Chapter 4

Distributional Coalitions in Nepal: An Essay on Democratization, Capture, and (Lack of) Confidence

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In many countries of the South, including Nepal, the initial enthusiasm accompanying the early stages of democratic transition has given way to disappointment and conflict. Recent research suggests many reasons for this state of affairs and certainly no single one of them can be seen as exclusive. One reason for such failures lies in a general tendency to terminate the transition process prematurely (Hagopian, 1994) so that new institutions are erected alongside old ones, allowing the established elites to retain a good part of their resources and positions. Another reason for the faltering of democratization is the inadequacy of economic resources. A third lies in institutional imperfections, particularly when democratic designs, such as modes of governance (Ghai, 2002; Horowitz, 2002) and patterns of decentralization (Kurian, 1999), reveal detrimental side effects and/or are not efficiently implemented. Yet another group of scholars (for example, Wimmer, 2002) argue that democratic transition is itself liable to generate diverse forms of conflict and contestation. The democratic promise of equal opportunities can encourage the ethnicization of politics, and provoke intense power struggles over state resources (Hippler, 2005). This fragile transition period is seen by many citizens as an opportunity to put forward demands. Feelings of injustice may intensify precisely because there is at last an ‘opportunity space’ to address them (Pfaff-Czarnecka, 2005). Yet another perspective (related to Hagopian’s position) is informed by the ‘state in society approach’ (Migdal, 1988).
which suggests that old-established hierarchical patterns, traditional loyalties, and nepotistic attitudes are likely to interpenetrate the modern state and politics. Such dispositions can cause detrimental effects when it comes to service provision, to the evolvement of accountability structures, to enhancing people’s participation, and the legitimacy of the new order in general.

This chapter follows particularly that last line of inquiry, which has not yet received sufficient attention in the recent research on democratic transition. It focuses on individual actors: civil servants, politicians, and entrepreneurs as well as their allies (or clients) who have played a crucial role in determining the state–society relations in a far western region of Nepal, at the onset of the democratization period in the early 1990s. The concept ‘distributional coalitions’, borrowed from Mancur Olson (1982), is used here in order to analyze the interplay between these holders of key positions in the government, politics, and economics who have institutionalized their private relations and who have had great power to influence the ways in which the local population perceived both political change and their own role as citizens—particularly their own entitlements, rights, and modes of political expression.

The concept of ‘distributional coalitions’ draws our attention to the ways in which politicians, bureaucrats, and entrepreneurs channel money and services allotted to local communities into their own pockets. It highlights the fact that such malpractices cannot be fully understood merely by reflecting upon each stakeholder’s individual choices and their underlying value system. The model proposed here suggests that resource capture is successful because politicians, bureaucrats, and entrepreneurs form coalitions and manage to institutionalize their practices in a sustainable manner. In doing so, they simultaneously shape and take advantage of local communities’ popular mistrust and a sense of helplessness vis-à-vis ‘the state’. I argue that by engaging in these practices people’s confidence in state institutions, in the future path of democratization, and the legitimacy of the state has been decisively reduced.

**ON THE DIFFICULT PATH TO DEMOCRATIZATION**

Claude Aké’s formula ‘the democratization of disempowerment’ (1995) captures the discontinuities of transitional processes in many countries
of the South that seek to overcome former dictatorial regimes and/or autocratic modes of governance. Above all, the formula highlights the discrepancy between democratic rhetoric on the one side and persisting inequalities, oppression, and marginalization on the other (Lechner, 1996).² Often, there is no way to ensure that democratization is actually put into practice. Political observers and scholars have recorded numerous instances of voter intimidation in young democracies (for example, Fox, 1992). Paul (1992) identifies a crucial problem in the centralist character of polities, notwithstanding ongoing endeavours to instigate decentralization and to establish ‘local democracies’. Migdal (1988) draws our attention to the (frequent) situations in which national ‘political architects’ seek to carry through democratic reforms where the structures of civil society are weak, thus possibly destabilizing social order all the more.

In recent decades, development experts have thought in terms of exporting institutions (for example, from Western democracies) and importing them into the national contexts in Asia or Africa where democratic reforms are being undertaken. However, federalist institutional structures that have strengthened popular participation in countries like Switzerland or Germany may prove less adequate when transported into contexts where important bases for their implementation are absent. Cammack (1994: 174f.) rightly speaks of “democracies without citizens” in some Latin American contexts, where states enact shallow political reforms but have not fully conceptualized how to involve local populations in the on-going transformations. Insufficient consideration has been given to the question of how to include those groups whose voices have been actively suppressed for centuries or decades. Only recently has the widely accepted notion of ‘governance’ brought into focus the crucial insight that democratic political reforms are only possible when strong states—guaranteeing the rule of law and meeting standards of efficiency and legitimacy—and strong societies—that is, with well-developed civil institutions—develop simultaneously, and when governance is understood as a process of interaction and mutual co-evolution between the institutions of both state and society.³

The broad acceptance of the ‘good governance’ concept does not mean, unfortunately, that this consensus has substantially strengthened the weak, so far. The path to establishing ‘good governance’ has proved to be extremely difficult. Many governments have failed to create durable procedures that would permit coherent policies to
be formulated, and even when they have, the ability to implement them was lacking (Migdal, 1988). The formation of political will has remained wanting. Yet another shortcoming manifests itself in the difficulty of instituting the rule of law—which results in flawed systems of accountability (see below). Only accountable systems can enable popular control and prevent resource capture and corruption. Over the last 20 years many experts have agreed with the idea that systems for political stability and accountability would gain in strength under the conditions of decentralization. In many countries of the South, however, decentralization has proved a difficult process in itself, partly due to inconsistent political designs, partly as a result of local-level dynamics. The experiences of far western Nepal will amply illustrate all these contentions.

Nepal conforms to a widespread pattern of transitional situations all over the world, in which reforms have been undertaken, but have not been successfully implemented. Very often, formal rules and regulations are not realized or institutionalized, and, rather than lose their former prerogatives, resourceful strongmen manage to gain ground within the new system (Migdal, 1994). Especially when viewed from a local perspective, a range of inconsistencies become apparent when democratic reforms are confronted with pre-existing coalitions, forms of particularist incorporation (O’Donnell, 1997—that is, the incorporation of powerful individuals into informal networks of power), and autocratic attitudes, all of which bring the reforming forces to a halt (Hagopian, 1994). Uneasy compromises emerge unintentionally or they are forged consciously and deliberately.

Joel Migdal’s (1988) research reveals yet another problem impeding the process of decentralization and the concomitant strengthening of democratization and accountability systems. Combining empirical insights from India, Mexico, Palestine, and Egypt, he points to a general problem of coherence within the state administration and of coordination between diverse governmental agencies beneath the national level. Migdal claims that powerful individuals (whom he depicts as ‘strongmen’) have sought to maintain their position vis-à-vis the local population, which has further destabilized relationships between the state and the agencies. As their positions are threatened by state intervention—be it through new legislation and new policies or through practices of (re-)distribution—the strongmen seek to protect their interests, frequently opposing the state’s interventions and thus challenging the state’s exponents, whose formal roles, but also
their private well-being, are threatened in consequence. Migdal introduces the notion of “triangles of accommodation” that identifies the key actors involved in mutual negotiations over how to implement state policies while protecting their respective individual private interests. Migdal, whose research underlying this concept was carried out about 20 years ago, identifies state employees, politicians, and strongmen as the three major groups of actors who have been caught up in a perennial tug-of-war in Southern societies. Above all, he claims that state employees, or ‘implementers’, need to come to agreements with local strongmen, like the Latin American caciques, who jealously guard their resources allowing them to retain control over local society.

The concept of ‘distributional coalitions’ that I shall develop draws upon Migdal’s model. The measures of decentralization taking place in Nepal at the beginning of the 1990s and the substantial room for manoeuvre observed among the local politicians and civil servants working to fill their own pockets conform to Migdal’s data and analysis. Furthermore, Migdal’s findings regarding the widespread character of informal mutual negotiations among the local stakeholders are mirrored in the Nepalese material. An important difference shows up, however, with regards to the strongmen. Former local potentates in Bajhang—the region where I conducted research during the early 1990s—have either left for Nepal’s capital in Kathmandu, or they have entered the formal political system rather than competing with it. Instead of vying with each other for power (though such instances have occurred), the local civil servants, politicians, and entrepreneurs have found a lucrative mode of mutual accommodation. They have established among themselves informal modes of exchange that aim at appropriating the funds that flowed from the centre to the Nepalese districts throughout the 1990s. These modes of (re-)distribution took advantage of the particular dynamics of state expansion that started well before the ‘spring awakening’ of 1990.

THE EXPANSION OF GOVERNMENTAL SPHERES OF INFLUENCE IN NEPAL

The ‘People’s Movement’ of 1990 brought crucial changes in the country’s political design and it revealed far-reaching popular support for the democratic innovations introduced in its immediate aftermath.
Throughout the 1990s, the formal political system met all the definitional criteria of a polyarchy (Dahl, 1971). The country’s new constitution, written between May and November 1990 and promulgated on 8 November 1990, defined the people, and no longer the King, as sovereign. It guaranteed a division of powers as well as civic rights, among them the freedom of information and the freedom to organize. It furthermore protected the exercise of political will in a differentiated political system with diverse political parties, in place of the partyless system of the former ‘Panchayat democracy’. However, during the years following this democratic transition and numerous experiments with democratic institutions and procedures, Nepal has conformed to a general trend in many other young democracies that Parry and Moran sum up thus: “Despite its apparent triumph as the ideology of the age ‘democracy’ is an uncertain state and democratization an uncertain process” (1994: 15). One of the causes of this uncertainty continued to be the inadequate manner in which funds (development as well as state revenue) were (re-)distributed throughout the country (cf. Kumar; Baral; Dahal, this volume).

Since the late 1960s, the Nepalese state has expanded significantly and (at least up till 1996, when the Maoist insurgency was launched) it managed to incorporate the major political forces into its formal institutional structure. This process needs to be seen as an important condition for distributional coalitions to develop and to thrive. Until about 2000, the state was able to maintain law and order throughout the country. (By 2000, however, numerous districts had been brought under Maoist rule, bringing development activities almost to a halt.) Furthermore, from the late 1960s until the end of 1990s, governmental agencies and their representatives were involved in the distribution of goods and expertise, aimed, as has been repeatedly stated by officials, at the enhancement of production and consumption throughout the country. The governmental practice of (re-)distributing resources was by and large a new phenomenon in Nepal. For centuries, the state had extracted goods and money from its subjects through different kinds of revenue collection (Regmi, 1972). It only granted exemptions from or reductions of the prescribed contributions when subjects were clearing land, building terraces, or constructing irrigation channels, and thus paying their dues with their labour instead. In modern times, however, although it continued to collect revenue from trade, the state either disbursed part of it (redistribution) or channelled resources flowing into Nepal from abroad as foreign aid (distribution).
Zygmunt Bauman’s thesis on ‘seduction’ (1990), advanced in the context of Western societies, holds true for Nepal as well. This maintains that when the state has something to give to its people, it is less compelled to display any ideological manifestations. In official rhetoric, state officials stress that their major concern is to enhance the productive base of the country and to contribute to people’s well-being through investment in the consumer sector, hence this new emphasis on the provision of financial resources, goods, and services. There is no doubt that some efforts (carried out both with and without foreign assistance) have borne fruit. We must not, however, overlook the hidden agendas that accompany these laudable endeavours. ‘Giving something’ to people strengthens the state’s position because such measures are likely to induce compliance. As a consequence, there will be less compulsion for the state to use force or the threat of force. The political scholar Jonathan Fox (1992) maintains, in the Mexican context, that with the increase of distributive practices, ‘carrots’ acquire a more important role than ‘sticks’. Given the privileged position of state officials as gatekeepers, they are able to establish themselves as a focal point and hence to strengthen their standing vis-à-vis the population whose ‘servants’ they are supposed to be. While ‘the state’ as provider reinforces its focal role, the officials tend to create—or at least to reinforce—semi-clientelist structures (Fox, 1994), in which informal networks bind clients to them.

This chapter centres upon the modalities of (re-)distributing public funds and services. While identifying and analyzing the practices of resource capture, it seeks to identify crucial problems in state–society relations in the course of democratization endeavours. These dynamics are of interest in their own right, but the state’s newly established role in managing the distribution of benefits is of crucial importance here. Until about 2000, local government bodies were not only the recipients of the goods and services provided by development agencies and mostly distributed through state offices, they were also increasingly allotted steady funding and support as laid down in the government’s five-year plans. This development was new in at least two respects: the state became a provider of goods rather than an extractor, and the newly established structures of (re-)distribution came to have a durable character. These practices were institutionalized in a double sense; within the formal governmental structures as well as within the distributional coalitions. I was able to observe these processes between 1990 and 1992 in Bajhang, a far western Nepalese district. After describing some features of the
THE LOCAL STATE AND PUBLIC SERVANTS: SERVICE DELIVERY AND GATEKEEPING

Over 30 years, between 1960 and the mid 1990s, Bajhang witnessed a steady growth of the local state apparatus. In 1990 there were 36 government offices in the district, which can be placed in four different categories. The first consisted of the three major offices: the Chief District Office (CDO), the Local Development Office (LDO), and the DDC. The CDO was the most important position in the district. His duties included overseeing the district administration, maintaining law and order, as well as some limited authority as a judge. His office was in charge of the police and of the local prison. Furthermore, he presided over the district attorney, was in charge of registering organizations (such as NGOs and clubs), and in specific cases he could punish and lead inquiries (for instance, in cases of corruption). All important endeavours had to go through the CDO’s office, which issued the relevant permits and documents.

The Local Development Office was in charge of the entirety of ‘local development’. It disposed of a development fund assigned to it from the centre and it was coordinating development activities with the international donor agencies. In this role, the LDO was also superimposed on several smaller, district-level line agencies that conducted development projects ‘on the ground’. The DDC was especially in charge of political decision-making and control of the local executive. Its prerogatives, however, were highly restricted by the other two offices. In theory, the DDC acted as the political administration and it was even superimposed on the LDO. Nonetheless, the DDC being a political unit, and the LDO an administrative and therefore an expert unit, the latter was more experienced in the field of development. The former in turn could claim for itself the people’s mandate, so that there was an unclear division of competencies, reinforced by perennial mutual conflicts and insecurities. In particular, the DDC Chairman headed the anti-corruption office, which partly collided with the CDO’s sphere of authority. In comparison to the other offices, the LDO disposed
of significantly larger financial funds, but the DDC could acquire development funds directly from party headquarters. Many key politicians simultaneously acted as contractors (see below), which meant that there was a conflict of interest with their official role.

The second group of offices consisted of those responsible for maintaining law and order. Apart from the CDO, the military, the police, the land register office, the tax office, the treasury and accounts office, the Court, the District Attorney’s office, the land reform office, as well as the office in charge of land surveying, all belonged to this group. Most of these agencies interfered in local lifeworlds in significant ways (on the land registration and land surveying, see below). So, for instance, the military—whose foremost duty at that time was the control of the frontier with Tibet—frequently engaged in raids on the marijuana fields, following the central government’s orders. These measures significantly restricted locals’ income from hashish production. But they also impeded the production of many local goods such as cloth, bags, medicine, oil, and some foodstuffs manufactured from the marijuana plant. Generally, these offices reinforced the trend to put the pre-existing local institutions under stress. As Rose and Scholz observed, “the bureaucratic imperative to eliminate local variations and impose uniform norms throughout the nation threatens to destroy, in the name of social justice, the familiar customs that give life meaning for those sharing different ... identities” (1980: 91).

A third group of offices administered the public production and consumption. Among these most important so-called district-line agencies belonged the District Agricultural Development Office (DADO), the District Education Office (DEO), the District Forest Office (DFO), the Cottage Industries, the District Health Office, and the District Irrigation Office. Their duties were usually rather complex which made mutual cooperation necessary. Also, they need to coordinate their action together with the LDO as well as with agencies belonging to the fourth category (see below). The Cottage Industries Office is a case in point. Among its tasks in the late 1980s and the early 1990s was the instigation of local enterprises. Its officers were also in charge of distributing bank loans for local businesses so they could develop. In order to win over potential entrepreneurs, it had to operate in between the potential clients, the banks (as loan givers), the land registration office (which registered land as collateral), the office of the CDO (which registered the enterprise and granted the necessary
permits), transport enterprises, and other district line agencies (which provided goods necessary for production). For instance, the DFO was in charge of allowing supplies of wood for burning or heating (for example, in paper production), for construction, or for furniture production.

The fourth and last group of offices comprised public and semi-public agencies with duties in the sector of service provision including banks, corporations, and cooperatives. Among the most important offices in this group were the Royal Nepal Airline Corporation, the Commercial Bank, the Agricultural Development Bank, the Nepal Food Corporation, and the Agricultural Input Corporation. The last two agencies played a particularly important role for the Bajhangis because they brought subsidized food (rice and salt) and fertilizers into the region (see below).

The local state therefore had a strong grip over the local population through its distribution of goods and services and through its ability to control and administer them. From the local point of view, it was advisable to avoid state interference as much as possible and to avert its potentially harmful action. Despite their distrust and apprehension however, more and more local people tried to get access to state officials in order to benefit from the distributed goods and services. From the point of view of the officeholders—most of whom were higher ranking people coming on a short-term basis (2–3 years) from outside of the region, and therefore lacking strong personal ties to the local population—their formal functions were additional sources of income for themselves. By withholding goods that had been given to local beneficiaries by the centre and by acting as gatekeepers in the sense that the beneficiaries were obliged to bribe them in order to make them perform their duty. The nature of these practices will become clear through several examples.

Surveying Land

Probably more than in other cases, land surveying proves particularly problematic in Nepalese villages, not so much because the state interferes in locals’ lifeworlds according to its own logic of action, but rather because it creates conflicts between relatives and neighbours. Land surveying does not wholly support the argument of this essay because its misuse is significantly lower than people themselves tend
to think. Nevertheless, this example reveals some typical attitudes displayed by Bajhangis towards the state. Land measurement has caused overt conflict in the villages of Bajhang because of its imposition of clarity, where uncertainty and discretion were possible before. Frequent, in the course of a survey, older documents came to light that did not conform to customary practices. Also, on several occasions, members of economically weaker families claimed that previous measurements had cheated them, because neighbours and relatives who knew how to read and write had registered their land. The most common cause of conflict lay in the ambiguous boundaries between individual fields or plots of land. Modern survey methods impose clear-cut division lines where former markers such as trees or stones could be shifted or reshaped. Problems were also exacerbated wherever people illegally encroached upon lands and forests. Some 15 per cent of lands have been cleared and tended illegally, which could not be ignored once the land survey had been carried out.

By 1990, written evidence produced by the Land Survey Office (LSO) was perceived as having significantly more force than any previous mutual agreement. This trend was reinforced by the fear and mistrust that the potential opponents—often relatives or neighbours—could bribe the LSO in order to gain advantage. To prevent this, several attempts at bribery were undertaken in order to prevent harmful action of a similar type by the opponent! Thus, the land survey created a situation in Bajhang that has frequently been described using game theory (harming the opponent so that he could not make the same move). It is important to note that the villagers approached the officers on their own initiative (as we shall see below, officers themselves can ask for bribes in other situations) and that the motivation to do so was guided by anticipatory fears, sometimes just by the wish to maintain the status quo rather than to gain an advantage.

Given the great importance of land ownership in Bajhang, it is not surprising that while land surveying was going on, family members permanently or temporarily resident outside Bajhang, particularly those in elevated positions or those with good contacts (relations of the aphno manche, ‘own person’ type) travelled home to Bajhang and remained there during the entire surveying period. Seasonal migrants also returned home, from as far away as Bangalore, in order to provide support to their family members. Those families without educated members or direct ‘access’ to the LSO try to obtain it via go-betweens such as priests, local teachers, or local politicians.
Another option was to try to make an arrangement with the LSO *pium* (peon), that is, the office staff of the lowest standing, who could provide information or be in a position to channel a bribe to his superiors.

Nevertheless, by mid 1990, it was interesting to see that despite very thorough attempts to influence the LSO, the outcome was not significantly different than at the outset of the survey. To a large extent the LSO followed the already existing demarcation lines. Apparently it was not easy for the villagers to encroach upon each other’s lands, and the officials kept largely to their rules, perhaps not being able to manage the number of pressures applied to them. From the point of view of the present argument, the case of the land survey is instructive on two counts. In the first place, it indicated that the local population almost universally assumed that state employees could be induced to comply with their objectives by means of bribes. It also showed that action on the part of the state, both by its very nature (implementing uniform policies according to central standards) and because it was carried out by officeholders who were potentially oriented by their private interests, was considered harmful and arbitrary.

**Permits for Forest Produce**

The District Forest Office (DFO) is subordinate to the Ministry for Forestry and Environment, but it also has to follow the decisions made by the National Planning Commission as well as by the Ministry of Local Development. This made its field of its activities highly complex, all the more so since it needed to cooperate with yet other district line agencies. Among the DFO’s tasks was the protection of forests (against the encroachment of people and animals), innovations in the field of forest cultivation, care of tree nurseries, enforcement of forest use regulations, and the issuing of licences for the exploitation of forest products.

Everybody in Bajhang needed forest products. Most forest resources, however, belong to the state, the main exceptions being sacred forests, that is, forests belonging to temples. Unlike the land survey situation, most conflicts over the use (or misuse) of resources occurred between private persons and the state. At the time of my fieldwork, everybody was allowed to use firewood for private purposes. All other forms of forest use were regulated by the DFO. Therefore,
the DFO needed to be approached when channels, water taps, and walking paths had to be constructed, as well as when timber and firewood were required for commercial or private construction. For instance, members of traditional occupational castes—those who produce wooden vessels as well as blacksmiths—needed to apply for permits to get timber. The same was the case with joiners and paper manufacturers. Also the holders of animal caravans needed to stop in each Village Development Committee they passed through in order to get permits for grazing their animals as they travelled.

In the early 1990s, wood was very scarce in Bajhang, and government regulation of this resource rendered this scarcity even more pressing. New entrepreneurs faced particular difficulties acquiring licences to obtain the wood necessary for their businesses. Their predicament came about not only due to the limited amount of timber, but also because the DFO officers had an interest in restricting the availability of permits. By so doing, they could leverage a powerful position vis-à-vis the entrepreneurs. Being under pressure to obtain the scarce goods, the latter were ready to pay for this service, and in private interviews some of them admitted to topping up the formal fee (but did not reveal the amount to me). In addition, many entrepreneurs faced yet another difficulty, namely that their allotted amount of wood was usually not sufficient. Scarcity was yet another incentive for resorting to private bribes.

The Chief Officer of the DFO was the key person in a gatekeeping position vis-à-vis all applicants along with his subordinates, who also profited from this bottleneck. The DFO had the final word in the process of issuing licences and he decided when to look away in cases of forest abuse. He and his subordinates, however, were not only dealing with the actual users of the forest products. They were also approached by middlemen, especially by the representative of the Cottage Industry Office who needed to secure the DFO’s compliance in order to attract entrepreneurs who would take state loans and engage in building up new local businesses. The District Forest Officer also had strong pressure applied to him from well-connected entrepreneurs involved in furniture production. In 1990, one entrepreneur had a direct link to the head office of his political party (and was nominated for the position of DDC Chairman in the 1991 elections, which he eventually lost). The older brother of another entrepreneur held an elevated position in the Ministry of Local Development in Kathmandu. Both of them sought larger
consignments of timber for their enterprises than the DFO had initially granted to them. In both cases, the informants were very positive that the officer was not taking bribes, but expected a favour of some other kind.

It was not only the Chief Officer who was involved in corruption. Other employees were also able to supplement their salary in this way. For instance, the women who came to town every morning, carrying firewood for sale, knew precisely to whom to pay a fee in order to close their eyes to this illegal activity. These fees were paid to selected forest guardians, and the guardians turned over some of this revenue to their superiors.11 This example illustrates that the generation of (illegal) revenue depended upon good relationships between the employees of one office. Such networks were also decisive for other kinds of revenue. Those collaborators who were on good terms with the DFO were sent to attend courses in other parts of Nepal, or even (but only very occasionally) abroad, and they were assigned the task of transporting seeds and young plants to Bajhang. In the first case, there is nothing illegal involved. Still, the opportunity to travel and to acquire per diems was very much sought after in this area. Therefore, the superior was able to strengthen his position vis-à-vis his collaborators by giving them this opportunity. In the second case, the collaborators acquired per diems, while travelling, and in addition, they could earn money by privately selling seedlings they had obtained from state nurseries. Their incomes were further enhanced if the officers claimed transportation costs for seedlings they had not carried into Bajhang, having already sold them. Such practices were quite widespread in Bajhang, as the next two examples demonstrate.

The Subsidized Transport of Foodstuff to Bajhang

By 1990 more and more Bajhangi households had to buy food for their daily consumption once their household’s agricultural produce was used up (in the poorest households, this frequently occurred five months after the harvest). Bajhang had developed a serious food deficit during the previous decades.12 Buying or bartering food was almost impossible. Those households with surplus agricultural production exchanged grain with professional Dalit specialists (tailors, smiths, cobblers, oil pressers, washmen) against services and some
sold grain and other agricultural produce to staff employed in the district offices (most of them not Bajhangis). Up till 1988, rice could not be purchased in the local market; even in 1992 it was still not possible to purchase wheat.\textsuperscript{13}

Due to these shortages, the government developed a programme of subsidized food (grains and salt from the Tarai) transportation to designated ‘remote’ areas like Bajhang. The Nepal Food Corporation was put in charge of these programmes, collaborating with a number of contractors in the transport business. The contractors had the task of organizing transport, but not of running it themselves. In the case of Bajhang, the transport of grains (rice, wheat), salt, and fertilizers was organized through animal caravans (sheep and goats), a domain mostly in the hands of the Byansi ethnic group. Between 1975 and 1990, the number of sheep and goat caravans operating through Bajhang tripled from around 25 to 75, and each caravan could pass through as many as 30 times a year. In total, by 1990, 5,000 animals were transporting goods to Bajhang, most of them on the government payroll. In the fiscal year 1989/90, the Nepal Food Corporation had a budget of 1.65 million rupees. The Agricultural Input Corporation had half a million rupees at its disposal for the transportation of fertilizers (see the following text).

The importance of this government measure can be seen from the price of rice on the market. In 1990, a kilogram of the cheapest rice in the Tarai cost Rs 8. In Bajhang, its price was double at Rs 16, due to transportation costs. This was the price in the only shop in the district capital, Chainpur, where private mule caravans brought it in. It was because of price inflation such as this that the governmental subsidies for transportation were vital for those Bajhangis who purchased their food. The local population remembered particularly one instance of famine in 1972, when people begged the chief of the Corporation to sell them food, offering him jewellery and golden coins in exchange.

The amount of food scheduled for Bajhang did not correspond to the actual amount that reached there and what was brought by the Nepal Food Corporation (NFC) was always less than what was actually needed. According to local estimates, by the end of 1988, only about half of the official amount was brought to Bajhang. Even before 1990, people repeatedly voiced criticisms of the rampant corruption within the NFC under the Panchayat regime. The consequence of the misuse was that central authorities cut the amount of
food envisaged for Bajhang for the fiscal year 1988/89 by one quarter. Two years later (1990/91), the quantity of rice and wheat scheduled was reduced still more drastically from 600 to 150 metric tonnes. In order to prevent misuse, an amendment was also introduced with regards to the modalities of supervision. From 1990, not only the LDO, but also the CDO had to certify the arrival of the transport. Informants reported, however, that this measure did not make much difference. A significantly reduced amount of food reached Bajhang during these years in comparison to the amount allotted by the authorities. A substantial share of the grain and salt was not even purchased in the Tarai, since the food contractor and his diverse patrons-cum-supervisors, directly pocketed the money. In this way, a number of persons—notably the CDO, the LDO, the Chief of the NFC, the NFC staff in charge of the storage, as well as the transport contractor—shared among themselves the amount of money that was saved by not spending all the food budget, for which transportation costs were nevertheless additionally claimed. The contractors needed to make small contributions to some other persons as well, particularly to the checkpost guards who had to certify the passing of the transport and record its size.

Many Bajhangis depicted the misuse of foodstuffs as particularly serious and dishonest. This activity deprived the local poor population of the opportunity to buy food at a price far below its local market value. In this case, the involvement of the CDO and the LDO in resource capture rather than in control has been seen as particularly problematic. This example shows how strategically situated state officials were able to join forces in abusing funds rather than controlling one another (on this concept, see particularly O'Donnell, 1997). The role of the CDO was particularly exposed. Not only was he in charge of acknowledging the arrival of the foodstuffs, but also of issuing the coupons to the buyers of the grains.

The Sale of Fertilizers

The practices of the Agricultural Input Corporation (AIC) mirror the misuse described above. Particularly in the remote parts of Nepal, the selling of fertilizers was under a quasi-state monopoly in the early 1990s. In the case of Bajhang, only the AIC was entitled to conduct the transport of fertilizers, using the governmental subsidies
for transportation. This system paralleled the one developed for
the transportation of foodstuffs. The fertilizers were brought into
Bajhang on the back of sheep and goats; very rarely was air transport
organized. Thanks to the government subsidies, the Bajhangis paid
the same price as farmers in other, more accessible parts of Nepal.
The AIC had the task of collaborating with the District Agricultural
Development Office in order to introduce new types of seeds with
the aim of increasing the yield. Most of the fertilizers transported
and sold by the AIC were imported from Japan. Japanese fertilizers
are considered in Nepal—as in India—to be of significantly higher
quality than those produced in Bangladesh.

Viewed in national comparison, Bajhang was allotted significantly
less subsidy for this purpose than other districts such as Nuwakot
or Palpa. Bajhang’s consignment for the year 1990 was 50 metric
to 1990, local farmers in Nuwakot
were in a position to acquire fertilizers in Kathmandu and to bring
them cheaply to their home area and the inhabitants of the Tarai had
easy access to fertilizers. Moreover, they could also profit from the
fertilizers that were sold on the black market in the Tarai. (Some
was also sold in India. It is said that in the late 1980s and the early
1990s, the Indian border was swept by advertisements for Japanese
fertilizers, illegally brought from Nepal.) Meanwhile, the Bajhangis
had to survive with a much-reduced quantity of fertilizer, as well as
having to cope with the fact that transports repeatedly ran late—with
all the obvious consequences for agricultural production dependent
on timely application of fertilizer.

Consequently, those Bajhangi farmers who had switched to using
chemical fertilizers had to compete with one another because of the
general scarcity of the goods and the bottlenecks created by those
responsible. Resource capture has played a significant role here, and
this holds as much for Bajhang as for many other regions of Nepal.
As noted, the superior Japanese fertilizer was in high demand in
India. During the late 1980s and the early 1990s, its illegal sale across
the Indian border was repeatedly raised in parliamentary debates.
In 1990, there were 6,000 cases of alleged corruption pending with the AIC. Among the accused were numerous AIC officials as well as transport contractors. In 1994, the Minister of Agriculture had to resign on corruption charges that were raised against the AIC. Against the backdrop of these examples, a common pattern of hidden practices comes to light.

**THE CONCEPT OF DISTRIBUTIONAL COALITIONS**

The above examples indicate (a) that practices of misappropriation in Bajhang build on long-standing traditions and (b) that they have been elaborated to perfection through coalition-building between persons in key positions in the administration, politics, and economy. I now turn to the model of distributional coalitions that operate in Bajhang. Their modalities are described in some detail in order to demonstrate that resource capture is only possible when diverse stakeholders cooperate and when potential critics deem it more feasible to display loyalty rather than to overtly contest the coalitions’ practices.

The term ‘distributional coalition’, coined by Mancur Olson (1982), was developed from the rent-seeking approach, focusing on forms of collective action within organizations involved in the redistribution of societal products. Olson has directed his attention to all types of social organizations existing in Western societies that are geared at redistribution, for example, cartels, trade unions, and diverse types of lobbies. The underlying thesis was that distributional coalitions have, over time, significantly impeded the efficiency of their organizations’ distributional practices and have contributed to inequalities in the distributional patterns. Olson particularly stressed that a small group of individuals or firms interested in a public good would have an incentive to continue bargaining with one another until they had maximized aggregate gains.

Unlike Olson’s analysis of Western societies where the functioning of distributional coalitions could be observed for many decades, their existence in such countries as Nepal is a recent phenomenon as they could appear only after the state’s distributional practices had gained momentum. The major aim of those who participate in coalition-building is the private capture of public resources through informal means. Differing from Olson’s analysis, which identifies distributional coalitions within organizations, in the Nepalese context the success of distributional coalitions is located at the interfaces
between stakeholders acting formally in diverse organizational contexts. Yet another important difference to Olson’s analysis is its indebtedness to game theory, whereas my concept is not so indebted. It is true that members of the Nepalese distributional coalitions seek as far as possible to enhance their autonomy from the people close to them. Indeed, their efficiency thrives upon their ability to disentangle themselves from local norms of sharing and from local expectations of paternalist attitudes—as unequal such traditional patterns of reciprocity may be. The distributional coalitions identified in Bajhang still need to be seen as embedded in local structures and they are, in the words of Hirschman (1982: 79), not devoid of a sense of history. As will be shown below, the members of distributional coalitions are perpetually involved in negotiations with clients, followers, relatives, and neighbours.

Despite these qualifications, Olson’s model in many respects still provides a good basis for this analysis. It identifies a drive to coalition formation in the course of distributive practices that are, in Bajhang’s case, carried out by diverse governmental and non-governmental agents involved in ‘development’ endeavours. Also, Olson’s very influential thesis on the logic of collective action holds true for Nepal as well. The smaller the cooperative units are, the higher the likelihood that they will be efficient. The more efficient they are, the greater the gain for the coalition partners. To be a member of a coalition means receiving a reward that substantially exceeds the potential gains and the individual losses of those persons excluded from the coalition. Since the personal rewards tend to be high, there is a big incentive to seek access to the coalition, rather than to organize protest against it. Distributional coalitions are therefore an important obstacle to institutionalizing equal access to development resources in local communities.

The membership of distributional coalitions is much smaller in number than the entirety of persons who are entitled to the goods that are being misappropriated. In the latter category are taxpayers, consumers, and those who are especially needy. As Olson has put it, “Members of ‘small’ groups have disproportionate organizational power for collective action, and this disproportion diminishes but does not disappear over time in stable societies” (1982: 41). The ‘organizational power’ in Olson’s words, seeks to secure for itself a large share of the resources meant for distribution, rather than strive to increase the generation of surplus. In this sense, distributional coalitions are interest groups (Olson, 1982: 44).
COALITION PARTNERS

Three types of actors predominate in distributional coalitions: state employees, politicians, and ‘professional entrepreneurs’ (such as transport contractors).

Bureaucrats

The key role of civil servants and other state employees in distributional coalitions is obvious; they manage the goods allotted to the public. During the 1980s and 1990s, the bulk of development funds flowing to districts and VDCs continued to be channelled through district line agencies and to be managed by civil servants. Despite efforts to decentralize, the civil servants continue to operate within highly centralized and hierarchical structures. The Nepalese bureaucracy is typical of bureaucracies portrayed in the sociological literature. Its civil servants are comparatively well educated, have technical expertise, are likely to know the country fairly well since they tend to be rotated between districts throughout their career, and many have insights into diverse sectors of state administration.

The civil servants’ prominent position in distributing resources probably also stems from the fact that, partly as a consequence of the highly unstable political situation during the 1990s, the role of the bureaucracy strengthened and the state expanded, until this process was brought to a halt by the Maoist movement. Another important reason for the civil servants to attain a focal role in distributional activities comes with the state being the only provider of goods and services in remote regions such as Bajhang. It is therefore not possible for the local population to resort to an exit option (in Hirschman’s terminology) when the state agencies fail to deliver. In addition, the transport to Bajhang is so cumbersome and its costs so high that government subsidies for the transport of such goods as rice, salt, and fertilizers, among many other goods, make a great difference for the bulk of the local population.

In order to capitalize on this situation, the civil servants seek to keep their clients at a distance. In another context, I have depicted civil servants in Bajhang as the ‘masters of distance’ (Pfaff-Czarnecka, 1991), to demonstrate how under the conditions of Bajhang’s remoteness the civil servants effectively managed to maintain access to the local population whenever it was required by their office, while at the
same time being able to avoid contact whenever it suited them. In a similar context, Geof Wood (1986) has depicted a similar situation with the telling title, ‘Don’t give them my phone number’. The civil servants tend to have an open ear to clients who are able and willing to pay something for a service (even bank cashiers have tried to extort money from customers allotted bank loans!). At the same time, they seek to avoid personal contacts with the local population. There are two categories of persons from among the local population, however, with whom the civil servants need to come into closer contact, and these are their partners in the distributional coalitions. These include the politicians and entrepreneurs among the ‘client’ group in the sense that they also belong to the population that has been allotted certain goods and services.

There are basically three reasons why the civil servants are partly under pressure and partly interested in joining the local networks. The first reason for a civil servant of high rank, who newly arrives in a district, to very quickly involve himself in the activities of distributional coalitions is that they hardly have a chance to do otherwise, for they are confronted with pre-established inter-personal relationships where informal positions go hand in hand with the formal rank. Hence, in order to organize the capture of fertilizers or subsidized foodstuffs as described above, the coalitions need to comprise all office holders in key positions. In Bajhang, I could observe for instance how a newly arrived LDO (that is, the second-highest rank within the administrative hierarchy after the CDO) started to make the rounds in the district capital Chainpur, paying a number of visits and holding meetings outside the office and outside the office hours. He had to fit neatly into the pre-existing informal relations that have been forged and maintained by his predecessors. It seems that these kind of informal parallel structures exist all over Nepal, in all of the country’s 75 districts. Unfortunately, however, there are not enough detailed studies in order to substantiate this assumption, though Caplan (1975) was an important contribution.

The second reason why civil servants cooperate with politicians and entrepreneurs is that it pays them well. Whenever politicians and entrepreneurs seek to acquire projects for their constituencies, or when they want to get a contract (teka), they need to go through bureaucrats who may ask for a payment. But the relationship is even more beneficial in two other respects. It is only with the agreement of politicians and other civil servants that funds can be misappropriated and channelled into private pockets. For civil servants who are new
arrivals in a district, the pre-existing coalitions simultaneously constitute an opportunity (for enrichment) and a constraint because it would be very risky to act as a spoilsport. Additionally, it may be important for these civil servants to establish a friendly relationship with local politicians who are usually well connected to their political patrons at the top of their party. In comparison to the civil servants who tend to rise in position according to standardized rules and regulations, politicians with special abilities can rise to prominence very quickly (and just as quickly lose their career). Because there is always the possibility that a politician may suddenly acquire power at the centre, sometimes bureaucrats may waive the politician’s contributions in return for longer-term goodwill.

The third incentive for civil servants to enter into coalitions with politicians and entrepreneurs is the need for their work to produce positive results. Acting as implementers while coming from outside the district, ‘state servants’ face many difficulties in mobilizing the local population. In order to avoid reprimand by their supervisors, civil servants have to meet the targets set by their offices and report successful results, including building bridges, providing irrigation channels, drinking water taps, and organizing sheep and goat caravans to bring fertilizers, rice, and salt into Bajhang. In smaller projects, local communities have to be presented to donor delegations visiting the district. Thus, civil servants occasionally need to mobilize local support and in order to do so they need the cooperation of local elites, such as politicians or entrepreneurs.

Politicians

The role of politicians in controlling resource capture is crucial. Minor cases of corruption and nepotism are as a rule taken for granted by the local population and occasionally even narrated to the researcher with a smile. During the 1990s, however, the ‘clients’, (that is, the entire local population) all over Nepal increasingly came to consider themselves to be the legitimate recipients of goods and services provided by ‘the state’. As a consequence, disappointment, if not anger, at corruption was often expressed in Bajhang—even if not openly.
The politicians are involved in dense webs of relationships with the local population, established through kinship, friendship, and patron-client relations, as well as through less personal relations which come about through the electoral process. Additionally, they form alliances with their political superiors as well as with officials, that is, with persons who are in different ways external to the local context. External ties and external support are an important resource for a politician. Goods and services that are badly needed locally can be procured through these channels, and this provides a good basis for re-election. Chances of re-election are enhanced if the local electorates expect their leaders to be good ‘providers’ of resources. Of course, the electorate seeks to commit its leaders, to make them accountable, publicly and privately, whereas the politicians are keen to use their external support to gain as much autonomy from their local basis as possible (Fox, 1992).

The situation becomes all the more delicate when the politicians’ involvement with the distributional coalitions comes to light. Throughout my fieldwork (1989–92), the villagers suspected that the popular representatives were involved in resource capture. From time to time the misuse of funds would be revealed, for instance when a school wall collapsed, or when the word spread that only a part of the subsidized goods had arrived. Such cases highlighted the need for complex webs of cooperation: the transport contractors, the transport entrepreneurs, those manning the checkposts and their supervisors, and the politicians who keep their constituents at bay all share in the profits and in covering up what is going on.

It is here that the role of the politicians was crucial, whether they themselves were entrepreneurs, especially contractors, or not. In such situations, when members of the local population express their anger, it is important to channel the resentment away from oneself and from one’s partners by either identifying other culprits or depicting the actual loss as insignificant. Politicians are—compared to the other coalition partners—in a particularly delicate position because they need to protect the entire coalition’s interest while securing their own re-election. During the 1980s and 1990s, most of the politicians (though by no means all) could expect that most of their adversaries would not publicly accuse them for the fear of retaliation should they themselves come into office.
Entrepreneurs

The third category of partners within distributional coalitions are entrepreneurs who either operate in the free market or work as contractors. The size of the first group is very negligible in Bajhang because the market is very small. Among the contractors, there are two categories: those who have selected this activity as their main profession, and the politicians-cum-entrepreneurs who engage primarily in politics while in office, and either act as contractors while in opposition or have close relatives handle contracts on their behalf. The latter is the mandatory state of affairs for a politician who is in office. However, in many cases these relatives (often wives or sons) are merely token figures. It is worth noting that there exists a kind of a symbiotic relationship between the politician’s role as a contractor and as an elected representative. The contracts provide the necessary financial funds in order to run for office and the political activities provide access to lucrative contracts.

Throughout Nepal, there is a tremendous need for funds and projects as well as for persons who are able successfully to carry them out. In this area, the entrepreneurs play a crucial role because many of them have acquired considerable managerial capacity: they dispose of technical knowledge and are successful in attracting labour. In order to carry out their tasks, the entrepreneurs need to acquire contracts and licenses. There are several categories of contractor licences that vary according to the project’s costs. Besides obtaining a contractor’s working permit, they need to get further permits such as those for transporting goods by airplane, for timber extraction, and so on. For this reason, contractors repeatedly seek access to state employees who in turn seek to exploit their position. Those entrepreneurs who also act as politicians tend to rely upon their networks in order to resist, if necessary, the demands put forward by the civil servants, whereas professional contractors have a less powerful position vis-à-vis their (potential) partners. On the other hand, it is the entrepreneurs’ task to produce presentable results—which sometimes calls for an adequate mise-en-scène. INGO representatives and foreign donors need to be shown successful projects: schools, irrigation channels, health posts, and they want to see ‘the proper attitude’, that is, progressive farmers, cooperating user groups, and functioning local communities. In this role, the entrepreneurs are important as coalition partners.
It is also worth noting, even if it may be obvious, that the contractors can command comparatively strong resources, financial and social, local and otherwise.

The question of why the individual stakeholders from all three categories join distributional coalitions is not difficult to answer. Civil servants need politicians who are ready to misuse funds because the politicians can control their constituencies. If politicians were not co-opted into resource capture (though there is a question about who co-opts whom), people would be more likely to protest. Also, it is essential to implement correctly a part of a project and disburse a part of the funds and in order to do so the civil servants require the cooperation of politicians and contractors. When it comes to misappropriating funds versus directing them to their rightful recipients, there must be a balance between ‘retain’ and ‘take’, because the prospect of being allotted further funds must keep open criticism at bay. If too many resources are misappropriated, protest is more likely.

For the reasons given, distributional coalitions must remain flexible with regard to their composition as well as their strategies. Ordered at a vertical scale of diverse dependencies, and being sometimes vulnerable to the opponents’ critique, the members of distributional coalitions need to be open to modifications. Their most important strategy evolves from the necessity to co-opt new members who either become partners in capture or who assist those accused of capture in eluding responsibility for the damage. Such new members will, of course, ask for a reward over time.

The Distributional Coalitions in their Social Context

Given the frequency of abuses of power, the question arises: why does the disappointed population not protest overtly? The answer lies first in the absence of such a tradition in Bajhang. Second, in the distributional coalitions, however much they strive to keep their size small, they are unable to close their boundaries. Numerous aspirants are able, as a consequence, to gain access to key partners among the political leaders, and at times (especially before elections), they become indispensable. Of course, on the other hand, the politicians and their allies have an interest in not sharing the resources they misappropriate with new, upcoming politicians. But in order to maximize
their options and avert misfortune, it was essential for the coalition partners to remain open to possible partners and allies. The bargaining with new members results in political patronage and in promises that one day need to be fulfilled.

Partners in distributional coalitions cannot draw and maintain a sharp boundary vis-à-vis the local population. Throughout the 1990s, even during the period of time when political hopes were high, the political process continued to be unstable and sometimes even unpredictable. During this period, formations such as the distributional coalitions described here enhanced insecurity all the more. Long-established patterns of personal politics from the older, extractive days—that is, seeking individual networks (aphno manche) and coercing patrons through subservient behaviour (cakari)—continued in the present, developmentalist system.20

The men from the ‘middle field’, often up and coming politicians, have proved to be essential intermediaries between the covertly critical population and the distributional coalitions’ members and they successfully protected the interests of the latter. Among their major motivations was securing patronage and the quest to be included in the distributional coalitions. For the reasons discussed above, however, for a distributional coalition to function properly and above all to be profitable, it is essential to keep its size small. The more partners involved, the higher the complexity of negotiations, and the less the profit. The smaller a coalition is, on the other hand, the more that excluded people want to be included in it. For this reason, it is essential for the distributional coalitions to retain men from the ‘middle field’ as their allies while not reciprocating in kind. This option was available because the up-and-coming leaders had an interest in future benefits and contact with members of the distributional coalition was seen as a good in itself. Thus, the young newcomers were willing to provide immediate help in the expectation of return at some future date.

The young men’s support could be seen as capital at the disposal of the coalition partners. (Viewed from the other side, the young opinion leaders benefitted from demonstrating their closeness to the powerful coalition partners.) The balance was, however, precarious; the young newcomers were willing to wait for their chance, but not forever. The frequent elections carried out during the 1990s proved that their expectations could not be put off indefinitely. In many places, those politicians who did not deliver were punished by losing the elections and eventually losing their attraction as coalition partners.
Against the backdrop of the above analysis, it is still pertinent to ask why such distributional coalitions have not met with more protest from the local population. The precarious character of Nepal’s democratic transition and administrative innovations is clearly visible in the bargains reached between key members of distributional coalitions and the ‘middle field’. Formally, democratic institutions in the form of adult franchise, multi-party elections, the right to information and freedom of speech, as well as far-reaching administrative measures aimed at decentralization and enhanced accountability systems, were established. However, persistent paternalist networks and very rational clientelist attitudes (to gain access to strong leaders and benefit from these relations while leaving the bulk of the local population behind) have brought the reforms to a halt.

In many districts of Nepal, the value of the goods allotted to the population and redistributed by state organs far exceeds the sum which is brought together through local taxation. Clarke (2000) even suggested that external funds are locally considered as ‘manna from heaven’, in the sense that they happen to come ‘from nowhere’. The reason why people do not openly complain that the resources allotted to them have been misappropriated may be that the idea of ownership or entitlement towards goods provided by the state has not yet been generated. Further research is necessary in order to establish whether the population would be more ready to protest against such misuse if the redistributed goods were regarded as self-generated. Research is also required to establish whether distributional coalitions are less likely to form in those parts of Nepal where markets provide an exit option vis-à-vis the state, that is, where bureaucrats do not have a monopoly on the provision of essential goods and must compete with private providers.

CONCLUSION

Among the many problems faced by the people of Bajhang during the period of democratic transition in Nepal, a major one was their inability to secure accountability from politicians and bureaucrats. As described, this was the obverse of the success of distributional coalitions in siphoning off resources. It was especially striking that voters were helpless to stop their representatives from joining distributional coalitions despite the fact that their activities were detrimental to voters. The very notion of ‘accountability’, or more
precisely ‘accountability systems’, illustrates the importance of the concept of governance. According to Paul, “(t)he objective of public accountability is to promote the congruence between public policy and public actions and services by holding those involved responsible for their performance. In general, public accountability refers to the spectrum of approaches, mechanisms and practices used by a government to ensure that the activities and outputs of its constituent parts meet the intended goals and standards efficiently” (1992: 1048).

Paul distinguishes three dimensions of accountability systems: democratic accountability, professional standards, and the judiciary. As shown above, distributional coalitions can align and operate when a number of these criteria have not been met. Additionally, “horizontal systems of accountability” (O’Donnell, 1997: 40ff.) are an important element of democratic institutions, and these are lacking here as well. The design of Nepali decentralization, however, does not suggest the provision of either of these types of control at district level. Whatever controlling mechanisms obtain, they are vertical in character, conforming to the overall centralized pattern. Citizens cannot assert their social and economic rights in a district court against persons who abuse their power, nor are there established mechanisms to control corruption horizontally, that is, between and through independent state agencies at the district level. Finally, there are no provisions to fight abuses through the political process.

From the 1960s until the mid 1990s when the Maoist movement gained momentum, the state’s expansion and grip on its citizens increased through its distributive practices—or, to be precise, through its potential to provide financial resources and services to the people. The functionaries of state agencies, from the highest civil servant down to the lowest peon, have established focal positions for themselves within Nepalese society. Because they dispensed goods and services that were badly needed by almost everyone, they became potential distributors. Given this situation, state offices and those who work in them—be they the Local District Offices or peons—have acquired the role of gatekeepers.

By erecting obstacles to the everyday functioning of their offices, they deliberately created scarcities, and subsequently were in a position to act as mediators, helping those people who were able and willing to make a private ‘contribution’, while letting the others wait. In many countries (and Nepal is no exception here), parallel structures have emerged because individual civil servants used their positions
to establish informal horizontal and vertical networks within and outside their organizations that were meant for their personal gain.\textsuperscript{22} When several civil servants use resources provided by their respective offices, combining their efforts, such informal networks tend to become institutionalized. Michael Lipton suggests that these kinds of parallel structures bring about true “shadow configurations” (Lipton, 1989: 1568f.). Therefore, following Long (1993), Handelman (1995), and others, we need to distinguish between organizational logic on the one hand and individual action on the other. Dynamics within the formal structures of state agencies and the individual actions of their functionaries tend to impinge on one another, with consequences that are partially unintended.

It was not this essay’s intention to reduce political action to the seeking of material gains. It can be shown, however, that the quest for material gain has significantly affected the course of the political process. Those persons who seek to divert resources into their private pockets need to enter into mutual accommodations while striving to reduce the resources to which the members of local population are entitled. Their activities have substantially contributed to shaping the mechanism through which collective goods are distributed locally. At the same time they have shaped the way the local population perceives local constellations of power, people have developed certain attitudes towards the state and have come to negative conclusions about the political process and the role of parties. The local population has repeatedly experienced the fact that they cannot access public offices to express their legitimate claims and grievances. Both individual perceptions and collective constraints have been shaped in this way.

Albert Hirschman (1970) introduced the concept of ‘voice’ that several authors (Paul, 1992; Schaeffer and Lamb, 1974; Wood, 1986) have applied in development research. (In the simplest possible terms, Hirschman’s idea is that there are three possible strategies within organizations: seeking to influence the system, or ‘voice’, accepting the system or ‘loyalty’, and leaving the system or ‘exit’.) Samuel Paul argues that the option ‘voice’ is important in order to strengthen accountability within governance systems. The data analyzed in this essay shows how ‘voice’ in this sense was unable to develop in Bajhang. Rather, another of Hirschman’s concepts, loyalty, but understood here in a negative and inward-turned way, has proven to be a successful strategy for up and coming political aspirants to secure
access to the coalitions and to partake, even if only modestly, in the coalitions’ success. By entering the coalitions, or just coming closer to them, the ‘up and comers’ came to share interest in maintaining the coalitions’ strategies. Since the chances of appropriation are higher when joining coalitions, the negative ‘loyalty’ option precludes further the formation of ‘voice’.

It has not been possible to deal in detail with the consequences of these distributional coalitions, for lack of space. Nevertheless, it can be noted that the success of the Maoist movement in Nepal has partly built upon people’s far-reaching disappointment with the state’s performance, and generally, upon the nature of the socio-political transformations in the course of the 1990s. If we consider the key people forming distributional coalitions as cultural brokers (Bailey, 1966), then they have decisively shaped local people’s political ideas and convinced them that, despite political transformations, some citizens have remained more equal than others with substantial effects in the material gains (of the few) and material losses (of the many). Following Niklas Luhmann’s idea (1990) that disappointed trust can translate into a decrease in confidence in the system, it can be inferred that the misappropriation of public funds in Nepal has significantly contributed to people’s disillusionment with democratization in the early 1990s.

NOTES

1. Many authors—among them Joseph E. Stiglitz (2002)—have highlighted the detrimental effects of the World Bank’s structural adjustment programmes on the functioning of states and political institutions.
2. An important drive to adopt democratic discourses lies in their high international legitimacy. Democratic reforms are generally seen as an important instrument for instigating or strengthening development endeavours.
3. This issue receives further conceptual elaboration from Mohmand (this volume).
4. However, as Lewis and Hossain argue (this volume), this state of affair can change, over time, when new actors—such as NGOs—engage in supporting poor sections of a local society.
5. He ignores social movements as well as non-governmental organizations that have been gaining an ever more important role since the mid 1980s.
6. The growing protest movement in Nepal against the partyless Panchayat system and the elevated role of the King culminated in April 1990, in demonstrations that were suppressed by the army, causing over 40 deaths. Only under external
pressure, did the then King Birendra decide to give up several of his prerogatives and to introduce multi-party democracy.

7. In his ‘coup’ of 1 February 2005, King Gyanendra, the younger brother of the assassinated Birendra, attempted to abolish some of these advances, especially by the de facto concentration of the executive and the legislative powers in his own hands.

8. It probably succeeded better at this than Bangladesh (Lewis and Hossain, this volume).

9. This observation conforms to James Scott’s (1998) concept of ‘thinking like a state’.

10. These are usually in better shape than other forests within four hours walking distance from villages. Temple forests play an important role in preventing landslides.

11. That such practices were widespread well before 1990 is shown in Harper and Tarnowski (2003).

12. The food shortage persisted despite the fact that a large portion of the male population was temporarily absent, having migrated elsewhere for work. I have described this pattern of seasonal labour migration from Bajhang, as well as from adjacent districts, using the local idiom, ‘eating outside’ in another paper (Pfaff-Czarnecka, 1993). Males, from teenagers to men over 50, leave their household with the remaining stock of food and travel to nearby districts in India where they find jobs to support themselves while away from home.

13. The most preferred eating pattern among the Hindu population of Bajhang consists of rice in the morning and baked flattened wheat bread in the evening.

14. Central districts of Nepal, like these, were allotted governmental subsidies for transport in order to encourage the use of chemical fertilizers in the countryside.

15. Over this time-span, the role of the NGOs in these activities increased significantly.

16. For a discussion on the notion of ‘client’ in such situations, see Long (1993).

17. In these contexts, the help and information provided by my research collaborators from this district, D.P. Pandit and Amarraj Khair, were invaluable.

18. In this respect, professional contractors enjoy a better reputation than entrepreneurs-cum-politicians since the latter tend to lack technical skills.

19. Particularly in remote areas of Nepal, labour is a scarce resource due to seasonal labour migration. The only entrepreneurs who can reliably implement projects are those who are able to attract the local population through their own trustworthiness as an employer and to mobilize patron-client ties.

20. “First, you try to get more information than you have about him. You ask your friends and acquaintances what they know about him, about his family and other useful information: ... what he likes and dislikes; his political views, clubs and associations he belongs to ... and his pathways... I took a longer while to work to become a familiar face to him. Then I joined his cultural association. He was the president then. He recognized me immediately. In time, we started to walk home together after meetings. To work too, I discovered he was a keen stamp collector. I took it up too. I used to flatter him on the way he conducted meetings and about his hobby. He was always pleased with me even when the
others said similar things to him ... There were always four to five of us on these occasions. We were his admirers. Two of us still are” (Kondos, 1987: 20–21).

21. Unlike in Bangladesh (Lewis and Hossain, this volume), no significant NGO activities can be reported from Bajhang. From the late 1990s onwards, the local state restricted development activities due to the strong Maoist presence.


REFERENCES


