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Domestic Political Factors, and It's Impact on Nepal's Foreign Policy Choices

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List of Abbreviations

ADB	Asian Development Bank
ASEAN	Association of South East Asian Nations
CA	Constituent Assembly
CBS	Central Bureau of Statistics
CSC	China Study Centre
CPN – UML	Communist Party of Nepal – United Marxist Leninist
EU	European Union
FPA	Foreign Policy Analysis
GDP	Growth Domestic Product
IFA	Institute of Foreign Affairs
Indo	India
INGOs	International Non-Governmental Organizations
JEP	‘Janajati’ Empowerment Project (Ethnic people)
MoFA	Ministry of Foreign Affairs
MERCOSUR	Mercado Comune del Sur
NC	Nepali Congress
NRB	Nepal Rastra Bank (Central Bank of Nepal)
NRs	Nepalese Rupees (Nepalese Currency)
ODA	Official Development Assistance
Pak	Pakistan
RAW	Research Analysis Wing (Indian Intelligence Agency)
SAARC	South Asian Association for Regional Cooperation
Sino	People’s Republic of China (in a short form)
SPA	Seven-Party Alliances
UCPN (M)	United Communist Party of Nepal (Maoist)
UK	United Kingdom
UN	United Nations
US (A)	United States (of America)
WB	World Bank

TABLE OF CONTENTS

Acknowledgement

Abbreviations

Abstract

1.0	Introduction	8
1.1	Relevance	14
1.2	Thesis Design	15
2.0	Methodological Consideration	17
3.0	Concept of Foreign Policy	21
4.0	Theories: Political Realism	27
4.1.	Neoclassical Realism	28
5.0	Neoclassical Realism and Nepalese Foreign Policy	34
6.0	Geopolitics, Economy and Development	40
6.1	Regional Dynamics and South Asia	41
6.2	Geopolitics and Nepal	45
6.3	Economy and Development	53
6.4	Foreign Aid	56
7.0	Analysis	61
7.1	Political Developments From 1950 – 1961	62
7.2	Political Development During 1962 – 1990	68
7.2.1	The Indian embargo, Chinese arms sale & political change in Nepal	73
7.3	Political Development Since 1991	76
7.3.1	Maoist's violent insurgents and India	81
8.0	Conclusion	84
	References	88

Abstract

This paper aims to analyze Nepal's foreign policy behavior, and its decision-making process and outcome in a historical perspective since early 1950 to till date. The domestic political environment was always vulnerable in inviting external influences intentionally or unintentionally. More importantly, since the restoration of democracy in 1990, it seems true that Nepal's foreign policy generally run by the political leaders' personal imperatives rather than global practicing of foreign policy approach and diplomacy, considering country's needs and interests. From the mid-19th century to till now, Nepal's regimes, and leaders or political elites all of them have common tendency to search for the external support or favor for their own regime's stability, and in other case, political leaders' own personal fulfillment. Since early 1950, every political or regime changes have occurred in Nepal, all of them have the external involvement in a greater extent. In many occasions after 1950, the several bilateral treaties and agreements have done by the political leaders' and regimes' own personal interests and accounts with the neighboring countries without considering it's impacts towards country in general and its people. Besides the political factors, Nepal's sandwiched like geography between India and China, Nepal perceived the great importance in geopolitical consideration, which have also the great impact on Nepal's foreign policy maneuvering. The dramatic political change occurred by abolishing the long-standing historical monarchy in Nepal during 2006-2008, afterwards, Nepal's northern neighbor China has extending its involvement in Nepal's domestic matters despite the fact of China's non-interfering foreign policy on internal matters. However, India has the overwhelming position in Nepal since 1950's regime change in Nepal. Prior to 2006, Nepal's monarch had maintained a generally accepted balanced foreign policy in dealing with India and China, which is now in question. It further attempts to explore how domestic political and other factors impact on Nepal's foreign policy choices, decision-making process and outcome.

Key words: Nepal, foreign policy, influence, China, India, geography, domestic-politics, decision-making process, regime, political elite, leaders, external, internal domestic, stability, personal imperatives, monarchy, foreign, political change, historical perspectives, behavior

1.0 Introduction

There was a long history of foreign interference on Nepal's domestic and foreign policies due to the inefficient internal political culture, which often invites external intervention on domestic matters. The domestic political environment was always vulnerable in inviting external influences intentionally or unintentionally. More importantly, it seemed true that Nepal's foreign policy generally run by the leader's personal imperatives rather than global practicing of diplomacy according to the country's need and interests (Jaiswal 2010; Thapa 2011, and Kshetri 2012). From the mid-19th century to till now, Nepalese regimes, leaders and political elites all of them were used to search for the external support or favor for their own regime's stability and personal fulfillment, and later that became a common tendency in Nepal's political environment (Thapa 2011). The oligarchic Rana regime (1846-1950) had formally brought the external interference on Nepal's domestic politics and foreign relations. Since the Rana's inclination into power during the mid-19th century, the support from British Empire (British India) became crucial for the Rana regime, because they were to establish an autocratic and oligarchic regime with hereditary prime ministers (Levi 1957: 238). Firstly, Ranas as they had established oligarchic regime, were keen to survive long lasting as the regime power in Nepal with British-India's support. Secondly, they had known that Nepal was a weak state than the British Empire, and making a friendlier relationship with British-India would prevent further war as well as to preserve Nepal's independence and sovereignty (ibid).

During a century long (104 years) regime's survival, Nepal's foreign and diplomatic relations were limited only with British Empire, and there was no expansion happened of foreign relations other than Britain during the entire Rana-period. It was visible that regime's pro-British policy on the domestic front as well as Britain's wanting of making Nepal as their virtual tutelage had seriously constrained Nepal's freedom of decision-making process to go further other than the Great Britain (Levi 1957: 239). The last Rana Prime Minister Mohan Shamsheer signed the most controversial 'Treaty of Peace and Friendship' in 1950 with New Delhi during the last hour of the regime. By the treaty, Ranas were expecting that India would not allow its soil for any anti-regime activities. However, things changed when compromise was being placed in

New Delhi with India's mediation among the Nepalese king, the Rana regime and Nepali Congress party (NC) (Main political party fighting against Rana regime). Werner levy rightly stated that India was the real winner of the event in Nepal's own political crisis (Levi 1956: 44).

After fall of the Rana regime in 1950-1, the political transition had prolonged until the first general election for parliamentary democracy held in 1959, although democracy lasted very shortly in 18 months. Before the parliamentary election in 1959, there were several political groupings according to their nature some were pro-democratic with great sympathy towards India and the US, some were communists with two fractions, pro-China (Maoism) and pro-Soviet, and others were conservatives (Levi 1956: 42). The political rivalries and infighting among these groups often stands as an obstacle for a neutral and effective foreign policy making as well as political stability at home (Levi 1956:43). For communists, India and the US were considered as expansionist and imperialist, but pro-democrats saw them differently. At the time, major political parties were divided in their policies to see the world politics, and they lacked the unified consensus and state value in dealing with foreign countries (ibid).

The first general election in Nepalese history for parliamentary democracy was held in 1959, in which B.P. Koirala from NC party became the first elected Prime Minister of Nepal (Levi 1959: 150). However, the infant democracy would not grow up and just ended in 18 months that was overthrown by the ambitious king Mahendra. The king established party less Panchyat regime by prohibiting all political parties (Khadka 1993: 45). During the Panchyat era (1960/1-1990), Nepalese foreign policy had acquired some stability and it showed some kind maturity in its policies while dealing with the two giant and powerful neighbors, India and China. During those periods, Nepal's diplomatic and bilateral relations were expanded all over the world. However, the politician and intellectual have often blamed for his too closeness attitude towards China, that the Indian policy makers took it as an agitating behavior of the king. And, Nepali king's counter balancing strategy one to another between China and India often got huge attentions and criticism from the Nepalese political parties in exile and even from the Indian officials (Baral 1986: 1211). However, the king Mahendra had signed a security agreement with India in 1965, which was kept secret until 1969, in the treaty, India would be the sole responsible for the need of

Nepal army's supplies. In another case, the king Mahendra also signed an agreement with China in 1961 for the construction of Kathmandu to Kodari (Tibetan border) road project with Chinese assistance despite the India's deep grievances and objection (Baral 1986: 1209).

Throughout the Panchyat reign, the trade and transit facilities through India remained as the major obstacle for Nepal's foreign trades with outside world (Kumar 1990: 697). India's year long economic blockade and embargo against Nepal in 1989-90, and the popular mass movement against regime brought Panchyat's demise and restoration of multiparty democracy in Nepal in 1990 (Garver 1991: 956). But, prior to the Indian embargo, New Delhi had proposed Nepalese king to agree on India's security measure, however, the king and Panchyat regime overtly refused to sign the Indian proposal, instead became ready for the constitutional monarchy by withdrawing all sovereign power vested on himself (Subedi 1994: 284).

After the restoration of multiparty democracy in 1990, the political parties especially Nepali Congress thought as its first task to normalize the relationship with India, which was deteriorated in 1989/90 (Garver 1991: 972). By the changing international context, Nepal's various communist parties were entered into parliamentary system with adjusting their extreme communist ideology towards democratic political norms and values as well as soft view towards India and United States (US) (Hachhethu 1999: 227). At the time, there were several dozens of political parties came into existence with various types and nature. Although, by the parliamentary election in 1991 only 2 parties, Nepali Congress (NC) and Nepal Communist Party United Marxist Leninist (CPN, UML) became the major political force in Nepal by the total vote caste they received (Khadka 1993: 48). In this way, Nepali politics formally entered into the democratic process in the second time in its history since 1959 with consolidating global democratic norms and values. However, the public frustration came out when the political parties were failed to institutionalize the democratic norms and values in Nepalese political environment (Poudyal 1995: 160; Khanal 1998: 148).

Short after the democratic experiment in Nepal, the Maoist's violent insurgent against democratic system erupted in 1996 (Mishra 2005: 627). The violent insurgents lasted

in 2006 by taking more than 17,000 lives and many thousands injured and displaced (Do and Iyer 2012: 736). During the violent insurgent, the Maoist leaders were to stay in India for hiding, war planning, and carrying illegal weapons in Nepal from black market in India that was unveiled in 2001 (Shah 2004: 210). Despite the Nepal government's deep grievances against Maoist who were using Indian soil, New Delhi did not seem helpful for finding and extradite such rebels towards the democratic government of Nepal (ibid). Later in 2006, the political environment in Nepal turned into a new direction that the major seven political parties and Maoist were came for a consensus against the king (Do and Iyer 2012: 736). New Delhi had played a role as mediator between Maoist combatant groups and seven political party alliances for the 12 points peace agreement held in New Delhi (ibid).

After the mass movement propelled by the seven political parties along with Maoist's support, the king was compelled to return back from the state power, and an interim government was formed. The interim government had the mandate for the election for Constituent Assembly (CA) that supposed to draft a new constitution of Nepal. However, after the election, the CA spent four years instead of initially given two years, failed to materialize the new constitution for the new Nepal, although, the CA has abolished the monarchy from the country. The continued transitional period and instability in domestic politics as well as absence of long standing monarchy heavily brought the various foreign interventions in the country. Specially, in the recent years, India and China both as immediate neighbors are competing for their active presence in Nepal by continuously trying to influence the political parties for their favorable condition in Nepal (Kshetri, 06 August 2012, www.foreignpolicyjournal.com). Since the beginning of the constitution drafting process, restructuring country into several federal states has remained the most crucial factor in Nepalese politics till now (ibid). In one hand, the major political parties have seriously lacked the consensus in restructuring the country because of their party's own interests. In the other way, the European Union (EU), and India both wished for the several tiny provincial states in the north (bordering to Tibet), and only one or two in the entire southern area (bordering to India) with based on identity and ethnicity (Bhatta, 21 February 2013, www.telegraphnepal.com). But, China is skeptical that whether several tiny states with based on ethnicity surrounding its border could change the existing status quo in

the Himalaya (ibid). Thus, India and China both are visibly competing to influence Nepal's domestic political maneuver in the recent years.

Besides the domestic politics, Nepal's geopolitics, geographical contingencies, economy, development, and military capability are other major factors of its foreign policy decision making process. Nepal is a landlocked country located precariously between India and China. Nepal's east, west and southern borders are surrounded by India, and China's Tibetan autonomous region in the north. Nepal's main obstacle and complication is to reach in the international open water of ocean that is only accessible through India, which is approximately 1000 kilometers far from Kathmandu. Lacking alternative route into sea and port facility, Nepal is as always heavily depended on India's good will, although, it often swung into negative direction. The Indian embargo in 1989 had also the symbolic meaning for the future that Nepal does not have so much choice going against New Delhi's measures (Teaching Nepal a Lesson, 08 April 1989). As long as geography matters, Nepal won't have much freedom and independence in its internal and external policy choices (Khadka 1992: 135-7). As India always claims that Nepal is in under its greater security zone and sphere of influence (ibid). Nepal as a sandwiched country, the relationship between India and China also greatly affects the dynamics of Nepal's relations with those countries.

Since the elimination of Tibet as a buffer state, Nepal has got a position in the middle of both countries as a buffer state (Rose and Dial 1969: 95). New Delhi was deep rooted skeptical that China could cross the Himalayan frontiers and counter balance India in the region (ibid). Possibly by this reason, India has always showed its security threat from China in the regional level, and also it has tried to justify its nuclear program against Chinese threat (Buzan & Wæver 2003: 110). In contrary to India, Chinese foreign policy towards Nepal has remained as always friendlier and cordial, the relationship with Beijing often worked out as an encouraging factor for the officials in Kathmandu during the past decades (Baral 1986: 1208). China's main concern into Nepal is the peace and stability in Tibet. For Beijing's perspective, Tibet is the most fragile autonomous region of China, where occasional movement for independence of Tibet has also taking as the serious security threat for the China's integrity. In the other hand, China's increasing footprint into South Asia is to contain

India in the region by decreasing New Delhi's political influence on other small South Asian states through soft politics as well as China sees the greater economic potentiality in South Asia, which is one of the highly populated region in the world. Thus, Nepal as a buffer state with least relative capability between giant countries would have the greater geopolitical importance.

Here, I am interested to know why state's foreign policy got the different approach after every political change in Nepal? And, what are the reasons for the foreign interference in the internal politics of Nepal? The history has shown that the behavior of Nepalese political parties have never changed or remained the same since their existence. Nepal's political parties and other regime's dependency on foreign sources for retain power at home have the greater impacts of Nepal's foreign policy decision-making process and outcome. Since the fall of Rana regime, Nepal has experienced different types of regime like, Transitional, Panchyat and later Democratic – the Panchyat regime, which was ruled by the absolute king, was different in its foreign policy and it was considered more matured than the democratic government. After the restoration of democracy, personal imperatives of political elites and leaders became evident in the foreign policy decision-making process of Nepal. In sum, this thesis has trying to explore the answers for the questions mentioned below:

- 1) How domestic political and other factors influence Nepal's foreign policy choices, decision-making process and outcome?**
- 2) Why and how international actors have been involved in Nepal's internal and external affairs?**
- 3) Domestically, who are highly influential on Nepal's foreign policy decision-making process?**

1.1 Relevance

Inconsistency in Nepalese foreign policy decision-making process is often vulnerable in foreign relations of Nepal especially when dealing with the neighboring countries, India and China. Because of Nepal's strategic location between big powers India and China, both countries are often showed their own concerns with the political development of Nepal and both are more than sensitive in what is going on Nepal. In this sense, India and China both are as Nepal's next-door neighbors cannot be avoided one to another but come together while studying Nepalese foreign policy maneuvering. In their perspective, any political development happening in Nepal is directly linked with their security perspectives. In this way, the relationship between India and China also directly impacts the dynamics of Nepal's relationship with those countries (Shah 2004: 210). India and China both are the regional competitors and have the constraint relationship since the Communist victory in Mainland China in 1949, and the Chinese occupation on Tibet (Buzan and Wæver 2003: 96). Before the dramatic political change in 2006, the king as head of the state had tried to maintain a stable and balanced foreign policy approach when dealing with India and China albeit India was always a dominant power on Nepal. During the Panchyat reign and later in the democratic process, the monarchy was clear at their perception that wooing too much closeness with either neighboring countries could seriously constraints the freedom of policy choices of Nepal. However, the Nepalese oppositional political elites and Indian official were hugely critical for the king Mahendra's xenophobic interpretation of nationalism as to counter balance India going closer towards China, and to reduce banned political parties' activities at home.

When political parties came into power after the hard struggle against absolute king in 1990, the political leaders and elites were heavily followed their own personal whims on foreign policy decision-making process. Lacked in foresight to construct national foreign policy, Nepalese political parties often ignore the bilateral relations and norms of diplomacy while dealing with neighboring countries (Thapa 2011). In the different time factors after 1950, the political parties have often asked for foreign help when dealing with the internal political issue at home. The various political change and foreign interference in Nepal has proved that the initial foreign help easily changed into greater external intervention in small issues of domestic politics (Rose and Dial

1969: 91). In many occasions after 1950, the several treaties and agreement have done by the political leaders' and regimes' personal interests and accounts with the neighboring countries without analyzing its impacts for the country and its people.

Being one of the weakest state in the region, Nepal does not left any options itself to survive in the realist world except using soft power and strategically balanced foreign policy. As this is 21st century, public aspiration is very high in terms of economic development of the nation. But, publicly elected government and major political parties often blame for the geopolitical condition and country's geography for not having significant economic growth and independent foreign policy.

For realists, power is the chief determinant factor and independent variable in determining any state's foreign policy. But neoclassical realist theory argues that the given state's domestic factors and leader's perceptions also play the important role as intervening variables when analyzing and filtering the external pressure at home. Considering power as the independent variable, this thesis further examines the several influential domestic variables on foreign policy decision-making outcomes in Nepal including political parties and their behavior, geography and geopolitics, and economy.

1.2 Thesis Design

The thesis has been divided into eight sections and each of the sections would have several sub-sections. In the beginning of the thesis, section one is 'Introduction' where problem formulation and the thesis in general have been summarized. And, significance of the problem question has also been emphasized in section one. Section two is 'Methodological Consideration' where I have explained about how the thesis is carrying out. After the methodological section the thesis jumps to 'concept of foreign policy' in section three. In this section, I have tried to interpret the foreign policy concept from different theoretical explanation. Section four will be 'theoretical justification' where IR theory: neo-classical realism has been described and interpreted to identify how state's foreign policy decision comes out as well as to justify the problem questions. Section five is about the theoretical implication into the political development of Nepal, and its foreign policy decision-making process and

outcome in different events. The influential domestic factors such as geography and geopolitics, regional dynamics, Economy, etc. have been explained in section six, and then the thesis jumps into the ‘Analysis’ section where I have described and interpreted the major political development and foreign policy decision-making process in Nepal since 1950 with some historical background, in section seven. After the analysis part, the thesis comes into the ending process with concluding research findings in section eight as the last section of the thesis.

2.0 Methodological Consideration

Doing just a research assignment is not that much complex but to choose and use the appropriate methods for carrying research is the most important and difficult task for the students. This methodological section will explain about how the thesis is carrying out and the methods to investigate the problem questions and answers. In social science, there are two types of methods that are generally used for social science research, like: Qualitative and Quantitative method. David Marsh and Gerry Stoker argue that the qualitative method tend to align with an interpretive epistemology which stresses the dynamics of the construction of social reality (Marsh & Stoker 2002, eds). They further argue that the beliefs, values and concepts are created to understand the world and in this way there are not any such objective sciences, which can establish universal truths or can exist independently (Marsh & Stoker 2002, eds). Qualitative method is more likely associated with interpretive and anti-foundational theories where they emphasize upon the meaning of behavior and understanding of social construction. In qualitative research, researchers do not tend to reach in a positivist conclusion.

Quantitative research method generally used in natural sciences whilst many social scientists also use quantitative methods (Marsh & Stoker 2002, eds). In quantitative methods, researchers tend to expect a positivist conclusion, which primarily relies on numerical data where direct observations and specific case studies are expected (ibid). As Marsh and Stoker argue that the qualitative research allows to the researcher to explore the human elements of a topic to examine how individuals experience the world (Marsh & Stoker 2002, eds). And, according to Marsh and Furlong, the quantitative research method and data will be appropriate only for causal relationships that are directly observable (Marsh & Stoker 2002, eds).

In this thesis, I have used interpretist research where hypotheses logically lead to a conclusion that could be scientifically verified. Within interpretive approach, a researcher is concerned with the understanding and focuses on meaning that actions have for agents not explanation, where they are tend to use qualitative data set and offers their results as one interpretations of the relationship between social

phenomena (Marsh & Stoker 2002, eds). When interpretive research is limited in evidence but focused rather on problems of meaning then case should be analyzed hermeneutically. Marsh and Furlog argue hermeneutic tradition is idealist where researchers need to understand the meanings of people, which attach to social behavior. In this way, I do not tend to reach in positivist conclusion. And, should it be studied again in the future where conclusion and reasoning can be variance.

Basically, I am trying to explore the Nepalese foreign policy decision-making process and its outcome since 1950. For this reason, I will try to find answers of questions about how structural pressure, relative capability and its geopolitical location obstructs Nepal's foreign policy process and outcome? And, in what extent, the domestic factors play the role while forming its own foreign policy choices? And, how Nepalese leaders were able to channel and react the structural or systemic pressure in the past event? I have used neoclassical realist theory as a theoretical lens for better explanation of the Nepalese foreign policy events, and how external forces played a crucial role in Nepal's foreign policy choices.

Generally, neoclassical realism uses three types of research methods: case study, process tracing and theoretically informed narratives (Juneau 2010: 13). These three types of research tools can be used in a single but complex case while analyzing foreign policy of a given state. Within this thesis, I have used process tracing and theoretically informed narrative method to explain the events with asking why, how and in what extent such events were happened in the Nepalese foreign policy spectrum since 1950s. This thesis does not offer any specific case study rather than it tries to understand the whole events. Neoclassical realism seeks to understand a complex issue and its causal chain that links to the relative material power and foreign policy outcomes (Rose 1998: 165). Case study research is an empirical investigation of a real-life context and it explores contemporary phenomenon of causal mechanism in great detail (Yin 1984: 23). In a process-tracing method, a researcher attempts to define the causal processes and mechanisms of intervening variable and then identifies the causes and effects between independent variable and dependent variable (George & Bennett 2005: 206). According to Gideon Rose, while analyzing the foreign policy of a given state, it also expects to trace about how state leaders perceive the situation because, sometimes processes other than the 'objective material

power trend' matters in the foreign policy research (Rose 1998: 167). Neoclassical realist theory can be used any types of individual case where power is the chief determinant force, and it suggests that the events should be analyzed intellectually in a systemic level and trace precisely those events that how relative power is translated into the state behavior (ibid). Here, India and China's relative capability and their intention is the chief determinant power factor in Nepal's foreign policy choices. Being a sandwich between two giant nations in a landlocked situation, Nepal is not fully free to make its own policy choices. It is important to understand that how Nepali leaders are able or unable to filter the systemic pressure in the different time factors. This geopolitical hardness and Nepal's least relative power always put in a vulnerable condition. I will examine, how neoclassical realist theory fits into Nepalese foreign policy explanation? Neoclassical realist argues that the capability shapes intentions and emerging states seek influence abroad. Here, to be sure, it is neither Nepal's capability that could shape intentions nor it is an emerging state, which could influence abroad. It is those emerging nations whose capability and intentions often hardens Nepal's policy choices and its destiny. At the same time, Nepal's domestic factors, and ill informed statesmen & their perceptions also play the crucial role for external influences in Nepal's foreign policy choices.

There are different variables that might affect the any country's foreign policy. However, understanding those variables would help researcher to explain and interpret the foreign policy behavior and outcome of a given state specifically. Here, as neoclassical realist theory suggest, there are three types of variables, which are most important while analyzing Nepalese foreign policy behavior, 'independent variables', 'intervening variables', and 'dependent variables'. In this thesis, independent variable refers to the 'structural pressure or external constraints', 'power or capability', and 'Nepal's geopolitical contingencies'. These independent variables that Nepal cannot change by itself but it depends upon the intervening variables, how strong and rational it is because states are free to accept or reject those pressure in its policy choices. The intervening variables refer to the several domestic factors, political parties and statesmen or leader's perception. Those intervening variables can play the crucial role while channeling the structural pressure in a unit level because leader's perception is the decisive while understanding external threats and opportunities to a state's foreign policy. After filtering the independent variables in a

unit level the outcome is the foreign policy, which is dependent variable. At the same time, the crucial question here is, to what extent Nepalese statesmen or leaders are able filter those external constraints in a unit level that is the foreign policy of Nepal. To find the right answer for this question, I will try to open up the 'black box' of Nepalese politics and statesmen's perception about how it translated into the foreign policy of Nepal.

To support the hypothesis and problem formulation, the empirical data will be taken if needed from different types of secondary sources. The empirical data related to foreign affairs, diplomacy and international relations would be taken primarily from Nepalese Ministry of Foreign Affairs (MoFA), Institute of Foreign Affairs (IFA), and Department of Statistics, Nepal. The data related to Nepalese economy, finance and external business would be taken from National Bank of Nepal (NRB), Nepalese Ministry of Finance (MoF), World Bank (WB), and Asian Development Bank (ADB). And, other type of data related to ethnicity, caste systems, population, and geography will be taken from Department of Statistics. Of course, I will use the data and empirical evidence from national level Newspapers, Magazines, Research Journals, Books and Websites, which have been published in previous time. And also, those sources will be used as a reference to validate and support my hypothesis and problem questions. And, as much as possible I will use the data from the reliable and authentic sources where data are presented more neutrally.

The thesis will also investigate and analyze the behavior of national level political parties and their decision making process on foreign policy matters, where foreign policy is least institutionalized and most of the decision on foreign policy, bilateral agreements and treaties have been taken by leader's personal interests and benefits. Whilst, it is known that Nepal's geopolitical location and its entire landlocked geography is also important for foreign policy decision-making process. Economy is the backbone of every nation and it is believed that economy of the nation hugely influence the foreign policy of individual nation state. And, I will try to investigate and analyze each and every important domestic factor which could affect the foreign policy outcomes which includes: political parties; geopolitics and geography; economy; and the historical political development and foreign policy choices.

3.0 Concept of Foreign Policy

According to Oxford Advance Dictionary of English, the word ‘foreign’ refers to ‘the concern or concerning the affairs of other nations’ and ‘foreign affairs’ constitute the meaning about ‘policy of a government in dealing with other countries or with activities overseas’. In general, foreign policy is made by the actual government of a state to deal with other states, and at the same time to pursue state’s interests outside world (Beasley *et al.* 2013: 4). Different theoretical approaches have their own explanation about a state’s foreign policy analysis. The scholars who are involved in analyzing states’ foreign policy clearly write that neither international system nor domestic factors are solely responsible for the foreign policy decision-making process (Hudson and Vore 1995:210). The important question in regarding foreign policy is, who makes foreign policy or how it is made and for whom, or, what are the roles of international system as well as domestic factor in shaping foreign policy of a state?

Beasley *et al* defines, the term ‘policy’ refers to the certain actions of governments, government institutions and government officials, and the policies could be for anything but it depends upon what the government is targeting for its activities (Beasley *et al* 2013: 4). If government is intended for its activities outside state’s borders then it is foreign or external ‘policy’ or if it is for inside state then basically it is considered a domestic ‘policy’ (ibid). However, sometimes a government’s policies for domestic purposes could affect the other’s interest and foreign policy. Indeed, the policies are the product of a thought of the governments or government institutions or in some cases the thought of individual leaders (ibid). Those who are playing the roles to influence others’ foreign policy or have a capacity to affect the foreign policy outside their own borders are generally considered as the foreign policy actors (Beasley *et al* 2013: 5). Scholars who engaged in foreign policy analysis contend that to understand a foreign policy of a state, one must see how foreign policy decisions are made, and factors which affect decision-making process and outcome (Garrison 2003: 155, eds.). In some cases, the state leader makes a quick decision as per the necessity of a state in certain situation, which may need immediate move in foreign policy decision, if failure to do so, state and regime could be in trouble, that situation as scholars define as necessity in foreign policy (Raymond 1998-1999: 673).

For an individual state, to make a foreign policy choice is not an easy game because there are several factors that affect the foreign policy of a state. At the present time, the public wisdom holds that it is the globalized world and every nation are interconnected with each other in the basis of economic and other relations, so one's policy could easily harm other's policies. This proved that every state is not so much free for their foreign policy choices. But, the international relations theories suggest that richer countries have greater freedom than their poorer and smaller counter parts while formulating foreign policy choices. And, there are many domestic factors that also play the determined role in foreign policy formulation, such factors are: leaders' perceptions, state's economy, domestic political factors, society and culture as a whole, opposition groups and state's geographical location.

Foreign policy analysis (FPA) is a distinct area of study, which combines both external and internal affairs. Without analyzing both variables one cannot assume how foreign policy decisions are made. FPA scholars suggest that state leaders are the primary actor of foreign policy decision making process of any individual state, but if those leaders are unable to understand the external and internal policy linkage, they may not be able to forge effective foreign policy goals or they are not able to further state goals outside and inside the state borders (Beasley *et. al.* 2013: 7). Foreign policy analysis is also a part of the international relations, so state leaders or policy maker should aware about the international politics, and how international system is organized because impacts of international system is out of control for the internal policy makers (Waltz 1988: 618). Furthermore, there is no overarching authority above the states, so states' foreign policy choices depend on how states behave and response each other in international system (Wivel 2005: 357). Some theories still argue that state's domestic political system as democracy and non-democracy plays the important role on how it reacts internationally (Beasley *et. al.* 2013: 3). However, characteristics of international system give pressure to the state leaders, which compel the leaders to react in certain ways. Most of the theorists of international relations are agreed that states' economic wealth and military might are the chief determinant of foreign policy choices and that determines their roles in international relations regardless of their history, culture and civilization (Zakaria 1992: 180). For instance, Chinese and Nepalese foreign policy choices cannot be compared in similar terms

regardless of their status as unitary and independent nation in the system because China's higher level of military might and economic wealth compels it to take more international responsibility and active foreign policy while Nepal cannot take such because of its poorer capability.

In this regard, military capability and economic strength can shape the multitude of states' relations in the international system. Although, state's foreign policy is always not limited with the own security and economic policy but it goes beyond these things like, human rights protection, global warming and climate change, controlling of terrorist activities worldwide. These issues are not rooted in a single state, and neither a state centric nor creation of a single state. This is why, single state may not be able to solve such problems, and so, all states need close cooperation on each other. Cooperation on these above subjects could create more trust among states, which will provide positive incentives in the international systems and helps to resolve the international issues by peaceful means. Each theory of international relations has their own explanation about state's foreign policy. Here, I am trying to compare some foreign policy approaches from Realist, Liberalist and Constructivist theoretical models.

Liberal theory of international relations regards the economic wealth and its distribution as primary feature that influences the state's foreign policy. According to liberalist, all states are interconnected and interdependent on each other in this globalized world. Liberalist's main approach is how to get more economic wealth by peaceful means rather than conflict. And, those economic wealth achieved by peaceful means may create the peaceful and cooperative world. Liberalist believes that to make a greater economic wealth states need cooperation because it provides higher level of trust and allows states to further their goals internationally. Liberal theorists have long been tried to answer the question of how does economic interdependence affect an individual state's foreign policy (Beasley et. al 2013: 10). Neoliberal institutionalism opines that states co-operate each other for the mutual benefits or absolute gains, in fact states can have benefit through the division of labor as per their skills and capacity of the production of certain goods and services (ibid). For liberalist, arms control agreements; trade agreements, cultural exchange and

cooperation are the basic tenets of cooperation among states to avoid conflicts but to further their mutual interests of economic wealth.

Economic interdependence is the ideal philosophy of the international relations but that does not work all the time smoothly, which has many difficulties to address poorer and smaller countries. A poorer country that is less engaged in international trade has no way to benefit from the globalization process. Because it lacks virtually everything to foster its trade internationally and these countries have to solely depends on others for their development process. In general, less wealthy countries have less freedom in their foreign policy choices. For instance, poor nations like Nepal and Bangladesh get less involved in global economy and are heavily constrained in their foreign policy making process. In other way, if states have deeper interdependence on each other there is also the higher chance for conflict (Beasley *et. al.* 2013: 11). For example, If state 'A' depends on the resources of state "B", and if they are unable to find the way for cooperation and compromise, then the state 'A' may use force to gain access to resources of state 'B'. When states are heavily interdependent on each other, such states are always suspicious on others activities and policies, because that could affect other state's well being. Thus, one state's economic wealth hangs on other state's wishes. However, states have no choice to cooperate each other for trustable environment among states, which provides positive incentive for every state for peaceful rise.

Constructivism is another theory of international relations that says, international politics is socially constructed where societal norms and values play the greater role in shaping foreign policy of a state. They believed that international system is the composition of the social interactions and shared understanding of a state which are more than objective forces (Beasley *et. al.* 2013: 12). Scholars who involved in constructivist research define that the states' foreign policy outcome is the socially constructed where state leader or actor's identity and interest inherently lies within (Griffith 2007: 60 eds.). They believed that international norms, values and shared understandings compel other states to act within the legitimate form. Those international norms restrict state's foreign policy behavior in an appropriate manner. Constructivism generally does not deny the existence of power politics in

international relations but it is the compound effect of the agent's pessimistic view of international politics (Guzzini 2004: 40 eds.).

For constructivist, the socially created meanings are always important for the state's foreign policy because every state are pursuing their identity and interests or states can not go beyond their societal values and norms, but while formulating their foreign policy they also respect the international regulations and norms (Wendt 1992: 397). Alexander Wendt argues that conflicts among states are not the cause of anarchy rather it is the conflict for agent's identity and interests (ibid). The international norms are also creation of the global society. Constructivist argues that power politics and relative strength are not the only determinant factors of international politics; it is come by the social interactions among various states. According to Beasley et al., *"proponents of each of these perspectives agree that foreign policies are a result of states' rank, status, and link to other actors in the international system"* (Beasley et. al. 2013:13).

Realist sees a pessimistic view of international politics, as it is the product of power politics where powerful states dominate lesser states. They believed that power capability shapes the intention of the state and it is the chief determinant factor of international politics. Realist argues that there is no overriding power above the states, so international system is anarchy; it is the permissive cause for conflict among or between states, and security and survival as well as preserving sovereignty are the top priority for the state (Waltz 1990: 32). For realist, state's foreign policy is made to react the outcome of international politics, and it is the daily stuff for an individual state (ibid). Only militarily and economically power full states have greater freedom for their foreign policy choices (Viotti & Kauppi 1993: 56). Those powerful states could be considered as great powers in the system, and they are *"always searching for opportunities to gain more power on their rival, with hegemony is their final goals"* (Art & Jervis 2005: 50). As realist sees international system as an anarchy, states cannot afford to be a moral because every state is seeking more power for their own security, so all states are in self-help position in the system (Art & Waltz in Smit & Snidal 2008: 154).

Neoclassical realist (for detail see chapter 4) argues that given state's domestic factors are important while analyzing foreign policy because each state has a right to react systemic pressure in their own way. The domestic or internal factors play as intervening variable, and works as a transmission belt. Neoclassical realist suggests that when analyzing any state's foreign policy, one must open up 'black-box' of state, because it shows how foreign policy decisions are made domestically.

4.0 Theory: Political Realism

All realist theorists believe in the reality of existence like, what is about instead of what ought to be. Classical realists argue that the desire for power rooted in the human nature, as Hans Morgenthau and Hobbes both contend that “pride, lusts, and quest for glory would cause the war all against all, and desire to attain a maximum of power is universal” (cited in Waltz 1990: 35). According to classical realist, every state always seeks to maximize their relative power to secure its own position in the realm of world politics and, at the same time those rational statesman always become afraid with others’ relative power and they try to achieve it. This power seeking nature and competition for scarce resources ultimately leads to war, ‘all against all’. Having power capability is the ultimate goal of the state, and it is end in itself (Waltz 1990: 35).

The theory neorealism differentiates itself in the various terms with the traditional political realism. Neorealism deals about the structure of international politics and interaction of the units where anarchy is defined as structural environment of the system. In the realm of anarchy, systemic pressure and capability of units affect the outcomes, in this sense all realists have a common point that relative capability (power) matters much in the international political outcome. According to neorealism, units are defined as states where every state is equal as being their ‘autonomous political unit’ regardless of their size and capability, and there are no formal hierarchic orders and specific functions between units. In ‘anarchic’ structure, each unit gets themselves in a ‘self-help’ situation (Waltz 1990: 35). Waltz states, in the ‘self-help’ situation, capabilities of units are important that state’s relative power and their placement in the system help to understand their behavior and fates (Waltz 1990: 36). Waltz concludes that security and survival is the prime concern of the state, and sensible statesman try to attain a relative level of power to achieve state’s motives where end and means are differently placed. For neorealist, power is not an end in itself rather it is a useful means of security to avoid any possible risk, and higher level of strength could subvert any possible adversary (Waltz 1990: 36). Although, Kenneth Waltz’s neorealist theory does not explain much about the domestic politics as an intervening variable in regarding foreign policy decision-making process. It only

explains the international politics about how systemic pressure creates opportunities & threats for every state, and how state interacts each other in the realm of world politics where power, security and relative capability are the explanatory factors. Neorealist argues that the domestic politic has nothing to do with the international politics it is only the daily stuff of international relations. Waltz further says:

“Much of the daily stuff of international relations is left to be accounted for by theories of foreign policy. Whereas theories of international politics take as their dependent variable patterns of outcome of state interaction, theories of foreign policy seek to explain what states try to achieve in the external realm and when they try to achieve it” (cited in Juneau 2010: 1).

4.1 Neoclassical Realism

Neoclassical realism is known as the youngest version of realism in international relations theory, basically it deals about the foreign policy of the states within realist theoretical tradition. Gedeon Rose, the most prominent neoclassical realist till now, coins the term ‘Neoclassical realism’. Neoclassical realists also accept the notion of neorealist theory that the given state’s foreign policy is driven by its place and real relative material power capabilities in the international system. The distinct theoretical notion of neoclassical realist is, it adds domestic factors such as politics, economy, material power capability and leader’s perception to react the structural pressure while making state’s foreign policy choices. Because, in the unit level analysis, each state is free to accept or reject the structural pressure and they are also free to react and redirect the external threats and opportunities within the state’s interests and goals. The basic element of neoclassical realist theory combines both classical realist approach and neorealist theory of international politics while explaining and analyzing any given state’s foreign policy, they argue this is the way they are realist. To understand the reality of world politics, and how power shapes the state’s intention they often cite the Thucydides’ formula: “the strong do what they can and the weak suffer what they must” (cited in Rose 1998: 146). For neoclassical realists, the most important theoretical explanation while analyzing foreign policy is the relative material capability of a given state and systemic pressure as an ‘independent variable’, how these things affect the state’s foreign policy outcome in the realm of world politics. But, neoclassical realist also assumes other several factors

in a 'unit' level that could have causal weight into the foreign policy outcomes such as domestic politics & leader's perception defined as 'intervening variables'. According to Rose, neoclassical realist uses the domestic politics and leader's perception as a 'transmission belt' to filter the systemic pressure at the unit level, that is why they are 'neoclassical' (Rose 1998: 147).

Neoclassical realists argue that to get the more accuracy and specificity in the foreign policy outcome, one must open up the 'black box' of the state and see how intervening variables of domestic factors are contributing to fulfill the state's interest and goals through foreign policy. Here, domestic factors may include the domestic interest group, state interests, elite perceptions and society in a general (Juneau 2010: 2). Rose states that country's foreign policy choices are made by actual political leaders and elites, not by a state as a whole, in this sense a relative material power capability is important to them because accommodation of foreign policy choices is a tricky game if unable to understand the systemic constraints in a domestic level could cause severe consequences (Rose 1998: 146). Rose suggests that to understand the broad pattern of foreign policy of a given state, the analyst should examine the strength and structure of a state, and the capability to change the physical resources to the real material power, i.e, economic and military (Rose 1998: 145). But some argue that in several conditions, state leaders' psychological perceptions could redirect the state's action into different way.

To understand how structural pressure or systemic constraints affect the state's actual foreign policy outcome, neoclassical realists use structural pressure or systemic constraints as an independent variable as an explanatory factor to assess the actual foreign policy outcome of a given state. International system is anarchy because there is no ordering principle above states, and those states are the unitary actor in the system. Each state in the system seeks own security and survival, in this sense they are likely to maximize their relative power capability if they could. At the same time, other state could feel a threat of another state's power growth, and then other states could change their foreign and security policy according to the level of threat. For neorealist, external environment (behavior) or international constraints are the determinant force for the given state's policy prescription. As Rose argues "the relative amount of material power resources that countries possess will shape the

magnitude and ambition, and as their relative power rises states will seek more influence abroad, and as it falls their actions and ambitions will be scaled back accordingly” (Rose 1998: 152).

Neoclassical realists agree with Waltz’s assumption that states are pushed and pulled by structures, and systemic pressures create opportunities and constraints. In this situation, relative level of material power capability determines the state’s role within the system. Fareed Zakaria puts further, the ‘space’ created by systemic constraints where state may act with rationally, in doing so states purposely seek to maximize certain ends by measuring ‘risks’, ‘opportunities’, ‘costs’, and ‘benefits’ (Zakaria 1992: 192, Zakaria 1998: 39). Neoclassical realists want to add up intervening variables of domestic factors into the systemic pressure, which as they defined is ‘transmission belt’ that filters the structural constraints. Systemic pressure is inevitable but statesmen or government defines that pressure according to the state’s relative position in the system. State’s relative position determines the state’s scope, ambition and goal in the system, accordingly foreign and security policy choices of state will be formulated and implemented. Neoclassical realists contend that systemic constraints alone do not constitute the foreign policy of a state. They argue that the unit level analysis will be needed because “world leaders can be constrained by both international and domestic politics” (Rose 1998: 152). In this respect, analyst must see “how systemic pressure are translated through the intervening variables of domestic factors such as decision maker’s perceptions and state structures” (Rose 1998: 152).

Neorealist’s primary focus is, the international system conditions national security and foreign policy choices, and domestic actors are less important. But, Norrin M Ripsman states that they do not mean domestic political factors are unimportant, as he argues, at a time domestic actors are free to interpret the international threats and incentives, and they are allowed to respond according to their policy choices because international system itself does not dictate and way out any individual state about how to deal with it (Lobell, Ripsman & Taliaferro 2009: 191-192, eds.). If so, how domestic factors play a role in shaping state’s intention and foreign policy? Or in what way, intervening variables dictate the national foreign policy? Or in what condition domestic actors are decisive to formulate the foreign policy? In regarding

these questions, a prominent neoclassical realist Norrin M. Ripsman has tried to answer in 'Neoclassical realism and domestic interest groups'. According to Ripsman, domestic groups are those who have most influential power within the state or who can remove government executive, or can impede government's programmatic goals abroad, or those actors can have significant impact on policy choices (Lobell, *et.al.* 2009: 191-192, eds.). He argues that there are certain conditions that domestic actors can play a greater role in directing foreign policy choices. If states are not in danger or in a lower level of external threat situation or international security environment is stable, according to him, states will have a higher level of freedom in choosing foreign policy choices without any severe consequences (*ibid.*). In this condition, states can afford in a low cost for faulty decisions (*ibid.*). Moreover, the national security or foreign policy choices may allow to determine for domestic political ends (*ibid.*). But, in the serious matters of 'war' and 'peace', other domestic actors can be restricted into a decision - making process or to drive national foreign and security policies but, he states, 'they may affect or delay the timing of war and peace' (*ibid.*).

Jeffrey W. Taliaferro purposes a 'resource-extract model' that state leader could extract, mobilize and use any type domestic resources from the society to respond systemic pressure and some states can try 'emulation' and 'innovation' to counter any possible external threats may be in the long run (Taliaferro 2006: 465). Waltz's balance of power theory is right because systemic pressure creates threat and opportunity for all states, and power capabilities determines the state behavior in response to external threat. Every state needs power but all states do not have same power capabilities, if so, where does power come from? Or how does state accumulate more power? And, how they increase the relative power or how they mobilize their society to achieve certain end. As Taliaferro is trying to answer about, "under what circumstances will states emulate the successful military institutions, governing practices, and technologies of more powerful states" (Taliaferro 2006: 466)? According to him, if systemic forces create incentives for all states to survive themselves, why all states are not able to emulate successfully their domestic institutions and mobilize the society. He points out that there are certain conditions about why and when states will likely to emulate their domestic institutions to respond systemic pressure, Taliaferro points in this way:

- i) If “states are already enjoying higher level of extraction and societal mobilization capacity but also facing higher external threat are more likely to emulate their military, technology and innovation”; ii) if “states have lower level of extraction and mobilization capacity, and also facing higher level of external threat, will have difficulty in pursuing emulation”; iii) if “states have higher level of extraction and mobilization capacity but lower level of external threats will likely to pursue long-term security goals by enhancing technology and innovation”; iv) if “states have constrained extraction and mobilization capacity and also lower level of external threat will unlikely in pursuing emulation and innovation” (Taliaferro 2006: 467).

Consequently, state’s strength shapes the intentions and behavior, and in a same way, external vulnerability also constitute states’ role against external threats. Zakaria and Christensen point, “state strength is that portion of national power, which state leaders can extract from their society to achieve certain ends” (Rose 1998: 162). As neoclassical realist defines ‘state power is the relative ability of the nation where leaders can extract, mobilize and use that social resources as defined by nation’s institutions’ (Taliaferro 2006: 467). Taliaferro further argues, state leaders can try to pursue a nationalist ideology to be able to mobilize nation’s human and material resource to increase emulation and innovation at least for the long term (ibid). Finally, neoclassical realist concludes that this state power, which is extracted from societal resources by state leaders, is a state’s capability that filters the systemic pressure at a unit level. To response the systemic pressure in a domestic level, a leader’s perceptions can play an important role while making foreign policy of any individual state.

In sum, neoclassical realists accept that power must be the independent variable and it is ‘chief determinant of foreign policy most of the time’ but, in some cases, other domestic factors ‘redirect’ the state’s foreign policy (Juneau 2010: 7). Like other realists, the basic principle of neoclassical realists is the ‘capabilities shape the intentions’ for example; great powers have the different viewing of the world politics, than their weaker counterparts. The most important part of neoclassical realism is the interaction between units and structures (of world politics), which results ‘foreign policy’, is a ‘dependent variable’. Robert Keohane concludes “international institutions, rules, and patterns of cooperation can affect calculations of interests, and can also be affected incrementally by contemporary political action” (Keohane 1989:

66). In this sense, neorealist's structural theory alone is insufficient to explain foreign policy of any state because they lack 'unit' level analysis. Structural pressure only provides incentives to the states not the foreign policy choices, this means that individual states are responsible to retort and interpret systemic pressure in their own way as determined by their domestic capabilities and state power. The best thing of neoclassical realist is unit-level and structural analysis at the same time while analyzing foreign policy of any given state so, it opens up big horizons and broader prospect for research endeavor within the respective field.

Generally, neoclassical realism uses three types of research methods: case study, process tracing and theoretical informed narratives. These three types of research tools can be used in a single but complex case while analyzing foreign policy of a given state. Neoclassical realism seeks to understand a complex issue and its causal chain that links to the relative material power and foreign policy outcomes (Rose 1998: 165). Case study research is an empirical investigation of a real-life context and it explores contemporary phenomenon of causal mechanism in great detail (Yin 1984: 23). In a process-tracing method, a researcher attempts to define the causal processes and mechanisms of intervening variable and then identifies the causes and effects between independent variable and dependent variable (George & Bennett 2005: 206). According to Gideon Rose, while analyzing the foreign policy of a given state, it also expects to trace about how state leaders perceive the situation because, sometimes processes other than the 'objective material power trend' matters in the foreign policy research (Rose 1998: 167). Neoclassical realist theory can be used any types of individual case where power is the chief determinant force, and it suggests that the events should be analyzed intellectually in a systemic level and trace precisely those events that how relative power is translated into the state behavior.

5.0 Neoclassical Realist Theory and Nepalese Foreign Policy

The study of Nepalese foreign policy itself does not make that much sense without having seen Nepal's dynamics of relationship with its neighboring countries India and China. Since the independence from Britain, India claims itself as a region's first player and always compares with China's capability (Buzan and Wæver 2003: 118). In the other hand, China is considered as the global level great power. If we consider, power is the chief determinant factor in the international system, then Nepal is in the least advantageous position. Because, Nepal's real relative capability cannot be comparable with its immediate neighbors India and China in the given terms of land size, population, economy and military technology. Being next-door neighbors with possessing higher capability, India and China both are highly influential foreign actors in Nepal most of the time. In many occasions, Nepal's foreign policy maneuvering was seriously constraints by its least relative capability. However, Nepalese statesmen especially monarchy during the Panchyat reign had used 'China Card' to counter balance India. In such, the monarchy was successful in exploiting Sino-Indian differences, when Indian influence was heightened in Nepal (Rose and Dial 1969: 95).

But, in the other hand, India was the dominant foreign actor not only in Nepal but also in other small countries of South Asian sub-continent. China often assured as a guarantor of Nepal's independence and sovereignty since the mid-1950s. Although, it was in words rather than in action but Nepali statesmen rightly exploited the Sino-Indian hostility in its own favor during the Panchyat periods. Since the Indian independence, the Nehruvian perspective was the most dominated foreign and security policy of India until end of the cold war, even in the post - Cold War era, it has not fully abandoned that old security perspective (Buzan and Wæver 2003: 93-97; Li 2008: 230). The Indian political and bureaucratic elites still believe that the only real relative military strength and its capacity to hold the territorial integrity can preserve its national security (Li 2008: 233). After the Red victory in Mainland China and its conquest of Tibet, India felt as threatened from China that it could cross the Himalaya and attack India or spread communism in South Asian sub-continent. That

made India a conceptual shift towards realist security mindset, and then India perceived China as a greater threat for India's national security ever since.

The dramatic defeat of India in Sino-Indian border war in 1962, Nepal was in the center of both countries in their foreign policies. Because of Nepal's weak position in the system and geopolitical difficulties that bound by India in the East, West and South and even economic, trade and transit dependencies on India, Pakistan became an evident option for China to counter balance India in the region. In doing so, China had succeeded to forge a geo-political alliance with Pakistan, which was India's long-standing adversary since their independence, and China provided to Pakistan a greater level of military and political support to check and balance the Indian influence in the South Asia (Kemenade 2008:6). But, China was cautious in its relationship with Pakistan that it did not join or stayed passively during the second war between Pakistan and India in 1965 and 'Bangladesh Independence War' in 1971 (Kemenade 2008: 6-7). China was succeeded to constrain India from being a dominant power in the region for that Pakistan maintained a virtual bipolar security complex in the sub-continent.

After such Sino-Indian differences, Nepal was somewhat able to exploit the situations in favoring national interests, which provide Nepal a greater level of independence in its foreign policy choices even though Nepal was under the heavy Indian influences. Notwithstanding the geopolitical closeness with India, China's modest and cordial foreign policy towards Nepal, which attracted Nepal closer into China especially during the king's absolute rule (Baral 1986: 1211). The Chinese foreign policy towards Nepal generally comes in the form of acceptance of the regime rather than supporting any political fraction or small group of radical communist, but in contrary the Indian foreign policy comes overwhelmingly using any means available to them (Rose & Dial 1969: 95). This is one of the main reasons that Nepalese political elites and general people are suspicious towards Indian involvement in Nepal. For India, its influences on Nepalese political elites and policy management are inevitable because it already considered that Pakistan and China is the vital territorial enemy and they are posing threat on India from north and west of Indian border (Li 2008: 235). In such case, India perceives that if Nepal goes in the hands of China could pose a serious security threat towards India. Leo E. Rose and Roger Dial state that “ ... *Nepal is of*

vital strategic and defensive importance to India, and New Delhi could not safely allow the country to come under a dominant Chinese influence ...” (Rose & Dial 1969: 99).

As neoclassical realist theory argues that ‘capability shapes the intention’, and relative strength is the most important determinant factor of the foreign policy of any state most of the time, and it is itself an independent variable. At the same time, realist insists that state’s latitude and objective is driven by its place in the international system, which is based on relative material capability (Rose 1998: 146). According to neoclassical realist, state’s relative strength and its power capability on foreign policy are much complex and indirect because it must be translate through the intervening variables (ibid). There are several domestic factors that often intervenes Nepalese foreign policy outcome such as, relative capability, land-locked geography and geopolitics, domestic political culture, and leaders or regime’s perception.

There were several events in Nepalese history that shows how leader’s personal imperatives intervenes state’s foreign policy, especially relationship with India. The Ranas’ relationships with British India and later treaty of 1950 with independent India was for the regime survival, but after the fall of Rana regime, the king and leaders of the political parties, worked out only through their personal thoughts and motives except in some cases. The first prime minister from the general public Matrika Prasad Koirala signed the Koshi River Treaty in 1954 with India. Later in 1960, his brother Bisheswor Prasad Koirala, the first elected Prime Minister of Nepal had signed the ‘Gandak River Treaty’ with India. After the political change in Nepal and Sino-Indian hostility on border issue, the king Mahendra had greatly initiated the Chinese proposal of road construction with Chinese assistance from Kathmandu to Kodari in 1961, without caring domestic and Indian objection that was initially refused by the elected Prime Minister under the Indian pressure saying there was no economic value (Baral 1986: 1209). After the Sino-Indian short border war in 1962, the king Mahendra had also signed the security agreement with India in 1965, which was kept secret until 1969 (Subedi 1994: 276). However, the king Birendra had rejected the Indian proposal for the new security and foreign policy agreement in 1989, but became ready for the constitutional monarchy. Shortly after the political change in 1990, the democratically elected Prime Minister Girija Prasad Koirala from Nepali Congress

(NC) had signed the treaty of 'Tanakpur and Mahakali River Treaty' in 1991, even without informing the parliament, council of ministers, and in the absence of any senior government officials.

Neoclassical realist further argues that power is not the only factor in determining foreign policy of any states because there can be other intervening variables, which would play as a transmission belt that can filter or subvert the systemic pressure in a domestic front. According to neoclassical realist, statesmen's perception plays the important role while filtering the structural pressure in a decision making process. In terms of the case of Nepal statesmen's perceptions have always been evident to preserve Nepal as an independent and sovereign nation, which could be seen from the past histories. Nepal could be one of the best examples during the Panchayat reign about how structural pressure and geopolitical contingency should be translated into the actual foreign policy. During the Cold War period, Rose and Scholz rightly explains about Kathmandu's responses towards external influences especially from India and China:

On several occasions it has had to face external threats in which the absorption of the central Himalayan region by political systems to the north or south appeared to be the issue at stake. Kathmandu's responses have generally been determined by the demands of the moment as perceived by the governing elite; however, a Nepali worldview, derived from decades of contentious existence in an unhealthy environment, is also evident in the definition of policies (Rose & Scholz 1980: 117).

Nevertheless, after restoration of the multi party democracy in 1990, Nepalese political parties and their leaders have not able to direct the state's foreign policy according to state's needs and goals. Firstly, Nepalese political leaders have psychologically feared for the India's unilateral abrogation on Nepal's trade and transit from or through India for example, Indian embargo on Nepal in 1989. Secondly, those leaders have deep-rooted psychological perception that if India were mistrustful with them, they would not reach in the government, and they believe that New Delhi's blessing is most needed to rule in Nepal. Thirdly, at the time being India had supported those political leaders when they were struggle against regime in Kathmandu, and those leaders who had historical ties with Indian establishment. Fourthly, India has own lobbying group in Nepal those who are Indian origins and

living in southern plain area of Nepal, India does mostly use them against Kathmandu to fulfill Indian interests in Nepal. And fifthly, there are geographical barrier and cultural limitation for the frequent contact with China where Nepal and India have cultural and religious affinity.

And, theoretically in democracies, political parties are generally responsible towards common citizens, and also there are various interest groups within the country, in which the government can not take strong decision against external influencer which could be detriment and long-term effect on the people's well being as well as they are afraid of that if anything could go wrong in the domestic life. Randall L. Schweller argues that democracies are slow to react to gather threats from the external environment, however elites are tend to follow the under-balancing or underreacting methods for the structural pressure in the domestic policy making (Schweller 2004: 168-171). Although, Nepal does not have itself the long history of democratic governing system, but the political parties and political elites who are involved in the recent political process generally come from either democratic movement or democratic political process. Since last eight years, Nepal's political process is in transitional phase, and in such period there is not uncommon for domestic political chaos. So, higher level of external influences in Nepal's domestic matters is not the unusual, and political elites would be less inclined to react such influences because of lots of domestic political troubles. These above factors could be relevant in relation to leaders' perception, which are working as intervening variables in Nepalese foreign policy decision-making process.

The dramatic political changed occurred in 2006-2008, that also brought Maoist insurgent groups into peace process as well as mainstream politics. The political change abolished the long-standing monarchy from the country and established Federal Democratic Republic of Nepal. The political transition has prolonged due to lack of unified consensus among political parties for a new constitution drafting process. As of 2013, the internal political environment still undergone through the transition phase because political parties with different types and nature have not been able to draft the new constitution mandated by the Constituent Assembly (CA) election held in 2008. Until the political change in 2006, the Nepal's monarch has maintained generally stable and balanced foreign policy approach in dealing with

India and China. In the recent years, the northern neighbor, China has also extending its relationship with different political parties in Nepal with active presence and regular high level visits despite the fact of China's long-standing non-interference policy on domestic matters (Jaiswal, 16 September 2010, www.idsa.in). Some argue that Beijing has to reassess its foreign policy towards Nepal because of dramatic political shift and prolonged transitional periods could change the status quo in the Himalaya (Nayak, 30 March 2009, www.idsa.in). In another case, Padmaja Murthy sees the reassessment of Indian foreign policy towards Nepal and he argued that the New Delhi brought Maoist into the power but later Maoist has gone closer into China that is directly link into India's security (Murthy, 10 Sep. 2009, www.ipcs.org). In many cases, one country's changes or movement in domestic policies could directly impact another country's policy choices. The recent political developments and unsettled transition periods have brought the foreign intervention on domestic political management in greater extent.

In sum, neoclassical realist theory better explains the Nepalese foreign policy because this theory also offers various domestic factors with leader's perception as intervening variables while analyzing and filtering the systemic pressure into decision-making process. Since 1950s, various domestic factors like, geography, economy, domestic politics have always played a crucial role in determining Nepalese foreign policy most of the time. Along with other domestic variables, Nepalese political and foreign policy development have proved since many decades that the political elites and leaders' perceptions have the greatest impacts on its external policy choices and decision-making process and outcome.

6.0 Geopolitics, Economy, and Development of Nepal

There is common belief holds among the Nepalese people that geography and geopolitical factors are the crucial component in limiting Nepal's economic and political development. Nepal's sandwiched geography and big powers' geopolitical interest often constrain Nepalese foreign policy choices. Since 1950s, Nepalese foreign policy is generally prioritized on balancing relationship with its giant neighbors India and China (Bhattarai 2005: vii). After the Cold War, many states either small or big have focusing on economic growth and development. Because, there is no more super power rivalry, so states have to do themselves. During the Cold War, the super powers were trying to attract even small nation states into their sphere of influence over the ideology, economic gain and alliance formation for military capability. After the end of the Cold War, the world is moving towards globalization where economic gain and development of the states are the first priority for each state. And, every state come to understand that only economic gain, technological advancement and relative development can secure the states' presence in the international system. Even for realist perspective, economic wealth and prosperity are the most important factors to secure state's sovereignty and independence in its policies. Realist believes that only economically wealthy and highly industrialized countries can provide higher level of living standard, full employment and other social welfare goals, which is essential for stable domestic political environment, and then states can pursue external goals alike (Viotti & Kauppi 1993: 56). Furthermore, economically wealthy and advanced industrialized countries can afford hi-tech military capability as well as they can provide development aid to poor and weaker countries in the third world (ibid). Thus, these economically rich and technologically advanced countries always have strong presence and influential role in the international arena than the poor and weaker states. This section will explain about how geopolitics, state economy and overall development affect the state's foreign policy spectrum. According to neoclassical realist theory, these above factors are considered as intervening variables while formulating state's foreign policy. I have tried to explore why these factors are important on the Nepalese foreign policy choices.

6.1 South Asia and Regional Dynamics

The creation of the South Asian Association for Regional Cooperation (SAARC) in mid-1980s did not help much more to keep peace and friendship among the member states (Baral 1986: 1207). Although, It is still unable to create a single South Asian community, however, the idea of SAARC was an inspiration of the European Cooperation system. The regional trades and commerce never became the substitute of security and foreign policy of all South Asian states. The intra-regional trades among all South Asian states in 1993 was just 3 percent, which was marked very low in both quality and quantity comparing with other regional cooperation and trade bloc in the world, like, European Union (EU), Association of South East Asian Nations (ASEAN) and Mercado Comune del Sur (MERCOSUR) (Shrestha and Upadhyay 2004: 430). Lacking economic interdependence among states provided less opportunity to find out the peaceful means in their foreign and security policy to deal various disputes. There were several factors for difficulty in integrating each regional society through intra-regional trades, such are: the very least developed economies of each state, mass poverty existed everywhere, and each state's relative state-of-development were at lower level. Furthermore, the diverse culture, linguistic, ethnicity and religion are still the key source of irritation in the region that often brings communal conflict in the sub-continent (for example India and Pakistan's Hindu/Muslim conflict), and those states often try to search for external power to balance region's security dynamics (Cohen 1975: 204). Moreover, Lok Raj Baral, a professor at Tribhuvan University, Nepal points that:

“There is no unified regional security policy in South Asia. Nor do common perceptions of external threats bind together the countries of the region. In the given context, the South Asian states do not seem to be working toward a common strategy” (Baral 1986: 1207).

Within the South Asian region, India and Pakistan are considered as the big player of the region, and their deepened rivalry for Kashmir begun since the decolonization from Britain, which was the hazardous for peace and prosperity in the sub-continent (Cohen 1975: 214). In comparison with the power equation, India is more powerful than Pakistan in terms of military, economy, land – size and population. However, China's blessings on Pakistan directly hindered the India's wish to maintain an

overwhelming predominance role in the sub-continent. Barry Buzan and Ole Wæver rightly observes that the old-fashioned type of powers have always dominated the security agendas of the two rival states in the South Asia, and in so far war remains the distinct possibility in the sub-continent (Buzan and Wæver 2003: 93). The strong and stereotype of nationalism and political rivalry based on religion was long running and still there is the clear sign of the continuity, which has brought four general wars between India and Pakistan (ibid). After the independence, India's main intensity is to be a great power and different power, and it had always measured itself against China that eventually brought these two giant states face to face in the border war in 1962. The Indo-China border war brought China and Pakistan much closure against India for a common goal to contain India in the sub-continent. China came to the way to support Pakistani effort to maintain bipolar regional security dynamics as well as it had continued in backing Pakistan's military technology matching with India. However, South Asia was remained the minor front for China's Security and foreign policy because going too much against with India meant going against with Soviet Union. Because during the Cold War politics, India was formally backed by Soviet Union through the Indo-Soviet friendship treaty signed in 1971 (Tahir-Kheli 1978: 1002). This could be the fact that China never reached in strategic military pact or alliance with Pakistan.

During the Indian military intervention backed by Soviets in East Pakistan to support Bangladeshi Independence War, China was deeply unhappy with the event but found itself helpless to counter check Indian intervention, and then Bangladesh's existence and Pakistan's separation became inevitable (Tahir-Kheli 1978: 1002-4). However, the US also did not come to help Pakistan against India despite being US-ally in the region. Thus, India gained some success to weaken Pakistan with separation of East Pakistan into new independent country, Bangladesh. After such event in 1971, and two more events in 1974 such are 'peaceful nuclear device explosion' and 'takeover of Sikkim into Indian union' made China more suspicious with India's 'forward' and 'aggressive' foreign policy in the South Asia, and Beijing concluded that:

“Soviet revisionist social imperialism and Indian expansionism constitute a serious threat to the independence and sovereignty of the South Asian countries, and are the main cause of the unstable situation in the South Asian sub-continent” (Tahir-Kheli 1978: 1004).

India's such aggressive manner with neighboring countries compelled Indo-Pak relations into dead end, and China perceived that India was neither ready nor interested to normalization the relationship with China, and it worsened further. These events had played the greater role for more unstable regional security dynamics, and, at the same time, Pakistan was willing for clandestinely develop a nuclear deterrence capability against any future threat from India.

During a visit to South Asia in January 2000, President Bill Clinton characterized and said "South Asia had become the most dangerous place on earth", this statement came when two rival states India and Pakistan were on the arms race with series of nuclear test explosions in 1998, and later in 1999 the hostility erupted in the Kargil region of Kashmir (in Dittmer 2001: 897). Although, India had blamed towards China for its nuclear developments that China threat compelled it to do so for the national self-defense. But actually, its total military deployment was remained in the Indo-Pak border rather than China. The Indian post-test rhetoric of China threat was just to make rational for its nuclear and missile development programs, because Pakistan was weaker and lesser state than India (Buzan and Wæver 2003: 110). However, Pakistan's acquisition of nuclear bomb under Chinese assistance was simply an answer towards India, and "*its commitment to Islam is sufficiently fervent to have shaped its national self-determination*" (Dittmer 2001: 898). Stephen P. Cohen rightly observed that "*Pakistan long held in the grip of garrison state mentality, although lacking garrison-state resources or discipline*", in this sense, Pakistan had always tried to enhance its security through other external sources for example, from US and Chinese military assistance (Cohen 1975: 205). Nevertheless, Pakistan as a lesser state was able to internationalize its conflict with India with little success whereas Pakistan often tried to extract the extra-regional support to prevent India in the subcontinent, albeit India always refused to do so because it assumed that if giving access to super powers or extra-regional forces in the region would seriously constrain India's own predominant role in the sub-continent.

From the starting, China was the important player in the South Asian regional dynamic, and as assumed by Indian strategists that China had own strategic design of the sub-continent (Dittmer 2001: 901). In this sense, it is worthless to analyze the

South Asian regional dynamic without exploring the triangular relationships of India-Pakistan-China. The most important fact is, Pakistan's capability alone would not enough to prevent India's overwhelming predominant role in the region but China's involvement made it possible in the formation of bipolar security system. Dittmer rightly observes that:

“China has also been consistently suspicious of India's quest for regional ‘hegemony’, and has thus consistently underwritten Pakistan's defense efforts, to New Delhi's chagrin. More recently, Beijing has also courted Myanmar and even made overtures to Sri Lanka and Nepal, in a fairly transparent effort to gain strategic leverage” (Dittmer 2001: 902).

China is an Asian country with global level great power status but not a South Asian country, although its involvement in the sub-continent has made further complicated the South Asian security dynamics. More recently, Beijing has concentrated on diversification of its foreign policy towards other smaller states in South Asia, like, Nepal, Bangladesh, Sri Lanka, Maldives and recently Bhutan. It would not be wrong to say that China's this increasing relationship with smaller states in South Asia could provide more choices for Beijing's future maneuvering in dealing and containing India in the regional context. Although, the relationship between India and China were not always conflicting but also there contains some elements of cooperation within it which had effectively lead the exclusion of the outside powers' direct involvement in the region. Any way, it was in the peripheral interest and just a sideshow of the super powers' competition during a height of the Cold War (Cohen 1975: 205-207).

Even though, the US military aid to Pakistan and strategic relationship between them during the Soviet invasion of Afghanistan brought the super power engagement in the region. The US had long been supported Pakistan mostly politically and through military aid, but never agreed for the Pakistan's nuclear program (Buzan and Wæver 2003: 114). Although, the US-Pak relationship never became stable like, off again/on again. After the Cold War, the US had suspended all military aid towards Pakistan opposing that it had clandestinely developing a bomb at least until the Islamic terror attack on US soil in 11 September 2001 (Buzan and Wæver 2003: 114-5). Lowell Dittmer further states that the patron-client tier with extra-regional powers made

further complicated the regional balance of power, and that were the Pakistan's relationship with China, and India's primary arm sources on Soviet Union now Russia could be the perfect example of the patron-client relationship with outside powers (Dittmer 2001: 901). However, after the dissolution of Soviet Union, the South Asian regional politics changed into new direction that China and India both came to the point for the improvement of diplomatic and bilateral relations. China has gradually followed more neutral path in the Indo-Pakistan confrontation, although Indo-China border disputes have not solved yet. Since the end of the Cold War, Pakistan has losing the strong deterrence capacity against India. It has happened because India's growing position in the international system with rapidly increasing economic and military capability made India far ahead than Pakistan. Subsequently, the Indo-US relations have improved into strategic model, and, at the other hand, China has shown more neutrality towards Indo-Pakistan complications. Thus, the past bipolar security dynamics in the sub-continent has steadily shifted towards India centered unipolarity.

6.2 Geopolitics and Nepal

Nepal is as a small country with land-locked geography and having minimum relative capability always struggling for its survival and greater freedom on its internal and external policy maneuverability. Considering these facts, Nepalese policy makers feel that Nepal's security lies on the improvements of political and economic relationship with its neighboring country rather than any security treaties, alliances or military pacts. Nepal's security policy during the early decades, have been focused on especially three areas, like, a firmly and timely managed a modest Indo-Nepal and Sino-Nepal relationship, domestic political consistency, and the carefully managing of the regional and extra-regional policies for maximum economic advantages (Baral 1986: 1218). Lok Raj Baral chiefly observes that in the past decades of 1950s, 60s and 70s, the Nepal's monarch was successful in counterbalancing the giant neighbors in favoring Nepal's position between India and China, and at the same time, Nepal's security perceptions were largely shaped by the emergent situation in the sub-continent (Baral 1986:1212). S.D. Muni, an Indian expert towards Nepal has characterized Nepalese security and foreign policy in this way:

Nepal's regional balance of power had three dominant features: i) the extension and maintenance of friendship based on mutual respect and goodwill with every one of the neighbors, ii) the exploitation of regional differences between the neighbors to further self-interest; and iii) the declared stand of neutrality in the disputes between neighbors (Muni 1978: 98).

These above characterizations made by Muni was the Cold War security perceptions in the region whereas Nepal had formulated a careful foreign policy in balancing regional and extra-regional powers in the domestic front. For policy makers in Nepal, the relationship with China had significant value in several ways that it had provided more flexibility in Nepalese foreign and security policy with reducing India's unilateral political influence in Nepal's internal and external affairs. Baral argues that in the time being China's policy and its sympathy towards Nepal has been considered a reliable friend because it has never tried to figure out day-to-day 'mundane affaire', so Chinese policies and behavior in Nepal never got the immediate attention among Nepalese officials (Baral 1986: 1217). In other way around, India's behavior and its willingness to handle Nepal's affairs often characterized by Nepalese people as cooperation and conflict (ibid). Baral further states, the political elites in Nepal have given much value towards Nepal-US relationship because it was perceived as encouraging factor for smaller states in South Asia, who are making greater effort for their own identity and survival, however symbolic it was for Nepal (ibid).

Scholars define that geopolitics meant a certain geographical area where interest groups' politics is involved. Hans J. Morgenthau stated, "Geopolitics is the attempt to understand the problem of national power exclusively in terms of geography" (Morgenthau 1967: 155). Scholars who involved in geopolitical study argue that geography is the most important factor in determining state's foreign policy because it is mostly permanent entity of the state (Diehl 1991: 11). This geopolitical consideration specially refers into the politics between or among states to gain certain influence over that geographic area, or political importance of certain geography for others. Furthermore, the geographical and physical features of any state play an important role in determining state's sovereignty, security and identity as well as foreign policy (Bhattarai 2005: 2). It meant that the geopolitical consideration includes exclusively the study of geography along with other sub-factors like political

impact of interstate cooperation, which determines the state's role in international system and interstate relations.

A long ago, the founder king of unified Nepal Prithivi Narayan Shah said, "Nepal is a yam between two boulders (Rock)". He acknowledged the truth of Nepal's geographical difficulties about two and half century ago. Nepal is a tiny Himalayan country, which lies between two Asian giants India and China. Nepal has many similarities with India such as cultural, religious and linguistic. Nepal's total geographical area is 147,181 square kilometers, which is 22 and 65 times smaller than India and China respectively (Khadka 1992: 137). As concern of the population, Indian and Chinese population already have crossed the billions in numbers where Nepal's is about just below the thirty millions. Nepal has only two immediate neighboring countries, in which India is in the east, west and south, and China (Tibetan Autonomous Region) is in the north. Historically, Nepal is much closer and has greater contacts into India than China. Nepal's southern plain area and India's northern plain area has not any natural barrier, and both countries have open border system, where Nepal's northern and Tibet's southern part has rugged and very difficult high mountain terrain. This open border system and easy access to Indian Territory from Nepal and vice versa without having any natural and political barriers often raised the security problems for both countries. Nepal's greater difficulty is a far distance into international open water of sea, which is about 1,000 kilometers from Kathmandu and only accessible through India (ibid). Since the collapse of Tibet as a buffer state, Nepal's importance for India and China suddenly increased, India was heavily suspicious with China that it could cross the Himalayan and counter balance India in the region if such happen India's interest to become a regional player could be jeopardized. At the same time, China had assertive foreign policy in the region. In this way, Nepal's location perceived a vital strategic importance especially for India; it is because India always perceives a threat from China.

For Indian perspective, the Himalayan Mountains are principal natural barrier between South Asia and China. After the fall of Tibet into China, Nepal became the main Himalayan buffer state. At the same time, given Nepal's land-locked location, territorial size, least relative capability and economically poor state, those powerful neighboring states have greater interests in internal and external affairs of Nepal

(Campbell 2012: 4). The Indian foreign policies towards Nepal primarily focused on forging strong links to the security, political and economic aspects, as well as against Chinese involvement in Nepal (ibid). In this regard, India has long been claiming that Nepal is in its sphere of influence, and any development in Nepal either political or economic or military, which India perceived as it closely linked with India's security concern (ibid). The 'special relationship' which India claims was enshrined in the 'Treaty of Peace and Friendship' in 1950 between Nepal and India that granted India a preferential leverage on Nepal's security and foreign policy choices.

India's fundamental interest in Nepal is to prevent China, for that New Delhi is long been claiming Nepal as its 'sphere of influence' in the Himalaya close to China. For China, Nepal should not be the breeding ground for anti-China activity, and, at the same time Nepal would better serve fulfilling China's economic interests in the future making transit point between South Asia and China (Campbell 2012: 12). China believes that direct connection by land and greater economic interdependence could be strategically more influential than other means. Some scholars state that the growing status of India in the international landscape could contain China within the Asian continent only as an Asian power. So, for China's perspective, there is important to reduce Indian influence, and increase own engagement into the sub-continent to further security and economic interests (ibid). The common wisdom holds that one cannot go ahead without reducing other's position especially in realist tradition. This is something like zero-sum game of two Asian powers that have competing for more influential role in the region.

For long time, China has assisted Pakistan's military capability to match India's. China thinks that if India were busy with Pakistan and uses all efforts in it, then China would have more time to go further. Thus, India sees that Chinese engagement in South Asia is to contain or limit India's weight in the region. At the same time, China also perceives that the growing strategic relationship between US and India is to come for counter balance China's emerging status in international system. China is more suspicious that whether India could be used by other powers against it. However, China is the global level great power whilst India is only the regional player, but it wishes to get international status as a global level great power with regional hegemon in South Asia. Barry Buzan and Ole Wæver clearly state that if India wants to be a

global level great power, it must create itself strong security complexes in the region (Buzan & Wæver 2003: 118-120). This is why, Himalayan neighbors are strategically important for India to secure its position in the sub-continent albeit Bhutan has formal dependency and Sikkim already joined in the Indian union, and so Indian paramountcy in Nepal would not be the great surprise. Despite the predominant role played by India on Nepal, another immediate neighbor China also has the great interest in Nepal since early 1960s. After the dramatic political change and abolishing the monarchy in 2006-8, China has extending its presence and activities in Nepal with reevaluating old form of 'non-intervention' foreign policy on other's domestic politics (Nayak 30 March 2009, www.idsa.in). Nevertheless, Chinese foreign and its security policy into Nepal remained has remained mostly peaceful and cordial since the establishment of formal diplomatic and bilateral relationships between two countries.

In the recent decades, the Chinese involvement in Nepal increased in various terms. However, the central principles of Chinese foreign policy is respecting the sovereignty and follow the ideology of '*panchsheel*' or 'five principles for peaceful coexistence' of any states regardless of regime types. In general, the Chinese foreign policy indicates that it will not intervene or seek any type of influence on any country's internal affairs irrespective of regime type, and it is referred that 'non-interference' policy of China, which was clearly seen in Nepal – China relations since 1956 (Campbell 2012: 9). China has two major objectives in its foreign policy towards Nepal. The primary objective is the integral security of China that means security of Tibet. China sees Tibet is the most fragile autonomous region of China where many Tibetans are seeking either full independence or more autonomy from China. More than twenty thousands Tibetan refugees are living in Nepal and it is the second largest number after India, who wished to escape from Beijing's rule in Tibet (Campbell 2012: 10). China fears that Nepal could be the base for the anti-China activities especially from the Tibetan refugees who have greater sympathy from India and the West.

For China's perspective, Nepal should not be the breeding ground of any kind of anti-China alliances. According to Ivan Campbell, Tibet is the region of key resources and minerals, which is most important for China's future development and it considers no negotiation will be held on the case of Tibetan freedom activities, and it will use any

means to protect it (ibid). China considers that any demand for independence of Tibet over Chinese sovereignty is the clear security threat for China (ibid). After the March 2008 Tibetan uprisings against Chinese rule in Tibet, Nepal has got more significance in Chinese foreign policy, and so Nepal was one of the main part of those uprisings (Bhattacharya 2009). In the recent decades, Beijing is more suspicious of Indian and the Western activities in Nepal, because most of the anti-China activities were held in Nepal linking with freedom of Tibet. After the improvement of Indo-American relations and nuclear deal, Chinese suspicious became an evident in their foreign policy that India and the West would go for containing China in the region.

Besides the security objectives of Chinese foreign policy towards Nepal, another important thing is China's economic interest in Nepal (Holslag 2010: 642; Campbell 2012: 12). At the moment, the trade between Nepal and China constitute nearly 1 billion US dollar per year where China alone constitutes more than 80 per cent of total trade volume with Nepal (Campbell 2012: 13). Campbell states that China's 'Going Out' policy is basically the economic engagement with other developing countries and to gain a greater level of economic growth, where Communist Party of China's legitimacy at home heavily based on the country's high economic growth (Campbell 2012:12). Subsequently, China's engagement in Nepal facilitates the entry of Chinese firms into new market of South Asia (ibid). For China's perception, in the long run Nepal could be the transit point for Chinese goods into entire South Asian region. Besides Nepal, China's growing bilateral relationship and heavily increasing trade volume with other South Asian countries is highly considerable. In this way, China's economic gain is also the central of its foreign policy. China's foreign policy towards Nepal could be viewed according with long-term economic aspects (Holslag 2010: 642). Along with the economic aspects, since 2000, China is promoting people to people relations in Nepal what it says a cultural connection between Nepal and China through the China Study Center (CSC) (Schmidt and Thapa 2012:10). The CSC provides the Chinese culture and linguistic classes for Nepalese citizens and offered in some dozen places along with various border cities closure to India (ibid).

However, India and China are the fastest growing economies and the largest population in the world. Despite the distorted relationship between China and India, their increasing economic interdependence put other issues aside. The total trade

volume of India and China has steadily increased from 1 billion US dollar in 1994 to 61 billion US dollar in 2010 (Campbell 2012: 14). This growing trade volume indicates that the relation between them is for the economic mutual gains, and they are agreed to increase trade volume up to 100 billion US dollar sooner (ibid). The recent cooperation between India and China in various international forums and multilateral institutions clearly show that they are no more interested for any confrontation, at least for the economic gains. The improved Sino-Indian relationship directly affects the foreign policy of Nepal into positive manner, in which both could be the guarantor of security and stability of Nepal. Nevertheless, since mid-1950s, Nepal was always caught middle of the both countries and often tried for the more balance foreign policy despite the heavy Indian dominance on Nepal's external and internal politics (Bhattacharya 2009). For geopolitical consideration, Nepal's position between India and China has become strategically important. Campbell writes that it could be seen as a prize, which could become the venue of 'geopolitical competition between expanding China and defensive India' (Campbell 2012: 13). Campbell further states:

Nepal's role is also related to wider geopolitical dynamics, both within the Asian region and globally. There are many and diverse perspectives on these dynamics. Some contend that the US seeks to strengthen its alliance with India in order to contain China, a goal that underlies its engagement in Pakistan and Afghanistan and also informs US policy towards Nepal (Campbell 2012: 14).

The competition between India and China in the region possibly could impact the foreign policies of small neighboring countries including Nepal. Johannes Dragsbæk Schmidt and Manish Thapa contend that China and India both are competing strategically in expanding their relative influence over Nepal in each other's overhead (Schmidt & Thapa 2012: 2). Furthermore, China and India are trying to influence Nepalese government and political elites with different approaches. Subsequently, India has short-term tactical approaches whereas China has adopted long-term approaches in their respective policies over Kathmandu (Campbell 2012: 20). Even India is engaged in micro-management in Nepal where it always seeks more influence in Kathmandu's political elites, but in contrary China does not show its interest in that way.

All in all, the South Asian geopolitical environment is almost depends upon the relationship and strategies of India and China. The competition and confrontation between India and China in the sub-continent is long running. However, the growing economic interdependence in the recent decades has helping to find a peaceful means in reducing intra-states disputes. For Nepal, India and China both are equally important because of Nepal's landlocked geography and for balanced foreign policy to secure sovereignty and independence. In this respect, Nepal cannot avoid one for another, although too much attention has given towards Indo-Nepal relations by the political elites in Nepal. However, in the past decades, Nepal had been successful in exploiting Sino-Indian differences in the region favoring Nepal's security policy. Baral correctly argues that the friendly and improved Sino-Indian relationship and their shared policies positively affect the security policy of Nepal that could even guarantee Kathmandu's freedom of choice (Baral 1986: 1216). Thus, China's future engagement in the sub-continent and its behavior towards Nepal can be the crucial for Nepal's foreign and security policy. In the recent years, China's expanding foreign policy and its improved bilateral relations and growing volume of trade with neighboring countries of India is clearly indicating the geopolitical shift of South Asia. India's traditional belief of Himalayan Mountains were the vital natural barrier between South Asia and China, however, it has no more relevance in the 21st century's changing international dynamics. This has been proved by the China's expanding footprint into Nepal as well as South Asia by building several roads and railways connecting from Mainland China towards Nepal, Bangladesh (via Myanmar), and Pakistan's borders (Holslag 2010: 646). However, Nepal has own difficulty that by wooing too much closure into China could be calamitous for Nepal's destiny. The Indian economic blockade and embargo had the harsh effect in Nepal's economy whereas China was not able to substitute in favor of Nepal. At the same way, Nepal cannot abandon China in favor of India because it often provides Nepal a strategic tool to counter balance India when needed, which was effectively used during king's direct rule from 1960 to 1990.

6.3 Economy and Development

It is important to go back to the early 1950s to trace the history of Nepalese economy and development, and how it was gone through. The actual economic conditions, politics and overall development of Nepal in those periods will help us to understand the recent economic development. During the Rana rule, the annual budgetary system had never been existed, and state's financing were strictly control by the Prime Minister. According to Sukhadev Shah, there were not clear distinctions between state coffer and Prime Minister's personal property (Shah 1981: 1063). After the regular expenditures for the payments of salaries, the most of state revenues were used for the Prime Minister's personal consumption, palace building and foreign travel. Shah rightly observed that during the early 1950s, there were virtually no banking system existed in the entire country except very few bank offices in Kathmandu valley and other cities in southern plain terrain (ibid). After the political change, the new regime realized the need of central bank, which finally established in 1956 in regarding monitoring and institutionalizing the banking systems as well as to circulate own currency all over the country.

The country's economic activities were limited mostly within the Kathmandu valley and several mini economies existed in the different geographic areas without any economic connection each other. It was due to the lack of public transportation systems, and people's movements and goods had to carry on foot and packs on animals. The basic information about state's resources, human conditions and economies were not available. The foreign trades were exclusively with India that constituted 99 percent of total trade, and remaining trade was with Tibet, however, the Tibetan trades were to be declined and did not worth much on the national economy (Shah 1981: 1064). Shah stated that during the early 1950s Nepal had some income other than Indian currency mainly from the tourism, and remittances from the Gurkha soldiers working for British army, however Nepal was depended on India for the foreign currency exchange. The dependency on India for foreign currency exchange that generated the various problems for the management and implementation of own economic policies and for direct external trade with third countries other than India (ibid).

After the political change in 1950-1, the general public had high aspirations for the overall development of the country but the new governing elites were perplexed about how to start the development process in the entire country. At the time, the country did not have anything except unexploited natural resources and completely unskilled manpower. There were many things to start immediately, such things were: reformation of the administrative systems, infrastructure development, education, health services, irrigation for cultivated land area, clean drinking water for people, and many more. The infrastructure for transportation, electricity and industries were not available. The education and health services were only available for 1 percent of the total population, and such services were only available in Kathmandu valley (Shah 1981:1064). Despite these facts, the country's entire development process was further delayed due to the political infighting between and among the radical communist fractions, democratic fronts and the Rana supported political parties. However, the systematic development plan was introduced in 1956, and then the state of development process got some speeds in its own way.

While analyzing Nepalese foreign policy, the country's economy and the development condition are also the major influential intervening variables on its foreign policy choices. In the economic terms, Nepal is the least developed country in the world. The industrialization process in the country only started since the early 1960s with technical assistance from Soviet Union and China (Khadka 1992: 139). During the initial period, several import-substituting industries with domestic-based raw materials were installed as a public company. And, several other large-scale industries were also established from the private sector as well as multinational companies. However, the cross border illegal trade between Nepal and India negatively impacted Nepal's industrial development. And still, the cross border illegal trade (cheap product without custom taxes) from India is the greatest obstacle for Nepal's industries.

The agricultural production is still the dominant factor in the national economy where large segment of population is engaged in traditional type of harvesting, which is basically based on family consumption rather than market oriented. The Central Bureau of Statistics (CBS) states that the Nepal's agricultural sector contributes 34.33 percent in its total Gross Domestic Products (GDP) (CBS 2013: 12). Subsequently,

industrial and service sector have contributed 14.35 and 50.33 percent in GDP respectively. The remittances, which come from Nepalese people working in abroad that shares around 23 percent of GDP, it is included in service sector contribution for the GDP (CBS 2011: 78). The recently published statistics for economic activities in Nepal by CBS states that Nepal's total foreign trade accounts 4213 million US dollar (in current price) in which export and import trades are 897 and 3316 million US dollar respectively (CBS 2013: 10). This figure indicates that Nepal's external trade deficit is very high of 2419 million US dollar annually (ibid). At the moment, this huge gap between export and import trades of Nepal is managed by the remittances and tourism business as well as other external sources like, external budgetary support, development aid, loans from multilateral organizations, etc.

In the case of Nepal's total external trade, India alone constitute approximately 50 percent and China is about 19 percent respectively, however, Nepal is under the huge trade deficit with both countries (Friedrich Ebert Stiftung 2011). The recent index of poverty shows that Nepal's poverty ratio is less than 25 percent (the United Nations indicator for poverty), which is decreasing in numbers than the previous 43 and 60 percent in 1999 and 1950s respectively (ibid). According to the Department of Foreign Employment, the remittances have played a major role in decreasing the poverty rate in Nepal, and the sources also state that around 55 per cent of total household families receive the remittance (ibid). According to the CBS, the GDP per capita income is just 717 US dollar per annum, although, it is very lower than the general standard of developing states (CBS 2013: 10). The GDP per capita figure could steadily increase if currently running informal economies come under the government's taxation system. The informal economy is the big obstacle for the country's developmental policy-making process. The annual GDP growth rate is remained constant as below the 5 percent since long time. In the fiscal year 2011-12, the total governmental budget was 4528.24 million US Dollar, in which 2383.07 million US dollar is allocated for developmental expenditure and rest of the budget is for recurrent expenditure (Friedrich Ebert Stiftung 2011). However, the above allocated budget for developmental expenditure is not the government's own fund, it is just the government's expectation to use money from various sources to run the developmental programs. Moreover, the external sources (foreign grants and loans) contribute around 50 percent of the total national expenditure for developmental

programs. In this regard, Nepal lacks huge financial resources to conduct its own developmental programs nationwide, which is still vastly dependent on foreign grants and loans. It is considered that Nepal's very economy is a greater difficulty of Nepal's own development process as well as foreign policy choices. Sometimes, the donor countries' priority and interest also matter in Nepal's developmental outcome.

6.4 Foreign Aid

The foreign aid to Nepal is the essential part for its development since early 1950s. According to Narayan Khadka, the United States of America (USA) was the first country to introduce foreign aid to Nepal in early 1950s, but actual aid giving to Nepal began in 1952 (Khadka 1992:139). At the time when domestic political instability was in peak and political parties were at violent insurgent against oligarchic Rana rule to establish democratic political system. The Americans thought that the political stability and greater economic activities would together increase the capacity to resist internal and external communist belligerence in Nepal (ibid). Before the introduction of the systemic development plan in 1956, the US and India were the only aid provider to Nepal. The actual aid amount from these countries at that time were not clearly specified but as rough data indicates that it was 99 per cent of total development expenditures (ibid).

The improved Sino-Nepali relations and Chinese aid diplomacy put Nepal in a better place not only in economic terms but also for political gain. After the normalization of Sino-Nepali relations and Chinese assurance of Nepal's security and sovereignty, the Nepal-India relations turned in a new direction, however Nepal found itself in a good position to counter balance growing Indian influence within Nepal. During the Nepalese prime minister's visit to Beijing in 1956, both countries signed the new agreement on the basis of bilateral cooperation, in which China initiated its first aid diplomacy towards Nepal granting some goods and funds worth 12.6 million US dollar (Khadka 1992: 139). The worth of Chinese aid was not the comparable with American and Indian aids to Nepal. However, China's presence in Nepal through the aid diplomacy compelled other donor countries to increase their actual aid amount into Nepal. Narayan Khadka states, "China factor" became an important geopolitical consideration for India as well as other Western donors that Nepal was the most

frontline country against communist China (ibid). The Indian aid towards Nepal was basically driven by the China threat that compelled it to increase presence in Nepal through involving in various infrastructure development projects.

During the initial periods, the Indian contributions and its involvement in Nepal's development process were regarded as the most important external partner. India had assisted in various sectors and the most important inputs for the infrastructure building. The Indian contributions were the construction of strategic road links within Nepal connecting several Indian border cities, infrastructure development for educational and health services, airports, and technical assistance for the national policy planning and management. Nepal had adopted its development strategy just a copy of Indian economic development policy. Moreover, Nepal's first and second development plan periods were exclusively funded by foreign aids. During the first plan period (1956-61) and the second plan period (1962-65) the government of Nepal had received Nrs. 225 millions and Nrs. 500 millions (in current rates) respectively as foreign grants to support its de facto development projects (Shah 1981: 1066).

Subsequently, in the third plan period (1965-70) the government received Nrs. 870 millions from the different foreign sources with 8 percent as a loan, and this foreign sources amounted only 50 percent of the total government expenditure for development programs while in previous two development plans the foreign sources were contributing in average 90 percent (Shah 1981: 1068). After the subsequent development plan periods even till now, the foreign aid contributions (including multilateral agencies) have remained as constant as 50 percent of the total government expenditure for development programs. In the year 2002, the net official development disbursements (ODA) were 529.94 millions of US dollar including bilateral and multilateral ODA were 431.92 and 98.02 millions US dollar respectively (www.aidinflow.org, country Nepal). In 2011, Nepal received in total 892.32 million US dollar with bilateral and multilateral ODA contributions were 490.13 and 402.19 million US dollar, respectively (www.aidinflow.org, country Nepal). The above amount clearly indicates that the foreign aid supply into Nepal has been increasing every consecutive year.

Nepal's geopolitical consideration had also attracted the Soviet Union in the race of foreign aid when the king Mahendra paid a visit to Moscow in 1958 (Khadka 1992: 140). Moscow's aid interest towards Nepal came out when Sino – Soviet split had occurred in late 1950s and the super powers' rivalry for their ideologies were at peak. The Soviet aid basically came in the form of technical assistance rather than direct grants in which Russians installed various import substitution industries such as cigarette, cement, tile, brick, leather and shoes, and sugar factories, and also involved in the construction of some parts of the East West roadway project (ibid). From 1956 to mid 1960s, the foreign aid had contributed 90.9 percent of the total development expenditure, and the major aid contributors to Nepal were the US (59%), India (22%), China (8%) and Soviet Union (2%), respectively (Khadka 1992: 140). Khadka further states, during the mid 1960s Nepal became the meeting place for two regional powers China and India, and two superpowers the US and Soviet Union (ibid). By the four powers' competition, Nepal found itself in a better way to finance its development programs according to the country's need and priority. After the subsequent years, India became the largest bilateral aid provider to Nepal despite the various disputes over Nepal-India treaty of trade and transit as well as Indian security interests in Nepal. As noticed, the growing Indian aid towards Nepal was to counter balance China in the Nepalese soil through aid and political influence. Nonetheless, the donor countries had their own interest in their aid policy towards Nepal, like Indian aid interest basically went into southern plain area close to its borders where Chinese aid into mid hilly region. Besides the regional and superpowers, there were increasing numbers of several other multilateral and bilateral aid agencies to finance Nepal's development process. Generally, multilateral aid comes as a form of soft loan in long-term repayment, where bilateral aid comes as a form of either budgetary support or project specific grants or technical assistance. As having the national development plan policy, the foreign aids were channeled through the government and that were basically used in the infrastructure development, administrative reforms, improving military capacity, health facilities, education, and modernizing agricultural productions system. From early 1970s the Soviet aid grants to Nepal almost stopped however the amount was small in comparison with the US and China but it focused on the long-term programs of training and education scholarships for Nepalese citizens in Soviet Union (ibid).

Since the mid 1970s, after formation of the Nepal Aid Group, other several western countries (western alliance) such as Japan, Germany (West), United Kingdom (UK), Austria, Switzerland, Australia and New Zealand were much interested in giving aid to Nepal. After the Soviet invasion in Afghanistan, Pakistan became strategically important for the US and its aid policy towards South Asia directed into Pakistan where Soviet aid went to Afghanistan. However, Chinese aid to Nepal grew steadfastly and took position of the US, and China became the second largest donor country after India (Khadka 1992: 141). The superpowers' rivalry and their strategic shift in Afghanistan and other parts of the world caused a decline of American and Soviet aid to Nepal. Although, the Nepal Aid Group, India, China and other multilateral agencies fulfilled the aid supply that needed for the development of Nepal. After the restoration of democracy in 1990, Nepal has become more open towards the international communities where many international non-governmental organizations (INGOs) entered into Nepal's aid market. Until the mid 1990s, those INGOs played a significant role in improving living conditions of Nepalese people, but lacking the strict rules and regulations, those organizations were given more freedom to use money on their own interests, and later years the aid money spending by those INGOs were highly misused other than country's need and priority.

As noticed, there are several disadvantages of foreign aid in Nepal. The respective donor agencies and their sponsor countries often try to influence the government's policies through various channels. Since the late 1990s, the INGOs and their policies became highly controversial in Nepal and the debates have arisen when those organizations bearing the political objectives of their respective governments and donor countries. The basic criticisms for INGOs are: raising the unnecessary social and political issues with often trying to influence political parties like, ethnicity, federalism, Tibetan refugee etc., and using money for religious transformation like, from Hindu/Buddhism to Christianity. For example, the Department For International Development (DFID), the UK's official development agency for third world countries has spent multimillion pound in the name of 'janajati (ethnic) empowerment project (JEP)' in Nepal (Middleton and Shneiderman 2008: 42). The real beneficiary of those multimillion pounds and other several millions of euros are only the leaders and elite class people from the so-called janajati, and there is nothing improvement occurred for the really disadvantageous people of the same ethnicity. Finally as seen from the

society, the impact of such project is: the highly benefited elites and leaders from 'janajati' are used to present themselves in the society with extremely harsh tone against other ethnic and caste people, and that helped society to divide in many fractions which was historically compacted and cordial for each other from many centuries. Eugene Bramer Mihaly, the author of the book "Foreign Aid and Politics in Nepal: A Case Study" rightly observes that:

"..... (T)he impact of foreign aid has probably harmed rather than furthered Nepal's long-range prospects for economic growth and political stability. This was due in large part to the equivocal nature of the aid projects themselves, which intended to continue to the country's economic development but were also designed to advance the political interests of the sponsors" (Mihaly 1965: 10).

All in all, during the 'Panchyat reign', the international non-governmental organizations (INGOs) were not allowed to spend money freely as their wish, and all of those organizations were bound towards the government's policies for development. Nonetheless, after the restoration of democracy, the political parties' local elite groups were competing to attract such INGOs in the entire country. Lacking specific rules and regulations in the central level in regarding the use of INGOs' project, the developmental outcome in the projected areas has noticed in a very minimal amount. It would be right to say that the regime type and leader's perceptions could have significant role in utilizing foreign aid for national development. At last, it is worthless to blame or criticize any foreign agencies for their political behavior. It is the concern of the receiving government for how to deal and use them. However, there is no doubt that the foreign aid has played very significant role in Nepal's development maneuvering since 1950s. Despite the fact of continuous foreign aid and government's effort to develop the country for 63 years, the country is still listed in one of the poorest nation in the world.

7.0 Analysis

After the Second World War, most of the colonized third world countries became politically independent. The traditional imperial powers went into their own real size and world hegemonic power shifted to other places. The United States and Soviet Union were competitively spreading the opposite ideologies all over the world. They were tried to influence the third world countries as much as they could. But, the newly born or decolonized states had the great difficulty in surviving by their poor economic base and very least development infrastructure as well as very least relative capability. And, these newly born countries started again to be depended on financial & development aid from their former colonial ruler, and again became a semi-colonial state. Formally, Nepal was never colonized by any imperial power, but its poor economic condition, weak military capability and insufficient natural resources made Nepal as a dependent state till now. Until the World War II, the Great Britain was able to “establish a virtual tutelage over Nepal”, and they saw it that ‘Nepal was under their dominance’ (Levi 1957: 238). After violently throwing the century long Rana regime in 1950, Nepal had opened itself to the international community and slightly entered into the world politics. It further analyses the Nepal’s geopolitical difficulties, economy, domestic politics and its impact on Nepal’ foreign policy.

This section will explain Nepal’s domestic political development and its impact on foreign policy decision-making process and outcome through the process tracing and theoretically informed narrative method where I have tried to trace the major political and foreign policy developments of Nepal since 1950s. The analysis section of the thesis has been divided into three main sub-sections, first part consists the political and foreign policy events during the periods from 1950 to 1960-1 as a transitional periods for democratic development. The second part consists the entire Panchyat reign of monarchical rule from 1961 to 1990. The last part of this section is from 1990 to till now as the democratic practice of political parties, Maoist’s violent insurgents, monarchy’s downfall and new constitution drafting process.

7.1 Political Development in Nepal From 1950 to 1961

During the Rana autocracy/oligarchy, educational institutions, political and civil rights were completely restricted to the common citizens. The overall development of the country and even modernization process was just like medieval era (Shah 1981: 1061). Throughout the Ranas rule in Nepal, they were working closely with British India, and no international communities were allowed to enter into the country and remained completely in isolation from the World communities until the political change happened in 1950-1. In 1923, the new treaty with Britain that recognized Nepal as an independent sovereign nation (Levi 1957: 240). The international relations and foreign policy of Nepal was limited, only the Tibet was Nepal's trading partner in north. It happened because Nepal's international relations and foreign policy was under the influence of British India, they were aware that any third party involvement in Nepal could pose a serious threat to their presence in the sub-continent. In that situation, Nepal's weak position and geographical difficulties, the Rana regime didn't have any other choices except accepting British advice on their policies either external or domestic. On the other hand, Rana regime saw the good opportunity to use British India in favor of the regime survival.

Just several months before the ousted of the regime, the last Rana Prime Minister signed the 'Treaty of Peace and Friendship' with India in 1950. The several clauses of treaty deals with some defense related questions and the treatment of each other's citizens on equal basis. In the view of the prospects of treaty where New Delhi asserts a "special relationships" with Nepal that it expect Kathmandu to respect each other's "identity of interests" while dealing with the other countries (Subedi 1994: 274). By this treaty, New Delhi claims that Nepal is formally under its security zone. Nonetheless, the provisions of treaty do not specify the any role conducting the Nepal's external affairs albeit New Delhi often insists to Kathmandu not to compromise India's 'security concerns' while furthering Sino-Nepal relations (ibid). The treaty also does not restrict Nepal's free movement in the external affairs however Kathmandu's effort to conduct of its own independent and neutral foreign policy often comes under New Delhi's deep concern.

The treaty was concluded on a different setting with different objectives and it was not the any type of military alliance or defense pact. Once Indian Prime Minister Jawaharlal Nehru said to his Nepali counterpart in 1959 that “the treaty of 1950 was not a military alliance by any means” at the same time Nepali Prime Minister B. P. Koirala confirmed and said “military alliances were worse than useless, especially between Nepal and India” (Baral 1992: 817; Subedi 1994: 280;). But in contrary, Nepal is not completely free on its foreign and security policy-making since 1950s. The validation of treaty still is in question because of the diplomatic protocol of the signing personalities (Subedi 1994: 282). The Nepalese Prime Minister and Indian Ambassador to Nepal signed the treaty. The treaty of 1950 got huge controversy when Indo-Nepal confrontation was in peak in 1989 after expiration of the trade and transit treaty between Nepal and India (ibid). For the confrontation, the basic reason was given for the Chinese arms purchase by Nepal where India claimed that the arms purchase contradicts the treaty of 1950.

From the beginning, the 1950 treaty has raised lots of controversial issues between Nepal-India relations. At the other hand, as Werner Levi, a contemporary academician on Asia at Minnesota University, stated that some clauses were put into the 1950 treaty, which already was in 1923 treaty with Britain as identical, which gave Britain enormous influence on Nepal until they remained in India (Levi 1957: 238). The treaty was done in a special occasion where several political parties ran violent insurgents in the Nepalese border cities (Nepal-India) especially from Indian Territory against the Rana regime. At that time, those border cities were only accessible from Indian land, and violent revolution was also spreading throughout the country with strong Indian support and sympathy. The Rana regime sought for Indian support to control the violent activities of political parties against regime from Indian soil. However, New Delhi had played a dual game as doing ‘Peace and Friendship Treaty with the regime, and in the other hand, giving sympathy and support towards the opposition groups (who involved in violent insurgent against the Rana Regime) Levi 1957: 242). The same dual game from New Delhi recurred during the People’s Movement in 1989/90 and Maoists insurgents from 1996 to 2006 (see later chapter).

After the fall of the Rana regime, New Delhi gained significant advantages in Kathmandu than it did towards opposition groups, and New Delhi became the real

winner of the event (Rose & Dial 1969: 91). Even though, the revolution itself was the creation of Nepalese political groups not the Indian concoction but its results were, and it was the fact that the relations between Kathmandu and New Delhi became complicated ever since (Rose & Dial 1969: 91). On the other hand, after the victory of Red army in Mainland China, the Chinese armies had marched and established the military bases onto the Nepal - Tibet border. The political elites and senior officials were in New Delhi perceived a greater threat that the Chinese Red Army could cross the Himalaya and pose a security challenge to India. Before the Chinese occupation of Tibet, British India considered Tibet as a buffer zone between Nepal and main land China, later this legacy was transferred to the independent India (Levi 1957: 241-242). Despite the regime's perception of New Delhi's help, Ranas were thrown from the power, and democracy established in Nepal with king's active support. New Delhi played a role as a mediator among the Nepali Congress (NC) (a main Nepali political opposition group), the king and the Ranas, and an agreement signed in New Delhi among those three parties later it called as 'Delhi compromise'.

Sudden political change in Nepal brought a lot of chaos into the political parties and governmental institutions. But, No one was experienced about the democratic norms and values, how it functions in the early stage of development and modernization process. As Levi wrote about Nepal's recent political parties and their behavior that there was too many political parties existed but no one was serious enough to country's recent situations (Levi 1956: 41). Most of the political leaders were only concerned with their own fulfillment, and nepotism and corruption were rampant in every governmental institution. The traditional and medieval types of governmental institutions were not functioning well, and all of these institutions were needed to replace by new one. The overall economic condition of the country was horrific because there were not available any central level economic activities, and country was divided into several mini economies. The abroad trade was also limited in small amounts, and the existing economic situation which was not that much appropriate to survive the nation. Poverty existed every corner of the country, and it was considered as the biggest problem of the nation, it was seeing impossible to get rid of without modernizing and diversifying the national economy. As Levi stated, the overall economic condition was like a bankrupt because it didn't have so much money to create and support its institutions, and to run development programs (Levi 1956: 42).

Being a poor country, starting a modernization process and overall development of the nation is always a crucial matter, but by their fate, they must depend on others to achieve certain goals. There were tons of problems in front of the government and all were equally important. But, having limited resources, the government was fully dependent on foreign aids to conduct several developmental programs. As Levi noticed, the Nepalese state of development at that time was like a medieval era and the country lacked virtually every things i.e., road connection and transportation, communication systems, modern industries, health system, educational institutions, etc, (Levi 1956: 43). To run such modernization and developmental programs, in the beginning, the country was entirely depended on foreign aids basically from India and United States (US). Since the aid agreement signed with China in 1957, India and US were forced to increase the aid amount than they previously provided to Nepal (Levi 1956: 44). These economic dependencies put Nepal psychologically under the foreign pressure. In such case, Nepal would not afford to have an independent foreign policy as their own if it was surrounded by big powers in a condition of economic dependency. Despite being a weak state not only in terms of economy but also in military means, the statesmen were heavily tried for the diversification of economic structure and restructuring the military capability. The survival of the nation by its own military means was impossible as Levi stated towards Nepalese army “as best as police force” (Levi 1957: 242). Because of Nepal’s least relative capability to defend foreign pressure, Indian influences overwhelmingly increased in Nepal during the 1950s. Werner Levi further mentioned:

“The Indian government has explained that civil peace in Nepal, and the nature of that country’s friends and enemies are of vital concern to Indian security (I)ndia is usually kept well informed of Nepalese negotiations with other powers and makes it clear to all concerned that, whatever the aim of such negotiations, India considers herself directly involved in Nepal’s fate. For Nepal, gracious compliance with this Indian interest is a matter of realism and to some extent self-protection, even though it remains a source of irritation and hurt pride to many Nepalese” (Levi 1957: 239).

While analyzing Indian influences on Nepal through neoclassical realism, Rose suggests that to understand the broad pattern of foreign policy of a given state, the analyst should examine the strength and structure of a state, and the capability to change the physical resources into the real material power, i.e. economic and military. India is the largest country in the subcontinent by its geographical size, economy,

military and population when comparing to others in the region. Since its independence, India sought to dominate in the subcontinent. There was not only the security that matters for India its influence in the region but also its willingness to become regional hegemony by not allowing any big player of Cold War in its sphere of influence. The Indian policy makers were aware that if any big player entered into the region could ruined its sphere of influence on small neighboring states, and either go for the direct confrontation towards super powers' tug-of-war or stay in side that could be expensive for India. Like this, Nepal's destiny was bounded by India; this was not only by the security and power reasons but also economic and geographical contingent of Nepal. Nepal's most of its foreign trade was limited with India and also transit to sea port was another crucial matter for Nepal, if going to direct confrontation with India that could badly damage Nepal's not only economy but also security prospect as well. On the other hand, at the time, Nepal's northern neighbor China (Tibet) was not connected by road links, but some borders were linked only by the mule tracks. The size of those border trade was so small that would not be affordable for nation's economy.

Despite the fact, the contemporary Nepalese political parties had negative stances on Indian involvement in Nepal. The parties believed that the Indian aid to Nepal was the sign of imperialism and some designs against Nepal. As Levi stated that all political parties were participated on anti-Indian agitation in Nepal even if Indian came with the goodwill and humanitarian program (ibid). And, at that time, 'India and the United States were the most sufferers of that agitation' (ibid). But, the Indian government and officials provided themselves some grounds for fear and sign of imperialism by clearly saying that 'Himalayans are the Indian defenses' which passes through the north of Nepal along with Tibetan border (ibid). Since the existence of political parties, these parties were divided into two factions one was pro communist and another was pro democratic. The policies and principles of the communist parties were close to the Peking and Moscow. They were suspicious towards Indian and US aid and their involvement in Nepal as a sign of interventionism and counter balance to communist China. The same way, another political faction whom already known as a pro-Indian or pro-democratic, they were also doubtful on Chinese assistant that they were spreading communism in Nepal as well as all over South Asia. In that situation, king Mahendra was in the center of the people and nation. Until the 1959/60, the king

was able to maintain his position as most respectful, intelligent and active towards development of the nation. Despite the internal political chaos created by the various domestic political parties' immaturity and unhealthy practices, the king was able to keep the reasonable distance between India and China, and also with other countries according to the interests of the nation (Levi 1956: 40).

More importantly, most of the Nepalese political parties were originated in India when there was uncomfortable condition at home, and those political leaders often pleaded support and sympathy from the political elites in New Delhi during the revolution against Rana oligarchy. Since then, the Nepalese political leaders were primarily relied on Indian 'advice' and 'mediation' that also made easier for New Delhi to come closer into Kathmandu (Levi 1957: 238-239). After the time being, Nepalese nationalists and officials were slowly convinced with understanding that there were no real choice left for Nepal either refusing or accepting such Indian advices (ibid). The contemporary international politics was quite complex for the third world countries whose economic situation and military power was weaker. The world politics was divided into two poles as a super power rivalry. By joining in such tug-of-war could be destructive for Nepal. After realizing the fact of contemporary world politics, Nepal joined and became a part of the non-aligned movement along with India and advocated the India's policy of "dynamic neutralism" and the five principles of peaceful co-existence (Levi 1956: 46). In 1955, Nepal's admission into United Nations was a matter of pride and gladness for most of the Nepalese people with feeling little more secured in the international power politics, but by this admission, Nepal was formally entered into the world politics.

On the other hand, Chinese officials were also aware of the security concern of India. Officials in New Delhi had afraid of that communist China could cross the Himalayas and come to the direct confrontation with Nepal and India. By the fear of communist China, New Delhi pressured Nepal to sign a special treaty and to establish a diplomatic relations with China (Levi 1957: 242). After the elimination of Tibet, it lost a status as a buffer state between Indian sub-continent and China. After that Nepal came to the primary focus of New Delhi's security prospect, which also increased the strategic significance of Nepal for India. By Chinese occupation of Tibet, Nepal had lost its special privilege in Tibetan market but Kathmandu's

continuing diplomatic effort had helped to regain some sorts of trade rights in Tibet, which Nepal enjoyed before. Understanding the Nepal's uneasiness, the Chinese government initiated first to establish a diplomatic relations on the basis of "peaceful co-existence" (*Pancha sheela*) and they were also agreed to exchange the diplomats in their respective capitals (ibid). Simultaneously, Nepalese government recognized the Chinese sovereignty on Tibet as an integral part of China. The Chinese prime minister, Chou En-lai also assured Nepal's stability and security during a visit of Nepal's PM to Peking in 1956 (Levi 1957: 237). Since then a special permanent diplomatic and bilateral relations had been created between Nepal and China. The year 1959 was the most important for the further development of democracy in Nepal by conducting parliamentary election, Nepal formally entered into the democratic process (Levi 1959: 150-1). However, by the royal coup in December 1960, the democracy would not survive longer, because the ambitious king Mahendra had overthrew the elected government with military backing within 18 months of democratic practice by giving reasons for the public as weakening situation of nationalism and heavy foreign interference in the country. At the time, the king banned all political parties, and he introduced a party-less Panchyat regime under monarchy's direct rule, albeit the Panchyat regime remained for 30 years and ended in 1990 by the popular mass movement.

7.2 The Political Development in Nepal During 1961 – 1990 (The Panchyat Era)

During the initial years, India did not fully recognize but stayed critical for the royal coup against democratic government but things changed suddenly when India defeated in the Indo - China border war in 1962 (Rose and Dial 1969: 94). Afterwards, for Indian policy makers, China was the greatest threat to India, and relationship between those countries went into freezing temperature until Indian prime minister's visit to China in 1980s. India's defeat in a border war, India did the secret security agreement with the king Mahendra, and increased military aid and trained Nepalese army with modern equipment (Subedi 1994: 276). New Delhi believed that only sophisticated Nepalese military power could constrain Red Army while crossing the Himalaya. The Tibetan leader, Dalai Lama is another factor between India – China relationship. After the China's takeover of Tibet, India offered

full protection and political asylum to Dalai Lama in the northern part of Indian Territory near to Tibetan border (Li 2008: 247).

During the first democratic government, the China's proposal for a road link between Kathmandu to Tibetan border had directly refused by saying there was not any economic significance (Baral 1986: 1209). It had happened when Nepalese official came under Indian pressure that New Delhi was never interested to see easy road communication across the Himalaya (Rose & Dial 1969: 95). There might be two causal factors, first, by road connection between Nepal and China could reduce Nepal's economic dependency on India, it means less influence. And, second, by road link, Indian official believed that Chinese could come to Nepal freely, and Chinese presence in Nepal could pose a security threat into India. But, after the royal coup, the Nepal's king initiated again the previously proposed road connection that projected to finish in late 1960s. Some scholars argue that Indo-China border war brought Nepal in a good position that king Mahendra was able to use 'China Card' effectively to counter balance India. Chinese government and officials were also fully aware of Indian domination on Nepal. They showed a cordial and friendlier relationship, and sympathy towards Nepal and initiated several development programs in Nepal. Once, the Chinese president Mao Zedong commented and told to Nepali delegates in Peking: "once these roads are open... Indian may be a bit more respectful towards you" (Garver 1991:957). Mao's this statement came during the construction of road link between Nepal's capital and Tibetan border was underway in 1964. The king Mahendra as known as intelligent and clever who steadily tried to reduce Nepal's dependency on India by improving relationship with China, later this legacy followed by his successor king Birendra. The road connection was not only the matter of economic gain but for the political means. At the moment, it is one of the busiest roads within Nepal that contributes more than a billion dollar trade between Nepal and China as well as it provides easy transportation for millions. Before, the elected government did not see any economic significance and easily gone under the New Delhi's influence, but later king Mahendra highly prioritized the same thing and saw a good opportunity to reduce Southern influence at home.

Nevertheless, the period of 1951 to 1956, Nepal did not have its own foreign policy as it just borrowed wholesale from India, for which, India defined for Nepal both the

principles and conditions of (that) Nepal's participation in international affairs. King Tribhuvan during those early periods, who content to follow India's guidance on country's every matter either domestic or external but after, his son Mahendra's accession to the throne, the course of foreign policy had directed in a different way. It said 'realistic' as it lies between two hostile countries, and to gain the greater independence and sovereignty. The king Mahendra's new policies were "*nonalignment with equal friendship for all*" and "*diversification*" for which he sought a careful balancing of outside pressure to minimize their capacity to restrict Nepal's freedom and action, and to contribute to Nepal's security against external aggressor (Rose & Dial 1969: 92). He was somewhat successful in his policies in political terms, as he had insisted political gain first. In his foreign policy, equal friendship for all mean India and China both are equal for Nepal and there was no more 'special relationship' with India or as well as 'identity of interests' which was put in treaty of 1950.

King Mahendra's policy to balancing and tacking act got more importance and appreciated by Washington and Moscow when hostility rose between India and China. After the shameful defeat in a border war with China, New Delhi was under pressure, and realized Nepal's need in trade and transit from or through India, and agreed for separate treaties with amendment in previous with favoring some Nepal's wish. During those periods, Nepal was always in fear of extreme vulnerability from either side, and, in such situation, he acted like balancer in government-to-government level using both countries in favor of state's need in the domestic context. At the same time, he diversified the Nepal's foreign policy and introduced Nepal in most part of the world. The king used special tactics, and reintroduced and redefined the concept of buffer state as a link notion in Nepal (Rose and Dial 1969: 95). In Nepalese context, he believed that the notion of buffer state could balance both neighbors, and in a same time that also signify Nepal's independence, sovereignty and integrity (ibid). King Mahendra's external affair was a milestone to the Nepalese foreign policy perspectives. His innovative foreign policy and diversification of Nepal's relations in international affairs as a reward Nepal enjoyed a greater level of independence in its internal and external policy choices and decision-making process.

Nepal's geographical impairment and geopolitical importance as well as trade and transit dependency on India are the crucial factors for New Delhi's influence in Nepal in the past decades. But, the levels of influences had to be depended according to the statesmen and leaders' perception on the situations of both nations. In the past events and still now, some Nepalese leaders are (except several political party leaders) aware that independent India could be far greater challenge to Nepal than the British rulers of India (Rose and Dial 1969: 91). It is because India is aspiring to be a regional hegemon in the sub-continent while Pakistan is left behind than India's growing status and it seems that no more able to maintain the previous bipolar security regime against India in the region. Further more India's aspiration to become a great power in the world affairs has growing, although, US and China haven't paid any attention for New Delhi's wishes.

After the death of king Mahendra, his son Birendra followed his father's path to reduce Indian influence on Nepal by maintaining good relationship with China and diversifying the economy as well as developing the country in general. But, achieving these things were not easy job for him because there were several complications like, pressure from the South, least developed infrastructure and economy. But, during his reign in power, the relations between Nepal and China had thrived steadily in friendlier manner, and at that time, Nepal was the major recipient of Chinese assistance (Garver 1991: 957). The king Birendra proposed a proposal that declaring Nepal as a 'zone-of-peace' towards international communities during his coronation in 1975, but India never endorsed the proposal by saying there was contradiction with the treaty of 1950. As John W. Garner argued that the Indian officials were suspicious towards the Nepalese effort for 'zone-of-peace' "believed that the unstated purpose of the plan was to extricate Nepal from its security obligations to India assumed under the treaty and place Nepal's relations with India on a par with its relations with China" (Garver 1991: 958). New Delhi repeatedly denied for 15 years but Nepal pushed it to the international communities with China and Pakistan's full support, at last, there were 112 countries including US that endorsed Nepal's zone-of-peace proposal by 1990 (Garver 1991: 958).

The year 1989 was the turning point of Nepal – India relations as well as for domestic political change. At the expiration of trade and transit treaty including fuel supply,

India frequently denied Nepal's plea to renew, but it imposed trade and transit embargo on Nepal. As a landlocked country, Nepal was depended on India for third country trade and transit. Indian market was the Nepal's primary source for basic commodities along with other goods including construction materials. And, Nepal and India had the special fuel supply agreement that Nepal used to receive the mix of petroleum products from Indian Oil Corporation under which India bought from third country in behalf of Nepal (ibid). The economic blockade by India severely damaged Nepal's economy and that also heightened the fuel crisis. As argued, the most important reason for the blockade was: the Chinese arms purchase by Nepal (Garver 1991: 960). On the other hand, China provided a modest support to Nepal by expecting to minimize the impacts of the blockade but badly shaped only one road link from Kathmandu to Kodari (Tibetan border) was not enough to oxygenize the Nepalese economy (Garver 1991: 962). And, rest of the Nepal – China (Tibet) border was linked only by mule tracks. Because of the geographic difficulties, Nepal government was unable to import sufficient goods and commodities along with fuel from Chinese market.

The trade and transit embargo raised lots of problems in Nepal. The Indian trade and transit ban on Nepal badly damaged the Nepal's domestic economy, the GDP growth rate decreased drastically; unemployment rate increased massively and then public outcry increased against the government and its inability to manage the country's economy as well as people's basic needs. The political parties' movement rose against the government with popular public support. So, the Indian blockade was ultimately led to the downfall of the *Panchayat* regime and political change occurred in Nepal. Subsequently, multi party democracy re-established in 1990, and the king Birendra asked the political parties to form an interim government. The interim prime minister of Nepal outlined his government's primary goals and said to the public that he ought to normalize the relations with India, which was deteriorated earlier. Secondly, the interim government concerned with the drafting a new parliamentary democratic constitution within a year. Thus, yearlong Indian economic ban ended with a political change in Nepal.

7.2.1 The Indian embargo, Chinese arms sale and political change in Nepal

The outcome of the Indo-Nepal confrontation was presumably India's overwhelming heavy handedness on Nepal's internal matters. Some questions arose that why India does not want the same relations with Nepal that the relationship between China and Nepal exists within the five principle of peaceful co-existence? Why India always wants the special security relationship with Nepal and what is it meant by special security relations with Nepal? India itself shares long border than Nepal does with China, and New Delhi already shamefully defeated by China then why New Delhi sees the Chinese security threat through Nepal? This is the most prominent question arouse among Nepalese scholars and general publics. It was the New Delhi's general attitude that it wants to dominate Nepal's foreign and security policy choices at any cost.

John W. Garver states that China had offered light arms sale to Nepal for many years but Nepalese government denied the Beijing's offer by preferring India as its primary arms sources (Garver 1991: 960). The Nepalese government insisted several times that it would like to buy some anti aircraft guns from India, but the Indian government never took it seriously, and officials from New Delhi informally replied to Nepalese counterparts that 'Nepal does not need such weapons' (ibid). It was clear that Indian government undermining Nepal's needs. When Nepal decided to buy such defensive materials from Chinese company then Kathmandu came under the severe scrutiny from New Delhi. Indian officials claimed that Chinese arm purchase contradicted with the treaty of 1950. The official in New Delhi argued that the fundamental cause for the Indo-Nepal confrontation and India's economic blockade towards Nepal was the 'blatant violation' of the treaty by Nepal in terms of security, economy, education and culture (Subedi 1994: 277). According to the treaty's provision concerning the importation of the warlike materials by Nepal from or through Indian soil states:

Any arms, ammunition or warlike material and equipment necessary for the security of Nepal that the Government of Nepal may import through the territory of India shall be so imported with the assistance and agreement of the Government of India (cited in Subedi 1994: 276).

The provision of the treaty only says that Kathmandu should contact New Delhi if Nepal is importing any type of warlike or defensive materials via India. But, as a sovereign nation Nepal is free to buy or import such materials other than India. By the provision of the treaty of 1950 mentioned above also implies to the Chinese case if Nepal is buying or importing such weapons through China then there is no obligation to consult with New Delhi. Nevertheless, in New Delhi's perception, Kathmandu had a duty to consult with India before importing or buying any defensive materials from any other country, it further claims that is India's responsibility to supply and fulfill the modern weapons, which needs the Nepal Army (Subedi 1994: 276). However, the treaty of 1950 does not limit Nepal's freedom of movement and action by any means if Nepal's dealing with other countries is concerned (Subedi 1994: 277). In New Delhi's view, it was the deliberately disruption of the treaty by Nepal when importing defensive materials from the China, and at the same time king Birendra's attempt to introduce a work permit scheme towards Indian nationals (ibid). According to the treaty's provision, the treaty can be withdrawn or amendment by either nation with one-year notice but political elites in Kathmandu do not have such bravery to do so when the costs of India's unilateral nullification are liable on grounds. However, New Delhi does not wish to terminate or revision of the treaty because opening a formal debate on the issue could lose the special privileges it now enjoys. Formally, the treaty has never ratified by the parliament and the general public of Nepal, so the legitimacy of the treaty of 1950 is in question. The Greek philosopher Thucydides' statement would be relevant in Indo-Nepal relationship, "the strong do what they can and the weak suffer what they must".

The Indian trade and economic ban towards Nepal in 1989 was just teaching a lesson that New Delhi could constraint Nepal at any time until unless Kathmandu accepts Indian security obligations (09 April 1989, Teaching Nepal a Lesson). Garver also agrees that economic issues were not the primacy on Nepal-India confrontations but the real issue was king Birendra's effort to reduce Nepal's dependence on India (Garver 1991: 975). Many scholars for South Asia study state that Indian officials were mostly dominated by an old fashioned realist security mindset especially on the matter of small neighboring countries including Nepal (Levi 1957, Rose and Dial 1969, Cohen 1975, Baral 1986, Garver 1991, Buzan and Wæver 2003, and Li 2008). Most importantly, India's most of its northern border has with China rather than

Nepal does and even India had already experienced a shocking defeat in a border hostility with China in 1962. Some scholars argue that China has merely showed its security interests on South Asian countries or it either wants to diminish Indian paramountcy on South Asia, at least for short terms. On the other hand, China is the primary armorer for Pakistan and Bangladesh since their independence but they are continuing to resist New Delhi's assertiveness because of their bigger population and reasonable military strengths than other small South Asian countries. In the case of Pakistan, its military strengths and relative capability are somewhat matched with India's as considered both are nuclear weapon states. Recent years, another South Asian country, Sri Lanka and China's growing military relations, and Chinese arm purchase to Sri Lanka proves that Chinese arms sale is not limited within the China's bordering countries but it is going further beyond. These South Asian countries are purchasing weapons not only from China but also from others especially western countries. Basically, New Delhi's intention is to limit Nepal's effort to increase its military capability, as New Delhi wants to put Kathmandu under its influence. During the climax of Indo-Nepal confrontation, Chinese premier justified that Beijing did not have any intention against India or any country. Chinese administration had further explained,

"The arm sale was on the basis of military relations that are part of the normal gamut of state-to state relations. A sovereign, independent country such as Nepal has the right to acquire materials it deems necessary for its defense, and China as a sovereign country has the right to sell such materials. Moreover, the materials sold to Nepal could not be construed as in any way constituting a threat to India (W)ere intended only to increase the defensive capability and ensure the security of friendly countries. Such sales were not directed against any country and they were entirely legitimate" (Garver 1991: 962).

According to Garver, in New Delhi's perspective, there could be a changing relationship between Nepal and China that could also change the military status quo in the Himalayas. New Delhi was in doubt that if it was allowed, the growing military relations and trained by Chinese army, Nepal might go beyond the Indian sphere of influence and Nepal would no longer within the India's security zone (Garver 1991: 962-63). But, this perception was far beyond the truth because contemporary Nepal's overall structures were not that much strong and developed to be able to raise its

relative material capabilities to match India. India still follows the Nehruvian¹ legacy that ‘Himalayas are the magnificent frontiers for Indian defense’ which mean it would not allow any third party to enter into Nepal or go anything wrong (in Indian view) into Nepal or crossing that geographical barrier. New Delhi was further skeptical that China had strengthening Nepal’s military capability in a way of Pakistan to counter balance India. Garver concludes that Chinese arms purchase by Nepal was purely a commercial matter and it came after when Indian administration did not respond Nepal’s request for several years, and finally he states, there was not seen any evidence for hidden design against India (Garver 1991: 963). On the other hand, some scholars argue that the reason for the Indian blockade was Nepal’s failure to satisfy India’s demands or king Birendra’s attempt to lessen the ‘special relations’ with India, which had existed since the treaty of 1950. At some extent, the growing Chinese aid interest in Nepal and its involvement in various infrastructure development programs and its modest foreign policy towards Nepal also helped the decline of Indo-Nepal relations since 1960s. The Indian attitudes towards Nepal on their security issues were clearly the matter of realism. That attitudes and behavior on small country showed the ‘hegemonic practices of power politics’. Furthermore, India wanted to continue its domination on Nepal “as the big bullying the small, the strong domineering the weak” (Garver 1991: 967).

7.3 Political Development in Nepal Since 1991

After the dissolution of ‘Panchayat’ regime, the democracy restored and political parties came to the power and Nepal formally adopted the parliamentary democracy under the constitutional monarchy (Hutt 1991: 1021, and Khadka 1993: 45). The interim Prime Minister Krishna Prasad Bhattarai started the negotiation with Indian government and later he resolved trade and transit disputes with India by accepting some Indian security obligations (Garver 1991: 973). The interim Prime Minister sent a message to the Chinese envoy for delaying the final consignment of arms until the treaties would sign with India later that year (ibid). The interim government announced the general parliamentary election in 1991, and that election was the cornerstone for the reestablishing of democracy after 30 years of party-less regime

¹ Jawaharlal Nehru, India’s first Prime Minister and who was the designer of Indian foreign and security policy during the 1950s.

ruled by the palace. By the election, two political parties came into the mainstream political system with huge public participation. The Nepali Congress (NC) won the simple majority with 113 out of 205 seats in the parliament (House of Representative/Lower House) with 37 percent of popular vote cast and became the largest political party, and formed the government (Khadka 1993: 48). At the other hand, Nepal Communist Party (United Marxist Leninist) won 69 seats with 28 percent of total vote cast and became the second largest party in Nepal (ibid). There were other several political parties participated for the final run of the election but those were hardly survived and faced the identity crisis in the parliament. The international communities also highly appreciated the Nepal's effort to go through the democratic way. More importantly, the various communist fractions that opposed parliamentary system early time finally came into democratic way such are: extreme radical, far left extreme and other left-wing revolutionary parties finally came under the multiparty democratic path.

However, contrary to the public expectations, the democratic values and norms were overwhelmed by power centric inter-party and intra-party conflicts (Khanal: 1997: 148-9). The frequent change of government became evident in Nepali politics, the political instability is perceived as widely eroding the characteristics of democracy. Having the majority seats in parliament by the election of 1991, Nepali Congress party was not able to function properly and dissolved the parliament, and called for the fresh election two years earlier than its expiration (Poudyal 1995: 160). It was happened because of the inter-party conflicts among top three leaders of NC. Next election was held in 1994 but no one political party got the majority seats in the parliament, but CPN – UML became the first and NC down towards the second largest party of Nepal. In such condition, creating the party alliances to form a new government became crucial matter for big parties, and later all major parties and political elites were only focused for changing and forming a new government in spite of their development policy manifested during the election time. However, the parliament survived its five-year tenor ending in 1999, but the country experienced a record of eight governments and up to 52 ministers with very different types and nature. In the 1999 election, NC again won the majority seats in the parliament but the parliament dissolved in three years again, and the government did not last longer because of inter-party conflicts among top NC leaders (Kramer 2003: 212). The

supposed next election for parliament had delayed further due to the security reason of Maoist's spreading violent insurgents through out the country, afterwards, the democratic process of Nepal has headed into the out of the track.

In 2001, the king Birendra and his entire family members were killed inside the palace as a royal massacre (Bohara et. al. 2006: 109). It was happened just six months after the king Birendera's refusal for the use of army against Maoist. The official investigation report says that the crown prince Deependra killed all his family members and he committed suicide later. But in contrary, the general publics still are not comfortable with the official report but suspect for the foreign hand behind the royal massacre. However, his middle younger brother Gyanendra replaced him onto the throne. In 2005, the king Gyanendra dismissed Sher Bahadur Deuba's government, and stood in the center of the politics, and constituted a cabinet with nominated people under his 'direct rule' (Thapaliya 2006: 51, Dixit 2005: 1506). After the royal takeover of the state power, there was the rumors throughout the country that whether the monarchy becoming active rather than previously stayed as constitutional (Dixit 2005: 1506). The course of royal change, the domestic politics of Nepal turned into new direction that the seven major political party's alliance and Maoist signed the 12 points agreement in 2006 in New Delhi through India's intermediation, and all came for the common consensus for starting the peace process and the election for Constituent Assembly (CA) to draft new constitution for the nation (Manchanda 2008: 25). Initially, the creation of the CA was Maoist's main agenda for the peace process, but later, other political parties also accepted such agenda for new constitution through CA.

In 2006, the seven-party alliance (SPA) launched the general strike and mass movement for 19 days throughout the country with Maoist's moral support against monarchy's direct rule, in which the SPA was successful for monarchy's return back from power. And then, the interim government and parliament were created with Maoist participation until the CA election was held in 2008. By the countrywide CA election, Maoist (Unified Communist Party of Nepal (Maoist), UCPN M) became the largest party and also the legitimized political power. In 2008, by the first meeting of CA, it abolished the historically long-standing monarchy from the country and declared Federal Democratic Republic of Nepal (Manchanda 2008: 25). Later that

year, as being the largest party in the CA, Maoist's leader Pushpa Kamal Dahal became the Prime Minister of Nepal. However, the Maoist party and government never seen serious enough for the constitution drafting and peace process, although CA was the main agenda of Maoist and it was the primary stakeholder of peace process.

By the interim constitution, CA had a mandate for two years to complete the constitution drafting and peace process; nonetheless, the CA spent four years and it automatically dissolved in 2012 without doing anything (Kantha 2013: 85). The reasons for CA's failure were given for the restructuring the country into several federal states, where the political parties lacked the common consensus as well as external interests were also involved in the process (Kantha 2013: 87, Bhatta 2013). The political infighting and blaming each other for CA's failure to draft a new constitution became the general characteristics of the present politics of Nepal. The paradox is, during the entire periods, the country experienced four different governments within just four years. All major political parties were only engaged for forming and changing the government, and to retain the governmental power was the major concern for all rather than ending the political transition and deadlock for the new beginning with new constitution.

In the early 1990, there were clearly two fractions in political parties by their ideologies, one is democratic often entitled for pro Indian (Nepali Congress) and another is pro-nationalist (several Communist Parties). The former one always demanded the review of India – Nepal bilateral relations along with 1950 treaty when they were in opposition. Most notably, the communist parties in Nepal, they come with extreme nationalistic ideology in the beginning but after time being they come to compromise with external forces especially in the matter of India and USA. Krishna Hachhethu, a professor at Tribhuvan University, states that the main communist parties in Nepal and their ideology was a photocopy of Maoist's New People's Revolution (Hachhethu 1999: 228). Ideologically, Nepalese communist parties were categorized as hard liner nationalist during the period of 1960 to 1990. In the early 1960s, the communist parties stated that the status of Nepal as a 'semi-colonial' and, India as the 'expansionist' and blind follower of Anglo - American 'imperialism' (ibid). But, after the restoration of democracy in 1990, the extreme communist

ideology has changed into moderate one. And, they reviewed India as a friendly neighbor instead of expansionist, even though they remained some sorts of critical towards India at least in their election manifesto and in front of public (Hachhethu 1999: 229). Communist Party of Nepal (United Marxist and Leninist) (CPN-UML) a major communist party in Nepal has served several times in government since early 1990 to till now, but there hasn't been seen any significant revisions and changes in Nepal's external relations especially with India. On the other hand, Nepali Congress (NC) is the democratic and oldest political party of Nepal, and it has always led the pro-democracy movement in Nepal. Till now, it is labeled as an India favored political party in Nepal since it's fighting for democracy against Rana regime in late 1940 to early 1950s. There are some grounds left by NC itself because several higher-level treaties have signed with India, all are happened during the NC government. Most recently, Prime Minister G.P. Koirala (first elected Prime Minister since 1960) from NC signed the Mahakali and Tanakpur River Treaty in 1991 during his visit to India by his personal imperatives. He signed the treaty without informing the parliament and even in the absence of senior government official. After the restoration of democracy, it has served in government most of the time. NC always insists a neutral foreign policy with any other countries within five principles of peaceful coexistence. But in the other hand, NC's India policy is always controversial because of its close ties with Indian establishment. The NC leaders argue that Nepal's special relation with India is needed to secure its geographical difficulties.

Subsequently, states generally respond towards uncertainties of international anarchy by seeking to more control and shape the external environment according to their interests. This argument best fits with the Indian foreign policy towards Nepal and its connection with Maoist groups during the insurgences is multifarious that it had silently allowed its soil against another neighboring country. It is clear that India was playing a dual game during those periods, but in the contrary, the mainstream Nepalese political parties did not vocal against New Delhi's dual policy. The question still remains why India played such dual game against a democratic regime in Kathmandu even though New Delhi itself a democratic regime? And, another question is, why political elites in Kathmandu did not officially or non-officially react and out vocal against New Delhi's such dual policy against Nepal? The answers are complicated without analyzing its foreign policy from the historical perspectives

about how British India transferred the legacy towards independent India. New Delhi has the long-term perspective to control Nepalese foreign policy choices. New Delhi was hoping that if giving sympathy towards Maoists insurgent groups in its own soil would ultimately benefit New Delhi in the long run when implementing its policy choices towards Nepal in the future. In recent decades, New Delhi is even more interested to involve for micro-management in Kathmandu. The word 'micromanagement' refers towards New Delhi's involvement in Nepal's low profile domestic issues like appointments of government official, allocating development programs and even bureaucratic management and also for corruption investigations. At the other hand, political elites in Kathmandu do not have such moral power to counter check New Delhi's dual politics. Because political leaders in Kathmandu are always seeking the opportunity to use New Delhi in favor of own personal gains. At the moment, scholars in Nepal often state that external influence on Nepal's domestic politics has increased far more since the restoration of democracy through various channels, like multinational organizations and corporations, externally funded INGOs, and using internal political parties, than the previous Panchayat regime.

7.3.1 Maoist's violent insurgency and India

Just after the four years of democratic practices, one of the extreme far left revolutionary communist fractions started the brutal violent insurgents against the democratic regime along with parliamentary system and monarchy. They aimed to establish a single party regime system within the Maoist line of communist ideology. Despite the rapid success in controlling most of the remote part of Nepal, they realized that it would be impossible to capture the state power through the violent insurgents then they came to consensus with other seven political parties and signed a twelve points deal in New Delhi with an Indian attempt and mediation. And, those insurgents groups formally came to the peace process and agreed to step down the decade long violent insurgents in 2006. The general public believes that the rapid growth of Maoist insurgents in most part of Nepal is the cause of mass poverty, increasing despondent felt by the socially marginalize people in the country (Bohara et. al. 2006: 124, Do and Iyer 2010: 735).

Although, Rabindra Mishra a prominent journalist for BBC (British Broadcasting Corporation) writes that the continuing growth and success of the insurgents are far more complex when analyzing by only those perimeters mentioned above (Mishra 2004: 628). He further writes referencing to Saubhagya Shah, a late professor at Tribhuvan University that if such economic and social marginalization are the causal factor for the emergence of Maoists in Nepal then the most remote area of Karnali, Seti and Mahakali the western part of Nepal would be the far more likely candidates not only in terms of their desperate poverty and continuing food shortages but also geographical hardness and virtually no development infrastructures as well as isolation from the state center (Mishra 2004: 628). Mishra argues that it would be far more complex to find an answer without looking and analyzing Nepal's inter-state relations with India since late 1940s (ibid). Furthermore, the economic embargo by New Delhi and restoration of democracy in Nepal did not change the status quo and not much change in foreign policy of Nepal, and then it turned to use Maoists as a bargaining tool against Kathmandu (Mishra 2004: 634). New Delhi was not happy even with the democratic government of Nepal and its grievances started some couple of years after the restoration of democracy. Mishra further states:

“Even after the restoration of multiparty democracy in Nepal, New Delhi's attitude to its Himalayan neighbor remained resolutely unchanged, and it still continues to carve the path of Nepali politics as exemplified by the contemporary case of the Maoist insurgency” (Mishra 2004: 634).

Until end of the Maoist insurgent, above 17 thousands people have been killed and other thousands of disappeared and displaced. Before starting the violent insurgent, they submitted the 40 points demands to the government, and notably most of the demands were about the relationship between Nepal and India (Mishra 2004: 634). Initially, they ran anti-Indian campaign all over the country and labeled India as a prime enemy for Nepalese nationalism. After the time being, they realized the importance of bordering territories of India and then they started to stay quite on the matter of nationalism and India. They used Indian territories without any restriction for hiding, planning, and to buy and supply weapons into Nepal. The recently disclosed letter revealed that Nepali Maoist sent a letter to the Indian authority in 2000 with requesting New Delhi to stay quite while using Indian Territory against

Nepalese establishment. It proves the 'Indian gratitude' towards Maoists during the violent insurgents in Nepal. And, that letter also reveals the connection between Maoist's top leaders and Indian intelligence agency (Research and Analysis Wing, RAW). The letter has disclosed recently by an Indian university professor in a seminar in Kathmandu.

In sum, while studying Nepalese foreign policy behavior and foreign interference on decision-making process has clearly linked into the domestic political environment. From the ousted of the Rana autocracy to present-day internal political development have proved the direct foreign interference in Nepal. Prior to the 2006-8 political change, the monarchy maintained the generally accepted balance approach towards its immediate giant neighbors India and China, although Nepal has the close links with India in terms of economy, culture, geography, etc. Due to the long-standing internal political instability, Nepal has experienced extreme foreign influences in the domestic political management. It would right to say that without managing internal politics and ending the prolonged political transition, the foreign involvement in domestic matters of Nepal will not be reduced significantly.

8.0 Conclusion

Neoclassical realist theory better explains Nepal's foreign policy decision-making process and its outcomes while analyzing the key events of foreign policy choices since 1950s. I have used the process tracing as well as narrative method to explain the major political development and foreign interest's involvement in Nepal after the political change in 1950-1 to till date. There were several key issues that Nepal carefully and intelligently used the balance of politics (tactics) to avoid possible aggression and intervention from its immediate neighbors. At the time being Kathmandu was also able to settle many disputes by peaceful means. To know the foreign policy of any given state one must open up the 'black box' of a state that how structural pressure is filtered, and how domestic politics react external constraints accordingly.

For structural realists, systemic pressure is inevitable and every state must face but its level of pressure depends upon the given state's relative capabilities. As neoclassical realist defines, one country's foreign policy decisions and outcomes do not solely depend on the relative capability itself but at the same time how political elite groups and state leader perceive and react the external threat and opportunities into policy choices. In such cases, every individual leader has own personal type of perception to understand external pressure to form a policy, which they react through the state's foreign policy choices, and the outcome is dependent variable. Since 1990, the political leaders of Nepal are visibly unable for rationally analyze the structural pressure in a unit level. According to neoclassical realist theory, if statesmen are not rational on decision-making process or unable to check the threats and opportunities then system will punish them. The growing foreign interventions and influences in Nepal can be viewed under the leaders' incompetent decision-making process on foreign policy choices. However, during the past decades monarchy's high competent leadership and rational on foreign policy decision-making process had provided Kathmandu a greater level of independence in domestic and external policy choices, even if Nepal had started relatively from the zero status.

At the recent moment, some increasing external interests have jeopardized Nepal's internal and external policy choices, which were seen in the constitution drafting process in Nepal. Basically, the federalization issue in the CA is not Nepal's own product, albeit it is just entered into Nepal by the external actors through political parties who have vested interests on the issue. In Nepal, which was widely entered into Nepal's political environment just after the political change during 2006-8 and the Madhesh (Southern plain area of Nepal) outrage in the following year. Although foreign policy expert in Nepal argue that it came to Nepal to weaken its status quo as a Himalayan buffer state. There are some grounds in it because, China's growing status in international system as a second largest economy and massively growing military power might be a threat to the existing powers in the future. Some scholars argued that Chinese economy could cross the US by 2050, if remained the constant growth rate. This possible economic power shift can be the greatest challenge for the existing powers, which are enjoying and dominating the international politics at the moment. As theory says they would either try to constraint the rapidly growing relative capability of China or they could participate in power competition with maximizing their own relative capability. If such happened, the existing power houses will seek the weaker points of China as easiest way to counter balance. Those powers could increase a higher level of security interests in surrounding of China. In such case, those power-houses will try to exploit the situation making trouble in Tibet by raising the issue of Free Tibet or else. The integral security of China is the most crucial issue for Beijing. Because, the Tibet's security as a integral part of China could decide Beijing's fortune for the ambition of the Super Power status in the future. This would be the game 'to hold' the world hegemonic power in the coming future. This is why, China always wishes political stability, and physical & economical development in Nepal for which it believes economically and militarily powerful Nepal could secure Beijing's security interests in Tibet through Nepal. Nevertheless, Nepal is not on the way to fulfilling Beijing's wishes because Kathmandu also has more pressures from the South in its policy choices and decision-making process. The Western interests basically US come to South Asia through India. After the Cold War, India is the most trusted strategic partner in the South Asian sub-continent for western democracies (05 November 2010, www.cfr.org). At present, the growing Indian dominance in Nepal even involvement in micro-

management is also the implicit Western authorization of New Delhi's policies for Nepal.

After restoration of democracy in 1990, Nepalese political parties and their leaders became evident in political culture of Nepal. Those political parties have brought more foreign intervention directly and visibly. The lack of confidence among the political parties and their leaders, they always seek New Delhi's mediation and help to solve own domestic political crisis (Thapa 2011, Kshetri 2012, Bhatta 2013). In the recent past and even now, there is not uncommon tradition among political leaders to go either New Delhi or Beijing to seek blessings. Nonetheless, Beijing is never seen involved in Nepal's domestic happenings as a decisive power. At the same time, the southern influences are decisive when every government changes and formation in Kathmandu. It seems like Kathmandu is completely dependent and incapable to form its own political culture at home. Albeit, Beijing does not pose such influences in domestic matters as long as its interests are heard as "one china policy" and 'security of Tibet'. Analysts and general public of Nepal have long been felt that the political leaders and elite groups have miserably been failed to preserve and raise the national interests and issues towards neighboring countries as well as international communities. Using the neighboring countries for their own least personal gains put national interests aside and it has helped for more foreign intervention on domestic matter.

The behavioral phenomenon of political parties and their leaders is seen much like taking and bearing the external ideas into domestic political culture that are more blatant in relation to India, which does not hesitate to India being seen taking sides in confrontations between various actors and institutions in Nepal (Bhatta 2013, www.telegraphnepal.com). It was visibly seen in the constituent drafting process for four years, which was dissolved without doing anything in 2012. The analysts have identified the implicit cause for the failure of Constituent Assembly (CA) that is among the different actors domestic and external who have 'vested interests' in restructuring the nation by federalization process (ibid). While it is said that India prefers the ethnicity-based federal system with only one federal state in whole southern part of Nepal (plain Terai region) that consist 17% of total land area with more autonomous power, and at the same time many more in the northern hilly region

(Manchanda 2008: 23). However, China is cautious with the New Delhi's intentions in Nepal about whether this process could change the Nepal's status quo. If such happened, the hilly region with many smaller federal states could be weaker in position than the southern plain area, where external actors might have the special opportunity to enter and pose a security threat to China through Nepal's northern area. This is the main concern of China, at the moment. If China sees the security threat, it will play more direct assertive role or might use force to be secured itself from Nepalese soil. And then, Nepal could be the ultimate victim of the event, and it may turn into the battlefield for the external interests. The ethnicity-based federal system in Nepal has hugely vocalized by the UCPN (M), which became the largest political party in Nepal after the CA election came with extreme far-left communist ideology and violent insurgent against parliamentary democracy, as well as many other regional-based most pro-Indian 'Madheshi' parties with external support.

To be considered as the international system is anarchic, the statesmen should always have certain principles to guide their actions for uncertainties by developing national identities with more societal mobilization capacity in the competition with others (Kitchen 2010: 119). If statesmen or leaders are heading without any adequate principles then those statesmen will be unable to find out the way forward, and in other word, the general public and nation itself would be in the 'state of confusion' then feel the vacuum in the governing body (ibid). In that situation, the nation states will most likely to go under pressure from external powers because they could not be able to deter the structural pressure adequately. New Delhi has often played overwhelming realist foreign policy towards Nepal in different time factor that has also caused the severe condition in Nepal, for example: Indian blockade for economic, trade & transit in 1989; duality and sympathy towards Maoists during the violent insurgents; and inadequate pressure in the Constituent Assembly's constitution drafting process. There are sufficient grounds that New Delhi's foreign policy towards Nepal is the product of realist thought. However, Nepal is the small nation state with least relative capability, for which it cannot compete with India in any substance and also Nepal itself cannot be the India's competitor like China or Pakistan in the region.

All in all, the geopolitical location of Nepal is the bitter truth. If leaders are able to exploit the situation, it could be the great opportunity for Nepal to secure its identity and sovereignty otherwise it might be destructive for Nepal. India and China's foreign policy for Nepal is completely directed by their own national interests and goals not by the benevolence and altruism, and not by the Nepal's perspective. The foreign policy of any given state is often based on realist thought and states might try to advance their interests as much as they can. There is no way to blame either state for their assertive roles in Nepal. It is the statesmen and leaders who should understand the international constraints and how to filter them in a unit level as per the need to fulfill the nation's goals. This article itself is not sufficient to explain Nepal's domestic politics and its impact on national foreign policy outcomes as well as external interferences in Nepal. It needs more research to know in-depth on Nepalese foreign policy decision-making process and foreign interventions in policy choices of Nepal.

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