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DEVELOPMENT AND UNDERDEVELOPMENT: A PRELIMINARY SOCIOLOGICAL PERSPECTIVE¹

Chaitanya Mishra

Introduction

The notion of development, despite its universal currency and exhortatory potential, in some ways reminds one of the story of the elephant and the six blind men. "Development" is somehow holy, uplifting and attractive. It is, however, also mysterious. The object is subjectively perceived and the totality of subjectivities does not add up to an objective description and/or assessment. Instead the totality becomes more and more grotesque, unfamiliar and abstract. A goal which is itself mysterious, in turn, inspires a mode of practice which is essentially misleading.

On the other hand, a valid conceptualization of the "developmental problem," would enable us to a) shed the mystery embedded in the notions of development and underdevelopment; b) assess current developmental practice more objectively; and c) sift alternative potential bases for development. Put another way, a valid conceptualization of the "developmental problem" would help us enumerate and analyze constraints against and options for what might be an adequate design for future development.

It is one of the more general central arguments of this paper that a valid conceptualization of the "development problem" can be approximated by analyzing a set of three structural processes: those related to the capitalistic world-system -- the capitalistic world-economy in particular, the internal class relationships within a given sub-world economy, and the form of utilization of political-economic resource. It should be emphasized that these parameters are distinct only analytically; these are parts of a historical process, united within a historical whole. These parameters can be made more specific and their mutual relationships unraveled only as part of an effort geared at

a reconstruction of history. Time, in this sense, is the fourth "process" we need to explicitly consider.

What do we mean when we say that we are underdeveloped? Is the underdevelopment we talk about a characteristic feature of families, communities, regions, classes, the state organization or of the nation-state as a whole? What is the genesis and later history of this underdevelopment? Has underdevelopment been a perennial and constant feature of our national history? Are we experiencing a further development of underdevelopment or are we in a steady state, a "low-equilibrium trap"? What roles have the international economic ensembles played in our developmental history? What has been the role of the various classes of our society in our developmental history? What kind of development have we been talking about in any case? Where do the developmental politics and programmes the state has been laying out in the past fit in this context? Finally, where do we go from here?

Clearly, this is a very tall order and it sounds arrogant to seek sketchy and preliminary answers to these questions. But I audaciously ask these questions because they are fundamental ones which cannot be left unanswered. The majority of us spend most of our time bogged down in details of programme and project administration, text book teaching, small-scale empirical, "disciplinary," or sectoral research and the like, with little time out to consider larger issues. Journalists and ideologues as groups are exceptions -- they have done a much better job of it.

I would like to begin by providing a brief answer to the first question raised above. Underdevelopment in Nepal (as in many other third world economies) should be seen as a process which may be characterized by a) increasing incorporation within the capitalist world-and regional-system in terms of labour, commodities and capital/finance; b) increasing loss of capacity to reproduce indigenous means of subsistence-production, combined with a diminishing or very low capacity to carry out expanded reproduction; c) emergence and growth of the comprador bourgeoisie (whose interests are closely tied with world and regional capitalism) and the state class which contains nationalist components but which cannot lead a national

transformation because of its strong political alliance with the feudal and other traditional -- i.e., precapitalist -- structures and its fast-growing economic and financial ties with the comprador bourgeoisie; d) considerable to serious problems of familial, community-based, regional and national integration arising out of peripheralization and marginalization on the one hand and on the other, the successful resistance kept up by the state, the feudal elements and the comprador bourgeoisie to mass-based political-developmental forms. As noted earlier, we must go back to history to sketch the manifestations of these processes.

The Processes of Capitalism

Before we go back to our history it may be necessary to provide a brief note on the essence of the capitalist world-process. Founded on the ruins of European feudalism, capitalism is a relatively recent human experience; it is less than 350 years old. It has undergone changes during its lifespan; the phases it has gone through in historical sequence are roughly labeled "mercantile," "competitive," and "monopolistic." These phases are marked by important variations, but the commonality is of far greater significance for the present discussion. Capitalism is a political-economic system which thrives on the creation of commodities and on incessant *expanded accumulation*. The essence of the capitalist process is disarmingly simple: the creation of commodities leads to the generation of profit, a part of which is reinvested to produce further commodities and so on. The cycle is repeated and expanded over and over again until a given market is near-saturated.

This was how capitalism began its tenure in certain European towns and cities. The capitalistic production system, however, was so efficient that it overran or dominated all other production systems -- and together with it, local and national institutions -- almost over all of Europe in the next half-century. The successes of the system, in course of a relatively short span of time, produced its own problem -- the saturation of the market.

The resulting demand and supply bottlenecks were then overcome with trans-continental leaps. The era that we know as colonial thus began to take shape. (To be sure, long distance trade and "rich man's trade" in which traders traversed great

distances to procure unusual and therefore high priced items -- as well as more mundane commodities, i.e. salt -- has a history much older than capitalism. But these are instances of primitive accumulation and conspicuous consumption. These exchanges -- primarily barter exchanges -- did not lead to expanded accumulation.) The capitalist economic system thus encroached upon and incorporated lesser cities, towns and villages and families, communities, ethnic groups, tribes and natives in the colonies. Inevitably, many groups were pushed out: various pre-capitalist production systems and social and political institutions based upon such systems of production, less efficient producers (in terms of the rate and expansion of the creation of exchange and surplus values), communities, institutions, class and status groups, and entire states. Social institutions like family, marriage, education, work/employment, along with socio-biological processes (e.g., birth and death) were transformed or modified and adapted to the exigencies of the capitalist frame. However, the capitalist system not only pushed out, transformed, or modified traditional, i.e., precapitalist, institutions, but also created the three major institutions of our everyday life at the present: 1) the core capitalist (developed), semiperipheral and peripheral (underdeveloped) world areas, 2) the class-based nature of the society, and 3) the global interstate system.

The characteristic features of underdevelopment outlined earlier are endemic, to a greater or lesser degree, to all world peripheral formations and constitute a unique and inevitable creation of the capitalist world-economy. Thus, the peripheral formations are entirely normal outgrowths of the inner law of capitalist development -- that of expanded accumulation -- at the world scale. The creation of what came to be known as the third world is really what Lenin meant when he spoke of the widening of the capitalist economy. The continual development of capitalism is contingent on the creation of such peripheries -- it could not prosper without it. This is simply because of the fact that bereft of the continuous creation of peripheries -- which can provide cheaper natural resources and labour power as well as capital/finance and form outlets for the commodities produced -- the rate of accumulation of profit, the engine of the capitalist mode of production, would tend to fall. In the case the capitalist

political economic formation would lose its vitality and crumble rather quickly. If, by now, the fourth- and fifth-worlds have come into existence, these are evidences of the continuing viability of the core as well as semiperipheral and peripheral capitalist formations to widen and deepen (Lenin, once again) the peripheralization of the "primitive," i.e., precapitalist, economies in and around them.

The capitalist encroachment is essentially "economic" -- accumulation is of paramount importance. But to the extent that political and military controls are necessary to ensure unhindered accumulation, such are sought to be established, as in the cases of the multitude of Asian, African and South American colonies. Such controls are established not only in the colonies proper but also in the immediately outlying regions which would, in any case, be under current economic penetration -- for greater accumulative security. The outlying regions, in general, are formed out of relatively weak, small and pliable neighbors who may, depending upon the geostrategic context, be out in the position of a buffer against other capitalist or otherwise powerful precapitalist formations, e.g., feudal empires. While colonialism proper is dead -- not in small measure due to the rise of nationalism in the colonies but also because the political and economic costs associated with the colonies were too high and also because there were softer options -- monopoly capitalism keeps the essence of the capitalist process alive through a variety of means. Thus the whole series of the present-day Asian (and many other) marginal peripheral formation were shaped and reshaped in many ways: hegemony -- nuclear and conventional military-political terrors, military organizations and treaties, invasions, military assistance, anti-"terrorist" offensives, delineation of encompassing security frontiers and spheres of influence, security council resolutions and vetoes etc.; neocolonialism -- trade, monopolies, market extension, aid, loan, capital/financial and debt arrangements, etc.; and finally, the creation of comprador alliances. Thus the shaping and reshaping of the interstate system and the development of underdevelopment in peripheral formations in general and the periphery at the margins in particular, e.g., Laos, Cambodia, Bhutan, Sikkim (?), Sri Lanka, Tibet (?), Nepal, Afghanistan (?).

Indeed, the shaping and reshaping of such states has been a global routine in the last 350 years. It is no coincidence either that capitalism is just about that age.

The Onset of Underdevelopment

It is difficult to locate the onset of underdevelopment in Nepal precisely. A number of "guideposts," however, lead me to locate its beginning during the middle of the 1880s. As most other historical markers, this is only an approximation. If the marker makes sense, we have lived through exactly one century -- five generations -- of this long, drawn-out crisis. To many, and because of the long time-frame envisaged, this will look like a prelude to a too dilute version of the stage of underdevelopment in which we currently find ourselves. To some, it may also look like an effort geared, if innocently, to defuse the seriousness of the present situation. Apart from underscoring our general tendency to experience time in a manner in which the present always looms larger than the past (attributable to a mystification of history which then hides or altogether severs the "living" from the "dead"), I will try to bridge the gap between the "two views" by means of the following arguments: There is little doubt that under-development has developed further in recent years. I would put the cutoff date for "recent years" at 1949-1950. Within the last 35 years, further movements definitely indicate an intensification of underdevelopment. Hence the urgency: a sense of the immediacy of underdevelopment; a "need" to telescope the "developmental problem." I think it is, nonetheless, historically more valid to look at current underdevelopment as part of a larger history of peripheralization. One should be able to see an intensification of an overall trend without denying a past for it. Underdevelopment in Nepal, therefore, has a long history whose roots lie in the continuous, if uneven, process of peripheralization. If it was the world capitalist power, the British Empire, under whose auspices peripheralization and underdevelopment marched ahead before 1947, the Indian dominant alliance has been the immediate motive force in this process in the more recent past as well as at present. The Nepali state alliance, composed of the state class, i.e., the proponents of the various formal political-organizational systems we have created and lived under, the town-based "middle class," the

feudal landed interests and the comprador bourgeoisie which, as we shall see, are largely offshoots of this process of peripheralization, is the main link through which this process is sustained and underdevelopment reproduced.

The Past and the Present: ca. 1700-1884

Let us consider our history ca. 1700-1884: the period of the creation of "Modern Nepal" and the period immediately preceding it, which from now on we shall refer to as "pre-peripheralized Nepal." As in all precapitalist economies the world over, there were immense variations in political-economic forms here. The precapitalist world is a world of seclusion, variation, and the stuff of romantic uniqueness: precapitalist economies are not based on expansion and ever-encompassing levels of integration. At the very least, four economic zones could be discerned; the Himalayan region, the eastern and central hills, the western hills and the Tarai. The four zones differed substantially not only with respect to primary production but also with respect to the resource base, the nature of landholding rights, organization of labour, fiscal system, degree of monetization, expansiveness of the market, class differentiation, relations of production, and so on. Towns located along the relatively densely populated Mahabharat range, and the more sparsely populated northern and southern borders, added to the variation.

At this point, however, it is necessary to establish a "modal" picture, even at the expense of some precision. The precapitalist economies within the early pre-peripheralized Nepal may be said to be variations on tribute-paying-cum-feudal modes of production. Two further points, nonetheless, have to be kept in mind while reading the pre-peripheral history. First, we do not have a clean survey of the political-economy of the Nepali state for the period. Therefore, we shall have to reconstruct one from patchy and selective information available. Second, it should also be remembered that the political-economic system during the pre-peripheral period was itself dynamic due, mainly, to four influences; the changing fortunes of the Nepal-Tibet trade: the decline of the Moghul empire and the rise of the lesser feudatories; the upheavals and reorganizations immediately

preceding and following the forging of the Nepali state; and, most importantly, the rise of the East India Company.

The predominant productive activity was agriculture, including a fair spread of slash-and-burn agriculture both in the hills and the Tarai. The Himalayan region, the 24 Nepal-Tibet trade route areas in particular, the Kathmandu Valley and a few other small areas had been thriving on entrepot, or long-distance trade, for over one millenium -- an almost universal economic mode in a region lying between two different geographical/civilizational areas. The Kathmandu Valley had been enjoying a highly developed agrarian-artisan-trading culture at least from the seventh century onwards. There were few other urban areas, however, and non-sex/non-age division of labour was rudimentary. The *jajmani* system, so entrenched in the plains of India, had a rather weak base in the hills. During the beginning of the 19th century, approximately four-fifths of the total state revenue was comprised of land revenues. Of the total state revenue of Rs. (I.C.) 1.7 million in 1853, 68 percent had accrued from land revenues. Fines, customs duties and sale of *sakhuwa* (sal) timber contributed only small amounts to the state funds. Much was spent on the upkeep of the military. Non-state resources -- i.e., community, family -- played a predominant part not only in public construction projects but also in the military effort: by way of procuring provisions, and construction of trails, culverts and bridges. In part because war preparations diverted a large amount of resources, the state as well as the rulers were almost always short of men and materials, and occasionally borrowed cash from private citizens, often traders. The early state allowance practiced *swadeshi* not merely because of Prithvi Narayan Shah's injunctions against luxuries and imports, but also because a) the community and household political-economic structure was not geared to the creation of large surpluses for the use of the state alliance, b) the mercantilism of the East India Company had acquired neither the economic nor the political edge to enforce itself on the Nepali state, and c) artisans and traders formed an important component of the Nepali state alliance.

The unification and the incipient penetration of mercantile capitalism produced a number of very important consequences for the Nepali society and state. It took a long time (more than

one-hundred years) to unfold. Furthermore, the changes were much more extensive during the last half-century than during the preceding years. The first consequence of unification was to speed up the process the disintegration of the communal political-economic formations, particularly in the central and eastern hills and the enhancement of a tributary mode. Under the pre-existing communal mode, land could not be bought, sold, mortgaged, kept idle or sub-tenanted; it was a community property to be used by house-holds of that community. The much-repeated "self sufficiency of the hills" was essentially anchored in this supremacy of the community over local households, and over other communities and the state. This strength manifested itself in the strength of village-level self-help groups, a highly integrated -- although rudimentary except in the Tarai -- division of labor, conservation, i.e., optimum use combined with reproduction and development of resources, and community leadership. The usurpation by the state of the right to productive assets -- primarily land but also forests and, in some cases, irrigation water -- combined with the separation of the households (and individuals) from the community, apart from weakening the community strengths mentioned above, also led to the creation of rich and poor households. In the relatively cushionless setting of the hill/mountain, the usurpation effectively signaled and strengthening of the forces of marginalization and immiserization there. This was also the beginning of "overpopulation" and ecological deterioration as also of emigration. To put it differently, the central and eastern hills were following the western hills and some of the Himalayan regions where land was privatized and had entered the domain of the market at the latest by the middle of the 18th century. Privatization of land received a major push during the 1854-1868 period when revenue settlements were revised throughout the kingdom and fresh records of individual rights in land were compiled.

If the process of the disintegration of the communal mode and the corresponding strengthening of the tributary mode was hastened in the central and the eastern hills after unification, a very different mode was being born in the Tarai. This was the feudal mode, and constituted the second consequence of unification. The feudal mode gained ascendancy side by side with

the annexation of the Tarai areas. Extensive tracts of forest and agriculture land came under the personal ownership of members of ruling house, high state -- including military -- officials, ecclesiastes, local functionaries as well as local "big men." Most of the feudally-organized holdings were also held under the rent-free *birta* tenure. Exploited largely with the labour of migrants from the adjoining Indian plains who had been pauperized in their native regions through the Company's policies on cropping, marketing and industrial establishments and land tenure -- including the infamous Permanent Settlement of 1795 -- the Tarai resources increased the national production many fold. No less significant, however, was the fact that the agrarian structure there was feudally organized.

The feudal organization of the ownership of resources had three highly significant consequences. First, it increased the power of the state by a) enriching the rulers and putting much greater resources at the disposal of the state, b) firmly incorporating the local feudal lords within the state alliance heretofore made up of the ruling houses and the bureaucratic-military complex, c) enabling it to extend its political administrative arms across the territory.

Second, it worked effectively against the political-economic integration of the hill/mountain region on the one hand and the Tarai on the other. It was this bifurcation in the social organization of production (that is, the operation of the communal-tributary mode in the mountain/hill versus the feudal mode in the Tarai) more than any other factor which produced a largely regionally divided nation. The self-sufficiency of the hills, the defense-related rules which hindered easy travel/transportation (including passport requirement and restrictive regulations on the use of trails) and the malarial climate of the Tarai -- the three most frequently mentioned reasons for the lack of hill/mountain and Tarai integration -- merely fulfilled the subsidiary conditions. The feudal organization of the ownership of the resources in the Tarai also led to the development of an outward bound ("extroverted") economy which became integrated *not* at the national level, but beyond it -- the produce of the Tarai land and the hill labour power showed a tendency to be integrated within the British Indian and not the Nepali political-

economic space. The hill labour power and the Tarai land -- in their separate yet similar ways -- helped to generate surplus value for the Nepali state alliance and for the British Indian/empire. The implications of this bifurcation will be drawn out in the next section.

The third consequence of unification was the further strengthening of the state by the exercising of monopoly rights in forest products, wild animals, minerals, specific cash crops, and in captive trading of essential commodities in specific internal markets. The state discouraged Nepali traders from setting up shops in India and instead established export centres inside Nepali territory and collected export duties. While income through such monopolies and state trading was used almost wholly to sustain the military buildup in earlier periods (approximately, before 1838), the enlargement of the state trading system, combined with on the one hand the extensive revenue farming, and on the other the absence of wars, meant that a large proportion of the income thus generated began to be very personalized by the members of the state alliance. A very rough estimate indicates that each Rana prime minister appropriated roughly 25-30 percent of the annual state revenue. Jang Bahadur's annual salary for 1863 was approximately Rs. (I.C.) 100 thousand. A soldier's annual salary the same year ranged between Rs. 22 to Rs. 100.

The fourth consequence related more closely to the development of the mercantile form in India. This was manifested by India in the import of hill labour and Tarai products and also by Nepal in the import of the Indian northern-plains labour power in the feudally organized Tarai and the commodities, including luxuries, for the use of the members of the state alliance. The persistence of the Company in trying to open up the Nepali market, beginning with the 1766 Kinloch expedition, was so dogged and resolute that it is rather surprising that the Nepali state could blockade itself for as long as it did. The first interstate trade statistic, for an unknown year in the first decade of the 19th century, gives a total figure of Rs. (I.C.) 435 thousand. The figure had reached Rs. (I.C.) 9.8 million by 1879. The value of exports during this period was four to five times as much as the value of imports. While this information should elate those who

compute our trade balance statistics -- and those who plan for the deficit -- it really ought not to; the initial period of contact between primitive economies and capitalist economics has been to the former's advantage the world over. The difference between accumulation, expanded accumulation, and systematic unequal exchange inexorably tip the balance in favour of the capitalist mode. The importance of the trade figures lies mainly in the fact that they indicate an increasing, yet roughly plateaued, penetration of capitalism in the Nepali political economy.

Limited commodity transaction went hand in hand with the incipient import of the choicest Nepali labour power. That the initial Nepali labour power was utilized not directly for production but for "security," i.e., political-military penetration in the case of the aggressive and rising Company/Empire, only twists but does not change the overall power of capital to draw in labour. Mercantile capitalism was beginning to extend itself to include Nepal within its organization of production. But the scale of import of labour power was, nevertheless, small. The Nepali state alliance right up to the middle-1880s did not allow open recruitment of Nepalis in the British Indian army. A variety of punishments, including the death penalty, were given to those who were found to have joined the British Indian army. The recruits' families back home were systematically harassed. Nonetheless, the Company did have some success in recruitment. And just as importantly, the immiserization of the hills had only made its first appearances.

The Past and the Present: 1885-1949

We now arrive at the 1885-1949 juncture. The processes set in motion 200 years to 60 years back finally matured by 1885. Competitive capitalism was at its peak and metropolitan Britain was the world hegemon. Political-economic processes at the home front almost fully corresponded with the world order. Nepal henceforth would serve as a bona fide member of the periphery. The shortcomings and inefficiencies of the mercantile mode were obliterated and the resistance offered by the state alliance was all but withdrawn.

Prime Minister Bir Shamsher inaugurated his regime by acquiescing to the long-standing demand of the British Indian

government to allow it unhindered access to Nepali labour power of its choice. Indeed, he actively encouraged it and even accepted the British request not to recruit the Gurungs and the Magars in the Nepali army. The breeding ground for the "Gurkha" labour power, which had first been limited to a few locations in Himachal Pradesh and had later spread to Utter Pradesh, Bihar, Bengal and Assam, now covered the territory of "independent" Nepal. The Gurungs, Magars, Rais, and Limbus were in the prime list of the British not only because these were the non-Hindu components of the Nepali population, but also because they were available in increasingly larger numbers, in large measure due to the (by now) fast-paced weakening of the communal organization of resource use and the consequent immiserization of a substantial proportion of the households in the central and the eastern hills.

As is well known, the recruits poured in. More than 27,000 soldiers were hired between 1886 and 1904. Roughly 200 thousand -- 20 percent of the adult male population in the country -- were drawn to India during the first intercapitalist global war (better known as World War One). Approximately the same number participated in the second global war. The exodus hurt agriculture and the food supply considerably. It also hurt the raising of land revenues. Beginning 1919, the British started to compensate this loss of revenue to the comprador state class by making an annual present of one million rupees. The amount, expectedly, was doubled following World War Two. In addition, the Rana prime minister was awarded a gift of 1,750,000 pounds for his help.

The British Indian officials were very happy that they could force open recruitment. Indeed, the British concern for this "free trade" was so palpable by 1884 that commodity trade with Nepal was regarded by the government of India as a question of altogether minor importance compared to the power of obtaining Gurkha recruits. It was noted for a long time that the British were prepared to make considerable concessions to the Nepali state class for allowing this "access"

Marginalization in the Nepali hills and the demand for labour by capital in parts of India resulted in another strong

migratory "stream." Between 1891 and 1931 there was a five-fold increase in the number of Nepali migrants to Sikkim. Tea plantations in West Bengal (Darjeeling and Jalpaiguri) and forest clearance in Assam attracted a huge body of Nepali migrants. A large number of "Bahadurs" was also created during this period who took on the duties of public and private security maintenance and daily wage labour.

To be sure, Prime Minister Bir Shamsher as well as the later regimes must have been happy with the export of labour power in as much as it brought in a very large sum of cash income in the country by way of remittances, etc., but also because it absolved the state alliance of the responsibility of reorganizing and stabilizing the hill economy. The feudal ownership of the Tarai resources, on the other hand, meant that the expanse of the Tarai could accommodate a relatively small number of the marginalized hill dwellers. Thus, while the marginal quality of the hill areas was continually reproduced in more and more aggravated forms, the immiserized hill dwellers and the resources of the Tarai could not be integrated within the national perimeter.

Indeed, the state class was actively pushing in the opposite direction in four major ways. The first avenue, the export of hill labour power, has been discussed above. The second avenue was trade, both exports and imports. The trade figures shot up from Rs. 9.8 million in 1879-80 to Rs. 30 million in 1890-91. In 1900-01, 1913-14, and 1920-21, the figures were Rs. 39.9 million, Rs. 63.8 million and Rs. 87.9 million, respectively. The huge export expansion became possible due (in addition to the bifurcation of the organization of production in the hill and the Tarai, as discussed above), mainly to: a) the increased tempo of forest clearance in the Tarai; b) the expansion of cultivated area in the Tarai -- almost the entire mid-western Tarai was cultivated during this period; c) the increase in the scale of cultivation of cash crops e.g., opium, jute, indigo, tobacco, sugarcane; and d) the construction of railway lines across the Nepali border. The expansion of import, on the other hand, was based on: a) the enlargement of the state alliance; b) the increase in income through export; c) the increase in the rate of consumption of high-elasticity imported luxuries; d) the sudden

increase in the flow of cash in the hills -- i.e., the stirrings of a remittance economy; and e) the onset of the disintegration of the organization of indigenous manufactures and crafts at the national scale. The massive increase in income was hoarded, used to buy imported cotton goods, metalware, glass ware, cigarettes, gold and precious stones, to build large homes as well as humongous and luxurious palaces (including in the distant countryside *bitra* locations), to the creation and sustenance of a huge body of servants and retainers, to the buying of property, and in hoardings and investments, in India and a number of other world areas, including some of the capitalist metropolitan locations.

The expansion of the Indian railway line just across the Nepali border between 1885-1910 gave a great impetus to this trade. Nepali timber, the primary source of wood for the construction of railway lines all along northeast India, helped capitalism to open up the Nepali market for other commodities. A preliminary version of an outward-bound and expanded capital recylement regime was played out. It is, nonetheless, interesting to note that the state alliance, ever fearful of the British *military* involvement in Nepal, was wary of fully opening up. Time and again it rejected offers/requests to lay down railway lines inside Nepal and link it up with the British Indian railway system. However, as the trade figures bear out, this resistance was weak as far as commerce was concerned.

The state alliance systematically discouraged household crafts and artisans and traders by allowing imports of everyday consumption commodities on large scales. Household crafts and cottage industries in the hills were badly hit in particular by the flow of cotton goods and metalware. Raw cotton, extensively cultivated in almost all parts of the hills, lost to machine-produced, cheaper cloth. The skills required to cultivate and process it slowly disappeared throughout the hills. The cash needed to buy cloth, on the other hand, compelled an increasingly larger proportion of hill households to seek seasonal, or "permanent," manual jobs in Indian towns and cities. The rapid expansion of the Indian industrial economy after the World War I, in conjunction with the liberalization of imports following the 1923 treaty, further undercut the basis of craft and industries in

Nepal. Imports boomed -- including from Japan and Europe -- so rapidly that Nepal devalued its currency by 1932.

The 1923 treaty did produce one positive impact on Nepal, however. The guarantee of formal independence, coupled with a general support received from the British Indian government, gave Chandra Shamsheer the confidence he needed to carry out several mildly anti-feudal measures. The most well known of such measures was the abolition of (the almost wholly domestic) slavery at state expense and the resettlement of the slaves in Amlekhganj in the central Tarai. The treaty also gave him the confidence to lay down the Raxaul-Amlekhganj railroad and to construct the Bhainse-Kathmandu ropeway line. These acts of further opening-up, of course, led to the increase in the scale of both exports and imports. The post-World War One period in general and the post-1923 treaty period in particular (which, in addition, also saw the establishment of the first college, the first state-sponsored irrigation canal) appeared to provide a lukewarm trend towards state support to national accumulation, although it was along the feudal line. Juddha Shamsheer's efforts along these lines were stronger and quite admirable. The mid-1930's formed a period during which an ideology of inward-looking and indigenous national development gained some ground for the first time after Prithvi Narayan Shah. The institution of Udyog Parishad (Industrial/Developmental Board), the promulgation of the Company Law, the establishment of the Nepal Bank Limited, the jute and various other industrial establishments, could have led, in course of time, to the creation of a dynamic national bourgeoisie. The point here, however, is that the 1923 grant of independence was the most important precondition for the potential generation of an independent national bourgeoisie which would have been inherently exploitative and iniquitous but which would also have more or less successfully guarded the state against outside capitalist onslaughts by itself engaging in inward-oriented, expanded accumulation.

The loss of British hegemony following the first inter-capitalist war, the birth of the Soviet Union, the Great Depression and the global processes leading to the second round of the world war provided much incentive to anti-colonial movements in the

colonies. The Indian independence movement was a product of this setting, with industrialists, traders and middle class gentries as its leaders -- precisely a conglomeration which stood to gain most from inheriting the capitalist infrastructure and by establishing a necessarily compromised version of national bourgeoisdom. The major opposition groups within Nepal -- excluding groups which were patently reactionary -- had a similar class basis (apart from the obvious absence of industrial entrepreneurs) and had imbibed a similar ideology. As it turned out later, the ideology internalized by the opposition groups did not serve Nepal's national interest well. This, because the ideology was based on faulty readings of a) the world and regional capitalist process; b) the nationalism of India; c) the rise of communism and the establishment of a communist state in China; d) Nepal's place in the political-economic-military processes in the region; and e) the precise extent of the development of underdevelopment in Nepal and of the processes leading to it.

The Past and the Present: 1950-1985

We now arrive at our most recent period in history, 1950-1985. The onset of the period was itself interesting -- and instructive -- in many ways. Apart from the United Kingdom and India, with whom we established diplomatic relations was the bastion of world capitalism, the United States, which was beginning its tenure as the global hegemon. In 1950, as a frontline state against communism, we began our history as an aid-receiving nation. The Nepali labour power formed part of the global military might in defense of capitalism and was used alternately as a primitive rapid deployment force, a regular front line battalion, and as an anti-guerrilla operations squad against anti-imperialist, nationalist force. The Indian state that had fully supported the Ranas for a couple of years after its independence suddenly switched sides, following the emergence of a communist state up north, and clamped its security frontier up to the Himalayas, thus incorporating Nepal within its military perimeter. Tribhuvan Airport and Tribhuvan Highway were constructed by the fledgling Indian Air Force and Indian Army, respectively. The Indian Army continued to operate the highway long afterwards. In addition, the Indian state, which "preferred"

to deal on monopolistic terms with neighbours and other third world states, enforced a trade treaty which would necessarily narrow Nepal's resource base and make it increasingly more dependent on India. Combined with the "Friendship Treaty" which was exclusively directed against Nepal's only other neighbor, China, Nepal took shape as a near-full-fledged hegemony of the Indian state and the Indian mercantile bourgeoisie. In an immediate sense, these were parts of the costs Nepal had to bear for the 1950-51 "revolution".

The 1950-1985 period was characterized by several elements: a) nationwide, deeper peripheralization through outward-bound flow of resource including commodity, labour power and capital vis-à-vis India and the world capitalist economy; b) immiserization of a very large proportion, probably more than three-fourths of the hill households and two-fifths of the Tarai households; c) a nationwide political coalition of medium and large landed interests and state class interests; d) a very fast growing incorporation of the mercantile bourgeoisie into the state alliance; e) an enlargement of the state alliance, particularly in the towns and district capitals; f) an expansion of the effective scope of the state alliance in the formal political, political-economic and social sectors; g) the diminution of the household and the village-ethnic community; h) multiplication of misconceived, ineffectual anti-poverty state programmes; j) improvements in the transport-communication, education and health sectors which, nonetheless, have largely augmented underdevelopment; and k) an almost total inability to chart a course toward an inward-bound production recyclement -- capitalistic or otherwise -- and an expanded accumulation regime integrated at the national level.

If it is ironic that Nepal's political dependence increased after the 1950-51 "democratic revolution," the degree of economic openness and dependence was even more so. Although it is a historical rule of the capitalist world-system that economically primitive states lose out not at the beginning of the precapitalist-capitalist exchange relationship but only later (loosely, in the medium run), ironically it needed the "revolution" and the resulting "democratic" setup for Nepal to be in the red in commodity transactions. The volume of interstate commodity

trade reached Rs. (I.C.) 265 million in 1956-57, from Rs. (I.C.) 88 million of 1920-21. The figure jumped more than four times during the next 10 years and reached Rs. (N.C.) 1157 million in 1966-67. It almost tripled again in 1976-77 at Rs. (N.C.) 3173 million. It more than doubled in the next five years (1981-82) and reached Rs. (N.C.) 6429 million. Imports as a percentage of GDP went up from 9 percent to 15 percent between 1969-70 and 1979-80 (all figures are at current prices). The composition of interstate commodity trade, on the other hand, continued to reinforce underdevelopment by emphasizing the export of primary goods, principally food items and non-fuel raw materials, which accounted for more than three-fourths of all exports for 1981-82. Imports were mainly composed of manufactured products, fuel, chemicals, and food items. The interstate commodity trade balance is so lopsided by now that the value of merchandise exports for 1981-82 was only one-third of the value of merchandise imports. The balance of interstate payments as a whole turned red for the first time in 1983 despite the fairly large incomes from tourism, remittance by migrant labourers in India and elsewhere, and interstate grants and loans. The dependence of the state on import duties was very high and growing; these formed 25-34 percent of the total annual revenue of the central government ever since the 1970s. What this also means of course is that there is less scope now for national expanded accumulation than before. At the same time, it also means that the existing national resource recyclement regime is rapidly getting weaker.

Hence the increasing deterioration of the ecosystem and of the food, feed and fuel chain and unemployment and under-employment on the one hand and "overpopulation" on the other.

The emigration and remittance regimes -- processes as intimately connected to the capitalist world-system as the import and export of commodities (what are commodities but embodiments of labour!) -- have been strengthened in the last 35 years. More than 4 percent of the total population was emigre in 1961. There is a large quantity of circumstantial evidence which indicates that both Nepali and Indian census systematically under-enumerate Nepal-India migrants. The actual proportion of India-

bound Nepali migrants may be much larger not only for 1961 but also for the later years.

Probably much more important, both in terms of the number of households involved and the scale of remittance, is seasonal migration of labour to India. A number of independent studies on the western and eastern hills report very high rates of seasonal labour migration to India. In general, it appears that 15-20 percent of all households in the hills/mountains may have one or more family members in India for 2-5 months per year as seasonal labourers. The majority of the migrants -- whether seasonal or semi-permanent/permanent -- are young adult males, even excluding those in the Indian and British armies and those in "security duty" in Brunei, Singapore and other semi-peripheral capitalist areas.

The emigre households, in continual pressure to change their structure and lifecycle in keeping with the (uncertain and fluctuating) demand for labour in India or outside (or in the Tarai/Kathmandu Valley for that matter), have deformed themselves vis-a-vis the local organizations of production; that is, the effective structure of the household, the sexual division of labour, the demand for children (including the sex-specific demand for children), work socialization and mode of resource ownership and use have become geared more to the Indian/Tarai market than to the local setting. This is particularly salient in the western region of Nepal which has historically been exposed longer and more intensively to capitalist influences and thus intimately peripheralized. Recycling of local resources is the poorest there and thus the earlier and much faster rate of deterioration of the ecosystem. Contradictions between the long-standing institution of private property and the social and communal nature of production have also contributed to ecological deterioration, e.g., the fast-disappearing common lands, pastures, as also to "overpopulation" and chronic and serious food scarcity there.

The outflow of capital is very difficult to document -- mostly because it is deliberately hidden or camouflaged. Three avenues of leakage, however, may be identified. The first is the profit Indian citizens draw out of their industrial/

commercial/agricultural/ financial/service-oriented investment in Nepal. The scale of such investments is not known, but generally acknowledged as large. Indian investment in Nepal has a long history. The new expansion of Indian commercial capital, however, can most easily be seen in the wholesale and retail trade/smuggling of "third country" goods from Nepal to India, food grain wholesale trade, and remittance through the sale of skilled/semi-skilled labour power. Commercial capital, it should be noted, is recycled very fast and is repatriated at the same speed. The second avenue of capital outflow is the hoarding/investment/expenditure Nepalis make in India and other states. This is another area where information is lacking. The official figure, for 1950, compiled by the Indian government, showed that the total hoarding/investment made by Nepalis was equivalent to Rs. (I.C.) 44 million. Unofficial estimates, however, are much larger. A fairly substantial proportion of the bourgeoisie, the Tarai landlords and the larger trading houses prominent among them, own properties and investments in India. It is also probable that a few families own properties/investments in other states and capitals. A large amount of potential capital also flows out by way of educational, medical and other expenditures visiting Nepalis make in India.

However, it is through systematic unequal exchange in commodity/labour transactions that capital flows are largely decided. We have already dwelled upon the power of the capital over marginalized labours as well as the increase in commodity transaction, especially import, on the part of Nepal. Unequal exchange is a mechanism of division of labour under which a given political-economic set-up (whether a state or a region or a sector) successively envelops the market of another political-economic set-up because the productivity of the former, per unit of labour, is higher than that in the later (which is also another way of saying that the wage rate is lower in the former than in the later, per unit of production). It is not merely that it takes six months of hard labour for an old man in Salyan to buy a pair of Bombay mills pair of coats; the point is that it shall take even longer in the future. It should be emphasized that this is not a one-shot penetration, but one which works over a long period. It not only displaces the indigenous products, but inexorably works

itself out to undermine the political-economic bases of a peripheral system. This is essentially the regimen under which the multiplier/accelerator gets systematically exported from Nepal to India or elsewhere. This is also why capitalism enforces "open door economic policy" and glibly idolizes the "comparative advantage to the accrued from international trade" and "global partnership." This clearly was the longer run objective of the 1950 Indo-Nepal treaties, as far as the Indian bourgeoisie was concerned. If India has become less blatant about its state-supported capitalism vis-a-vis Nepal, it is only because Indian capitalism is coming of age, i.e., it is becoming competitive at the world level in some production sectors in some markets. It is interesting, nonetheless, that less than one percent of the total Indian aid has gone to the industrial sector.

Development of Underdevelopment: Facts, Levels, Constraints and Options

The facts of the development of underdevelopment at the present, as one of its historical-structural characteristics, are manifold and multilayered. It should be noted that these are facets only when underdevelopment is analyzed in a static frame; in processual terms these "facets" further lead to an enhancement of underdevelopment. The constraints under which the present state alliance lives, and the options it exercises and/or fails to exercise, constitute an important facet of the development of underdevelopment. The state alliance cannot lead a coalition of national bourgeoisie and engage in an expanded capitalist accumulation regime for several reasons: a) peripheralized extensively and intensively for more than one-hundred years, the national bourgeoisie -- the national industrial bourgeoisie in particular -- is a very weak force here; b) firms and industries, at least in the short run, cannot acquire a competitive edge; c) the existing scale of interstate commodity transaction cannot be drastically cut down -- and national accumulation subsidized -- not only on account of local demand and interstate/international pressure for supply but also because a very large proportion of the annual national state revenue -- varying between 25 percent and 58 percent in the last 20 years -- accrues from interstate commodity trade, the bulk of it from important duties and associated taxes; d) the hill households, as well as the state as a

whole, cannot forego the emigration and remittance routine; e) the state alliance cannot afford large-scale proletarianization -- an inevitable consequence of the capitalist accumulative process; and f) because the comprador commercial bourgeoisie has become a prominent component of the state alliance. Thus you have a boom in imports, a boom on trading and smuggling of imported commodities but also an agrarian system which is unproductive and apparently becoming more so -- and an industrial/manufacturing base which shrinks more than it expands. Thus you have emigrant households who feel happy over the fact that the Nepali currency has been devalued against the Indian currency. Thus you have a land reform programme which ties the landlord and the labourer in a relationship which slows down effective landlessness and rural proletarianization but also precludes increases in agricultural production, and which legitimizes the vastly iniquitous distribution of landholding in the hills and the Tarai, which, in turn, (as in a mini version of the *latifundia* agrarian system) sustains the export of primary goods and labour power, the import regimen, and the regional and national class structure. Thus also there is an overemphasis on the transport and communication infrastructure which along with its beneficial aspects increasingly reinforces the image of Nepal as an entity where porters, trucks and aeroplanes bound inside the border -- particularly to the north -- are loaded to the full while those which flow across the border and to the south are three-fourths empty. Thus the lack of success of the well-intentioned New Education System Plan which neither comprehends the relationship among class, production and education in our present set up nor is penetrating enough to be wary of the optimistic forecasts on the expansion of the national economy. Thus also you have immigration into the Tarai, emigration from the hills, immigration from north India and the problems of citizenship and dual citizenship. Finally, you have state-sponsored monopolies, i.e., corporations, which perennially run on the red.

Nor can the present state alliance pave the way for a socialized political-economy -- admittedly a much more far-fetched option, not only because it would obliterate the economic basis for the preeminence of the present state alliance, the larger

landlords and the comprador commercial bourgeoisie in particular, but also because such an option would involve a considerable devolution of authority to local governments and thus be contrary to the larger scale processes of centralization -- a necessary process for the particular form of state we run and the interstate setting we live in -- witnessed since the late -1950s. It is also far-fetched because it would be difficult to enforce, given the highly capitalism-dependent nature of our economy on the one hand and the world/regional capitalist system which, as already discussed, thrives on the basis of continual expansion. Thus you have an import-based commercial bourgeoisie which is prospering and expanding very fast. You have feudal organization in the Tarai which is weakening, in part due to the success of the commercial bourgeoisie, but nonetheless on its feet.

There are other options, e.g. expansive multinationalization, but these are even less "realistic." Given the advanced stage of openness, peripheralization and dependence, this may really not be an altogether unattractive economic option on our part -- a production regime which is capitalist both in the best and the worst senses but which would also expand the accumulative base inside the national frontier -- minus the remittances, royalties and interests. But this would have its own costs as well, including proletarianization, break-up of feudal relations and further internalization of domestic politics. In addition, multinationals are necessarily extremely choosy about markets, sectors and profits -- shout run at that -- and thus cannot be expected to tie up the national economy.

Another facet of the development of underdevelopment can be seen in the form of maintenance and change in the class structure. The "Poorest 20" that we belong to, we nurse, and continue to fortify the bases of, one of the highest degrees of inequality in asset and income distribution in the world. The top 10 percent of the households earned as much as 47 percent of the total national income. The bottom 44 percent of the population, on the other hand, earned only 10 percent of the total national income. (Data refer to 1976-77.) Similarly, 10 percent of all households owned 59 percent of all agricultural land area in 1972 -- seven years after the implementation of the much-celebrated

1964 Land Act. The rough but overall meaning of this information is clear; not only the marginalized masses but also the bourgeoisie is continually shortchanged through unequal exchange in various forms of interstate transactions, while the state alliance in Nepal has been quite successful in creating newer sources of internal and external sources of wealth/exploitation to maintain its economic preeminence.

The contrasting generations of architecture in the Kathmandu Valley provide an often overlooked manifestation of this development of underdevelopment. The trade-, crafts-, and intensive agriculture-based, integrated, developed and prosperous community-oriented social life of the *bahi* slowly deteriorated as it was supplanted by singular, splendid, isolated and forbidding palaces built according to Greco-Roman (neoclassical European) specifications and financed through the outward-bound sale of Tarai merchandise and hill labour power. The new architecture reflects a slight enlargement of the bourgeoisie ensconced in much smaller but comfortable, indoor-plumbing homes with grills and high walls topped by barbed wire and/or glass shards with occasional plates which shout at strangers to beware of exotic canine breeds.

Other facets of the development of underdevelopment may be seen at the levels of the community and the household. The community -- in however "remote/inaccessible" an area it might be -- has been weakened a very great deal by now, largely through the processes of privatization, peripheralization and centralization. It is a much less cohesive/cooperative unit than before because community resources have drastically shrunk in the last 35 years, and also because it is increasingly dependent on outside sources for its economics and politics, e.g., on district headquarters, nearby towns Kathmandu, The Tarai, and Indian towns and cities. Its role in running its current affairs and planning for its future have been much reduced. Thus you have the problem of "popular participation" at the community level; the exhortation is becoming shriller precisely when the basis of participation is being rapidly eroded. The household, as can be expected, has not been immune to the development of underdevelopment. As already noted, a substantial proportion of the households, particularly in the hills, have deformed

themselves vis-a-vis income generation, fertility, family relationship and the like.

These process are fairly well reflected in certain other macro-economic indicators. A state which was one of the leading exporters of rice till the early-1960s is systematically importing foodgrain beginning in the 1980s. A state which had one of the highest productivities in rain-fed South Asia till the mid-1960s was along the bottom of the scale beginning in the mid-1970s. Food production per-person has declined substantially. The industrial sector, particularly manufacturing, has remained retarded for a long period at an extremely low level. The composition of inter-state commodity transaction confirms the long-standing predominance of primary goods on the export side and that of fuel, transportation equipment and manufactured products on the import side. The gross national product, per person, increased only by 0.1 percent between 1965-83.

Surely, not all performances are poor. As already noted, there have been definite improvements in certain sectors, e.g., transport and communication, literacy, and public health; no less important is the provision of a nation-wide organizational frame for political administration. However, improvements in these sectors -- barring the public health sector -- have either enhanced underdevelopment or have remained untied with the national production systems.

Recapitulation

Let me summarize the arguments made so far. Development has very little to do with an abundance of resources whether natural or financial, or with advanced or even "appropriate" technology *per se*. We have generated a large amount of resources through agriculture, forestry, small scale industry, trade, remittance, and latterly, through foreign aid. But these have not helped us develop. Development essentially has to do with the social mode in which we reprocess whatever resource we have and distribute the rewards for doing so within a socially bounded unit and, in so doing, recreate the capability to reproduce the cycle. The social unit may be a household, a kinship group, community, tribe, a regional grouping, a nation-state, or even a group of nation-states. But to the extent that we

live in an interstate world system -- itself a contribution of the process which also generated development and underdevelopment -- "development" often refers to the nation-state level and levels subsidiary to it.

Now there are various ways in which the resource reprocessing-capability reproducing-resource reprocessing-cycle can be damaged. Prolonged droughts, blights, epidemics, internal wars and the like are examples. Certainly, there are histories of households and entire communities which have been altogether wiped out by these disasters. But these disasters are *events* which take place rather irregularly. More importantly, almost all societies learn/invent mechanisms to soften the impact of such events, e.g., storage of food items, various prescriptive/ritual modes of re-establishment of amity between warring groups etc. Indeed, some hunting-gathering groups practice selective but systematic infanticide to keep the cycle moving, however unpleasant that particular option might be. The potentiality of systematic damage, nonetheless, is localized: neighbouring hunting-gathering groups may not be required to practice infanticide to keep their own cycle moving.

The advent and growth of capitalism, however, makes damage control in the non-metropolitan areas extremely difficult, if not altogether impossible. This is because capitalism thrives on the basis of incessant expansion. The damage caused by core capitalism to the cycles at the semiperipheral and peripheral areas is regular, systematic, intensive (defined in terms of the degree of damage suffered by the cycle at different levels of organization of production in a social unit) and extensive (defined in terms of the damage suffered by the cycle in different sectors of production in a social unit). Depending upon the guardedness (or openness) of the social unit in question and the relative strength (or relative weakness) of the capitalist system making efforts to expand, the damage becomes progressively larger. At times it becomes irreversible. Progression and irreversibility of damage may occur at various sectors -- manufacturing, agriculture, entire physical ecology of a region, education -- and at various levels -- household, community, state, continent. Monopoly capitalism has the charm that, unlike colonial capitalism, it can damage the cycle at various sectors and levels in the peripheral social units

without necessarily expanding militarily, i.e., by lapsing formal political sovereignty. Expansion operates through markets, of commodities, labour power, skill, capital, finance, treaties and, above all, alliances. Hence the "strength" of the inter-state world system. Hence, in a large measure, the development of the core capitalist areas and its obverse -- the development of underdevelopment -- in the semi-peripheral and peripheral areas.

Let us come back to the resource reprocessing-reward distributing-capability reproducing-resource reprocessing- cycle for a moment. A social unit is a viable entity to the extent that it can keep the cycle moving. To the extent that it has not been able to utilize each of these three faculties within a well-integrated frame at an optimal level, and over the long run, it is undeveloped. To the extent that it keeps the cycle moving by utilizing each of these faculties at the maximal level over the short run, it is overdeveloped. Finally, to the extent that it keeps the cycle moving by enhancing each of these faculties within a well-integrated frame over the long run, it is developed. Underdevelopment, on the other hand, is a cycle which moves only intermittently, or at a speed much slower than used to be normal, or altogether stops, either because one or all of its faculties are impaired or because the integrative mechanisms weaken or fail altogether due to its interaction with an alien cycle, which is running with enhanced faculties within an expanding yet highly integrated frame.

States in the periphery can protect their own cycle from the structural violence of the enhanced, well-integrated and expanding world capitalist cycle only by following one of two options. The first option is the creation of a dynamic, i.e. capitalist, national bourgeoisie who assume the responsibility to restore the damage, breathe life into the severely weakened faculties and fend off the much more powerful cycle by themselves engaging in inward-oriented accumulation. The state, in this context, would have to take on two other roles, that of containing reactions against intensive internal exploitation from the working class and against the loss of prerogatives and privileges from the state class, the feudals, the urban "middle class" and the comprador bourgeoisie on the one hand and that of controlling the onslaught of capitalism from the outside on the

other. The other option is the creation of a socialized national economy which, in the short run, would assume responsibility to perform tasks very similar to those expected from the national bourgeoisie. The state, in such a context, would have to take on the role of containing the outbursts and prolonged reactions of almost all components of the present state alliance (because this would involve a radical restructuring of the organization of resource ownership, use and distribution of rewards) and also control sustained and systematic assaults from the capitalist world-and regional-system. Both options presume a national *boundedness* as the first requisite: nationalism and development are intrinsically tied; you cannot hope to cultivate one without cultivating the other. This, indeed, is the essence of socialism in the third world. Neither option, it should be emphasized, can revitalize the cycle in the short run. Both options, on the other hand presume a time-bound restructuring of the present state alliance -- immediate restructuring in the case of the second option and a phased, but still definitely time-bound, restructuring in the case of the first option.

"Option," however, is a wrong expression in the present context. It conveys a sense of autonomy of choice on the part of the actor, in addition to a certain time-discretion. We have very little left of either. Nonetheless, an option has to be exercised -- with minimal loss of time -- not the least because the capitalist world- and regional-economy is increasingly making us optionless; it is itself exercising options for us. As I have tried to show, we began to lose the power to decide progressively back in 1885. The cycle began to be damaged and so did our autonomy.

We are near optionless in another sense, too. The one century-long peripheralization and maintenance of comprador structures -- exacerbated beginning the late -1960s -- has left our national bourgeoisie in shambles. The Tarai feudal lords who could, under supportive circumstance, have transformed themselves into a sizable and powerful first-generation national bourgeoisie do not bear that potential any more. The possibility of a viable capitalist, internally accumulative and exploitative political-economic regime must, therefore, be regarded as nearly foreclosed. The ensemble of the "options" currently being exercised -- IRDPs, "basic needs", etc., is not at all likely to

breathe life into the enfeebled cycle. The "option," therefore, has to lie with a socialized national political-economy. Repairing the damage, nonetheless, will be a difficult, long, drawnout affair, as the course of the damage itself was. Slogans merely chase dreams.

NOTES

1. A substantial portion of this paper "summarizes" an incomplete monograph on a similar theme sponsored by the Centre for Policy Research, New Delhi. Authors I have freely borrowed from are Samir Amin, Mahesh Chandra Regmi, Jahar Sen, Ludwig Stiller and Immanuel Wallerstein. Others I have borrowed from include Krishna Kant Adhikari, Giovanni Arrighi, Narottam Banskota, Pranab Bardhan, Khem Bahadur Bista, Piers Blaikie, John Cameron, Brain Carson, Srikant Dutt, Erik Eckholm, Andre Gunder Frank, Frederick Gaige, Johan Galtung, Harka Gurung, Francis B. Hamilton, Brain Hodgson, Bhuwan Lal Joshi, Vaidya Bir Singh Kansakar, Mahendra Lama, V.I. Lenin, Prakash Chandra Lohani, Charles McDougal, Ferdinand Okada, H.A. Oldfield, Devendra Raj Panday, Bhim Bahadur Pandey, Sri Ram Poudyal, Pashupati SJB Rana, Ratna SJB Rana, P.C. Rawat, Leo Rose, Khieu Samphan, David Seddon, Francis Tucker, M.A. Zaman, K.H. Zevering. I have also borrowed from reports prepared by the Central Bureau of Statistics, Kathmandu, the Integrated Development Systems, Kathmandu, the Ministry of Food and Agriculture, Kathmandu, the National Planning Commission, Kathmandu, and the World Bank, Washington D.C. I have discussed specific ideas incorporated in the paper with Shyam Bhurtel, Dor Bahadur Bista, Dilli Ram Dahal, James Fisher, Khadga Bikram Shah and Ludwig Stiller. While I am grateful to the above mentioned for their reactions, none of these persons and neither the Centre for Policy Research nor the Centre for Nepal and Asian Studies, the institution I work for, are responsible for the ideas and the overall construction presented here. This responsibilities lies with the author alone.