

BOOK REVIEW

Foreign Aid and Foreign Policy: Major Powers and Nepal. 1997. Narayan Khadka. New Delhi: Vikas Publishing House. pp. xi-423, Index. IRs. 495.

Since the book under review is written by a trained economist whose academic credentials are impeccably superior to most of his counterparts in Nepal, his diagnosis that foreign aid does not mean "generosity and humanitarianism" (p.x) on the part of the donors is purely sterile in stating the obvious. Foreign aid, in other words, is simply a transfer of resources from the resource-rich to resource-poor country. And the underlying motives, whenever such transactions occur between the donor and recipient, are not self-sacrificing but self-seeking for the givers. Exactly, Khadka's analysis of the involvements of the four major powers through foreign aid in Nepal demonstrates the competitive intents inherent in their respective diplomatic pursuits during the Cold War. To dispute the obvious, therefore, is to distort the history of foreign aid in Nepal.

But when an economist of Khadka's repute belabours in becoming a political scientist he misses one elementary aspect of the foreign aid. Though he has linked foreign aid with that of foreign policy pursuits of the concerned powers in Nepal, he has failed to treat foreign aid in itself as being a political issue not only for the donors but also for the recipient states. Otherwise, he would have never suggested "... it was Nepal's internal domestic condition that compelled King Mahendra and King Birendra to pursue the goals and the means of their foreign policy that remained active until the collapse of the panchayat regime" (p.348).

Here, it is interesting to note that Khadka has unraveled a repertoire of information about the interplay of strategic, economic and political motives of the cold warriors in influencing their decisions to bulldoze the other's presence in Nepal. However, he dismisses the motive of the aid receiver as simply not being benign. His analyses of motivations behind the foreign policy objectives of the aid recipient country Nepal, as listed in pages 348-49, were all determined by the domestic compulsions for the survival of monarchy and the Panchayat regime against the burgeoning international

Cold War hostility in the 1960s. How is one to understand this motivation of the Nepali monarchy behind the country's foreign policy objectives as being unfair as Khadka would like one to believe? Similarly, while trying to prove the merits of his argument that the "internal constituents and the external conditions of Nepal were not balanced" the author confuses himself by asserting at one place that the policy of "plying one neighbour off against the other" had paid off (China and India). He suddenly jumped to conclude, in another paragraph, describing the same policy as "brinkmanship" (pp.349-50).

Maybe the political system Nepal had under the review period (1960-90) was thoroughly undemocratic. However, it was a period when foreign aid flourished irrespective of it being interpreted by the post-colonial states as an instrument of neo-colonialism and what not. When decolonialism and the state formation particularly in the Afro-Asian and Latin American continents were in their incipient stages and the Cold War had spread its wings globally, it was of little relevance to the donors' rush in establishing their own influence to be selective. Democracy was not a *priori* for being a recipient of massive foreign aid, but camp following was *priority* set by the contending powers during the Cold War. Hence Nepali monarchy was not that of an obstruction for any donors. Neither the United States nor the erstwhile Soviet Union had treated the monarchy in Nepal as *bete noir*. Nor have India and China seen monarchy as a spent force (even under democracy). The external powers' interests in Nepal was and is stability (crudely defined as insensitive to social change and social justice), irrespective of the prevalent political system, to serve their goals. The reason why Nehru imposed "Delhi compromise" upon the Nepali Congress in February 1951 without taking the party into confidence first, and China remained calm after the Palace coup in December 15, 1960 was not because of their aspersions with party politics but because of their underlying sensitivities in promoting their self-interests.

By outlining the strategic, political, economic and sometimes humanitarian motives behind the foreign aid to Nepal, estimated to have totaled approximately Rs. 45,000 million between 1957 and 1989 (p.351), the four contending powers, namely the United States, India, China and the Soviet Union, had failed to realize their basic objectives in Nepal, as the author accounts. The Americans, whose sole objective during the Cold War years was to eliminate the possibility of Nepal drifting towards the Communist camp, could not prevent the latter from entering into a closer bond of relationship with China. The growing clout of the communists in the post-Jana Andolan Nepal, according to the author, is the evident failure of American foreign aid and foreign policy in Nepal. Likewise, the Soviet

Union's interests in countervailing the US and, particularly, the Chinese position in Nepal were merely transformed to become an appendage to Indian interests in the 1970s, which lost its sway in Nepal after Moscow's Afghan gambit. Besides a brief interlude of Cultural Revolution, Chinese position in Nepal was never ideologically articulated. Chinese concern was definitely broader than preventing pro-Tibetan movement in Nepal. Perhaps it could have been one of the reasons for the Chinese to keep the Nepali communists in good humour and its competitive urge to balance the overwhelming Indian influence was another. India, frequently projected as a hegemon on the political horizon of Nepal, on the other hand, has also failed to contain increasing communist influence, the author says. Despite occasional ruptures in persuasion of its strategic objectives India has however succeeded in continuing a "special relationship" with Nepal which none of the other powers enjoys.

Besides India's and China's, the foreign aid and foreign policy pursuits of the superpowers were never country specific to Nepal. Actually, the United States has never felt it necessary to establish an independent South Asia Desk at the Foggy Bottom till 1992. The Soviet Union was reacting first to the American then Chinese presence in Nepal. The confusion it created out of supporting and then withdrawing from its commitment to "zone of peace" proposal of Nepal was self-evident of Moscow's policy drift. The superpowers reactivated their involvement in Nepal only during post-Afghanistan phase in South Asia and receded until the dawn of democracy in Nepal. Though the direct US foreign aid to Nepal revolves between \$17 and \$25 million per annum, the Americans have been aiding the democratization processes in the country through various means.

Even in the post-Cold War era there is no sign of drying up of foreign aid as many feared, though, it no longer remains a free-lunch. The foreign aid component now is more loans than grants. Prior to 1990, the loan component was under \$1 billion which increased to near about \$3 billion by 1997. But as Khadka maintains, there is no "moral obligations" either for the US or any other states to continue to aid democratic Nepal duly because they had previously aided the autocratic one. The continuation of foreign aid in Nepal has its own logic and dynamics; donors' presence either in bilateral or multilateral forms is intricately tied with poverty agenda which is on the rise than decline despite their decades of efforts towards poverty alleviation in Nepal.

Turing to the more specific determinants of Nepal's foreign policy objectives in the context of attracting foreign aid, one is intrigued by the author's attempt in providing the monumental details on Nepali history since the sixth century AD (Chapter II, pp.52-108), even though the history

of the Nepali state formation is of much recent origin. And the foreign aid, as the term is understandably used, is only a post-World War II creation. The author could have done more justice to the study had he ever thought about the use of foreign policy by a resource poor underdeveloped state than wasting several precious pages on the chequered history of Nepal. The author also appears to be carried away by the big "IF" while delving on the Nepali history. "Had Nepal won the war with the British in 1814-1816 Nepal surely would have emerged as a Himalayan power by way of annexing all the trans-Himalayan territories" (p.97). Khadka abruptly stop and does not feel it necessary to explain the consequence of such a situation and its relationships with Nepal's foreign policy in response to major powers' foreign aid strategies. Though irrelevant, Khadka must be credited for his fertile thinking, which, however is not the job of a professional economist whose regressional tests of hypotheses in presenting findings on motives behind foreign aid are at their best in the book.

As the book is a sequel to Khadka's previous work, *Foreign Aid, Poverty and Stagnation in Nepal* (1991) it merits reading for those interested in Nepal. A careful reading of the book would definitely provide a mine of information to both lay readers or researchers despite its tedious prose and some baffling narratives. Khadka, in any case, deserves appreciation in producing the book through his persistence in learning and for dissemination of knowledge.

-Dhruba Kumar