

# After election landslide, Nepalese Maoists reassure investors and major powers

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**18 April 2008**

An unexpected landslide for the Communist Party of Nepal-Maoist (CPN-M) in Constituent Assembly elections on April 10 underscores the depth of the country's social crisis and the extent of popular hostility, not only to the monarchy, but to the entire spectrum of establishment parties.

Full results in the complex election process may not be known for weeks, but the Maoists have won a clear majority of 240 directly-elected seats. Of the 218 seats finalised so far, the CPN-M has 116 compared to just 34 for its nearest rival, Nepali Congress, and 31 for the Nepal Communist Party-Unified Marxist Leninist (NCP-UML). The ethnic-based Madhesi People's Rights Forum won 24 seats.

Another 335 seats will be decided by proportional voting, with quotas set to ensure the representation of women, lower castes and ethnic minorities. The overall vote for the Maoists is about 33 percent, ensuring that the CPN-M will be by far the largest party in the 601-seat Constituent Assembly, but unlikely to hold a majority. The remaining 26 seats will be appointed by the interim cabinet, which the CPN-M will dominate.

The decision to establish a Constituent Assembly, which will draw up a new constitution as well as appoint an interim government, is the product of a protracted political crisis. In April 2006, sustained political protests against the absolutist monarchy finally forced King Gyanendra to stand aside and hand over power to a seven-party alliance led by Nepali Congress and the NCP-UML. In November 2006, the Maoists concluded a deal with the government to end their 12-year armed insurgency, enter the cabinet and participate in elections for a constituent assembly.

The outcome of last week's poll caught observers, political pundits and diplomats off guard. Among the most surprised at the extent of the victory were the Maoists themselves. The election was twice delayed after the CPN-M threatened to pull out unless key demands were met. Fearing they would not win directly elected seats, the Maoists insisted on a greater number of proportional seats, but in the end were forced to compromise. As it turned out, the CPN-M swept the direct seats, not only in their rural strongholds, but in Kathmandu and other parts of the country.

Hostility to the monarchy was clearly a significant factor in the result. The depth of the opposition was graphically demonstrated in April 2006 when tens of thousands of protesters defied security forces day after day to demand that the king step down. While Gyanendra was an object of particular hatred for his autocratic methods of rule and privileged lifestyle, there is no doubt that many people drew the conclusion that the whole system of absolutist monarchy had to go. None of the royalist parties have secured any of the direct seats to date.

The Maoists have been the most consistent party in demanding the abolition of the monarchy, forcing the outgoing assembly to adopt a motion to establish a republic prior to the election. A vote by the incoming Constituent Assembly is all that is required to confirm the motion, which will be decided without amendment. CPN-M leader Pushpa Kamal Dahal, more widely known as Prachanda, has given Gyanendra an ultimatum to step aside within a month and become a private citizen, or face the consequences.

In the eyes of voters, the established political parties, especially Nepali Congress and the leftist NCP-UML, are tarred with corruption, years of political prostration to the king and failure to resolving the country's pressing social crisis. Mass protests in 1990 had forced the previous king Birendra to grant limited constitutional powers to a parliament, but ultimate power always rested with the monarchy, backed by the army.

Both Nepali Congress and the NCP-UML were decimated in last week's election. The previous interim prime minister and Nepali Congress leader G. P. Koirala retained his seat but key party leaders including Koirala's sister, former home minister Krishna Prasad Situala, were defeated. NCP-UML Madhav Kumar Nepal lost his seat and resigned his post. The party announced its intention of pulling out of the seven-party coalition.

More fundamentally, opposition to the entire Nepali political establishment reflects a deep-seated social crisis as well as the lack of basic democratic rights. Some 31 percent of the population of nearly 30 million lives below the official poverty line. Average per capita income is just \$US280—the world's 12th lowest. Illiteracy is rampant. Most of the population live in rural areas and lack basic amenities, including clean drinking water, sanitation, education and health services.

Soaring global food prices have exacerbated the plight of the most impoverished. The cost of cooking oil has jumped by 50 percent in just three months. Prices for rice, meat and pulses have increased significantly. By one estimate, Nepal's four million "ultra-poor" typically spend more than 75 percent of their disposable income on food. Investment in the country's agricultural sector is declining. An Asian Development Bank report published on April 2 forecast annual growth of just 3.8 percent, well below other countries in the region, and an inflation rate of 7 percent.

Many voters supported the Maoists in the hope they will usher in a new period of democratic rule, peace and prosperity. These illusions will soon be dashed, however. Maoists have promised all things to all people, but at the centre of their program is a commitment to retain capitalism. For anyone familiar with the Stalinist two-stage theory, the declarations of Maoist leaders come as no surprise. The CPN-M bases its "bourgeois peasant revolution" on the poorest rural layers, not the working class. The stated objective of the "first stage" is to clear away the remnants of feudalism—including the monarchy and the caste system—not abolish capitalism. Socialism is relegated to the distant future.

Having won the election, Prachanda and Baburam Bhattarai, another senior Maoist figure, have been busy reassuring business leaders, foreign investors and the major powers that their interests will be protected. "In this 21st century, we need the cooperation of everyone for development," Prachanda declared on Sunday. "We want good relations with our neighbours India and China and other members of the international community." He pledged to work with "all the parties" to write a new constitution.

In an interview with the *Nepal Times*, Bhattarai explained: "When we say we want to end feudalism, we don't mean we want to end private

ownership. Our economic development is in our language [a] bourgeois democratic revolution, in other words, collectivisation, socialisation and nationalisation is not our current agenda... We would like to assure everyone that once the Maoists come [to power] the investment climate will be even more favourable. There shouldn't be any unnecessary misunderstanding about that."

Prachanda and Bhattarai met with the Federation of Nepal Chamber of Commerce and Industries for two hours on Wednesday to deliver a similar message. "Within 10 years, let us work magic for economic revolution and mesmerise the whole world," Prachanda told business leaders. "We will allow private investment and also promote foreign investment. Don't lose confidence, we are not going to capture industries, but we need your cooperation to gain economic prosperity."

The *DNAIndia* website reported: "The interaction started as a tense affair, with businessmen complaining about Maoist atrocities, but ended with Prachanda delivering an unexpectedly 'capitalistic' speech that received repeated applause from the crowd... 'We are Maoists of the 21st century,' Prachanda declared, after several businessmen raised the grievances and concerns." Promising to crack down on corruption, he declared: "A strong hand is needed to build a strong nation."

Prachanda and Bhattarai held up Malaysia and South Korea as examples of how they would encourage foreign investment. Asked about China, Bhattarai praised Mao's elimination of the "feudal system" that "established a solid foundation for economic growth... Once we restructure the state and involve the private sector, it will be possible to achieve rapid economic growth."

These remarks make absolutely clear that the CPN-M has nothing to do with socialism, nor does it represent the interests of workers or the rural masses. Rather its program articulates the frustrations of layers of Nepali business at the failure of the monarchy to implement free market policies and open up the country to foreign investment.

Far from resolving the social crisis confronting the majority of the population, such economic measures will only deepen the social divide between rich and poor. As in the case of China, Prachanda's "strong hand" will inevitably be directed not against a few corrupt officials, but against workers and the rural masses demanding democratic rights and decent living standards.

How long a Maoist-dominated government will last, and even whether it will be formed, remain open questions. Having fought a ruthless war to suppress the 12-year peasant rebellion, the king and the army are deeply hostile to the Maoists. Given the widespread opposition to the monarchy, any immediate move to shut down the Constituent Assembly and impose military-backed rule appears unlikely. But such methods have been repeatedly used in the past and the possibility cannot be excluded.

The army is bitterly opposed to Maoist demands for the integration of their ex-guerrillas into the military. Currently around 30,000 former CPN-M fighters are housed in poor conditions in cantonments under UN supervision—a potentially explosive problem for the Maoist leadership. While paying lip service to accepting the people's mandate, army spokesman Ramindra Chhetri stated: "They [the fighters] cannot be integrated into the army as of now. They need to be disarmed, demobilised, rehabilitated and reintegrated [into society]".

The Bush administration branded the CPN-M as a "terrorist" organisation and backed the Nepali army's war against the Maoists, providing weapons and training. Washington only withdrew support for the king at the last moment in April 2006 and maintained the CPN-M on its terrorist list even after the party became part of the interim government in late 2006. While welcoming the election, the US has yet to make any statement on the formation of a Maoist-led government.

The Bush administration's machinations against the Islamist party Hamas, after it won the 2006 elections for the Palestinian authority, are a clear warning that the White House is quite capable of mounting a

destabilisation campaign against the Nepali Maoists. The American media is already hinting that it regards the election as illegitimate. An article in the *Wall Street Journal* on Monday focussed on Maoist election violence, even though international observers described the poll as generally "free and fair", and the rather bizarre argument that people had voted for the CPN-M to prevent the guerrillas returning to war.

Nepal is strategically located between India and China and adjacent to energy-rich Central Asia. The Bush administration's backing for the war against the Maoists was aimed at increasing the US presence in the small Himalayan state as part of a broader strategy of encircling rival China. Any increase in Beijing's influence in Nepal will spur on Washington to undermine the Maoists. At the same time, the CPN-M is looking for a rapprochement. Prachanda took the opportunity last weekend to have a lengthy discussion with former US President Jimmy Carter who was in the country to observe the poll.

China's policy toward Nepal has been completely pragmatic. Far from supporting the Maoist insurgency, Beijing denounced the rebels and provided arms for the Nepali military. Like other countries, China will have to adjust its approach following the shock election outcome. *Time* magazine pointedly noted: "China is beefing up its interests in their strategic Himalayan region bordering restive Tibet. Chinese companies are aggressively pursuing lucrative deals to tap Nepal's glacial rivers for hydropower, while state officials are cozying up to the Maoists in Kathmandu."

The other major regional power is India, which has long regarded Nepal as part of its sphere of influence. One strand of Maoist propaganda in Nepal has always been directed against "expansionist" India. The CPN-M previously promised to scrap the 1950 Indo-Nepalese treaty that allows for free trade and movement of people between the two countries. Sections of the Nepalese ruling elite have long regarded the treaty as a lever for New Delhi to exert its political and economic influence. Landlocked Nepal has few trade and transport options.

The Indian government played a major role in brokering the deal between the seven-party alliance and the Maoists, but never expected that the result would be a CPN-M dominated government. New Delhi wanted an end to the insurgency in Nepal in part to counter Maoist guerrilla movements in large parts of India. India will be acutely sensitive to any growth in the influence of rivals Pakistan and China in Kathmandu, as well as to anything that might encourage unrest in rural India.

Prachanda has been quick to try to allay Indian fears. On Wednesday, the Maoist leader reaffirmed that Nepal has a "special relationship" with India for geographical, cultural and historical reasons. He revealed that he had already had "long and serious talks with New Delhi officials" on Tuesday. In a telephone conversation, Indian foreign minister Pranab Mukherjee invited Prachanda to visit New Delhi.

Beyond the exchange of diplomatic pleasantries, tensions remain. Prachanda pointedly warned: "If the supply of consumer and other essential items is affected at this crucial period then it would have a long-term impact on the Nepal-India relationship." The comment harks back to 1988 when India imposed a trade blockade on Nepal after the government attempted to purchase weapons from China—a move that had a devastating impact on the Nepalese economy and led to spiralling inflation.

Last week's election result is certain to transform Kathmandu into a den of diplomatic intrigue that will only compound the country's political and social instability.



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