

Nepali prime minister resigns amid sharp political crisis

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Nepal is lurching into deeper political and constitutional turmoil following the resignation of Jhala Nath Khanal as prime minister on August 14. Despite an appeal by President Ram Baran Yadav for the parliamentary parties to form a new consensus government within seven days, yesterday passed without any agreement being reached.

The president issued another “deadline” of Wednesday, but there is no guarantee that a deal will be reached between the three main parties—Khanal’s Communist Party of Nepal (UML), the Unified Communist Party of Nepal-Maoist (UCPN), and the Nepali Congress (NC), the traditional party of the Nepali bourgeoisie.

Khanal only formed his government in April with the backing of the Maoists, who have the largest parliamentary bloc, but was reluctantly forced to resign after the Maoist UCPN withdrew its support. With the CPN-UML not putting forward an alternative candidate, the Maoists and Congress are haggling over who should be the next prime minister.

Both sides are proposing a rotating prime minister but cannot agree on who should hold the post first. The UCPN has named vice chairman, Baburam Bhattarai, known for his pro-business credentials. The NC has proposed Bahadur Deuba, who was prime minister three times in the period between 1995 and 2005 under the rule of the monarchy.

Nepal is facing a constitutional breakdown as parliament, which also functions as a constituent assembly, faces its third deadline of August 31 to pass a constitution to replace the present interim one. At the heart of the standoff over the next prime minister are disagreements over the character of the next constitution.

The country has been in political turmoil since 2006, when mass protests against the monarchy forced King Gyanendra to step down. The Maoists played the key role in containing the political eruption and propping up bourgeois rule by

diverting popular anger into the demand for a bourgeois republic and modest social and political reforms.

The Maoists signed a deal in December 2006 with the major parliamentary parties—the NC and the CPN-UML—to end a protracted guerrilla war and enter into the political mainstream. Under the agreement initiated by India and backed by the major powers and the UN, the Maoist fighters disarmed and were confined to supervised cantonments.

The Maoists won the largest share of seats in the 2008 elections, and their leader Pushpa Kamal Dahal became prime minister. The main stumbling block to the implementation of the 2006 Comprehensive Peace Agreement has proven to be the army, which was the base of support for the monarchy and the country’s traditional establishment. It bluntly refused to incorporate former Maoist fighters into its ranks—a key element of the peace deal.

Dahal resigned as prime minister in mid-2009 after a constitutional standoff over his decision to sack the army chief. Two unstable CPN-UML-led administrations followed. No agreement was reached on a new constitution by the two-year deadline written into the interim constitution. To avert a looming constitutional crisis, the parliament arbitrarily extended the deadline for a year. Then in May, another three-month extension was issued.

The three major parties still have not resolved the basic points of a new constitution. The Maoists are pushing for a federal government with an executive president and a parliament based on proportional representation. The NC and CPN-UML are proposing a parliamentary system with the prime minister heading the government. None of these proposals has anything to do with the basic democratic rights of ordinary working people; each is bound up with the interests of different sections of the ruling class, as well as considerations of how to best maintain capitalist rule.

The fate of thousands of ex-Maoist fighters languishing in cantonments remains a fundamental sticking point. The NC and CPN-UML are seeking a compromise, claiming that the Maoists have inflated the figures and that the number of fighters is only 4,000. The army remains the chief obstacle, refusing to admit any former Maoist guerrillas and offering only to integrate an even smaller number into paramilitary forces such as border guards and industrial police.

The issue has become part of the horse-trading between the Maoists and Congress over who will take over as prime minister. Congress insists that there should not be a Maoist prime minister until the issue of the former combatants has been resolved. No resolution is in sight, however, undermining talks for a new government and making the implementation of a new constitution by next week a virtual impossibility.

The stage has been set for a profound political and constitutional crisis. Earlier this year, the country's supreme court ruled that the decision to extend the constituent assembly beyond the six months allowed by the interim constitution was itself unconstitutional. The parliament simply ignored the ruling and extended itself for another three months. As a result, the country currently lacks a government and its unconstitutional parliament is at odds with the top judiciary.

Underlying the political meltdown is a sharp social crisis. Nepal has been heavily impacted by the economic instability and downturn in Europe, which is a large market for the garment industry. Growth fell from 4.5 percent in 2009 to 3.5 percent last year. Annual per capita income is just \$US645 and one third of the population lives below the official poverty line. Strikes and protests are on the rise.

The political stalemate is generating frustration within the Nepalese bourgeoisie, which, confronted with political and social unrest, could turn to the army to impose its rule in the name of political stability.

Rivalry between the major powers—particularly neighbouring China and India—is compounding a volatile political situation. Nepal is in the sensitive border region between the two Asian powers. India has long regarded the Himalayan state as part of its sphere of influence, but China is focussing considerable attention on the country.

A high-level Chinese delegation visited Nepal last week for talks on “investment, security and cultural relations”. It

was led by Zhou Yongkang, a member of the Chinese Communist Party's top body—the Politburo standing committee—and a special envoy of Chinese President Hu Jintao.

After meeting with caretaker prime minister Khanal, Zhou warned that “continued instability in Nepal will only benefit foreigners”. The reference to “foreigners” is not just to India, but also to the US, which has been seeking to expand its influence in Nepal. Zhou called for “unity among the Nepali political parties”, declaring that “Nepal now is a country in highest priority for us”.

Zhou's comments provoked concerns in Indian ruling circles. The *Times of India* commented: “China rushes in where India fears to tread in Nepal.” It noted China had signed \$US74 million worth of aid agreements with cash-strapped Nepal.

Similarly, the *New Indian Express* editorialised: “India has remained largely aloof from these disturbing events in the Himalayan kingdom despite the possibility of China taking advantage of the unsettled conditions and their ideological proximity to the Maoists to fish in troubled waters.”

Implicit in the comments is a criticism of the Indian government for not intervening aggressively enough. Any move by India to sideline China by undermining the Nepalese Maoists and giving support to its political rivals or even the Nepalese army, will only further inflame Nepal's crisis and tensions throughout the region.



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