
Comparing Impacts of Liberalization and Maoist Movement in the Context of Institutional Change in Nepal

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Abstract

The "dominant discourse" regarding how institutions affect economic development is based on the idea that the institutions that protect private property rights and enforce contracts and policies that remove government-imposed restrictions on the free operation of markets, will best promote investment and thus economic growth. However, the relationship between institutions and economic development is far more complex than this; a successful development program requires a range of institutional change and interventions. This paper deals with the specific case of Nepal and it tries to answer whether or not neoliberal institutions and policies are adequate for the economic development and social change in Nepal. We first discuss the global context under which the dominant discourse emerged and how it was imposed in developing countries including Nepal. Second, we examine the institutional and policy changes in Nepal because of liberalization and how these have impacted people of Nepal. Third, the paper will discuss how Maoist movement emerged in the aftermath of implementation of neoliberal policies in Nepal and how Maoist insurgency provided an impetus for several grassroots level movements in Nepal. Last section will conclude the paper comparing the impact of neoliberal policies versus impact of grassroots level movements.

Keywords: Development, Financial Liberalization, Grassroots movements, Maoist insurgency, Institutional Change, Nepal

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