

Summary of article for CMI website

‘Imagining economic federalism.’

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The constitutional assembly (CA) elections are over and the constitution preparation process is about to begin. The most widely discussed problem in this context in the media and elsewhere as of yet has been that of ‘restructuring of the state’, which was itself a key political slogan of the Communist Party of Nepal (Maoist) (henceforth CPNM) and, later, of the entire political movement of 2006. The slogan, in turn, has most often been concretized in terms of federalization of the political, economic, cultural and administrative structure of the nation-state.

Most political parties have put forward diverse initial ideas on the subject. A few have opted for silence on this matter. The current CPNM thinking appears to continue to support the initial CPNM line of carving out 7-11 ethnic and linguistic regions as the federal units. The CPNM has attempted to justify such a federal structure principally on the questionable belief that ethnic and, to a certain extent linguistic, regions overlap completely or largely with class divisions. The thinking of the CPNM, as also of the other parties, has apparently not traversed beyond this initial thinking. The sphere of operation of the federal state remains to be specified. Whether federal units will remain limited with ‘autonomy’ or whether they could actually exercise ‘self-determination’ remains unclear. Whether or not political-administrative subunits subsidiary to a federal unit will exercise federal rights, e.g. exercise ‘autonomy’ or even ‘self-determination’ within its jurisdiction, has not even been broached.

The essence of federalism is self rule at each political-organizational and administrative tier, including those at the settlement level. Even at that level, a primary school or similar other organized public units may exercise autonomy. It is, thus, a series of autonomies which also find aggregation at different levels.

The foundation of a federal system, in turn, is economic exchange. It is, principally, economic exchange which ties up peoples, locations, commodities, labor, finances, cultures and so forth. Diversified and differentiated economies do not always push for a federal structure; but they do push force in and prosper within a structural—political, economic, administrative and so forth—arrangement which allows democracy and autonomy. Less diversified and less differentiated structure, in turn, thrive and give rise to un-devolved, centralized and, sometimes, autocratic structures.

A federal structure—particularly one which is carved out of an existing unitary state, should be such that it maximizes total economic gain and optimizes such gain among the constituent federal units and the federation itself. It should lead to expansion and intensification of economic activities within and among the units. It should also lead to a just redistribution of gains within

and among the units. All other goals should be secondary to this consideration. As such, a federalization carried out primarily on the basis of ethnicity, e.g. as some have proposed in the Hills and Mountains, or geographical uniformity, e.g. the proposal that the Mountains, Hills and the Tarai should constitute the three federal units, or 'cultural' similarity, such as those proposed under the slogan of 'One Madhesh (the southern plains)-A Single Undivided Region' cannot be considered an appropriate or viable federalization strategy whether from the economic, political or cultural points of view. The strategy, instead should be to promote political and economic equity and with cultural pluralness rather than to create mono-cultural ghettos. The old cultural, political and economic structures and limited mutual interaction and the old norms which segregated 'cultures', together with the post-1950 development strategy which exacerbated 'developmental gaps' among caste, ethnic and regional groups were as wrong as the new demand for ethnic and 'national' homelands. The latter imitates the former rather than seeking to invalidate, dismantle and transform it. Of course a modern democratic state should completely desist from privileging a particular language, religion, ethnic group, caste group, clan, and so on. These norms and practices must become mandatory in relation to laws, policies, state institutions, normal practice among citizens and so on. There must be no escape from it. In addition, individual citizens who have personally suffered because of past oppression and discrimination should be positively discriminated in matters of education, employment, political representation and so on.

On the other hand, a good strategy at federalization should seek to integrate disparate, heterogeneous and therefore complementary geographical, agricultural, production, labor supply and demand, regions and regimes such as those in the Mountains, Hills and Tarai, within a single federal unit rather than attempt to federalize on the basis of homogeneity. The units should also be fiscally viable. Regions in the Tarai on the one hand and the Hills and Mountains on the other have to be integrated into a single federal unit to expand and intensify economic and other forms of exchange. The regions are complementary also in terms of resource sets, e.g. labor and capital, land and water, crops, agricultural seasonality, and so on.

Federalization along ethnic and north-south regional fault lines may well encourage separatism at some point in future. The argument that federalization along ethnic and north-south regional fault lines encourage national unity and not separation are highly flimsy. It is not that these fault lines will always encourage centrifugal tendencies. But they will inevitably do so in times of stress along the fault lines. A few episodes of such stress—if not a single strong one—may well be enough to rupture accumulated bonds of a nation state and to incite a full-scale demand for separation. While the Hill elite generally visualize a demand for separation to come from the Tarai, it is quite conceivable that such a demand may also be made, in the long run, from the Mountain region, particularly if the 'development gap' between the Mountains and Chinese Tibet or the Mountains and the Hills becomes acute. A viable strategy of federalization must be able to visualize far into the future. This does not imply that federal units must not at all be reorganized in future. The strategy--and the state--has to be resilient enough to permit it when this is absolutely important. But myopic strategies such as those that privilege ethnicity and the north-south regions, have to be firmly invalidated at the very beginning.

A viable nation-state, by definition, must seek to integrate all disparate constituents together within itself. It has to 'join together' Rais and Bahuns, Tarai and Hills, capital and labor, people

and skills. The Limbu language has to be valorized in most schools in most locations within the old Limbuwan. Non-Limbu school children, as much as Limbu schoolchildren themselves, should be encouraged to learn the Limbu language. And so on with other elements of culture, livelihood, etc. A consistent failure to join disparate elements together implies a downward slide of a people as a nation-state.

The current elevation of ethnicity and 'regionalism' to dominance and the concurrent de-emphasis of class and economic and consumption status is highly worrisome from the point of view of a nation-state. The 'classlessness' that characterizes current political discourse—spanning across political parties—including the CPNM, the media, the civil society, the intelligentsia is both surprising and dangerous. The political parties—including the CPNM once again, speak of the 'rural class', the 'Tarai class', the 'women class', the 'Tharu class' and so on! And the others, in this highly politically charged atmosphere where the political domain almost furnishes the mother tongue, parrot the political parties and political leaders. The politics of this 'classlessness' is fundamentally based on populism not principled politics.