

## **Looking Beyond Ethno-federalism**

(Tentative draft, still under preparation.)

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It is the institution that makes a long-lasting difference in the making of a nation and the people. Any division of the nation solely based on ethnicity and without any regard for its natural resources, comparative advantage, economy of scale, carrying capacity, geography or a long-run pragmatism will not be very wise. Furthermore, dividing up the country along the ethnic line into 5 ethnic regions (along the line of Pahadis versus Madhesi), or 9 (including other ethnic groups), would hardly be practical in incorporating all of the ethnic and cultural aspirations of a nation of 100 ethnic groups and 80 languages.

That said, grievances coming out of the various ethnic quarters must not be automatically dismissed, nor should there be any attempt to sweep them under the rug. The latest Terai uprising has opened the eyes of many Nepalis, and it has added a new political dimension to our national discourse. But is it a Medhesi versus Pahade issue? This article looks at the across-the-board poverty and socio-economic dimension, and concludes that our problems are neither Pahadi nor Madhesi; it is a common Nepali problem. The constructive debate must continue, however, to come up with a common solution that we all can live with for generations to come.

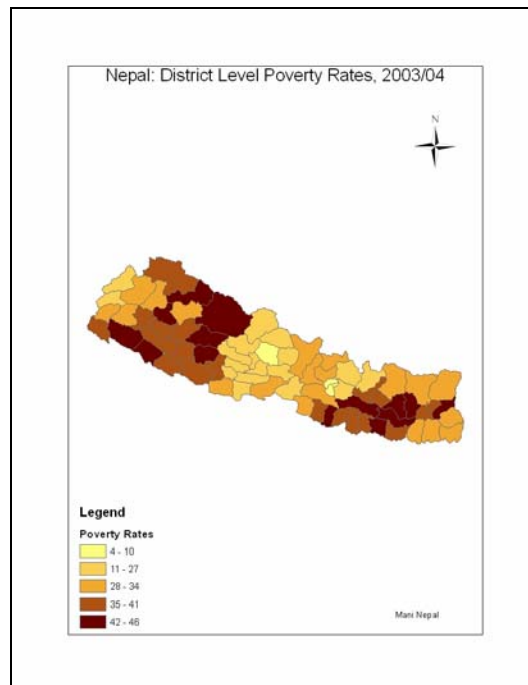
### **Across-the-board Poverty**

Nepal is one of the most ethnically heterogeneous countries with geography to match. Despite its much potential in hydropower, tourism, cash crop, and stunning beauty and bio-diversity, the country has remained impoverished for centuries. Regardless of how we divide the country, the daunting task of creating a New Nepal cannot be realized without looking at it in a larger context beyond ethnicity, color and creed.

Our rugged geography, landlocked-ness, feudal practices, and the Kathamandu-centric power and politics have all contributed to our misery. It is true that the Nepalis of the Madhesi origin have been in the receiving end of much social and

economic injustice by a few feudal elites, but it is equally true that the outcomes of such injustices were not confined to the Terai belt. Of the bottom 25 poorly ranked districts, 16 come from the hills and the mountains, and 2 come from the Eastern Terai.

This is corroborated by the following poverty mapping too. Using the percent of head-counts (people below a poverty line) as a measure of poverty status, the following map shows a pervasiveness of deprivation.



The dark colored districts represent the higher percentage of the people under poverty. The districts in the mid-west and the far-west spanning all ecological belts seem to have the most people under poverty. Even the relatively prosperous eastern and central regions have pockets of poor districts in the hilly and Terai regions.

### **Shaping Destinies or Promoting Non-cooperative Games?**

Some argue that a federal structure on the basis of the five Pahad versus Madhes regions will rather give the people of different regions a right and opportunity to shape their destiny on their own. What destiny could the people of Humla, Jumla and Rolpa chart, when all they have are the rugged mountains and not much else? Plus, how would the lumping of a Rai with the Magar and the Dalits and the Sherpa and the Bahun and the Chhetri be more logical? Would that not flare the ethnic tension further, and prompt migration down to the plains,

in case if the hardship in the hills continues? Or, are we going to solve their problem by creating a culture of centrally controlled fiscal handouts?

With a weak central government in Kathmandu, what would happen if some resourceful Pahad region like the Limbuwan province bypasses the Terai region to sell its hydropower to the neighboring Indian region and keeps all the proceeds? Would the Terai region retaliate by reaping all the employment, tax receipts, and custom revenue benefit of the industrial parks along its border? If the current Pahade-Madhesi mindset continues coupled with the economic deprivation that the Hilly areas face on a regular basis, what incentive would the Pahadis have to be cooperative on the flooding issue that plagues the Terai belt? What about all the millions of low caste Dalits and the indigenous groups? Where do they fit in this equation?

### Per Capita Expenditure Level

The bottom line is that the level of poverty (headcount) is wide-spread all across the landscape that includes both the “Madhesi’s Terai” and the “Pahade’s Hills”, and it spans east to west. This picture is not even close in describing the conditions of those who are at the bottom of the social strata. Thus we draw upon two statistics to highlight the economic condition of the people of Nepal by ethnicity. First, we present the household welfare in terms of per capita household expenditure. We will focus on the rural Nepal which accounts for 83% of the total population.

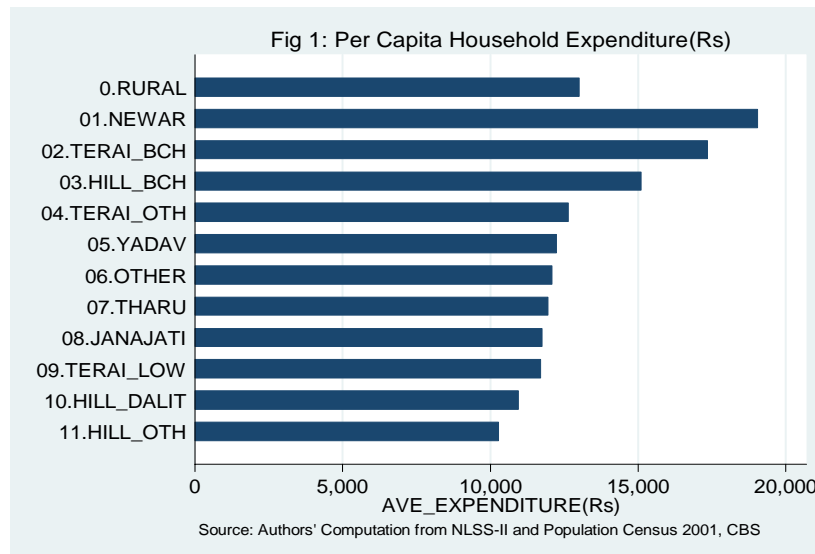
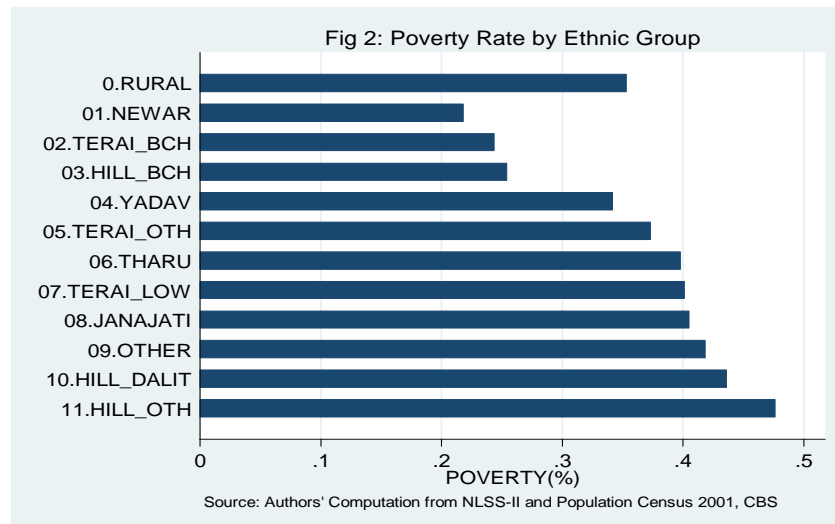


Figure 1 shows three groups as having the highest level of per capita consumption expenditure --Newar, Rs19.0K, Madhesi/Bahun, Rs 17.5K; and Pahade Bahun/Chhetri, Rs. 15.1. At the lower end are the Hill and Terai Dalits (Rs. 11.0K, and Rs. 11.7K), and the Janjatis (Rs. 11.8K). To understand the

disparity within each group, we present the poverty rate and the head counts of the poor.

### Poverty Rate by Ethnicity

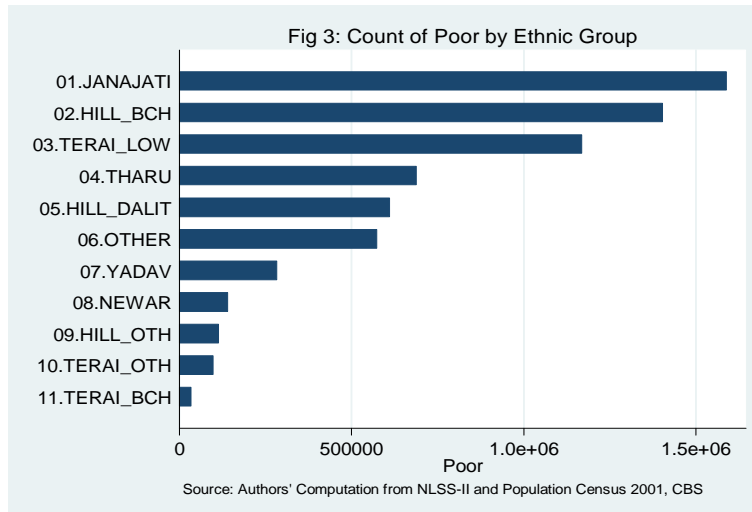
Figure 2 presents the percentage of people under the poverty line by ethnicity.



In Figure 2, the poverty level measured as a head-count also reflects a similar ranking with the three ethnic groups (Newar, Madhesi/Bahun, and Pahade Bahun/Chhetri) leading the pack with only around 22%, 24%, and 25% of the respective population below the poverty line. On the other hand, the poverty status is worst among the Hill Dalits (44%) closely followed by the Hill Janjatis (41%) and the Terai Dalits (41%). Other indigenous caste in the Hills and the Terai do not fare any better. That is, poverty is neither a just Madhesi problem nor a just Pahade problem. In fact, a vast number of people totaling in the millions from each group are poor and deprived.

### Counting the Poor by Ethnicity

Of the total rural population of 19 million people, seven million (35%) fall below the poverty line. Again, the picture is quite bleak all across the ethnic landscape.



In absolute term, Hill Dalits, Tharus, and the lower caste Madhesis all have a vast majority of them (2.5 million) under the poverty line, whereas the Pahade Bahun/Chhetris and Janjatis with more than a million each suffer the similar fate. Similarly, Madhesi Yadavs do quite poorly against the Madhesi Bahuns (Fig 3). That is, millions have fallen victim to poverty and deprivation regardless of their ethnicity.

### Who Gets What and How Much?

We can blame each other, our culture, a few elites, the feudal way of power and politics, neighboring India and even PN Shah, but the bottom line is that everyone is in the same boat. So, how are we going to divide the country and in how many ways? Which part of the country are we going to set aside for the Hill Dalits and the lower caste Madhesis? What about the millions of poor Phades of Bahun Chhetris and other origins, who also equally suffered through out the ages? What guarantee do we have that an ethnic division can do a better job in uplifting the economic status of the women (50% of the total population)?

These statistics are not presented to undermine the plight of the Madhesis, nor should anyone defend the age-old feudal Kathmandu-centric power politics. The sole purpose of this analysis is to remind all of us that the ethnically clustered administrative entities may not be very practical to solve a vast array of socio-economic problems that we face as a Nepali.

### Possible Solutions

Once we settle for the political issues, economic issues will resurface again. Political solution that is also viable economically would provide lasting solution for several problems that we are facing today. Time has come for the Teraibasis to

look to the north and see a vast array of potential in its bio-diversity, natural resources, water, hydropower, minerals, forest products, herbs, and cash crop as a way of complementing it with its own agriculture production, fisheries, and industrial activities.

The Hill people on the other hand should also look at a Madhesi as a Nepali brother and not treat them as a second class citizen. The ecological comparative advantage of the three belts, if harvested properly, can be a uniting force to solve many of the other problems in each community. Such a north-south federated system should accommodate ethnic and population balance in each regional unit to create a more representative electoral system to satisfy ethnic and cultural aspiration to the extent possible.

Also, just dividing up the nation in some geography will not provide the complete answer. In addition, other institutional arrangements such as the division of tasks, mixed proportional representation system of election, strong and caring central government, internal democracy, stable governance mechanism, and the strong rule of law are all equally important. (See the earlier article for details Feb 12, 2007, The Kathmandu Post and Kantipur Daily).

At the end, a set of sound policy prescriptions, genuine grievances, strong, transparent and fair institutional mechanism and a long-term pragmatism should be our guiding principle.

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