particularly in the distant regions of the country. The Maoists demanded decentralization in local areas which should have local rights, autonomy and control over their own resources.³⁹ The recent instability in government and frequent changes of principal personnel in central organisations added to the problem of confusion in priority and choice of projects. Between 2001 and 2005 there took place no fewer than nine changes in the political set up of Nepal.⁴⁰

2.1.2. Misgovernance

The most important reason for the rapid spread of insurgency throughout Nepal was lack of good governance during the 12 years rule of political parties after 1990 when the people of Nepal became sovereign after the popular movement against the then Panchayat system. The level of popular support enjoyed by the Maoists indicates the failure of the Government.

2.1.3. Corruption

The government suffers from rampant corruption. The development funding of the country has become a major industry that

³⁹ See for details- ANNEX I.

⁴⁰ Anil Biswas, The Royal Coup D'etat In Nepal, *politicalaffairs.net*, available at: <http://www.politicalaffairs.net/article/view/670/1/77>, accessed on: 27.02.2006.

¹² See for details- ANNEX I.

is characterized by massive corruption, a complete lack of transparency and inefficient implementation. The money allocated for development of interior areas never reaches there. In their 40-points demand submitted on 4th February, 1996 the Maoists have demanded that corruption, bribing, the taking of commissions should be stopped.⁴¹

2.2. Economic Factors

A wide range of people who face miserable economic scenario, high unemployment rates and inadequate education and health care facilities have turned hope to the Maoists. The economic factors of the Maoist insurgency in Nepal include:

2.2.1. Poverty

Nepal is a developing country. Thirty one percent of the country's 23 million people are currently below the poverty line.⁴² Although its per capita income is US\$ 244, 42 percent of the population earns less than US\$ 100 per year.⁴³ Poverty in Nepal is predominantly a rural phenomenon with around 90 percent of the population living in villages, and whose main source of livelihood is agriculture.⁴⁴ Poverty reduction is Nepal's overriding development challenge. Many of its

⁴² BBC News, available at:

http://news.bbc.co.uk/2/hi/south_asia/4516271.stm, accessed on: 20.06.2005.

⁴³ United People's Front People's War Group (PWG) Nepal Communist Party of Nepal (Maoist), available at: <http://www.globalsecurity.org/military/world/para/upf.htm>, accessed on: 30.06.2005

⁴⁴ Devendra Chhetry, *Understanding Rural Poverty in Nepal*, available at: <http://www.adb.org/Poverty/Forum/pdf/Chhetry.pdf#search='Nepalpoverty'>, accessed on: 18.06.2005.

2.2.2.

social indicators are among the lowest worldwide. Nearly 40 percent of its population lack access to basic healthcare and education.⁴⁵

2.2.2. Underdevelopment

The actual beneficiaries of development and development aids in Nepal are mainly the high-caste elites from towns and villages. Further, weak infrastructures have separated large parts of the country and with it large sections of the Nepalese population from the development efforts. The areas under the Maoists hardly have the modern infrastructures such as roads, schools, medical facilities or electricity.

2.2.3. Unemployment

The growth of Maoists can be attributed to economic factors like unemployment and lack of opportunities for gainful engagement. Unemployment is widespread with as few as 47 percent of the work force having employment.⁴⁶ Many Nepalese go abroad and remit money to their families who remain at home. The massive financial aid provided lucrative jobs for the western-educated, Kathmandu-born employees and contractors.

2.3. Social Factors

⁴⁵ United People's Front People's War Group (PWG) Nepal Communist Party of Nepal (Maoist), *op. cit.*

⁴⁶ SD Crane, "The Maoist Insurgency in Nepal: 1996-2001", *USAWC Strategy Research Project*, U. S. Army War College, Pennsylvania, 09 April 2002, pp. 7.

There are some social factors which have influenced people to join the Maoists. These social factors include the romanticism of Maoist ideology, land ownership, etc.

2.3.1. Romanticism of Maoist ideology

The Maoist ideology has given the assurance to the common people that they would establish a society free from exploitation and the class biasness. This ideology has romanticised and attracted people who are mainly from the poor and socially marginalised low caste classes who are deprived by the high caste people for years.

2.3.2. Land ownership

The total arable land is 2.9 million hectares⁴⁷ which is only 20 percent of Nepal's rugged terrain.⁴⁸ But, due to high population pressure, the average landholding is small (0.8 hectares in 2001/02) and further diminishing. In Nepal, more than three fourth (74.15 percent) of the total holdings own less than one hectare of land and they own only 38.88 percent of total farm area and is fragmented in

⁴⁷ Gokarna Raj Aryal and GhanShyam Awasthi, *Agrarian Reform And Access To Land Resource In Nepal: Present Status And Future perspectives/Action, ECARDS-Nepal*, available at: <http://www.cerai.es/fmra/archivo/nepal.pdf#search=Poverty%20and%20Caste%20problems%20in%20Nepal>, accessed on: 09.07.2005.

⁴⁸ United people's Front People's War Group (PWG) Nepal Communist Party of Nepal (Maoist), *op. cit.*

3.3 scattered parcels.⁴⁹ In Nepal ownership remains largely with the landed elites. Semi-feudal, subsistence agrarian systems, underemployment and low-productive agriculture characterize the Nepali economic structure. As Nepal is an agrarian society, the peasants' dissatisfaction regarding land ownership has been exploited by the Maoists in the backward areas where the agricultural land is also comparatively less productive. The Maoists demanded that the cultivator should own the land and the rich landlords should be confiscated and distributed to the homeless and others who have no land.⁵⁰

2.3.3. Gender

One of the most important features of the Maoist movement is the participation of women's in the guerrilla ranks. Nepali women have been discriminated under patriarchy of Hindu religion and culture. Women's political participation was limited to mainly in voting and occasional candidacy in elections. But now they are joining the guerrilla organization under arms. Women's involvement in the Maoist army and political cadres has brought a major break in the social fabric of rural areas.⁵¹ According to an estimate about 30 percent of Maoist guerrillas comprise of women.⁵² Among the women guerrillas 70 percent are from among the indigenous ethnic communities.⁵³ Every village has revolutionary women organisations which are mainly used to gather intelligence and act as couriers. More than a dozen women have already given their lives while fighting the

⁴⁹ Gokarna Raj Aryal and GhanShyam Awasthi, *op. cit.*

⁵⁰ See for details- ANNEX I

⁵¹ The World Bank, *Social Change in Conflict-Affected Areas of Nepal, Social Development Notes, Conflict Prevention & Reconstruction, No.15/ January 2004*, available at: [http://lnweb18.worldbank.org/ESSD/sdvext.nsf/67ByDocName/BuildingCapacityinPostConflictCountries/\\$FILE/CPRNote151legal.pdf](http://lnweb18.worldbank.org/ESSD/sdvext.nsf/67ByDocName/BuildingCapacityinPostConflictCountries/$FILE/CPRNote151legal.pdf), accessed on: 04.09.2005.

⁵² Chitra K. Tiwari, *Maoist Insurgency in Nepal: Internal Dimensions*, Paper No. 187, *South Asian Analysis Group (SAAG)*, available at:

<http://www.saag.org/papers2/paper187.htm>, accessed on: 05.07.2005

⁵³ The World Bank, *op. cit.*

police operations.⁵⁴ The women are mainly influenced by the Maoist-propagated ideology of gender and class equality, which they never had under the traditional social system.

2.3.4. Age Structure

Children and teenager have been the most impacted. Most of the Maoists are young people from peasant families of poor low-caste Hindus. A majority of the children involved in the Maoist-run organization were forced or attracted to act as soldiers. Around 30 percent of the 'People's army' of the Maoist insurgents in Nepal comprises child recruits.⁵⁵ The child recruits comprising boys and girls under 18, do not fight directly and are used to carry weapons, supplies, gather information and help lay booby traps. The New York based 'Watchlist' in a report said that, "Children are subjected to killing and maiming committed with impunity by both the Government and the Maoists."⁵⁶ At least 400 children have been killed, 500 seriously injured, 2000 lost a parent and 20,000 were forcibly displaced in the nine years of the 'people's war' started by the Maoists, said child rights activist, *Gauri Pradhan*, who heads the Kathmandu-based NGO, Child Workers in Nepal Concerned Centre.⁵⁷

2.3.5. Social Exclusion

The caste system in Nepal dictates that dalits⁵⁸ are socially, economically and politically the most exploited section of society. More and more persons from Janajati people like Rai, Limbu, Gurung,

⁵⁴ *Ibid*

⁵⁵ NEPAL, News Briefs, *South Asia Intelligence Review (SAIR)*, Volume 3, No.29, January 31, 2005, available at: http://www.satp.org/satporgtp/sair/Archives/3_29.htm, accessed on: 12.09.2005

⁵⁶ *Watchlist*, available at: <http://www.watchlist.org>, accessed on: 15.09.2005

⁵⁷ *New India Press*, January 28, 2005, available at:

<http://www.newindpress.com>, accessed on: 25.09.2005.

⁵⁸ Dalit means literally "the oppressed" and is a new term (adopted from the Dalit movement in India) by former "untouchable" groups in Nepal. It signals their rejection of the hierarchically organized ritual pollution embedded in the caste system and focuses on what they see as the inherent lack of justice in Hindu society.

Magar, Tamang, etc. are joining the Maoists as guerrillas in the hope that they will be released from the control of the high caste people. Ethnic and linguistic division has played an important role in the marginalisation of the ethno-linguistic minorities. Based on these grievances, the Maoists platform includes indigenous ethnic groups' right to self-determination, ethnic and regional autonomy, proportional representation, equal language and cultural rights, elimination of caste-based domination, patriarchy and untouchability.⁵⁹ The Maoists have promised self-rule and autonomy to various ethnic groups and influence to join their party. According to their 40-points demand- the status of dalits as untouchables should be ended and the caste system of untouchability should be ended once and for all.⁶⁰ As there are many areas on combination between the Maoist agenda and that of the indigenous people, the Maoists have a vested interest in mobilising the socially excluded people in their class war.

3. Strength & Structure of the Maoists

The Maoists have managed to find sufficient resources to maintain the various aspects of their movement. The Maoist fighters have been provided with weapons and ammunitions, and the political campaign has been sustained with significant funding. It is quite difficult to give the full picture of the current status of the Maoists.

3.1. Leadership and Command Structure

The CPN-Maoist has its own traditional structure based on the Communist ideology. The CPN-M consists of the most

⁵⁹ The World Bank, *op. cit.*

⁶⁰ See for details- ANNEX I.

powerful standing committee at the top, followed by the politburo, central committee, regional bureaus, sub-regional bureaus, district committees, area committees and cell committees. The organizational structure of the CPN-Maoist is given in Table 1.

Table 1: Organisational structure of the CPN-Maoist

Party	People's Army	United front
Standing committee	Central military commission	United people's district committees
Politburo	Regional military commissions	United people's area committee
Central committee	Sub-regional military commissions	United people's village committees
Regional bureaus (five)	District military commissions	United people's ward committees
Sub-regional bureaus (in some places special sub-regional bureau)	Included in this are: Temporary battalion	

District committees	Companies	
Area committees	Platoons	
Cell committees	Squads (separate people's militias also exist under united village people's committees)	

Source: Sudheer Sharma, "The Maoist Movement: An Evolutionary Perspective," in Deepak Thapa, ed., *Understanding the Maoist Movement in Nepal*, Kathmandu: Martin Chautari, 2003.

The chief of operations of the CPN-M is its Chairman, Pushpa Kamal Dahal (better known as Comrade Prachanda). He is also Chairman of the 'Central Committee', Member of 'Standing Committee' and 'Supreme Commander' of the Peoples' Liberation Army. Another front ranking leader of CPN-M Baburam Bhattarai heads the political wing of the Maoists called the United People's Front (UPF). He is a 'Politburo and Standing Committee' member and also in charge for planning and foreign affairs.

Among other important leaders of the CPN-M, Mohan Pokharel Vaidya, a founder of the party and a 'Politburo and Standing Committee' member, is widely known as the political ideologue and is in-charge of the Kathmandu valley and eastern central command. Post Bahadur Bogati is another important Maoist leader serves as a 'Politburo and Standing Committee' member and in-charge of the western central command. Ram Bahadur Thapa, 'Politburo and Standing Committee' member, is reported to be special central command in-charge. Krishna Bahadur Mahara, who acts as the Maoists' spokesperson, is in-charge of the 'Foreign Section (India)'.

The Politburo issues directives with the assistance of an approximately 25-member central committee. The politburo and standing committee reportedly formulate most of the political and strategic policies. The standing committee, with approximately ten members, is the most powerful body in the CPN-M. There are five

regional bureaus: Eastern, Central, Kathmandu valley, Western and International department.⁶¹ The All Nepal National Independent Students' Union (Revolutionary), or ANNISU-r is the student wing of the Maoists.

3.2. Strength & Support structure

The Maoists have a current estimated strength of between 8,000-10,000 well-armed and trained regulars and an additional 25,000 'militia'.⁶² These are backed up by a substantial number of 'sympathisers', who can under certain circumstances be mobilised-voluntarily or coercively- for violent action.

The main fighting and support forces consist of Magars, Tharus, Janjatis (Gurungs, Rais, Limbus, Tamangs, Dalits, Brahmins and Chhetris- the last two also provide the political and military leadership). Among the Maoist fighters- about 60 percent are deployed in the mid-west and west in their strongholds. Another 10 percent are in the far west with around 10 percent in Gorkha, the rest is located in Kathmandu valley and east of it.⁶³ The main armed component reportedly consists of six guerrilla battalions, which launches military action in response to instructions relayed through their individual chief commissars (one per battalion), who are central committee members.⁶⁴ The apex military institution of the Maoists is the Central Military Commission of the CPN-M, which was constituted in 1998.

Many of the Maoist affected areas are inhabited by a large number of well trained retired Gurkha soldiers of the British and the Indian Army.⁶⁵ It is thought that these Gurkha soldiers may have been involved in providing training to the guerrillas.

⁶¹ Nepal Terrorist Groups-Communist Party of Nepal-Maoist, *op.cit.*

⁶² Ajai Sahni, The King's Folly, *South Asia Intelligence Review (SAIR)*, Volume 3, No.30, February 7, 2005, available at: <http://www.satp.org>, accessed on: 10.08.2005.

⁶³ Nepal Terrorist Groups-Communist Party of Nepal-Maoist. *op. cit.*

⁶⁴ *Ibid.*

⁶⁵ Prof. Khalid Mahmud, "Maoist Insurgency in Nepal", *Regional Studies*, Vol. XXI, No.1, 2002.

3.3. Tactics of the Maoists

Over the course of the protracted conflict, both the Nepalese military and Maoist insurgents have committed gross human rights violations, including arbitrary arrests, kidnapping, extrajudicial executions, targeting of civilian populations, indiscriminate bombing, torture and rape. The CPN-M have been responsible for violations of international humanitarian laws by resorting to indiscriminate killings, abduction, rape, torture and attacks on educational institutions, healthcare systems and destruction of public properties in the country.

The CPN got the inspiration for its tactics from the afore mentioned Shining Path of Peru, as well as Indian Maoists known as "Naxalites."⁶⁶ The common characteristic shared by these two groups is taking Mao's call for the "elimination of class enemies" to its violent extreme. The CPN-M generally uses a combination of mass line and united front to gain local support but will use terror in areas where support comes more slowly. Such incidents have increased as the CPN-M has moved out of its traditional areas of support. In some areas, especially in the Mid-West where the CPN-M has firm control of the area and government control is considerably limited, the CPN-M controls all the powers of the government. While nonviolent means were important in base areas, terror was widely used when expanding into disputed areas. Generally, the tactics used in taking over a village include incapacitating the village leader and leaving an absence of

⁶⁶ United People's Front Peoples' War Group (PWG) Nepal Communist Party of Nepal (Maoist), *op. cit.*

power that could only be filled by the CPN-M. The police, poorly armed and considerably spread-out, are generally powerless to do anything. Thomas A. Marks describes one interesting tactic used to deal with the local police force includes beginning with a small attack to draw the attention of the local police forces and thus spread out their numbers.⁶⁷ Once this has occurred, small guerrilla units attack the smaller, more isolated police forces, which in turn force the police to unite their forces, ultimately leaving larger swaths of the local population at the mercy of the insurgents. Other tactics included cutting roads, bridges, or power to a region to isolate it and then begin the socialist process.

Maoist 'people's war' has proved such a challenge to state response precisely because it incorporates terror as a tactic to make a revolution. As the security forces exercise pressure, the rebels employ terror tactics and target infrastructure. While the army has been stepping up pressure against the insurgents through its slow and steady "Cordon-and-Search-and-Destroy" Operations, the rebels have managed to inflict heavy damage to the security forces.⁶⁸ The Maoists set fire on almost all the government offices at the district headquarters, butchered security forces, looted local banks and killed innocent civilians. The guerrillas engage the security forces through their "hit and run" tactics in the areas surrounding their strongholds.

3.4. Fund

It is difficult to accurately estimate the income and expenditure of the Maoists, not only because of the nature of the movement itself but also because much of their support such as forced donations for food or accommodation comes in kind rather than cash. The funds for the operations of the Maoists come from various taxes that they have imposed on the area under their control, private donation and extortion. People believe the Maoists from a fact that they have invested the taxes collected from land in the development of the villages under their control. The Maoists have collected funds largely

⁶⁷ *Ibid.*

⁶⁸ Bhagirath Yogi, *Maoist Insurgency*, available at: <http://www.ms.dk/sw14569.asp>, accessed on: 03.04.2006.

through bank robbery, tax collection, voluntary donations and extortion from rich businessman. A string of bank robberies and extensive collection of 'revolutionary tax' from people in the areas under its control as well as in all major towns and overseas has made the CPN-M one of the wealthiest rebel movements in Asia.⁶⁹

The Maoists continue to consolidate in all sectors, especially their finances, with sporadic reports of looting of banks and 'forced donations'. According to officials at the Nepal Bank Limited (NBL), 29 branches of the Bank had been affected from various insurgency-related events. Cash and property worth nearly NPR 250 million has been looted from the NBL after the onset of the Maoist insurgency.⁷⁰ Similarly, a spokesperson of the Rastriya Banijya Bank, Janardan Acharya, disclosed that the Maoists had looted property worth 160 million rupees from various branches of the Bank over the past years. The Bank had to close down a total of 20 branches in the last three years mainly due to security reasons.⁷¹

Poverty, social and political unrest have forced thousands of Nepalese to migrate. Considerable amounts of funds also derive from 'collections' from Nepalese abroad, particularly the several million Nepalese who work in neighbouring India. The main organisation among them, the Akhil Bharatiya Nepali Ekta Samaj (All-India Nepalese Unity Society), was banned in July 2002 for links to the CPN-M.⁷² There are reports of a small but very active Maoist cell among the approximately 20,000 Nepalese community in Hong Kong as well as forced 'revolutionary tax collection' there.⁷³ In Belgium, some Nepalese expatriates have linked up with the Workers' Party of

⁶⁹ Bertil Lintner, Nepal's Maoists prepare for final offensive, Asia Pacific Media Services Limited, available at: http://www.asiapacificms.com/articles/nepal_maoists/, accessed on: 25.02.2006.

⁷⁰ Saji Cherian, Rising Anarchy, South Asia Intelligence Review, Volume 4, No. 37, March 27, 2006, available at: http://www.satp.org/satporgtp/sair/Archives/4_37.htm, accessed on: 03.04.2006.

⁷¹ *Ibid.*

⁷² Bertil Lintner, *op. Cit.*

⁷³ *Ibid.*

Belgium, one of the few remaining Maoist parties in Europe, where they are reportedly trying to use the Belgian courts to block the sale of arms to the Nepalese Army.

3.5. Weapons

When the Maoists started their armed struggle, they had no organised military force to speak of and no real weaponry. But as the Maoists stepped up their campaign, they started making their own muskets, taking licensed shotguns and other weapons from local residents and capturing the .303 rifles of the police. More recently they have enhanced their arsenal, primarily by capturing weapons from the security forces, to include sophisticated automatic weapons, explosives and mortars. The Maoists have also purchased arms, in particular from the black market in the neighbouring Indian state of Bihar and Uttar Pradesh, where there is a flourishing trade in illegal weapons.⁷⁴ They had concentrated on buying detonators, explosives and bullets rather than guns but there is some evidence that they have also brought in AK-47 assault rifles which some analysts suspect are from North-east India. The military experts suspected that the large arms seizure in the Bangladeshi port of Chittagong in April 2004 might have been on its way to the Maoist rebels in Nepal or separatists in north-eastern India.⁷⁵ The Maoists have skilled bomb-makers who initially devoted their efforts to refining various types of homemade explosives and gradually became more skilled in electronically detonated landmines. They have also used Indian army grenades, which may have been obtained on the black market. While their main source of weapons has tended to be the state security forces themselves, there are indications that their needs for fresh ammunition and explosives are met primarily from smuggling across the border with India. The Maoists, in the course of their insurgency have used light weapons as guns (mostly looted from the police), hammer, kukri (the traditional Nepali knife) and grenade. Reportedly, weaponry in

⁷⁴ Nepal's Maoists: Their Aims, Structure and Strategy, *Asia Report*. No.104, 27 October 2005, International Crisis Group, available at: <http://www.crisisgroup.org/home/index.cfm?!=1&id=3768>, accessed on: 26.01.2006.

⁷⁵ Arms cache was on way to 3rd country, *The Daily Star*, April 4, 2004.

their possession include AK-47 rifles, self-loading rifles, .303 rifles, country guns, hand grenades, explosives, detonators, mortars and light machine guns.⁷⁶

The Maoists are not yet facing any serious signs of facing difficulties in replenishing their stock of arms and ammunition for which the main source is the weapons captured from the Security Forces during raids on their posts and clashes.

4. Evolution of Maoist Insurgency

The Maoist insurgency has emerged as one of the most serious political and security challenges in Nepal. The situation in Nepal did not develop suddenly. In the past five decades, Nepal has seen three elections and 12 governments even as the royal family has tried to retain the reigns of power.

4.1. Gradual Development of Maoism in Nepal

Nepal has been ruled by hereditary prime ministers from the Rana clan or monarchs from the Shah family since the 18th century.⁷⁷ The origin of Maoist Insurgency in Nepal can be traced to the establishment of the CPN by Puspha Lal Shrestha in Calcutta [now Kolkata], India on 15 September 1949.⁷⁸ The CPN, following its

⁷⁶ Nepal Terrorist Groups- Communist Party of Nepal- Maoist. *op. cit.*

⁷⁷ Nepal: Maoist insurgency, available at: <http://www.crisisgroup.org/home/index.cfm?id=2929&l=1>, accessed on: 28.02.2006.

⁷⁸ M.R. Josse, *Recent Developments In Nepal's Maoist Insurgency: Precursor To Decisive Phase?*, Paper presented at a workshop on Maoist Insurgencies

legalisation in 1955, maintained a low profile until the first general elections in 1959.⁷⁹ A multiparty interlude from 1959-1960 ended when King Mahendra seized the state power in 1960. Following king Mahendra's seizure of state power after arresting the cabinet and dissolving the elected parliament, all political parties were banned. Despite the ban, like other political parties, the Communist grouping opposed to the monarchy continued functioning, but given the prohibition in place, various local units had begun to operate independently.

CPN was also inspired by the Naxalite movement especially in Jhapa, East Nepal in April 1972, which became the hotbed of the Communist movement. It was an actual communist uprising took place in a corner of Nepal in Jhapa, the southeastern most district of the country and right across the border from the Naxalbari region in India. In April 1972, a group of young Nepali activists began a campaign to eliminate "class enemies" in Jhapa. This turned out to be no more than a romantic adventure and was suppressed by the King's government in no time. The communist party along with the Nepali Congress created pressure on the King to restore the suspended parliament. In this situation, two of the communist leaders who had made a name as radicals within the party, Mohan Bikram Singh and Nirmal Lama, set about creating a new party apparatus. In spite of differences with their contemporaries, including with the founder of the CPN, Pushpa Lal Shrestha, they succeeded in holding the Communist Party's Fourth Convention in 1974 and named their new party the Communist Party of Nepal (Fourth Convention). The Fourth Convention also demanded the election of a constituent assembly to write a constitution, and its strategy was to begin a people's movement, which could at the opportune moment be converted into an armed revolt.

The Fourth Convention denounced the Jhapa uprising and until the mid 1980s it remained the major player among the communist

in Asia and Latin America: Comparative perspectives, 9-11 February 2006, available at: <http://www.scoop.co.nz/stories/HL0602/S00227.htm>, accessed on: 22.02.2006.

⁷⁹ Ibid.

factions. Coming under increasing internal and external pressure, Nepal re-established multiparty democracy within the framework of a constitutional monarchy in 1990. Nepal entered an era of democratic governance with high expectations and hope.

Table 2: Political unrest in Nepal in different times

YEAR	POLITICAL SITUATION
1949	Establishment of the Communist Party of Nepal -Maoist (CPN-M).
1960	King Mahendra seized power after NCP wins first elections.
1961	King Mahendra overthrew Nepal's first-ever elected government and banned political parties.
1972	First Communist uprising in Jhapa, East Nepal.
1974	CPN successfully held the Communist Party's Fourth Convention and named their new party the Communist Party of Nepal (Fourth Convention).
1990	Establishment of multiparty democracy within the framework of a constitutional monarchy.
1991	Election held. G.P.Koirala elected PM of Nepal.
1994	Koirala regime replaced by communist government.
1995	Communist ministry falls.
1996	The CPN-M started the "People's War".
2001	Royal family massacred. Gyanendra is crowned king.
2002	Maoists step up violence; take control of a third of Nepal.
2005	Deuba sacked. King assumes power, clamps emergency.

Source: Compiled from various sources

Following the restoration of democracy, the left parties pressed for an election to a constituent assembly as a means of delivering a

genuine people's constitution. In November 1990 the CPN (Unity Centre) was formed. The first general election was approaching at the time and there was pressure from within for the party to take part in it. General elections were held for the first time in 1991. The United People's Front (UPF) was floated as the political wing of the Unity Centre and in the first parliament, the UPF emerged as the third largest group (with 9 seats) after Nepali Congress (110 seats) and the CPN (Unified Marxist-Leninist) (CPN-UML) (69). In July 1994, Nepal's first democratically elected prime minister in three decades, Girija Prasad Koirala, resigned after he failed to receive his party's support on a crucial parliamentary vote. On July 11, 1994, King Birendra dissolved Nepal's parliament, called mid-term elections for November, and appointed Koirala interim prime minister, a move that led to protests by opposition supporters throughout the country. The transition to democracy produced an array of leftist political parties. The 1994 election defeat of the Nepali Congress Party by the UML made Nepal the world's first communist monarchy, with Man Mohan Adhikary as prime minister. The 1994 elections resulted in a Nepali Congress defeat and a hung Parliament, with a minority government led by the Unified Marxist and Leninist Party (UML).

After the fall of the government led by the CPN-UML in 1995, which succeeded the Koirala government, the political situation became more unstable. The far left of Nepali politics under the leadership of the CPN-M had walked out of electoral politics in 1994 saying that the existing constitution was incapable of addressing the problems of Nepal's poor. It wanted complete abandonment of pro-market policies, nationalisation of the property of the 'comprador and bureaucratic capitalists' and total land reforms.

4.2. 1996: Beginning of the Insurgency

On February 4, 1996, Dr. Baburam Bhattarai on behalf of the United People's Front presented a 40-point demands, which among other things, demanded abolition of the monarchy, establishment of a socialist republic and scrapping of the 1950 'unequal' Treaty of Friendship with India, to Prime Minister Sher Bahadur Deuba, then heading a NC-led coalition.⁸⁰ In his roster of conditions Bhattarai declared that unless the government took positive steps towards fulfilling those stipulations by 17 February 1996 they would launch an armed struggle. However, four days before the expiry of that ultimatum, on February 13, 1996, the left wing group, the CPN-M started the "People's War" after the then Deuba government failed to respond to the former's 40 points demands, patently anti-Indian and steeped in Marxist ideology.⁸¹

⁸⁰ See for details- ANNEX-I

⁸¹ Krishna B. Bhattachan, Possible Ethnic Revolution or Insurgency In a Predatory Unitary Hindu State, Nepal, In: Dhruva Kumar (eds.), *Domestic Conflict and Crisis of Governability in Nepal*, Kathmandu, Centre for Nepal and Asian Studies, 2000, pp.140.

The “People’s War” is a self-declared Maoist insurgency, launched by leaders Pushpa Kamal Dahal (a.k.a. “Prachanda”) and Baburam Bhattarai. The insurgency has been waged through torture, killings, bombings, extortion and intimidation against civilians and public officials. Between 1996 and 2001, Nepal changed 8 prime ministers. In real terms, almost all the governments responded to the Maoists through police repression. The crisis culminated after the royal palace massacre of June 1, 2001, when Gyanendra ascended the throne. As the pattern of strikes and later bombings intensified through 2001 and 2002, Nepal’s constitutional and political order seemed under threat of disintegration. On 22 July 2001 Prime Minister Sher Bahadur Deuba announced a unilateral ceasefire against the Maoists, which they immediately reciprocated. But the Maoists broke the ceasefire in November 2001, launching coordinated attacks on army and police posts. In October 2002, King Gyanendra, facing a growing debate over potential plans to extend the state of emergency as a means to combat the Maoist insurgency, dismissed the government, assumed executive power and assured the public elections would be held in time. However, the insurgency made the holding of elections impossible, and parliament remained disbanded. A January 2003 ceasefire between government and Maoist insurgents collapsed in August that year. Although the reappointment of Sher Bahadur Deuba as prime minister in June 2004 marked an attempt to heal the rift between the palace and political parties, this ended on 1 February, 2005.

4.3. Present Situation

An already precarious situation was made worse by the sudden imposition of emergency by the King on February 1, 2005. Dismissing a democratic government, the palace confined all political leaders, imposed censorship, shut off the country for a day and imposed a state of emergency. In September 2005, the CPN-M announced a three-month unilateral ceasefire, which was extended for another month due to popular pressure. On November 22 2005, the Maoists then formed an alliance with seven political parties to jointly press for democracy, in the aftermath of King Gyanendra’s refusal to match the ceasefire. They have announced a 12-point “Letter of Understanding”.⁸² On

⁸² See for details ANNEX II.

January 2, 2006 the Maoists ended the four-month ceasefire, despite requests from political parties and the United Nations, claiming the attacks from the Royal Nepalese Army (RNA) had forced them back into the offensive. The confrontation between an increasingly isolated palace and increasingly militant mainstream activists has benefited the Maoists. Since the Maoists ended their unilateral ceasefire on 2 January 2006 they have sustained an intense military campaign concentrating on well planned small urban attacks.

To appease the international community and his Nepalese subjects the King assured a return to democracy (monarchical democracy) by holding elections in 58 municipalities in the country on February 8, 2006. The Election was marked by the Maoists and opposition as an attempt by the King to legitimise His power grab. The international community also criticised the Election. Nepal has rejected the criticisms as “groundless”. According to Tulsi Giri, vice-chairman of the Royal council of ministers appointed by King Gyanendra when He seized power a year ago, “The claims are groundless as it is clearly evident that the people exercised their franchise in the most adverse situation”.⁸³ Elections for the House of Representatives would be in April 2007.

Political activists and the students continue to agitate against what they call the autocratic monarchy. Popularity of the monarchy is primarily on the army and is unable to deliver security and economic development to the impoverished people. The Maoists are continuously attacking in different parts of Nepal. They have threatened an indefinite blockade of the hill-ringed capital from March 14, 2006 and a general strike next month to increase the pressure on the King.⁸⁴ Launched on March 14, 2006 the blockade had virtually brought the whole country to a standstill, further undermining the authority of the King. Essential supplies to the capital and other District centres were severely hit. Industries were also severely affected as Nepal’s only railway service on the Janakpur-Jayanagar route was closed down. Meanwhile, Nepal’s seven main political parties, which have struck a loose alliance, appealed to the Maoists to

⁸³ Nepal rejects foreign criticism of polls as ‘groundless’, *The Financial Express*, February 12, 2006.

⁸⁴ *New Age*, March 07, 2006.

call off plans for a blockade of the capital and the nationwide strike saying it would hurt ordinary people. Nepal's Maoists and opposition parties are in the process of holding fresh talks in New Delhi.⁸⁵ As a sign of goodwill, the Maoist senior leaders, 'Prachanda' and Baburam Bhattarai, announced on March 19, 2006 the withdrawal of the indefinite blockade that the Maoists had clamped on the capital Kathmandu and other District Headquarters across the country. Although, the Maoists withdrew the blockade, they immediately indicated no let-up in their campaigns and attempted to assert their supremacy in the scheme of things with a deadly ambush on RNA soldiers at Dapcha in Kavre District, leading to the death of 13 soldiers. The four day general strike and civil disobedience movement called by the seven-party alliance (SPA) with the backing of the Maoists⁸⁶ from April 6-9, 2006, brought normal activities of the country to a standstill. Hundreds of people have been arrested since the strike began on April 6, 2006.

The Government has banned all public meetings. The Nepalese government has imposed a curfew on the capital Kathmandu in an attempt to try to halt widespread protests. Both Maoist rebels and opposition political parties have said they will intensify their campaigns. King Gyanendra has addressed Nepalese after a week of anti-royalist protests on April 14, 2006 to give his backing for a general election he has promised next year.⁸⁷ The king has offered that he would open up a dialogue with the seven-party opposition which could pave the way for elections. Nepal's main political parties have rejected the offer by the King to participate in talks saying that the offer contained nothing new and protests would continue.⁸⁸ The

⁸⁵ *The Daily Star*, March 08, 2006.

⁸⁶ Nepal capital is under new curfew, BBC News, 10 April 2006, available at: http://news.bbc.co.uk/1/hi/world/south_asia/4894474.stm, accessed on: 10.04.2006.

⁸⁷ Nepal's king renews poll pledge, BBC News, available at: http://news.bbc.co.uk/1/hi/world/south_asia/4908552.stm, accessed on: 15.04.2006.

⁸⁸ Nepal parties reject king's offer, BBC News, available at: http://news.bbc.co.uk/1/hi/world/south_asia/4908988.stm, accessed on: 16.04.2006.

alliance of seven political parties is now urging people to stop paying taxes to put pressure on the monarch to restore democracy.⁸⁹

However, the level of violence in the year 2005 remained comparatively lower than previous years, primarily due to the unilateral ceasefire announced by the Maoists in the last four months of the year, and also because the Army has virtually suspended its counter terrorism operations. Apart from the blockade, violence in 2006 continues unabated in Nepal, with deaths of 39 civilians, 150 security force personnel and 203 Maoists recorded till March 21.

Table 3: Fatalities in Maoist Insurgency

Year	Civilians	Security Force Personnel	Maoist insurgents	Total
2006 (Data till March 21, 2006.)*	39	150	203	392
2005	231	310	1307	1848
2004	380	481	1590	2451
2003	214	307	1584	2105
2002	238	666	3992	4896
2001	50	198	803	1051
2000	18	113	44	175

*Source: Saji Cherian, *Rising Anarchy*, South Asia Intelligence Review, Volume 4, No. 37, March 27, 2006, available at:

http://www.satp.org/satporgtp/sair/Archives/4_37.htm, accessed on: 03.04.2006.

Source: Compiled from South Asia Terrorism Portal, Institute for Conflict Management, available at:

<http://www.satp.org/satporgtp/countries/nepal/database/fatalities.htm>, accessed on: 25.02.2006.

Before February 2005 the Maoists had no relations with the mainstream political parties of Nepal. But now they have come into close contact with the political parties. The Maoists are in a formal alliance with other political parties that want to return to parliamentary

⁸⁹ Nepal Opposition Urges Citizens to Stop Paying Taxes, VOA News, 16-April-2006, available at: <http://www.voanews.com/bangla/2006-04-16-voa9.cfm>, accessed on: 17.04.2006.

system. It means that the Maoists have got an opportunity to further consolidate and strengthen their position and platform in Nepal.

5. Neighbouring Countries' Perspectives

Nepal occupies a strategic location in South Asia, as it is situated between two Asian giants. While Nepal is rapidly moving towards another bloodier phase of internecine war, neighbouring countries are beginning to take an interest. The increasingly coordinated activities of various Maoist groups in the region have also had an effect on the regional geopolitical situation. The presence of these Asian giants in the troubled region could dilute the peace process in the future. This section tries to give an idea of the perspective of the neighbouring countries of Nepal.

5.1. India

The unstable situation of Nepal has moved its neighbour India. The security of its neighbouring states was considered to be intricately linked with India's own security. Acknowledging the strategic importance of Nepal to its security, India's policies regarding the Himalayan state have been focused on forging strong linkages in the security, political, economic and cultural arenas. For India, Nepal remains the principal strategic land barrier between China and its own resource-rich Gangetic Plain.

Nepal's traditional friend India seems to be losing ground in Nepal after the King's takeover. India's approach towards Nepal after the end of democracy has changed and the relationship continued to become unpleasant when New Delhi said the development constituted a serious setback to the cause of democracy in Nepal. Expressing its anger and agony, Indian Prime Minister Dr. Manmohan Singh abstained himself from his scheduled visit to Bangladesh where the Nepalese Monarch would also be present in connection with the Dhaka SAARC Summit on February 2005 as a mark of protest. The relationship further deteriorated when New Delhi halted arms supplies to Nepal and is subsequently hosting the meetings between Maoists and seven political parties in November 2005. While the King is not satisfied with India's support of political parties and Maoists, certain cross-

border connections of the Maoists had posed an even greater threat to India.

Alarming, there is a strong link between the Indian and Nepalese Maoists. The Nepalese Maoists are mostly trained and educated in India. Intelligence sources indicated that the Nepalese Maoists are being trained by the erstwhile Maoist Communist Center (MCC) of India at the Jhumra hills and Saranda forests of Jharkhand.⁹⁰ If the Maoist insurgents achieve their objective in Nepal, a sudden burst of cross-border terrorism may take place in the Maoist controlled areas of India, as the Maoist groups focus on the consolidation of their Compact Revolutionary Zone (CRZ) comprising areas under the influence of the CPN-M in Nepal with those of the MCC (In Bihar and Jharkhand) and the People's War Group (PWG) in Andhra Pradesh and Chhattisgarh. There are also some reports which indicate that the Nepalese Maoists' have links with insurgent groups active in India's North-east like United Liberation Front of Asom ([ULFA](#)), Kamtapur Liberation Organisation ([KLO](#)), Gurkha National Liberation Front (GNLF) and Gurkha Liberation Organisation (GLO).⁹¹

India's concerns also drift around the Maoist insurgency in its more than 1400 kilometres open border with Nepal.⁹² While the Maoists have linkages with some Indian naxalite groups, they have targeted Indian development projects in Nepal in the recent past. For instance, they forced back an Indian Railways survey team from Biratnagar in April 2005.⁹³

India wants to resolve the crisis of Nepal immediately. India's worry is that the King's action would put the palace and Nepal's political parties into direct conflict and force the nation into a bloody

⁹⁰ Nihar Nayak, Nepal: Withering Peace, *Peace & Conflict Monitor*, available at: http://www.monitor.upeace.org/innerpg.cfm?id_article=341, accessed on: 22.02.2006.

⁹¹ Nepal Terrorist Groups - Communist Party of Nepal-Maoist, *op. Cit.*

⁹² Dr. Vidya Bir Singh Kansakar, The Nepal India Open Border, *Weekly The Telegraph*, 26 January 2005, available at: <http://www.nepalnews.com.np/contents/englishweekly/telegraph/2005/jan/jan26/national.htm>, accessed on: 25.02.2006.

⁹³ Saurabh Shukla and Kosmos Biswokarma, The Right To Dictate, *India Today*, Vol. XXX, No. 19, May 16, 2005.

civil war. India's main concern is that the turmoil in the neighbourhood would spill over into the bordering states of the country. There are direct links between the CPN-M and the Communist Party of India (Maoist) which has strong bases in Bihar and pockets of eastern Uttar Pradesh. New Delhi thinks the consolidated position of the Maoists of Nepal may encourage the Maoists and Naxalites of India to start the same kind of campaign in some of her troubled states. Indian Maoists or Naxalities are active in Bihar, Jharkand, Chattisgarh, Madhya Pradesh and Andhra Pradesh. They may establish a close tie with each other to start a serious movement in Indian states where they reign. Already the Maoist tradition and parties in India are fairly strong and older than Nepal's. To linger the dealing with Maoists in Nepal may be a threat to the Indian democracy and stability. So she wants to end the trouble of Nepal as soon as possible.

5.2. China

Nepal's strategic importance has led China to focus its policies on preserving and enhancing Nepal's independence and neutrality by trying to reduce its dependence on India in the political, economic and security arena. The beginning of the Cold War added a new dimension to China's interests in Nepal. Nepal's strategic significance for China lies, first and foremost, in its close proximity to Tibet. The Chinese occupation of Tibet in 1950 significantly increased Nepal's strategic importance for China.

China had to struggle with the open aggression of the West, led by the United States, which had a strong diplomatic and aid presence in Nepal. Restraining USA's influence in Nepal and preventing it from being used to threaten China's security became another Chinese objective in Nepal. For China, the rise and the growing influence of India had severe implications for its security considerations, especially regarding Tibet. The risk increased further with the increasing border dispute with India in late 1950s, which led to the 1962 Sino-Indian War. The presence of the Dalai Lama and his followers in India since 1959 added a further complication to Sino-India relations. China also had to tackle with the real possibility of an alliance between the United

States and India that might counter its position in Tibet. So the principal strategic objective of China's Nepal policy was to preserve favourable balance of power in South Asia.

China has always stood in favour of political stability, indirectly, through monarchy and economic and strategic interest including stopping pro-Tibet activities in Nepal. In a bid to win over China, just prior to the Royal takeover, Nepal shut down the Kathmandu office of the Dalai Lama's Representative in Nepal as well as the Tibetan Refugee Welfare office in Kathmandu. With the suspension of arms supplies from traditional sources like India and Britain, the King tried to woo China. Nepal was eventually rewarded when China supplied 4.2 million rounds of 7.62 mm rifle ammunition, 80,000 high-explosive grenades and 12,000 AK-series rifles to Nepal, in November 2005.⁹⁴ The diplomatic relations with China had intensified in October when RNA chief General Pyar Jung Thapa visited Beijing. On December 20, 2005, Thapa also hosted a four-member Chinese military delegation at Kathmandu.⁹⁵ China is apparently ready to open a consulate at Biratnagar at the border between eastern Nepal and Bihar. The Chinese diplomatic presence at Biratnagar comes in the context of the broader demand for a highway between Tibet and Eastern Nepal along the Kosi River

5.3. Bangladesh

The Maoists of Nepal are thought to have connection with the extremist Communist parties of Bangladesh. Ten left wing armed extremist groups formed a Coordinating Committee of Maoist Parties and Organisations of South Asia (CCOMPOSA) on July 1, 2001.⁹⁶ It is an umbrella organisation of left-wing extremist organisations active in four countries of South Asia - India, Nepal Bangladesh, and Sri Lanka. These are: Communist Party of Nepal (Maoist), Communist Party of India (Marxist-Leninist)(People's War), Maoist Communist Centre (MCC), Revolutionary Communist Centre of India (MLM), Revolutionary Communist Centre of India (Maoist), Communist Party of India (ML)(Nakshalbari), Ceylon Communist Party (Maoist) (Sri

⁹⁴ Nihar Nayak. *op. cit.*

⁹⁵ *Ibid.*

⁹⁶ Nepal Terrorist Groups - Communist Party of Nepal-Maoist. *op. cit.*

Lanka), Purba Bangla Sarbahara Party (CC), Purba Bangla Sarbahara Party (Maoist Punargathan Kendra) and Bangladesh Samyabadi Party (ML).⁹⁷ Their object is to create a Compact Revolutionary Zone (CRZ) which is characterised by high poverty, large tribal population exploited for millennia and a corrupt state administration. The area is a crescent from Nepal, through Bihar, West Bengal and adjacent Bangladesh, Jharkhand, Orissa and Andhra Pradesh, where left extremist violence has grown enormously in recent years. The Maoists of India have already established a corridor in Andhra Pradesh, Madhya Pradesh and Bihar up to Nepal. Now they have started to establish a new corridor through Orissa, Jharkhand, West Bengal and Andhra Pradesh to Bangladesh.⁹⁸

5.4. Other Neighbours

The other neighbouring countries of Nepal like Pakistan, Sri Lanka and Bhutan also have some interest in the situation of Nepal.

Perhaps Pakistan is eager to take the advantage of India's suspension of military assistance to Nepal. The diplomatic relations of Nepal with Pakistan had intensified when RNA chief General Pyar Jung Thapa visited Pakistan in December 2005, and he was reportedly offered "comprehensive training capsules" for RNA soldiers.⁹⁹ On the other hand according to some sources, the Inter Services Intelligence (ISI) of Pakistan is helping the Maoists to establish links with Naxalite groups of India, such as the PWG and the MCC by using the Siliguri corridor in West Bengal.¹⁰⁰ The conditions in the sub-continent have substantially changed with the increased interaction between India and Pakistan. It will not be easy for Pakistan to support Nepal defying India. Pakistan is an ally of the international anti-terrorism movement and the US itself is against King's abrogation of democracy.

Though the exact nature of the relationship is not known, the Maoists are also reported to have some links with the Liberation Tigers of Tamil Eelam (LTTE) in Sri Lanka. However, it is suspected that the Maoists have received arms training from the LTTE operatives

⁹⁷ Prakash Nanda, The Maoists' danger, *The Independent*, March 21, 2006.

⁹⁸ *The Daily Ittefaq*, August 09, 2005.

⁹⁹ *Ibid.*

¹⁰⁰ Nepal Terrorist Groups - Communist Party of Nepal-Maoist, *op.Cit.*

in the past and this may be continuing.¹⁰¹ The links between the Maoists of Nepal and the LTTE may be supported by the PWG which has a record of cooperation with the LTTE in arms procurement and training especially in the use of Improvised Explosive Devices. In fact, the Nepali Maoists seem to have more in common with the former militant Janatha Vimukti Peramuna (JVP) than the LTTE.¹⁰² The Maoists could take a lesson the JVP's entry into mainstream politics from the fringes of extremism and terror.

Relationship between the Maoists of Nepal and the Bhutanese refugees has not yet been recognized. Over 105, 000 Bhutanese Refugees reside in seven camps in eastern Nepal's politically volatile Jhapa district under the UNHCR since the ethnic exodus that followed implementation in Bhutan of the Citizenship Act of 1985 and the subsequent nation-wide Census of 1988.¹⁰³ Another 10,000 refugees are reported to be outside the camps both in Nepal and India.¹⁰⁴ The possible nexus between the Maoists in Nepal and the Bhutanese refugees in Nepal as well as Indian militants in West Bengal and Northeast India can create serious security problem in this area. Bhutan has faced a dissident group fighting for democracy since 1990.¹⁰⁵ This group has not yet started revolution, but such possibility can not be ruled out. The UN refugee camps appear to be have been the spawning grounds of the new [Bhutan Communist Party](#) - Marxist-

¹⁰¹ *Ibid.*

¹⁰² Sajag Rana, There are a lot of parallels between the conflicts in Sri Lanka and Nepal, available at:

<http://www.nepalnews.com/ntimes/issue181/nation.htm>, accessed on: 01.03.2006.

¹⁰³ P.G. Rajamohan, Terror and Refuge, *South Asia Intelligence Review*, Volume 3, No. 19, November 22, 2004, available at:

http://www.satp.org/satporgtp/sair/Archives/3_19.htm, accessed on: 19.03.2006.

¹⁰⁴ S. Chandrasekharan, The Problem of Bhutanese Refugees in Nepal-Role for India, available at: <http://www.saag.org/notes/note4.html>, accessed on: 25.02.2006.

¹⁰⁵ Bhutan in shadow of militancy, Editorial, Wednesday March 31, 2004, *TELEGRAPH INDIA*, available at: http://www.southasianmedia.net/index_opinion.cfm?category=Security&country=Bhutan, accessed on: 20.03.2006

Leninist-Maoist (BCP-MLM), which announced itself in April 2003 and called for an overthrow of the monarchy, and perhaps to establish a 'people's war' similar to the nearby [Nepalese People's War](#).¹⁰⁶ There is evidence that the BCP-MLM was set up with the active support and collaboration of the Communist Party of Nepal - Maoist, as well as Indian Maoist groups.¹⁰⁷

6. Conflict Management Efforts

The ongoing insurgency and royal takeover have attracted serious concerns and responses from neighbouring as well as other friendly countries and international community. The crisis that Nepal is facing today has implications for its geo-political, geo-economic and geo-strategic situation. The increasing violence and deteriorating human rights situation tarnished Nepal's image and has drawn the international community's attention. However, the role of the international community in Nepal is, neither uniform nor coherent.

6.1. Government Efforts

The government of Nepal suffers from a lack of legitimacy, growing popular discontent and international isolation, all problems for which it lacks solutions. It has made no progress in addressing the insurgency and faces economic, developmental and humanitarian challenges. At present political instability in Nepal is a result of the struggle for power between the mainstream political parties, the Maoists and the Monarchy. Political parties in Nepal do not have any common strategy to deal with the problem of Maoist insurgency in Nepal. The opposition parties treat it as the problem of the government.

The government does not have a strategic vision. Its response to the insurgency has been clumsy and ineffective. The King, the government, the police and the RNA seem unable to cooperate in a coordinated campaign to deal with the political roots of the insurgency. The Government of Nepal has used force, persuasion and

¹⁰⁶ History of Bhutan, available at: http://en.wikipedia.org/wiki/History_of_Bhutan, accessed on: 20.03.2006.

¹⁰⁷ P.G. Rajamohan, *op. Cit.*

negotiation to tackle the issue of insurgency. A Special Armed Police Force has been set up to fight the insurgents. Simultaneously, Ganesh Man Singh Peace Campaign has been underway since July 17, 1999 to persuade the guerrillas to give up arms and also to cultivate informers.¹⁰⁸ A six Member Committee headed by Sher Bahadur Deuba was set up in November 1999 to work out an all party consensus to tackle the insurgency.¹⁰⁹ The internal security of Nepal is threatened by political instability brought about by ineffective governance which can lead to socio- economic and political crisis. The political elites in Nepal have a major responsibility to provide good governance to the country where the socio- economic needs of the people are met and political views of the minority taken care of.

King Gyanendra had calculated that his authoritarian moves since October 2002 would return order to a land wracked by Maoist insurgency and political instability but he has failed. In the months following the 2005 coup, the true intentions of the King have been gradually clarified. There was never any real focus on dealing with the insurgency. Rather, the priority for the king has been to grab the power. King Gyanendra has not initiated a dialogue with the parties and he is losing domestic support. The King, who is promise-bound to restore full democracy by April 2007, held the local municipal election as part of his plan of going ahead step by step when his country was lacking political stability and peace under the existing parliamentary system that he abolished.

The February 8, 2006 municipal elections demonstrated the increasing isolation of the King. The opposition and the Maoists describe the election as an attempt by the King to legitimise his power grab. While the political parties boycotted the elections and organized mass demonstrations, the Maoists stepped up attacks to successfully disrupt voting. Pro-royal candidates won the election. Only 20 percent of eligible voters participated in the elections. Nationwide, only 15 percent of seats in the 36 municipalities conducting elections were contested, 54 percent had no candidates, and 31 percent of candidates

¹⁰⁸ 'Maoists in Nepal are a burgeoning problem', *Strategic Affairs*, No. 008/ Issue: November 1, available at: <http://www.stratmag.com/issueNov-1/page12.htm>, accessed on: 19.12.2005.

¹⁰⁹ *Ibid.*

were elected unopposed.¹¹⁰ But the King claims that the disastrous municipal elections of February 8, 2006, have been successful. The King wants to hold parliamentary elections within one year, if necessary without political parties.

The campaign in the streets of Kathmandu and other cities has become fiercely anti-monarchy and many now demand a republic. Escalating street protests in Kathmandu will put more direct pressure on the government. The protests are led not only by the seven-party alliance but also by civil society groups, professional associations, trade unions and students. Armed clashes with the police appear to be normal and everyday affair. Peace and stability have been buried by this incident. The fundamental rights of the people have almost been extinguished by the king during the last year.

6.1. International Efforts

The dismissal of the government and abolition of parliament by the King was heavily criticized by a number of western countries like the United States and United Kingdom beside neighbouring India. They dubbed the situation as “killing of democracy” in the Kingdom. February 2005 Royal Coup, a continuation of the monarch’s power grab since October 2002 has resulted in decline in the support from the Nepalese people and the international community to the King. The western countries and India could not agree to his radical actions including imposing a state of emergency while he took over for the ‘greater interest’ of his nation and the country. Following the ‘royal coup’, foreign countries and international aid agencies expressed strong disappointment and suspended financial and military aid to Nepal. The international community has never raised their concerns about Nepal’s internal affairs in such a manner and the country also has not ignored the international recommendations so deliberately before.

¹¹⁰Donald Camp, *Internal Unrest in South Asia: Recent Developments in Nepal and Sri Lanka*, Statement before the House Committee on International Relations Subcommittee on Asia and the Pacific, Washington, DC, March 15, 2006, available at: http://nepal.usembassy.gov/sp_03-16-2006.html, accessed on: 22.03.2006.

Apart from South Asian giants, world powers like the USA and the UK have vested interest in the region. The USA and the UK have provided arms, training and financial assistance to the Nepalese government to combat the insurgency. India, the UK and the USA who were "coordinating" their policies on Nepal and supplying weapons to the RNA stopped the aid after the royal takeover. The United States' primary objectives in Nepal are the restoration of multi-party democracy and the prevention of a Maoist takeover. The US considers a Maoist takeover not only possible but imminent, and finds such an outcome unacceptable. The UK has articulated the position that the Maoist-SPA alliance “was not sufficient enough for restoring peace in Nepal.”¹¹¹

As Nepal is located between the two fastest growing economies in the world - China and India, a Maoist takeover can create instability in the region which is of great importance to the United States. President Bush discussed about Nepal with Indian Prime Minister Manmohan Singh during the President's recent visit to New Delhi. They agreed the King should reach out to the political parties to restore democratic institutions and that the Maoists should abandon violence.¹¹² The USA is seeking full commitment from the CPN-M to human rights, democracy and renunciation of violence. Nine left-wing political parties of India formed the Nepal Democracy Solidarity Forum to assist the Nepalese political parties. Now, these countries, the UN and the EU are suggesting that the King should roll back his step, restore human rights, democracy, civil liberties and media freedom, reconcile with political parties and seek "negotiated and democratically based solution" to the insurgency. China, South Korea, Russia, Pakistan and Bangladesh termed the takeover as "an internal matter of Nepal". China, Russia and Pakistan think that Nepalese themselves are capable of resolving this conflict. There is a possibility that if India increases its support to the Maoist-SPA alliance progressively disengages with Nepal, China can be expected to significantly enhance her support to the King.

¹¹¹ Saji Cherian, *Rising Anarchy*, *South Asia Intelligence Review*, Volume 4, No. 37, March 27, 2006, available at: http://www.satp.org/satporgtp/sair/Archives/4_37.htm, accessed on: 03.04.2006.

¹¹² Donald Camp, *op. Cit.*

India and the USA have also suspended lethal military assistance but the training to security forces and non-lethal assistance have continued. India, with the consent of the USA and the UK, helped the seven-party alliance (SPA) and Maoists to come together and agree on a 12-point of agreement, which they later said was an 'understanding'. Switzerland opposed the Indian mediation effort considering that it is also a party to the conflict and instead offered its own role as a facilitator. The EU prefers the role of the UN or any acceptable country to mediate the conflict while India, the USA, China and the government of Nepal contest external mediation.

Nepal's development partners have adopted different attitudes towards Nepal's crisis-- aid withdrawal, or wait-and-see or engagement with humanitarian and community development efforts. Denmark, Norway and the UK have conditionalized their support to human rights, democracy and civil liberties. On July 20, 2005, condemning the 'Royal takeover', Norway cut the planned financial assistance to Nepal for 2006 by 10 per cent and terminated an agreement on support for the Melamchi Water Supply Project.¹¹³ On March 8, 2006 a Norwegian peace delegation has arrived in Kathmandu to help facilitate consensus in the current conflict.¹¹⁴ A group of Nepal's development partners which include Canada, Denmark, Finland, Germany, Netherlands, Norway, Switzerland, UK and the European Commission met in London to discuss development issues, the wider peace process and defined the principles of engagement in what they call "fragile states" in the light of changed Nepali context. They have also asked their representatives in Nepal to work in line with Basic Operating Guidelines (BOG) and consider options in promoting human rights, democracy, peace and sustainable

¹¹³ Saji Cherian Nepal : The State Retreats, the Maoists Pursue, *South Asia Intelligence Review*, Volume 4, No. 25, January 2, 2006, available at: http://www.satp.org/satporgtp/sair/Archives/4_25.htm, accessed on: 20.03.2006

¹¹⁴ Rolleiv Solholm, Norwegian peace moves in Nepal, *The Norway Post*, 8 March 2006, available at: <http://www.globalgoodnews.com/world-peace-a.html?art=11417663129060688>, accessed on: 20.03.2006.

development. On December 22, 2005, the UN welcomed the recognition by the Maoists of the BOGs and began resuming its activities in 10 districts suspended earlier. The Maoists have also appealed to the international community for "regular consultation and cooperation" with the party and its representatives to execute the development programs.

The United States of America has suspended US\$5m military aid to Nepal.¹¹⁵ On March 17, 2005, the British Government suspended part of the aid it had pledged to the Nepal Police, Prison Services and the Prime Minister's Office. A total of £ 2.4 million had been committed under these programmes, but £ 1.3 million remained unspent and was cancelled.¹¹⁶ The current development aid of UK is now screening all projects using two criteria - safety of the staff and effectiveness of support.¹¹⁷ On February 25, 2005, the World Bank also 'postponed' its US\$70 million anti poverty budgetary support.¹¹⁸ The Asian Development Bank (ADB) doubled its disbursement to US\$44m in 2005. Japan has provided a grant assistance of over 45.43m yen for various projects such as water supply, education, roads and food. Pakistan provided an annual credit of US\$5m. China provided budgetary support amounting to US\$12.3m in 2005 and a military support of about US\$1m.¹¹⁹ Japan and China have become

¹¹⁵ Political, Economic and Social Development in Nepal in the Year 2005, FES-NEPAL, Friedrich Ebert Stiftung, available at: http://www.fesnepal.org/reports/2005/annual_reports/political_report_2005.htm, accessed on: 12.03.2006

¹¹⁶ Saji Cherian Nepal : The State Retreats, the Maoists Pursue, *op. Cit.*

¹¹⁷ Political, Economic and Social Development in Nepal in the Year 2005, *op. Cit.*

¹¹⁸ Sudhindra Sharma, Juhani Koponen, Annette Skovsted Hansen, Tatsuro Fujikura, 'Partnership' in Action: Nordic and Japanese Aid in Nepal, Paper presented at the Workshop on 'Forging Partnership? A Comparative Study of Institutional Responses to Nordic and Japanese Aid in Asia', *The European Institute of Japanese Studies*, Stockholm School of Economics, Stockholm, June 17-19, 2005, available at: <http://www2.hhs.se/eijs/AsianAid/PaperFujikuraHansenKoponenSharma.pdf>, accessed on: 21.03.2006.

¹¹⁹ Dev Raj Dahal, Nepal: Looking Back on 2005, Looking Forward to 2006, January 2006, Friedrich Ebert Stiftung, available at: <http://fesportal.fes.de/pls/portal30/docs/FOLDER/WORLDWIDE/ASIEN/BE>

more engaged on Nepal policy and have called for the King to reconcile with the parties. The commitment of German government's development aid continued. But, German Development Service (DED) funding which stood at US\$ 5m for every two years declined to US\$ 1m.¹²⁰

6.2. Maoists' Response

Before the King seized political power in 2005, the Maoists used to say they would only talk to the palace, as the centre of real power. On September 3, 2005, the Maoists announced a unilateral ceasefire. After the government's non-response to its ceasefire, CPN-M indicated a medium-term policy shift in its ideology and strategies. Ideologically, it has changed its goal from "new democratic revolution" to "bourgeois democratic revolution" as political parties accepted its demand for the election of a constituent assembly to draft a new constitution. Now, by contrast, Maoist Chairman Prachanda gives the impression that his party has totally given up on the idea of reconciling with the monarch. At the same time the relationship between the Maoists and the opposition parties is increasing.

Now a days, the Maoists leadership has signalled that it wants to cooperate in a future democratic system, but without the institution of monarchy, though there are still radical statements like that to execute the King if he does not go into exile. In a rare interview with the BBC, the Maoists' senior leader Chairman Prachanda told that the group is now in favour of a political rather than a military solution to the conflict. But he also said that the King might face a future of exile or even trial at what he called a People's Court, leading to possible

[RICHTER/BERICHTE2006/R%DCCCKBLICK+2005_NEPAL_0306_ENGLISH.CH.PDF](#), accessed on:12.03.2006

¹²⁰Political, Economic and Social Development in Nepal in the Year 2005, *op. Cit.*

execution.¹²¹ On 22 November 2005, the CPN-M finally entered into a 12-point understanding with the SPA, which laid stress on establishing 'absolute democracy' by concentrating their agitation against "autocratic monarchy." The SPA stressed on the restoration of the parliament, an all-party government, election for a constituent assembly to draft a new constitution and resolution of the conflict while CPN-M stressed on ending the absolute monarchy, holding the constituent assembly elections, putting the armed Maoist force and the RNA under the supervision of the UN, or any reliable international supervision, and mediation of the conflict through dialogue.

Nepal will experience more violence and human rights violations in coming days; the CPN-M Chairman Prachanda recently announced that, "The RNA has compelled us to end the cease-fire. It was not only impossible, but also suicidal for us to extend it."¹²² Prachanda stated that all future actions would be targeted against the "dictatorial government." Meanwhile, it's likely that the Maoists will be more aggressive than before, as the Nepal revolutionary movement has now entered its strategic offensive phase and is preparing the masses by using mainstream political parties for further advancement in its war to overthrow the monarchy.

There is also a marked shift in the foreign policy approach of the Maoists. They have moderated its class-based worldview and now talks about geopolitical implication of the ongoing insurgency and the limits of power. The CPN-M has muted its ideological discourse against "American imperialists and Indian expansionists," and has accepted the fact that without the cooperation of India, China, the US and the EU, durable peace in Nepal cannot be achieved. The CPN-M also accepted Indian mediation effort between itself and the SPA and for the announcement and extension of the ceasefire. Public pressure for peace in rural areas is increasing. On December 22, 2005, the Maoist leadership appealed to the UN and international community to sever ties with the government and suspend all sorts of assistance to it and extend all sorts of assistance to the Nepalese aspiration for

¹²¹ Charles Haviland, Meeting Nepal's Maoist leader, BBC News, available at: http://news.bbc.co.uk/2/low/south_asia/4707058.stm, accessed on: 23.02.2006.

¹²² Nihar Nayak. *op.cit.*

democracy and peace.¹²³ On January 2, 2006, CPN-M formally declared the re-launch of "people's war" breaking the ceasefire and vowed to attack the royal regime. Maoists, however, said that they would respect the recent understanding with the SPA. There is lack of multilateral action and confidence building measures without which management of the conflict is little likely to be attained.

On March 19, 2006, the CPN-M and the SPA announced the Memorandum of Understanding reached between them through separate statements. The CPN-M and the SPA have reached an understanding that they would resolve the procedural difference through ongoing dialogues aimed at reaching a common understanding. They also accept the fact that people's movement is the only way for achieving the common goal.

7. Conclusion

Nepal has experienced prolonged political unrest. The government of Nepal, either the Monarchs or the parliamentary government, has never been able to establish a steady political and economic system. The power struggle, autocratic rule and their isolationist and fragile foreign and domestic policies not only devastated the social fabric but also indulged the whole of Nepal into a destructive tragedy.

The "People's War", launched by the Maoists, was basically started as a political problem with the aim to destroy the semi-feudal and semi-colonial state and to build a people's new democratic state. But, now it has been transformed into an armed militant uprising. The ten-year-old civil war continues to place the civilian population at serious risk of war crimes and human rights abuses while hindering economic development of the impoverished countryside. According to *Ewa Eriksson*, South Asia desk officer for the International Federation of Red Cross and Red Crescent Societies, "The conflict has had a big

¹²³ *Political, Economic and Social Development in Nepal in the Year 2005*, op. Cit.

impact on economic and social activities throughout the whole country and displaced large numbers of people, destroying livelihoods."¹²⁴

The ongoing Maoist insurgency in Nepal is not simply a "security problem" but is very complex with social, economic, political, and ethnic dimensions. As the people are frustrated with violence and looking for peace, there is a chance of early peace in Nepal. The conflict in Nepal is inextricably linked to three parties - the King, the Maoists and the mainstream political parties. But, like the earlier three-way fight between the King, Maoists and the political parties, now it is between King and Maoists with support from the opposition political parties. The common people are the main subject of the conflict. None of the parties of the conflict thinks about them and takes proper solution to minimize the sufferings of the common people.

The agreements between the Maoists and the seven political parties is perhaps an indication that the Maoists are in no position to take over the conflict militarily, and are increasingly willing to take the path of 'democracy'. At present the King is seen as more of a problem than any part of a solution. The King's recent behaviours will definitely not bring hopes of reconciliation of political imbalances. The actions taken by him at the time of the protests clearly show that he is desperate to keep his domination in force. Recently the King has offered a dialogue with the opposition parties which were rejected by the opposition. With the rejection of the opposition parties for the dialogue with the King has declined the hope for peace in the small Himalayan kingdom.

The conflict of Nepal is being regarded as a terrorist movement by the Nepali government. The policy of the present government to tackle the problem militarily is not successful. For this, various groups in Nepal are pressing for a political solution. There are some other external actors and players who have interest in the conflict of Nepal with varying agendas, declared and hidden. Nepal's strategic location between China and India makes it very important for both the

¹²⁴ Katherine Arie, Crisis Profile: What's going on in Nepal?, *Reuters AlertNet Foundation*, available at: <http://www.alertnet.org/thefacts/reliefresources/111997404550.htm>, accessed on: 31.08. 2005.

countries. Nepal's borders meet China's restive western province of Tibet on the one hand, and Naxalite-dominated Indian states on the other. Both powers view Nepal as a buffer zone over which each has tried to influence. India considers Nepal as part of its 'zone of influence'. China wishes to prevent India from being the sole influence in Nepal and is concerned that India might invade Nepal to prevent a change of regime. India, for its part, is concerned that China could take advantage of any disorder in Nepal to strengthen its hand against India in the whole region. China becomes closer than India with Nepal by addressing the Royal coup of February 1, 2005 as Nepal's "internal matter".

Conflict transformation in Nepal requires multilateral action of domestic and international actors, as they are all a part of the conflict system in Nepal. At present the determining factor lies with the King. All the recent developments in the Himalayan region indicate that the King must give way to democracy. King should now agree with people's demands and must not hesitate to reconcile with the political parties. Not only Nepalese, the entire world likes to see this situation to be materialized. Nepal needs the positive [intermix](#) of three forces, i.e. the King, the Maoists and the political parties, to create a new force which would resolve the ten year long bloody conflict forever. The sooner the democratic process in Nepal is resorted to, the easier it would be for the democratic government to tackle the insurgency. The international communities should put pressure on the King, the political parties and the Maoists to engage in peace process negotiations. The United Nations can play a very important role in the conflict of Nepal as a mediator.

ANNEX I MAOISTS' 40 POINT DEMANDS¹²⁵

These demands were submitted by the political front of CPN (Maoist) United People's Front with the coalition government headed by Nepali Congress party. These are the same demands which were raised during the 1990's people movement including the end of band of political parties. The UPF raised these demands for 5 years after the so-called democratic negotiation with the monarchy. But the successive government and Nepali Congress government acted just opposite of the demands.

I. DEMANDS RELATED TO NATIONALISM

- 1) Regarding the 1950 Treaty between India and Nepal, all unequal stipulations and agreements should be removed.
- 2) HMG [His Majesty's Government] should admit that the anti-nationalist Tanakpur agreement was wrong, and the Mahakali Treaty, incorporating same, should be nullified.
- 3) The entire Nepal-Indian border should be controlled and systematized. Cars with Indian number plates, which are plying the roads of Nepal, should not be allowed.
- 4) Gurkha recruiting centers should be closed and decent jobs should be arranged for the recruits.
- 5) In several areas of Nepal, where foreign technicians are given precedence over Nepali technicians for certain local jobs, a system of work permits should be instituted for the foreigners.
- 6) The monopoly of foreign capital in Nepal's industry, trade and economic sector should be stopped.

¹²⁵ Submitted to the then prime minister Sher Bahadur Deuba on 4th February, 1996 by Dr. Baburam Bhattarai on behalf of the United People's Front, Nepal, available at: http://www.insof.org/politics/130299_40demands_Maoist.htm, accessed on: 25.01.2006.

- 7) Sufficient income should be generated from customs duties for the country's; economic development.
- 8) The cultural pollution of imperialists and expansionists should be stopped. Hindi video, cinema, and all kinds of such news papers and magazines should be completely stopped. Inside Nepal, import and distribution of vulgar Hindi films, video cassettes and magazines should be stopped.
- 9) Regarding NGOs and INGOs: Bribing by imperialists and expansionists in the name of NGOs and INGOs should be stopped.

II. DEMANDS RELATED TO THE PUBLIC AND ITS WELL-BEING

- 10) A new Constitution has to be drafted by the people's elected representatives.
- 11) All the special rights and privileges of the King and his family should be ended.
- 12) Army, police and administration should be under the people's control.
- 13) The Security Act and all other repressive acts should be abolished.
- 14) All the false charges against the people of Rukum, Rolpa, Jajarkot, Gorkha, Kavre, Sindhupalchowk, Sindhuli, Dhanusha and Ramechhap should be withdrawn and all the people falsely charged should be released.
- 15) Armed police operations in the different districts should immediately be stopped.
- 16) Regarding Dilip Chaudhary, Bhuvan Thapa Magar, Prabhakar Subedi and other people who disappeared from police custody at different times, the government should constitute a special investigating committee to look into these crimes and the culprits should be punished and appropriate compensation given to their families.
- 17) People who died during the time of the movement should be declared as martyrs and their families, and those who have been wounded and disabled should be given proper compensation. Strong action should be taken against the killers.
- 18) Nepal should be declared a secular state.

- 19) Girls should be given equal property rights to those of their brothers.
- 20) All kinds of exploitation and prejudice based on caste should be ended. In areas having a majority of one ethnic group, that group should have autonomy over that area.
- 21) The status of dalits as untouchables should be ended and the system of untouchability should be ended once and for all.
- 22) All languages should be given equal status. Up until middle-high school level (uccha-madyamic) arrangements should be made for education to be given in the children's mother tongue.
- 23) There should be guarantee of free speech and free press. The communications media should be completely autonomous.
- 24) Intellectuals, historians, artists and academicians engaged in other cultural activities should be guaranteed intellectual freedom.
- 25) In both the terai and hilly regions there is prejudice and misunderstanding in backward areas. This should be ended and the backward areas should be assisted. Good relations should be established between the villages and the city.
- 26) Decentralization in real terms should be applied to local areas which should have local rights, autonomy and control over their own resources.

III. DEMANDS RELATED TO THE PEOPLE'S LIVING

- 27) Those who cultivate the land should own it. (The tiller should have right to the soil he/she tills.) The land of rich landlords should be confiscated and distributed to the homeless and others who have no land.
- 28) Brokers and commission agents should have their property confiscated and that money should be invested in industry.
- 29) All should be guaranteed work and should be given a stipend until jobs are found for them.
- 30) HMG [His Majesty's Government] should pass strong laws ensuring that people involved in industry and agriculture should receive minimum wages.

- 31) The homeless should be given suitable accommodation. Until HMG [His Majesty's Government] can provide such accommodation they should not be removed from where they are squatting.
- 32) Poor farmers should be completely freed from debt. Loans from the Agricultural Development Bank by poor farmers should be completely written off. Small industries should be given loans.
- 33) Fertilizer and seeds should be easily and cheaply available, and the farmers should be given a proper market price for their production.
- 34) Flood and draught victims should be given all necessary help
- 35) All should be given free and scientific medical service and education and education for profit should be completely stopped.
- 36) Inflation should be controlled and laborers salaries should be raised in direct ratio with the rise in prices. Daily essential goods should be made cheap and easily available.
- 37) Arrangements should be made for drinking water, good roads, and electricity in the villages.
- 38) Cottage and other small industries should be granted special facilities and protection.
- 39) Corruption, black marketing, smuggling, bribing, the taking of commissions, etc. should all be stopped.
- 40) Orphans, the disabled, the elderly and children should be given help and protection.

We offer a heartfelt request to the present coalition government that they should, fulfill the above demands which are essential for Nepal's existence and for the people's daily lives as soon as possible. If the government doesn't show any interest by Falgun 5, 2052, (February 17, 1996,) we will be compelled to launch a movement against the government.

ANNEX II

12-POINT UNDERSTANDING BETWEEN POLITICAL PARTIES AND MAOISTS¹²⁶

Letter of Understanding

The following understanding has been reached between the seven parliamentary parties and the CPN (Maoist) through different methods of talks.

Points of Understanding

1. Today, democracy, peace, prosperity, social advancement and a free and sovereign Nepal is the chief wish of all Nepalese. We completely agree that autocratic monarchy is the main hurdle in (realising) this. It is our clear view that without establishing absolute democracy by ending autocratic monarchy, there is no possibility of peace, progress and prosperity in the country. Therefore, an understanding has been reached to establish absolute democracy by ending autocratic monarchy, with all forces against the autocratic monarchy centralizing their assault against autocratic monarchy from their respective positions, thereby creating a nationwide storm of democratic protests.
2. The seven agitating parties are fully committed to the fact that only by establishing absolute democracy through the restoration of the Parliament with the force of agitation, forming an all-party government with complete authority, holding elections to a constituent assembly through dialogue and understanding with the Maoists, can the existing conflict in the country be resolved and sovereignty and state power completely transferred to the people. It is the view and commitment of the CPN (Maoist) that the above mentioned goal can be achieved by holding a national political conference of the agitating democratic forces, and through its decision, forming an interim government to hold constituent assembly elections. An understanding has been reached between the agitating seven parties and the CPN (Maoist) to continue dialogue on this procedural work-list and find a

¹²⁶ 12-Point Understanding Between Parties and Maoists, *ekantipur.com*, Kathmandu, Nov 22, 2005, available at: <http://www.kantipuronline.com/kolnews.php?&nid=57858>, accessed on: 25.02.2006.

common understanding. It has been agreed that the force of people's movement is the only alternative to achieve this.

3. Today, the country has demanded the establishment of permanent peace along with a positive solution to the armed conflict. Therefore, we are committed to ending autocratic monarchy and the existing armed conflict, and establishing permanent peace in the country through constituent assembly elections and forward-looking political outlet. The CPN (Maoist) expresses its commitment to move along the new peaceful political stream through this process. In this very context, an understanding has been reached to keep, during the holding of constituent assembly elections after ending autocratic monarchy, the armed Maoist force and the royal army under the supervision of the United Nations or any other reliable international supervision, to conclude the elections in a free and fair manner and accept the result of the elections. We expect reliable international mediation even during the dialogue process.
4. Expressing clearly and making public institutional commitment to the democratic norms and values like the competitive multiparty system of governance, civil liberties, human rights, the concept of the rule of law, fundamental rights etc, the CPN (Maoist) has expressed commitment to move forward its activities accordingly.
5. The CPN (Maoist) has expressed its commitment to create an environment allowing the political activists of other democratic parties displaced during the course of the armed conflict to return to their former localities and live there with dignity, return their home, land and property seized in an unjust manner and carry out their activities without let or hindrance.
6. Undertaking self criticism and self evaluation of past mistakes, the CPN (Maoist) has expressed commitment not to repeat such mistakes in future.
7. The seven political parties, undertaking self evaluation, have expressed commitment not to repeat the mistakes of the past which were committed while in parliament and in government.

8. In the context of moving the peace process forward, commitment has been expressed to fully respect the norms and values of human rights and press freedom and move ahead accordingly.
9. As the announcement of municipal polls pushed forward with the ill-motive of deluding the people and the international community and giving continuity to the autocratic and illegitimate rule of the King, and the talk of elections to Parliament are a crafty ploy, we announce to actively boycott them and call upon the general public to make such elections a failure.
10. The people and their representative political parties are the real guardians of nationality. Therefore, we are firmly committed to protecting the independence, sovereignty, geographical integrity of the country and national unity. Based on the principle of peaceful co-existence, it is our common obligation to maintain friendly relations with all countries of the world and good-neighbour relationship with neighbouring countries, especially India and China. But we request the patriotic masses to be cautious against the false attempt by the King and (his) loyalists to prolong his autocratic and illegitimate rule and delude the patriotic people by projecting the illusory "Mandale" nationalism and questioning the patriotism of the political parties, and appeal to the international powers and the people to support, in every possible way, the democratic movement against autocratic monarchy in Nepal.
11. We call upon the civil society, professional organizations, various wings of parties, people of all communities and regions, press and intellectuals to actively participate in the peaceful movement launched on the basis of these understandings centred on democracy, peace, prosperity, forward-looking social change and the country's independence, sovereignty, and pride.
12. Regarding the inappropriate conducts that took place between the parties in the past, a common commitment has been expressed to investigate any objection raised by any party over such incidents, take action if found guilty, and to make the action public. An understanding has been reached to settle any problem emerging between the parties through peaceful dialogue at the concerned level or at the leadership level.

Prabir De

**FACILITATING OVERLAND TRADE IN BCIM:
ISSUES AND WAYS FORWARD**

Abstract*

Spurred by trade liberalization, tariff barriers are now low in most countries across the world. Many argued that tariffs have been dropped to a level where in many cases any additional reduction would now no longer have a significant impact on trade. However, poor institutions and inadequate infrastructure are negatively affecting trade, differentially across countries. Therefore, the attention is now being focused on facilitation of merchandise trade, both inbound and outbound. Despite rapid trade and economic development in BCIM, inefficient trade facilitation measures are continued penalising the subregional trade. This paper argues that when the tariffs in this subregion tend to become low and in view of the subregion's geographical surface continuity, economies in BCIM will gain equitably a lot if overland trade is encouraged. Finally, this paper prescribes some policy options to facilitate overland trade in BCIM.

1. Introduction

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Spurred by trade liberalization, tariff barriers are now low in most countries. Tariffs on average (trade-weighted or arithmetic) are less than 5 percent for rich countries and with a few exceptions are on average between 10 to 20 percent for developing countries. Tariffs have been dropped to a level where in many cases any additional reduction would now no longer have a significant impact on trade. However, poor institutions and inadequate infrastructure are penalising trade, differentially across countries. Several studies show that when tariffs tend to become low, the economies could potentially benefit substantially from higher trade if these economies effectively control transaction costs.¹²⁷ Therefore, the attention is now being focused on facilitation of merchandise trade, both inbound and outbound.

The adequacy in trade and transport facilitation measures (both visible and invisible) helps determine a region's success. For instance, studies indicate that the liberalisation of international transport services foster international trade very much the same way as tariff liberalisation does (Baier and Bergstrand, 2001; Andriamananjara, 2004). Therefore, the strategy of trade in the new millennium goes beyond the traditional mechanisms of tariffs and quotas. It includes "behind-the-border" issues, such as the role of infrastructure and governance in supporting a well-functioning trading economy.

Bangladesh, China, India and Myanmar (hereinafter called BCIM) boast a total population of more than 2.5 billion, and their rapid economic development has demonstrated broader prospects for subregional cooperation. Even though BCIM countries are heavily characterized by high incidence of poverty, the remarkable growth in merchandise trade has resulted in robust growth of the economies in the subregion. In 2004, India became the largest trading partner of Bangladesh, fourth largest trading partner of Myanmar and fifteenth largest trading partner of China. China, on the other, became second largest trading partners of Bangladesh and Myanmar, and third largest trading partner of India in 2004. Trade facilitation measures, even though late, are fast gaining attention in the subregion (Dansheng, 2006).

¹²⁷ Refer De (2005b, 2006b) to know the list of the studies dealing with trade costs.

In the BCIM subregion, trade has gone up from US\$ 1.20 billion in 1991 to US\$ 15.35 billion in 2004 mainly due to sharp rise in bilateral trade between India and China in recent period. Therefore, trade interdependency in BCIM is quite noticeable. Trade between India and China has gone up from less than US\$ 100 million in 1991 to over US\$ 14 billion in 2004. Similar trend has also been noticed in bilateral trade between India, Bangladesh and Myanmar. Basically, three noticeable features can be observed from this rising subregional trade: (i) substantial rise in two-way trade between India and China (over US\$ 14 billion in 2004), (ii) phenomenal increase in China's exports to Bangladesh (US\$ 1.91 billion in 2004), surpassing India's exports to Bangladesh (US\$ 1.63 billion in 2004), and (iii) rise in Myanmar's exports to India (US\$ 364 million in 2004), exceeding her exports to China (US\$ 188 million in 2004). Table 1 captures this trend more clearly. Nonetheless, all the economies (small and large) in this subregion are now having more trade between each other than they used to do a decade earlier.

Table 1: Composition of Intra-BCIM Trade 1991 and 2004
(a) Exports (US\$ million)

	Bangladesh		China		India		Myanmar	
	1991	2004	1991	2004	1991	2004	1991	2004
Bangladesh			21.2	30.67	22.8	66.15	0.24	1.89
China	203.9	1906.15			144.48	5926.67	286.17	938.59
India	324.56	1624.82	48.27	4178.48			3.84	104.71
Myanmar	0.12	24.82	96.29	187.68	46.56	363.68		

(b) Imports

	Bangladesh		China		India		Myanmar	
	1991	2004	1991	2004	1991	2004	1991	2004
Bangladesh			146.91	1445.68	189.49	1745.06	0.13	27.3
China	9.24	57.01			120.34	7677.43	105.92	206.9
India	5.73	60.57	20.97	6073.29			51.22	400.05
Myanmar	0.26	2.08	314.79	1029.24	4.23	115.18		

Source: Direction of Trade Statistics Yearbook CD ROM 2005, IMF

2. Overland Trade Issues

However, the question remains: when the tariffs in this subregion tend to become low and there exists geographical surface continuity, why do these economies (in BCIM) trade less among each other through overland.¹²⁸ There are many studies which show that the economies with geographical contiguity could potentially benefit substantially from higher trade, provided trade and transport barriers are removed (e.g. EU and NAFTA). However, the fact is that except the trade between India and Bangladesh and to some extent the same between China and Myanmar, around 85 percent of merchandise trade in BCIM passes through sea and rest through overland. Table 2 indicates that most of India-Bangladesh trade carries through overland and the same between India and Myanmar is very negligible. However, at the same time, due to phenomenal rise in India-Bangladesh overland trade, land customs stations dealing India-Bangladesh trade (e.g. Petrapole and Benapole) are highly congested resulting which transaction costs have been growing rapidly.¹²⁹ Associated costs (non-transportation related costs) alone carry more than 72 percent of estimated total transaction costs, which act as the major deterrent to India-Bangladesh official overland trade.¹³⁰

India-Myanmar trade shows completely different picture; about US\$ 500 million India-Myanmar annual bilateral trade mostly passes through sea, showing no substantial presence of overland exports and

¹²⁸ Weighted average MFN tariffs in BCIM have come down to 8.44 percent in 2004, from over 14 percent in 2000. Appendix 1 shows individual country's weighted average MFN tariffs in bilateral pairs in BCIM vis-à-vis world for the year 2004. It clearly indicates that tariffs tend to be lower across all the economies in the BCIM and it is therefore no longer the only influential factor in enhancing trade.

¹²⁹ In a study, De (2006a) shows that the aggregate delay (loss of time) in case of Indian exports to Bangladesh through Petrapole-Benapole land border turn out to be around 4 days for a single shipment, due to which an exporter incurs approximately US\$ 230 as transaction costs at border, which in ideal condition should be around US\$ 66.

¹³⁰ See, for instance, De (2006a)

imports. However, there is a noticeable increase in India's overland trade with Myanmar due to opening up of the border trade point at Moreh (Manipur) in 1995.¹³¹

Table 2: India's Overland Trade with Bangladesh and Myanmar*

Year	Export to		Import from	
	Bangladesh	Myanmar	Bangladesh	Myanmar
(US\$ million)				
2000-01	779.51	1.23	57.48	2.75
2001-02	997.47	0.27	60.42	1.69
2002-03	1090.67	1.10	62.31	2.63
2003-04	1353.08	2.09	63.71	2.93
2004-05	1497.72	2.27	65.62	3.12

Note: * Considerable India's overland trade passes through (i) West Bengal and Northeast India in case of Bangladesh and (ii) only Northeast India in case of Myanmar.

Sources: Compiled by the author based on (i) North East Federation of International Trade, Shillong, (ii) Indian Customs Office, Shillong, (iii) Central Excise and Customs, Government of India, Kolkata, (iii) Das *et al* (2005b)

In case of trade between India and China, there is complete absence of overland trade except the seasonal local trade conducted through Lipulekh Pass (in Uttaranchal) and Shipkila Pass (in Himachal Pradesh).¹³² Virtually, entire US\$ 15 billion India-China annual bilateral trade carries through sea.

¹³¹ Another border custom station at Zokhawthar (Champai) in Mizoram has also been opened for overland trade with Myanmar in 2004 but yet to be fully operational.

¹³² India has border trading arrangement with China mainly conducted through Lipulekh pass (5200 m) in Uttaranchal and Shipkila pass in Himachal Pradesh. The Lipulekh pass trade route connects Dharchula in the Pithoragrah district of Uttaranchal with Taklakot in the Purang county of Tibet autonomous region. The Shipkila pass trade route mainly caters to the people living on both sides of the border. Namgya village (more specifically it is Chhupan, which is 10 kms. away along the old Hindustan-Tibet Road (mule track), and 6 kms. by motorable roads from Namgya) in Kinnaur District (in

Therefore, overland trade in BCIM is not the preferred mode for subregional trade transaction, despite the existence of several potential trade outlets. Except the trade between India and Bangladesh, India's overland trade with Myanmar and China is highly localised, informal and underutilised. Reasons are many and can be summarised as follows: (a) absence of integrated and harmonised transportation networks (e.g. virtually in the entire region), (b) absence of adequate and active overland official trade outlets and associated facilities (e.g. India and Myanmar), and (c) absence of trade facilitation policy measures (e.g. primitive land customs stations).

3. Ways Forward

Tariffs tend to be lower across most of the economies in the world. Attention is therefore being paid towards trade facilitation across the world. Generally speaking, tariffs are not regarded as major barriers to trade although high-tariff items and tariff escalation still exist for

Himachal Pradesh) in India, and Jiuba in Zada county in the Tibet Autonomous Region of China, have been identified as the border trade markets. The items traded are of day-to-day needs of the people. Shipkila has been identified as the pass for entry and exit of persons, commodities and means of transport engaged in border trade, exchange of commodities and means of transportation. Chhupan is 2 kms away from Shipkila. Protocol between the Government of India and the Government of the People's Republic of China for Extension of Border Trade across Shipkila Pass signed on September 7, 1993. According to unofficial sources, approximately Rs. 32.85 million of trade between India and China was carried out at Shipkila Pass in 2002-03. The composition of exports and imports at this point show a good mix of traditional and manufactured items. Export items from India to China through Shipkila in 2002-03 were mainly atta, gur, dry herbs, spices, kesar, vegetable oil, dry cell, tea, textile, cloth, carpet, radi, tap, copper products, watches, sawing machine, bulb, tirpal, biscuits, pickle, coconut, cassette, match boxes, magi, milk powder, readymade garments, utensils, whereas imports from China were primarily wool, sheep, goats, pashmina, butter, PT shoes, clothes, Chinese cups, thermos flasks, cigarettes, yak, jackets, horses, cheese, etc. Since Shipkila and surrounding areas are topographically rather very rugged, and due to lack of modern infrastructural support, border trade at this point is yet to take a good shape (Lama, 2005).

certain sensitive products. With globalization of economic activities, greater attention is paid towards reduction of cost of doing business and trade. Studies clearly show that documentary requirements are burdensome to the trading community, and that trade facilitation efforts will be more beneficial than trade liberalization. Several measures have already been taken for overland trade facilitation by India through her North Eastern Region (NER), and the country continues to accord high priority to the development of trade and exports.¹³³ However its effects are still limited.

(3a) Modernising Customs

Customs is an intrinsic element of any cross border movement of goods and services, and yields significant influence on the national economy. The time taken for clearance of goods has an impact on the competitiveness of countries in the global context. In case of BCIM, with an increased emphasis on administrative reform, governance, and security, the need for an efficient and effective customs administration is required urgently.

¹³³ For instance, following the announcement made by the Prime Minister in respect of measures for the development of exports from the NER in Shillong during 21-22 January, 2000, an Export Development Fund (EDF) has also been set up with the objective of using the resources for the development of exports from NER. An Empowered Committee was set up under the Chairmanship of the Additional Secretary, Infrastructure, Department of Commerce, Government of India for approving projects to be funded from the Export Development Fund. The funds were released to the Agricultural & Processed Food Products Export Development Authority (APEDA), which has been nominated as the nodal agency for the Scheme. Adequate infrastructure being an essential requirement for sustained growth of trade, the Government of India has been assisting the NER states for creation of infrastructure under the Assistance to states for Development of Export Infrastructure and other activities (ASIDE) scheme. During 2004-05 an amount of Rs. 360 million, constituting 10 percent of the outlay under the scheme, has been allocated for the NER (Government of India, 2005).

One of the major reasons for high transaction costs in BCIM seems to be cumbersome and complex cross border trade procedures.¹³⁴ Complex requirements in cross-border trade increase the possibility of corruption. For example, at the key border crossing point between India and Bangladesh as many as 1,500 trucks queue up on both sides of the border with waiting times varying between one and four days to complete documentation requirements. Expediting customs clearance procedures reduces the discretionary power of customs officials, thus reducing the scope for corruption. An efficient, friendly and corruption free customs can help boost trade and investment in BCIM. The governments in BCIM can learn from the GMS Cross-Border Transport Agreement (CBTA), which has been very successful in implementing single-window customs clearance at all border crossings in GMS.¹³⁵ In order to encourage overland trade, countries in BCIM may think to adopt single-window customs clearance system at all the border crossings following the example of GMS.¹³⁶ Box 1 provides the key points of CBTA, adopted by GMS.

Table 3: India's Selected Land Customs Stations in BCIM

Land Stations	Custom	Indian States	Neighbouring Country
Agartala		Tripura	Bangladesh
Old Raghana Bazar			
Srimantapur			
Borsorah		Meghalaya	
Dawki			

¹³⁴ Refer, De (2005a)

¹³⁵ Specifically, Mae Sai-Tachilek is one of the seven pilot points selected under the GMS Cross-Border Transport Agreement (CBTA), which came into force in December 2003, to streamline regulations and reduce non-physical barriers (as the ADB terms it) for single-window customs clearance. By next year, 13 border points in the GMS region are expected to become operational (Baruah, 2005).

¹³⁶ A single-stop, single-window customs clearance system has been put in place in the Dansavanh (Laos)-Lao Bao (Vietnam) border crossing point since June 30, 2005 (ADB, 2006).

Ghasuapara		
Shella Bazar		
Demagiri	Mizoram	
Karimganj Steamer Ghat	Assam	
Ghasuapara		
Sutarkhandi		
Petrapole	West Bengal	
Changrabanda		
Hilli		
Mohedipur		
Ghojadanga		
Ranaghat/Gede		
TT Shed		
Singabad		
Radhikapur		
Moreh	Manipur	Myanmar
Zokhawthar (Champai)	Mizoram	
Nathu La*	Sikkim	China
Lipuleph Pass	Uttaranchal	
Shipkila Pass	Himachal Pradesh	

Note: * Not yet operational

Source: Author's own compilation based on Ministry of Commerce and Industry, Government of India

It is worthwhile to mention that some steps for improvement of infrastructure at LCSs have been taken by the Government of India.¹³⁷

¹³⁷ It has been decided that requirement of funds for the development of infrastructure at 12 LCS would be met from the central component of ASIDE. The RITES has been asked to conduct a study on the development of infrastructure at Borsorah and Agartala LCSs in NER. An Inter-Ministerial Committee for the development of LCSs has been constituted under the Chairmanship of the Additional Secretary (Infrastructure), Department of Commerce with representatives from the Ministry of External Affairs,

As shown in Table 3, most of the LCSs in NER have been prioritized for development of infrastructure, out of which development of 4 LCSs, namely, Moreh, Sutarkandi, Dawki and Zokhawthar have been given highest priority.¹³⁸ But, a lot more has to be invested at LCSs to effectively encourage overland trade in BCIM.

Finally, to encourage overland trade in BCIM, customs authorities in BCIM should take significant reforms in order to adopt single-window system (a) simplified administrative document, (b) computerization of documents by connecting all custom points through EDI, (c) pre-shipment inspection for all non-government imports, (d) red and green channels in all land customs points, and (e) e-business usage.

Box 1: GMS Cross-Border Transport Agreement

The GMS Cross-Border Transport Agreement (GMS Agreement) is a multilateral instrument for the facilitation of cross-border transport of goods and people. Formulated under the auspices of an ADB technical assistance, the GMS Agreement provides a practical approach, in the short to medium term, to streamline regulations and reduce non-physical barriers in the GMS. It incorporates the principles of bilateral or multilateral action, and flexibility in recognition of differences in procedures in each of the GMS countries.

Ministries of Home Affairs, Railways, Road Transport and Highways, Telecommunications, Department of Revenue, Reserve Bank of India, Central Warehousing Corporation, National Highways Authority of India, Border Roads Organization and the concerned State Governments. Coordination Committee at each of the LCSs have also been constituted under the Deputy Commissioner of Customs / Assistant Commissioner of Customs for deliberating on local issues connected with day to day functioning of the Station (Government of India, 2005)

¹³⁸ Central Warehousing Corporation (CWC) has conducted studies on requirement of infrastructure facilities at Moreh (Manipur), Dawki (Meghalaya) and Sutarkandi (Assam) for improvement of LCS. CWC is the appointed agency for the development of Moreh, Dawki and Sutarkandi LCS, whereas the Zokhawthar (Mizoram) will be developed by the Borders Road Organisation (BRO) in cooperation with the Mizoram Government (Government of India, 2005).

The GMS Agreement includes references to existing international conventions that have demonstrated their usefulness in a broad range of countries. It also takes into account, and is consistent with, similar initiatives being undertaken by ASEAN.

The GMS Agreement is a compact and comprehensive multilateral instrument, which covers in one document all the relevant aspects of cross-border transport facilitation. These include:

- single-stop/single-window customs inspection
- cross-border movement of persons (i.e., visas for persons engaged in transport operations)
- transit traffic regimes, including exemptions from physical customs inspection, bond deposit, escort, and phytosanitary and veterinary inspection
- requirements that road vehicles will have to meet to be eligible for cross-border traffic
- exchange of commercial traffic rights
- infrastructure, including road and bridge design standards, road signs and signals

The GMS Agreement applies to selected and mutually agreed upon routes and points of entry and exit in the signatory countries in GMS.

Source: ADB (2006)

(3b) Setting up New Land Customs Stations (LCSs)

LCSs are gateways for the transit of goods, services and human beings among neighbouring countries. Present LCSs across India-Myanmar are inadequate. Therefore, new LCSs, particularly between India and Myanmar, are likely to promote subregional trade and services. There are around 35 officially recognised LCSs which are dealing India's overland trade with Bangladesh, Myanmar and China (see, Table 3). There are many inactive but potential LCSs exist at India-Myanmar border, which can be gradually made operational to

facilitate overland trade in BCIM. In 2003, India signed an agreement with China for reopening a border crossing and trade point at Nathu La in Sikkim, which could be the third direct border trading point between India and China. The two sides agree to use Nathu La pass as the transit point for persons, transport vehicles, and commodities engaged in border trade.¹³⁹

(3c) Integrating Local (Border) Resources in Overland Trade

In general, the flow of trade across India and her BCIM neighbouring countries may conveniently be classified into two types. Firstly, India-Bangladesh trade may be characterized as growth-generating trade. For example, exports of India's NER to Bangladesh mainly consist of mineral products like coal and limestone, natural products like boulders and stone chips, and a few agro-horticultural products. About 90 percent of NER's exports to Bangladesh consist of mineral products, primarily from Meghalaya. There exists a strong base for NER-Bangladesh trade because of their mutual complementarities. The resource structure of NER is complementary to the demand structure of the Bangladesh economy. The demand for mineral products in Bangladesh has led to their commercial exploration in the hills of NER, particularly the bordering state of Meghalaya, where large scale deposits of coal (564 million tonnes) and limestone (4147 million tonnes) exist. Although NER-Bangladesh border trade has accelerated the exploration of

¹³⁹ The Nathu La pass is located 54 km from Gangtok, the capital of Sikkim in India. This is considered to be the shortest trade route to Lhasa, which is 525 km from the Nathu La pass. The Tibetan town of Yatung is 52 kms. from Nathu La. The route connects Phari, Guru, Gyantse, Karos, Chusiu, and Lhasa on the Chinese side of the trading points. Like other border trade agreements signed by the Government of India with its neighbouring countries, this agreement is also likely to have a much larger scope in terms of the coverage of regions and goods and services because of a greater accessibility to and more developed physical and institutional infrastructure in and around the trading points. Further, this trade route was a very active means of economic exchange before it was closed in the mid-1960s.

local resources, it has not established the triadic linkages between resource mobilization, upgrading of production structure, and trade. What is observed in this case is a dyadic linkage between trade and resource use. However, the triadic linkages are emerging in the case of cement production. Within the last 30 years, the number of cement-producing units in Meghalaya has increased from 1 to 6 (Das, 2005a).

NER-Myanmar trade may be characterized primarily as transit trade. The two-way flow of goods shows that goods produced outside the region are mainly exported through the Moreh-Tamu sector. Similarly, goods of third country origin are mainly imported from Myanmar. NER-Myanmar trade has not yet been linked with the local resource bases and production structures across the border. Perhaps, because of the competitive character of resource bases across the border the linkages of NER-Myanmar trade are weak. Over and above, border trade between India and Myanmar through Moreh-Tamu trade points are carried on mostly through barter trade system.¹⁴⁰ Normal trade on demanded items is yet to take a shape on the ground of anomaly in exchange rates between India and Myanmar resulting which traders from both the sides are not interested for opening letter of credit (LC) channels.¹⁴¹ There is economic sanction of the United States on Myanmar for which operationalisation of LC between India and Myanmar is not feasible at this moment.

Therefore, by implementing an effective integration plan involving local economy into overland trade would certainly help sustain the BCIM cooperation programme.

¹⁴⁰ Traditional exchange of locally produced goods up to US\$ 1000 between indigenous people residing up to 40 km on either side of the border, and 22 exchangeable items of agriculture and forest products up to US\$ 20,000 are permissible for border trading at Moreh-Tamu sector. (Source: Chief Commissioner, Central Excise and Customs, Shillong)

¹⁴¹ Due to absence of normal currency exchange rate between India and Myanmar, settlement of trade transactions between Myanmar and India takes place through ACU (Asian Clearing Unit) dollar.

(3d) Setting up Industrial Zones / Free Trade Zones at Border

Needless to say, without trade, a border area becomes a closed economy. In view of the regional development, overland trade in BCIM will always be beneficial to the local population. However, its success will largely depends on intensity of growth generating trade in terms of employment creation. One way to involve local people in overland trade mechanism is to set up industrial zones or free trade zones in the border area. For example, the industrial zone in Lao – Vietnam border (at Lao Bao in Vietnam) has become very popular which actually not only enhanced overland trade between the two countries but also generated employment to local people.¹⁴² There is another good example of Gaeseong industrial complex in North and South Korea border, which has not only generated employment to local people but also making reasonable grounds for larger overland trade between the two countries.¹⁴³

Therefore, in order to sustain overland trade in BCIM, a local (bottom-up) approach would be much beneficial. Because of countries' dependencies on their own trade objectives and their own trading patterns, trade facilitation measures aiming to achieve greatest gains for an individual country might come from very local (micro) development because it is the local conditions that actually mobilise the overland trade.

(3e) Establishing Overland Transportation Linkages

An extensive travelling in BCIM subregion makes it clear that some critical components are missing in the region– harmonisation of

¹⁴² This new industrial zone has generated about 700 employment to the local people till 2005 and the two-way trade between Vietnam and Laos through Dansavanh (Laos) and Lao Bao (Vietnam) border crossing points had increased from US\$ 46 million in 2001 to US\$ 61 million in 2005 (Baruah, 2005)

¹⁴³ The industrial complex is located at the North Korea and South Korea border at Gaeseong (inside North Korean territory) where about 15 South Korean companies have set up manufacturing facilities which has generated about 1500 new jobs for North Koreans (Cho *et al*, 2005).

railway networks, standardisation of all weather paved roads, international airports, and developed border trading points – which are seriously hindering subregional trade. Transport flows along BCIM's road, rail, air, and waterway corridors are constrained by poor infrastructure condition, congestion, high costs, and lengthy delays. Subregional trade is hampered by restrictive domestic policies, lack of intra-regional cooperation, and inefficient procedures for trade documentation and clearance. All of these problems are particularly severe at border crossings, many of which pose significant bottlenecks.

Specifically, the major obstacles to trade enhancement between India and Bangladesh and India and Myanmar is the lack of integrated and poor quality of transportation infrastructure and adequate border trade facilitation measures. Even though all the three countries have undertaken trade facilitation measures aiming to reduce current physical and non-physical barriers to transportation and transit – by means of both visible infrastructure (such as multi-modal corridors and terminals) and invisible infrastructure (such as reformed policies and procedures, regulations), costs of intra-regional movement of goods among these three countries are increasingly becoming decisive.

The big opportunities for BCIM lie in developing trade routes from India to Myanmar and China. The Nathu La border crossing with China is unlikely ever to constitute a major trade route between the two countries. The distances to other countries are too great, and the regular winter closures and frequent temporary closures in other times might rule out the Nathu La border as a major cross-border trade route between the China and India. This border crossing would be very suitable for local trade and tourism. A recent development is a road linking China, India, and Myanmar has been opened to traffic. The road section from Pingyuan to Nabang in Injiang county of Yunnan province in China, which lies on the border with Myanmar, was opened to traffic in April 2005. After the opening, travel distance from Kunming (capital of Yunnan province), via Myitkyina in Myanmar, to Ledo in India has been shortened to about 1,200 km. Previously,

freight transport between Yunnan and India had to follow a roundabout route from Kunming to Zhanjiang port in Guangdong province, then loaded onto ships bound for India via Malacca Straits—a total of 6,000 km. This road will also facilitate freight transport from Yunnan to Europe and Africa via seaports in India and Myanmar. Strengthening cooperation among Bangladesh, China, India, and Myanmar would facilitate direct (and non-stop) railway/road/air linkage in the subregion (Bhattacharya and De, 2005).

Average road condition and railway system inside Myanmar needs to be rebuilt. Roads leading from Myanmar to India require widening and better maintenance to allow efficient movement of larger trucks. Development of regional economic corridors taking countries in the region will facilitate investments as well as spur economic growth in the region. In this connection, greater economic and/or commercial cooperation may be sought from the developed countries of Asia which have better technological expertise on transport and communications: for example, Japan, and Malaysia are the obvious choices.¹⁴⁴

Railways can play a positive role in integrating BCIM which will promote bulk trans-national movement. Needs are two-fold – (a) to link India's Manipur with India's main railway corridor, and (b) to re-establish and renovate railway networks in Myanmar and Bangladesh. Harmonisation of railway track in BCIM is very much essential.¹⁴⁵ Without having a compatible and strong railway system inside

¹⁴⁴ Towards this direction, India – Myanmar – Thailand Trilateral Highway from Moreh (in India) to Mae Sot (in Thailand) through Bagan (in Myanmar) is commendable.

¹⁴⁵ Indian Railways is actively engaged in harmonization and construction of railway tracks in NER. Considering the projects already sanctioned and under construction, Diphu – Karong – Imphal - Moreh rail link (in Indian side) is identified for development which will link India with ASEAN. Although at present construction work is being carried out in Diphu – Karong section, linking Karong with Morea via Imphal would link India with Thailand provided railway system in other side (Myanmar) is also developed simultaneously.

Myanmar and Bangladesh, closer communication between India and its immediate BCIM neighbours will be unfulfilled. Indian government has come forward and extended US\$ 56 million credit line to the Myanmar government for upgradation of 640 km railway system between Mandalay and Yangon section.¹⁴⁶ Similar initiative should be taken up for up-gradation of railway network system in southern (Yangon to Dawei) and northern (Mandalay to Kalay) Myanmar.

(3f) Controlling Trade Costs

China (and to some extent India) has made significant adjustments through downward movement of FOB prices for most of her merchandise exports as well as a reduction in the CIF prices of major imported items. Further market adjustments are likely to occur in the region due to rising competition as a derivative effect of SAFTA, BFTA, AFTA and APTA.¹⁴⁷ Nonetheless, the increasing competitiveness in the global market will require that importing countries gravitate towards low-cost exporters, but these exporting countries must offer products of the quality demanded by buyers (importing countries) with production procedures that are consistent with international norms, e.g. ISO certification and social responsibility, are treated as givens. The ability of BCIM's export industries to meet these requirements will lead towards higher growth in trade.

(3g) Accepting Transit Trade

Uninterrupted road or railway facilities across border positively influence the trade in goods and services. Since countries in BCIM are geographically interlinked and subregional trade is growing very fast, BCIM countries should agree to transit of goods moving from one

¹⁴⁶ According to the Ministry of External Affairs, Govt. of India

¹⁴⁷ Specifically, SAFTA refers South Asian FTA, BFTA means BIMSTEC FTA, AFTA refers ASEAN FTA, and APTA means Asia Pacific Trade Agreement (previously known as Bangkok Agreement).

country to another within and/or outside BCIM. Asian Development Bank's highly successful GMS cooperation project seeks to promote the three Cs: connectivity, cooperation, and competitiveness. One of its two East–West road corridors is aimed to connect the Andaman Sea (the Myanmar coast) through Thailand and Laos with the South China Sea (at Danang in Viet Nam). All this has happened only due to acceptance of 'Treaty of Transit and Trade', or what they called GMS Cross-Border Transport Agreement (CBTA). Nonetheless, there is an urgent need to accord similar arrangement in BCIM.

4. Concluding Remarks

The key objective of the cooperation in trade in BCIM should be to achieve more rapid growth in trade through improvements in transport and logistics. Since countries are geographically interlinked, governments in BCIM should encourage overland trade. Subregional complementarities and equal partnership could help BCIM countries in realising its latent potential in trade and commerce (Sikri, 2006). To gain anything meaningful from the overland trade, associated infrastructure to support the trade should be in place simultaneously. These include: (i) approval and implementation of required legal and policy reforms; (ii) implementation of effective border crossing and transport services; (iii) effective

agreement on trade and transit treaties; (iv) Customs modernisation and setting up of new LCSs; (v) involvement of local economy in border trade, (vi) control of trade costs, and (vii) uninterrupted overland transportation linkages. Finally, spirit of friendship, trust and mutual understanding among the countries in BCIM are equally important to encourage overland trade in BCIM.

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Appendix 1: Bilateral Tariffs in BCIM in 2004

Importer	Exporter	Tariff (%)
Bangladesh	China	19.80
Bangladesh	India	13.41
Bangladesh	Myanmar	1.66
Bangladesh	World	15.43
China	Bangladesh	7.34
China	India	3.45

China	Myanmar	2.34
China	World	5.96
India	Bangladesh	16.26
India	China	11.77
India	Myanmar	16.67
India	World	14.58
Myanmar	Bangladesh	1.44
Myanmar	China	4.57
Myanmar	India	2.59
Myanmar	World	4.21

Notes: 1. Tariffs consider MFN weighted average tariff for all goods. 2. India's tariffs are for the year 2005.

Source: WTO

Mohammad Zahidul Islam Khan

FUNGIBILITY OF MILITARY POWER AND IMPERATIVES FOR
SMALL NATIONS

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Abstract

The power of a nation state emanates from her political, diplomatic, informational and military might. All these powers are fungible to some degree. However, the symbiotic relationship between the military and the other instruments of power is worth examining as it undergirds the total national power. The general perception that military power is only for war coupled with its misuse by dictatorial regimes in many small states have hindered the growth of military power in right direction. But, states remain in peace more often than war and military power, particularly in case of small nations, is crucial to preserve and protect peace through its fungible nature. Thus, a critical analysis of the fungibility of military power during peace and war is warranted to derive the imperatives for small nations. The paper contends that small nations need to build and maintain a sustainable military power and maximize its implicit use. Internally, it could serve to strengthen the political will and unitary character of the state and contribute in various developmental activities; externally, the deficit of the military power of small nations could be addressed by strengthening the UN and building alliance.

I. Introduction

The quest for power has been eternal both for individual and state. The acquisition of power in all its forms and magnitude has prevailed as an inherent motivation for the civilizations to grow. Human passion for power has been theorized by many scholars and thinkers since

long. While intellectuals like Hobbes connects the 'brutish human nature' with their quest for power, Machiavelli manifested it as the 'ambition of the Prince or of a Republic' that drives a Prince to extend his Empire. It is with no apathy that both recognized the immoral human nature for the quest for power as Hobbes argued: "...and therefore if any two men desire the same thing, which nevertheless they cannot both enjoy, they become enemies; and in the way to their end endeavour to destroy or subdue one another."¹⁴⁸ The Machiavellian thoughts go much further in asserting that '...nature has so created men that they are able to desire everything but are not able to attain everything : so that the desire being always greater than the acquisition, there results discontent with the possession and little satisfaction to themselves from it.'¹⁴⁹ The collective quest to create a balance of power is also manifested by the nation states through their behaviour in international system. The absence of a central overriding authority in international environment, as the realists argue, breeds anarchy and acquisition of power becomes crucial to the survival and stability of a nation state. The fact that the 'growth of Athenian power and the fear that it caused in Sparta' made the Peloponnesian War inevitable (in 431 BC) epitomized the power game which has its relevance even today. Thus the quest for power for individual as well as for the state is enshrined in either the anarchic environment or the ambition that may exist at both levels.

Though it is the military power that is more often pronounced and dissected, it is however, the political and economic powers of a nation that have found to be the major driving force for a country to survive and prevail over others in the final analysis. Interestingly though, the relationship between the military power and the political and economic power of a nation is often symbiotic. One cannot grow and sustain without the other. Historically, a country with a strong economy and good leadership has mostly been successful to make best use or build its military potentials to safeguard its interest both during peace and war. Such relationship becomes possible because of the

¹⁴⁸ Hobbes, Thomas. *The Leviathan*, available at: www.orst.edu/inst/ph1302/hobbes/leviathan-contents.html.

¹⁴⁹ Machiavelli, Niccolo, *Discourses on the First Ten Books of Titus Livy*, available at: www.constitution.org/mac/disclivy.txt.

fungible nature of military power. Arguably, military power becomes fungible at certain stage and its spill over effect can work as a strong undergird that would fuel the other instrument of state power to protect and preserve its vital interests.¹⁵⁰ Thus it would be tempting to conclude that the stronger nations have a monopoly of exploiting the fungibility of military power, as they have the most potent military armada. In such a context of international environment, what are the options and imperatives for small nations? Does the fungibility of military power apply for the small nations too? How can a small nation's military power achieve fungibility and thereby effectively contribute to strengthen the other national powers? These are the basic questions that this paper seeks to answer.

This paper attempts to reveal the fungible nature of military power and show how its ripples are felt in the other domains. Firstly, it analyzes the military as an instrument of national power and shows that it is used more in peace than war. The analysis is strengthened from a realist perspective that embraces the present international environment. The paper also shows the interlinking of the other instruments of power with the military to establish its fungible nature. Finally, the paper examines the fungible nature of military power and outlines few imperatives in the context of small nations.

II. CONCEPTUALIZING THE POWER OF STATE

The most obvious definition of power is perhaps 'the ability of A to get B to do (or prevent from doing) X.'¹⁵¹ Following this definition, one may infer that when a bigger power concedes to a smaller power, the later is more powerful than the former. This, however, would be too simplistic a conclusion. While the example signifies the existence

¹⁵⁰ As Paul Kennedy, emphasizing the connection of military and economic power, writes, "... the fact remains that all of the major shift in the world's military-power balances have followed alterations in the productive balances." (*Emphasis in original*). *The Rise and Fall of the Great Powers Economic Change and Military Conflict from 1500 to 2000*, Army Education Press, Lahore, p.567.

¹⁵¹ Barry B Hughes, *Continuity and Change in World Politics : Competing Perspectives*, Third Edition, Prentice Hall, New Jersey, 1997, p. 79.

of power with both the parties, it however does not capture the situational and contextual pretext in which this power game might have taken place. The contextual complexity at a given time may compel a bigger power to concede to the demand of a smaller power (For example American withdrawal from North Vietnam). However, a superior nation's willingness to resolve issues with the small nations could also be argued as an 'act of benevolence'; but it has long been seen that in international politics, state behaves more out of interest than simple benevolence, and power (or the quest for gaining more power) remains central to the furtherance of state's interest. Thus power in international system is more of a qualitative concept as it includes relational, contextual and highly dynamic situational parameters.

Arguing from a societal and individualistic context, futurist like Alvin Toffler termed power as an 'inescapable aspect of every human relationship.'¹⁵² He contends that 'in its most naked form, power involves the use of *violence, wealth, and knowledge* (in the broadest sense) to make people perform in a given way (emphasis added).'¹⁵³ The first two variables of Toffler's trinity of power (violence and wealth) can easily be equated with the military might and the economic power of a nation in traditional sense. However, it is the third variable, 'knowledge' that Toffler terms as the 'high quality power' that would matter amidst the astonishing changes of the twenty first century. He goes much further by terming knowledge as the most 'democratic source of power.' Indeed, as the argument follows that like bullet (i.e. military power) or budget (i.e. economic power), knowledge does not get 'used up' and might be available to the rich and the poor at the same time. Toffler's argument does not run contrary to our understanding of the importance of the military power. Because, even in knowledge based society the sublimated tool of violence in the form of 'law' is closely escorted by the ultimate threat of violence as the final guarantor. Indeed as Toffler writes "...behind every law, good or evil, we find the barrel of a gun."¹⁵⁴ Thus, notwithstanding the fact that the power of knowledge remains central

¹⁵² Alvin Toffler, *Power shift*, Bantam Books, New York, 1991, p.3.

¹⁵³ *Ibid*, p.14.

¹⁵⁴ As tersely put by former French President Charles De Gaulle, "the law must have force on its side." *Ibid*, p.39.

to the ultimate game of power, its attributes can play a greater role in amplifying the military power irrespective of rich and poor, east or west, left or right in a realist world scenario.

Power is also one of the four premises of realism.¹⁵⁵ The realist world view considers the balance of power as a main theme of statecraft¹⁵⁶ and the currency of international relations. The tools of statecraft fall generally into the categories of diplomacy, economic instrument, and the use of force. Realist however put a great deal of emphasis on the military power as some believes that the states are inherently hard-wired with this *animus domanandi*.¹⁵⁷ Power, with its inherent coercive and attractive components, can influence the successful prosecution of the tools of the statecraft in achieving state interest. Again, power potential of a country is the product of many inputs like population, geography, natural resources, industrial capabilities, military capabilities, leadership, diplomacy, will, and perception. Taking into account the power potentials and the tools of statecraft we could describe and categorize the application of power through four instrumental areas: political/diplomatic, economic, informational, and military. These instruments of power (IOPs) stay at the top of the statecraft's triangle (figure 1) and a carefully synthesized grand strategy engaged through these instrument of powers can meet the national objectives by protecting the vital and important interest and thereby ensuring security and prosperity of a nation.

¹⁵⁵ The other three main premises of realism are: *state* is the unitary actor; States are rational in the pursuit of their *state interests*, primarily security and autonomy and the state system without central authority is a world of *anarchy* as such there exist a security dilemma. Even good individuals, in an anarchic environment, act from self-interest in ways that may endanger the interest of others. See for details Hughes, *Ibid*, pp. 47- 49.

¹⁵⁶ Statecraft, as defined by Hughes is "the artful application of state power, guided by an understanding of the contemporary state system and a vision of desired change in it." Hughes, *Ibid*, p.58.

¹⁵⁷ Amongst others, the most prominent realist to propagate such idea is Hans J. Morganthau. See for details, "The Balance of Power," in Phil Williams, Donald M Goldstein and Jay M. Shafritz (ed), *Classic Readings of International Relations*, Harcourt Brace College Publisher, New York, 1994, pp.203-205

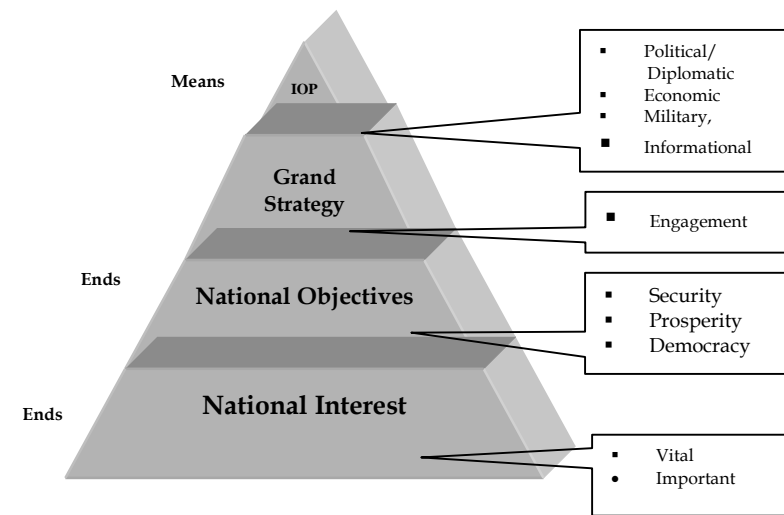


Fig 1: Hierarchy of Statecraft Triangle

With these understandings, let us now examine how the military instrument of power becomes fungible and influences the other instrument of power.

III. FUNGIBILITY OF MILITARY POWER

Fungibility Defined

Fungibility, though not synonymous with pervasiveness but encompasses most of its virtues. It also implies the notion of versatility. A power can be called fungible when its direct or indirect effect can be felt in other fields as well. Much like a liquid, a power when attains fungibility, swaps, spills over and gravitates to shape things beyond its own domain. In that sense all powers are fungible to some degree. However, our focus here is the military power and its versatile nature that can affect or shape events in the non-military domain. It would be too naive to propose that the military power is the pivot and most fungible of all the instruments of power. In fact, it

is not.¹⁵⁸ The orientation of military power being the pivot of national power is a thing of the past. Until the middle of the 20th century, military power enjoyed the pre-eminence above all other powers. Perceptions of national security of any particular nation used to be measured by the military prowess of the country - its long standing army, naval armada and so on. However, that has changed with the industrial revolution and the economic power has been and still for many analysts has become the main yardstick for judging the power of a nation.

Economic Power is Symbiotic to Military Power

The economic power of a nation surely merits greater attention, as it underlines the competitive advantage of a country. It is also the vehicle that drives a nation state to acquire the required military power to rise. The empirical evidence of the symbiotic relationship between the military and economic power had captivated many scholars to theorize the issue as Paul Kennedy's writes in his famous book *The Rise and Fall of the Great Powers*: "It was clear to a Renaissance prince as it is to the Pentagon today that military power rests upon adequate supplies of wealth, which in turn drive from flourishing productive base, from healthy finance, and from superior technology."¹⁵⁹ Thus, not surprisingly, the Gross National Product (GNP), Gross Domestic Product (GDP), per capita income etc. of a country is the preferred sound bites now-a-days to grade a nation in any power index. Following the WW II, the remarkable economic progress of the big (like Germany and Japan) and small nations (like Switzerland and Sweden) are often cited to validate the economic power as the most dominant element of the national power structure. What remain un-examined though are the 'role of chance' and the contribution of the other instruments of power to achieve the remarkable feat of these countries. For example, Switzerland and Sweden (both small nations) were among the very few European

¹⁵⁸ 'Money' (i.e. economic power) and 'political skill' is considered as the two most liquid assets. Most analysts agree that money is most fungible of all powers as Baldwin argues (to which Robert J. Art agrees) that "no political power resource begins to approach the degree of fungibility of money. See note 3 in Robert J Art & Kenneth N Waltz, *op cit*, p.22.

¹⁵⁹ Paul Kennedy, *Ibid*, pp. 566-567.

countries that came out unscathed from the devastation of the WW II. Their neutral policy (through the use of the diplomatic and political instrument of power) during the War meant that most of their industries remained intact and the countries were in a position to satisfy the demand of the other nations surrounding them.¹⁶⁰ Had they been engulfed in the WW II, for which the military power would have been essential to survive the onslaught, the story could have been different. The compulsory military service in Switzerland is also a catalyst for the rapid industrial growth of that country as Michael Porter notes, "Many Swiss cite this (i.e. the compulsory military training) as a strength for industry. Nearly all Swiss citizens receive some military training and are taught discipline."¹⁶¹

Though different, the case of Japan and Germany, that faced the brunt of the war, does not defy the symbiotic relationship between the military power and economic power. This has been most emphatically argued by Major General Vinod Saighal in his article 'From Economic Intelligence to Strategic Intelligence':

*"The examples of Germany and Japan could be misleading. Both these countries were anchored firmly in some of the strongest military pacts that the world has ever seen. As a hypothesis, just for a moment, lift Germany out of its NATO anchor and Japan from under its US umbrella and position these countries, one each in Africa or the Middle East. In these new locations, especially during the periods of turmoil of the last half-century, could anyone really say that they would not have had to give almost equal weightage independently to their military security."*¹⁶²

The General goes much further by depicting the relationship of different variables of national security. He argues that in present context (1998), the Crude Military Might (CMM) of a country features almost ¼ of the pie of national security perception (figure 2). He, however, contends that a strong and independent UN institution in the

¹⁶⁰ Michael E. Porter, *The Competitive Advantage of Nations*, The Free Press, New York, 1990 pp. 328 & 352.

¹⁶¹ *Ibid*, p.320.

¹⁶² Major General Vinod Saighal, *Restructuring South Asian Security*, Manas Publication, New Delhi, 2000, pp. 36-37.

future may significantly reduce the requirement of the state's CMM in a global stability model while the reverse would be true in case of UN becoming less powerful or irrelevant (figure 3 & 4). In both the cases the economic power will increasingly become more essential ingredient and will dominate the perception of national security.

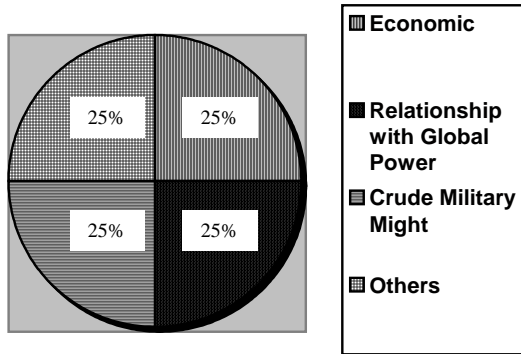


Figure 2: Perception of National Security Today

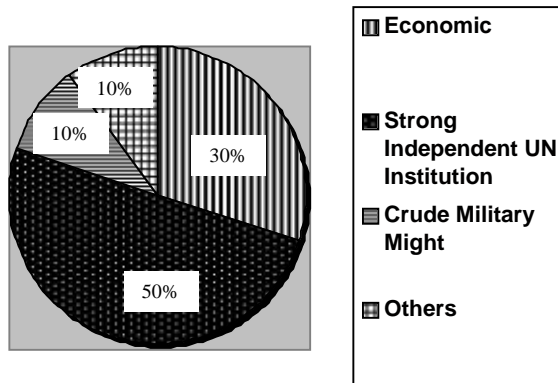


Fig 3: Perception of National Security likely to obtain around 2050 (Global Stability Model)

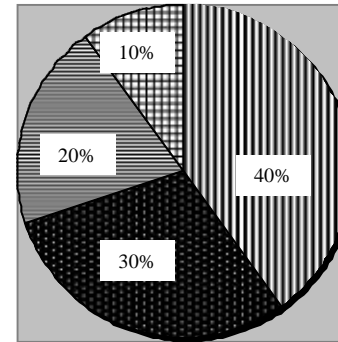
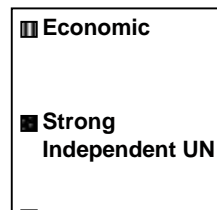


Fig 4: Perception of National Security likely to obtain around 2050 (Global instability Model)

Source: Major General Vinod Saighal, Restructuring South Asian Security, p.38

One significant fact that can be deduced from this, as Saighal argues, is that a strong independent UN institution may pay the required peace dividend that would significantly reduce the requirement of military power of individual states. Presumably, such assertions are based on the understanding that the collective security need would be taken care of by the UN in a more robust and comprehensive manner easing out the pressure on the individual nations to concentrate more on economic emancipation of its people. In either case, the relationship between the military power and economic power and their interdependency is well captured. In sum, in metaphorical term, the economic power and the military power of a nation is like twin brothers, one feeds into the other to be stronger while the other acts as a protector of the former.

Military Power Undergirds Political and Diplomatic Power

The interrelationship between military power and political power needs to be viewed in the context of both war and peace. If war is ‘an instrument of politics,’ as Clausewitz asserted, military power is the tool to wage war. In fact, since Clausewitz’s time the primacy of politics in the use of military power has been effectively underscored recognizing ‘war’ as just ‘another expression’ of the political power.

Indeed as Clausewitz so wittily questions “...Is war not just another expression of their thoughts, another form of speech or writing? Its grammar, indeed, may be its own but not its logic.”¹⁶³ Thus the relationship between politics and military power during war seems inherently indivisible. But we need to establish more than just the connection of politico-military power to validate the fungibility of military power during war. What we need to establish is that a military-to-military confrontation can bring more than just military results. Robert J. ART opines that this is often achieved through the ‘spill over effect’ as he puts:

‘Military-to-military encounters do not produce only military results ... They also bring about political effects that significantly influence events in other domains. Military power achieves much of its fungibility through this effect: the political shock waves of a military encounter reverberate beyond the military domain and extend into the other policy domain as well. The exercise of successful deterrence, compellence, or defence affects the overall political framework.’¹⁶⁴

It is not difficult to find the examples of how the ‘political shock waves’ of military encounters work. Arguably, the dramatic U turn of Libyan aspiration for nuclear weapon and weapons of mass destruction owes much to the US adoption of the policy of preemption and the prosecution of war in Iraq. Notwithstanding the fact that the US and her allies are far from calling the war in Iraq a success, the very conduct of the military invasion has caused new alignment in international politics, compelling the Chinese to rethink their military strategies and modernize their military and raised concerns in Syria and Iran.¹⁶⁵ Interestingly, such spill over effects could be either positive or negative based on the perception, context and capacity of

¹⁶³ Carl Von Clausewitz, *On War*, Edited and Translated by Michael Howard and Peter Paret, Princeton University Press, New Jersey, 1984, p. 605.

¹⁶⁴ Robert J. Art, “The Fungibility of Force”, in *The Use of Force Military Power and International Politics*, Robert J Art and Kenneth N. Waltz ed., Fifth Edition, Rowman & Littlefield Publishers New York, 1999, p.14.

¹⁶⁵ Both the Iraq wars and wars in Kosovo and Afghanistan had profound ‘spill over’ effect at regional and international levels particularly so in case of China for its force modernization as well as future outlook. For more see Paul H.B. Godwin, “China’s Defence Modernization: Aspirations and Capabilities”, in *Asian Perspectives on the Challenges of China*, National Defence University Press, Washington D.C. 2001.

the actors. Some scholars have argued that the US strategy of preemptive military strike may work more as an incentive for some small nations (particularly those which are not an allies of the US) to acquire the weapons of mass destruction as their only deterrence against the whims of a superpower.¹⁶⁶ Thus the spill-over effect of a military-to-military encounter also embodies a negative connotation that may complicate the security environment.

Nevertheless, war is not a rule but exception. Military power is *more often used in peace* than war as countries remain in a state of peace for more duration than war. Thus to analyze the fungibility of military power only from its war time application would amount to missing a whole lot from the total picture. Incidentally, the interpretation of the versatility of military power in peace time is much more complex and daunting as Art says, ‘used peacefully, military power is held at the ready and its exact influence on political outcomes becomes more difficult to trace.’¹⁶⁷ It is difficult because much of its influence is ‘less decisive’ and often does not stand out alone. It is also difficult because rarely the military option is spelled out during any peaceful engagement of national interest. It is rather left out as an implicit element to keep the other party guessing. That is why we have hardly seen responsible countries making explicit threats of using military power against a potential adversary in international politics during peace time. Implicit, rather than explicit use of military power in peace time, though adds to the complexity of assessment, is often more effective particularly for small nations, as will be examined later.

Arguably, military power finds its most implicit use in the permissive environment of diplomatic realm. Diplomacy¹⁶⁸ is often

¹⁶⁶ See for more in Kenneth E. Sharpe and William M. LeoGrande, *Small Nations’ Last Defense those threatened by U.S. pre-emption seek a shield in weapons of mass destruction*, available at <http://www.collegenews.org/x2349.xml>.

¹⁶⁷ Robert J Art & Kenneth N Waltz, *op cit*, p.3.

¹⁶⁸ Diplomacy is “the process by which policies are converted from rhetoric to realities, from strategic generalities to the desired actions or inactions of other government”. Countries are bided by the Article 33 of UN Charter to peruse diplomatic means to resolve any conflict as it reads: “The parties to any dispute, the continuance of which is likely to endanger the maintenance of international peace and security, shall first of all, seek a solution by negotiation, enquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional agencies or arrangements, or other peaceful means of their choice.” See UN Charter and Hughes,

stated as the ‘first line of defence’ and it is particularly true in case of small nations. The importance of military power to gain required diplomatic leverage at the international level can be best explained from the realist’s perception of anarchy. According to the realist’s world view, there exists no higher authority above states with some real capabilities to enforce judgment. At this level, states have to take care of their interest either through their own power or by forging alliance with more powerful states. This has been most aptly captured by a leading neo-realist of our time Kenneth Waltz: “In international politics force serves, not only as the ultima ratio, but indeed as the first and constant one.”¹⁶⁹ While one may have reservation about such strong endorsement of military power, but the fact remains that the core component of most diplomatic negotiation (and coercive diplomacy in particular) is the ‘risk’ and ‘fear’.¹⁷⁰ Indeed, as Barry Hughes calls diplomacy as the “velvet glove” that conceals the iron hand of power. The fear of losing something or everything, isolation, boycott, embargo, tariff is often the perceptions that drive the parties to agree to the diplomatic solution. Though the military power is not the only instrument that can generate fear, it nevertheless is an important one. The combination of force and diplomacy is what is often termed as coercive diplomacy. Surely, thus, the military power undergirds the diplomatic instrument of power to a great extent.

IV. IMPERATIVES FOR SMALL NATIONS

Military Power of Small Nations

Military power of small nations has a checkered history. At one end we have countries like Singapore where the military power, clipped by the skill of political leadership, has made remarkable stride to the ‘total defence’ of a tiny nation; while some South Asian and Latin American countries stand in the other extreme where the military

op cit, pp.89 & 253

¹⁶⁹ Robert J Art & Kenneth N Waltz, *op cit*, p. 5.

¹⁷⁰ As Sumit Ganguli and Micheal R. Kraig writes, “At its heart, coercive diplomacy tries to create a dramatically heightened sense of risk – an urgent fear by the elites of the targeted state that if they do not reverse course, disaster will surely ensue.” see for an interesting analysis of coercive diplomacy in Indo-Pak context, ‘The 2001-2002 Indo-Pakistan Crisis: Exposing the Limits of Coercive Diplomacy’, in *Security Studies*, Volume 14, Number 2, April-June 2005, p.293.

power was manipulated in the pretext of perceived insecurity and national crisis and promoted dictatorial regimes abandoning the democratic norms. To some extent Pakistan, through successive military takeovers has been trapped in a spin where the country is arguably no more governable without the military. The inherent danger of such dictatorship was aptly captured by Socrates in Plato’s Republic, “...a state may be ruled by a despot, or a democracy, or an aristocracy... a democracy makes democratic laws, a despot autocratic ones, and so on.”¹⁷¹ Indeed, the exploitation of military power in small nations is perhaps the greatest challenge to the understanding and growth of military as a fungible instrument of national power. Let us set the record straight. The abuse (or use) of military power to seize the control of the state functionary in whatever pretext runs contrary to the concept of statecraft in present international system. One must not be tempted to draw conclusion from the examples in the history (like Portugal and Brazil in the early 70s) where military takeovers had brought stability, economic progress and discipline in a country.¹⁷² What is missing from these examples is the question of *legitimacy*.¹⁷³ Military rule lacks legitimacy in current international system and without legitimacy the other instruments of national power suffer in a globalized world. The manipulation of military power by feeding into people’s sense of insecurity runs contrary to the fungibility of military power that one would intend to achieve in the context of small nations. Prof Zillur Rahman makes the case quite eloquently in the South Asian context as he asserts:

“For small nations such manipulation in transforming a perception of insecurity into offensive armed action can be

¹⁷¹ *Republic of Plato*, Oxford University Press, p.18.

¹⁷² For example the dictatorship of Antonio Oliveria Salazar and his successor Marcello Caetano in Portugal brought a degree of stability to that country while the Brazilian military government presided over a remarkable economic growth from 1968 – 1973. However, in both the cases, it was not sustainable as the Brazilian economy collapsed in the face of world oil crisis and the military government of Portugal had to cave in to the democratic reform by 1976. See for details Francis Fukuyama, *The End of History and the Last Man*, Avon Books, New York, 1992.pp. 15-23

¹⁷³ Joseph Nye theorized the idea of legitimacy as “soft power” while Fukuyama underlined the importance of legitimacy by concluding that “it (i.e. legitimacy) is crucial to even the most unjust and bloody-minded dictatorship.” see *op. cit*.

seriously detrimental to nation-building and identity resolving goals. Both historically and ideologically such a move is untenable and potentially dangerous. The strategy of "might is right" could be manageable to a point by resource rich nations, but it certainly would spell disaster for resource starved small states of South Asia and elsewhere."¹⁷⁴

Fungibility in the Context of Small Nations

However, where we need to focus is not the abuse of the military power but its correct use to exploit its fungibility in the context of small nations. Small nations by its very nature have many external and internal vulnerabilities. Internal vulnerabilities include issues related to security, economic emancipation, natural calamities, disaster etc. Appropriate *direct* use of military power to address these issues may bring due dividend in strengthening the political and economic power of small nations. Empirical evidence suggests that the successful application of military instrument coupled with a political endgame to solve the insurgency problem in the Chittagong Hill Tracts in Bangladesh has strengthened the unitary character of the state. By any account, this was a successful story where the fungibility of military power had undergird the political power to preserve the national character of the country. The reverse is happening in case of Sri Lanka where the military is grappling to quell an insurgency, (of a different magnitude and character) and the failure of which may undermine the political character and economic progress of the country. However, this would be too naïve to suggest that there is a military solution to all the insurgency problems that small nations so often face. Arguably, military's role becomes relevant only in the context where an ethnic group, consolidating its political power, reaches to a point where it can challenge the democratic system and the territorial identity of the nation. This is particularly crucial in case of small nations not having a federalist arrangement as it may sow the seed of further disintegration of the nation. Indeed, as Christian Wagner observes, "The risk of a potential escalation from competition between groups to a violent ethnic separatist's movement creates a permanent tension and poses an obvious threat to the territorial and ideological claims of any central

¹⁷⁴ Zillur Rahman Khan, "South Asian Security and the Implications for Small States," *Journal of International Affairs*, Volume 3, Number 2, January-June 1997, pp.3-4.

government."¹⁷⁵ In such a situation, *measured application* of military power can help to preserve the national integrity and strengthen the political power of the democratically elected central government.

Notwithstanding the state of fragmented democracy in Pakistan, one could argue that its military is playing a vital role in its 'war against terrorism' which seems to be the most important laurel attached to the government to garner international legitimacy. The sheer number of Pakistani troops killed in action during this war on terror on their own soil justifies the seriousness of the central government to address a highly difficult and complex mission that was long overdue. The situation was further complicated with the fall of *Talibans* in Afghanistan, as a good number of them took shelter inside Pakistan adding to its internal vulnerabilities and eroding the power of the central government. Appreciating the problem, Musharraf rightly identified that the main threat to Pakistan was not external but were 'terrorism, religious extremism and sectarian violence.' Thus a politico-military solution to the problem ensued in earnest to restore the legitimacy of central government. Indeed the operations in Beluchistan against the nationalist Beluchistan Liberation Army (BLA) and in inhospitable terrain in North of Waziristan against the al-Qaeda coupled with a political process to address the grievances of Beluch people¹⁷⁶ underscores the interlink between the political and military power that can come to rescue the internal security vulnerabilities of a small nation. Irrespective of how one views the current state of democracy in Pakistan, the political dividend of these military actions could be far-reaching if applied prudently and may benefit successive governments by adding to the unitary character of the central government and domestic political will.

The precipitating effect of military power on the economy of small nations is also worth examining. Military expenditure in case of small nation is generally viewed negatively often without recognizing its symbiotic relationship with the economic power as explained earlier.

¹⁷⁵ Christian Wagner, *Democracy and State in South Asia between Fragmentation and Consolidation?* *Asian Survey* Volume XXXIX, Number 6, November/December 1999, p. 923.

¹⁷⁶ Following the *Dera Bugti* incident in Beluchistan that left 45 people dead, the government instructed the Parliamentary Committee to make recommendations addressing the grievances of the Beluch people.

The dividend of physical security offered by the military power of a nation is an important commodity in any business matrix. Say for example, a bank¹⁷⁷ where we put our money is considered to be solvent, i.e. capable of returning our money when asked for. Many would define the solvency of a bank in purely financial terms. But solvency, as Art argues 'is a function not simply of finance, but of physical safety.' The function of the liquidity and the physical safety of the money define the solvency of a bank. One would not keep his money in a bank that has no physical security. For example, the liquidity state of the banks in the war torn Somalia is certainly not comparable with that of a stable country. The fact that 'state makes banks physically secure by using its military power to deter and defend against would be robbers...' makes the case of fungibility of small nation's military power. The need for such physical security exists in all economic spheres and lack of institutional developments in small nations often puts a greater demand on the military power to attend to these needs. The recent demand by the garments industry owners in Bangladesh to deploy military to protect their factories speaks of such realities.

Internal Imperatives

Building and Maintaining a Sustainable Military Power. The first imperative for small nation is not to lose focus from the requirement of building and maintaining a small but robust military power sustainable by its economy. Such establishment, as noted above, will strengthen the other instruments of power, while the absence of it may seriously undermine the strength of those. However, having a large standing military may stress the economy and also reflect an aggressive posture that any small nation can ill afford. Thus it would be prudent to have a small but well equipped, trained and professional military supplemented by a large paramilitary or reserve that may be inducted into the active service in time of need. This would reduce the burden on the economy and also be commensurate with the non-aggressive posture of small nations. As the above graph shows (figure 5), countries like Switzerland and Singapore maintains small active military forces (only 4,300 and 72,500 strong respectively)

¹⁷⁷ This example is borrowed from Robert J Art with some modification in the context of this paper. See for details, Robert J Art & Kenneth N Waltz, *op cit*, p.15.

manageable by their economy that adds to their non-aggressive posture, while at the same time their large paramilitary/reserve forces

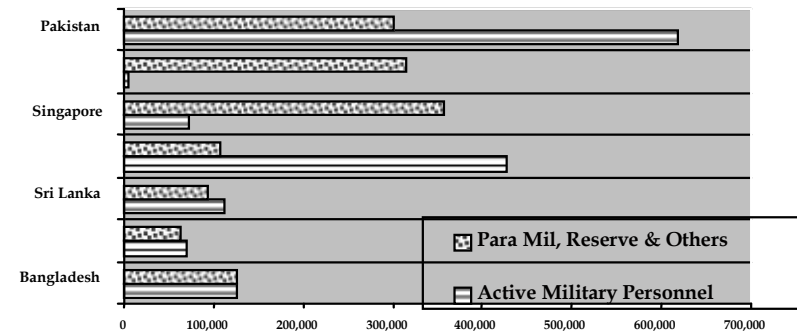


Fig 5. Strength of Military Personnel of Some Selected Small Nations

Source: *The Military Balance, 2005.2006*.

(well above 300,000 in strength) remain key to their overall military potentials. Many countries invest in compulsory military training to create such large reserve force. Switzerland has a compulsory recruit training (18-21 weeks duration) for its citizens at the age of 19-20 followed by a 6-7 weeks refresher training courses over a 10 year period between age 20-30. Approximately 113,200 Swiss of all ranks were trained in 2004.¹⁷⁸ Similarly, Singapore's strength of over 300,000 'operationally ready' conscripts and reservists is made possible following its policy of universal compulsory military training spread over a 13 year training cycle including several weeks in-camp training.¹⁷⁹ On the contrary, the large active military in Myanmar and Pakistan has arguably affected the political and economic potentials of those two nations.

Maximize the Implicit Use of Military Power. Having met the requirement of building and maintaining a small and robust military small nations should preserve and confine its use in the form

¹⁷⁸ See for details, *The Military Balance, 2005.2006*, International Institute for Strategic Studies, Routledge Taylor & Francis Group, London, Oct 2005, p. 129.

¹⁷⁹ For details, see Tim Huxley, *Defending The Lion City, The Armed Forces of Singapore*, Allen & Unwin, Australia, 2000, p. 29.

of implicit threat as opposed to an explicit one, especially while confronting a big power. The escalatory nature of explicit military threats may often go out of hand for a small nation and even proved to be detrimental to the use of diplomatic and political instrument of power. For example, a small nation can hardly afford to have a declared policy of preemption as in the case of the USA. While such prescription may not suit in all situations, it however is the most preferred one. The implicit use of military power in combination with the diplomatic efforts allows the fungibility of military power to work at its best and may yield the desired outcome in case of small nations.¹⁸⁰ Creating a credible military deterrent, high standard of operational readiness of the forces, and the grooming and posturing of the total populace to rise for the righteous cause of defending the nation are enshrined in the implicit use of military power for a small nation.

Involving the Military in Developmental Issues. The resource constraints and the lack of institutional development of other state organs often obviate the need of involving the military of small nations in developmental activities. For example, in Bangladesh, the military has been used to tackle problems as diverse as distributing foods through VGF (vulnerable group feeding) card, safe drinking water, building roads in Chittagong Hill Tracts and even *Asrayon Prokolpo* (shelter for the poor). The situational factors and the lack of capacity of other government organizations often contribute to the employment of the military on such developmental issues. Nevertheless, such involvement surely adds impetus to the wellbeing of its people. Indeed, apart from their traditional roles, military personnel of many small nations are involved in similar types of developmental activities in many peace keeping missions. However, in the domestic front, such use of military is rather a patch work than a permanent solution to the problem. Routine involvement of large number of active duty military personnel in developmental activities may be counterproductive in the long run. However, if the skills of military personnel are the premium, the focus should be to develop individual capacity through compulsory or voluntary military training.

¹⁸⁰ As Art concludes, "In short, in a permissive realm like anarchy, where implicit threats inhere, force bolsters diplomacy..." *op cit* p.5

Indeed, the Singapore and Swiss examples, as previously observed, serves as references for the small nations. The idea should be to provide training and capacity building in individual citizens through voluntary or compulsory military training which will have a cascading effect in other areas of development.

External Imperatives

Strengthening the UN. The deficit in military potentials to address the external vulnerabilities demands the strengthening of the UN as the number one imperatives of small nations. This is particularly true in an era where UN has been increasingly marginalized mostly by the major powers. Apart from the US, India has also, for the first time, agreed to multinational military operations with the US without a UN mandate.¹⁸¹ This significant shift of policy of an emerging global power makes it all the more relevant to strengthen the UN to respond to the security needs of small nations. Indeed, UN is the only viable international organization that any small nation should first count on to leverage third party threats against her adversary. More so, a strong and non-discriminatory UN may reduce the burden of military expenditure of small nations as explained earlier. Thus it is important for the small nations to be proactive to UN's demand by contributing troops, assets and materials whenever asked for. By actively participating in the peacemaking and peace building operations under UN leadership, small nations can exert more moral and diplomatic pressure on the adversary during the time of need and possibly count on UN's timely intervention. In sum, the international visibility of the small nations by contributing troops for peacekeeping missions captures the fungibility of military power in the context of small nations.

Building Alliance. Small nations should also be proactive in building alliance with regional or extra-regional power based on its existential realities and geopolitics. Such alliance may not necessarily be a military one but in all conceivable forms. The power of commercial transactions between states to diffuse tensions, as outlined

¹⁸¹ *The Military Balance 2005.2006*, p.230.

by Adam Smith, aptly reflects the truth. Military alliances often play a determining role in maintaining the security balance and also in the outcome of war. For example, during the Iran-Iraq war, support to Iraq by Saudi Arabia, US and other nations played a vital role to outweigh the Iranian superiority (Iranian advantages were in the order of three to one) which was largely isolated by the international community.¹⁸² Singapore's alliance with regional and extra-regional powers serves as a similar example for the small nations in a peace time environment. Owing to its peculiar existential vulnerability, the tiny city state has been instrumental in pursuing a balance of power strategy borrowing political and military strength from extra-regional powers.¹⁸³ However, apart from NATO, the Organization of African Union (OAU) serves as a working model of cooperative security arrangements for small nations. The increased level of cooperation through such cooperative security forums may facilitate to diffuse tension and irritants and thereby reduce the likelihood of war.

In South Asian context, such potentials exist by expanding the framework of SAARC to include military-to-military cooperation. It is interesting to note that all the major SAARC countries periodically conduct military exercises with extra-regional powers like the USA, Russia, NATO and France, but have so far remained shy to do the same with their neighbours or regional partners.¹⁸⁴ In most cases, the defence cooperation amongst the South Asian neighbours has remained limited to the goodwill visits and training exchanges. While one can theorize such trend of the South Asian countries in the parlance of power politics emphasizing the need of having 'overwhelming power' on its side, there is however examples that encourages the possibilities of military-to-military cooperation. For example, most of these small nations have turned to the military instrument of power while responding to disaster relief operations. During the recent Tsunami, India responded by sending military personnel and platform under *operation Rainbow* (to Sri Lanka),

¹⁸² Hughes, *op cit*, p. 87.

¹⁸³ For an interesting analysis on Singapore and the regional balance of power see Tim Huxley, *op cit*, pp. 33-37.

¹⁸⁴ With the exception of *Operation Eksath*, a joint India-Sri Lanka military exercise, all other military exercises of India and Pakistan from Aug 2004 to July 2005 were with extra-regional powers/states. See for details, *Military Balance 2005.2006*, p.232.

Operation Castro (to Maldives) and *Operation Gambhir* (to Indonesia); Bangladesh, under *Operation SAARC Bandhan* had sent medical and engineering teams, naval ships and aircraft to Sri Lanka and Maldives, while Pakistan also assisted Sri Lanka, Maldives and Indonesia by sending relief and other assistance through its military aircraft and ships. Other small nations like Singapore, Switzerland, the Netherlands, Norway, Brunei, and South Korea made significant contribution through their military tools.¹⁸⁵ The fact that most of the small nations manifested their solidarity through the military tools of statecraft (i.e. sending military aircraft and ships loaded with food and supply) during the Tsunami reflects that potential of defence cooperation amongst these countries.

V. END THOUGHTS

Ignoring the military power of small nations and viewing it as a burden is like Macbeth saying about jealousy not regicide. One needs to recognize that, most often nation states remain in peace and not in war; this underlines the dual character of military power as an *instrument of preserving peace* as well. Indeed the efficacy of any particular instrument of state's power needs to be viewed by the goals it seeks to achieve through its fungibility. Notwithstanding the fact that, at its heart military force of a nation is 'an instrument of controlled fury, designed to visit death and destruction of its foes...in the righteous cause of national survival', its ultimate goal is however to deliver *peace and prosperity*. Given the fungible nature of military power, even the small nations can ill-afford to ignore the importance of building and maintaining a sustainable military power. Indeed, the fungibility of military power in the context of small nations strengthens the other instruments of national power manifold. The physical security attained by the potent military might of a small nation contributes to the creation of a stable and non-threatening environment which is essential for any economic enterprise to grow. Its coercive or direct use to address internal issues like insurgency adds to the political will and unitary character of the nation. The

¹⁸⁵ For details of military assistance during 2004 Tsunami, See *Ibid*, pp.257-258.

implicit use of military potential in the permissive realm of diplomacy is crucial for a small nation to survive in an anarchic world. Considering all these contributions of military power, the internal imperatives that follow for small nations include: having a small but professional military force with large number of paramilitary and reserves, maximizing its implicit use rather than the explicit one and involving the military in developmental activities. The external imperatives are dominated by the requirement of having a strong UN that can be garnered by remaining visible in the international arena and responding to every UN request in the form of contributing troops and assets for peacekeeping missions. Taking cue from the cooperation manifested in various disaster relief or other types of operations through the military instrument of power, the small nations of any region could build cooperative security alliance by expanding the framework of existing regional organizations. Such alliance building would reduce the likelihood of war and holds the potential for ushering a new dawn of lasting peace.